#25co-session

HOW TO ACT LIKE A STARTUP

April 18th 2016

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HOW TO ACT
LIKE A STARTUP

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Aspiring to create a startup culture

Startups have been defined as a "mental state", places pulsating with "high energy" where passion creates highly-motivated employees; a place where working with creative solutions that produce uncertain results is an accepted risk. Nowadays, traditional companies also want a bit of that energy. That's why acting like a startup has become a popular goal in a growing number of large, well-established businesses and organizations. The current economic context forces their hand. Due to complex and rapidly changing markets, the need for a more agile and dynamic workflow becomes apparent. However– can it be done? Can consolidated businesses simultaneously enjoy the benefits of two different "operating systems"?

This is the question we tried to answer in this Co-Session. On this occasion, we were hosted by AGBAR-SUEZ (Sociedad General de Aguas de Barcelona) in their new headquarters. Coinciding with their move into a brand-new building they have decided to rethink the way they work. The first step was eliminating over 400 offices and using modular structures to open up each floor and facilitate collaborative spaces.
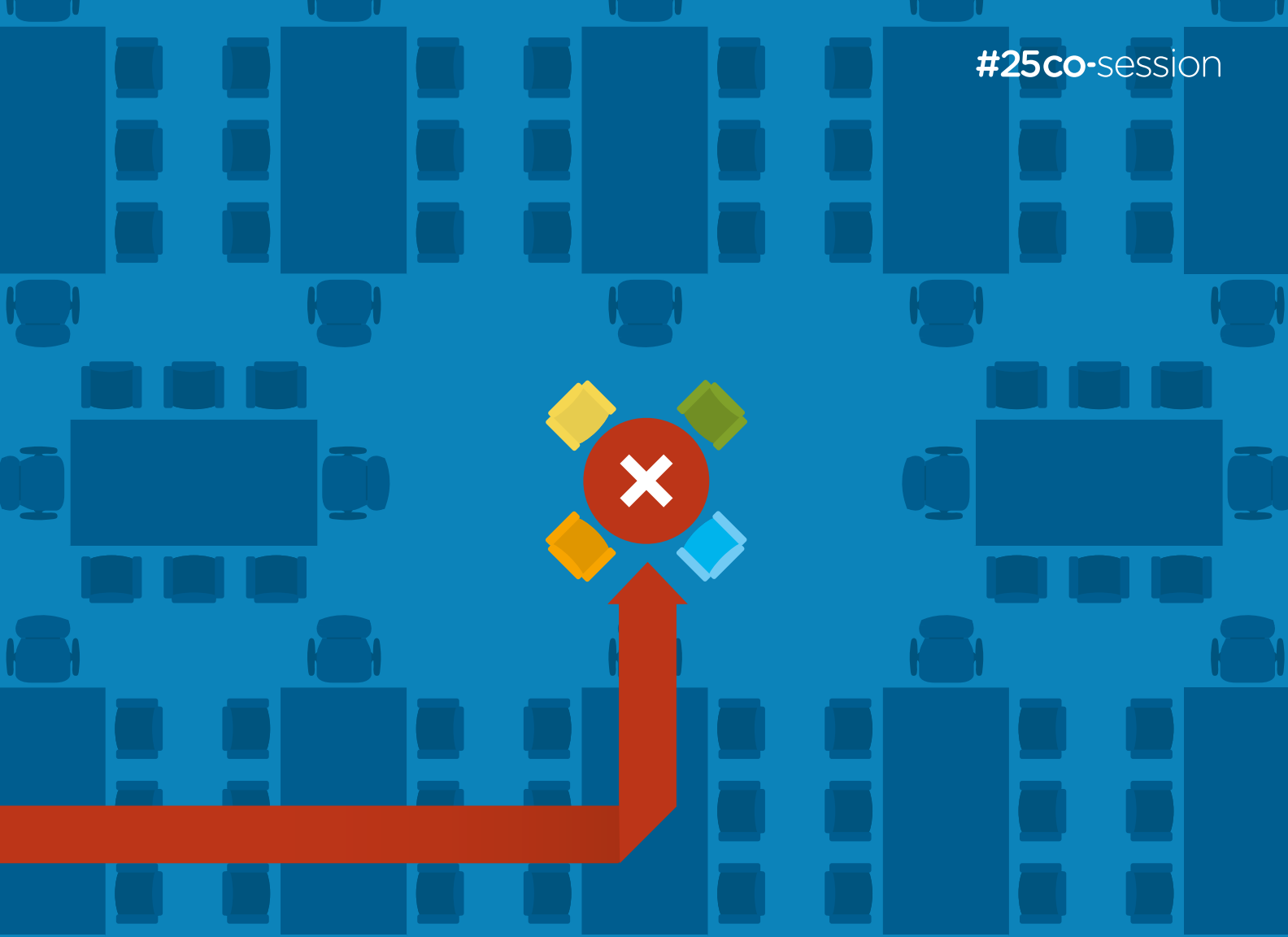
What is a startup?

Before we go any further, what is a startup, exactly? In order to discuss how well-established companies can, or should, try to emulate them, perhaps we need to establish the distinguishing criteria. How do we define what makes a company a startup? It's not easy. There are a multitude of varying definitions, from different points of view, as the founder of Co-Society Alfons Cornella revealed.

Contrary to what many might assume, company size isn't necessarily a defining element. Startups don't have to have a technology-based value proposal, either. However, there does seem to be a general consensus that they have the potential or need for quick growth as well as ambitious goals, while also being agile and flexible enough to change their objectives or the way they go about achieving them.

Perhaps the best way to find these defining traits would be to survey some startups themselves. Co-Society did so, polling over 50 startups, and showing the results to the participants of this Co-Session. Startups believe that their main defining feature is their passion; they think their success is due to the commitment and talent of the founders and the rest of the team. They define success as the opportunity to attain the resources necessary to invest in a new project.

Startups believe that their main defining feature is their passion

How is a startup organized?

Good timing, launching at exactly the right time and not too early or too late, is the top success indicator

Besides polls, this Co-Session also included direct testimonies from both executives and founders regarding their experience turning a startup into a successful business. Alex Castellarnau, Design Director of Dropbox, says that there are two main defining characteristics for this type of new business: ambition and a global mission that can attract talent. To achieve both, it is absolutely necessary to recruit the best people, defined by Alex as those who combine being highly proactive, critical and able to implement ideas.

David Massó, CEO and co-founder of Promofarma, also shared his list of success factors for a startup. Surprisingly perhaps, the actual idea, or value proposal, comes third on his list, followed by the business model and the funding capacity. David considers good timing- launching at exactly the right time and not too early or too late-to be the top success indicator, and the team and idea execution to be the next most important. He believes you have to be sufficiently flexible when executing the idea to adapt to changes as they come up, and the team must avoid the "Golum Entrepreneur Syndrome" obsessing over "my precious" without giving credit to other points of view, opinions or even external signs.

Three-way debate:

How to grow a startup without losing agility

The startup phase must necessarily be transitory

More direct testimonies from startup executives followed. This time, the format was a debate and Mar Alarcón (Social Car) and Toni Brey (Urbiotica) were chosen to take part in the discussion. The third participant was from CAF Group, an organization with more than a hundred years of history. Jokin Lopetegui, however, is currently the director of CAF Ventures, where he is in direct contact with a varied ecosystems of startups related to railway transport systems.

There were agreements and disagreements. The most notable discrepancy was the need for a startup to somehow become a "normal" company. Some hoped that moment would never arrive, but others defended the idea that a startup must necessarily be transitory. Everyone agreed it would be a big loss, however, if in that process startups lost the agility, speed, new ways of getting things done, or their understanding of the world that led to this growth the first place.

The debate also dealt with the type of relationships between both types of organizations. The representative of CAF Ventures warned of the danger of asymmetric relationships, since inequality usually leads to arrogance. The antidote would be for the relationship to be based on generating value for both parties, and the time and agreements necessary to explore whether they could have a common future.

AGBAR-SUEZ, an example

Besides hosting this Co-Session in their new headquarters, AGBAR also offered their own practical example of a company currently active in the two main topics of the day: creating relationships with startups, and bringing some of the strategies used by startups into consolidated organizations. Manuel Cermerón, director of the company, had already stated that it was clear AGBAR would like to operate more like a startup. To do so, he said, would entail not so much copying existing models but developing their own model: "Beyond the framework's name, we ultimately must create new dynamics".

That is the task of the Innovation Department at AGBAR. As Catalina Balseiro and Ramón López explained, this department will implement changes into the working models of each business unit to make them more agile and resolute, and allow them to switch to a result-oriented focus rather than focusing on processes. Another goal will be to reduce traditional aversion to risk by supporting intra-entrepreneurship, and implementing collaborative organizational and management models. Externally, AGBAR has also begun to work with startups and other idea-generating and entrepreneur training programs to explore challenges together.

> **Beyond the framework's name, we ultimately must create new dynamics**

Demystifying startups

Luis Martín Cabiedes, of Cabiedes & Partners, contributed perhaps the most "politically incorrect" and discordant note with his comments. As someone with years of experience working with startups from his position in one of Spain's oldest and most successful investment firms, his words shouldn't be taken lightly. Luis Martín began by questioning the excessive mystification of the essential traits somehow considered exclusive to startups. With one sentence he was able to break down what he considers the false dichotomy in the comparison between startups and consolidated firms: "Many companies that are not startups also want to innovate; moreover they are smart, full of talent, and have values."

First of all, startups must not always be linked to innovation. Proof of that are the amount of large, consolidated companies that are tremendously innovative (Apple, for example), as well as dozens of startups that have found success by simply copying existing mod-els from other countries or markets. It's also true that a hierarchical and inefficient organization isn't exclusive to large, well-established companies. Many entrepreneurs have fallen into the "dollhouse" trap, immediately replicating the structure of a traditional enterprise but on a reduced scale.

There are consolidated companies that are innovative, and startups that aren't

What can we learn from Asian startups

Creating and developing startups as a basic element in innovative ecosystems is not exclusive to advanced Western economies. Marta Emerson, vice-president of Scaale, has worked as a business consultant in many Asian countries and offered her point of view on startups reaching beyond our local context.

We learned about the bureaucratic complexity inherent to starting a business in China, or the peculiarities in the business world in a country like Kazakhstan where reproducing clichés about Silicon Valley picked up from magazines and movies seems to be the norm; thus proving what an immature startup ecosystem exists.

In Marta's experience, India is an especially interesting and peculiar case. It is ranked second globally in terms of technological growth, with a new middle class made up of 150 million people, a great interest in education, and a desire to do things as they do in the west. In terms of what she's learned regarding the differential traits of Indian startups, she lists the following: there is a hunger for success and a higher level of preparation than in many European countries; specializations by states and regions; and the importance of the Indian diaspora in so many countries, which provides a perfect base for international expansion.

Many Indian startups are better prepared and hungrier for success than the average European one"

start
me
up!

Building our own ideal model out of the top four innovative organizational models

After lunch, and to put an end to the day, we had time to design our ideal type of innovative organization. As our starting point, we took the main elements from four of the most interesting recent proposals from the field:

Accelerate by JP Kotter:
companies must work with two different "operating systems", one focused on operations and the other on exploration.
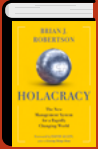
Open organization by Jim Whitehurst:
an organizational system based on the principles of open source permits the agility necessary for current market contexts.

Running Lean by Ash Maurya:
a working methodology focused mainly on startups and based on the principles of the "Lean Startup" by Eric Ries.

Holacracy by Brian J. Robertson:
authority and decision-making process spread out over a network of self-organized, flexible teams.

The challenge: starting out with 20 cards with 20 key concepts (five from each of the four models), we worked in groups to choose five of them and make up the key elements for transforming a company into a fast and agile organization that can react quickly to change, opportunities and challenges while maintaining a sustainable, lasting competitive advantage.
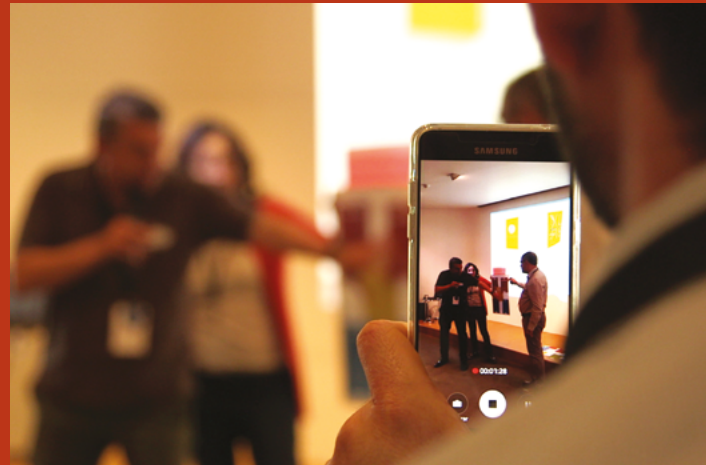
CONNECTING SMART TEAMS IN DIFFERENT INDUSTRIES TO GENERATE NEW BUSINESS.

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