

Kathryn: Podcasting from Fairfield Connecticut, you're listening to Compass, where we talk with location independent women about finding work and getting paid. I'm your host Kathryn Hunter and you're listening to episode 13 with Victoria Yampolsky, startup advisor. Today we're talking about learning from your mistakes, accidentally finding your first client, and how much money you need to start. Victoria, welcome to the show.

Victoria: Thank you very much, Kathryn. It's a pleasure for me to be here.

Kathryn: So I like to start with your early life to see where that influences you later on. What did you want to be when you were five?

Victoria: When I was five years old, I think I probably wanted to be teacher. And then that when I was seven that quickly changed to being a detective and protecting Russia, the country where I was born, from the mafia, after I read that quite a few detective books.

Kathryn: I love that. That's wonderful. How had that changed by the time you left high school?

Victoria: Well, by that point I've read many more books. A lot of them were in the area of physics, so I wanted to be an astrophysicist. Then a biophysicist, and then I fell in love with math and eventually I decided to pursue computer science because it was more practical. But that's actually one of my biggest regrets because math remains my passion.

Kathryn: Did you pursue college?

Victoria: I did pursue college and I got a computer science degree. And I did not become a computer scientist. I switched to business. I went to business school and I worked in finance and which had the mathematical component. But, as it turned out, I also love the creative side. So I wasn't happy in the finance job either. And I only truly discovering myself when I started my own business, which combines the creative and quantitative components for me.

Kathryn: Is there anything you use from computer science in what you do now?

Victoria: Absolutely. I think it's a great degree to have because it teaches you to think logically and how to break every problem into several parts and solve each of them consequently. And that has taught me how to analyze absolutely everything in a logical manner. Also, my job right now consists of building financial models and because I have a programming background I can build them better and in a more flexible way and if I need it I can even program in visual basic and solve some of the more complex modeling challenges that just pure Excel doesn't let you solve. So it helps me every day. I think it's a great degree to have. And if you don't use it directly and I think everybody should have some sort of, that type of quantitative trainings to develop their analytical and logical skills. Not necessarily through computer science, but through math or logic or philosophy or you know, any type of science like physics, whatever, whatever they're more passionate about.

Kathryn: What was your first foray into being location independent?

Victoria: So, when I decided to quit my Wall Street job, I started my own company. It was a film company and the reason why it was film, was because I acted as a child and I decided to do something in the creative field, from the business perspective. I was a theater actress, but theater seemed to be less practical than film, so I went into film and that's how I became location independent. I worked from a home, I got to certain point, we had that slate of films and the distribution partner and, yeah, I had the production partner who knew how to make films and in the end they didn't work out because our film financing partner I did not turn out to be who he was saying he was. And so everything fell apart, which happens quite often in the film world. But that experience has taught me a lot in terms of the challenges that a new business have. How to put together business materials, how to make connections, how to think through business model analysis, and how to vet people that you're going to work with because it's really important. And had I done more research on that person, we might have avoided the whole fiasco. And so I was more prepared to start my next business, which is the Startup Station, after that experience.

Kathryn: How do you describe your work to people when they're just being polite?

Victoria: I just say I help startups make more money and get funded faster.

Kathryn: Okay. And when you're talking to someone who really wants to know the details?

Victoria: Sure. I help, I tell them that I help startup founders express their vision in the language that investors can understand, which means that I help them put together thorough financials that reflect the fundamentals of their company and produce a credible valuation that they can defend to investors.

Kathryn: Okay. And how do you find clients?

Victoria: I, yeah. I find clients through my referral sources. So they are my previous clients and the people there in the industry doing something complementary to what I do. For example, mobile app or software development companies, or lawyers or accountants, but mostly clients come to me because I teach finance to entrepreneurs. And I now have an online school and that produce a lot of content, which are free resources available to everybody who is just starting out. And so at this point I have a name and people just find me from my publishing activities and they're right to me.

Kathryn: Right. And when you were first starting out, how did you get that first client?

Victoria: Ah, through word of mouth. I had that, my first client, my very first client actually happened accidentally. I was dead after my film venture, full dead. I was, I wasn't sure what I was going to do exactly right at that point. And I was going to a headhunter to research some of the positions at startups and I met a guy who was starting a mobile app design and development company. And they needed help from the business side because they had a company in India run by a former CIO of... CTO of HP India. And so they had the large client base in Southeast Asia and India and they needed to expand to the US. It was quite a few years ago, but these guys were just college graduates. So they

didn't really have any business experience. And so, just by talking to them instead of looking for a job at some startup, I just decided to help them.

Victoria: I came on as a senior strategic advisor and I helped them to go from pre revenue to revenue, form their pricing strategy, client acquisition strategy, etc. So, my very first client was by chance. And after that when I formally formed the Startup Station, it was through the people that I met while working with them, you know. Then I opened my own meetup, over time, and then the clients started coming to me from my teaching.

Kathryn: What would you say was your first major struggle?

Victoria: I think it was that period where I, my clients from the word of mouth activities have dried up and I was not sure how to get new clients and I was trying different things, writing into alumni, going to some events, going to networking groups. And I think, before I figured out that I can have my own meetup, teach something, establish my credibility in those workshops, and not really have to prove my expertise any more and then it just becomes a matter of them having money to pay for services or not.

Victoria: I feel, I figured out that vehicle to generate clients. That was, that was the challenge that was facing. And also I would say I didn't really have any marketing expertise. My expertise is, like I said, in the technical field and finance and when you have your own business of course you have to do quite a bit of marketing. And so that was a challenge that I had to overcome and that's actually challenged that I'm overcoming right now with my online platform because that's a whole new area of marketing and online class that I hadn't been done before.

Kathryn: What would you say was your first major success?

Victoria: I think my first major success was probably when my, one of my very first clients got funded and all the investors who are very impressed with the financial model and valuation that I put together. And by the way, the valuation was \$100 million for a prerating a company, which is quite high usually on the valuations, tend to be in the range between five and 10 million. But they have put together, with my help, such a great business plan that and got funded. And by the way, I'm very happy to announce that they have now launched their product after three years in the making. And so now it can be bought. The company's Opkix and they make, the state of the art camera that can be put on anywhere. It's the smallest camera in the world.

Kathryn: If you could start Startup Station again fresh today, would you do it differently?

Victoria: No, I think I had to go through the evolution and, I also had a son. He was, he was just born when I started my first company. So he was about three when I started the Startup Station, which was six years ago. And so I really wanted to have the flexibility to spend as much time with him as possible, so I wouldn't have, do necessarily anything differently, because I didn't have the knowledge right, that I had to gain the knowledge and make the mistakes that I made in order to determine the path I'm on right now. And you can have the 20-20 vision right when you begin a business. And I also believe that,

uh, you can learn a lot from making mistakes. That's the only way how you learn. And then if it's not this mistakes that I've made when starting the Startup Station, then it would have been other mistakes. But there would be mistakes anyway. And otherwise, if you don't make mistakes, you don't grow as an entrepreneur and it's the wrong profession to be in.

Kathryn: Odds are you don't really have a typical day. Can you give us what a random day looks like for you?

Victoria: Sure. I usually, I begin my day with answering emails and actually now that I have more things, my company, like I said, offers three types of services, which are classes, services to clients and free content. Every day I have a schedule of what I have to do, because it's a mix of client work, marketing activities, business development activities, meetings, and calls. And so everyday I have a schedule. So it could be, you know, one day I will answer emails, then I could take a couple of meetings and I would do some client work and then I would maybe work on a few business development opportunities, meaning some distribution opportunities for my classes or potential partners that could send me more business and vice versa. Or, I have one day a week reserved for producing new content. That day I just record two videos for my Youtube channel and I enter them and I create thumbnails and images and then go to the graphic designer, etc. And so everyday is different. And that's what I love about my work so much because I am a person that tends to get bored easily. And I love the fact that I do different things everyday. And I love the fact that when I need the break, I can take it. And I love the fact that I am location independent and I can work from anywhere and that my schedule is flexible. And if I need to take time to be with my son, I can do it.

Kathryn: Do you keep up with any kind of continuing education?

Victoria: I constantly have to learn new things. Recently I learned more about ICOs, which is the new form of startup financing. It stands for initial coin offerings. And I now offer a class on ICOs, to explain to entrepreneurs what they are and how to evaluate them from the business and financial perspective. And I also provide an additional service for those startups. If they want to launch their own token on how to value it and how to write a white paper. So yes, it's absolutely, you know, I'm constantly learning new things. And, so this is more on the finance side and on the marketing side, I'm now reading a lot of books on how to make better content so that I can help more and more people in the more effective way.

Kathryn: And now I'm going to get into some numbers. For women wanting to build a startup, how much money would you say they should have set aside?

Victoria: If somebody would like to start a company, I would say they probably need to have a little bit of money set aside for legal costs because they're going to need to incorporate their company and signed founders' agreement. If they have co founders, they may need to pay somebody to create an MVP, which stands for minimal viable product that can range from \$30,000 to \$50,000. If they have technical expertise and their co-founders are technical as well, they may be able to do it themselves. So, it really depends on whether they come from the technical background or not. And whether this

is a tech startup, whether it's a product startup. Again, depending on their expertise, they may need to pay somebody to create a prototype or they may be able to do it themselves. So I would say that the startup costs vary. At the minimum, I think it should be \$10,000.

Victoria: And I think one mistake that startup founders often make and as they start offering equity to everybody for small favors. I need the logo and the website. I need the legal agreement. And it's a mistake, because the only people who should have equity in the company and the people who are going to be involved with the company long term and investors don't like seeing a cap table, which is a list of equity owners of the company, that is too crowded. And then this person has 0.1% and this person has 0.5% and this person has a 0.2% and the really have no business of being associated with the company. So I would say that anybody who wants to start a business needs to understand that they're going to have to spend some cash in addition to spending a lot of time.

Victoria: And when they're spending time, that also has a value on it because they're not working potentially or they're working less. And so it's not only the actual cash that they're going to be spending, it's also the opportunity cost of them not working on other things, and that can be very high. I'm not going to put a number and it's because everybody has a different salary. But, generally speaking, you're probably going to work on your company one to two years before you're going to go for funding. And so you can, it's probably going to be part time. And so you can figure out based on that, the salary of the person, how much that's going to be.

Kathryn: Do you recommend they start paying themselves a salary immediately or is there a timeframe on that?

Victoria: Well, they can't pay themselves a salary because there's no funding. In order to pay themselves a salary, they need to raise money and in order to raise money, they need to be fundable, which means that their company needs to meet minimal funding criteria. Right? And that's why I was saying that they need to incorporate, they need to have a minimal viable product, and need to have an MVP. Some investors required them to have some traction with the users or customers. So their companies to go to, needs to get to some point of a viability before they're going to get money. Now, what a lot of investors do, a lot of entrepreneurs do, I'm sorry, is that they go to friends and family. Okay. So people who know them at this point, they may just have an idea, but I think that friends and family are not going to like them paying themselves a salary. So, I think the money that they can raise from friends and families should be used to develop a new prototype, and to covering those costs, that I said they have to pay to somebody to do something that they can't do themselves. Initially, entrepreneurs do not pay to themselves, themselves a salary until they get their first round of financing. Then they can after they get the initial investment they can, but not before.

Kathryn: Do you have any advice on deciding on a pricing structure?

Victoria: Well, to set a price for a company product, one needs to do competitive research, right? And figure out what the competitive landscape is and that research will tell them where

their product that they're trying to create will be positioned. Is it a premium product, is it a middle of the road product, or is it a value product? They also need to consider their cost structure, right? Because they need to be making money that cannot be, setting a price so that their profits are negative. Otherwise it's not a sustainable business. And they'll also need to consider the average profit margins in the industry so that they make at least as much money as everybody, else because otherwise, again, they're not going to be competitive.

Victoria: So to set a price for a product or service, it's quite different than, you know, when you're just like a consultant, right? And you're just trying to price per hour, how much you want to charge per hour. That actually holds a lot of research. And, before they think about their pricing structure, they should figure out what is it that they're building and what the value proposition is. And there's a little bit though of work that's involved there before they think about the price. But if you're asking about, you know, if you were a consultant, then how would you set price for your service? I would say, look at what others are doing. Figuring out, again, are you a premium service provider, are you a value service provider? Are you a beginner? How much do you have to offer? And you may want to start lower initially to get clients. And then as you get more expertise and more awareness about your services, you can raise your prices.

Kathryn: What would be your number one tip for women looking to get started building a startup?

Victoria: My number one tip would be do not be afraid, because the statistics are dire. Only 2% of women led startups get funded. However, the overwhelming majority of those startups that do get funded succeed much larger percentage than male led startups. So, I would say go pursue your dreams and be prepared. Do your research, have your numbers ready and do not be afraid to learn finance and get a seat at the table with investors because most of them are men and you have to be tough to negotiate with them.

Kathryn: And what are your next steps?

Victoria: My next steps are to continue building my online educational platform. This is a curriculum for early stage startups. They can teach them how to build their financials themselves. It consists of classes on that, accounting, financial modeling, valuation, and startup financing in the MBA level and I'd really like to take this platform global and educate as many entrepreneurs worldwide as possible to bridge a gap between them and investors which currently exists because not many of them know finance. And to help them get funded faster and build better and financially feasible businesses from the start. And so, the educational platform is really my focus and in the meantime, of course I will help any company on the one on one basis as well, but I'd like to make a bigger impact.

Kathryn: Where can listeners find you?

Victoria: The website of my company is www.thestartupstation.com and I am pleased to say that we can offer a 20% discount for all of the Startups Station's, courses with the code "compass" for the next three months.

Kathryn: All right. And we will get all of that in the show notes. Victoria, thank you so much for joining us, this has been great.

Victoria: Thank you so much for having me, Kathryn. It's been a pleasure.

Kathryn: Thank you for listening to Compass. You'll find today's show notes at compasspod.com/013. If you enjoyed this show, please share it with a friend, by visiting compasspod.com/013 and clicking the share buttons at the top of the page. Next week we'll be talking to Monica Gokey, radio producer.