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Investing in your startup's growth:
The IDC growth toolkit

Content

# About the Inclusive Digital Commerce Accelerator

Digital commerce companies typically lack the capital, talent, data, and connections to develop adequate solutions for informal MSEs and bring them to scale. The Inclusive Digital Commerce accelerator, or IDC, operated by BFA Global with the support of the Mastercard Foundation, uses the Catalyst Acceleration Model from the Catalyst Fund to support the growth and resilience of MSEs to create a more inclusive digital commerce ecosystem in a post-COVID-19 world. The IDC Accelerator provided six growth-stage digital commerce companies in Ghana – **Boost Ghana, KudiGo, Oze, Shopa, Swoove,** and **Tendo** – with the inputs they needed to scale, including: (1) access to capital, (2) bespoke venture acceleration to unlock opportunities to reach and engage with informal MSEs, and (3) connections with investors, capital providers, and other value chain actors to deliver more innovative and appropriate digital commerce solutions for MSEs, address the barriers they face, and foster growth of the ecosystem.

Almost

69,000

youth were able to sustain or improve their livelihoods

as a result of using the products and solutions of these six fast-growing digital commerce companies. With this toolkit, our goal is that you identify how your startup has been growing and how you can better plan its path to growth.
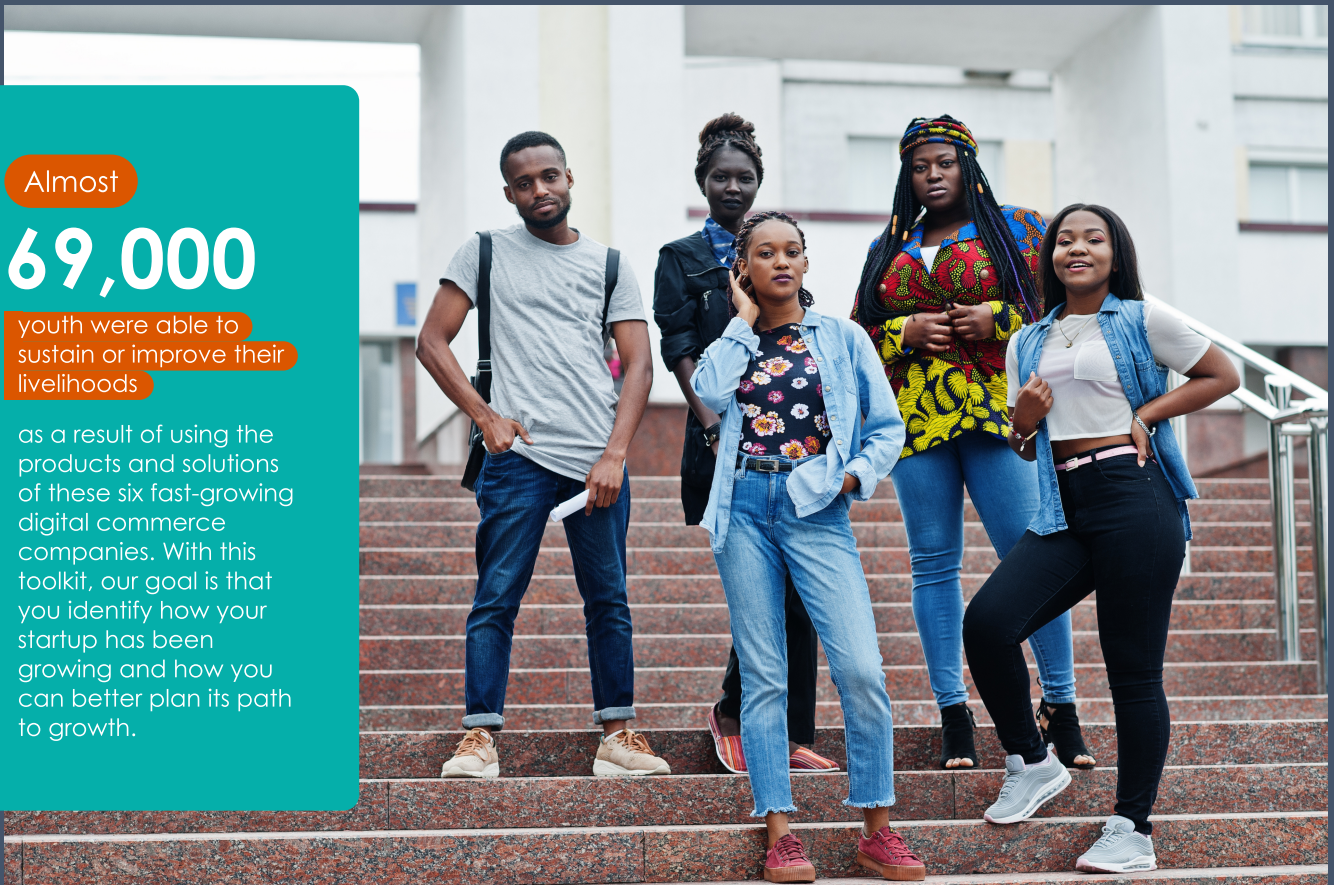
Introducing the IDC growth toolkit

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When it comes to understanding startup growth, there is an abundance of literature that classifies stages of growth, identifies factors to consider along the way, and characterizes each growth stage based on a particular set of parameters. There are also a handful of diagnostic tools and frameworks that allow companies to zero in on a specific aspect of their organization, such as the culture, technical maturity, or AI readiness. However, there are few to no tools that assess the business itself and combine these insights into a recipe for growth.

Having a stand-alone tool allows you to benchmark the growth of your startup business and act on these insights.

Through Catalyst Fund's work with a portfolio of 61 startups, the program have gained a deep understanding of what drives the venture building and fundraising stages. Building on the Catalyst model, the IDC accelerator program explored the nuanced organizational shifts that happen at each stage of growth of a product, business, team, and customer base.

How can startups be more intentional about planning growth?

The IDC Growth Toolkit was developed to help startups and key stakeholders plan growth more effectively and intentionally. The toolkit not only allows you to track the growth of your startup business, but also provides actionable insights for founders and funders at each step of the journey.

The toolkit answers four key questions:

1
What are the stages of growth and the key characteristics, metrics, and decision points at each stage?

2
What does growth look like from a business model perspective?

3
How can startups diagnose their growth stage and the crucial action points to consider?

4
How do startups and investors apply this information to business decisions?

Who is this toolkit for?

Startups and founders need to understand growth in order to navigate their company through the rough waters of the growth stage. For venture capitalists (VCs) and other investors, indicators of growth can help them assess startups directly or offer this toolkit as a resource to their portfolio companies.

There are three main audiences for the toolkit. Each has different growth objectives, and these have guided the development of the toolkit and helped us answer the question, *"What's the right way to grow?"*

STARTUPS

Often do not have a reference point for diagnosing where they are on the growth curve. Without this "north star", it is difficult to align their actions with the growth objectives that matter to them, such as customer acquisition, market share, product maturity, or profitability. Is being an "early-stage" rather than a "growth-stage" startup about product metrics like the number of acquired or active users? Financial metrics like revenue or fundraising? Operational characteristics like team size or organizational structure? All of the above?

Toolkit objective #1: *To act as a guide for startups to diagnose where they are in their growth trajectory.*

FOUNDERS

Are individually responsible for prioritizing a multitude of factors along this growth trajectory. As a founder, when should you invest in growing your team versus digital marketing? Should you optimize your offering to increase the overall size of your user base or focus on active or monetizable users? How can you strengthen the case for sustained revenue growth when your investors want you to dominate market share above all else?

Toolkit objective #2: *To inform the practical decisions founders need to make at different stages and clarify what it will take for the startup to grow.*

INVESTORS

And other funders often find themselves balancing competing demands. While they need to demonstrate the shorter-term, rapid growth of a product or service, they also need to ensure the long-term sustainability of the underlying business. As a funder, how can you help your portfolio companies evaluate the likely implications of competing scenarios?

Toolkit objective #3: *To enable investors and other financial stakeholders to recognize growth as a distinct set of parameters in their financial model.*

What's included in this toolkit?

With these three audiences and objectives in mind,
the toolkit answers four key questions:

What are the stages of growth? Drawing on our direct experience as startup founders and mentors, and a literature review of startup growth, we have identified three key stages: early, growth, and maturing. We discuss the key characteristics, metrics, and decision points defining each stage and present illustrative case studies as real-life examples.

How can key stakeholders diagnose growth? Using a combination of descriptive and diagnostic frameworks, we offer a set of practical questions that provide insights into where a startup is in their growth journey.

How can startups benefit from these insights? We include several examples of how insights on growth have been applied in practice, as well as the outcomes.

How can startups model and track waves of growth and ride them to the next stage? Through the lens of financial modeling and an "S-Curves" approach to growth, the toolkit examines how to analyze growth, model projections, and develop scenarios that can be applied to an intentional, evidence-driven growth strategy.

What are the stages of growth?

We have experience working with both early-stage and growth-stage startups, and our specialists provide uniquely targeted support to help them reach the next stage of their journey.

Early stage
Startups in this phase are focused mainly on creating and testing hypotheses to develop products and features that are technically feasible and financially viable. We call this process *venture building*.

Growth stage
Startups in this phase already have some basic foundations in place and are sharpening their focus on a narrower set of products and features to serve broader market segments. We call this phase *venture acceleration*.

Maturing stage
Startups in this phase have effectively addressed market challenges with a proven offering and are focused on scaling the solution across geographies and other new market opportunities. This is the phase of operation that startups ultimately aim for.

We wanted to understand, in granular detail, what each stage of growth looks like for startups. To do this, we developed a framework that would define growth based on six key **growth levers:**

1	**Products:**	The primary goals of the team iteratively building your product
2	**Customers:**	The channels, segments, and goals relating to your end users
3	**Marketing/Sales:**	The focus of the team serving and expanding your user base
4	**Technical/Operations:**	The mechanisms and processes informing your business decisions
5	**Team:**	The composition of your core team
6	**Business/Financial:**	The goals related to viability, investments, and economics

In-depth desk research provided the insights we needed to elaborate the goals, concerns, and characteristics of startups at each stage.

Early stage　Venture building

Key characteristics of an early-stage startup

An early-stage startup is characterized primarily by an insatiable appetite to identify and validate one or more value propositions of their product or service. They test and measure the accessibility, affordability, and appropriateness of their offering, and use lean experimentation to develop minimum visualization dashboard to track and assess customer behavior, drive users from activation to retention viable products (value validation) or, even better, minimum lovable products (MLPs) (value differentiation) and find product market fit (PMF).

Startups can begin to do this by engaging directly with the market and applying service blueprinting and other human-centered digital design techniques. Ultimately, they will develop "10x better value propositions" that they can either offer directly to their customer base or test through B2B partnerships and/or pilots with corporates.

These efforts are typically led by the founder(s) along with a small team of curious generalists, who together evolve the company's product in an agile and opportunistic way. At this stage, the goal of the team is not so much sustainability as climbing out of the so-called "valley of death" (see Figure 1) and surviving to a stage where they can raise additional funding for growth.

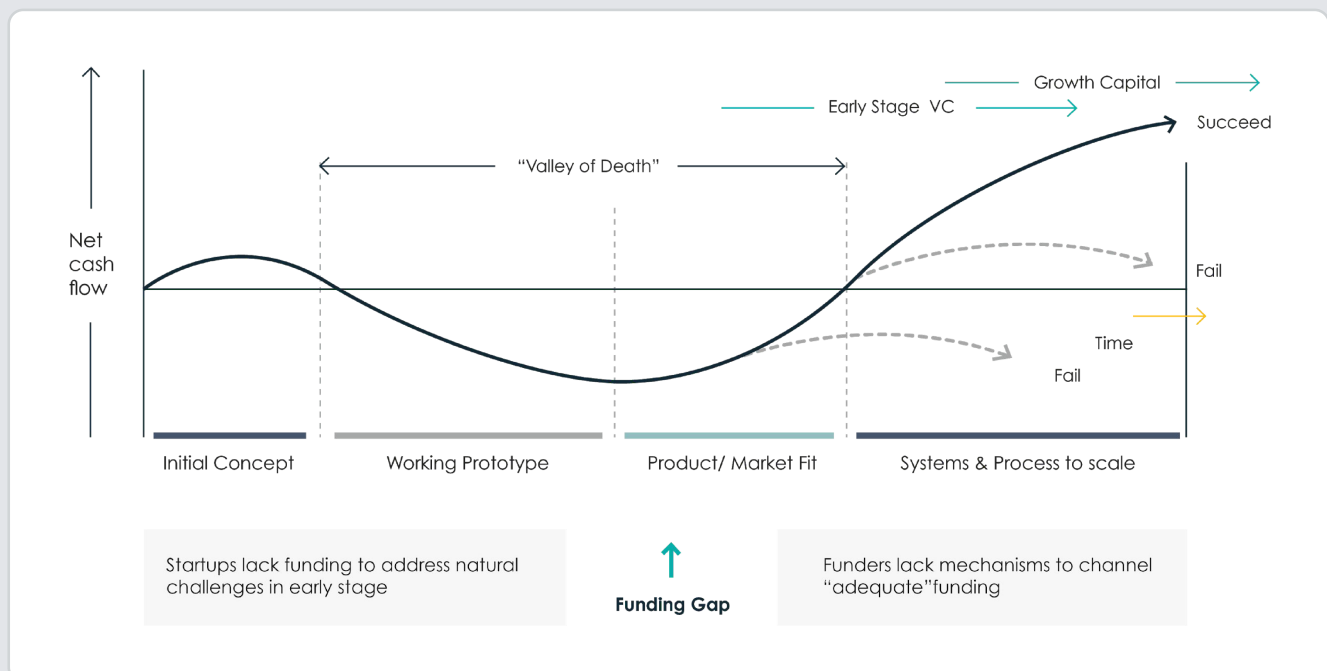**Figure 1.** The "Valley of Death" financing curve

Table 1. Characteristics of an early-stage startup, based on our research

Growth lever	IDC Accelerator	Silicon Valley Bank: "Early Stage"	Y Combinator: "Seed/Series A"	a16Z: "Early Stage"	First Round Review: "Early Stage"	Harvard Business Review: "Survival to Success"	EY: "Early Stage"	Brian Balfour: "Traction"
Products	Testing PMF	Early customers to demonstrate PMF	Testing hypotheses for PMF	"What if it works?"	Finding PMF and gaining traction	Demonstrated that it is workable	PMF	PMF
Customers	Accessible, affordable, and appropriate	Expanding beyond early adopters	Acquiring a diverse customer base		Attract and retain critical first users with "a-ha" moments	Acquisition and retention satisfies them sufficiently	Validation of value	Volume: turn on the faucet and find a steady minimum stream
Marketing/ Sales	10x, pilot programs and partnerships as entry point	Proving sales dynamics	Defining the customer base		Feeling the "pull" into the market from initial users	Decision to expand or keep the company stable and profitable	Pilots	Experiment with 2–3 channels to find one
Technical/ Operations	MLP and basic metrics	Building and deploying	Working on MVP		Lay the data foundation	Systems development is minimal and basic financial, marketing, and production systems are in place	MVP	Measuring retention
Team	Founder(s), curious generalists and de-risked talent	Developing and defining dedicated roles and responsibilities	2–10 members, composed of founders and generalists, hiring sales, marketing, operations		"Small but mighty founding team"	Simple: limited number of employees supervised by a single manager; hiring finance and operations	3–5 employees	"One dot", no hierarchy
Business/ Financials	Bridging the financing gap	Pursuing Series A funding	$1M–$5M		Positive unit economics before growth	Break even and cover the repair or replacement of capital assets	Revenue of up to $200k	Optimization: macro

Early-stage case study

swoove

In young e-commerce markets where road, payment, and address infrastructure tend to be underdeveloped, digital commerce companies can find it difficult to operate. Such is the case in many parts of Africa where a large swathe of the population does not conduct commerce and trade online, and a lack of affordable, reliable, and quality logistics is a barrier to startup growth.

Swoove is a delivery and logistics company based in Ghana. They offer delivery services for individuals and businesses, as well as logistics solutions for e-commerce and other companies. As a logistics platform for rider agencies (supply) and vendors (demand), Swoove aims to provide cost-effective and quality delivery services using technology to increase the number of deliveries and optimize delivery routes for riders. For Swoove's stage of development, IDC's main focus on growth levers was to help the team with customer research, fine-tuning and communicating their value proposition, and refining an operations strategy that could support their growth roadmap.

Prioritizing product market fit and finding the target customer
When the IDC Accelerator began working with Swoove, we knew they had a strong value proposition – that MSEs value not having to deal with the hassle of logistics, which are time-consuming, expensive, and unpredictable in price – but were still experimenting with pricing and scheduling to make the operations compatible with their business model. Swoove was also still figuring out who their target customer segments were by testing out different services to identify which offerings resonated and to seek out the right segment of high-volume customers. There was sufficient demand for scheduled versus on-demand delivery services, and for bulk deliveries (multiple packages in one pickup). While bulk customers were willing to trade off speed for low and flat prices, on-demand customers did not understand Swoove's scheduled pickup and delivery services, because they expected Swoove to behave as a courier service. With our marketing and communications expert, Swoove improved how to articulate their distinct product offering in their website and app to clear up confusion around pick up and delivery times that aligned customer expectations and increased uptake in deliveries.

"

"If you don't have a deep understanding of why you're growing, you're closer than you think to not growing anymore."
– First Round Review

Shifting from small-scale delivery operations to warehouse operations to grow logistics

Swoove undertook a big change in their way of running operations. Previously, they focused on optimizing pickup and delivery routes for their riders via an algorithmic approach. This approach did not always work in practice as riders preferred to take their own routes or needed to make changes based on on-the-ground traffic conditions and errant customer address information. Swoove made the shift to redesign their logistics model from point-to-point into a hub-and-spoke distribution system. This meant Swoove went from delivering packages to managing the implications of storing packages in a warehouse as part of their distribution system. We worked with Swoove to design an operations flow where Swoove treated packages as inventory and kept track of where the packages were at all times in their hub-based distribution model to ensure service levels. Tracking the packages through the queue is an integral part of status updates for the customers, that creates trust and transparency. Sending up-to-date information is part of a complex information cycle that is now made possible because Swoove invested in designing a well-structured workflow that they can replicate from hub to hub.

Finally, Swoove wanted to test expanding into new neighborhoods and new cities. Swoove required a practical expansion strategy based on confirming customer demand in the area, sufficient volume of deliveries, and having local partners on the ground to implement, which the IDC team helped Swoove test and develop. Swoove now has an approach they can replicate as they grow outside of Accra to expand their network across Ghana and a model to build on for entry into other countries.

Growth stage   Venture acceleration

Key characteristics of a growth-stage startup

The main feature of a growth-stage startup is that they have established a proven product in the market, as well as a viable business model that's been tested in that market. Having achieved this product market fit, they are now driven to rapidly and strategically scale their user base and usage, and start generating positive revenues.

Product maturity vc number of years in business	**Business model** is viable	**Financing** CFO become important	**Operations** are working in a scalable way	**Talent** is moving toward specialization
» Proven PMF » Moved beyond PMF » Building new product lines	» Might be generating revenue but is not profitable » Unit economics are critical for completing the business model » Know how to economically acquire customers » Viability depends on strategy and market context	» Demonstrates how to get to profitability » Starting to think about when investors will not be needed » Profit first, scale second in impact markets	» Emphasis on process, flows, and automation to reduce coast	» The later stage a company is, the more areas of expertise will be needed

Data is a necessity in the growth strategy. Companies need to transition from ad hoc tools to product-focused dashboards and leverage exploratory analysis about costumer behaviors, product features, etc. They also need to upskill in areas where the team are not already data savvy

Opportunity: Better targeting and segmentation	Opportunity: A new financial modeling approach	Opportunity: Close gaps in specialist roles
» Data-driven costumer segmentation because of more in-depth data » Emphasis on customer behavior segments and educating on the value proposition and product to scale onboarding » Need to gather *smart* data and know how to use it: helps to define priorities against the business model	» Data + financial model = complete business model » Common pieces + the peculiarities of each startup's revenue model and marginal or direct coast to operate the minimum offering + cost of tools development / capex using canned solution or custom development » Connecting model with historical data (because growth stage ones have them) » CEO/Investment strategy: is the business model for the investor or for a sustainable business? What's right for business?	» Senior data scientists are hard to find in the market, so develop them in-house instead of searching for them » Senior partnerships strengthen reputation

To do this, the startup should use data and business intelligence tools (e.g., tracking pirate metrics AARRR = Acquisition, Activation, Retention, Referral, Revenue) in a much deeper and more strategic way than in the early stage. Insights from the data should be applied to better understand customer segments, to optimize conversion rates for each segment along the onboarding journey from sign-up to the revenue stage, and to connect back to the financial model. By optimizing revenue and raising additional capital, the growth-stage startup will have escaped the "valley of death" and be prepared for scale, as shown in Figure 1.

At this point, the team will have grown beyond the founder(s) and generalists and the "everyone talks to everyone" culture of the early stage. Now, a new layer of leadership has been added – product owners, scrum masters, heads of finance and/or marketing – to delegate tasks in specialized areas of growth. Coordination of these resources requires formalizing documentation and knowledge management, creating well-defined processes, and using new tools.

Table 2. Characteristics of a growth-stage startup

Growth lever	IDC Accelerator	Silicon Valley Bank: "Growth Stage"	Y Combinator: "Growth"	a16Z: "Growth Stage" / "Is it working?"	First Round Review: "Growth Stage"	Harvard Business Review: "Takeoff"	EY: "Later Stage Startup"	Brian Balfour: "Transition"
Products	Proven product in the market and seeking to scale	Working product	Achieved PMF		Developing a growth model and turning sketches into realit	Controls on performance, willingness to make mistakes	Expanding	Discovering levers for growth
Customers	Reaching many new customers in immediate term	Transition from testing potential to meeting expectations			Scaling the user base	Satisfying the big demands growth brings	Entering new markets	Volume: turn up the faucet
Marketing/ Sales	Developing revenue of AARRR by scaling into data-driven segments	Sales cycles are fast and sales are efficient	Scaling into well-defined segments		Growth loops	Growth	Real customers	Scaling into 1 proven channel
Technical/ Operations	Data-driven optimization, democratized knowledge, standardized tools and processes	Shift corporate attitude from operating a risky startup to building a company with sustainable growth			"Scale" building data and analytics	More refined and extensive systems; data to avoid omnipotence and omniscience syndromes	First generation (iterating MVP)	Measuring growth rate
Team	Adding a layer of non-founder, specialized leadership	Founder focused on growth, delegation of smaller tasks	Rapidly expanding the team, diversity of roles		Onboarding new hires more quickly and building a growth squad, hiring experts	Decentralized with new divisions, delegated responsibilities, improved managerial effectiveness	5–20 employees	Two levels, some delegation
Business/ Financials	$100k+ already raised, aiming for $1M+ round Positive revenue 6–24 months of runway	Proven ROI, secured Series A funding, attracting incremental rounds	$10M–$500M+ per round		Building the foundation of the business model	Will there be enough cash to satisfy the demands growth brings?	Business model fit, $200k–$1M in revenue	Optimization: micro and macro; cost per acquisition (CPA)=lifetime value (LTV); payback <3 months

Growth-stage case study

Shopa

From the start of our engagement with Shopa, it was clear that the informal retail space in Africa is significant: 96% of retail transactions in Ghana are in the small, local, and informal sector and 70–98% in other markets across the continent. Still, it remains an underserved market that is for the taking, as evidenced by the many fast-growing players building on the proven model of serving informal retailers. Think Wasoko, MarketForce360, TradeDepot, MaxAB, and a newer entrant, Boost Ghana, another IDC portfolio company.

Shopa is also meeting the needs of informal shopkeepers with digital and operational innovations, increasing its loyal customer base by 200% and almost doubling the size of its company from 17 to 30 employees since the start of the IDC Accelerator program. Shopa has been particularly effective at managing products, customers, and operations. To prepare Shopa for accelerating growth, IDC focused the growth levers on a sales expansion strategy and employing technology to improve reporting and automate processes.

A good product with loyal customers

Shopa has proven their particular product mix holds a stronger value proposition for informal merchants, demonstrating consistent month-over-month growth and more than 50% of its customers remaining active after six months. MSEs especially value that Shopa saves them the hassle of going to the market to purchase goods, which is time-consuming and expensive. MSEs are also very price sensitive and Shopa provides the best market prices, allowing merchants to keep more of the margin for themselves. Shopa intentionally does not charge a delivery fee, which also makes a difference to how merchants perceive the overall value of the platform's services.

Making the right infrastructure investments to be ready to scale

Even though Shopa seeks to be an asset-light model, it has a small fleet of delivery vehicles and invested in three separate warehouses to be efficient in distribution and meet their delivery times. They have been careful about execution risk, knowing which parts of the business operations they need to invest in and own to control quality and performance. Logistics-reliant businesses like Shopa's need to be able to generate or raise enough capital to expand its network quickly enough to scale and make the business model viable.

From sales team to salesforce: designing and structuring sales to scale

Shopa is systematic about its customer acquisition strategy, starting with a defined process for geographically mapping, enumerating, and onboarding MSE customers. It employs a hub-and-spoke model to cover geographic zones effectively and operationally ensure that the field teams are tightly coordinated with the sales and operations teams and that customers are moving along the acquisition-to-retention funnel. Although the Shopa founders are already quite experienced in sales and have developed a strong sales culture, we worked with them to structure and professionalize a salesforce that can expand. A growth stage startup needs to develop the hierarchy, design, and processes to have a talent structure that can scale with the business.

We designed and implemented four distinct areas that would set them up for growth:

A strong, positive, and competitive culture between branches to encourage higher standards and performance.

An intentional onboarding journey that digitizes customers, from ordering face-to-face to ordering over the phone and eventually via the app. While 80% of sales transactions are initially conducted over the phone, Shopa is deliberate about how it supports and transitions customers to the app over time and increases adoption of ordering over the app.

Building the next generation of sales leaders to decentralize the work of the sales director and groom talented individuals to move up in the organization.

A sales dashboard that enables Shopa to understand its operations and performance in detail, and tracks sales volumes on a week-to-week and month-to-month basis to diagnose challenges and identify sources of success.

Automation to make processes more efficient and scalable

It was critical to move Shopa beyond semi-structured spreadsheets into more structured systems that could automate manual processes and create a Redash dashboard that provides analytics in real time. We also supported Shopa to convert its manual process of inventory financing and integrate it in their merchant app. To automate the credit feature, we helped Shopa build a seamless digital experience with clear language and messaging, accessible information, a lean product browsing experience, and clearer upfront value proposition for entering orders into the system.

Maturing stage Venture scaling

Key characteristics of a maturing-stage startup

Given that our goal is to help early-stage and growth-stage startups achieve maturity, we conducted desk research and interviews with portfolio companies to capture the characteristics of startups that have graduated to the maturing stage. These are presented in Table 3.

Table 3. Characteristics of a maturing-stage startup

	CATALYST FUND	svb Silicon Valley Bank	Y	andreessen. horowitz	First Round Review	Harvard Business Review	EY Building a better working world	BRIAN BALFOUR
Growth lever	IDC Venture Scaling	Silicon Valley Bank: "Late Stage"	Y Combinator: "Scale"	a16z (not applicable to stage)	First Round Review: "Larger Leaps & Bigger Bets"	Harvard Business Review: "Resource Maturity"	EY: "Scale Up"	Brian Balfour: "Growth"
Products	Completely de-risked portfolio, growing into new markets	Experiencing significant growth	Little to no risk		Expand focus categories or product offerings, take bigger risks and reap greater rewards	Engage in detailed operational and strategic planning	Product replication	Turning up growth levers
Customers	Organic and sustained growth	Organic growth or acquisition			Become a category winner, serve new customer segments			Volume: firehose
Marketing/ Sales	Referrals	Looking for expansion opportunities			Expand to new metropolitan areas or internationally		Market of markets	Scaling into more than one proven channel
Technical/ Operations	Fully-connected business intelligence tools, data-driven teams	Measuring performance, not just potential			Beyond optimization: jump platforms or tap into a new platform shift	Systems are extensive and well developed	Focus on organization	Metric: growth rate
Team	Multiple layers of hierarchy, autonomous teams.	Completely staffed	Hundreds to thousands of employees, hiring across all roles, nearly all specialized		Startup within a startup	Expand the decentralized management force quickly enough to eliminate the inefficiencies that growth can produce	Employees: 20+	Multiple layers, departments, decentralization
Business/ Financials	Series B and beyond	Considering an exit or IPO	Raised multiple tens or hundreds of millions of dollars, considering the IPO		Acquire companies	Consolidate and control the financial gains brought on by rapid growth	Revenue: $1M+	Optimization: micro, CPA<LTV, payback >3 months

Maturing-stage case study

Oze

Oze is by far the largest company in the IDC portfolio and the one that most resembles a growth-stage company taking on some of the features of a maturing-stage venture.

Oze has been operating since 2018, and had registered well over 100,000 customers in Ghana by the time they exited the IDC Accelerator program and successfully raised its pre-series A funding in early 2022. In 2022, Oze commanded an even more significant customer base in Nigeria, with almost 150,000 registered users.

As an organization, Oze already had a sophisticated understanding of their target customers, an advanced approach to behavior change, and was applying a human-centric and inclusive mindset to the design of their products and services and a data-driven approach to their business.

Oze was one of the few companies in our portfolio that had segmented their workflows to manage the customer journey from acquisition to activation to customer success, and that also had a data scientist on their team. As a result, the IDC venture specialists were very careful to set the right scope of work with Oze for the accelerator engagement to meet their roadmap priorities and position them to succeed on their ambitious growth trajectory. To do this, we used two key levers from the growth framework. First, we shifted their focus from customer acquisition to customer revenue generation to pursue financial viability and, second, focused on change management to decentralize and streamline their product roadmap and development processes.

Targeting revenue-generating customer segments
We worked with Oze to build out their data infrastructure to make their data centrally accessible and scalable for future growth. This involved a series of integrations to connect their digital marketing data sitting in Mixpanel to acquisition, activation, retention, and revenue data that were migrated into Redash.

This allowed Oze to monitor and better understand the pathways from acquired to revenue-paying customers, and the effectiveness of new product features and offerings. By looking at the behavioral attributes of the desired customer segments, that is, revenue-paying customers, and following their data trail from "start to finish" along the customer journey, Oze was able to target the attributes in their marketing approach of new customers that would likely become paying customers. Insights into revenue-generating customers led Oze to shift its significant marketing budget from digital marketing on Facebook to investing more in referrals and a field-based acquisition model. Understanding how and where freemium users converted to paying users also helped Oze refine the different levels of their offering and increase the uptake of paid subscriptions to their service.

Diversifying revenue streams through other business lines
In addition to their subscription-based revenue, we also worked with Oze to identify the revenue opportunity of their payment service. Since payments have a variety of applications, it is critically important to analyze each one. We helped Oze identify five different types of payments in their business, each of which had to be analyzed individually and harmonized in an overall payments strategy.

The analysis of the payments landscape and payment types ultimately clarified the importance of payments as a revenue stream for Oze, and helped the team prioritize a payments integration in its offering. We also developed a parameterized business model that shifted financial projections from a fundraising tool into a decision-making tool for proactive analysis and scenario modeling. This is important for how Oze will approach expansion into new markets while maintaining traction in Ghana and Nigeria.

Building levels and processes into the organization
Oze's team also grew quickly, adding another 23 employees by the end of the IDC program. To manage this growth of talent, Oze needed to create more organizational hierarchy and shift to a set of scalable processes driven by trusted senior team members. Until recently, Oze did not have clearly defined roles for the product owner, nor a designated scrum master nor lead designer that could balance responding to tickets and developing the desired product features that would allow the team to implement their roadmap. IDC's tech and data expert stepped in to become Oze's scrum master while developing the capacity of a new team member to eventually take over this role.

This overhaul of Oze's product development process was certainly not easy. It took several months and, understandably, faced internal resistance and skepticism. In the end, Oze stuck with the process and came to appreciate the value of a scrum master helping teams work more efficiently, as well as the well-earned satisfaction of meeting sprint objectives and deadlines in a way that Oze had not done previously.

As a result, the redesigned development process employed more mid-level team members, freeing up executives to focus on fundraising, setting company strategy, and creating the space for the organization to scale.

How can startups diagnose growth?

The IDC Startup Growth Scorecard

The IDC Startup Growth Scorecard can help to diagnose which stage of growth a startup is in. To complete the scorecard below, follow three simple steps:

1	2	3
Rate how strongly you agree with each descriptor in the matrix (1=strongly disagree, 5=strongly agree) and record it in the corresponding cell.	*Add up the responses in each column and record the sum in the cell at the bottom of that column.*	*Compare the sums of each column to the following ranges to diagnose growth in each stage:* **[28–35]** *Achieved* **[18–27]** *In progress* **[7–18]** *Currently out of reach*

In addition to this overall assessment, you can also examine individual rows that fall within the "in progress" stage. This will help you to identify blockers to growth (i.e. the lowest scoring row in the "in progress" column) and develop a strategy to remove them.

More specifically, you might identify two categories of blockers to analyze:

1. **Primary factors,** which are connected to short-term growth, can be modeled as milestones using the S-Curve methodology presented in Chapter 5. For most startups, primary factors include the following growth levers: products, customers, marketing/sales, and business/financials.

2. **Second-order factors,** which are an investment in longer-term growth, but may not have an immediate impact (i.e. they are underlying drivers of the primary factors). These effects should be tracked using business intelligence tools (e.g. the pirate metrics mentioned earlier) to understand when milestones are occurring. For most companies, second-order factors include the tech and data stack, operations, and team.

The IDC Startup Growth Scorecard

Table 4. The IDC Startup Growth Scorecard for diagnosing growth						
Growth lever	**Early stage**	score	**Growth stage**	score	**Maturing stage**	score
Products	Currently testing PMF		Has a proven product in the market (achieved PMF) and is now seeking to scale		Has a completely de-risked portfolio of products and is expanding into additional markets and jurisdictions	
Customers	Focused on understanding what is accessible, affordable, and appropriate in the market		Focused on reaching many new customers in a few well-defined, data-driven segments		Experiencing organic and sustained growth	
Marketing and sales	Focused on acquiring and activating customers via pilot programs and partnerships as entry points to the market		Retaining customers and drawing revenue from them via marketing campaigns that use top channels proven by historical data		Lead funnel is running in an optimal manner; organic referrals are driving adoption	
Tech and data stack	Working on getting basic instrumentation and reporting in place		Drawing business intelligence from across products and integrations to inform data-driven optimization		Completed a fully-connected suite of business intelligence tools	
Operations	Running lean experiments to iterate the product and create an MVP / MLP		Have standardized processes and a suite of tools; expertise democratized via knowledge management tools		Teams are acting autonomously across a suite of products based on deep, data-driven insights	
Team size and composition	Team consists of founder(s) plus a few curious generalists		Have added or currently adding a layer of non-founder, specialized leadership		Multiple layers of hierarchy in place; managing multiple lines of business	
Business and financials	Business is focused primarily on bridging the financing gap between a working prototype and PMF; have raised a small round of funding (e.g., $100k) at most		Revenue positive, with significant (e.g., 6–24 month) runway; aiming for a more formal (e.g. $1M+) round of investment to drive growth		Profitable and aiming for substantial (Series B and beyond) investment to drive growth across markets and jurisdictions	
Total scores						

Growth Milestones Worksheet

After completing the IDC Startup Growth Scorecard, use the worksheet below to fill in the milestones that you have identified as priorities for your startup. These milestones will serve as reference points to model your S-curve growth projection in Section 5.

Growth lever	Direct milestone (connected to short-term growth and triggers the growth cycle in the S-Curve)	Indirect milestone (connected to growth but will not have an immediate impact on the S-Curve)
Products	*[Example: Investing in a new feature based on primary user research, to advance toward PMF.]*	
Customers	*[Example: Acquiring customers via a partner that serves a market segment that has proven particularly active on your own platform.]*	
Marketing and sales	*[Example: Doubling down on an acquisition channel proven by the pirate metrics data to maximize retention.]*	
Tech and data stack		*[Example: Launching Redash as a business analytics tool to surface customer lifecycle insights from a data warehouse.]*
Operations		*[Example: Implementing Scrum methodology within the engineering team's processes.]*
Team size and composition		*[Example: Hiring a Head of Product and a Scrum Master to streamline iterative, lean product development.]*
Business and financials	*[Example: Closing a US$1M Series A round.]*	

How can startups benefit from these insights?

Applying granular insights from the IDC Startup Growth Scorecard can provide concrete recommendations to move your startup to the next growth stage. By acting on these recommendations, startups can not only reap the benefits of overall growth, but also the growth of their product and customer base.

To provide a concrete example, Tables 5 and 6 capture the effects of intentional growth observed among startups in the IDC Accelerator that were entering, occupying, and moving beyond the growth stage.

Table 5. Effects of intentional growth observed among startups in the IDC Accelerator

Hiring mid-level **management**	Documenting & democratizing **knowledge**	Formalizing & enforcing **processes**	Optimizing **tech & data** for scale	Growing & offloading via **partnerships**
Specialist roles that relieve pressure on generalist founders/ executives, especially the CEO who juggles multiple roles	Centralized sources of information that reduce dependence on long-time team members.	Processes to share workloads and delegate as the team becomes too large to be managed in "all-hands" standups	Evidence that can be used to make decisions as the ability to meet with customers one-on-one diminishes	Once PMF is achieved, the focus can shift to building what the company does best at scale and buying the rest
» Product Owner/ Senior Product Manager » Scrum Master » Senior Designers » Engineering Manager » Head of Business Analytics/Senior Data Scientist » Senior Financial Officer/Scenario Modeler » Senior Partnerships Lead » CMO/Senior Marketing Lead	» Organizational chart » Vision and values » Customer journey/ Service blueprint » Data dictionary, Entity Relationship Diagram (ERD) » API documentation » List of third-party tools and functions » Business model canvas » Architecture diagram	» Objectives and key results » Agile/scrum-based development » Lean product design » UI/UX design » A/B testing » Parameterized financial models that investors and internal decision makers can use for forecasting and scenario modeling	» Tidy, sanitized, consolidated data » Audit integrity of queries » Product-centric dashboards (e.g., pirate metrics) » Development sprints » Dedicated quality assurance team (i.e., does not hold up development) » Dedicated integrations team for partnerships (e.g., payments, transactional data)	» Seeking partnerships with: banks, payments providers, fast-moving consumer goods (FMCG) » Establishing inter-portfolio partnerships » Hiring senior partnership people with credible reputations and depth of networks

Table 6. Effects of intentional growth observed among startups in the IDC Accelerator

COMPANY

Hiring mid-level **management**	Documenting & democratizing **knowledge**	Formalizing & enforcing **processes**	Optimizing **tech & data** for scale	Growing & offloading via **partnerships**
» Avoids founder burnout » Removes bottlenecks » Leadership makes multiple decisions in parallel » Greater autonomy	Time saved waiting for answers on internal product decisions, customer support tickets, and product teams	» Less "blame game" » Clear understanding of pinch points, causes, and resolutions	» More granular decisions » Less "whiplash" (e.g., introducing and removing features rather than iterating)	Deeper focus on core competencies

PRODUCTS

Hiring mid-level **management**	Documenting & democratizing **knowledge**	Formalizing & enforcing **processes**	Optimizing **tech & data** for scale	Growing & offloading via **partnerships**
Increased volume/ capacity of initiatives (e.g., three design sprints at once, partnerships vs. MSE teams, data v.s business vs. customer-facing teams)	Faster integration of new features, partnerships	Faster iteration of features	» More granular AARRR metrics » Data-driven features » Predictive analytics	» Increased reliability » Richer feature set » Reduced price

CUSTOMERS

Hiring mid-level **management**	Documenting & democratizing **knowledge**	Formalizing & enforcing **processes**	Optimizing **tech & data** for scale	Growing & offloading via **partnerships**
Richer, growing, and maturing set of available features keeps them invested in the platform rather than spending time and energy seeking alternatives	Faster support means deeper trust and relationship with the IDC platform, less need to keep parallel systems (e.g., paper in case tech is down)	Feels their voice is being heard, not waiting indefinitely for promised features (e.g., payments taking two years)	A more tailored experience means the tech learns about their business rather than spending valuable time training to adapt and learn the tech	Unified interface means less time and money spent managing tasks across products (e.g., payments here, inventory management there, access to credit over there)

How can startups model, track, and pursue growth in the real world?

Although it can be useful to understand startup growth in terms of distinct stages, real growth does not happen in step changes, but rather in complex, cyclical ebbs and flows as new features and strategies are introduced.

To assess these cycles of growth and then act on what you have learned, the following sections present a methodology that uses S-Curves to understand growth retrospectively. By looking back at how your startup has grown, you will be better able to project future growth and steer your company in the right direction to the next stage.

To illustrate how this works in practice, we have used empirical data from the IDC Accelerator portfolio, that has been stylized, to construct four archetypes of companies at different stages of growth:

A

Company A
an **early-stage** startup just entering their first growth curve

B

Company B
a startup that has graduated from the **early stage** and is beginning growth

C

Company C
a startup that has graduated from the **growth stage** and is **maturing**

D

Company D
a startup that is **mature** and has gone through several cycles of growth

For each of these companies, we present a traditional growth analysis using common growth metrics and highlight some of the challenges involved with this type of analysis. We then illustrate how the S-Curve framework can ease these challenges and provide a more granular set of actionable insights on both a portfolio and individual company basis.

Although the following examples include time frames for context, it is critical to note that each component of growth discussed in this toolkit is milestone-based, not time-bound. The valley of death, growth stages, and the IDC Startup Growth Scorecard all track growth based on characteristics that are independent of time. In other words, a startup can remain in a growth stage for any amount of time before advancing to the next stage.

A close-up look at the growth of four startups

Compound monthly growth rate or CMGR is a measure of the monthly rate of growth over a specific period of time and is often used to compare performance, as it provides a way to compare growth over time regardless of the starting or ending value. Table 7 summarizes the growth of four companies at different stages based on their CMGR at different intervals.

Table 7. CMGR for startup archetypes at various stages of growth

Company	A	B	C	D
1–6 months	60%	41%	67%	135%
1–12 months	40%	23%	27%	85%
1–18 months	32%	21%	21%	50%
1–24 months		16%	22%	37%
1–30 months		13%	21%	29%
1–36 months		12%	18%	28%*
Overall CMGR	28%	20%	18%	28%
Startup age	22 months	55 months	60 months	32 months

This value is from month 32, the last historical data available.

Since the time horizon varies for each company, we ordered them using a criterion that captures them all: CMGR over 24 months. The youngest company (Company A) is listed first since it has not yet hit the two-year mark.

At first glance, it is clear that one of the companies (Company D) grew at a considerably higher rate during the 1–24 month interval. The data is scrutinized further in Table 8.

Table 8. CMGR for startup archetypes at various stages of growth					
Startup	1st year vs. 1st 6 months	1.5 years vs. 1st year	2nd year vs. 1.5 years	2.5 years vs. 2nd year	3rd year vs. 2.5 years
A	3.9	2.8			
B	1.7	2.6	1.2	1.2	1.5
C	1.1	1.8	3.8	2.6	1.3
D	12.0	1.2	1.3	1.3	1.1*

This value is from month 32, the last historical data available.

The table shows that customers grew in multiples compared to the previous six months. Viewed in this light, Company D's story appears to shift. After experiencing dizzying growth in the first six months, it eventually stabilized at a significantly lower rate than the other companies. In the long term, Company D entered a "stabilization" phase while companies B and C still showed considerable growth rates at the three-year mark (10% semi-annually for Company D vs. ~50% and ~30% for companies B and C).

The complexity of choosing a metric or lens to understand a startup's history has implications for projecting their future. Some questions that may arise include:

Company A
What story can be told about Year 3? At what rate will they grow?

Company B
What caused an acceleration in the last six months of Year 3? What milestones will need to be met to maintain a reasonable growth rate?

Company C
Is there an opportunity to accelerate growth again, and what decisions would drive it?
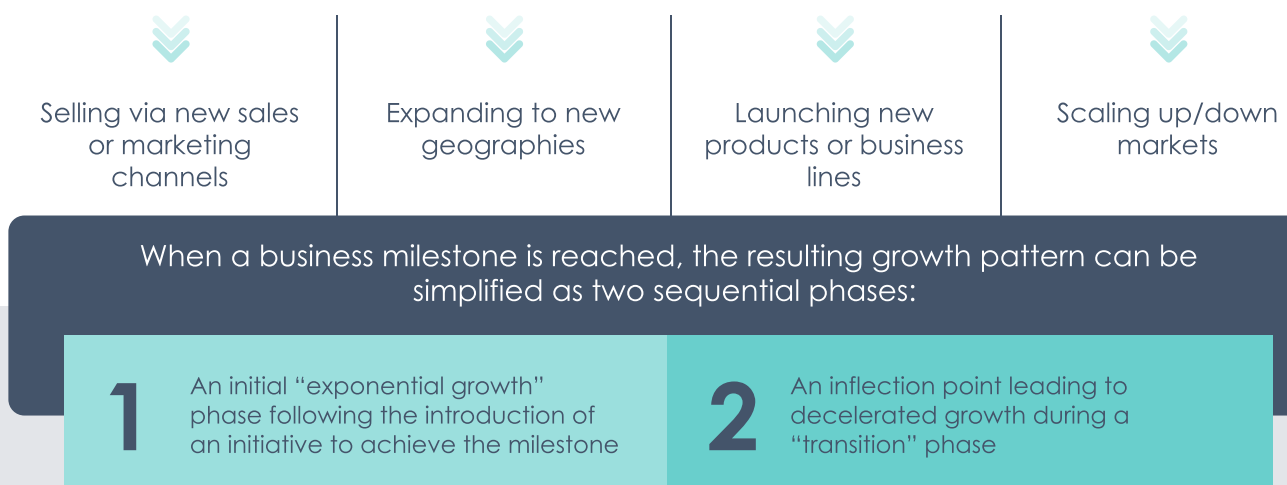
Company D
Should they project a similar rate as the most recently observed rate (CMGR month 31=7.14%, month 32=3.70%)? What caused the hyper-accelerated growth in the second six months? Did they have comparatively more capital and/or a "better" team executing the initial growth strategy?

Analyzing growth through **S-Curves**

While it is common for startups and some investors to use a growth rate or factor to analyze and project variables such as number of customers, this approach only provides some of the elements needed to assess growth in retrospect, leaving some questions unanswered and creating less accurate growth projections. Our experience shows that companies tend to use conventional techniques, such as projecting the average of recent growth rates or even moving averages to smooth out short-term fluctuations. The primary assumption of these techniques is that actual growth predicts future growth, which is often not the case.

For this reason, we propose conducting analysis based on typologies of growth curves, or S-Curves, instead. This approach uses well-defined milestones in the business plan and a product roadmap to compartmentalize the growth that has been achieved (e.g., number of customers as a metric). This makes it more intuitive for companies to assess their growth in retrospect and plan to achieve their future targets.

Examples of milestones that can serve as engines of growth include characteristics featured in the growth stages and the Startup Growth Scorecard:

Selling via new sales or marketing channels	Expanding to new geographies	Launching new products or business lines	Scaling up/down markets

When a business milestone is reached, the resulting growth pattern can be simplified as two sequential phases:

1 An initial "exponential growth" phase following the introduction of an initiative to achieve the milestone

2 An inflection point leading to decelerated growth during a "transition" phase

The shape of these two growth patterns form an S-Curve, as illustrated in Figure 3 below

Figure 3. The S-Curve illustrated. A solid line illustrates how historical data can be plotted up to a certain point, while a dotted line represents a quantitative forecast of growth driven by additional initiatives in the roadmap and corresponding milestones.
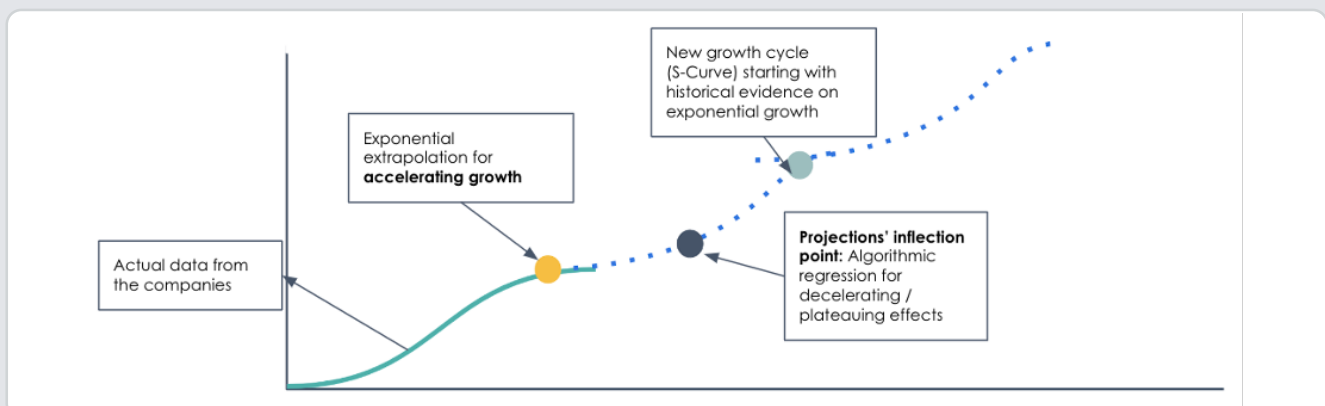
Several S-Curves could be created to capture the history and future of a business, product portfolio, and customer acquisition, and each S-Curve might be connected to a specific business milestone. **We observe a company that grows in aggregate when it jumps S-Curves by investing in new growth engines early.** Figure 4 below illustrates a real-world example of growth as several such milestones are met.

Figure 4. S-Curves in practice
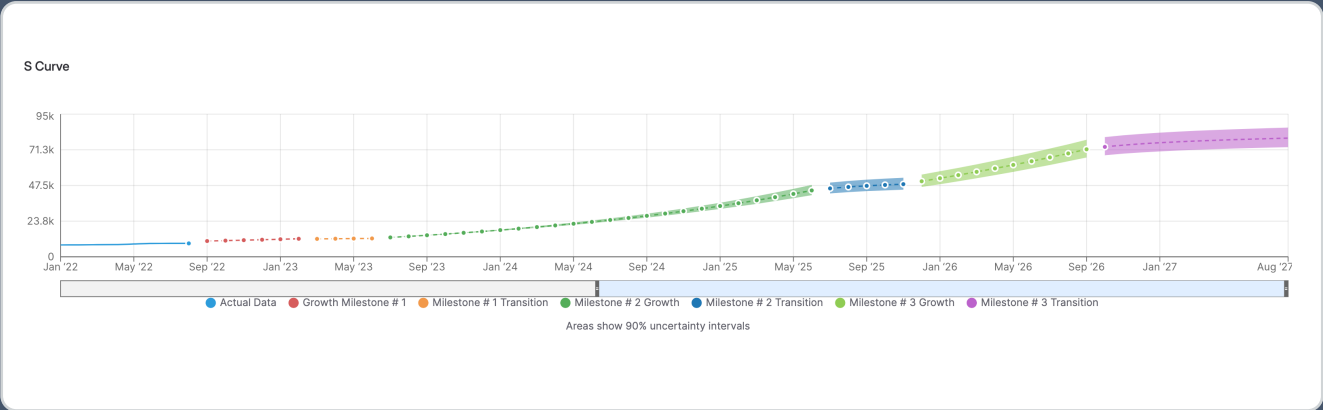
While this overview is sufficient for classifying the startup archetypes in this toolkit (and, therefore, a real-world startup), we recommend the following resources for further reading when applying this technique in practice:

The S Curve of Business: The Key Levers to Sustaining Momentum for Your Brand	Choosing the Right Path to Growth	Why S-Curves Are Probably the Most Important Concept in Entrepreneurship	A FinTech Journey: What to Consider when Growing from Start-up to Scale-up

The S-Curves approach in practice

Returning to the four archetypal companies that were analyzed with traditional CMGR and factor metrics, we can now apply the S-Curve approach to understand their performance on a portfolio or individual basis.

Table 9 shows the growth patterns of the companies from Table 8, but analyzed through the lens of the S-Curves methodology.

Company	Overall Time frame (months)	Upward slope Time frame (months)	Upward slope CMGR	Flatter section Time frame (months)	Flatter section CMGR	Upward slope 2 Time frame (months)	Upward slope 2 CMGR	Chart
Table 9. S-Curve analysis of startup archetypes at various stages of growth								
A	22	22	28%					
B	55	16	21%	15	5%	19	10%	
C	60	29	22%	27	2%			
D	32	9	126%	16	5%	7	5%	

Each row contains a sparkline illustrating a company's age and CMGR, which we can then analyze and color code with an S-Curve. In green, we depict the upward slope (growth phase) and in red the flatter section (transition phase). At the end, we show a graph that defines the "shape" of the startup's growth over time.

What do the S-curves tell us about the four companies?

Referring back to the four S-Curves and benchmarking against a 200% growth standard, there is only one company, Company B, whose curve illustrates a high-performing company and three companies, Companies A, C, and D that exhibit signs and periods of underperformance against an S-Curve trend. Interpretation of the underperforming S-curves could be as follows:

By analyzing growth through S-curves, companies can anticipate the strategies needed to create or prolong the exponential growth phase, or shorten the transition phase to begin a new cycle of S-curves.

Takeaway: S-curves provide an intuitive way to depict the growth stage of a company within its growth cycle and decide when to introduce new initiatives to kickstart growth and reach a new milestone.

Once companies slowed their growth, it took one year to start growing again. Company C represents an extreme transition stage that was perpetuated for more than two years.

Takeaway: Periods of stagnation have the **potential to provoke miniature valleys of death** as lack of growth may result in insufficient cash flow through steady revenue or inability to raise investment during the critical pre-revenue generation phase.

The three underperformers exhibit flattening of their S-curves which signals a phase of deceleration or decline of their growth engine. Companies need to be vigilant of falling into activity plateaus, which will be made evident from consistently tracking the S-curve of the company performance.

Modeling growth projections with S-Curves

Which projection method you choose depends on having a clear understanding of your company's current stage, future projects, and insights from your data.

In Figure 5 we present a model that uses the S-Curve approach, which, as mentioned earlier, is based on growth milestones and projected growth rates. Throughout the analysis we use Causal[1] as a modeling tool to illustrate the process.

While we focus here on the broader concept of fitting parametric S-Curves to historical data points in order to project growth, guidance on fine-tuning them with more detailed parameters can be found in this video clip. At this higher level, two different processes are used to make projections: one for creating an S-Curve based on the most recent actual data and another for creating subsequent S-Curves.

1 Causal, a financial modeling and analysis tool, provides an easy and dynamic way to make comparisons, charts, simulations, and scenarios simply by changing some impact variables in the project (drivers), using either fixed values or ranges.

Figure 5. S-Curve growth using historical data and projecting the forward curve
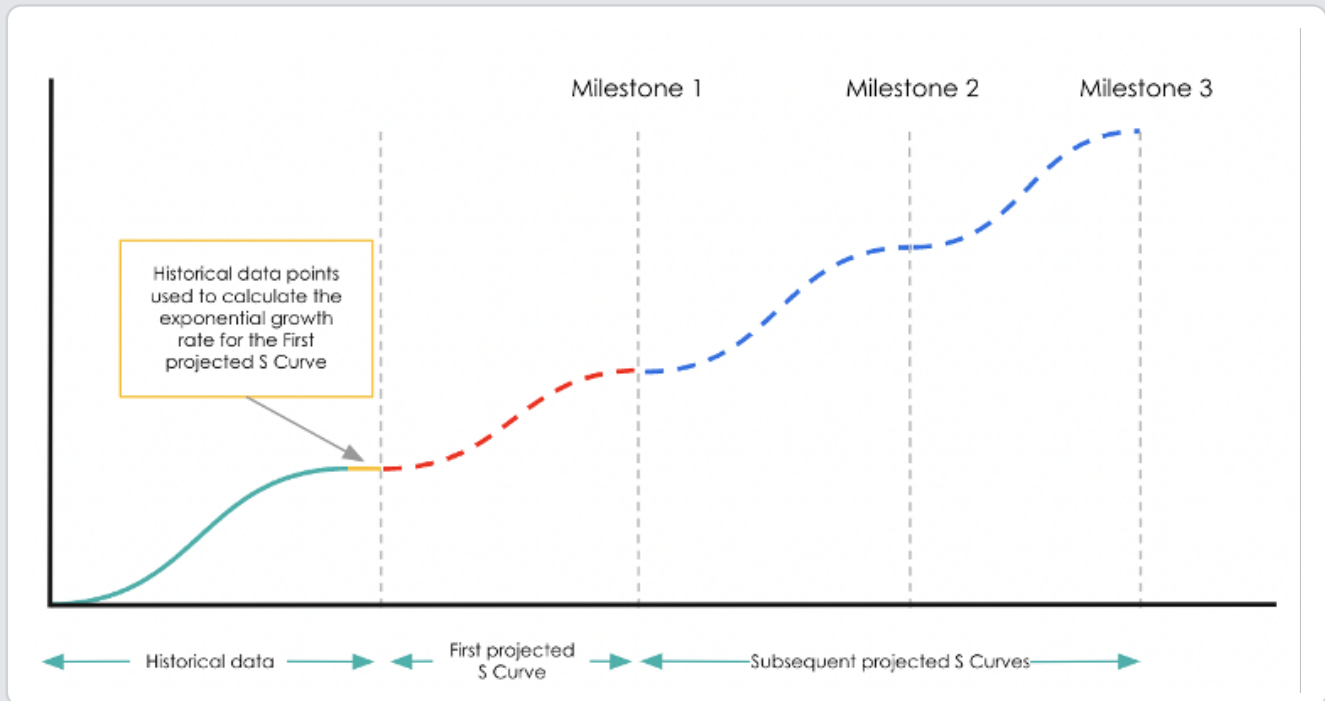
For the first projected S-Curve subsequent to the actual historical data, we rely on actual data points to calculate the growth rate that shapes the first trench of the projected curve.

The input drivers that we use to project the growth curve are categorized as follows:

Exponential growth phase start dates: The specific points in time when a new S-Curve begins and the exponential growth curve starts.
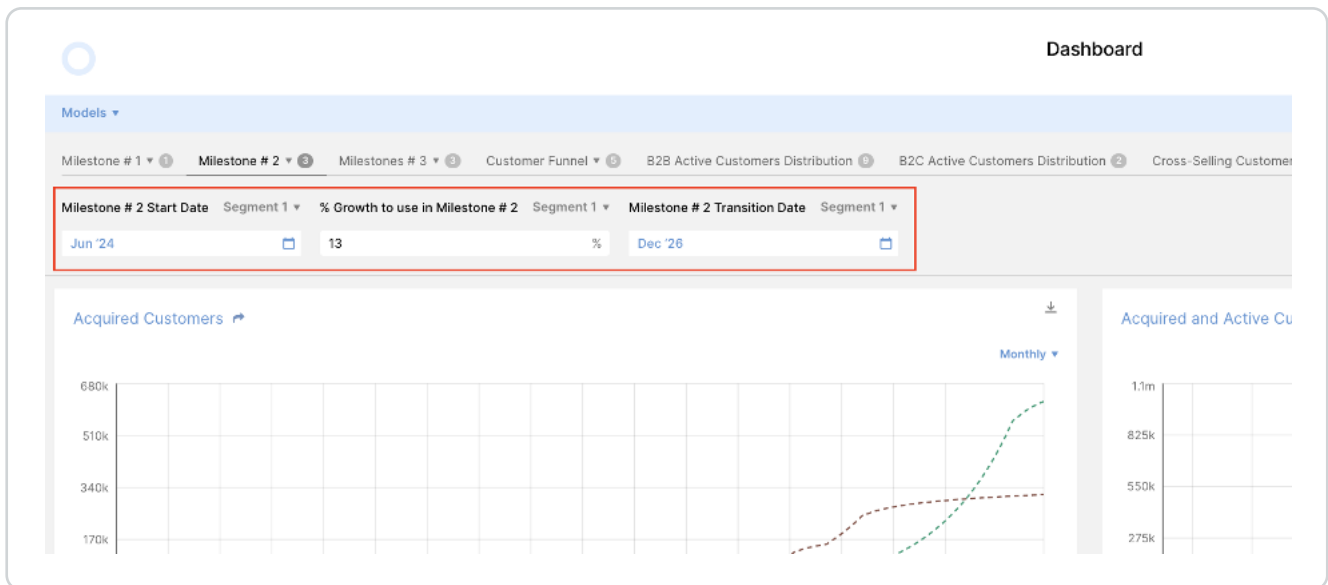
Transition phase start date: The point at which exponential growth ends and deceleration (the transition phase) starts.

Monthly rate of exponential growth phase: These establish how quickly the exponential growth portions of the S-Curve increase.

Figure 6. Parameterizing growth curves for one milestone in the journey of a startup using Causal


Since growth companies have a meaningful business history, we also relied on actual data points to calculate the shape of the curve in the exponential growth phase of the first S-Curve. To do this, we used the following as inputs:

1   Number of data points to use in the estimation of Exponential Growth Rate

2   Number of data points required for estimation of Transition Phase

Figure 7. Parameterizing growth curves to fit historical growth and project prospective growth using Causal
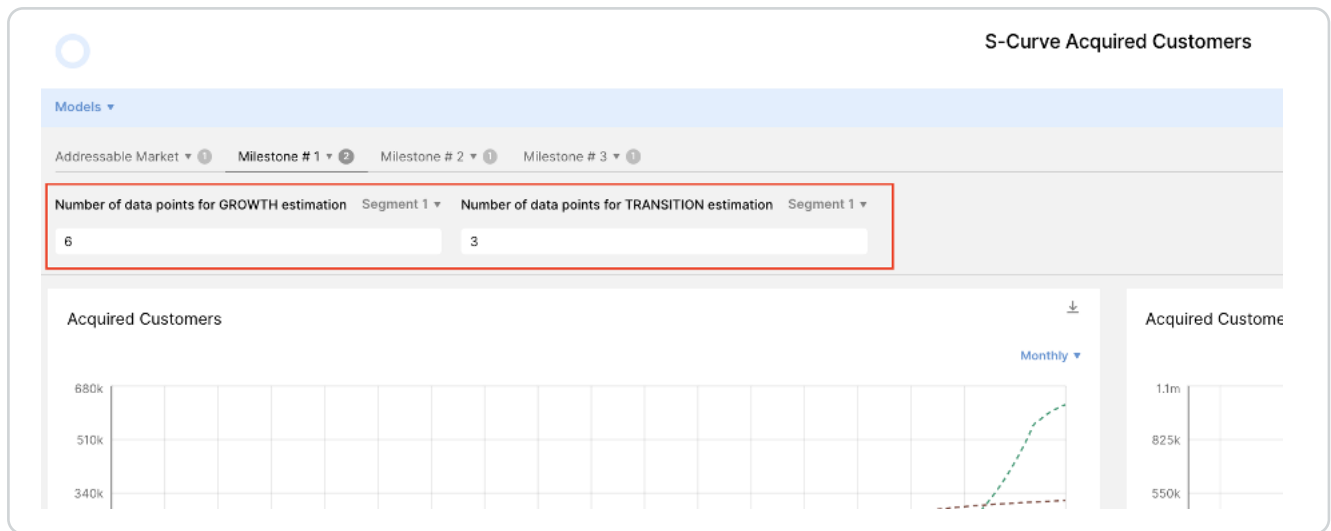
These variables allow growth acceleration to be set for each S-curve stage and the duration of this acceleration over time.

The model in Causal allows ranges to be used to define the growth variables. The outcomes are displayed as a full range of possible values around the average line, as shown in Figure 8 below.

Figure 8. The fully modeled, historical, and projected growth curve resulting from the parameterization
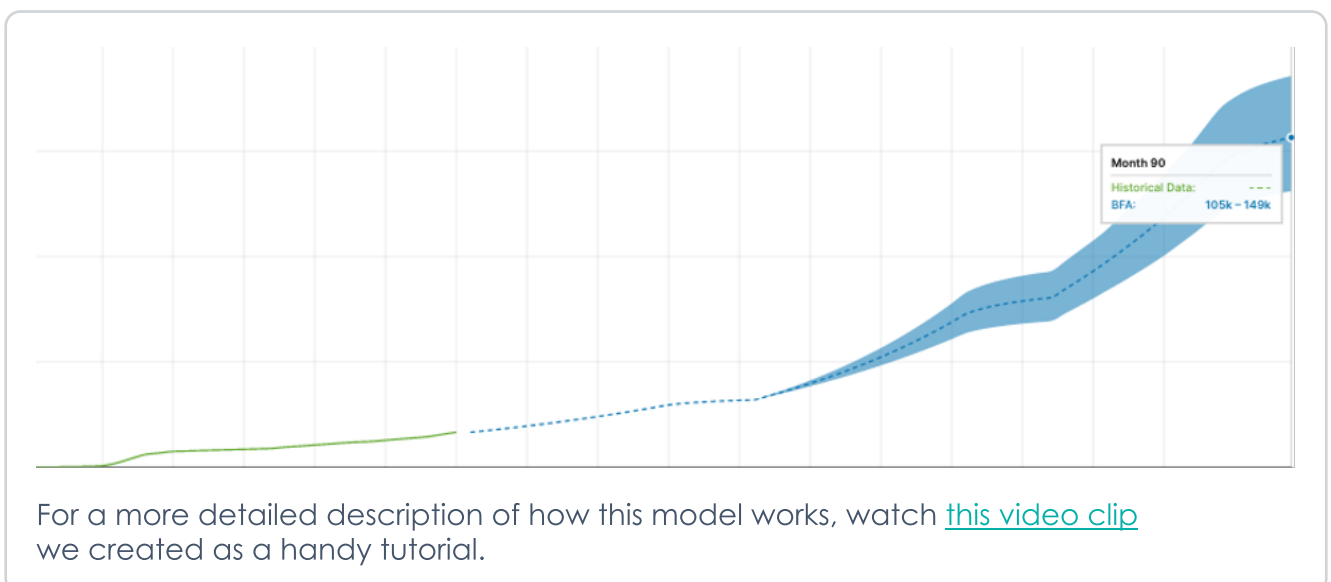
For a more detailed description of how this model works, watch this video clip we created as a handy tutorial.

Conclusions

Understanding the stages of startup growth and what it takes to move a young company to scale is not simply an academic exercise or a one-time assessment. Instead, growth stages are a practical tool that can offer insights into your business decisions, guide your team's daily activities, and inform short- and long-term planning. For founders navigating their company across shifting and complex terrain, growth stages can provide the north star they need.

We hope that the exercises and insights in this toolkit support you on this journey. **We encourage you to use the IDC Startup Growth Scorecard to rate, diagnose, and examine your company's progress and identify barriers to growth.** We invite you to reflect on how your decisions about growth are affecting your company, product, and customers. We also recommend that you integrate growth analytics in business modeling to steer your company through cycles of active growth and stagnation.