

Session #5 Pivot Arsenal's for Coping with New Realities



**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**

Innovation Centre Denmark Tel Aviv

**INNOVATION
CENTRE
DENMARK**



A Global Crisis is Always Around the Corner



Global crises increase the risk of failure for early stage and later stage start-ups alike. Evidence from Israel shows that key to overcoming crises is internationalization, an expansionist commercial mind-set and a readiness to rethink and reposition yourself.

Our aim is to give start-ups new tools to be more resilient when crises hit and inspire them to apply Israeli start-up methodologies. This project is funded by THE DANISH INDUSTRY FOUNDATION.

The Israeli Startup Ecosystem



350+

R&D Centers
(multi-nationals)



6,670+

active companies



340+

VC Funds



63

Academic
Institutions



250+

Accelerators &
Incubators



320k+

Higher Education
students

What's on the menu?

1. Pivot scenarios and how to cope in a crisis (case studies).
2. Managing with empathy in a crisis.
3. Engaging your team virtually – best practices.

There's a crisis... Now what?

The three 'fronts'

Reducing Loss

Winning (despite!)

Psychology

The 14 moves to reduce burn rate:

1. Accept that it is happening -> Prioritize cash activities.
2. Fire people once – be swift and compassionate.
3. Help the people you fire, but more importantly focus on the team staying.
4. You still **have to win**, not 'just' survive. If you have cash, continue the offense.
5. Freeze hiring but be open to opportunities*. Talent is now cheaper.
6. Assume fundraising will be scarce for at least the coming future (1-6 Qs).
7. Utilize stock and options to reward success.

The 14 moves to reduce burn rate:

8. Adjust compensation (if possible) – bigger sales commissions, stock etc. Understand you are introducing risk into your employee's life.
9. Hone marketing by cost-effectiveness and immediate results. Backburn – PR, Agencies, expensive website redesigns etc.
10. Find your top ROI for marketing / sales team and focus dramatically.
11. Renegotiate contracts and leases, be compassionate but assertive.
12. Focus on your areas of control, don't relay on third-party vendors. They will be busy.
13. Get cash from customers faster by incentivizing them with small discounts.
14. Assess your software expenditure and remove unneeded licenses.

Time to start winning

Winning Mindset in a Downturn

Winning!

100%

Accept the “duality” of the situation.

Have dedicated time (and possibly team members) for offense

Focus on gaining ground vs. cutting loss

Start with 15%-20% offense time and slowly pick it up as crisis unfolds

100%

0%

Entering
Downturn

1-2 Months
Post-Downturn

NfX

The Winning Playbook:

1. This is a great opportunity to position your company for post (or during?) growth.
2. Understand what happened to the demand -> find new ways to address the shift.
 - Customers need a low-cost solution?
 - Can you reshape the experience?
 - Doubling-down on certain features that are now important?
3. Closely monitor your customers behavior and be ready to pivot with them (Pricing? Modularity? Billing?)
4. Shift product road-map to focus only on pain-killers vs. vitamins.
5. Upgrade your processes with tech -> streamline operations, upgrade dev-ops, automate everything.
6. Turn fixed costs to variable costs – utilize freelancers based on deliverables.
7. Refocus sales funnels and processes and leverage data to increase conversion and shorten sales cycles.
8. Utilize stock and options to reward success.
9. Remember that velocity (speed + vector) is your most important ally.

Case Study #1: Guesty

Winning!



- Firing 30% of employees + pay cuts for senior management.
- Notified customers it will not be charging them as they are not earning at the moment.
- Pivoted product to address people looking for a temporary office rather than tourists.

*Founded in 2013. Developed an end-to-end property management platform for property owners renting their assets using **AirBnB, Booking.com, TripAdvisor Agoda and other services**. The company raised a total of \$60m in 3 rounds, with the latest injecting \$35m into the company in March 2019. When Covid-19 started, it had 230 employees.*

“According to sources familiar with the company, the company's performance in 2020 is similar to that registered in 2019. The company "lost a year" in its growth trajectory but did not reverse the direction towards a decrease in revenues.”

Case Study #2: Bizzabo

*In late February and early March 2020, customers had cancelled about 1,000 event they had planned to organize with Bizzabo's platform. The platform, which on average runs 20 events every day – went down to 0 events.

- Firing 25% of employees + 20% pay cuts for management.
- Partner with Kaltura -> Make the experience virtual.
- Pivot product to cater: Physical, hybrid and fully virtual events.
- Ran first ever user virtual conference (1 month into Covid-19).
Showcased technology to 3,000 prospects.
- Recreated “Customers Academy” to orient users with the product.



Founded in 2010, Bizzabo started as a simple app to connect between like-minded event attendees but grew into a full platform for managing events.

After raising \$27m in its D round in April 2019, bringing the total investments in the company to \$57m, Bizzabo continued to grow, and just before Covid-19 hit had about 140 employees, and big brands as customers from 50 countries.

With a reduced workforce, Bizzabo's Q2/2020 was its highest grossing ever, doubling pre-Covid-19 quarters.

Case Study #2: It worked!

Winning!



Join Extra Crunch

Login

Search Q

TC Early Stage 2021

Startup

Bizzabo raises \$138M for a platform that helps you build and run virtual conferences

Ingrid Lunden @ingridlunden / 1:03 PM GMT+2 • December 2, 2020

 Comment



Exercise:

- ❑ Choose a startup that has recently shut down due to the covid-19 crisis (or other crisis of your choosing).
- ❑ Read about its product, customers and goals (website).
- ❑ Devise a pivot strategy (focusing both on defense and offense) that you think would have enabled it to survive.
- ❑ Try to come up with as many “playbook” moves as possible. Be creative.

Managing with Empathy

Best Practices in Times of Crisis

1. Transparency – be proactive and detailed in sharing how you think the company is going to get through this.
2. Even though you have a lot on your mind, be extremely empathic with your employees' emotional needs. Check in on them.
3. Encourage company bonding and social activities.
4. Practice random acts of fun, jokes, celebrating weird (in a charming way) behaviors.
5. Make sure people have time to “meet” (even virtually) and it not being just about work.
6. Celebrate small wins and manage team spirit.
7. Be committed to building a high-performance culture, you have no other option.

Imagine your worst-case crisis!

Exercise:

- ☐ What could be the worst possible crisis for your company?
- ☐ Devise a pivot strategy.
- ☐ Draft 5 offensive moves to capture more market share.
- ☐ Draft 5 defensive moves to reduce costs and increase focus.
- ☐ Can you already implement this now? 😊.

Tools & Methodologies for Remote work...

What is **'not working'**?

What is 'not working'?

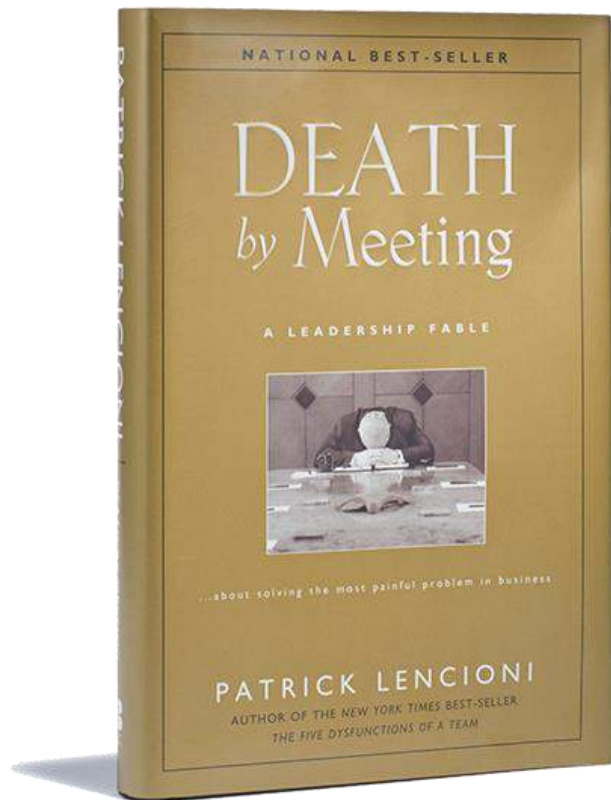
- Catchup & social
- Large discussions
- Collaborating during the meeting
- Delivering content – engaging audience

Working from #Home

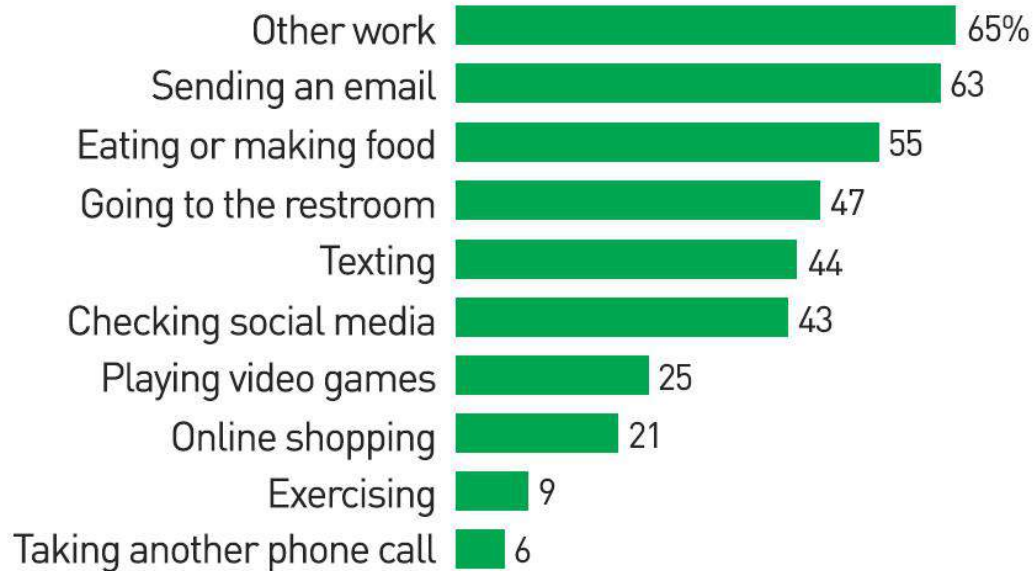
Working from home

- Get dressed & pretend you're going to the office
- Healthy station > Healthy work
- Plan your day
- Protect yourself from distractions & social media
- Save calls for afternoon
- Communicate expectations with people at home
- Take clear breaks
- Set a definitive finishing time
- Background TV / Music

Mastering the **Virtual Meeting**



WHAT ELSE ARE EMPLOYEES DOING DURING A CONFERENCE CALL?



Source: Intercall - HBR.org



Questions to ask before

- ❖ “Is it too long/short?”
- ❖ “Is it the best use of their time?”
- ❖ “Do they all need to be there?”
- ❖ Agenda first?
- ❖ “What would make this a successful meeting?”

Mastering Virtual Meetings

1. Preparation & setting

Have a Clear and Well-Communicated Agenda - Before:

- Key talking points + Meeting structure
- Team members/teams that will be in attendance
- What each team member/team is responsible for bringing to the meeting
- Relevant docs & digital tools

- Do they all need to be there?

Mastering Virtual Meetings

2. Running the meeting

Opening:

(1) Context (2) Goal & Deliverable (3) Agenda

"What would make this a successful meeting?"



Mastering Virtual Meetings

2. Running the meeting

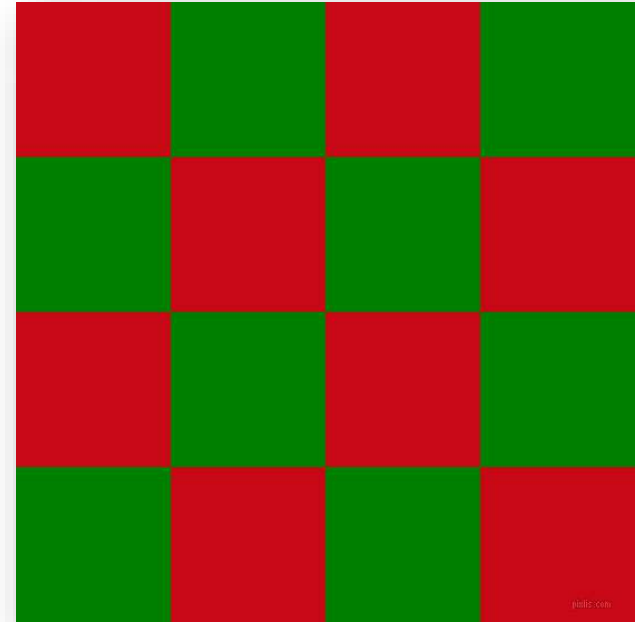
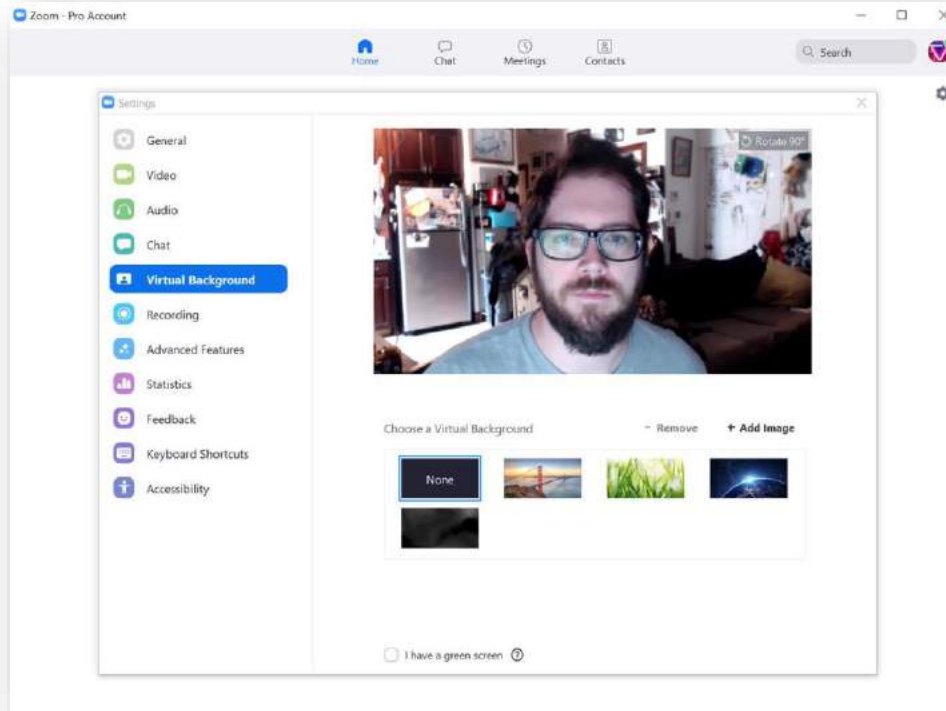
Catch up & social - options:

- Outside of meeting? Slack / WhatsApp
- Set X minutes before start time 'for that'
- Weekly happy hour
- Start with ice-breaker



Don'ts - Round of updates & small-talk

Virtual Background Yes/No



Mastering Virtual Meetings

3. Summarizing the meeting

Best-practices

- (1) Written by 'Scribe' > Google doc
- (2) Clear action items (who / by when)
- (3) Summary shared with all – Real-time via 'Chat' or after

Keeping your **#team** engaged
remotely

11 Tips - Keeping your team engaged

1. Morning daily + Daily check-ins
2. Emotional feedback & support
3. 'Individualization' (processes, conditions)
4. Access to tech tools (training session + ongoing support)
5. Access to information
6. Outcome vs Activity + The power of 'Trust'
7. Collect feedback & iterate
8. Virtual office (?) + Home-swap
9. Recognition ++
10. Maintain team building and social interactions
11. Team rituals

And remember
Busy \neq Progress



Questions?

“Our greatest fear should not be of failure...
but of succeeding at things in life that don't
really matter.”

-Francis Chan

Thank you!



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