

Making start-up and corporate relationships work

By [Ryan Cohen](#)

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Many start-ups or early-stage small businesses think that all they need to become the next billion-dollar unicorn is to have an idea and then sell it to one big corporate.



Ryan Cohen, co-founder and chief relationship officer at alternative lender Merchant Capital. | Source: Supplied

The truth is somewhat more sobering. Most start-ups do not make it past their first few years in business, for a range of reasons. But the idea of small businesses forging working relationships with big corporates is becoming increasingly more topical with the potential for symbiotic relationships.

The theory is great. Start-ups get a steady revenue stream, access to markets to distribute their products, corporates become more agile, innovative through new energy, products and services. It sounds like a match made in heaven but it is vital that the rules of the game, and the framework for the engagement, are made clear up front.

So how do you make corporate - start-up relationships work? There are four key boxes that need ticking:

1. Do the hard work, and the homework

Many successful small businesses appear to be overnight successes but nobody sees the years of late-night toil and grinding away that got the business to this point. One of the biggest reasons start-ups fail is because they have a product but no distribution model.

Partnering with a corporate can give you scale but you have to understand how your product will add value to the corporate, their customers and the right process.

It is also important to know and recognise what each party brings to the table. Corporates offer customer scale, a trusted brand, robust infrastructure, deep experience, expertise and powerful data. Start-ups and early stage businesses provide agility, a bigger risk appetite, a disruptive mindset, simplicity and speed.



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2. Connect with the right people

For a start-up to succeed in a relationship with a big corporate and it is critical to have an internal champion that is passionate about the partnership's value. This person needs to have clout and the ability to navigate the bureaucracy to ensure the start-up is connected with the business unit that would benefit most from its products and services.

From the start-up side, make sure one of your founders is running the relationship and to show how important it is to you. And when new opportunities present themselves, a senior person will be well placed to identify them, take them forward and ensuring a deeper entrenchment of the start-up within the corporate.

3. Define clear, measurable success metrics

It is critical that corporates and start-ups align on values, measurable goals, what success looks like and the timeline. The timeline should include specific, measurable and time-bound objectives for the project.

A real victory which deepens the partnership is becoming a line item on the responsible team's scorecard. It is a huge benefit for the start-up to understand how this works, as it assists output and creates significantly better alignment.



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4. Keep working on the relationship

While there is always an initial honeymoon period while the partnership is getting off the ground, over time the product or service becomes part of the ordinary course of business. It is critical to remain relevant.

Set a meeting, reporting rhythm and stick to it. And build relationships as broadly as possible, so if corporate team members move, you have an existing relationship with team members and the new replacement.

As South Africa responds to the Covid-19 pandemic, relationships have never been more important. If we can carry this collaborative spirit through our social, political, economic environments, then not only will start-ups, small businesses and

corporates flourish together but South Africa's entire ecosystem as well.

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