

Growth Note



# Climb with confidence

Starting a business 101



# Chapter 1.

## Starting a business.

Starting a business today is not about writing a 40-page document and hoping someone reads it. It's about being clear on what problem you're solving, why it matters and why you're the person to do it. The best founders don't necessarily have the slickest plans, they have a deep, instinctive grip on the issue they're tackling and a clear sense of what they need to learn next.

Early-stage investors aren't just scanning for traction. They're scanning for signals. Five consistent founder signals that make VCs lean in, especially at pre-seed, are:

### **Lived experience**

of the problem, not chasing trends, but driven by personal insight

### **Earned early**

**traction**, scrappy signups, cold outreach and working MVPs

### **Clarity on your**

**customer**, not just 'start-ups' or 'SMEs', but specific people with a particular pain point

### **Feedback loops**

**in motion**, weekly conversations, rapid iterations, public learning

### **Fundraising with**

**intent**, a clear, lean ask tied to measurable goals

These are the cues that separate the 'keep in touch' email from a second meeting. When you're raising, these signals speak louder than any pitch deck ever could.



# Refining your idea:

## From personal pain to public opportunity

The best ideas come from lived experience, when you've seen something broken or frustrating and you can't stop thinking about how to fix it. That's what draws a Venture Capitalist (VC) in. They're not looking for someone who spotted a hot trend. They're looking for someone who can say, "I saw this problem up close and I couldn't ignore it."

This kind of insight gives you credibility, momentum and intuition. It also makes you more resilient when things get messy, and they will. If you're the user or have sat next to the user, you'll speak their language. You'll know what matters and what doesn't. And when you tell your story, it won't sound rehearsed. It'll feel true and authentic.

So, ask yourself:

What do I know that others have missed?

Where have I seen this problem in the real world?

What have I tried already to fix it?

Start from there.  
That's your edge.

# Market research:

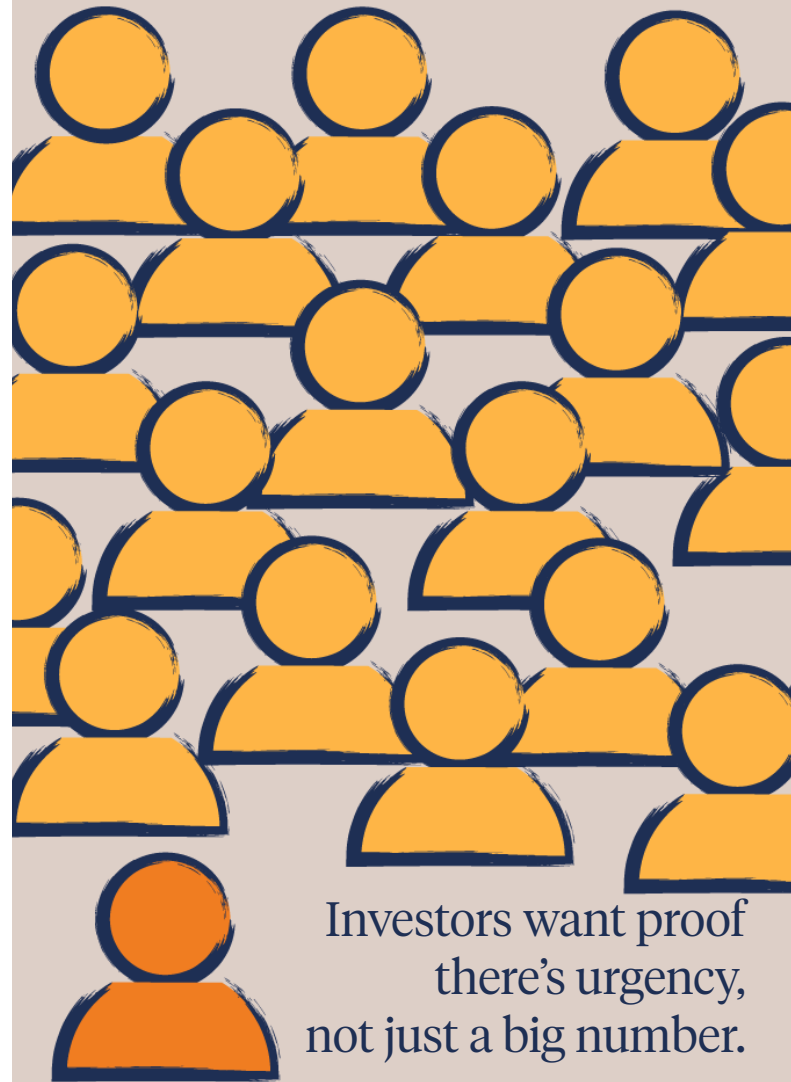
## Don't fake the Total Addressable Market slide

Don't fake the Total Addressable Market slide

We've all seen it, the enormous market size slide that says the market is worth £200bn. But here's the thing. Most investors won't care unless you can show where you fit in that number. Instead, talk about what's broken, who's feeling the pain and how they're trying to solve it now.

Here's how to make your research matter:

- Talk to real users, feedback from 10 to or 15 honest conversations can be really insightful are worth more than a thousand form submissions.
- Listen for workarounds and hacks, what people do when they can't find a good solution.
- Use free AI tools to analyse themes. ChatGPT, Perplexity and Typeform are great for this.
- Map out real competitors, not just other start-ups, but Excel, WhatsApp groups or in-house workarounds.



Investors want proof  
there's urgency,  
not just a big number.

# Your business plan:

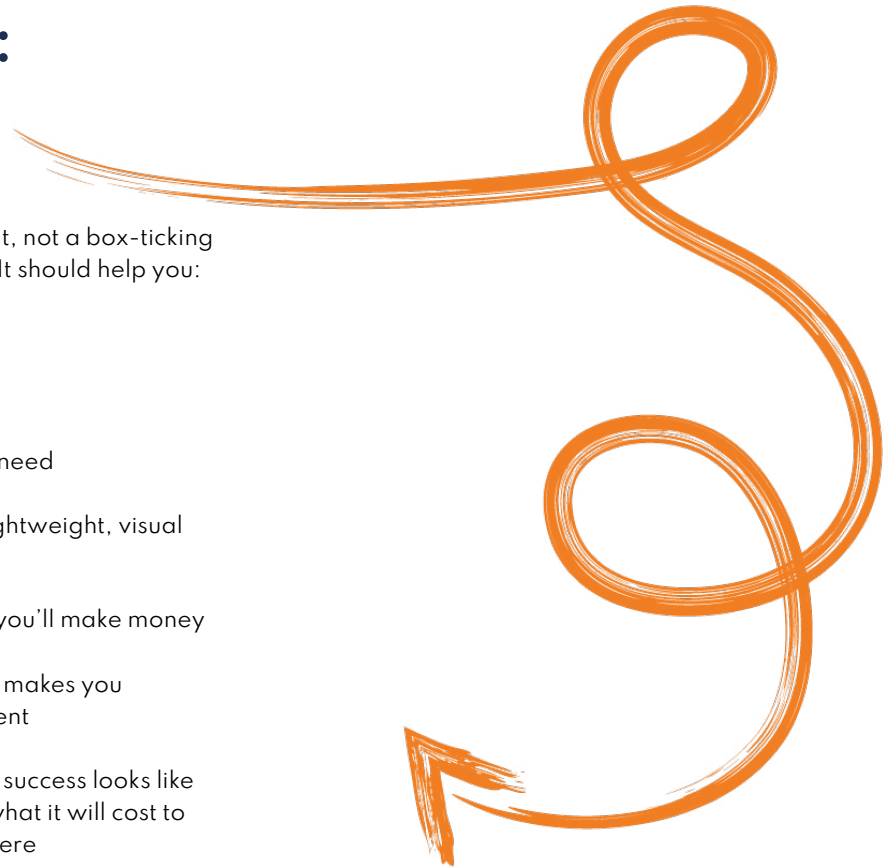
## Use it or lose it

A business plan should be a working document, not a box-ticking exercise. Think of it as a live operating guide. It should help you:

- Set goals for the next 12 to 18 months
- Track progress and pivots
- Work out how much money you really need

Use tools like [Notion](#) or [Airtable](#) to create a lightweight, visual plan that includes:

- The problem you're solving
- Your solution
- Who you're targeting
- How you'll go to market
- How you'll make money
- What makes you different
- What success looks like and what it will cost to get there



# Pitch decks:

## Show signals, not scale

You don't need a polished product to raise money, you need proof you're moving forward and making progress. At pre-seed and seed, investors aren't expecting perfect metrics. They're looking for signals:

- A clear and specific customer profile
- Some proof of early interest or demand, sign-ups, pilot users or conversations
- A plan that shows what you'll do with the money
- Evidence you're learning fast, talking to users, iterating, building feedback loops.

Tools like [Canva](#) and [Pitch.com](#) are useful, but the deck isn't the point. The conversation is.


**The deck isn't the point...**

**The conversation is.**

# Legal and operational setup:

## Keep it simple and clean


Get the basics sorted early so they don't trip you up later:



Register your company  
with [Companies House](#)

Set up a business bank  
account -

[Tide](#), [Starling](#) or [Revolut](#)  
are good options



Use [SeedLegals](#) for your  
shareholder agreements  
and check out [BVCA](#) for  
other templates too

Make sure you protect  
any IP and register  
trademarks - File NDAs if  
you need to

Keep your cap table clean. Don't overcomplicate things with weird equity splits or too many early shareholders. Investors care about this more than you think.

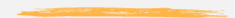
# Web presence and proof:

You don't need a full website in week one. But you do need somewhere for people to learn more, sign up or get in touch. Start with:

A one-page website using [Framer](#), [Webflow](#) or [Carrd](#) or even better, [Replit](#)

- A waitlist or newsletter sign-up
- A clear value proposition and founder story
- A simple email address using your domain

Secure your domain and social handles as early as you can. Even if you're not posting, you'll need them.



# Securing investment:

## What VCs are really looking for

VCs know early-stage businesses are risky. They're not looking for perfection, they're looking for a shot at something big. They want to believe your business could one day return 10x what they put in. That doesn't mean building a unicorn. But it does mean showing real potential.

So, what makes them lean in?

- A market with real scale
- A founder with deep insight and obsession
- Early traction that shows people care even if it's small
- A plan that makes sense and a funding ask that matches your next milestone
- An understanding of what success might look like with numbers to back it up

Open door:  
You're questions  
answered.

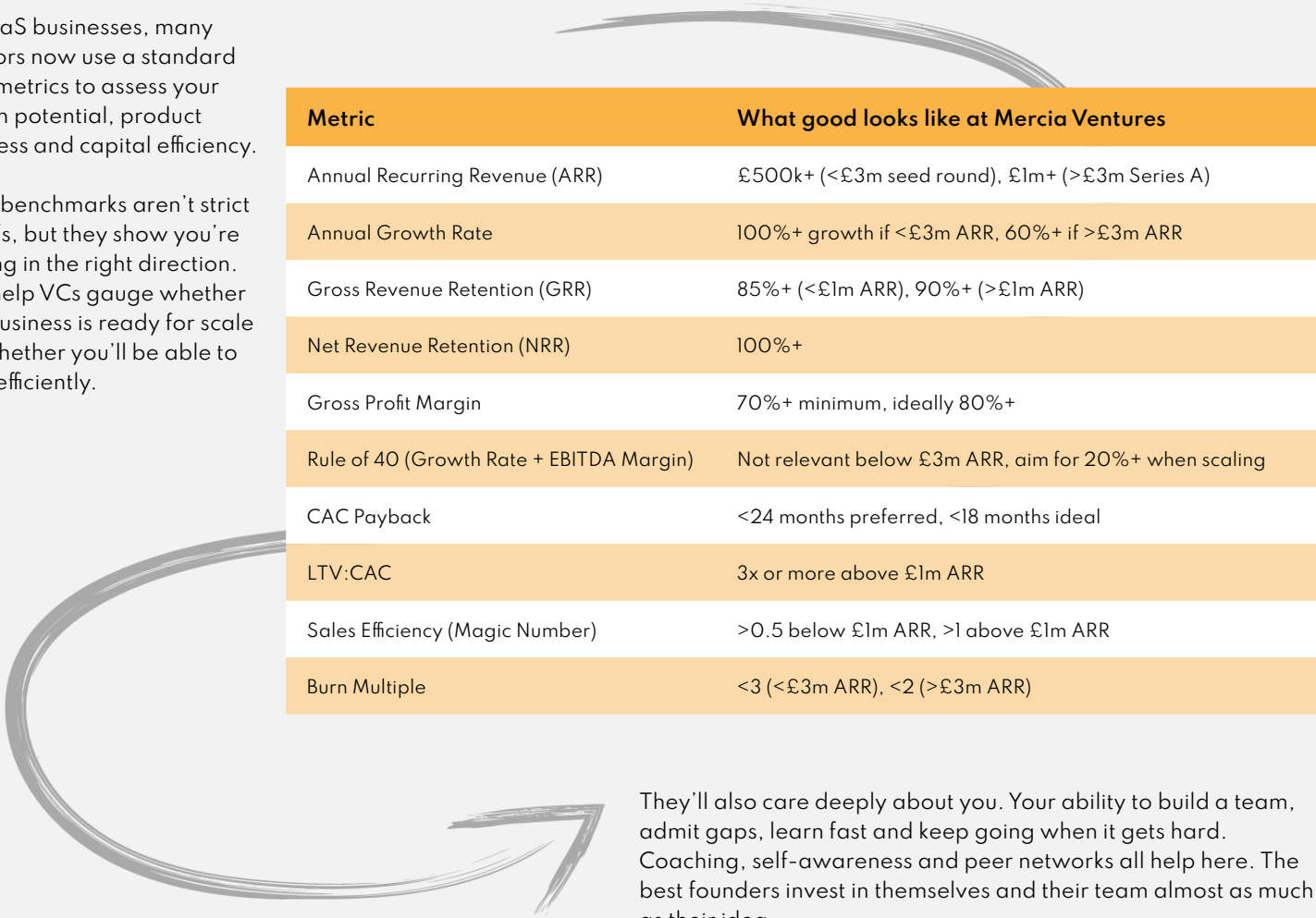
**Got a burning investment question? Our team is here to help!**

Every other Friday, we open our doors for 30-minute, confidential chats. Whether you're exploring funding or just need some expert insight, book a session and ask away.

Find out more

For SaaS businesses, many investors now use a standard set of metrics to assess your growth potential, product stickiness and capital efficiency.

These benchmarks aren't strict cut-offs, but they show you're building in the right direction. They help VCs gauge whether your business is ready for scale and whether you'll be able to do so efficiently.



Metric	What good looks like at Mercia Ventures
Annual Recurring Revenue (ARR)	£500k+ (<£3m seed round), £1m+ (>£3m Series A)
Annual Growth Rate	100%+ growth if <£3m ARR, 60%+ if >£3m ARR
Gross Revenue Retention (GRR)	85%+ (<£1m ARR), 90%+ (>£1m ARR)
Net Revenue Retention (NRR)	100%+
Gross Profit Margin	70%+ minimum, ideally 80%+
Rule of 40 (Growth Rate + EBITDA Margin)	Not relevant below £3m ARR, aim for 20%+ when scaling
CAC Payback	<24 months preferred, <18 months ideal
LTV:CAC	3x or more above £1m ARR
Sales Efficiency (Magic Number)	>0.5 below £1m ARR, >1 above £1m ARR
Burn Multiple	<3 (<£3m ARR), <2 (>£3m ARR)

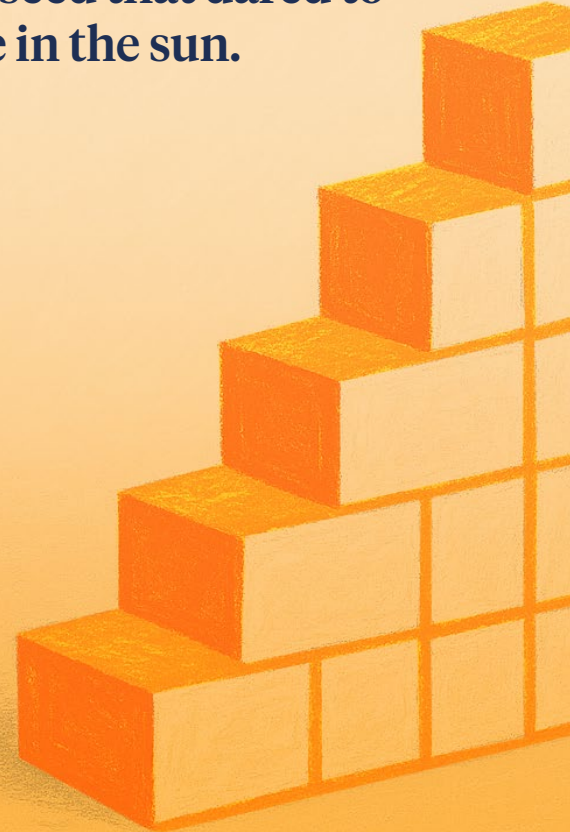
They'll also care deeply about you. Your ability to build a team, admit gaps, learn fast and keep going when it gets hard. Coaching, self-awareness and peer networks all help here. The best founders invest in themselves and their team almost as much as their idea.

Finally, know this: fundraising is not a moment, it's a process. Start building relationships with investors long before you need the money. Share updates. Ask questions. Stay in touch. It might take a year from first conversation to money in the bank.

**If you read nothing else:**

- *The Lean Startup* – for how to build what matters
- *Build* – for product obsession and iteration
- *The Cold Start Problem* – for how growth really works
- *Reboot* – for the emotional reality of founder life
- *Zero to One* – for a bit of contrarian fire

**Every mighty oak was  
once a seed that dared to  
believe in the sun.**

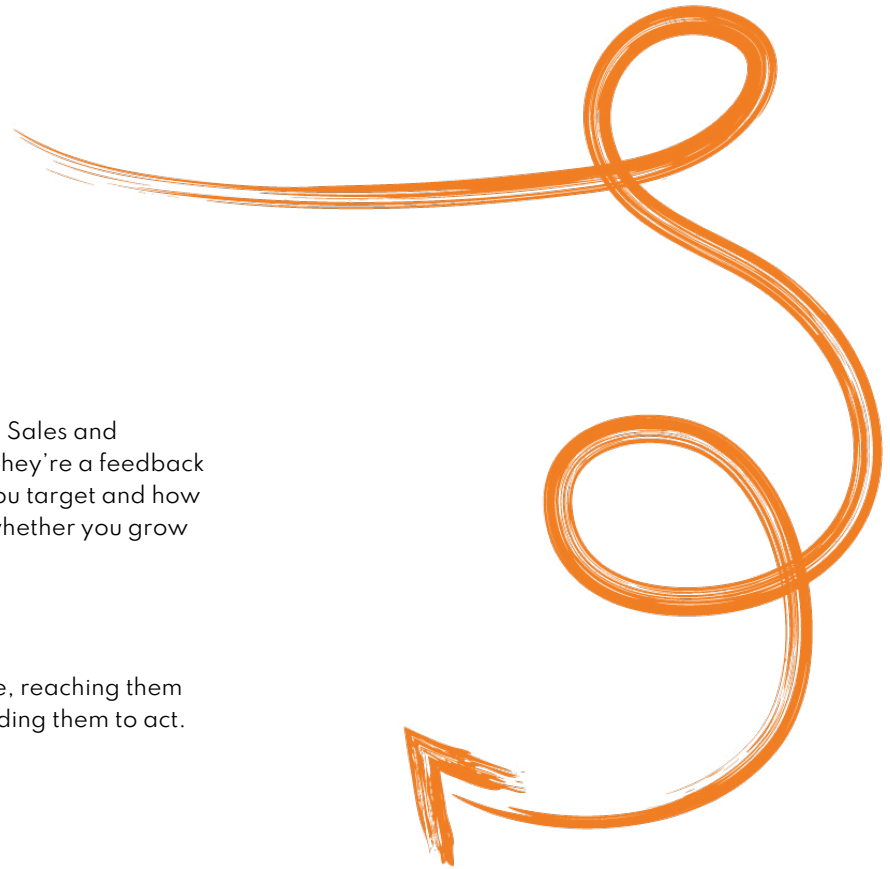


# Chapter 2.

This is the chapter where reality meets results. Sales and marketing are no longer separate functions - they're a feedback loop. What you say, how you show up, who you target and how you learn from the responses will determine whether you grow or stall.

Forget theory.

This is about finding your people and audience, reaching them with a clear, meaningful message and persuading them to act.



# Your message:

## Make it obvious and memorable

The first hurdle is not your logo, your tagline or your SEO. It's this: can someone who lands on your homepage understand what you do in under 10 seconds? Can they see themselves in your story?

You need two things:

1. A clear value proposition
2. A positioning statement that places you in their world, not yours.

**Avoid buzzwords. Avoid big claims.  
Say what you do in plain English.**

### Value proposition example:

“We help small accounting firms save 10+ hours a week by automating client communications.”

### Positioning statement example:

“For boutique firms who want to reduce the burden of chasing clients and managing paperwork so they can focus on the work that matters and having more interesting conversations with their clients, our platform brings everything into one place.”

# Buyer personas:

## Stop guessing, start listening

Personas aren't just demographics. They're made up of real goals, frustrations and triggers. Build yours by speaking to 5-10 people who fit your ideal profile.

### Questions to ask:

What's your biggest headache right now?

How are you trying to solve it?

What's stopping you from solving it faster?

What have you tried that didn't work?

Where do you usually go to find new tools or services?

Use this insight to build an Ideal Customer Profile (ICP).  
That becomes your north star for marketing, sales and product decisions.

# Go-to-Market strategy:

## Choose the motion that fits

There's no one-size-fits-all GTM. But you do need to pick a lane:

- **Founder-led:** You're doing the outreach, the demos, the follow-up. Works well early on.
- **Product-led:** You let users try your product, see value, and upgrade. Needs a low-friction onboarding.
- **Sales-led:** You use salespeople or BDRs to reach buyers, book demos and close deals. Needs clear qualification.

Don't try to do all three at once. Pick what fits your stage and team.

# Channels:

## Pick three and go deep

Where do your people spend their time? That's where you should be.

For most early-stage startups:

- **LinkedIn** is powerful for B2B, founder-led storytelling works wonders
- **Email** is underused, build a newsletter, send useful updates
- **Your website** is your conversion engine, make it clear, fast and focused

You don't need to be everywhere. You need to be consistent where it matters.



# Content that works:

## Show, don't shout

Useful content builds trust. It also gives you excuses to stay top of mind. Start with:

- Simple blog posts answering founder or customer questions
- Short videos or Looms showing how something works
- A downloadable checklist, calculator or guide
- Real case studies (even if small).

Structure every piece of content around one job: What should someone think, feel or do after reading or watching?



Read an example blog >>

Watch an example video >>

Spotlight case studies >>

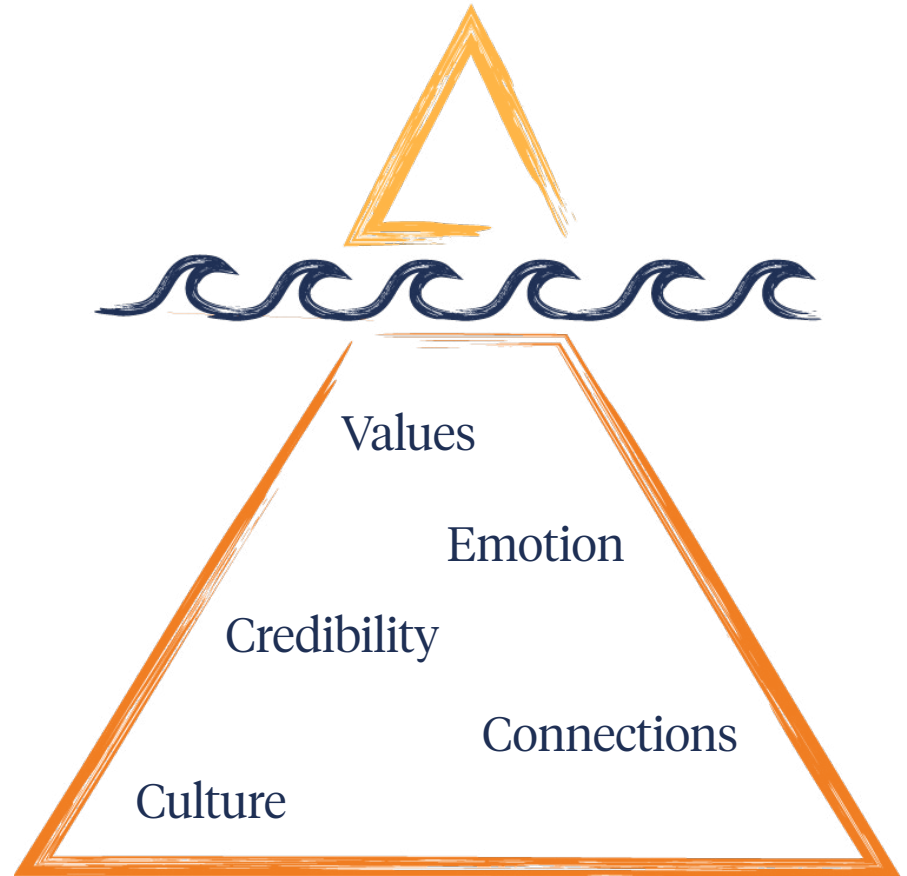
# Brand building start early:

## A logo is just the tip of the iceberg

Brand isn't your logo. It's what people say about you when you're not in the room. Start building your brand by:

- Sharing your journey publicly (LinkedIn, Twitter, events)
- Showing your values in how you treat customers and teammates
- Creating consistency across your visuals, tone of voice and actions

The earlier you do this, the more goodwill and credibility you'll build over time.



# Sales process:

Keep it human and honest

People hate being sold to -  
But they love solving their  
problems.

Use a light-touch  
qualification.

Keep your pipeline  
simple and consistent.



## Your job is to:

Understand the pain

Make the value clear

Help them say yes — or no — without  
pressure

## Like:

Budget: can they afford you?

Authority: are they the decision-maker?

Need: is the problem urgent?

Timing: are they ready now?

## Just track:

Who you spoke to

What stage they're at

What the next action is.

# Early tools you'll actually use:

- HubSpot CRM (free tier is really good)
- Canva for content and design
- Apollo.io or Phantombuster for prospecting
- Loom for async video outreach
- Calendly to book meetings.

Use tools that save time, not create more admin.

# Metrics to watch early:

- Website conversion rate
- Email open and click-through rates
- Cost per lead (if paid)
- Number of sales calls or demos booked
- Win rate on qualified leads.

Don't obsess over vanity metrics. Focus on what brings in conversations and customers.

# If you read nothing else:

- *Made to Stick* – how to communicate ideas people remember
- *Obviously Awesome* – April Dunford's guide to positioning
- *The Copywriter's Handbook* – for writing that converts
- *The Mom Test* – how to ask better questions and listen properly

It's about storytelling, connection and creating value that people can't ignore.



# Chapter 3.

## Customer success.

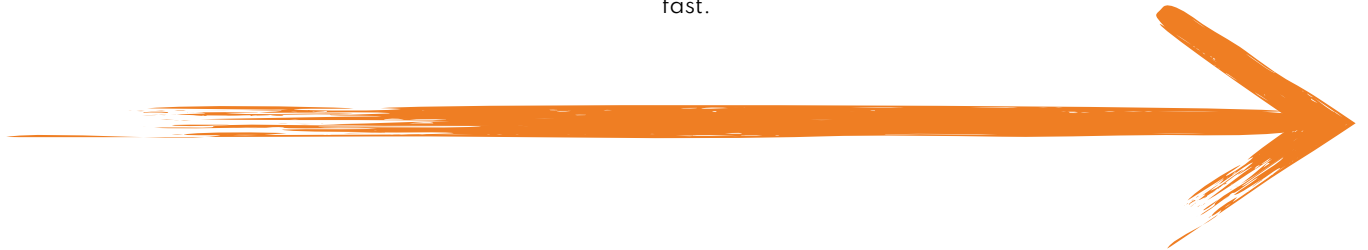
Customer success isn't about tech support. It's about growth. It's about making sure your customers get the outcome they signed up for and keep coming back for more. In the early stages of your start-up, the success of every single customer can make or break your credibility, your cash flow and your product.

## Onboarding is everything:

First impressions stick. If someone signs up and feels lost, confused or underwhelmed, they'll likely leave. You need to be obsessive about onboarding, not just the steps, but the feeling. What should someone be able to do in their first ten minutes? What should they understand in their first hour? What should they achieve in their first week?

- You don't need expensive tools to make onboarding work. You need clarity. Try this:
- Welcome email that sets expectations and tone
- Guided tour (Loom video or built-in)
- A single, easy win (eg. upload a file, connect a tool, see their dashboard come alive)
- Follow-up on day 2 or 3 with a tip or check-in

The goal is momentum. Get them to their first "aha" moment fast.



# Support:

## Fast, kind and useful

You don't need to be 24/7, but you do need to be responsive, warm and human. Even if you use a chatbot, make it feel like someone cares. If you're using Intercom, Crisp or Help Scout, use tags to spot repeat problems and update your FAQs as you go.

Simple rules:

- Acknowledge fast (within hours, not days)
- Don't make them repeat themselves
- Fix what you can, explain what you can't and log what you should improve.

## Knowledge base: Build it early

Even with five customers, you'll start to see patterns in questions. Use these to create a knowledge base:

- Short, plain-English articles (one idea per answer)
- Screenshots or GIFs
- Link to them in your emails and product

Use Notion, HelpDocs, Intercom Articles or even a Google Doc to start

## Support: Fast, kind and useful

Upselling doesn't mean annoying prompts. It means helping your best customers do more of what they're already trying to do. If someone's using 70% of your features, ask what's missing. If someone keeps inviting teammates, show them what a team plan unlocks.

Signals that someone might be ready to upgrade:

- Hitting usage limits
- Asking about integrations or premium features
- Referring others.

Make the nudge useful. "We noticed your team's growing fast, do you want to try our collaboration tools for a week?"

## Customer feedback is gold:

Set up feedback loops:

Ask for a quick NPS score at key milestones (post-onboarding, post-upgrade)

Follow up with one question: "What's the one thing we should fix or improve next?"

Have a public changelog or roadmap if you can. It shows you're listening and evolving.

Use tools like [Typeform](#), [Refiner](#) or even just email with [Airtable](#).

## Email us.

What topic would you like to see our next Growth Note to be on?

[marketing@mercia.co.uk](mailto:marketing@mercia.co.uk)

# Product usage should guide everything:

Track what features are being used, which are ignored and where people drop off. You don't need a full analytics team. Start with:

- Mixpanel or Heap for user flow
- PostHog for product analytics

Or just tag behaviours in your backend and watch trends manually.

Data isn't just for dashboards. It's your signal for what to double down on, what to sunset and where to simplify.

## Retention metrics to track early:

Metric	Why it matters	What to aim for (early stage)
Activation rate	% of users who reach first "aha" moment	50-70% within 7 days
Churn rate	% of users cancelling or ghosting	<10% monthly (if subscription)
NPS	Net Promoter Score, loyalty indicator	Aim for +30 or higher
Gross revenue retention	Recurring revenue retained over time	85%+ early, 90%+ by scale
Net revenue retention	With upsells minus churn	100%+ = healthy, growing base

# Human success = Business success:

The best founders talk to customers weekly. They don't just support them, they partner with them. They watch how customers behave. They ship features based on real use cases. They keep their finger on the pulse.

This isn't about customer service. This is about customer intimacy. Your success is tied to theirs.

**Customer success isn't a branch;  
it's a mindset. When your customers  
grow, so does your business.**

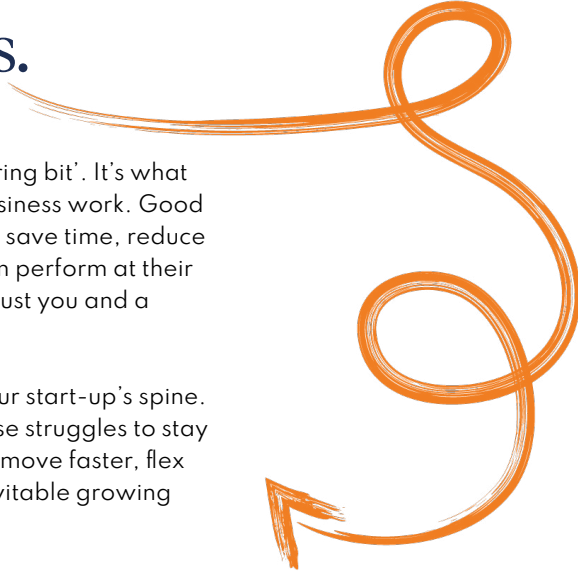


# Chapter 4.

## Operations.

Operations is not the 'boring bit'. It's what makes the rest of your business work. Good operations create clarity, save time, reduce errors and help your team perform at their best, even if that team is just you and a freelancer for now.

Think of operations as your start-up's spine. If it's weak, everything else struggles to stay upright. If it's strong, you move faster, flex more and survive the inevitable growing pains.



## Start with the basics: What you need on day one

You don't need a Head of Ops. You need a solid foundation. Get these in place as early as possible:

- A business bank account (Tide, Starling, Revolut)
- A bookkeeping setup (Xero, FreeAgent or a spreadsheet)
- Payroll and pension setup if you're recruiting (use a payroll provider like Payscale or BrightPay).
- A clear record of who owns what (cap table, share certificates)

File everything properly from the start. Use a consistent folder structure in Google Drive or Notion. You'll thank yourself later.

# HR and people ops:

## Getting it right early

Recruiting even one person means you're now responsible for someone else's livelihood. It's a big deal. Get these sorted:

- Written employment contracts (SeedLegals, LawBite or Citrus HR)
- Clear working hours, pay structure and expectations
- Statutory obligations like sick pay, leave and holiday entitlement
- Policies on remote working, expenses and data handling.

You'll also want:

- A simple onboarding checklist
- A way to set goals and review performance (OKRs or just monthly check-ins).

Tools that do the heavy lifting:

Start-ups run lean. Use tools that help you stay lean without becoming chaotic:

- [Notion](#): wiki, handbook, goals, task lists
- [Slack](#): daily check-ins, async updates
- [CharlieHR](#) or [Personio](#): basic HR stack for time off, contracts and reviews
- [ClickUp](#) or [Asana](#): task tracking if your team is growing

Make sure tools help communication, not replace it. Have regular conversations, not just comments.



# Documentation:

## The secret weapon

Document as you go. It's not just for future hires it's for future you. Create:

- A how-we-work guide (working hours, meeting etiquette, comms style)
- A simple onboarding doc for new team members
- A decision log for major changes (e.g. pricing, brand, target market)
- FAQs for common tasks (eg. how to invoice, how to post on LinkedIn)

Keep it simple. Think bullet points, not essays. The goal is clarity.

## Inclusion and wellbeing: Build it in from day one

You don't need to wait until you're a 100-person company to care about culture. In fact, by then it might be too late. Culture is shaped by the time you've recruited your first 5-10 team members.

Think about:

- Physical and mental wellbeing, offer flexible working, no-meeting days, wellbeing budgets if you can
- Accessibility, check your tools, onboarding and workspaces are inclusive
- Inclusion, make sure people feel safe to speak, share and be heard.

It doesn't have to be perfect. But it should be intentional.

# Chapter 5.

## Internationalisation.

Taking your business international should be a decision based on readiness and is best baked into how you build from day one. Whether you're eyeing the US, EU or beyond, internationalisation is about readiness, not size. You can be three people in Manchester with global ambition, and you should be.

## When to go global: ...and when not to

The best time to expand is when:

- You've found strong product-market fit in one geography
- You're getting inbound interest from new regions
- You've validated the pain and the proposition translate

The worst time? When you're chasing growth because you're stuck at home. Expansion should be led by data, not desperation.



## Key questions before you expand

- Do we have repeatable success in our current market?
- Have we identified local competitors and user behaviour?
- Are our team and infrastructure ready for timezone spread, localisation and compliance?
- Can we support this without damaging our core?

## Practical tools and steps

- **Market analysis:** Identify where the pain is deepest and budgets flow quickest. Run a quick BCG matrix of pain × buying power to rank regions.
- **Entity setup:** Test the waters with Stripe Atlas, Deel or Remote before committing to a full subsidiary.
- **Recruitment:** Consider employer-of-record services or senior contractors to launch beach-head teams and de-risk payroll.
- **Payment infrastructure:** Ensure your prepared for billing, VAT/Sales-tax and multi-currency models work before you start in a geography or state.
- **Messaging:** Don't just translate, localise. Rewrite value props to reflect regional pain points, proof-points and language nuance.

## US-launch dirty-laundry checklist

- Sales-tax nexus – forty-six states, forty-six rules; automate with Avalara or Paddle.
- Healthcare cliff – budget roughly £7-10k per US employee for benefits.
- Delaware vs Wyoming – weigh higher franchise tax against anonymity and investor familiarity.
- 155 % duty on knitwear – surprise Shopify headache for UK D2C brands – check HS codes early.

## Download our eBook:



# EU & UK post-Brexit gotchas:

- GDPR data-transfer addenda (SCC + UK Addendum).
- CE vs UKCA product certification divergence.
- OSS/IOSS VAT thresholds for digital goods.

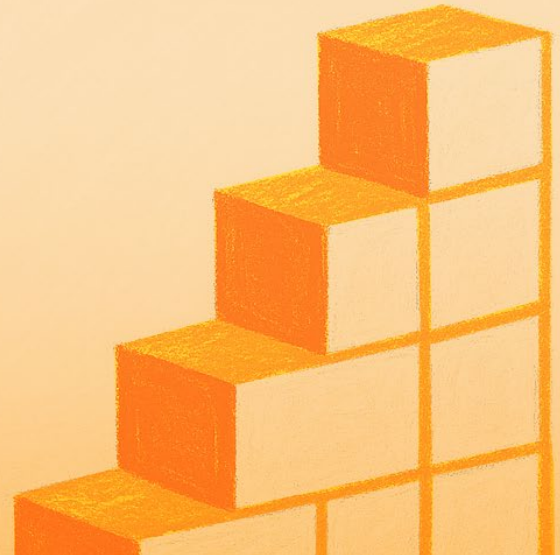
## Metrics to track as you scale across borders as you scale across borders:

Metric	What it tells you	Why it matters
International ARR	Revenue from non-domestic customers	Tests local PMF and pricing fit
CAC by market	Acquisition cost in each geography	Helps allocate spend and avoid burn
Churn rate by region	Where retention is weakest	Flags onboarding or support gaps
Support ticket volume	Volume and topic of local requests	Surfaces localisation or UX issues
Time to onboard	Time from signup to first value abroad	Early signal for GTM friction or lag

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