

# Mentoring session charged up with ideas

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NEW DELHI

**T**HE rush, not just that of adrenaline, at the Kamani Auditorium on New Delhi's Copernicus Marg was palpable. As the sun set over the horizon, hundreds of men and women congregated here for a common cause: give wings to their ideas. The occasion was the group mentoring session for ET's Power of Ideas initiative for shortlisted candidates from north and east India. The response was overwhelming as they descended in hundreds to meet angel investors and take tips on how to make an idea click.

The 450-odd people were part of the 1,000 shortlisted from across the country to make elevator pitches. Similar sessions were held in Bangalore and Mumbai recently. A total of around 12,000 ideas were registered.

The tone of the evening was set with an elite panel (all part of the Indian Angel Network, the angel part-



AN IDEA CAN CHANGE YOUR LIFE

petition is not as strong, which are all positives," said Bhikchandani. Chauhan explained that the opportunity cost for a budding entrepreneur is very low at this time. Most panelists had varied views about 'what is an idea?' "An idea is one which ends up giving economic value and has the potential to grow and not remain stunted," said Goyal. Anupama Arya opined that an idea should solve a real problem and should have a customer who pays for it.

The ultimate goal of every entrepreneur in the session is to be successful and possibly raise money to scale up his/her business. But how do you raise money? Kalra pointed out that raising money is a critical part of building a business. Many ideas fail because they are not adequately funded. "You need to plan how much money you need. In most cases, it is family and friends who raise the initial fund from to test the idea. One can then approach angels or VCs for most money to take the idea forward," he explained. In Bhasin's view, getting a set of customers before raising money gives confidence to the investor. But venture capital is not the Holy Grail. "It is very important to understand what kind of partner you need. You need to be comfortable with the investor," said Chauhan.

Bhikchandani and Gupta had a counter argument. "It is a myth that to succeed in business you need venture capital. Some of the biggest names such as Infosys and HCL, didn't have venture capitalists," said Bhikchandani, adding: "Don't go in with the assumption that if you can't raise VC money, you will not be a success. Don't let funding be a constraint to your

imagination." Gupta said that a lot of times we assume VC funding will make an idea succeed. "That is not entirely true," he said.

The panel believed that the investor should also act as a mentor or guide. Smart money, as opposed to dumb money can change fortunes. The entrepreneurial journey is never devoid of mistakes. The person needs to learn from the mistakes and move on, hopefully doing a better job the next time.

Another big mistake entrepreneurs make is that they start building the product/service without speaking to customers. "This is the case mostly with freshers or pure techies," said Bhikchandani.

According to Gupta, the biggest cause for failure is the lack of passion. If you do not have 100% belief in your idea and if the fire in the belly is missing, there is a problem," he said. Others like Goyal ranked the ability of an entrepreneur to handle change at the top as an important factor for growth. "He has to be able to change his business plan if there is an issue and not get wedded to his intellectual idea," explained Goyal.

The panel also touched upon the importance of the team in a startup. "The importance of the team cannot be understated," said Chauhan, advising that in a team one should look at getting people who have different skill sets from what you bring to the table. The founding team usually consists of people who you know and trust. "These are usually people who you have known for a long time," said Bhikchandani.

Putting the doubts of the entrepreneurs to rest, the panel explained that the VCs and angels are usually never interested in controlling the company. "If the

## MARKET

THE first aspect for a scalable business is the size of the market. If the market is small, the business cannot scale, explained Bhikchandani. He pointed out that it is important to show how you arrived at the estimate, what was the methodology, what is the 'customer need gap' and who is your competition.

## STRATEGY

The sales strategy was the next aspect to be picked up. "The market strategy is sometimes the tipping point. Working backwards, you have to be able to defend your strategy," says Goyal.

## FINANCIALS

The financials is where it all adds up. One needs to summarise in terms of numbers. "At this stage, a simple quantification is enough," says Gupta. According to Chauhan, financials give the investor an idea about your hold on the business and the industry. An important point that Goyal made was that VCs and angels don't expect a new business to make a profit in the first two years. "We look at it from a long term perspective," he says.

deal is structured right, we are both on the same side, we are then fighting against competition," said Bhasin. Once an entrepreneur raises money, it is no longer his company alone. "If you are not ready to accept that, don't dilute stake." To work with a partner, one has to be willing to listen. Gupta stressed on the difference between venture and vulture capital. "Do your research well on the source of capital," was his advice. The final objective was to talk about the elevator pitches that each of the entrepreneurs had to make in the next few days.

Representatives of the IAN took the participants through the presentation. Following which, the floor was open for questions from the participants. The volley of questions and the inquisitiveness and enthusiasm of the participants was proof of India's inherent entrepreneurial spirit. It is time to unleash that potential.



THE ECONOMIC TIMES  
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ner in Power of Ideas) taking stage for a discussion on ideas and do's and don'ts for startup entrepreneurs. The panel of eight comprised Sanjeev Bhikchandani, founder of Naukri.com; Anupama Arya, co-founder and director, Mobera Systems; Pradeep Gupta, managing director, Cybermedia and Aseem Chauhan, CEO of Amity Innovation Incubator. Three others — Sanjay Bhasin, Mohit Goyal and Sunil Kalra — are full-time angels now.

The session started with the most important question for a budding entrepreneur in these times: "Is this a good time to start an enterprise?" "Anytime is a good time to start. That said, particularly now, if you have an idea which has a cost-cutting value proposition, it will succeed. Also, in this environment, it is easy to get talent, media costs are comparatively low and com-