Specno's path to success as a venture builder

By Imran Salie   26 Jun 2023

Specno, a venture builder startup in Cape Town, was founded in 2018 by Stellenbosh University students Daniel Novitzkas and Jacques Jordaan. In the five years that have passed since then, Specno has grown into a top-rated user-experience agency in South Africa that employs 50+ full-time staff.

From left to right: Daniel Novitzkas and Jacques Jordaan

We caught up with Novitzkas and Jordaan to gain some more insight into what Specno is about and to get some valuable advice for young entrepreneurs...

What inspired you to start this venture builder, and how did you turn it into the successful company it is today?

Novitzkas: We started a venture builder because we were trying to build a venture before Specno. It was something that we felt could really change the world because it was about solving food shortages and addressing the climate problems of the world.

Through raising a round of capital and trying to scale that business, we realised how insanely difficult it actually is to build a successful company or the technology scale-up in South Africa.

During that time we also met dozens if not hundreds of entrepreneurs in their first year and realised that it wasn't just a problem that we were facing, but a problem that so many entrepreneurs were facing.

We learned that these entrepreneurs are the people that really are best suited to solve the problems around them and to actually create a better world. So Jacques and I wanted to effectively start a company that would make it easier for founders to go from idea through to scaling a successful company.

We started to identify the challenges that we could actually solve and since then, Specno has been about obsessing over how to create value for our clients, startups, and the community as a whole.

That's what contributed to our success, just having quite a clear understanding of what we're doing and having a very ambitious goal of wanting to help a million entrepreneurs. That goal has helped us to attract some of the smartest minds in the industry to come and build this company with us.

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⠿ *What were some of the key strategies or approaches that contributed to Specno's success?*

1. The desire to constantly improve and be very willing to accept that failure is just a part of the process of bettering yourself but at the same time, also keeping in mind that there are many brilliant people that we could learn from. So we really studied many other successful companies. We learn what behaviours create success, and we began to codify those behaviours and perspectives into Specno's DNA where effectively, people were being trained in how to build startups.

2. Attracting young talent, and giving them an environment where they could really just showcase their ability, do what they're passionate about, and solve a problem.

⠿ *How has the local ecosystem supported Specno's growth? Are there any specific challenges or advantages of operating in this region?*

You often hear when you talk about building a startup that "it takes a village to build a startup"

You can almost never build a successful company in isolation, and the more that we've built, the more we've realised partnerships and adding value to our community is crucial towards not only building your own company but building an ecosystem.

In the early days, we were lucky enough to go through an accelerator where we met incredible mentors, advisors, investors, and other founders who became our peers, our friends, and who became our clients.

It was quite crucial to put ourselves out there and to really tap into the local ecosystem. That being said, this is a very nascent ecosystem where there are not a lot of experienced founders that have scaled companies. Already now we find ourselves at a point where not a lot of our people have access to the correct type of mentors who have gone through what our people are facing.

If you look at ecosystems like Silicon Valley, there are a lot more mature, people who know how to do things, which is not necessarily true of this ecosystem.

So it's still a lot of trial and error. We've got a big population, but a small consumer market which does mean that it's a very challenging environment to build in. We have no neighbouring economies that are valuable in terms of expanding into those economies.

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So geographically, South Africa is a very difficult place to build a startup, but one of the advantages of that difficulty is relatively low competition. And so, those that are hungry and ambitious and are tenacious by design or as a consequence of South Africa's environment, those entrepreneurs end up doing a lot better and are capable of already competing on a global scale.

▦ What are some of the unique challenges that young entrepreneurs in South Africa face when starting and scaling their ventures?

1. Access to funding - It's extremely difficult for people that have really great ideas and good work ethic to actually secure the funding to be able to execute successful businesses. Thus, often people need to bootstrap or start very scrappy businesses, which really reduces their ability to scale. Quite a few opportunities need upfront investment to actually be successful. Therefore, a lot of successful ideas fail due to a lack of funding.

In South Africa, the landscape, it's extremely difficult to get seed funding. It's almost non-existent to be able to get seed funding, especially for a tech idea in South Africa.

2. Access to a support network - In Silicon Valley and similar places it's a lot easier to start a business because there's a lot of people around you starting businesses and they are a lot more willing to share and help out. This includes being willing to share their network, introduce you to people that could help you benefit, and move forward. There are also a lot of highly skilled and talented people that are able to actually jump in and help you build out what you need to build out.

In South Africa, that is still very much lacking. Everybody is protecting their IP, which makes it extremely difficult for people to learn from others' mistakes. So they then need to make those mistakes themselves which often lead to failures within startups.

3. Access to the knowledge and insights to actually execute effectively- There are not enough people teaching startup theory - like what it actually takes to build a startup and especially how to build tech startups. As a result, people jump into it quite blindly, without knowing what to expect, as well as without the correct structures in place to be able to be efficient and effective, which also then leads to a high failure rate.

▦ Are there any specific skills or areas of expertise that you believe young entrepreneurs in South Africa should focus on developing?

One thing young entrepreneurs should focus on as a skill to learn sales-led product development.

Learn how to:

- speak to customers
- how to understand the buyers' journey
- how to convert a decision maker

- how to train additional people
- how to sell
- how to take that information back to the engineering team
- how to inform product decisions.

The nice thing is once you learn that, that can then be applied to investors, to potential employees, and of course to clients.

South Africa as an ecosystem is very immature in sales-led product development.

Not only do we not understand how to build products and run agile and sprints and lean, but we also don't know how to scale sales. People still view sales as such a dirty word, but sales are the process of understanding your customers and understanding what solutions will actually solve problems that your customers are having. And then obviously, how to build a pipeline to find more and more of those customers.

You were doing your customers a real favour by helping educate them on how to solve a challenge that they're facing, and then you're coming to them with a solution that adds value.

⊞ *What advice do you have for young aspiring entrepreneurs who want to start their own technology ventures?*

One of the biggest things is to just throw your hat over the fence so that you have to climb over and fetch it, which basically means that you're not going to start until you actually start.

The trap that most entrepreneurs fall into is spending way too much time waiting for the perfect idea. There is a middle ground: You don't want to just dive headfirst into the first idea you come up with, but your idea doesn't need to be perfect. You just need to find one that has the possibility of working whether it's been done in another market or not. You actually want the competition.

Once you have an idea, then just absolutely obsess over learning. View it as a CV that you're building and every different phase of the startup is an opportunity to build on that personal brand and that personal CV and those experience levels, so learn from other entrepreneurs, learn from the opportunity to fail. Don't be afraid of failure, but obviously desire to win. Understand the cost of winning and the sacrifice that will be involved.

Ultimately I would say you just want to put time and effort into your startup and be willing to learn with as many hours as you possibly can.

ABOUT IMRAN SALIE

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