

Startups: Demystified

Executive Summary

More and more millennials are working for startups, however there is a great deal of confusion regarding what actually defines a startup, and what a millennial thinking about working for a startup can expect. The purpose of this report is to provide millennials with a how-to guide to navigating startup ecosystems.

A startup is defined primarily by being a temporary organization that is designed to search for a business model and market fit through the introduction of a product or service. Startups are also defined by growth: they are meant to be able to scale easily. The term startups became popular in the nineties, but has become ubiquitous.

The growth of startups can be tracked through five key stages: the ideation stage, the formation stage, the success stage (where a startup may either become a lifestyle business or keep on the path of a growth oriented startup), and lastly the scaling stage, through which the startup becomes an established business. The organizational and communication structure of a startup transforms from a completely flat hierarchy to a more matrix structure through its development. It is important for millennials to understand the subtle changes in structure, culture, risk and goals of each stage in order to appropriately evaluate whether a startup environment is right for them at any given stage.

Despite the glamorous side to startups that are heavily portrayed in the media and by the general public, it is important for millennials to understand whether or not this type of environment is the right fit for them. As a generalization, individuals who thrive in environments where there is a set process, and if one follows that process they will be successful, do not typically perform well in an ever changing startup landscape. It is recommended for millennials entering the space to apply to companies who have received a Series B or C round of funding. Here, it is still a changing environment but the organization is large enough that some processes are put in place. It is important during the selection process to ask key questions in order to avoid entering a company that you are not directionally aligned with.

Lastly, millennials should consider the fundamental factors (eg. the people, financial resources, and market) that are characteristics of the success and failure of startups when deciding whether to work for one or start their own. Particularly considering the trending industries where startups are growing.