



TOP 10 THINGS IN MAKING OF A UNICORN

First of all, I will begin by highlighting an old Wall Street saying that it is better to be lucky than smart. That being said most Unicorns are not built by accidents but by great vision, passion of founder, great playbook, be customer centric, great grip on use of capital and many more.

So, let me highlight what are the early indicators if you are creating a Unicorn or what are some of the things that are important in order to



Big Addressable opportunity

If you aim for star, you get a moon. So, most Unicorns in the making will very likely have big addressable market opportunities. My suggestion to all budding entrepreneurs is to always focus on big addressable opportunities. In startups nothing goes straight-line but if you have chosen a market that is very large or growing very fast, you will be able to carve out a sizable business for yourself.



Vision

Vision is perhaps the most important ingredient for a startup that a founder brings on the table. I always believe that something that appears as dirt or pebble to most, should appear as size of rock or a mountain to the founder. In modern history since 1500 AD, especially starting from industrial revolution in Europe in 1740, we have seen time and again, that vision of a founder ends up creating a world-class company. So for a unicorn, vision is the foundation.



Role of Capital

Most entrepreneur either underestimate the role of capital in building a Unicorn and many find it more difficult to raise money than it is. In my view, among the top 10 things what does it take to create a Unicorn, capital will be the first 6 and remaining will be vision, team, passion and idea. So, if you want to create a Unicorn, do not think about bootstrapping or be too much concerned about dilution from each round of capital.



Team

Team is very important part of building a Unicorn, and one must look for these five things in any team member: commitment, character, capacity, craving and capabilities. I have written a blog related to this, please read:

<https://www.linkedin.com/pulse/5cs-look-your-start-ups-dream-team-sandeep-aggarwal?trk=mp-author-card>



Playbook

I started working on ShopClues from 10th October 2010 in my house in California and it was about six months when any other person associates with my energy, passion, idea, visions and obsessions. But by the time we launched ShopClues on 21st November 2011, I already had a playbook for next the 10 years. This playbook included a financial model for the next 10 years, marketing strategy, BD strategy, unit economics, product roadmap, execution plan by milestones and so on. And this not only helped me for so many years but still helping ShopClues even today, in terms of being ready for anything irrespective of getting too many surprises and challenges.



Early Signs of Traction

In every startup there is a stage, wherein you are growing probably 15-20 times faster than national GDP but also 3 to 5 times faster than overall industry growth in which the startup is operating. And this phase can last anywhere between 12 months to 3 years and the longer it lasts, the higher likelihood it creates that the startup is on its way to be a Unicorn. I would also like to highlight one more thing that is you cannot have marginal revenue and unfavorable margin cost which means, startup's fundamental must improve with each \$100 million gets added to its revenue.



Chaos and Confusion

If a startup has Level 5 of Six Sigma, or world-class processes or greatest training program, of course they would not hurt but that also means, the company has likely did not see hyper growth phase period which takes away time for you to think about Six Sigma, processes or trainings but you are full of chaos and confusion but unmatched energy and passion. And people love the chaos and confusion because deep down they know they are building something and making an impact.



Relatively Easy Access to Capital Even During Bad Market Condition

You will always find great companies getting built during the bad market conditions. While money raising is never easy, it becomes even more difficult when the market conditions are bad. But for those startups that are going through hyper growth and improving their fundamentals, will continue to get access to capital and at the same time many of their competitors will run out of money.



Culture Like a Cult

When you are in the midst of making a startup that will eventually become a unicorn, you are also creating a strong culture and values for your startup as a founder. Sometimes the culture and values are so strong that I will almost compare them to a cult. A startup with a strong culture and values can withstand all the ups and downs and can harness people and their potentials far more effectively than a typical corporation or a multinational.



Your Metrics are Significantly Better Than Others in Same Space

I remember first two years of making of ShopClues, our metrics for growth, conversion, CAC, COD, Cost per Visitor, Cost per Order, and unit economics were so different from any other E-Commerce companies, that most VCs could not even believe that we were also operating in E-Commerce. In respect to the fundamentals, cost advantage and other growth and tractions we were probably 3 to 5 times better than any other E-Commerce company and that is why we made it to the Unicorn club at a record low time and record low cost.

Sandeep Aggarwal is a serial entrepreneur, angel investor, internet visionary and philanthropist. He is widely regarded as the father of marketplaces in the Indian Internet ecosystem - having founded ShopClues (2011) - India's first managed marketplace, which became 5th Unicorn in Consumer Internet in India & Droom (2014) - India's first marketplace for automobiles. Sandeep is passionate about Digitizing India through mentoring startups, especially on entrepreneurship traits and skills.