

Breier Group Concepts, Inc.

Tapping the Ultimate Startups

6 Lessons for Startups from
Modern Political Campaigns

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EXECUTIVE SUMMARY

The Landscape:

In recent years, concepts and terms like “startups,” “social media,” and “political fervor” (particularly in the 2016 election) have become commonplace. The 21st Century has seen some remarkable revolutions in the way we view, interact with, and engage the world. In the corporate sector, new technologies have helped refine our processes and pioneer new industries—under the catch-all term “startups.” The political world has also seen a drastic change. Polar viewpoints dominate political rhetoric. Social media has enabled a connection with a once disengaged audience. And campaigning has become much more of a “business” than it once was—accounting for approximately \$1.25 Billion in fundraising in the 2012 Presidential Campaign (by frontrunners Obama and Romney) (McDonald, 2015).

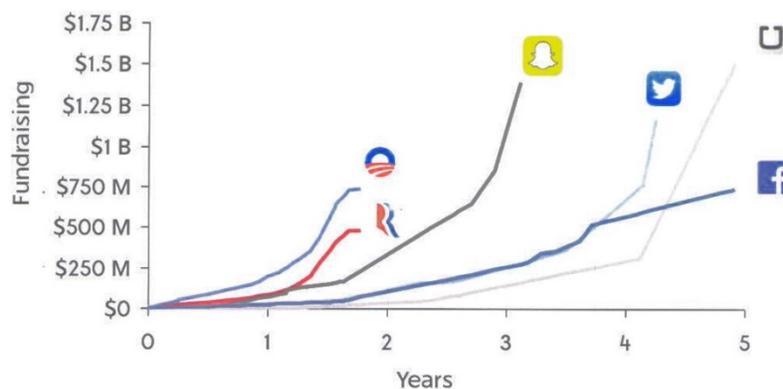
The Situation:

These evolutions in both sectors present opportunities and lessons to be learned from one another—particularly startup organizations. Political (presidential) campaigns find themselves using the techniques of startups (on a faster scale) and the products eventually produced—i.e. social media. Startups have exposed a wealth of lessons and strategies to take away from modern political campaigns. In a line, modern political campaigns are the “ultimate startup organizations” (Irwin, 2015). The trick is exploiting that knowledge and recognition. There are six lessons that a startup organization should recognize: the potentially rapid upscaling of any campaign, management of limited financial resources, managing external risks as best possible, ideological endorsement from staff and a quickly adjustable team, an inspiring source of leadership, and providing the right strategies for success (inspiring loyalty). The paper below discusses these lessons and how they may be utilized to benefit startup organizations.

PREPARE FOR THE UPSCALING

Campaigns start slow. So do startups. They start with ideas in a room, take root, and grow. And they start the same way too: in a “One-Car Caravan” (Shapiro, 2004)—a small group of people, pushing an idea. In a business, this initial growth phase can take years and there may be many opportunities. Campaigns are not so lucky. They have a much stricter timeframe with a defined start and end date, on which the entire campaign rests: Election Day (Kurtzleben, 2015). With a defined lifespan, political campaigns do not have the benefit of learning from previous mistakes and must raise great sums of money within this timeframe (see Figure 1).

Fig. 1: Fundraising For Presidential Campaigns Has Been Faster Than Tech Startups



Source: FEC data, Crunchbase

After 641 days, the Obama and Romney campaigns collectively raised \$1.22 Billion. In the same timeframe, Snapchat had raised \$163 Million and Twitter had only approximately \$55 Million (Kurtzleben, 2015).

In the early growth phase, there is one commodity that both campaigns and startups share: time, in abundance. They are trying to present their ideas/minimally viable product (MVP) and promote word of mouth, with little prior awareness (Shapiro, 2004 and Singh, 2014). Campaigns have the travel time between event stops. These are times to assess the campaign/MVP and make changes. It is in these times where a campaign must (and a company should) build its support systems and structures. It is only by establishing their base infrastructure that a company and campaign can support a heavy growth mindset. Campaigns do not have to sustain this growth, but companies do, while continuously hitting milestones (Kurtzleben, 2015). The ability for a company/campaign to scale properly is most dependent on

the strength or weakness of the underlying systems (McDonald, 2015). Startups should invest to ensure those systems are in place.

AVOID THE SPENDING TRAP

Similarly to being prepared, one must prioritize resource usage. Companies and campaigns can prepare their infrastructure, but it is equally difficult to manage limited resources, once obtained. This is a big concern for fledgling companies or campaigns. Too many (of both) fail due to a misallocation of resources (Welch, 2005). Maintaining and managing sufficient cash-on-hand, staff, and production capabilities are constant issues faced by all young organizations. Part of the problem is a lack of knowledge as to where to appropriately invest. An organization must be able to bring in the necessary resources to continue their growth and success, without overspending on organizational “wants” (McDonald, 2015). Companies and campaigns should look toward experienced leadership to bring in the right strategists to provide guidance.

LIMITING EXTERNAL RISKS

Corollary to avoiding the spending trap, a company must also use their strategists to limit exposure. Some of the largest threats faced are those that are unknown and unplanned. It is necessary to have the right systems in place to counter these threats (McDonald, 2015). All organizations need to have those systems to manage external risks, primarily insurance, legal and marketing. In the case of a campaign, marketing can center on the candidate’s past, but it is an organization’s ability to adjust to/parry these issues that can determine its success.

THE PPACA TEAM

Commonly, since 2010, PPACA has stood for the Patient Protection Affordable Care Act. Here, it is an acronym for a course of action: Pivot, Parry, Adjust, Counter, Act. Startups and campaigns are face-paced and experience lots of uncertainty, with a staff that must be comfortable without much oversight, working long hours and on little pay (Economist Editorial Board, 2012 and McDonald, 2015). The right culture and staff must be able to PPACA, in managing themselves. It is recommended that one abandons organizational ‘values’ in favor of thinking about ‘behaviors’—a more concrete way of thinking about culture (Welch, 2005 and McDonald, 2015). Whether motives are financial or ideological, campaigns and startups are

about the returns on investment (Kurtzleben, 2015). The organization's ideals must inspire the staff, however, to strive for them—seeking some eventual return; balancing an idealistic desire to change the world with the goals of attaining fortune/power (Irwin, 2015).

THE INSPIRING LEADER

The only way teams (in either sector) can be inspired to succeed is with the encouragement and vision of a strong leader. A campaign cannot do without this and a startup should not. In the case of a campaign, there may be a manager who has a background in political science but must function as “de facto chief executive of a complicated enterprise that has little time to evolve” (Irwin, 2015). The organization must be able to look to the leader to develop the culture (McDonald, 2015). Unfortunately, this is an ability that can only be taught so much; one must assume this role and develop it themselves.

FINDING THE RIGHT STRATEGY

All of these elements/factors must be put together to develop the right strategy. This is sometimes different than the “best” strategy and is often mistaken for “tactics.” Organizations can have multiple strategies, but each must entail a choice and trade-off within the limitations of time and money (McDonald, 2015). It is the combination of these for the team that governs the “right” strategy. Developing a strategy requires making and assessing assumptions about future progress and refining those, as they progress. Strategies can be complex and interdependent, but require decisions and an understanding thereof (explicit or implicit) (McDonald, 2015). Young campaigns and startups should look to tested sources to help them develop their strategy.

THE RIGHT SOLUTION

Political (presidential) campaigns are not an exact science, but they have (recently) laid the groundwork for companies to build. They must use many of the same stratagem that a startup company must also use to grow, and in a much more limited timeframe. Both types of organizations have much to learn/use from the other. A startup organization should learn to exploit the lessons in time and resource management, preparation for quick response, minimizing risk, and growth.

Breier Group Concepts, Inc. (BGC) has positioned itself to provide the right strategic solutions based upon these principles. BGC is a full-service strategic risk management

consulting firm with expertise in developing corporate growth strategy, minimizing risk/liability exposure, and positioning corporate activities. With staff from diverse backgrounds—including campaign and business management—BGC has developed customized strategies that work. Contact and let BGC develop a strategy right for you and your company.

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