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Article

Building a Minimum Viable Brand – Best Practice for Startups

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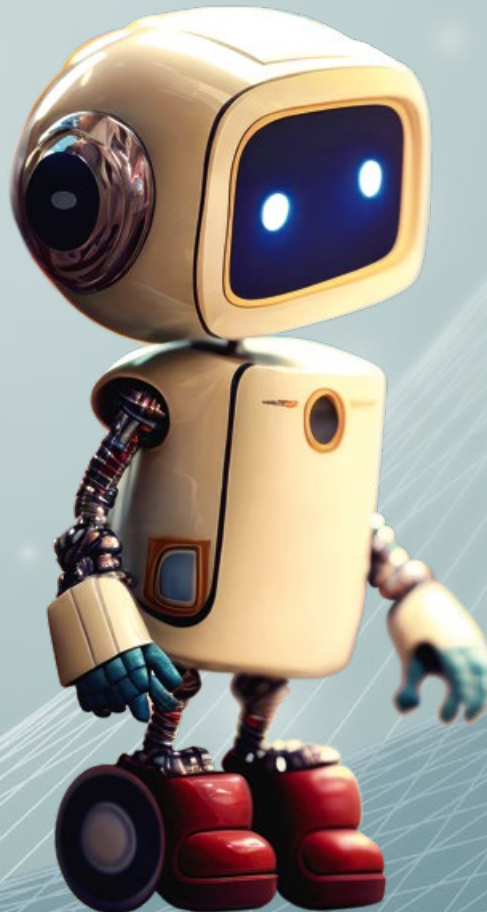
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Building a Minimum
Viable Brand – Best Practice
for Startups



Building a Minimum Viable Brand

Best Practice
for Startups

Based on a joint research project by venture capital investor Project A and the International School of Management, this article discusses the concept of the minimum viable brand and proposes a corresponding framework for early-stage ventures.

Dr. Simon Walter, Dr. Florian Heinemann, Prof. Dr. Philipp Haberstock,
Torben Wiesmann

Many people in the startup industry argue that ventures like Trade Republic, Zalando, Personio, N26, or FlixBus are strong, well-known brands because they represent well-run, successful businesses. However, the opposite is true: These ventures became successful because they were brand-conscious from the very beginning of their entrepreneurial journey and carefully built their brand from day one.

Although most entrepreneurs and academics agree that a strong brand is central to a startup's success (Amend et al., 2019), many founders still underestimate the relevance of brand and branding to their venture's commercial success (Mechenbier et al., 2019). They often overlook the importance of developing a brand from the very beginning, assuming that their usually limited budgets are better invested in product development or lower-funnel marketing activities that generate short-term revenue (Yohn, 2014). They sometimes argue that brand building has no immediate (measurable) effect on a startup's success, at least not in the early stage. A few even fear that brand development hinders startups' flexibility and speed (Bailly & Brenndörfer, 2020).

These beliefs and assumptions are in most cases wrong and thus often lead to errors that are expensive to fix farther down the line, in the company's growth stage. The later startups develop a genuine brand, the more financial resources they must invest to compensate for the shortcoming (Bailly & Brenndörfer, 2020).

A compelling brand positioning and brand identity can be equally central for success as a well-developed product in a company's early stage (Frank & Gebrezgi, 2019). But why are they equally important? And how does branding for startups differ from branding for incumbent companies? This article addresses these two questions, provides some fundamental thoughts on minimum viable brands, and offers a step-by-step

approach to how startups can build a successful brand from scratch.

Why Are Brands Important for Startups?

The reasons startups should build strong brands are the same as for established players: Through branding, companies communicate their beliefs and values, set themselves apart from the competition, and add value to their products, thus influencing purchasing decisions (Yohn, 2014). Companies that have strong brands usually achieve higher returns on investment than other companies do, are more resilient to changing market conditions, and recover more quickly from setbacks (Aaker, 1996). Nevertheless, the opinion that has prevailed in the startup scene is that brand building is not a top priority, especially compared to product development and performance marketing, so it can be relegated to the back burner (Mechenbier et al., 2019). For three reasons, this assessment is about to change fundamentally.

First, today's startups seldom compete only as disruptive challengers (brands) against incumbent organizations but instead typically compete against other startups that offer a similar product or service at a similar price. For example, the startups Voi, Tier, Bird, and Lime have almost identical micro-mobility offerings in many cities. Under such conditions, the brand makes the difference and can act as a barrier to entry for new competitors (Frank & Gebrezgi, 2019).

Second, focusing on the lower end of the funnel when entering the market was once sufficient, but performance marketing no longer works as well as it did a few years ago. The more a startup invests in such measures, the smaller the marginal returns. In such situations, branding and especially brand communication widen the addressable market and are the best way to compensate for the decreasing



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effectiveness of performance marketing (Bailly & Brenndörfer, 2020).

Third, in 2021, the advertising agency Jung von Matt published for the first time the German Startup Brand Ranking (Bailly & Brenndörfer, 2021). The idea behind this ranking is that the stronger a startup's brand, the bigger its differential effect on consumer response and the higher its financial value, which drives the startup's valuation. For most startups, a funding round is always ahead, so their brand and company valuations may be even more important than they are for established corporates.

These three reasons for changing startups' approach to branding show that branding is just as central to startups' success as it is to more established companies—maybe even more so. That the topic still does not rank high on many founders' list of priorities could also be because the established and learned concepts of brand management cannot simply be transferred to startups (Roshanzamir, 2018).

The Difference Between Branding for Incumbent Companies and Branding for Startups

Big corporations can easily follow the laws of brand growth by conducting extensive market research, working with the most renowned advertising agencies, and then spending the lion's share of their big marketing budgets in the upper funnel to address light users so they can achieve their reach and penetration goals (Sharp, 2010). Startups do not have the money and time for such a comprehensive approach; their economic realities are just too limiting (Bresciani & Eppler, 2010). Furthermore, most (at least most venture capital-backed) startup

Management Summary

The minimum viable brand (MVB) approach reflects early-stage startups' economic realities and enables these startups to identify their initial brand positioning quickly and with available resources. MVB covers only the brand's core elements and design assets, but startups benefit from having a genuine brand from the beginning that does not require compromising on agility. This approach increases the startup's chances for early success, as it ensures internal focus and alignment as well as external relevance and differentiation from the very beginning.

brands today are purely digital brands for which the traditional rules of brand management, which originate in large part from fast-moving consumer goods markets, have only limited validity (Morton, 2022).

Startups need a different, leaner approach to brand building and brand management that balances the efficiency that is essential for startups with achieving brand functions like orientation, inspiration, and distinctiveness. Furthermore, as business ideas and products may change frequently and radically in a company's early stages because of new information and market dynamism, startup brands must be positioned and designed in an agile and flexible way. Inspired by Ries' (2011) lean startup concept, these reflections lead to the idea of the minimum viable brand.

The Minimum Viable Brand Concept

Just as every product begins with an original prototype, every brand also has an initial version that can be called a minimum viable brand (MVB). The term MVB was introduced initially by Yohn (2014), who describes the basic requirements for a startup brand by transferring the minimum viable product (MVP) principles from Ries' (2011) lean startup approach to brand development, taking

the peculiarities of startup brands mentioned above into consideration.

An MVB can be defined as a company's first brand positioning and brand identity. It covers a brand's core elements and assets and provides a good balance of structure on the one hand and agility on the other hand. It is a lean version of a brand that ensures internal focus and alignment as well as external relevance and differentiation from the very beginning.

Although the purpose of a startup—why the venture exists and what it wants to achieve—does not usually change dramatically over time, the MVB concept allows a startup to continuously adapt its brand strategy to changing business models, market realities, and products (Garber & Fund, 2017). Compared to traditional branding practices, the MVB approach is less specific and, therefore, more pivot-proof. When a brand's positioning is too narrowly defined too soon, the often unavoidable pivots in the early entrepreneurial phase require too many of its scarce resources to reposition the brand (Frank & Gebrezgi, 2019). In addition, constant repositioning of a brand dilutes its image such that target audiences no longer know what the brand stands for.

Regarding the brand's target audiences, a startup's early success does not exclusively depend on clients but as much on attracting the right talents, partners,

and investors. For this reason, and because most startup brands are corporate brands—the product and the company have the same name—MVBs always aim to appeal to all of these vital target audiences to grow stronger and faster (Garber & Fund, 2017). By defining and describing a startup’s mission, brand name, values, and personality, an MVB serves as a common and inspiring symbol for what the team, investors, and partners want to achieve together and provides a

The MVB idea has been described by many, while a well-structured conceptual approach to developing an MVB remains lacking. Therefore, the venture capital firm Project A and the International School of Management (ISM) conducted a joint research project in 2021 in an effort to close this gap. The project involved in-depth interviews with founders, startup executives, business angels, venture capital investors, and brand experts. The insights gained

hensive brand model that takes too long to elaborate, hampering the startup’s flexibility and speed. Therefore, based on the outcome of the joint research project, Project A designed a fast, easy-to-use, and rather generic procedural framework for building startup brands from scratch (figure 1) and tested and tweaked it with portfolio companies from different sectors and industries (B2C, B2B, D2C; goods and services) over 12 months.

«The MVB idea has been described by many, while a well-structured conceptual approach remains lacking.»

guideline for how the company and its stakeholders should behave internally and externally (Yohn, 2014).

The MVB’s lean approach is probably the most cost-effective and time-efficient way to develop a new brand. Startups benefit from the advantage of having a genuine brand without investing a fortune or compromising their necessary agility. An MVB combines viability with the least amount of financial resources, time, and effort. The concept defines a brand as much as necessary and as little as possible.

were then validated and developed with a quantitative survey of more than 40 decision-makers from the European startup sector. The present article is based on this research project.

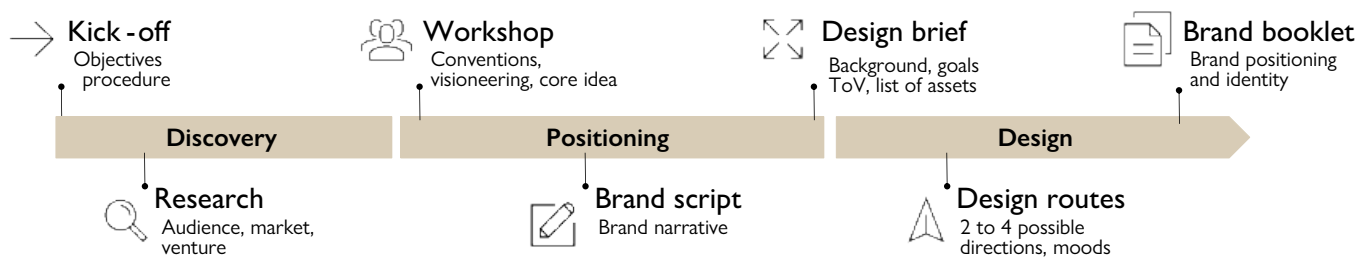
The interviews and survey results support the initially expressed opinion that many startups begin too late to build their brand. They do not exploit the potential of branding from the beginning and must invest more resources later to compensate for the shortcoming. The second common pitfall is using an unnecessarily sophisticated and compre-

The process is divided into three main phases: discovery, positioning, and design. To do justice to most startups’ economic reality, the process is designed so it can be completed—from the initial kickoff to the brand booklet—in just one month, although it usually takes a little longer. The next section describes the entire process in detail and illustrates it using the example of the early-stage startup ExpressGroup, a Project A portfolio company.

The Minimum Viable Brand Process at ExpressGroup

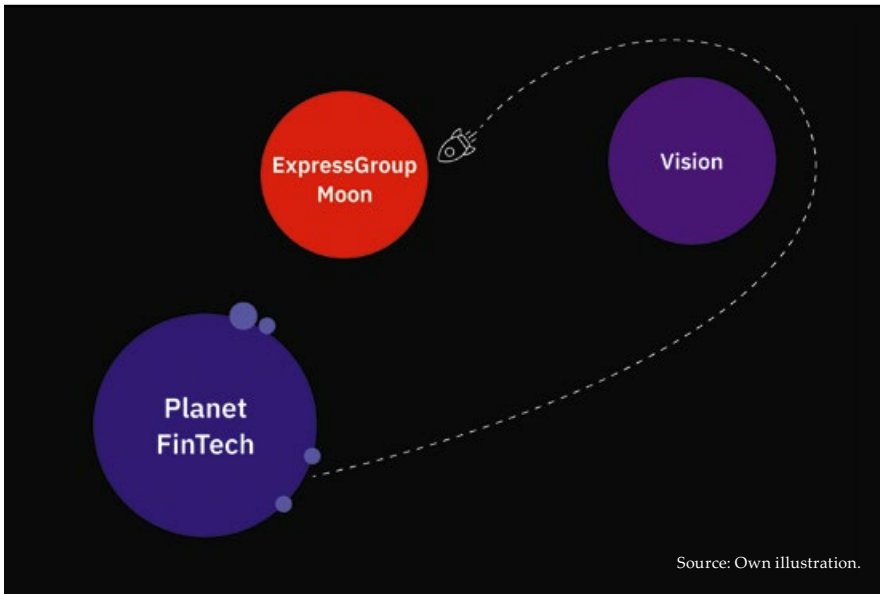
ExpressGroup is a Germany-based fintech startup that explicitly addresses the needs of the working class. Its first

Fig. 1: Minimum Viable Brand Development Process by Project A



Source: Own illustration.

Fig. 2: The Minimum Viable Brand Workshop Structure



Source: Own illustration.

product, ExpressSteuer, is a platform that offers a convenient data-input tool for users to provide basic tax information quickly. The platform then connects users automatically with professional tax consultants who handle the tax declaration on their behalf, thus simplifying and speeding up the process of doing taxes. More fintech products that address the needs of blue-collar workers are planned. In the summer of 2022, Project A and the founders of ExpressGroup developed the company's minimum viable brand, following the process outlined above.

Before starting the actual brand-building process, all parties involved in the project align on the objectives and deliverables in a joint kickoff meeting and discuss the information and materials at hand regarding the venture and its market. The kickoff meeting is followed by the discovery phase, which lasts about a week. Its goal is to develop an overview of the industry in general and the venture's business model in particular using research and stakeholder interviews. The results of the discovery

phase are summarized using the strategic triangle, a simple model whose three cornerstones are the target group(s), the competition, and the venture itself. The triangle area thus delimited forms the creative playground for the brand's positioning and marks the starting point for the creative brand positioning workshop.

The workshop lasts one day and can be done on site or remotely. Ideally, the founders, leading employees from the venture's various teams, and investors attend the workshop so their diverse perspectives and opinions can come together. As most startups aim to overcome their industry's status-quo in one way or another, the workshop methodology is rooted in the principles of disruption and covers the market conventions, the startup's vision, and the resulting disruptive idea (Dru, 1996).

The course of the workshop corresponds to a "journey to the moon" (figure 2): It starts on the "industry planet" with an in-depth look at the target audiences and the competition so as to identify the dominant logic that governs the "planet" and the market. Then the "spaceship" begins to fly around "planet vision". The goal of this part of the workshop is to gain speed from centrifugal force—that is, to think in a visionary way outside the industry's existing conventions. Eventually, the spaceship lands on the moon where, in the third and last part of the workshop, exercises like Sinek's (2009) Golden Circle are carried out to bridge the market's reality with the company's vision and come up with an initial in-

Main Propositions

- 1 A compelling and inspiring brand positioning and identity are central in a venture's early stage.
- 2 The traditional rules and laws of brand management have only limited validity for new ventures.
- 3 Startups need a different approach to brand building that better reflects their economic realities.
- 4 The principles of Ries' (2011) lean startup approach can be applied to brand management.
- 5 Minimum viable brand is a promising, because lean and agile, approach to startup branding.

spiraling and common understanding of what the brand stands for.

Since there is no need for early-stage startups to develop comprehensive theoretical brand models, it is sufficient to use the framework of an MVB project to find initial clues to the vital aspects of a brand's positioning, such as its values, belief, promise, or personality (Yohn, 2014; Garber & Fund, 2017). The framework deliberately differs from the well-known, fully comprehensive brand models and adapts them for startups (Abimbola & Vallaster, 2007). On this basis, the framework represents an intentionally simple and flexible

concept for startups> fast-changing environments. For this purpose, five essential questions are discussed in the workshop:

- (1) What does your venture do?
- (2) For whom do you do it?
- (3) Why do you do it?
- (4) What is your goal?
- (5) What sets you apart from others?

These questions do not have to be answered comprehensively in the workshop, as they are only a guideline for reflecting on the most critical elements of a brand's positioning and identity. Unlike in complex theoretical brand

models, the questions are as simple and generic as possible since an MVB is only an initial version of a later-on continuously adapted and expanded brand. Hence, the development process is short-term, fast, and deliberately rather universal.

The brand script is written in the next step, based on the workshop's outcomes. A brand script is an alternative to the often complex and fragmented brand models. It defines the brand positioning on one page as a narrative and serves as a basic brand manifesto, comparable to an elevator pitch. The script tells the brand's story and usually consists of

Fig. 3: ExpressGroup's Brand Script

The graphic is a dark purple rectangle with white text. On the left side, the title 'EXPRESSGROUP BRAND SCRIPT' is written in a large, bold, sans-serif font. To the right of the title, there are five sections, each with a bold heading and a paragraph of text. The sections are: 'People', 'Product', 'Personality', 'Purpose', and 'Promise'. The text in each section describes the company's values, services, and goals. At the bottom right corner, there is a small line of text: 'Source: Own illustration.'

EXPRESSGROUP BRAND SCRIPT

People
Society is divided. Not only by gender, ethnicity, or religion but still by social classes: The working and the upper class. Digital products make life easier, but only for those who run their bank account and tax returns already on their cellphones. For the rest, things pretty much stay the same or even worsen.

Product
ExpressGroup provides user-centric services that democratize the working class's financial services far beyond taxes. Our products are FinTech solutions that are accessible to everyone.

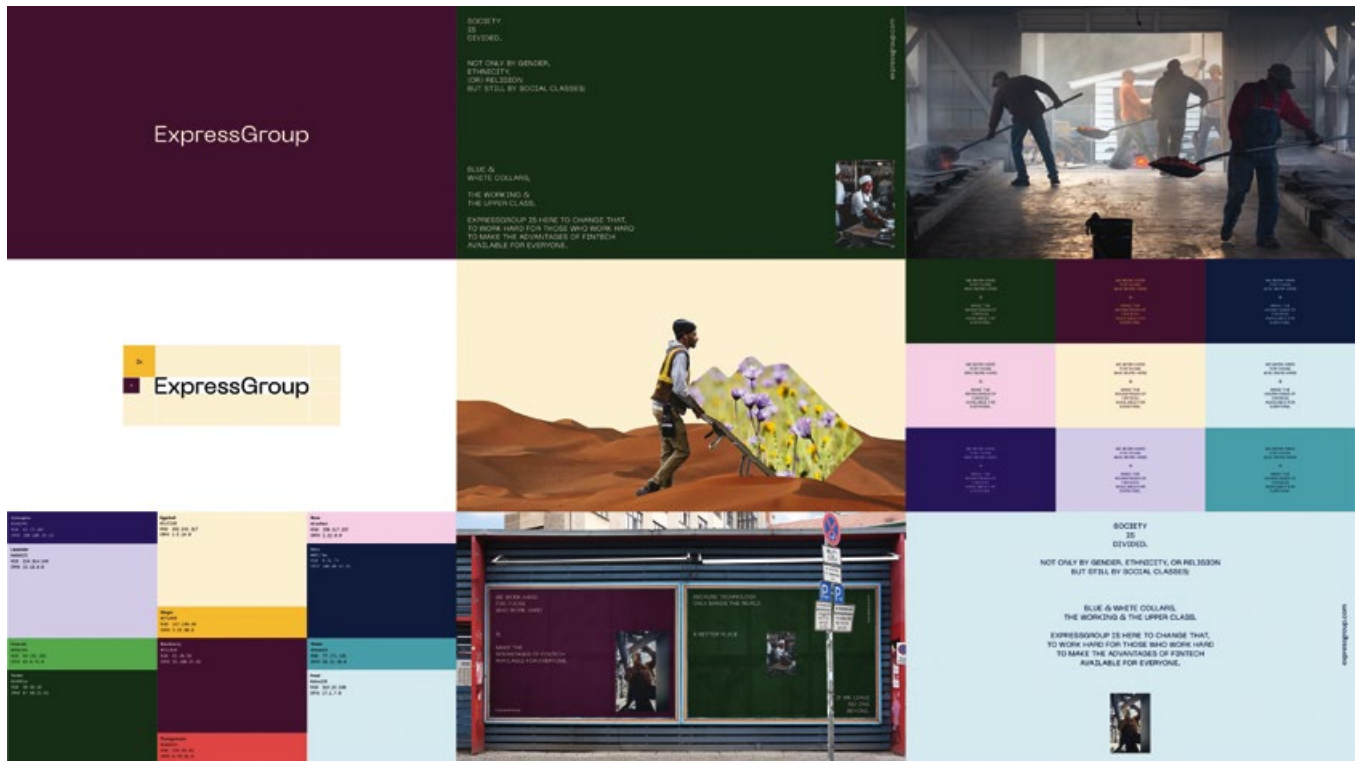
Personality
We are a conglomerate of entrepreneurs and tech innovators that are losing and winning together, a progressive and cultural interpretation of the working class. We are constantly challenging the status quo and are willing to go the extra mile – to give something back to the people that truly deserve it: Essential workers.

Purpose
At ExpressGroup, we strongly believe that technology only makes the world a better place if we **leave no one behind**. We are radically committed to our customer's success by constantly finding frictionless solutions: **We work hard for those who work hard.**

Promise
ExpressGroup makes the world of FinTech accessible to **everyone** – regardless of income, language barriers, or knowledge of the financial system.

Source: Own illustration.

Fig. 4: ExpressGroup's Visual Brand Identity



Source: Own illustration.

five elements or paragraphs that cover the five questions asked above in a consecutive manner: people, purpose, promise, product, and personality. The brand script developed for ExpressGroup is shown in figure 3.

Also, as part of this step, ideas for the venture's brand name are developed or, if already present, challenged. The objective is to develop a brand name with strong imagery, evoking clear and vivid associations among the recipients and effectively communicating the intended brand positioning, thereby establishing trust and credibility with the different target audiences. The brand name ought to be memorable, catchy, distinctive, available for use, and ideally, legally protectable (Langner & Esch, 2019).

«Experimentation is favoured over comprehensive planning and instant feedback over ongoing research.»

Lessons Learned

- 1 Startups must be brand conscious and build their brands properly from day one. The later they tackle the task, the more financial resources they will have to invest in doing it.
- 2 Early-stage ventures should not spend too much time and money on sophisticated brand models or comprehensive design systems but should follow a lean brand-building approach that focuses on the essentials.
- 3 A brand is never perfect or finished. Much like product development and business design, branding must be an ongoing loop of testing, measuring, learning, and adjusting.

In the last step of the positioning phase, a short design brief is written that also includes the brand's tone of voice and the list of brand assets needed (e.g., logotype, typography, color scheme, symbols, picture language).

Then the project proceeds with the design phase, which develops the visual brand identity based on the brand script and design brief and lasts about two weeks. The design team first outlines two to four possible creative routes and moods. Then these design directions are discussed and evaluated with all parties involved until the most promising design route is identified and worked out. Finally, the brand script and the brand design are summarized in a brand booklet that provides the first guidelines of the newly created MVB and how it can be applied. Figure 4 shows examples of ExpressGroup's visual brand assets.

Conclusion

Besides the example of ExpressGroup, Project A recently conducted MVB projects for different other ventures such as Evernest (prop-tech, B2C), Andercore (civil engineering, B2B), Netspeakgames (gaming, B2C), Ello (ed-tech, B2C) or Root (climate-tech, B2B) – to name a few. All these projects demonstrate that a promising initial brand positioning and design can be developed in as little as a month using the framework presented here. However, brand positioning and identity are only one side of the coin, as the implementation is equally important: The brand must be brought to life internally and externally, mainly through communication and consistent brand behavior, as only then the potential of a strong brand can be realized. Of course, which measures and touchpoints make sense in a specific case depends on the industry (B2B, B2C, D2C), the venture's business model, its go-to-market approach (pioneer or fast follower), and

its attitude towards branding in general (Bresciani & Eppler, 2010). However, in most cases, a website, profiles in the right social media, and content marketing are the minimum requirements to start communicating the brand. For all these measures, the brand booklet is a good starting point.

As soon as the brand is lived and communicated to the outside world, the venture will know whether its brand purpose provides sufficient decision-making guidelines for its management team, whether the right employees will be attracted by the brand's values and personality, whether the chosen proposition is relevant to investors, whether the target audience

is large enough to generate the level of demand required, and how well the messages and measures that were used are working. Based on these answers and insights, the MVB is iterated and improved over time, as a brand is never perfect or finished. Much like product management or the lean startup concept, minimum viable branding must be understood as an ongoing loop of testing, measuring, learning, and adjusting: Experimentation and ideation are favoured over comprehensive planning, iterative design thinking replaces sophisticated design systems, and instant feedback is used instead of ongoing research. This path is the path to success in branding that increasing numbers of founders are taking. ■

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