How to create a sustainable business model in Clean Energy

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Summary

Strategy elements on building a startup with both steady revenues and sustainable competitive differential advantage.

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In the course of my work, I often analyze start-up business plans in the domain of clean energy. After tens of companies studied, I could notice some sound business models fundamentals that do make the difference for start-ups. If properly managed those fundamentals end up generating a good and viable business. I could confirm that in clean energy but I'm sure it also occurs in other industries as well...

The approach is mainly about securing market access with a progressive approach. It's basically a twofold approach: first, a simple, easy to sell solution on which you add later some advance features/services. It may seem obvious, but often, most founders push first about the "great competition killer solution" (often quite complex) but neglect the fact that a simpler approach might just be sellable as well as a first step and would also help to de-risk the go-to-market...

The "easy-to-sell" solution is often based on hardware and is an incremental innovation using off-the-shelf products. It's based on good and "easy to implement" idea(s). It's not sustainable on the long term because you have too few barriers to entry and copy-cats will eventually catch you, but it does bring short term revenues and helps building the commercial/marketing structure for the next one.

On top of this solid base, you add then typically service and/or software that help turning your offer into the "killer solution". Of course, this solution needs to match a severe "customer pain point" (efficiency, cost reduction, etc.). But if it's also scalable, then yes, you are on good track to success. Usually, by combining both hardware and software on top of a good customer base, you have a strong and well defensible business and will be able to resist the invasion of copy cats on the long term!

Ok, so how now? Well, finding and defining such a solution involves first to have a good knowledge of market and business, some vision and also good knowledge of emerging technologies. If also often requires a team made up of a good businessman and a good technical person. Mix all of that and your start to have a very decent approach for the startup!