



# **Startup Community Next<sup>\*</sup>**

**A founding discussion document**

Dan Khan  
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*(\* Note: Startup Community Next was the original name at founding for what later became Positive Sum DAO. It is kept here and throughout this document in it's original form for posterity and as a piece of DAO history!)*

## Notes about this document:

This document is a living document and intended to be a collaboration between a number of people.

Although the primary author is Dan Khan (who for the time being will approve/integrate any changes), we are inviting others to get involved and help shape this document (and the project) during its founding stages.

There are a few options for participation:

1. **Contributor:** This is where you are able to provide significant input and value to help co-create the project.
2. **Supporter:** This is where you're happy to support the vision and community, but don't have the capacity to commit to advancing the project more significantly as a contributor yet (by participating in a working group for example).

**We are actively looking for founding contributors who believe in the vision and want to participate in defining the direction and roadmap of this project.**

Please email [dan.khan@gmail.com](mailto:dan.khan@gmail.com) if you wish to get involved.

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# Introduction

## What is Startup Community Next?

We all know it takes a village to raise a startup.

Welcome to the new village.

Startup Community Next is an experiment in building an explicit values-aligned community of startups, operators, and community 'enablers' who collaborate to help new startups grow, and who capture that value across the community for the long term.

This community is intended to operate as a DAO on the blockchain, and will be owned, operated, and collectively governed by its members.

Operating as a DAO allows community contributors to participate in an internal economy whereby value-accretive behaviours such as operating the DAO and helping startups form, grow, and connect to the different forms of capital they need for success (financial, human, network, social, knowledge, etc), are all rewarded, such that we all share in the collective upside as the community grows.

Just like you'd get equity for adding long-term value to a startup, think of participation as having 'community equity', whereby you get value by adding long-term value to the community instead. Like startup equity, this community equity can have real financial value based on how successful we all are at growing the community treasury through shared assets and aligned revenue generating activities.

## What is Startup Community Next's vision?

*"Our vision is to be the world's largest active decentralised peer-to-peer community of startups, mentors, and startup community "enablers" who help each other create unfair advantage through our networks, knowledge, and know-how, and who all hold a long-term vision to build and operate shared assets that add collective value to the community as a whole."*

Web2 was all about building products and then building community around them.

Web3 is fundamentally different, it's about building communities centred around shared values and culture first, and then building aligned products and services which create shared value for everyone in the community.

Whilst many people peering into Web3 might think it's about making money off others, we believe that can't be further from the truth.

Web3 is a set of enabling technologies that at their core enable a peer-to-peer world to operate on foundations of openness, transparency, and with shared value at its heart.

We believe the future of work this technology is enabling is about understanding your own personal value, how you want to share that value with others doing the things you love, and how you can collectively accumulate long-term value through helping each other succeed.

Startup Community Next is about that spirit of service to others, and paying it forward. Instead of working for a company where you might get a share of equity, think of it as getting equity in the community, such that as we all create value in the community, and it is captured, everyone prospers, creating a more virtuous circle for all.

Our vision is to be the world's largest active decentralised peer-to-peer community of startups, mentors, and startup community "enablers" who help each other create unfair advantage through our networks, knowledge, and know-how, and who all hold a long-term vision to build and operate shared assets that add collective value to the community as a whole.

At its core it's an open social network and friendly community of founders, operators, investors, and other supporters who share a spirit-of-service to pay-it-forward and help each other be more successful.

But much more so than this, our longer-term goal is to outwardly provide open fellowship and access to the resources, capital, networks, and support necessary for founders to be successful.

These collective products, programmes, and services will be built, owned, and operated by the community to facilitate and incentivise long-term value creation for the rest of the community.

## **Why Startup Community Next?**

We believe that entrepreneurship is one of the biggest ways a person can have an outsized impact in this world.

It's a journey fraught with challenges and unknowns for new founders, requiring individual energy and resilience to navigate your way through it, leaning heavily on those who have done it before to provide support, education, and guidance.

Whilst this collective and collaborative value creation is key to most successes, the value captured throughout this journey is not entirely equitable, being mostly distributed to founders and funders, rarely recognizing value-added by the community.

Why? Because, most startup communities unwittingly encourage a zero-sum game.

In a zero-sum game, for someone to win others have to lose. Power and network access end up being centralised, and value accrues to a few rather than the many, even though the many created value throughout that journey.

Financial capital is valued highest in this zero-sum game, leaving social, network, and knowledge- capital, which are just as critical to success, as ultimate second-class citizens.

This second-class capital, valued mostly as goodwill (via people volunteering their time to organise and run events, mentor others, share their knowledge, making high value introductions, being an 'informal' advisor, etc) makes up the fabric of a connected and vibrant startup community, but more often than not, is pulled on freely, time and again, with little mutual value exchange and with little recognition when companies are successful.

Sadly, in many startup communities, entrepreneurship can be an exclusive club. If you're in you're in. If you're not, or someone deems what you're doing isn't worthy enough or doesn't have enough 'sizzle', you're often left on the outside trying your best to find a way in.

How many times have we seen founders running up against gatekeepers, blockers, and bad behaviour in the community, whether that's exclusive access to programmes or resources; or having unfavourable terms or unnecessary fees forced on them by investors because they have all the power; or even struggling to access those networks in the first place because someone else wants to control who you can and can't know regardless of whether you have relevant business with that other party.

We believe this isn't the way to create the companies of the future, at the cost of others.

Instead, we believe the next startup communities will be built on foundations of shared trust, openness, and a spirit of service and empathy for the journey; with shared and open community assets that anyone can access to get the knowledge, networks, and know-how they need to be successful; and where all value created is captured, and shared as 'community upside' across all of those who helped others get there.

Our goal, therefore, is to build a positive-sum startup community, whereby we improve the game for everyone; where we help each other get better at playing the game; and where participation in helping others create value is recognized, rewarded, and celebrated in ways that grow the long-term value and sustainability of this community.

## **What are the community's shared values?**

If you are someone:

1. Who is action-oriented;
2. Who has passion and empathy and journey of entrepreneurship;
3. Who has a strong spirit of service and desire to pay-it-forward;
4. Who favours cooperation over control;
5. Who wants to engage in an open and transparent way;
6. Who puts community first when creating value;
7. Who cares about growing others over growing their own egos;
8. Who engages in a positive and inclusive way, and;
9. Who plays a zero-sum game for the community as a whole.

Then this community is for you, welcome!

# Mechanics

## Why crypto and blockchain?

Cryptocurrencies, blockchain, and a raft of associated technology, collectively called Web3, is enabling so many new ways of thinking about how we build internet-native organisations.

This Web3 world is decentralised, ownerless, permissionless, and operating across a global network of computers with no single point of failure, and no centralised platform or actor who can change the rules part-way through the game.

Web3 runs on the blockchain, which effectively maintains a cryptographically secure, tamper-free, open record of every transaction ever made, in a publicly accessible distributed ledger.

Whilst blockchains can store any information, its primary use case so far has been to record verifiable ownership of digital assets or 'tokens' and link them to digitally unique 'wallet' addresses, and then log every transaction as fractional ownership of these digital tokens is transferred between owners.

These tokens or 'cryptocurrencies' have financial value attached to them as people buy and sell them to create a market, allowing people to speculate on their future market value resulting in huge gains and correspondingly huge losses (whilst there's still little regulatory protection for retail investors).

Whilst the major use case people have seen for these tokens have been purely financial, it's also created a use case where tokens are used to represent ownership in a community, allowing them to participate in governance of that community based on their share of token ownership. In this way governance rules are easily determined and enforced by code rather than any centralised authority.

Whilst tokenization of value (timebanking, trading services, loyalty programmes, etc) is nothing new, it's this intertwining of financial assets, shared governance, and the open, decentralised, permissionless infrastructure which creates an extremely useful platform to build communities on top of, since it not only gives the community a way to represent, encode, and store value, it also provides an offramp to easily interchange that community token into a fiat currency to represent real world value.

## What is a DAO?

A DAO is a Decentralised Autonomous Organisation: basically open code, running on the blockchain, codifying rules about how the organisation operates, trades value, and governs itself.

Think of DAOs effectively as online communities, powered up by bank accounts and governance.

Because DAOs are based on the blockchain, they can use a cryptocurrency token to represent a store of value or utility in the community. This allows communities to create and hold their own community treasury, 'mint' their own tokens, decide how those tokens are taxed and used, and ultimately use these tokens to reward participation and contribution towards the community's shared values.

As we've started to see over the last year with the explosion of DeFi (decentralised finance), finally the financial frameworks and tools (whilst mostly unregulated for now), are allowing communities to start capturing value through buying and selling these community tokens and converting them into real money through fiat offramps like crypto-exchanges.

## **How could the community treasury accrue value?**

Whilst the economic community use cases haven't been considered much further at this stage, manifold opportunities exist for how the treasury can be grown over time with a longer-term (financial) sustainability lens.

The first and most obvious is to sell community tokens in exchange for accessing some meaningful value or utility in the community in future.

Secondly, those familiar with Web3 will know that all blockchain transactions cost a tiny amount of real money called 'gas' to pay for the fractional computing power used to process the transaction.

It's also possible that the DAO could impose a tiny additional amount of 'community gas' on each transaction or specific value-adding transactions that goes back to the community to sustain its operations in the longer-term. If there's enough volume through these channels, this could provide longer-term liquidity and thus increase the price of tokens over time (token price = amount of liquidity / number of tokens in circulation). This is seen often in some cryptocurrencies as a taxation (c.f. reflection tokens) or a fee back to liquidity providers for providing stability to the market.

It is envisaged that certain products may be built by the community to capture some of this transactional value (making high-value introductions between members for example, or members wanting to show gratitude through 'tipping' other members for sharing their expertise, or hosting community sessions) and these products would facilitate the underlying 'community gas' transaction as part of its user flow through interaction with an underlying smart contract stored on the blockchain.

Thirdly, traditional paid for programmes, events, and services run by the startup community are another way to add value to the treasury - if the community ran paid startup programmes, say to help co-founders find other founders, or receive pitch feedback, or to join a community-operated incubator, or join a mentor mastermind programme, etc. entry could be gated by buying and 'burning' a set number of community tokens, which would add money into the economy, and also remove tokens from circulation, meaning more liquidity and fewer tokens, thus increasing the value of all other tokens in circulation (assuming there's a fixed number of tokens).

NFTs also present a new way of storing and representing non-fungible value which can be traded or sold to community members. These NFTs could have meaningful financial value such as getting exclusive access to new initiatives such as first right of refusals on certain investment deals, beta or premium access to new initiatives, events, or access additional distributions, access to presale whitelists, or earn passive income on their community tokens. The NFTs can be later sold by their holders when they no longer want to access those rights, and creates a secondary market - all meaningful value that increases the value of the treasury in the longer term.

Another obvious mechanism may be to run a community owned and operated investment fund (as a sub-DAO) which raises funds and invests into the companies our community helps create and are aligned with our values. The ventures, which may be incubated or supported by our community, could have novel mechanisms or terms which give back or buy community tokens in exchange for community services, as part of their formation, thus adding to the treasury value.

On top of these more obvious value accrual mechanisms that support the community's purpose, as with any real treasury, there are many economic products and financial instruments which can be used to increase its internal value through investments, lending, bonding, staking, and other means which may allow longer term increase of the underlying treasury.

Whilst the economic model and product/service roadmap needs further work and ideation, including ensuring any token issuance or investment is compliant with regulations, it's clear that the framework is here to enable ways of getting money into and out of the community, and ways to increase the currency's value for the long-term benefit of the community.

# Governance

## Who created this document?

Startup Community Next was ideated initially by Dan Khan [@LeanCTO](#), inspired by his article [Startup Community Next](#).

The DAO and associated community will likely be created initially by a possibly pseudo-anonymous founding team of community builders and enablers.

## Who owns Startup Community Next?

No one.

Startup Community Next will be DAO-governed.

All decisions will be formed by community members and made through consensus voting.

In the short term this will be by consensus of active contributors.

In the medium and long term (once a token is launched), this is intended to be made by governance token holders through snapshot voting.

## How will the DAO be governed?

When completely DAO-ified, community members will be able to submit proposals to the community, who vote on whether they are aligned with the mission and vision of the DAO and whether the DAO should formally allocate resources or add it as an active project.

As the community grows, proposals will use a progressive consensus mechanism, such that consensus builds from within a small group of people (interested in the proposal) and expands outwards towards the whole. Harder consensus will mean more formal methods of voting.

Whilst financial investment is one form of active participation in a DAO, our overriding goal in governance is not to just to be governed by those who have the most money, instead, we wish to allow those who have invested other types of capital in the long-term success of the community to participate at a similar level in governance too.

# Roadmap

## How do we create the DAO?

So how do we do it?

Whilst DAOs themselves are code, they are built by humans, so the first stage past the initial idea is to pull together a group of founding members or 'believers' to start defining the roadmap.

Most DAOs are built in stages, as they hatch from an idea, to a community experiment looking for the right direction and product-market fit, to eventually evolving into a fully fledged autonomous organisation owned and fully operated by the community.

Whilst the goal of most DAOs is to be fully decentralised, ultimately most don't start out that way primarily because if you 'exit-to-community' too early, you often lack the critical opinionated early leadership, community ownership, and buy-in necessary to ensure that the community can self-sustain and carry out its core mission. For this reason, most DAOs adopt a progressive decentralisation model, usually going through the following stages<sup>1</sup>:

1. **Idea Stage** (leader + purpose + name)
2. **Believers** (founding members + written roadmap + public profile)
3. **Early Contributors** (contributor loop + reward system in place)
4. **Initial Capitalization** (token raise or primary NFT sale)
5. **Governance Setup** (partial decentralisation and voting)
6. **Treasury Setup** (treasury composition + liquidity + spend management)
7. **Development Programme** (Payroll + grants + project based hiring + bounty programmes + programmatic incentives)
8. **Sustainable Revenues** (member dues + secondary royalties + service review + licensing)
9. **Full Decentralisation** (governance layer + operating layer)

## Where is the project currently at?

This document formalises the idea stage, presenting a vision of why the community exists, what we care about, and how we might build community owned and operated-shared assets going forward (products, services, programmes, and resources).

**A small group of believers and founding members is now forming, and we are actively looking for others who believe in the vision and want to contribute in defining the direction and roadmap.**

It will require people from all skill sets across the stack to help get us up and running - from building out the Web3 architecture, to deciding what the product roadmaps will be, to setting up the community and helping onboard others, to people who understand finances and can help on designing the economy, on so on.

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<sup>1</sup> Taken from [SuperDAO's playbook](#)

Whilst it's not a requirement for these people to be deep in the Web3 space, we are keen to work with people on the tech side who at least have a more than passing experience of Web3 as there will be quite a bit of Web3 infrastructure to build! That said, part of our challenge will be helping others migrate and onboard into Web3 since they'll need to have a basic understanding to join the community, so for some of the non-dev folk, the learning loop coming in from the ground up will be helpful in helping to build onboarding tools for the rest of the community.

A number of resources to help upskill those interested who don't have much experience is provided towards the end of the document.

As an open source organisation, the intention is that founding members would internally organise into a number of working groups and use these to start pushing the various research, development, and working roadmaps forward, regularly reporting back to other members.

Whilst we can leverage many new and emerging frameworks for setting up core DAO infrastructure, there will be a lot of shared assets here to build, so early contributors need to have a desire to actively roll up their sleeves and contribute to help build this, in return for future rewards once the economy is up and running.

Our next step after a call for founding members will be to get on a zoom call, see who's here, and start making some plans towards action.

## **How do I contribute?**

If you have a strong desire to be involved as a founding member, have capacity to actively contribute, and have a strong alignment with the vision, values, and goals of Startup Community Next, please get in touch with [dan.khan@gmail.com](mailto:dan.khan@gmail.com) and let's collaborate.

# Web3 Resources

Please suggest any resources you've found useful in your own research and we'll add them here.

- [Beginner's Guide to Web3 \(2022\)](#)
- [Visual demo of how blockchain works](#) ([demo](#) used in video, and [part2](#) here)
- [What is Web3.0 & Why it matters](#) from Fabric Ventures
- [What exactly is Web3](#) by Juan Benet
- [Beginner's Guide to Decentralised Finance \(DeFi\)](#) by Coinbase
- [A beginner's guide to DAOs](#) by Linda Xie
- [Community DAOs](#)
- [Investing in DAOs 101](#) by Blockworks
- [DAO landscape](#) by Cooper Turley
- [Strategic Lens on DAOs](#)
- [A Guide to Crypto Tokens](#) by Patrick Rivera
- [Ways to Improve Community Ownership](#) by Austin Robey
- [The Rise of Micro-Economies](#) by Cooper Turley + Kinjal Shah
- [How to Break into Ethereum, Crypto, and Web3 as a Developer](#) by Nader Dabit
- [21 DAO tools you need to know](#) by Smoothie
- [Organization Legos: The State of DAO Tooling](#) by Nichanan Kisonpat
- [GreenPilled: How crypto can regenerate the world](#) eBook by GitCoin contributors

## Other Good Reading

- [ForeFront](#) - Exclusive content and market insights on Social Tokens and DAOs
- [Common Challenges of Self-Organising Teams](#)

## Example DAOs

Check out the front-facing view of these DAOs and also some of the backends (Notion pages, GitBooks, etc) where the DAO participants manage their open operations.

- [Seed Club](#) - an incubator and investment DAO
- [Friends with Benefits](#) - a social DAO community of creators, creatives, & web3 enablers
- [Flamingo DAO](#) - an NFT ownership DAO
- [Orange DAO](#) - A DAO for YC alums to help find and grow startups through YC
- [Bankless DAO](#) ([DAO docs](#)) - An education DAO focussed on helping people onboard into Web3
- [Olympus DAO](#) ([DAO docs](#)) - A decentralised reserve currency run by a DAO