



Early-Stage Biz Dev

Test, Learn, and Scale with Minimum Viable Partnerships

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To biz dev or
not to biz dev



Paul Graham  @paulg · Nov 13, 2014

For startups the default answer to biz dev deals should be no. They almost never turn out to be worth the distraction.

 33



 195

 275





To biz dev or
not to biz
dev

- **76%** of companies agree that partnerships are key to delivering on their revenue goals.
- Forrester – Scaling Through Partners





LaunchDarkly ➔

Hey, I'm Doug. Head of Ecosystem @ LaunchDarkly

Past

- **BD @ Cloudbility** (Acq. Apptio) – Cloud cost management
- **BD @ Xamarin** (Acq. Microsoft) – Mobile and cloud
- **Startup Partner Development Manager @ AWS** – AI/ML, Spatial Computing

Current

- **Head of Ecosystem @ LaunchDarkly** – Dev Tools
- **Angel & Venture Partner @ T-Bird Capital** – Leading AngelList syndicate
- **Mentor & Advisor @ Heavybit, Techstars (Alexa, Anywhere, NYC), ERA, & Portland Incubator Experiment**

Agenda for today

Startup BD 101

- What is business development?
- Partnership Types
- Goal Setting
- Partnership Evaluation

Things to do today

Q&A



Startup BD 101

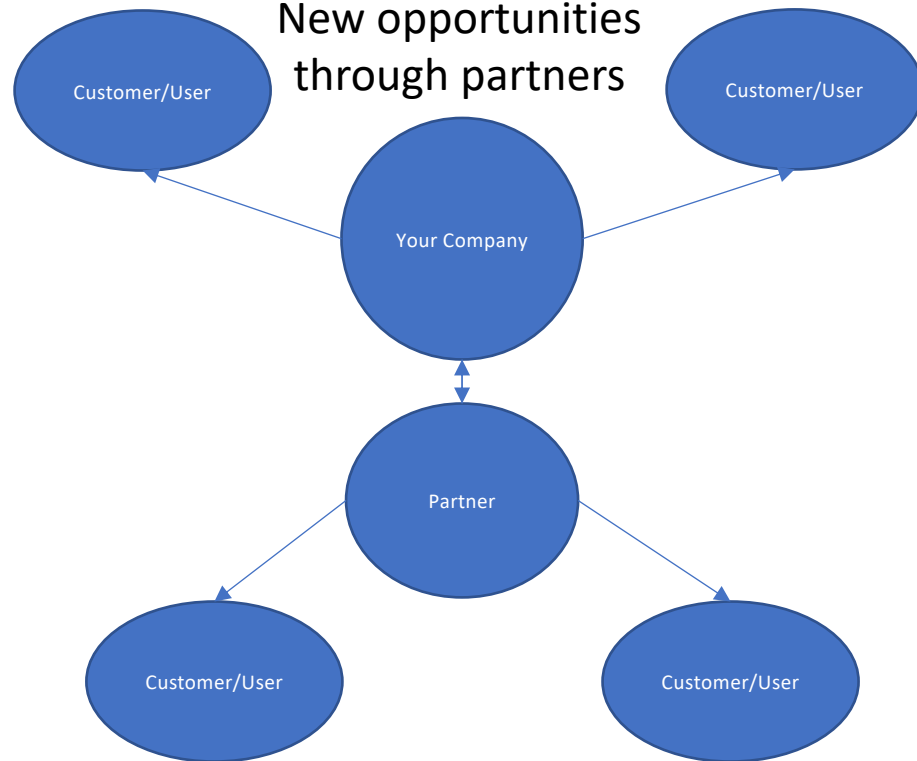
An introduction to Early-Stage Biz Dev

What is business development?

Business development is a function to give and get value from a broader ecosystem of companies that share a common goal

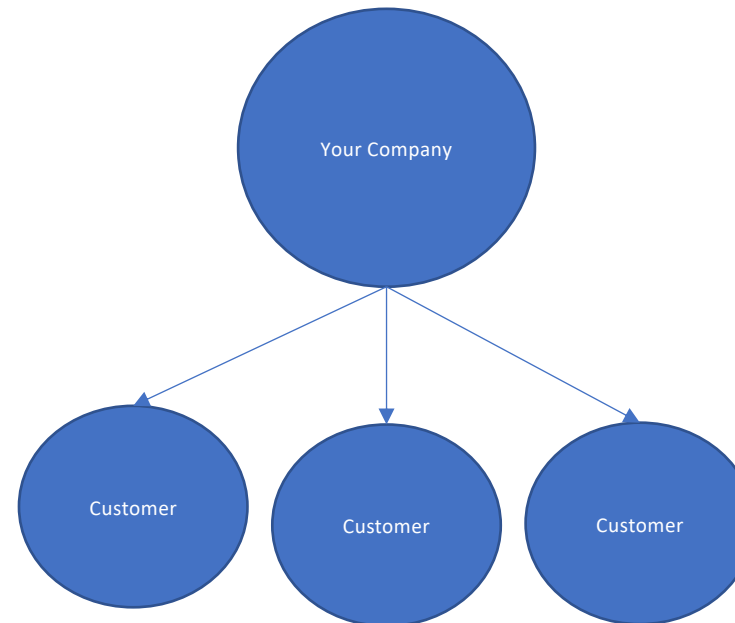
Business Development

New opportunities
through partners



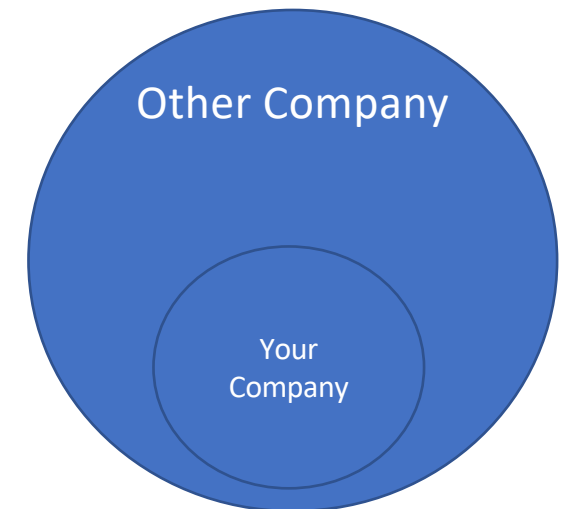
Sales

New opportunities
through direct efforts



Corporate Development

New opportunities through merger
or acquisition

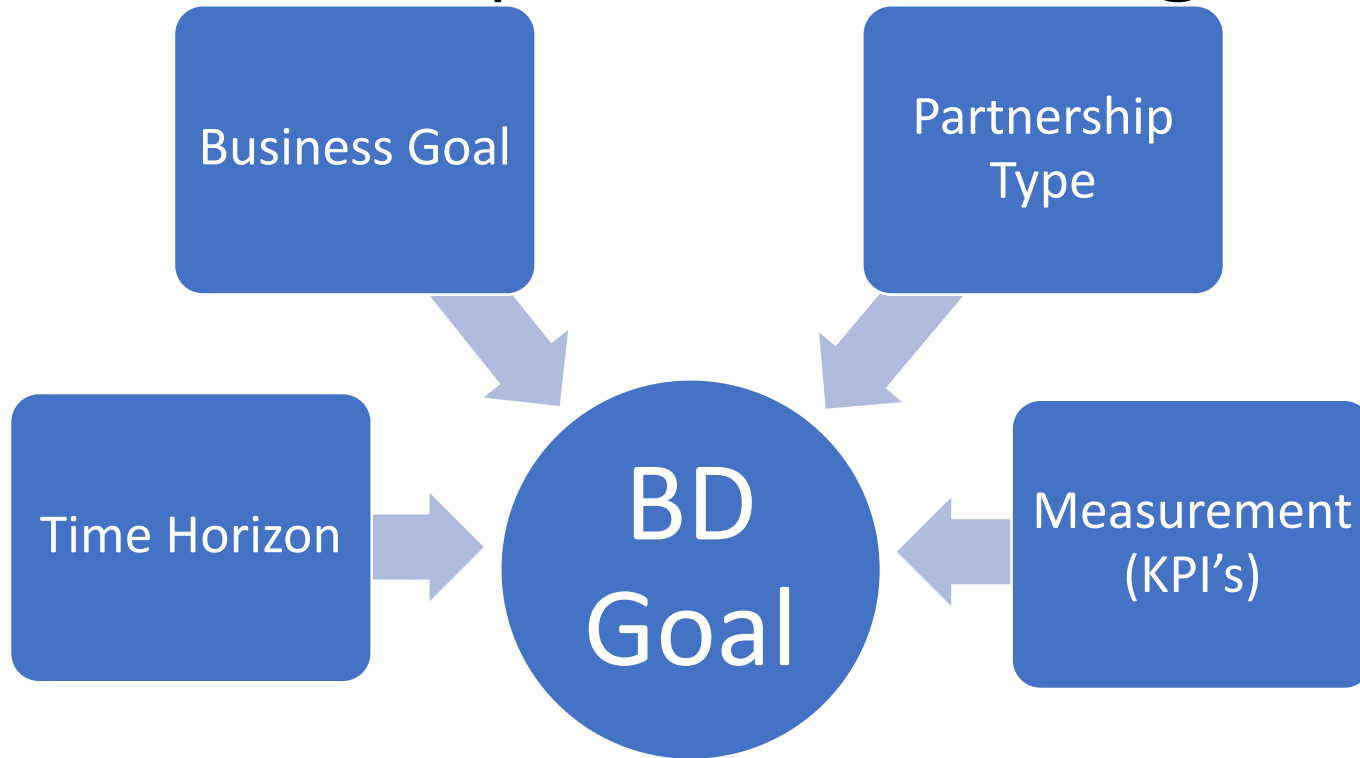


Early-Stage Partnership Types

Channel	Technology	Strategic
<ul style="list-style-type: none">Acquisition of users and customers through alignment of GTM teams	<ul style="list-style-type: none">Integration to drive deeper customer or user engagement	<ul style="list-style-type: none">Overlapping of product, market, platform, and/or long-term goals

Sub-Types	Type	Startup	Definition	Examples
Marketplace	Channel	B2B/B2C	Channel whereby billing and customer experience is handled by a 3 rd party aggregator	AWS Marketplace
Alliances	Channel	B2B	Aligning sales and marketing resources with another company (Eg. System Integrator, Managed Service Provider) to drive mutual business	Slack Service Partners
Platform Integration	Technology	B2B/B2C	Technology development into another platform to increase engagement or user adoption	UiPath & AWS
Strategic	Strategic	B2B/B2C	Complex, structured, and multifaceted partnerships encompassing channel, technology, and marketing	Slack and HipChat, Salesforce & Apple

First Step - Goal Setting



Focus on revenue, users, or new technology.

Example:

Our startup business development goal is to land new customers through a channel partnership.

We will measure this through the total number of leads generated within 3 months from the launch of the partnership.

Example – B2B2C Startup

MRR: Grow from \$2K to \$10K (5X)

Timeframe: 6-9 months

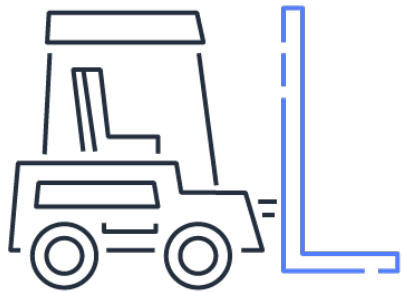
Tactics: Go to the top 2-3 verticals for the product then close the top partners. Partners will all have a captive audience and be able to deploy as fast as possible.

Example: Sports Betting Industry Vertical – create a pipeline of 10-15 top partners. See how many active users that will be committed by the partner via an LOI.

Additional Verticals: Hospitality - Retail & QSR Space.

Partnership Evaluation Framework

Opportunity Size	Market Opportunity	Stakeholder Alignment	Customer Alignment
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Cash	Marketing	Sales/Go-to- Market	Integration
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Opportunity

Opportunity
Size

Partner's coverage of the
TAM

High

Medium

Low

Market
Opportunity

Partner's market share
growth compared to rest of
the market

High

Medium

Low

Stakeholder
Alignment

Accessibility of key decision
makers for partnership
success

High

Medium

Low

Customer
Alignment

Likelihood the partner is
working with the same
buyer/user persona

High

Medium

Low

Lift

Cash

Marketing

Sales/GTM

Integration

Hard costs i.e. Program fees
and sponsorships

Need for assets and strategy
to be developed around co-
marketing.

Teams and incentives need to
be aligned to acquire
customers/users.

Efforts needed to both
launch and continue to
support the partnership.

High

High

High

High

Medium

Medium

Medium

Medium

Low

Low

Low

Low

Paul Graham's "distraction"



Opportunity Costs

Partnership Evaluation



Opportunity	Opportunity Size	Market Opportunity	Stakeholder Alignment	Customer Alignment
High				
Medium				
Low				



Lift	Cash	Marketing	Sales	Integration
Low				
Medium				
High				

Things to do *today*

Goal

- What goal could you achieve through business development that you cannot achieve as a team today?
- Revenue, Users, New Technology?
- How will the goal be measured?
- What's the timeframe? (Weeks, months, years)

Research

- Speak to customers
- Look at pipeline
- Competitors of your competitors

Evaluation

- Prioritization Exercise
- Speak with references such as other partners or customers

Outreach

- Get involved in the ecosystem
- Leverage tools such as LinkedIn, job listings, partner's press releases to determine stakeholders
- Cold emails, warm intro's

Minimum Viable Partnerships



But wait... there's more!

- You get:
- Presentation Slides
- Startup BD reading list
- Cold Outreach Guide
- Early-Stage BD Worksheet

Early-Stage BD Worksheet

Thanks for coming to the Minimum Viable Partnership workshop! You can take your Startup BD strategy to the next level by completing the worksheet. I'd be happy to provide any feedback or guidance via email to help out.

Doing Good | Startup Business Development - Early Stage/Pre-VC
[aaron@web-services.com] [aaron@web-services.com] | Twitter | LinkedIn

Our startup business development goal is:

We will measure this through:

of _____

Partner Prioritization
The below grids are for ranking the top 5 partners that you've come up with via your ideation and customer discovery processes. Have more than 5? The idea here is to come up with a single partner to start working to determine the opportunity and have the rest in pipeline.

Partner Name	Opportunity	Market	Stakeholder	Customer
Size	Size	Opportunity	Alignment	Alignment
High (3)				
Medium (2)				
Low (1)				

Lift	Cash	Marketing	Sales/GTM	Integration
High (3)				
Medium (2)				
Low (1)				

Email Template for Startup BD Outreach

Now you've created your business development strategy so you are ready to start reaching out to potential partners. Below is a short guide on how to structure an effective outreach email.

- Do
- Open to build as much credibility as possible
 - Mention a mutual customer or group of users if possible
 - Keep it short and concise
 - Drive home the action of a meeting/call
- Don't
- Be vague
 - Long-winded and open-ended
 - Unclear on next steps
 - Spray and pray—2 or 3 cold emails to the same company max

Section	Length	
Opening – Title and what the company does in a few short words. "I'm the CEO of _____ and we do _____ for _____"	1 sentence	
Build Credibility – Include any impressive growth metrics, or mutual customers. Talk about the team	2-3 sentences	
Short Partnership Proposal – Be short here and remember that you want them to take action. The whole proposal should not be put up front.	1-2 sentences	
Ask – Always end with a call to action of either setting a meeting or asking what further information might be needed. I also include an ask to be pointed to the right person if the recipient is not the appropriate person to move the partnership forward.	1 sentence	

Source: <https://dailymc.me/business-development-introductions/>

Startup BD Reading List

Below are some of the links and articles that I found useful. I'd always recommend taking the advice with a grain of salt as the general advice tends to be for more later-stage companies. Always good to think through the below topics and what thought leaders have to say.

BD 101
[Life in Business Development at a Startup. How it's Different from Sales.](#)
Steve Sanger, [Exale](#) Ventures

[Big Dev Can Make \(or Break\) Your Startup: 10 Rules for Getting it Right](#)
Peter [Sorosol](#), NEA

[The Perils of Tech Partnerships \(for Pre-Charter Startups\)](#)
Martin Casado, a16z

[Guest Post: Startup Business Development 101](#)
Holger [Leudorf](#), BD @ Google, [fmr](#), Foursquare,

Types of Partnerships

[How Small Companies Can Get Big, Fast!](#)
Michael [Skok](#)

[7 Thoughts on Building Your First Partner Program](#)
Jason Lemkin, [SaaSr](#).

[This is How You Build Partnerships to Make Your Startup Better, Faster, Stronger](#)
First Round

[Distribution partnerships for startups](#)
Tomasz [Tunqaz](#), Redpoint

Research

[Building Your Partner Ecosystem, Part 1: Who Are Your Potential Ecosystem Partners?](#)
Tien Anh Nguyen, [Opssolve](#) Partners

[What I See Coming For The Channel In 2020](#)
Jay McBain, Forrester

Q&A



Thank you!

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Appendix

When to evaluate exiting a partnership

- **Before Partnership**
 - Repeated Missed Deadlines
 - Lack of alignment on the “what”
- **After Partnership**
 - Lower-than-expected customer value
 - Higher-than-expected lift
 - Point-of-contact/stakeholder turnover
- Think about the “two-way door” concept here!

Making the First BD Hire – From 0 to 1

Timing

- **Proactive**
 - Significant partner opportunity identified by nature of the product
- **Reactive**
 - Early sales efforts uncover partner opportunity
 - Significant founder time dedicated to partner management and sourcing

Responsibilities

- Developing pipeline of partners
- Management of existing partnerships
- Stakeholder management
- Coordination of “Lift” efforts across the startup

Qualities

- Analytical
- Relationship-driven
- Comfortable getting deep into the industry
- Cross-functional
- Project Manager

Resume

- Consistent track record of closing deals with numbers to show for it
- Early-career with analytical background or experience in channel
- Mid-career and has scaled BD programs
- Legal/Contract review experience
- C-Level Exposure and Composure

Cash

Program fees & sponsorships for various partnerships can range from \$100 to \$10,000+ in annual costs

Questions to ask:

What is the hard cost of the partnership?

Are there additional opportunities to be present in the partners ecosystem and how much will those opportunities cost?

High

- Cash required is significant and will require maneuvering in regards to other priorities

Medium

- Cash required is nominal. Requires some minor changes to plan.

Low

- Cash required is insignificant and transparent.

Marketing

Need for assets and strategy to be developed around co-marketing.

Questions to ask:

What commitments do you make on co-marketing with partners? What do we need to do to unlock co-marketing opportunities?

What assets or collateral will be needed on a monthly, quarterly, or annual basis to hit marketing goals?

High

- Significant need for marketing support will put strain on limited-capacity and require shifting from existing marketing plan.

Medium

- Partnership marketing asks will strain capacity and require some tradeoffs with content needed by other internal stakeholders.

Low

- Marketing needs for partnership are inline with current collateral being developed with minor changes.

Sales/GTM

Teams and incentives need to be aligned to acquire customers/users.

Questions to ask:

Will someone on the sales team be able to support partner-driven leads?

Will the partner need incentives to drive co-selling either through pipeline sharing or compensation?

High

- Will divert significant time and attention from 1:1 selling and customer conversations.

Medium

- Partnership will need changes to sales collateral. Partner sales efforts will

Low

- Product can be packaged with defined price points and customer segments.

Integration

The efforts needed to both launch and continue to support the partnership.

Questions to ask:

What type of development or integration effort is needed to launch the partnership? And to maintain the partnership?

High

- Significant development overhead which would require major changes to product roadmap and not scale beyond a single partner.

Medium

- Partial resources on team to support on-going partner needs (founder, marketing, sales). Integrations are one-off but easily maintained.

Low

- Minor changes needed

Guess the partnership type

	Stackery	Armory.io	MParticle	Zoom
Stage	Series A	Series B	Series D	IPO
Partnership Programs	AWS Marketplace	Cloud Integrations	Data Partners	Hardware Partners
		Technology	Technology Partners	Referral Partners
		Global System Integrators	Certified Solutions Providers	Reseller Partners
		Value-Added Resellers		Certified Integrator Partners
				App Marketplace

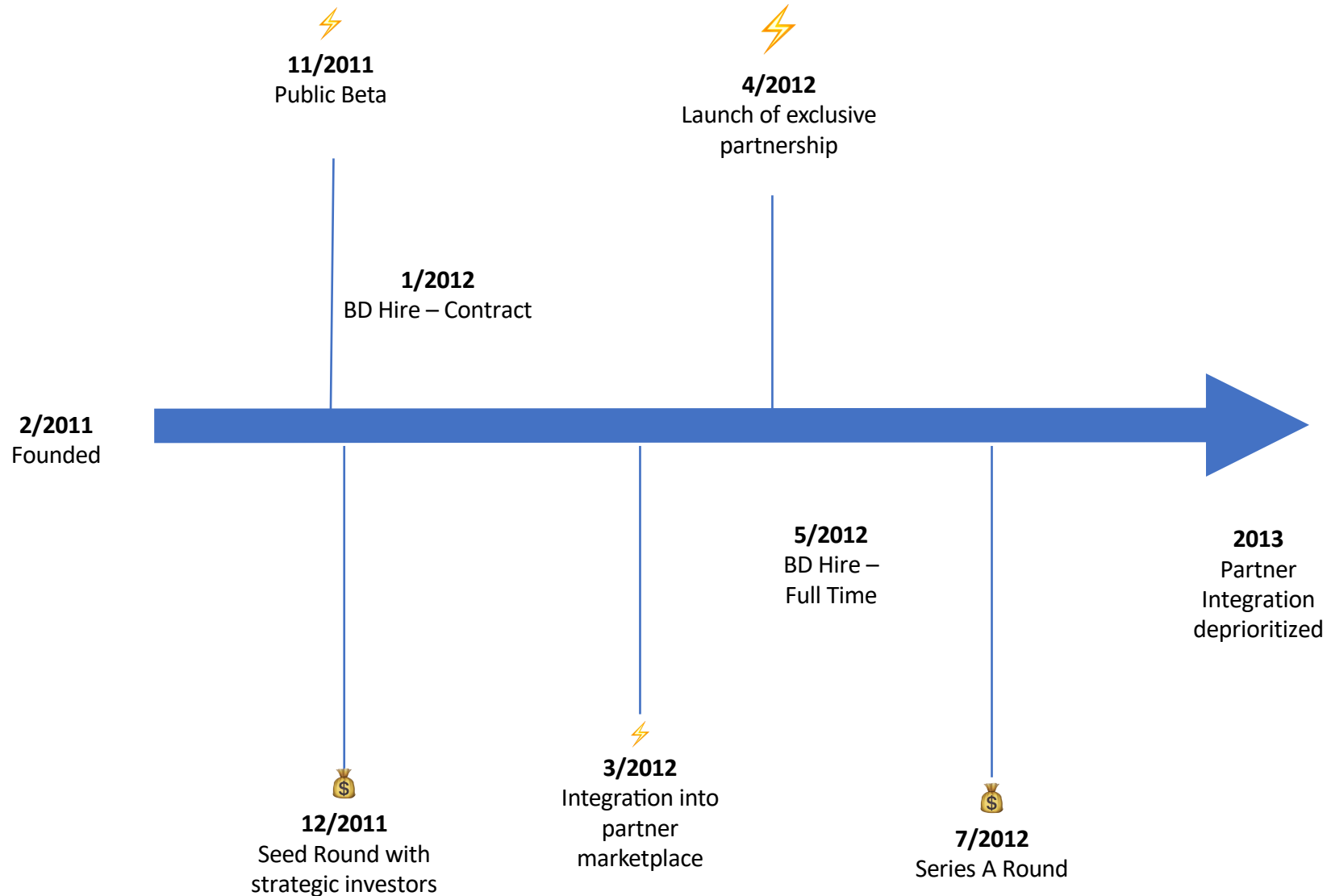
Channel Partnerships

Type of Partnership	Economics	Partner Example	Partner Benefit	Your Benefit	Downsides
Marketplaces	Revenue Share	Global ISV (AWS, SFDC)	Additive to ecosystem	Plug & Play	No ability to build relationship with customer or outline value prop
Alliance Programs	Program Fee	Amazon Partner Network	Scalable, programmatic	Clear expectations	High investment needed to see results
Managed Service Providers	% of sales	Rackspace (AWS)	Creating new line of business	Outsourcing sales and customer support	Significant market opportunity needed
Value-Added Reseller (VAR)	% of sales	Proserve	Customer retention	Capitalize on mature sales channel	Eating your margin, lack of ability to control sales cycle
Consulting Partner/System Integrator	Discounted	WiPro	Market differentiation	Scale into trusted relationships with clients	Significant training needed

Strong markets for BD

- Developer Tools
 - SDK's
- API-based businesses
 - Payments
- Data-based business
 - Marketing Tech
- Consumer Tech
 - B2C Apps

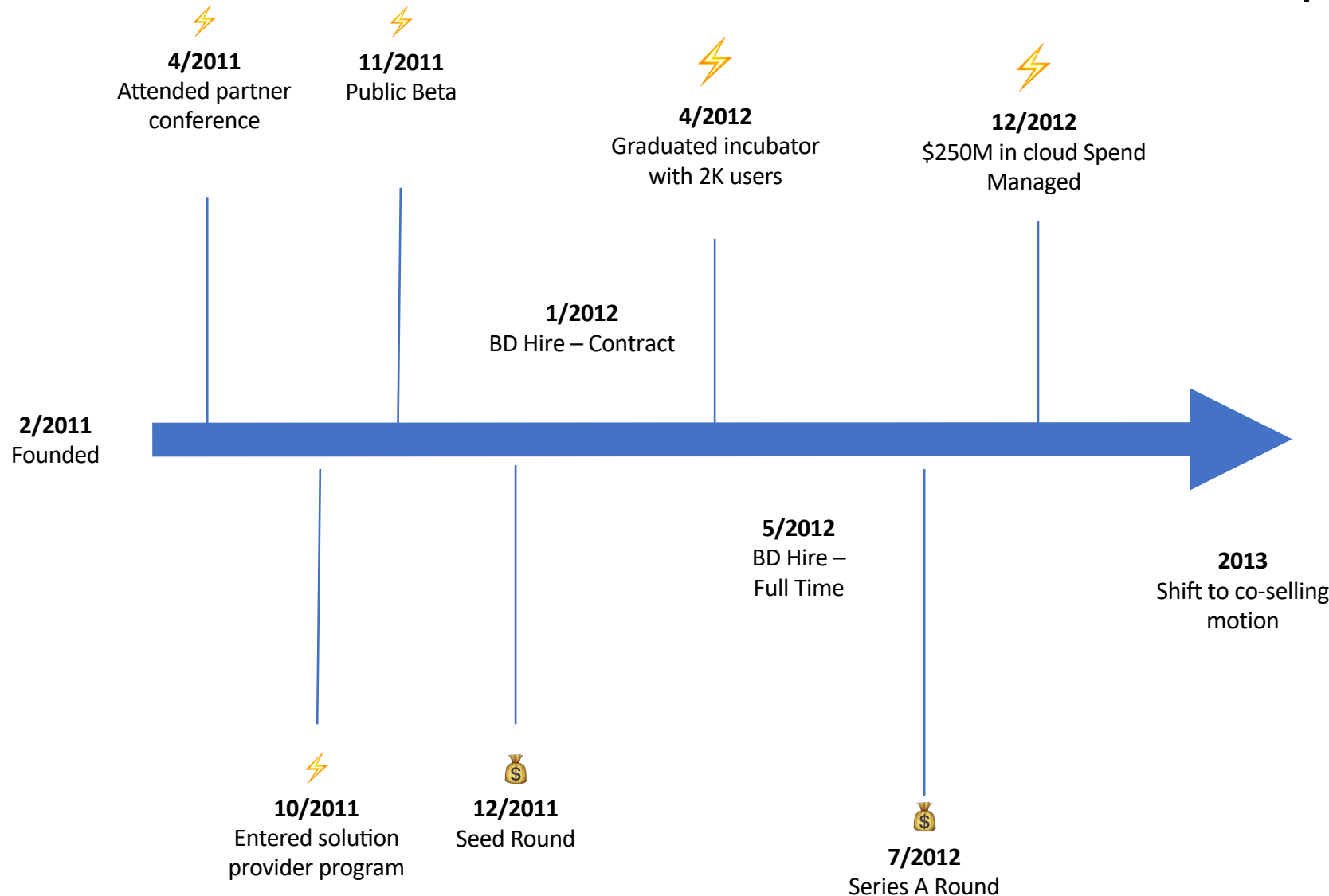
The “Big Deal” Partnership



Results

- Rev: \$0
- New Users:
<100/120,000 (.08%)

The “Customer-Driven” Partnership



Results

- Rev: \$1M+
- New Users: 10,000+

Example



Opportunity	Opportunity Size	Market Opportunity	Stakeholder Alignment	Customer Alignment
High	x			
Medium		x	x	x
Low				



Lift	Cash	Marketing	Sales	Integration
Low	x	x	x	
Medium				x
High				