

Exclusive Interview with Steve Blank

“Start planning for acquisition on Day One”

Vienna, 16.11.2017 - Pioneers was delighted to welcome serial entrepreneur and founder of the Lean Startup Movement Steve Blank to our buzzing Pioneers Community Event in Vienna earlier this week. In the first of two exclusive interview pieces with the legendary Silicon Valley mentor, he shares some invaluable tips for startups.

Times have changed since Steve Blank failed - and then succeeded - at building successful businesses from the ground up. And one of the biggest changes that has occurred in Steve's career lies in the ultimate goals startups set for themselves. Where once an IPO was the holy grail for entrepreneurs, now founders are far more likely to set their long-term sights on being acquired.

“Most startups in the Valley today are acquired,” says Steve. “Partnering mostly means acquisitions. Especially in segments like medical devices and diagnostics, almost nobody goes public. So you need to be thinking about who is going to acquire you, and why.”

We were curious to hear his practical thoughts on how startups can help themselves in this regard. How do you get yourself noticed by a corporate, and make yourself attractive to those large companies?

“If you want to get acquired nowadays, this is actually a spreadsheet problem,” says Steve. “If you're in a specific domain, there's not an infinite number of companies who want to acquire you. So there's a thought process and a strategy to follow. It's not scattershot: you can engineer what the steps are.

“Here's how it would go if I was on the board of your startup. At the first board meeting I'd say, 'Give me a list of 20 or 50 likely acquirers. Just write down their names. That's all.'

“At the next board meeting, six weeks later, I'd ask, 'Okay, who are the business development people who do talent scouting or technology acquisition at those companies? There's your homework assignment. Go find them.' Now your spreadsheet starts filling up!

“At the next board meeting, my question would be, 'So what shows do those people go to? What books do they read?' Then if they're reading certain magazines or going to certain events, it's time to go to the press or turn up at these shows. Or it's time to accidentally spill coffee on one of them!



But as you might expect, there's a very serious balance to be struck here. To let some distant corporate acquisition dominate your thoughts from the very outset would be to risk taking away everything that makes a startup the lean and gamble-happy beast that it should be.

"If getting bought out is primarily on your mind, you tend to take less risk and have less passion," continues Steve. "It becomes a transaction. Which is why I suggest your spreadsheet can't permeate the entire employee body. Or else everyone's looking at their watch instead of thinking about when they're going to change the world. If you tell all your startup's people that you're designed to be acquired, you will kill motivation."

But having the bigger goals completely clear in your mind is also important to executing Steve's final bit of startup advice, which was his reply to our question about how you as a founder can 'just do it'. How do you avoid distractions and focus on the important stuff?

"You have to have your eye on the prize. Just remove everything between you and the goal...with violence! A startup is an act of aggression. It's not a polite activity. Time management means having your eye on the prize: everything else is an obstacle so remove it. Everything else is a distraction.

"If you are doing Lean Startup methodology, you might learn a lot or your target might change along the way, but there still has to be a relentless focus on the prize. Otherwise you confuse motion with action."

"An example is with decision-making. Whether the button is red or green, make the effing decision. You've got to move on. What language you are using? I really wouldn't care - you'll probably be refactoring this code in 18 months anyway. But people get hung up on those kinds of things. Your job is to move toward the prize. Don't get hung up on tactics."

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