



**The  
97  
Fund**

By Innovation Village ©

## **Venture Building Series**

### **Topic 1: Introduction to Venture Building**



## TABLE OF CONTENTS

What is Venture Building	Page 3
Defining a Venture Builder	Page 4
Core Activities	Page 6
Venture Building Approach	Page 7
Difference with other model	Page 9
Benefits of Venture Building	Page 11
Types of Venture Builders	Page 12

# Introduction to Venture Building

## What is Venture Building

Venture building is a business and product development approach that enables an organization to create new products, services and processes from scratch.

One of the key aspects of venture building is that it is able to do so, without interfering with the existing company infrastructure at an early stage of the development process.



# Introduction to Venture Building

## Defining a Venture Builder

A Venture builder, also called a startup studio, startup factory, or venture studio - an organization dedicated to systematically producing new companies using their own ideas and resources, which they help grow and succeed.

### ***“A startup that builds startups”***

A Venture Builder is similar to a fast-paced tech startup, where its product is the venture, the prototype is the business model, and deliverables mean perfect and timely deployment.

A VB Leverages extensive network and ecosystem reaching out seasoned entrepreneurs for shared resources (capital, skills, and market expertise).



# Introduction to Venture Building

## Defining a Venture Builder

### *Characteristics of Venture Builders*

Initiation of ventures is done in-house

Independent and standalone decision making on investments

Retain a majority stake in their ventures

Focus on portfolio synergies and recycling of resources

Provision of funding (pre-seed, seed, series A, etc.) to the participating ventures, coming partially from investors in the fund.

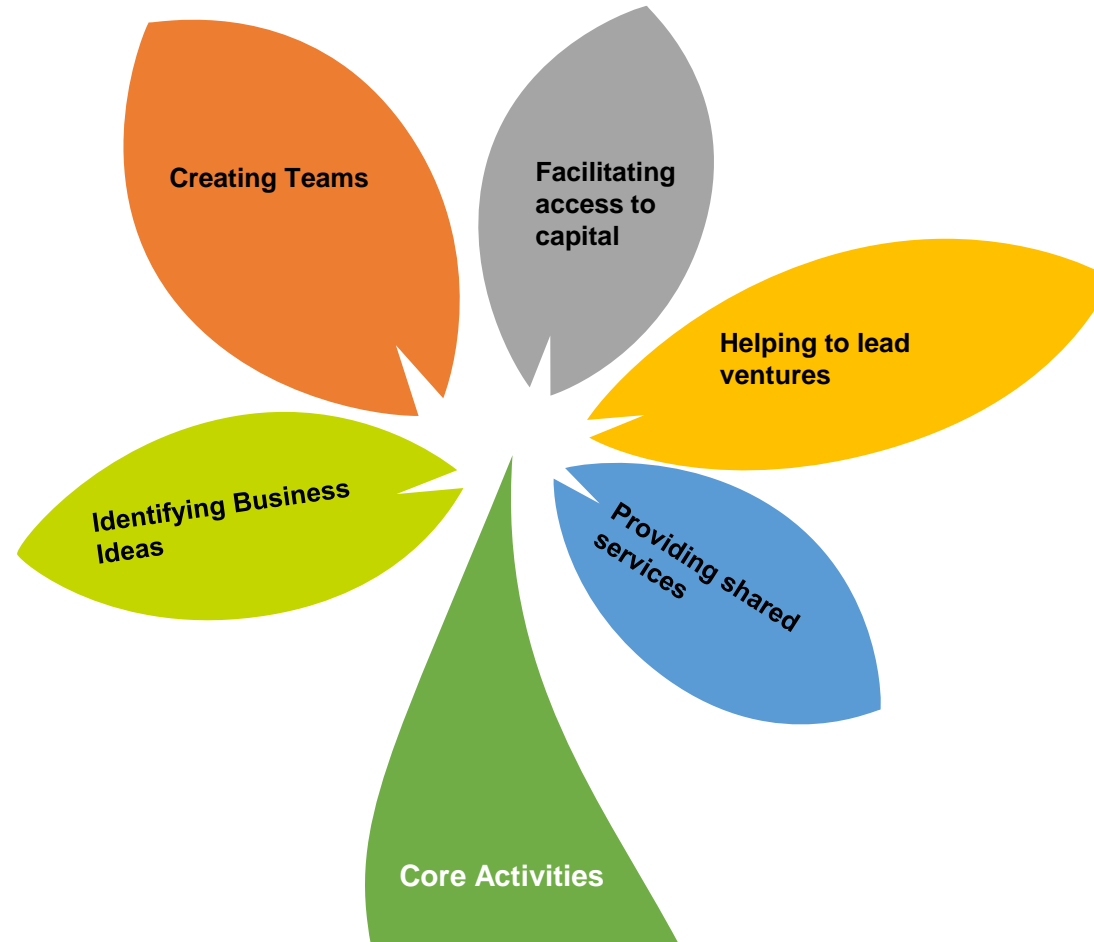
# Introduction to Venture Building

## Defining a Venture Builder



# Introduction to Venture Building

## Core Activities



- 

**Identifying Business Ideas**  
This can be done in different ways. Some clone existing models. Others choose an opportunity space where they develop research projects, explore different ideas and prototype concepts. Regardless of the specific approach used, the goal is to come up with a viable business idea
- 

**Creating teams**  
Venture builders create teams from the ground up. This is undertaken once the business idea is clearly identified.
- 

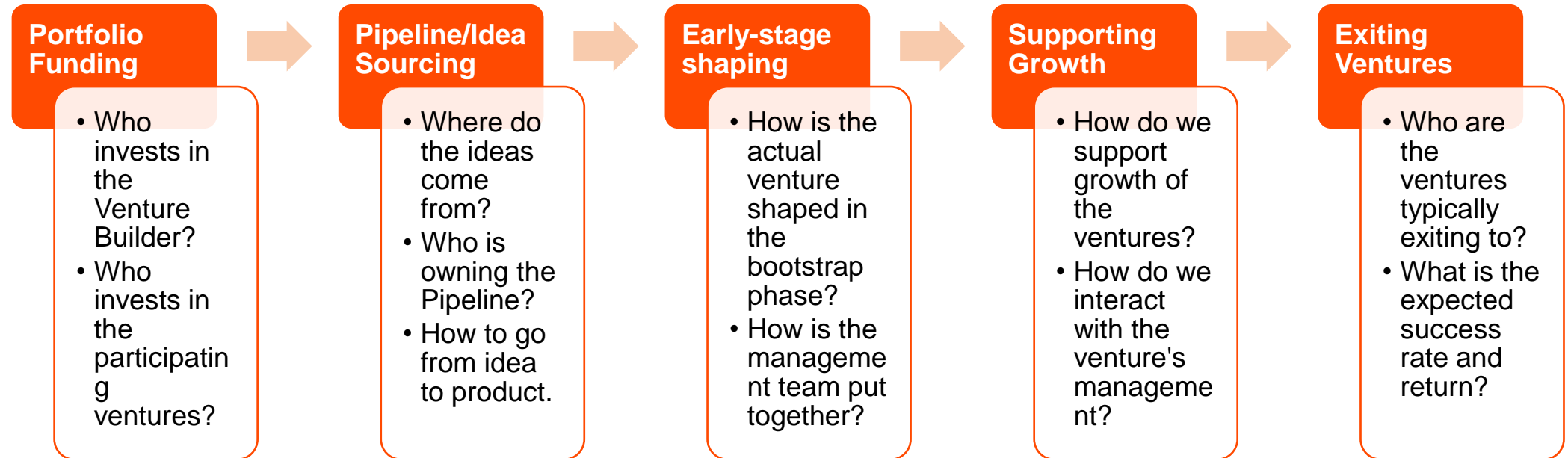
**Facilitate access to capital**  
Venture builders facilitate access to capital for the startups they develop. They do this either through a fund they own, or by connecting the different ventures to their network of investors
- 

**Helping to lead ventures**  
Venture builders help lead the ventures. They can have a governance role, they can participate in the management of the companies, or both
- 

**Providing shared services**  
Venture builders provide shared services to their ventures, such as legal, design or accounting. This is also a form of Technical Assistance and Business Development Support.

# Introduction to Venture Building

## Venture Building Approach





# Introduction to Venture Building

## Venture Building Approach

### Portfolio Funding

Funding is usually sought from different categories of investors that include; HNWIs, Corporate Institutions and DFIs, External partners on a deal-by-deal basis, other venture investors among others.

### Pipeline/Idea Sourcing

VBs source for ideas in three (3) ways; i) innovation driven/externally – the IP is created from elsewhere, ii) team driven/internally and iii) problem driven – combines innovation and team driven.

### Early Stage Shaping

VBs hire external talent (e.g. consultancies) and let them work with in-house experts on several projects at the same time. The alternative is to hire a management team specifically for a given venture.

### Supporting and Growing Portfolio Business

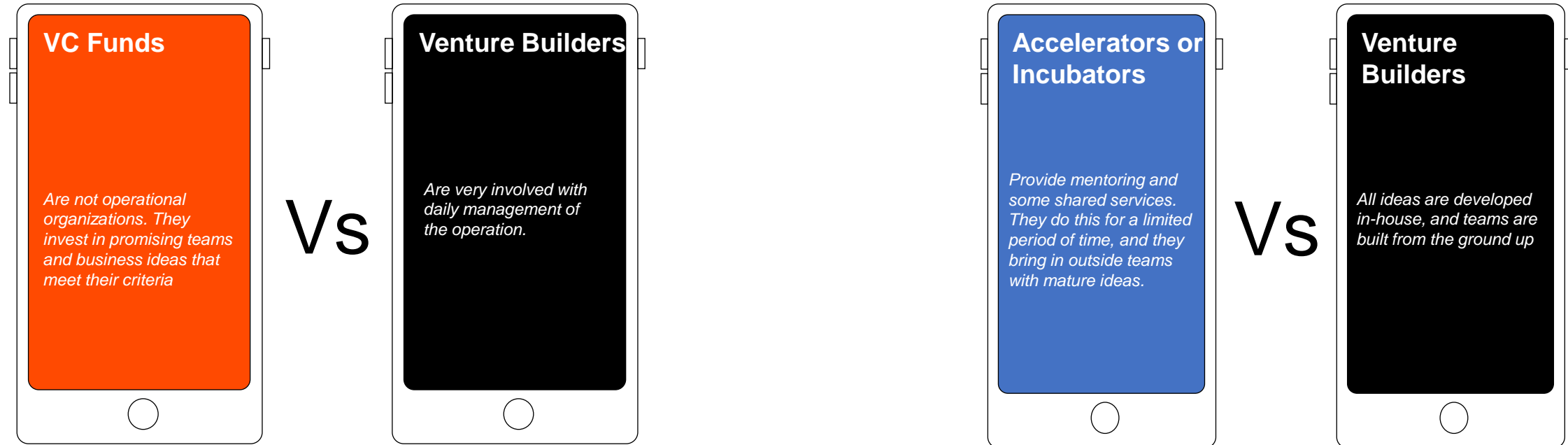
Venture Builders tend to take a majority share in their ventures and are therefore more involved than a Venture Capitalist in the first 3-5 years of a venture. Apart from space and shared back-office resources, the venture builders offer industry-tailored services that can be leveraged across all portfolio companies.

### Exiting the Business.

Venture Builders usually adopt a more industry-focused and risk-averse business model that will enable them have good traction with most of their ventures ultimately enabling them to raise new rounds of external capital.

# Introduction to Venture Building

## Difference with other models



# Introduction to Venture Building

## Venture Builders Compared with other types of Organizations

	Identifying Business Ideas	Creating teams	Finding Capital	Leading Ventures	Providing shared services
Venture Builders	✓	✓	✓	✓	✓
Accelerators or Incubators			✓	✓	✓
VC Funds			✓	✓	✓

# Introduction to Venture Building

## Benefits of a Venture Builder Model

### High operational involvement

- Venture Builders are much more proactive and operationally involved in their ventures than a typical VC or angel investor.
- They typically invest in less risky ventures, of which the majority (e.g. 6 out of 10) end up as healthy and stable mid-sized companies.

### Larger support and investment horizon

- Venture Builders can invest for a longer time and in multiple rounds (often alongside partner investors or non-related VCs).
- Moreover, accelerators and incubators are often set up to offer partnering ventures well-structured short-term programs (e.g. a 6 months program) instead of a long-term partnership of 5-10 years.

### Shaping the founding team

- Venture Builders often have a long list of potential CEOs or executives that they work with in multiple companies, who either help the VBs put together management teams or join these teams themselves.

### Creating cross venture synergies

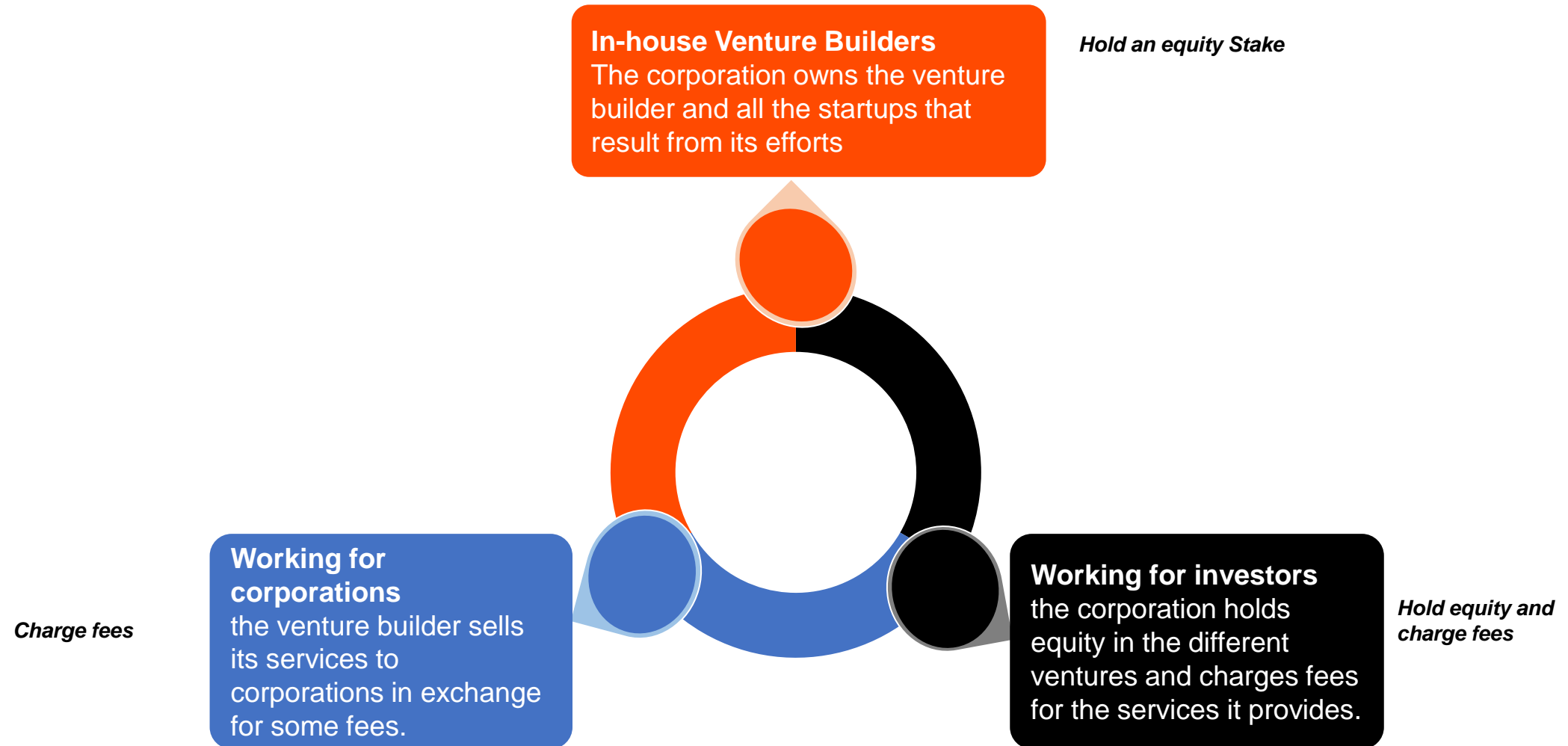
- Sharing back office services is the norm, but some Venture Builders go much further depending on their level of specialization.

### Investing heavily in early stage ideation

- For most VBs these resources are spent on screening patents, brainstorming with investors, shaping the business model and seeking partners within the industry.

# Introduction to Venture Building

## Types of Venture Builders and their Business Models



# Introduction to Venture Building

## Types of Venture Building Models

### 1. *Working for Investors: Industrialization Entrepreneurship*

- ❑ Business angels and VCs invest in the startups that spring from venture builders as they would in any other startup.
- ❑ Investors can either put money in a pool of ventures, or in the venture builder itself.
- ❑ In this scenario the business model for the venture builder is *based on the equity it retains* — along with investors and founders — from every venture it produces.
- ❑ Its efforts are rewarded when the startup is sold, so the goal is to bring the startup to an exit.
- ❑ Meanwhile, *the venture builder charges the ventures for the services it provides.*

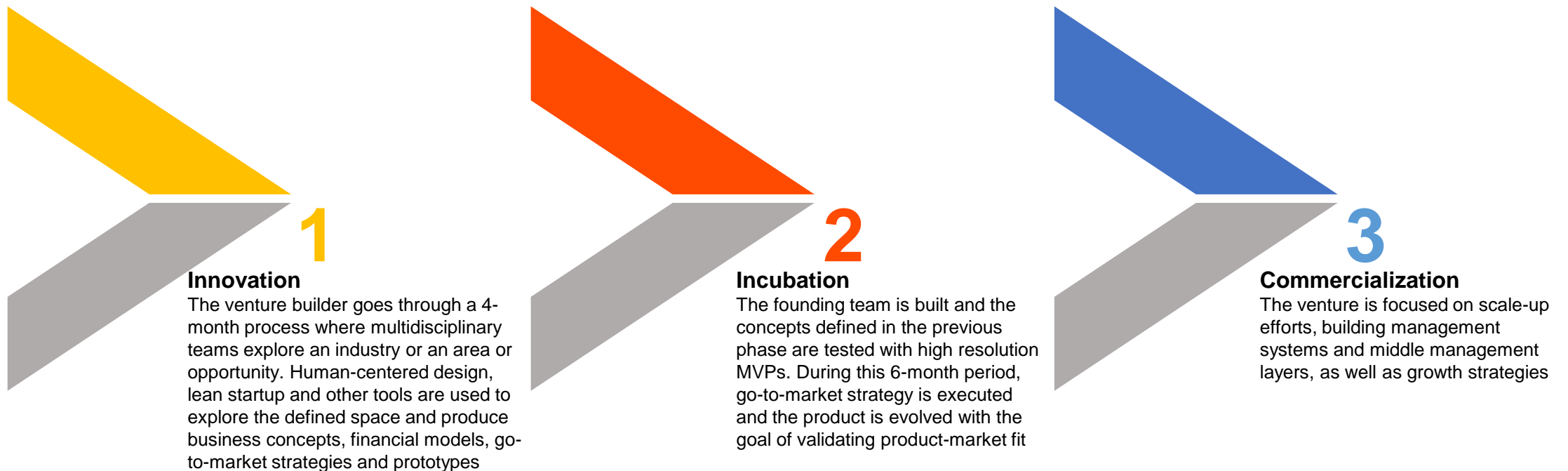


# Introduction to Venture Building

## Types of Venture Building Models

### 2. Working for Corporations: Venture Building As a Service

- ❑ In this consulting model (venture-building-as-a-service) corporations are simultaneously the investor and the client.
- ❑ Because the corporation owns the business or businesses that emerge from the engagement, the venture builder and its talent can't retain equity from the ventures. Corporations are charged fees per hour.
- ❑ Venture builders that work for corporations divide these projects in stages that are sold independently. The most common stages are:



# Introduction to Venture Building

## Types of Venture Building Models

### 3. *In-house Venture Building: Empowering Innovation*

- ❑ In this third model the corporation owns the venture builder, which becomes a vehicle for investing in new businesses.
- ❑ Interestingly the venture builder is also the context that facilitates developing competencies in innovation.
- ❑ Creating a venture builder under the corporate umbrella is an emerging model chosen by the firms which are most committed to the future.





# Introduction to Venture Building

## Conclusion

- ❑ The Venture Builder model is growing and is debatably a better model. Whilst all have their merits, venture building is more enabling and beneficial for a promising early stage bootstrapping startup, especially one which yet to sustain with cash flow.
- ❑ It's undeniable that venture building is industrializing and demystifying. A process that used to be more art than science, and empowering organizations and individuals emphasizes the use of human capital to build new value from the ground up in a systematic way, increasing the chances of producing and building successful startups.
- ❑ No longer a solo charismatic that drives the startup but rather the use of proven methodologies based on success case studies, combined with the right team and deploy at the right timing that made stories told.



Q

&

A

# Connect

Ortus Africa Capital, 1st Floor, King Ceasor Square, 9 Portal Avenue, Kampala, Uganda

+256 414 667 986 | [info@ortusafrica.com](mailto:info@ortusafrica.com)

[the97@ortusafrica.com](mailto:the97@ortusafrica.com)

[klegesi@ortusafrica.com](mailto:klegesi@ortusafrica.com)

[www.ortusafricacapital.com](http://www.ortusafricacapital.com)

<https://the97.fund/>

