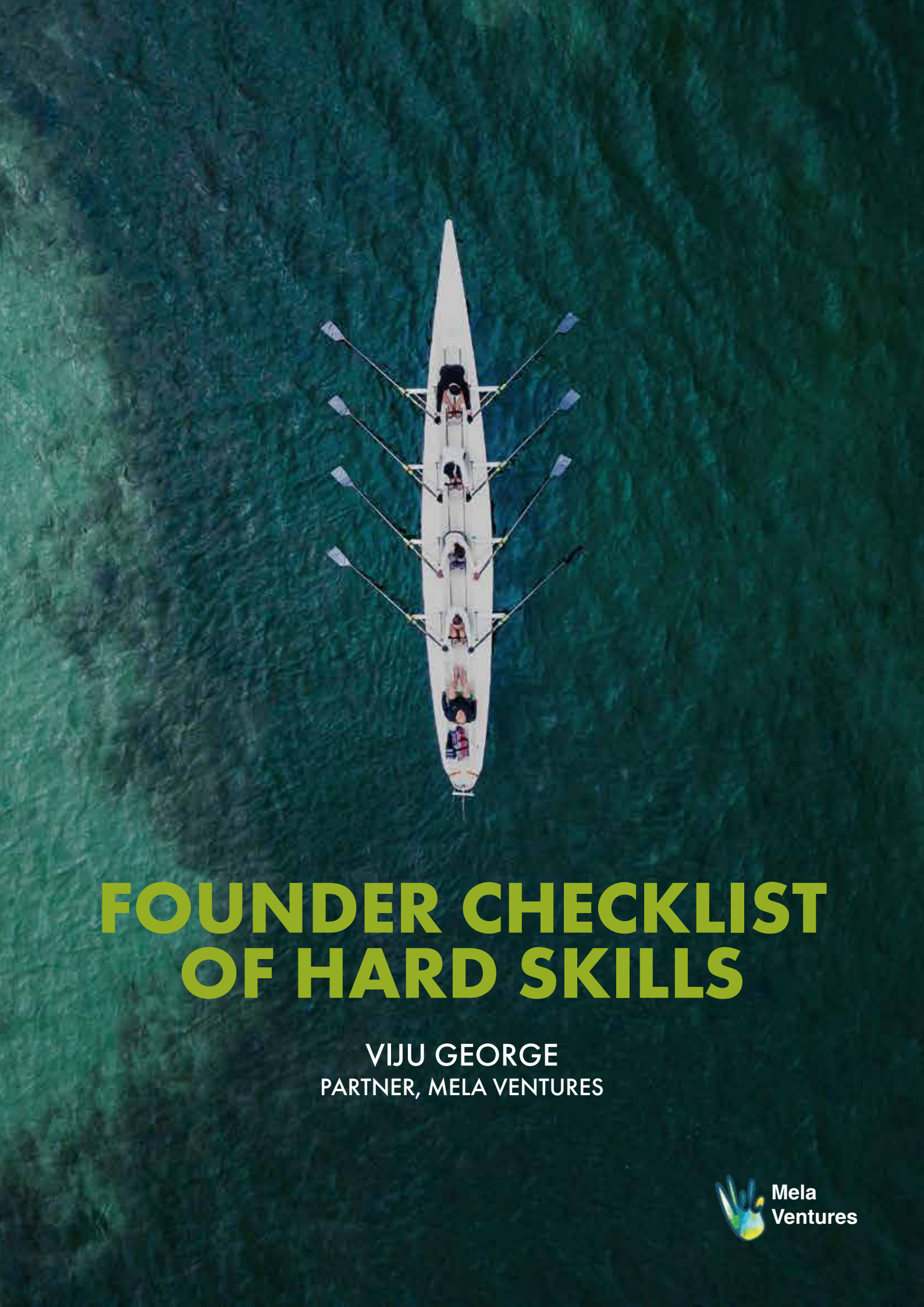


FOUNDER CHECKLIST OF HARD SKILLS

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A Founder Checklist

What Boxes Must Be Ticked?



The nuances of evaluating founder teams in a deep-tech startup is different from that in an enterprise B2B context. That said, a general assessment framework substantially applies as a first filter. Our framework rests on a combination of hard and soft skills/parameters. Not all of them are must-haves scored as binaries (one or zero), some of them are nice-to-have, scored on a scale. In this article, we outline some of the parameters that serve us well. Needless to say, integrity, ethics and strong reference checks are obvious must-haves. Let's now look beyond them.

A Complementary Founding Team

We look for a founding team with a collective voice.

Barring exceptional circumstances, we favor a founding team, **not a single founder**. Growing a startup is a big, potentially daunting role for a person to take on single-handedly. The sheer weight of responsibilities can be overwhelming, and the lack of diverse perspectives can result in suboptimal decision-making. Moreover, VCs (Mela Ventures is no exception) **prefer to bet on diverse teams with complementary skill sets**. Of course, there can be exceptions such as a single proven track record, exceptional execution skills. Even in such cases, we advocate the founder look to co-opt co-founders as soon as possible.

When does the founding team become a crowd?

There are no right answers to this but anything more than 6 founders may dilute the application of the principle of proportionality.

We look for a founding team with a collective voice. Sometimes, we have seen situations where one founder is regarded as the absolute principal founder. There is almost an air of deference to a single founder even as there is a founding team. Some hard signs of this would be dominant stake of one founder which dwarfs that of the others, professional seniority of one founder vs the others (principal founder much senior to others) and so on.

Prior Familiarity

We look for appreciation of each other's strengths and weaknesses

We prefer founding teams who have spent some together in the current startup or prior set-ups. Familiarity in dealing with each other and some appreciation of each other's strengths and weaknesses, observed over a while, helps. It's a bad idea to look for co-founders on LinkedIn and other professional platforms.

Prior Relevant Experience

Where might it be more useful?

To some extent, this may depend on the industry. Generally, we find that young founders with little/no prior experience may be more suited to B2C startup business models as being digital natives, they will appreciate the nuances of consumer adoption of technology. That said, selling to enterprises is hard - sales cycles can be long, and relationships are to be cultivated across multiple levels/hierarchies. We prefer that founder(s) have spent time in enterprises appreciating the rigors of enterprise selling.

Markets matter. The startup may have traction in developing markets (e.g. India) but may struggle to create an impression in developed markets (US) where the thresholds for adoption are generally significantly higher. We would prefer at least one founder to have had a reasonable stint in such overseas markets with evidence of learnings and some minimum traction there.

Deep industry knowledge, especially in a competitive industry marked by execution-intensiveness is a must: How close are the founders to the problem they are trying to solve? Have they worked a decade in a broken industry? What level of depth of knowledge do they have about the industry they are building their venture in? We are eager to understand their knowledge of the industry ecosystem in which they operate, including the competitive landscape and adjacent markets, and their perspective on the ecosystem as a whole.



How deeply do the founders think about startups and the space?

Intellectual smarts — The multiple why's

- Clear, crisp thinking about the value proposition and product-market fit. Ideally, can the founder(s) articulate what the company stands for in 2-minute, 10-minute, and 30-minute pitches? **The idea here is to distill the essence of their startup for VC audiences with varying levels of patience**.

Factors to consider:

1. Why do you think you this is a serious pain point of the customers?
2. Why do you think your startup is best placed to remove the pain points?
3. Why do you think there is no risk that the customer might see the need as important but not urgent?

And so on.

If the founder has thought deeply enough, we find that they can dig deep into the second, third and subsequent layers of the problem statement and their startup's solution.

- **Simplifying complex business models in a comprehensible manner**. More complex the use cases, technology, or the general business model, greater is the need for simplification. We see a greater need for simplification of purpose statement in AI-centric business models.
- **Evaluating trade-offs that serve the business well in the long-term**. We find that product, and technology-centric founders do not appropriately weigh the trade-off between product development and business development/sales/customer success. Incrementally prioritizing sales/business development by winding back product development/R&D without increasing burn is important for such tech-oriented founders.
- **A balanced approach**: This concept highlights the founder's skill in striking a balance between their vision for product innovation and pragmatic, strategic planning to capture market share, generate revenue, and achieve sustainable growth. Innovation does not guarantee success; it also must be coupled with a strong commercial sense to build a viable long-term business. Whether this is via financial due diligence to get into the founder's head to understand their thinking, or by assessing their previous professional experience and depth of thinking, commercial sense is crucial. **A founder must have the mindset to build a sound and sustainable business model.**
- **Positioning**. Founders should be able to clearly articulate their problem statement and what they solve for. **Thanks to Alok Goyal of Stellaris**, we have found that having a positioning statement using these six elements is useful for founders to consider:

  We are a [category]...
  That serves [customer segments] ...
  Who have [specific pain point] ...
  For whom we built [solution]...
  That offers [articulation of the value proposition] ...
  Unlike/Different from [differentiation].

Note: *Nowhere here we have cited TAM as a factor in identifying good founders or good problems to solve. For sure, we like attractive and sizable markets but TAM at the highest level is somewhat irrelevant to startups. Rather, we would look for evidence of founder smarts in framing a micro-view of the customer and strategy to grab growing share of spends within that customer segment through addressable market expansion.*

- **Positioning for stakeholders in the ecosystem.** A founder prefers that their business speak for itself. The smarter ones recognize that they are the foremost marketers and advocates of their startup and position their startup appropriately in the ecosystem across all relevant stakeholders – employees, investors, regulators, and industry bodies.

  As part of the marketing hat that founders wear, they have a well-considered pitch customized to each of these stakeholders. **For example, in their pitch to prospective employees, they advertise the significance of the problem they endeavour to solve, emphasize the positives of the startups culture, lucidly articulate the vision for their startup and future employee growth potential among other things**.

  The importance of building the right culture right at the very start should not be underestimated. It is common to see founders who see culture as something for later — putting sales, clients, growth and funding front and centre above everything else. The difficulties brought upon by bad culture compounds with size and will be tough to set right later.

  In a world increasingly dominated by social media, the marketing-oriented founders are not shy of articulating their points of view and their startup on key channels.

- **Managing transitions and growth through pivots/transformational exercises.** Startups with a relatively long history should have gone through "pivot" moments, especially if growth has been slow.

  Note: *It is not a healthy indication for a startup with a reasonable length of existence (say 5-6+ years) not to have adequately pivoted some dimension(s) of its business and is stuck in a confined, minuscule revenue band without imminent signs of a breakthrough. Not that we are advocating pivots as a panacea, but when things aren't working well enough for some time, not having wrestled enough with transformative moments does not speak well of founder agility and/or intent.*

Checking the boxes on what we have identified here does not imply that we underwrite great founding teams and managements, but it increases the odds of our investing in them.

The Checklist of Hard Skills

Founder Composition

Does your startup have a single founder? Or do the dynamics in the founding team make you, in effect, a single-founder company?

Management Team

Does your team have complementary skill sets and roles?

First Time Founder?

Do you have the experience of prior startups? Even if they've failed?

Background and Past Track Record

Are there any alarming red flags? With integrity and governance in particular?

Product-Market Fit

Does your product solve a significant problem for enterprise customers? Is it a product that's consistently bought by customers and yet is differentiated?

Industry and Competition Analyses

Do you know key metrics like TAM, SAM and SOM well? Do you know your competition well?

Strong Functional Team Compositions

Do you have a competent finance function? Do you have a strong sales function?

Skills to Build a Team

Are you able to hire well and to delegate?

Selling to Investors

Do you have the ability to sell your idea to investors?

About Us



Going beyond the whitespaces
Going beyond just technology
Going beyond signing cheques

We are Mela Ventures. We invest in new ideas and the people behind the brilliance.

Mela Ventures is more than just a technology investment fund. We nurture and mentor to build memorable, long-lasting organizations that solve real problems in the real world — with technology that is the vanguard of change.

Our goal is to seek and support entrepreneurs who will build global companies.

From India, for the world.

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