

# \_New companies' designs



*To recap*

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With the use of TECHNOLOGY (!!!)



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## Unit Economics (LTV - CAC)

Cost of Acquiring a Customer (CAC)

+ Marketing

+ Sales

/ # of customers

= the value of acquisition of a new customer

Lifetime Value (LTV)

+ revenues from a customer



## *\_types of “startups”*

- Scalable startups
- Lifestyle businesses
- Small businesses
- Social startups



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## **Scalable startups:**

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## **Scalable startups:**

high-growth ventures designed to scale rapidly and disrupt markets.

- Focus on innovation and technology.
- Heavy reliance on external funding (e.g., venture capital).
- Operate in large or untapped markets.
- Prioritize scalability from day one.
- High risk but high reward.



## *\_types of “startups”*

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- Typically small-scale, owned, and operated by an individual or family.
- Prioritize steady income over growth.
- Less focused on innovation; often service-oriented or niche.
- Funding is usually personal savings or small loans



# *\_types of “startups”*

## **Small business:**

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### **Small business:**

Traditional, locally-focused enterprises that cater to a specific community or region.

- Include retailers, local restaurants, and small service providers.
- Operate in well-defined markets with limited expansion goals.
- Employ local labor; often family-run.
- Funded through small loans or personal capital.
- Profit-oriented but with modest growth expectations.



# *\_types of “startups”*

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businesses that aim to solve social, environmental, or community challenges while maintaining financial sustainability..



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## **Social enterprises:**

businesses that aim to solve social, environmental, or community challenges while maintaining financial sustainability..

- Dual focus: social impact and profitability.
- Often operate as hybrids of nonprofit and for-profit models.
- May rely on grants, donations, or impact investors for initial funding.
- Attract employees and customers aligned with the mission.



# *\_types of “startups”*

Aspect	Scalable startups	Lifestyle business	Small business	Social enterprise
Primary goal	Market domination & growth	Personal fulfillment	Steady income	Social/environmental impact
Market focus	Large/global	Niche	Local	Impact-oriented niche
Funding sources	VC, angel investors	Personal savings	Small loan	Impact investors
Growth potential	Very high	Limited	Moderate	Moderate
Risk level	High	Low	Low	Moderate



**wework**

*\_the case of WeWork*



**wework**

*\_the case of WeWork*

*based on...*







## *\_the case of WeWork*

### #1 Beginning & Growth:

- Founded in 2010, by Adam Neumann and Miguel McKelvey. Main goal was to "elevate the world's consciousness" by creating flexible coworking spaces designed for collaboration and community.
- Innovation: on a trendy/"startupi" world, they reimaged coworking spaces.
- Growth: WeWork expanded aggressively across the globe, opening offices in over 100 cities and acquiring companies to support diversification.





## *\_the case of WeWork*

### #2 Funding & Valuation:

- Burn Rate: The company operated with a high burn rate, prioritizing growth over financial sustainability
- SoftBank, through its Vision Fund, became a major backer, investing billions based on WeWork's promise of market dominance.
- Overvaluation: at its height, WeWork was valued at \$47 billion.





*\_the case of WeWork*

### #3 Leadership & Culture:

- Adam Neumann's Role: As CEO, Neumann was a charismatic but polarizing figure. His extravagant spending (e.g., private jets, lavish parties) and focus on personal wealth raised concerns about governance.
- Cultural Concerns: WeWork fostered a cult-like work culture centered around Neumann's vision. While this initially inspired loyalty, it later led to backlash due to poor leadership practices and alleged mismanagement.





*\_the case of WeWork*

## #4 Failure & Challenges:

- On 2019, company faced an IPO disaster given its financials. Eg.
  - massive operating losses (nearly \$2 billion in 2018).
  - Neumann's conflicts of interest, such as leasing buildings he owned to WeWork.
  - drastic drop in valuation (from \$47 billion to ~\$8 billion). Neumann's exit.
- Turnaround Efforts: new leadership focused on cost-cutting and stabilizing operations. SoftBank also took control and bailed out the company.
- Challenges: WeWork is still struggling to regain profitability, particularly as the pandemic reshaped the demand for office spaces.



**wework**

*\_the case of WeWork*



<https://www.youtube.com/watch?v=JZ2SjJwOpuQ>





*\_the case of WeWork*

**Rapid Scaling vs. Sustainability?**

**Governance and Ethics**

**Changing & Flexibility**



To come:

✓ A bit of M&A



See you on next session :)