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How to nurture a successful start-up

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Assemble a passionate team, get a retired auditor to guide them, and insist on quarterly reports
When **Terry Matthews** started his first company, Mitel, in Canada in 1972, his idea was to sell silent lawnmowers. The first shipment from England, however, got lost. Instead of arriving in spring, the products showed up in October when there was snow on the ground – hardly conducive conditions for cutting grass.

“Things got so bad, I was knocking on doors and asking, ‘Can I show you the silent lawn mower?’” recalls the Chairman of Mitel, a contraction of **Mike** [Cowpland, Mitel’s co-founder] and **Terry Lawnmowers**. “I did not sell one. To this day I still have these lawn mowers. They are kind of an icon now.

“I had no money then. The business was a total failure. I learnt that the single most important word that leads to success is ‘persistence’. I am the single most persistent S.O.B. you will ever come across in your life.”

Right team + right product + right timing = Success

That persistence has paid off handsomely for the now Sir Terry Matthews. Mitel – now Mitel Networks – generated revenues of US\$577 million in 2013, and his other business interests have made him one of Canada’s richest people with a net worth of US\$1.8 billion. Speaking at the recent Singapore Management University Institute of Innovation and Entrepreneurship event, “*Identifying & Nurturing Successful Innovative Start-ups in an Increasingly Competitive Global Economy*”, Sir Terry listed the crucial elements in a successful start-up.

“Anyone who’s a venture capitalist or someone who’s trying to grow a business will tell you time and time again: the most important thing is the team. The second most important thing: the team. The third is still the team.

“You can totally take on the biggest companies on the planet and take them out. A passionate team can do that. A focused team can do that. The bigger the company is, the longer the time cycle to make changes or introduce new products.”

"Auditors are the most important people. They give you guidance on where to get money and where the clients are."

With the right team in place, communication with potential customers will unlock success, he says. "They'll tell you, 'This is what I want.' So if you build it, they'll buy it! More than that, as you are building your product, you might hear feedback about what it's lacking. You can then add those features in the second release. If your relationship with your clients is really good, they'll even tell you what it's worth."

Once there is a viable product, a company should go global in order to capture the maximum market share as soon as possible because oftentimes it is not the best products that wins, but the first one. "If you take too long developing what is the best technology on the planet," cautions Sir Terry, "when you try to sell it, you might find competitors who do not have the perfect technology. The distributors, however, have already committed to that product, and the biggest clients have already committed to it. Your product may even cost much less and do a lot more, but the likelihood of getting in is about zero."

Money talks

Once the team and products are in place, it is imperative that an investor knows how the team is doing. Many start-ups, Sir Terry laments, neglect to monitor the progress of the company, which leads to mismanagement.

"You must have quarterly reports!" he insists. "Sales for the quarter are whatever they are. If there are no sales, then report that there were no sales – that's the report. There were no sales but that's still a report. 'We are dealing with the following customer' – that's a report. 'We have x amount of cash and we have x amount of investors' – That's a report."

Accountants and auditors would be best placed to help write that report because they deal with numbers. But more important than that, auditors serve a crucial role in guiding a young, driven management team

"My favourite person is someone who used to work at an auditing or accounting company, and who's recently retired," says Sir Terry. "Auditors deal with the richest people in society, that's what they do every day. Their network of contacts is second to none. They give you guidance on where to get money. They give you guidance on where the clients are; they are the most important people."

The power of golf

Sir Terry, who owns a few golf courses around the world, sometimes meets such bigwigs over a round of golf. He emphasises the usefulness of the sport when dealing with corporate leaders.

"Bear in mind: the intersection between the most senior people in industry and golf is almost 100 percent. When I want to have a meeting with the CEO of very large companies, I invite them for a game of golf, and I can talk business over breakfast. If I do it any other way, I get 30-minute slots!"

Golf fans might recognise one of his golf courses, Celtic Manor Resort in South Wales, as the venue of golf's Ryder Cup in 2010. While Sir Terry looks back at that memory fondly, it was the hosting of the 2014 NATO Summit that left the deepest impression on him.

"70 political leaders were there: Obama, Cameron, Hollande, Merkel etc were at the hotel I own," he recalls. "It was the first time I've heard of anyone having a fighter jet on the fairway – it was a little bit different. A 30-ton tank on the putting green? That's a bit different.

"I said to my colleague [Simon Gibson, director of the resort] in the U.K., 'Simon, if you see [Canadian] Prime Minister [Stephen] Harper, please make sure you spend time with him.' Remember, there are 70 political leaders there having a cocktail with Prince Charles. Simon goes up to Prime Minister Harper and calls out, 'Prime Minister!' Everyone turned around because there were about 70 Prime Ministers there!"

"If I had retired in 1977, I wouldn't have had the enjoyment of having experienced that."

For being a persistent S.O.B., it is perhaps no more than he deserves.