

The book is written in collaboration with
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A little book about business advice

- access to knowledge, experience,
network and funding

Do it yourself – together with us

 **VAEKSTHUS**
Copenhagen

Dear startup

This is a very quick D-I-Y guide of how to seek and make use of advice to your start-up. We've collected some of our most important knowledge and a couple of our best tools to move forward - in a book you can put in your pocket and share with your team.

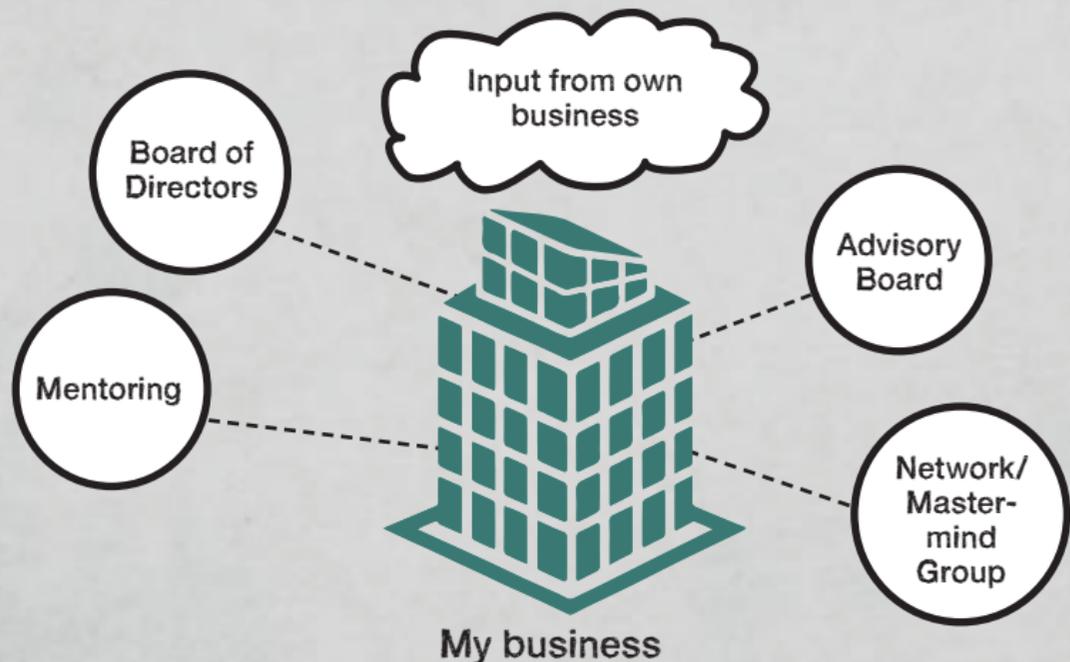
Feel free to contact us anytime for independent advice and a second opinion on how you can change the world with your business ideas and obtain global success.

Your advisory-team at Vaeksthus Copenhagen

“I always pass on good advice. It is the only thing to do with it. It is never of any use to oneself”

- Oscar Wilde

Advisory services for your business – an overview



Methods in brief

- **Mentoring:** often 1:1 - mentor / mentee. Use it for personal development and general advice on the direction of your business.
- **Network / Mastermind group:** Structures and / or ad hoc input from your network or a specially targeted group of persons in your network. Use it for personal and professional development and tactical advice on your business.
- **Advisory board:** Inspiration from high-skilled profiles about how to build, run and scale your business.

Methods in brief

- **Board of directors:** Overall responsible for the organisations in which they are instituted. Use input for high level strategic advice on your business development.
- **Input from own business:** Structured and / or ad hoc input from the ones closest to you in everyday life - your co-workers, partners and vendors. Use it for daily operational progress and optimisation.

“If you want to go somewhere, it is best to find someone who has already been there”

- Robert Kiyosaki

Why seek external advice for your business?

Ambitious start-ups with a high scaling potential often discover a huge need of knowledge, experience and network in their journey towards larger markets. While the team needs to execute at high speed, the founders need to be strategic about every step, in building and running the business to ensure a successful establishment and expansion.

Many start-ups therefore choose to form a strategy for advice around their business from day one. A streamlined

and well-defined advisory strategy can help the founders keep focus on scaling the business, instead of being swallowed by daily routines.

In short: Having competent advice equals access to knowledge, experience, network and funding that will help you build, run and scale your business.

Professional advice and founder's readiness

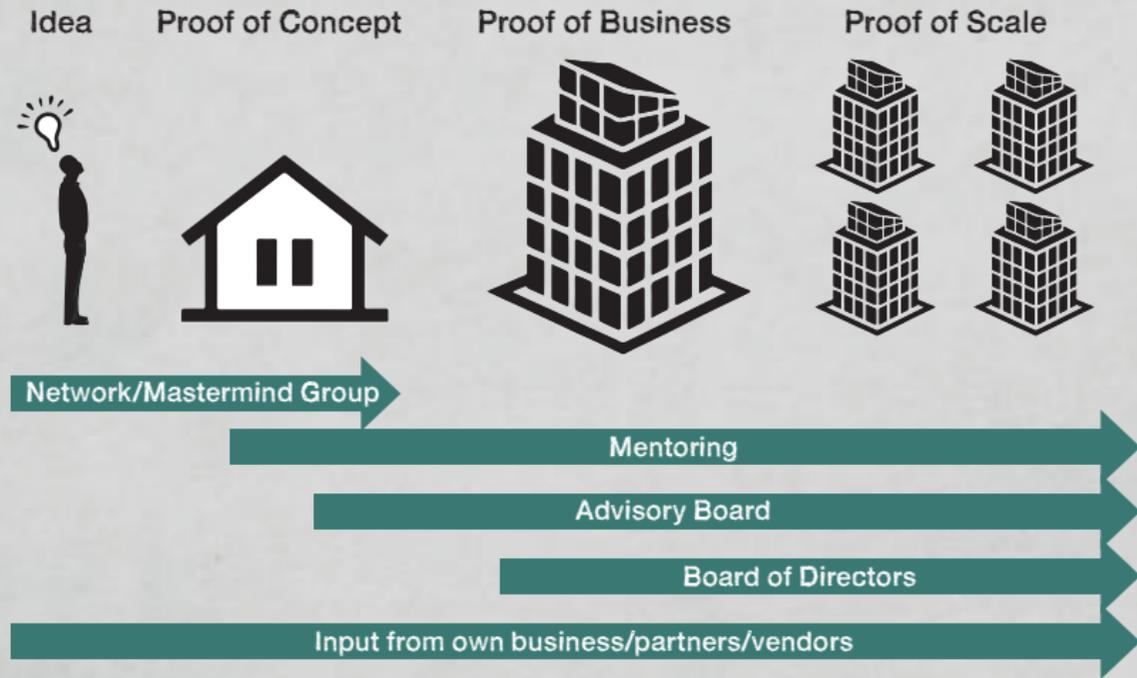
Traditionally, a company relies on a board of directors ("Bestyrelsen") for advice on business strategy and direction. According to the Danish Companies Act ("Selskabsloven") however, only Limited Companies - private or public ("Aktieselskaber - A/S") are required to establish a board of directors (**BoD**). This leaves different opportunities for other company constellations e.g. ApS, IVS, I/S companies - often used for start-ups.



Start-up founders should seek advice from the earliest stage possible in their journey in defining, building, running and continually scaling their business. Readiness to listen and make use of advice given, is a core competency all start-up founders **must** possess.

Since advice comes in many shapes and forms, the time line below can be of assistance to seek the appropriate input at the appropriate time

When and how to seek advice



The Idea phase

From the very first phase of your business, the “Idea phase” - use your **network**, and most importantly your **network’s network** for inspiration and guidance.

Social media (with LinkedIn as a major source of possible network opportunities), **friends** and **family**, **school** and **work colleagues**, people you bump into at **social gatherings** or via start-up / inventor communities - all are possible input providers to your ideas.

Seek persons for advice that you trust, respect and preferably people that have been on the start-up journey themselves, in or outside your key area of business.

Don't be shy, don't be afraid to ask for advice – be outspoken and candid. Many will offer assistance!

THE IDEA PHASE

- what to ask for?

The most obvious questions to ask your early advisers are:

- Do you understand my idea / business concept?
- Do you see it being a success?
- Do you know of other ideas that look like mine?
- Would you buy my product?
- Would you invest your own money in my idea?
- Can you help me realise the potential of my idea?
- Do you have any people in your network that I could benefit from knowing - and would you introduce us?

The Proof-of-Concept

(PoC) phase

When entering the next phase of your business - the “**PoC**” phase, where your product or service is being tested on a conceptual (sometime beta) level on the market, or in a sheltered environment, you should consider gathering a “mastermind” group for a more structured approach to advice.

This group of individuals, hand selected by you, can easily be drawn from the initial group of advisors you encountered in the Idea phase, but it can also be individuals recommended by your network, or publicly known people. Seek out other people that have a clear knowledge of the product you are developing, people who are entrepreneurs themselves and



who therefore have some knowledge of the administrative, strategic and tactical challenges of starting a business.

A way of using this group is to test your idea on them via the method “User Driven Innovation”. This simply means that you invite the group in for a 3-4-hour session depending on product or service scope, and test all aspects of your product idea on them. It is important that the group invited consists of people with different levels of focus in the market e.g. from C-level persons to administrative level. The data derived from such a session can be invaluable in your product development going forward.

Depending on the speed of conceptualisation and the challenges you face during this phase, you can also choose to establish an even more structured framework for advice at this stage - an Advisory Board (see next chapter)

THE PoC PHASE

- what to ask for?

The questions and challenges you debate with your Mastermind group / Advisory Board are many of the same you discussed with your early advisors, but the following questions could also be touched upon:

- How do I optimise my product development?
- How do I perform testing and analysis of the results on my product?
- Market and customer segmentation - what is appropriate for my product?
- Business and Pricing Model - what is appropriate for my product?
- Sale and Marketing strategy - what is appropriate for my product?
- How do I beat the competition?
- How do I set and run the optimal organisation for my business?
- Do you have any people in your network that I could benefit from knowing in this phase - and would you introduce us?

The Proof-of-Business

(PoB) phase

When entering the next phase, the “**PoB**” phase means that your product has been developed and your business model is now proving its value on the market - a more structured approach on advisory is recommended.

It is possible to gather a **BoD** now, but since this act has both legal and financial implications for you and your business, a more “loose” board constellation might be a more appropriate fit - an Advisory Board (AB). An AB is a professional board but has neither the legally committed statutory power, nor the economic and legal responsibility as a **BoD**.

An AB in a startup is often a group of 3-4 highly-skilled individuals who meet several times a year, to provide independent advice about how

the start-up can execute its potential, as well as guiding ambitions for growth. It is often not necessary to pay members of an AB for their assistance, but recognising their assistance is advisable e.g. public acknowledgement of their services

Whether you chose to gather a **BoD** or an AB the roles and responsibilities of the group are important to establish from day one. Who is the chairman, who is the one taking notes, who has competencies within sales, marketing, digitalisation, internationalisation, product design, R&D etc.

As the **BoB** phase progresses, it is in some instances advisable to establish a **BoD** to secure optimal strategic advice e.g. during expansion via additional funding and or IPOs. The following chapter touches on this.

THE PoB PHASE

- what to ask for?

The most obvious questions to ask your early advisers are:

- How do I optimise my already implemented GoToMarket strategy?
- Should I adjust my Business and/or Pricing Model?
- How do I beat the competition?
- How do I seek funding for further development and / or expansion?
- How do I seek partnerships?
- Expansion - is this the appropriate timing for my business?
- How do I optimise my organisation?
- Do you have any people in your network that I could benefit from knowing in this phase - and would you introduce us?

The PoB and Proof-of-Scale

(PoS) phases

During these 2 phases, depending on the speed of business development, your business has matured, your product or service have been on the market for some time and the advice you need from external sources will often be highly directed at either complex market or product development, or in some cases, at scalability and advice on how to seek funding for your business. Even exiting your business via sale, IPO or other means can be a topic on which you need advice.

A professional board - a **BoD** is the appropriate choice for your business now.

In establishing your **BoD**, take the following areas into consideration:

- What roles and competencies do you need on the **BoD** in order to execute (or pinpoint) your strategy going forward?
- Should some of your already engaged advisers be appointed to the **BoD**?
- Is your current network able to help you gather the optimal collection of competencies on your **BoD**?
- Will your **BoD** be a working and active board or a passive and more guiding one? Setting the expectations of involvement to the **BoD** members from day one is essential.
- How will you compensate your **BoD** - money, warrants or options, non-payable, products or services or something else?
- What should be the meeting structure, the documentation structure and the follow up structure of the **BoD**?

A tip for setting up the administrative part of your **BoD** and to comply with the ever-growing demands of compliance in companies of all sizes is to make sure to anchor the task of storing documents used for **BoD** work from day one. Essential documentation includes agreements, contracts, regulations, agendas and summaries. Having a clear documentation trail can not only help you with public and private regulators but also when a new member of the **BoD** is to be installed and thus informed of prior actions.

Remember, that only Limited Companies (A/S companies) are obliged by law to gather a **BoD**, so you can also choose to continue with an AD or other.

BoD constellations

- and what to ask for

Ask yourself what kind of BoD members you need, for example:

- People in your business to target partners, investors or customers?
- People with international or national experience?
- Individuals with a proven track record of success within your line of business?
- People with legal and / or governance directed skills?
- Contacts with Sale & Marketing skills?
- Individuals with a personal interest in the business e.g. via funding means?

Don't forget, that the members of your BoD will need to set forth demands and requirements for your business strategy at a high level and that they have the power to collect and dismantle the general management team - you therefore also need people on your BoD you can trust, you look up to and you are willing to listen to!

Areas debated in a BoD could be the following:

- Earnings and spending
- HR related matters
- Investments
- Partner or vendor strategies
- Exit possibilities

Summary

The means of advisory are many and diverse.

The above examples and time lines might not fit your business perfectly, but should give you inspiration on the methods of advice that exist and a possible direction for your personal and business directed strategy for these services.

Besides the above-mentioned phases, other methods, e.g. in the form of professional consultancy companies exist. These are usable for specific advice on targeted areas such as finance, sales and marketing and even on top level strategic decisions. Remember though, that the individuals providing you advice on a tactical and strategical level during your business

progress from an early stage are most often the ones taking a special interest in both you and your success as an entrepreneur.

And most importantly - even the best of advice will fall short if you as the founder of your business are not ready to listen, challenge and act on the advice you have been given!



Inspiration

Mentoring/pro bono advisory:

startvaekst.dk/vhhr.dk

www.atv.dk/indholdsside/mentorprogram#.WWtj5YV0llu

connectdenmark.com/

venturecup.dk/mentor/

houseofinnovation.dk/forside/ivaerksaetter/gratis-radgivning/

cphftw.dk/

opfind.nu/

Inspiration

Boards – descriptions:

[startvaekst.virk.dk/vaekst/organisatorisk-kapacitet/
advisory-board](http://startvaekst.virk.dk/vaekst/organisatorisk-kapacitet/advisory-board)

[startvaekst.virk.dk/vaekst/organisatorisk-kapacitet/
faa-en-professionel-bestyrelse](http://startvaekst.virk.dk/vaekst/organisatorisk-kapacitet/faa-en-professionel-bestyrelse)

[erhvervsstyrelsen.dk/sites/default/files/
den_kompetente_bestyrelse.pdf](http://erhvervsstyrelsen.dk/sites/default/files/den_kompetente_bestyrelse.pdf)

[www.bestyrelsesinstituttet.dk/
forskellen-paa-%E2%80%A8et-advisory-board-og-en-bestyrelse/](http://www.bestyrelsesinstituttet.dk/forskellen-paa-%E2%80%A8et-advisory-board-og-en-bestyrelse/)

Inspiration

Tools:

thehub.dk/tools

[kooperationen.dk/media/115783/
The-Business-Model-Canvas.pdf](http://kooperationen.dk/media/115783/The-Business-Model-Canvas.pdf)

www.startupsvar.dk/downloads

[venturecup.dk/build/wp-content/uploads/2016/03/
Business-Plan-Science-Template.pdf](http://venturecup.dk/build/wp-content/uploads/2016/03/Business-Plan-Science-Template.pdf)

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This is a very quick guide ...

We've collected some of our most important tips on advice and a couple of good tools to move forward - in a book you can put in your pocket and share with your team.

Get the online version here:

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#alittlebookaboutadvisory

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