

Magic Sauce

Guide to getting to a proof of concept & what to do next



From ideation to proof of concept

It's tough. You get the rush of excitement from an idea, then unless you've got any 3F's to help you ([Friends, Fools & Family](#)), you need to work out how to pay for your new baby.

I'll try and give you a basic guide based on being a techie founder, or non-techie founder to find your way through to getting a proof of concept and becoming investable. If you've got oodles of cash you may get something from the other little insights, but it's mainly pointed at those people who will need to raise cash to grow their thing into a suitably disruptive adult.

There will be two parts to the guide therefore. The first one will aim at tech founders, and the second at non-tech founders (by that I mean people who can build software platforms and those who can't).

This advice is also based on SaaS businesses. If your product isn't a software platform then you'll get limited benefit from this.

You'll also find more handy free resources at the end of the slides.

Techie founders

People think you have it easy because you can build products from scratch and will likely have some basic search marketing knowledge. You have that bit easy, but it's the whole business model, meeting people and building out the commercial side of the business that's going to be a pain.

We'll run through steps in the next slides to help you get to where you need to be.

Techie Founder Step by Step Guide

- **Step 1**

Do a startup/lean canvas (there's one on the page at magicsauce.online that you can use). This will help you understand the things you need to know before you invest any time or money in your new project. Make sure you have a strong UVP and Moat.

- **Step 2**

The really key thing is to make sure this problem exists for enough people to make it viable, so the main things to check from the canvas are the competition and market size.

- **Step 3**

Speak to someone who knows marketing and finance to get an initial steer. You need to work out what it's going to cost in people (your biggest overhead), and roughly how much the startup plans to make (don't forget to reduce revenues by 33 & 66% to see how long your cash will last). It doesn't have to be perfect at this stage it just needs to be logical. If you want an Angel investor, you'll have to [return 10 times what they invest in 3-5 years](#).

- **Step 4**

Build your MVP and get your typical users to try it out first (again, your network, people you trust implicitly, mainly to make sure there's no bugs).

Techie Founder Step by Step Guide

- **Step 5**

Get some free credits from the likes of LinkedIn, Facebook and Google (they all do some for between £50 and £100). Just try and attract some people to your site. Just Google free ad credits for the above. If you have a few hundred quid, spend it on some help with ad copy. [Gain a proof of concept!](#)

- **Step 6**

If you're now in a position where you have customers, they like what you do and they've paid for your product then you have ticked the boxes to get some investment (providing you can deliver a high scale business with what's invested).

- **Step 7**

Speak to an incubator, investment readiness partner or accelerator to get you that investment. Building a pitch deck isn't easy, nor the strategy to scale what you have. Getting onto an acceleration programme enhances [your chances of success](#).

- **Step 8**

Don't forget to look within your own network/family/friends to see if you can get someone to invest early in your dream if you need extra cash to get to that first funding round.

Non-techie founders

This is for you folks who think that people who build products speak Klingon and you have no idea how they create magical platforms from your crazy drawings and pages of features. Yes, you can still get a proof of concept and there are a couple of ways to do this. If you're building a platform or marketplace business though, you will be way ahead of your competition if you've created an online proof of concept, not matter how rudimentary.

We'll run through steps in the next slides to help you get to where you need to be.

Non-techie Founder Step by Step Guide

- **Step 1**

Do a startup/lean canvas (there's one on the page at magicsauce.online that you can use). This will help you understand the things you need to know before you invest any time or money in your new project. Make sure you have a strong UVP and Moat.

- **Step 2**

The really key thing is to make sure this problem exists for enough people to make it viable, so the main things to check from the canvas are the competition and market size.

- **Step 3**

If building an MVP isn't going to work financially with a minimum twenty grand outlay, there's two ways to gain a proof of concept. There are off the shelf platforms for things like training content, music, podcasts and more. Another option is to do what you do offline. Get in touch with some of your target audience and see if they'll let you take care of whatever process gives them headaches for a subscription style cost. If you can prove that from minimal marketing effort you can get clients to pay for you solving a problem, you're half way there. A third and less effective (but still pretty cool) way is to build interest and a waiting list for your product by building a holding site yourself using something like GoDaddy's website builder.

Non-techie Founder Step by Step Guide

- **Step 4**

Get your finances in order. Build rational, aspirational projections that can demonstrate to an investor that you've thought through the potential costs and worst case scenario's (try reducing your revenue by 33% and 66% to see how long your cash will last post-investment. [An investor will want to see 10x returns.](#)

- **Step 5**

Get some free credits from Google, Facebook & LinkedIn to trial some advertising via search/social media. This will also help you try out different marketing messages to your potential audience and [validate your assumptions.](#)

- **Step 6**

Ok, go get some customers! Importantly, get feedback and monitor your process or idea to see what works and doesn't. All of this stuff will form the basis of your pitch to investors and demonstrate what you've learned, the demand and validate your idea.

- **Step 7**

Speak to an incubator, investment readiness partner or accelerator to get you that investment. Building a pitch deck isn't easy, nor the strategy to scale what you have. Getting onto an acceleration [programme enhances your chances of success.](#)

- **Step 8**

Look into your own network, friends and family for people who really know you and may invest a small sum early doors.

Hope that's of use

If your idea is good and the market is big enough (and you can reach them to market to!) you could be on to a winner. There are a couple of resources on the next page like a cash flow template and links to typical platforms that are subscription based to test some assumptions on (others exist for ideas like yours, but it's up to you to find them, we're just getting you started).

Hopefully this has been of use as a simple 8 step plan to get to a proof of concept that will give you credibility when pitching to investors by gaining an all important proof of concept.

If you don't get accepted to a highly renowned accelerator or incubator, don't lose heart. There are plenty of others out there that are awesome at what they do and will probably give you a more bespoke experience.

If you're looking to follow guides like this and get your pitch in front of investors using a mainly virtual programme, please join our waiting list at magicsauce.online.

Extra Resources

These are a few examples of handy tools to get you off and running and is by no means exhaustive

- [Cashflow Forecast](#) by the British Business Bank (has guidance notes)
- [ZippApp](#) - Build a community for your product to create interest easily (subscription required)
- [EQual system](#) for Learning Management System platform (subscription required) - handy if you are building a new way of training people and want to test assumptions
- If you already have a proof of concept, you can get your hands on stuff worth £20k+ by joining our waiting list for our acceleration platform at [magicsauce.online](#)
- [Startuploans.co.uk](#) - up to £25k at a favourable interest rate (plus mentoring and support)
- [Sifted.eu](#) - great newsletter for learning about all things in the startup/tech world
- [drisk.it](#) - go here to get a valuation of your early stage business
- [seiscalculator.co.uk](#) - Handy if you want to explain the benefits of the SEIS/EIS incentive offered by HMRC to friends/family/network.
- [Granted](#) - Help with grant writing - non-dilutive funding for your project may be available from the UK government
- [R&D Consulting](#) - some great info on how the Research & Development grants work via HMRC
- [25 Step Plan](#) for your first funding round by SeedLegals - explaining the jargon
- [Airtable](#) - cheap all-in-one project tracker, CRM, tables and more

Extra Resources

These are a few examples of handy tools to get you off and running and is by no means exhaustive

- [Tech London Advocates CV19 resource Hub](#)
- Search for 'Techvelocity or Raise Ventures as a great example of a regional accelerator that can help you once you get to the right stage