



# From idea to business.... or a little guide for the future



Startup.

# Chapter 1. 1. I'm Starting a Startup!

Figure 1. I'm Starting a Startup! (Image from: [biznes.warmia.mazury.pl](http://biznes.warmia.mazury.pl))



Yes, the day has finally come to shout it out to everyone, or at least let your family and friends know, that you've got a brilliant idea and you're diving into business. You're starting a startup! It will be a [unicorn](#) ([on page 40](#)), definitely yes! You'll be like Elon Musk or Mark Zuckerberg... some basement or garage will also be found... You can already picture the investors and customers lining up for your product, competitors in tears, fame, and glamour... WHOA, WHOA... hold your horses.

To make all that a reality, you need knowledge, a plan, time, and a fair bit of honest self-reflection. This guide will help you get a grasp of what a startup is, its pros and cons, the qualities you need as a [founder](#) ([on page 38](#)), the steps to take, and the methods available.

It's a long journey from an idea to a product, so grab a notebook and let's dive into this guide together.



## Note:

Ladies, I've used the male form to simplify communication. This isn't just by chance... The statistics aren't in our favour when it comes to founding startups. Research shows that the two most common types of founders are men:

 <b>Young startup founder (20-40 years old), who has:</b>	<b>Old startup founder (&gt;40 years old), who has:</b>
<ul style="list-style-type: none"><li>• a positive attitude</li><li>• openness to cooperation with others</li><li>• ability to set goals</li><li>• not afraid to ask for feedback</li></ul>	<ul style="list-style-type: none"><li>• experience in marketing and sales</li><li>• project management skills</li><li>• ability to select people for the team</li><li>• knowledge of how to raise money for investments</li></ul>

Trends, like everything else, change. There are more and more women stepping up, but knowledge stays neutral. So, let's take this journey together.

## Startup...means actually what?

Definitions of a start-up

The term "startup" can have different definitions, but here are four of the most popular ones:

1. **Colloquial Definition:** A startup is a young, innovative company, often in the tech sector, that doesn't follow established business models. It aims to bring a unique product to the market. It's a temporary entity that becomes a full-fledged company once it finds its business model. Startups are high-risk investments with uncertain returns.
2. **Eric Ries's Definition:** He describes it as "*a human institution designed to create new products and services under conditions of extreme uncertainty.*"
3. **Krakow Definition:** A startup is "*an organization that uses external funding and market experimentation to find a way to create customer value based on innovation that can be scaled globally.*"
4. **Spiral Definition:** Dr. Skala, an expert with the Startup Poland Foundation, defines a startup as an organization with limited resources and uncertain demand for its products. The phases of startup development are:

- Finding an innovative business model
- Using modern technology
- Launching a new product
- Creating disruptive innovations that radically change how customer needs are met
- Ensuring rapid user growth (hyperscalability)
- Creating an effective mechanism to translate user numbers into revenue growth
- Translating revenue growth into exponential growth in business value

## A startup has more than one name...types of startups

Types of startups

Type od Startups	Description
Scalable Startups	These companies, often in the tech <a href="#">niche (on page 39)</a> , aim for a wide global reach. Their products include apps, online services, or other digital offerings.
Self-launched Startups	Also known as small company ventures, these startups feature independent teams with minimal resources. They rely on self-funding, grow at their own pace, and face little pressure to scale quickly.
Lifestyle Startups	Born from passion and hobbies, these startups allow owners to make a living doing what they love. They typically have low scalability and modest returns on investment.
Startups to Buy	These companies are created to be sold to larger players for a profit.
Ventures of Large Companies	Startups initiated by big corporations, leveraging the parent company's resources and technology.
Social Startups	These focus more on making a positive impact than on making money. They might run charities,

Type od Startups	Description
	educational prsograms, or other socially beneficial projects.

## Common Features of Startups

Despite the many definitions and types of startups, they all share a few key features:

1. **Innovation:** Startups don't copy what's already out there; they offer a unique product or service.
2. **Scalability:** They aim to create a business model that can be implemented in various markets, ideally worldwide.
3. **Potentially Fast Growth:** Startups are expected to grow quickly, offering large and speedy returns on investment.
4. **Technological approach:** using the latest available technology (e.g. AI), improving expired patents or other technological and scientific solutions.
5. **Short Operating History:** Typically, startups have been in operation for up to five years on average.
6. **Risk:** Startups are high-risk ventures with uncertain returns on investment.

## Worth it or Not The Pros and Cons of a Startup

Figure 2. Pros and cons of a Sturtup. Image from: whatsup.es



Just like everything else, start-ups have their pros and cons. It's great to hear about the perks, but keep in mind that almost 90% of start-ups fail, so it's smart to check out the risks.

### Advantages of a Startup

Advantages of a Startup.

1. **Low Cost of Entry:** Statistics show that 1 in 3 people starting a startup have a budget of less than \$5,000, and there's often no need for a significant initial investment.
2. **Freedom:** You're your own boss, pursuing your own vision... until you need to deal with investors.
3. **Creativity:** Startups thrive on innovation, requiring layers of creativity to launch and sustain the business. [Founders \(on page 38\)](#) are often seen as visionaries.
4. **Flexibility:** Limited resources (financial or human) force quick adaptation to new solutions, work methods, or product directions.
5. **Versatility:** With small teams, employees often wear many hats and multitask.

## Disadvantages and Risks of a Startup

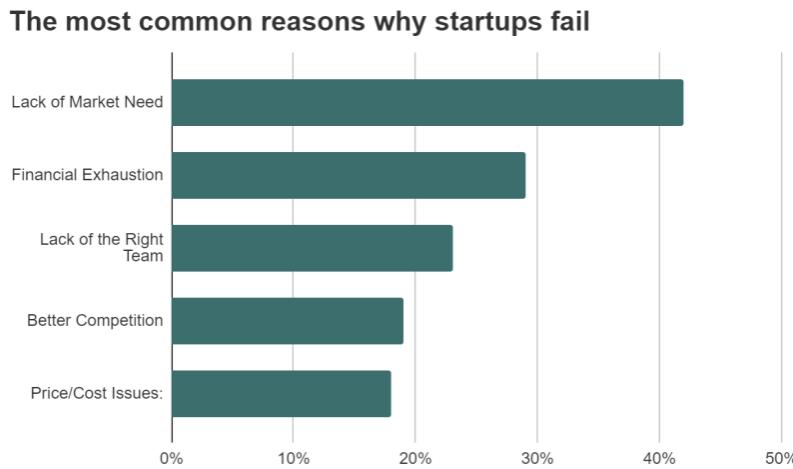
Disadvantages and risks of a startup.

1. **High Risk:** With innovative ideas, there's no blueprint to follow. Learning from mistakes is common, and the product might not meet customer expectations. The risk of failure is substantial.
2. **Funding Challenges:** Startups often survive as long as [founders \(on page 38\)](#) have personal funds or loan money ([Bootstrapping \(on page 38\)](#)). Finding external funding can be tough, especially with high competition. Without early investor cooperation or stable funding, even the best ideas can fail.
3. **Limited Resources:** Startups usually begin with small budgets and teams. This can hinder growth and operations, leading to internal conflicts. Despite limited resources initially, it's crucial to establish procedures and responsibilities over time.
4. **Lack of Defined Business Processes:** Poorly defined processes can lead to bad customer service, financial losses, and even legal issues. Outsourcing can help, but high costs are a barrier.
5. **Incorrect Business Model Assumptions:** Over-optimism can doom a company. Regularly test and update your business model to quickly address flaws and shortcomings.
6. **Ignoring Market Signals:** Stay vigilant. Launching a product is just the beginning; maintaining and expanding it is another challenge. Monitor customer behavior, competitors, and the broader economic and social environment to react swiftly. Wishful thinking doesn't work in business.

## Why did the idea fail? Reasons why a startup fails

As I mentioned earlier, startups are high-risk ventures. There can be many obstacles that lead to failure. It's crucial to consider potential weaknesses - even at the idea stage. According to "The Top 20 Reasons Startups Fail" report, the five most common reasons are:

Figure 3. The most common reasons why startups fail.



1. **Lack of Market Need:** You have a groundbreaking product or idea, but is it a viable solution or just a catchy slogan? The assumptions and benefits might not interest your target audience or be practical for everyday use. When building a business model, make sure your product solves a real problem and is scalable. Remember, there's no need to reinvent the wheel.
2. **Financial Exhaustion:** Startups allow you to test an idea with low initial costs, but what happens next? If you poorly define the market need and business model, you might find that making changes is both time-consuming and expensive. Even external funding might not be enough if you need to rebuild from scratch.
3. **Lack of the Right Team:** You have the idea and the funding, but you don't have the people to bring it to life. Without a strong in-house team or a reliable external partner, your product might never reach the market, and you risk burning out.
4. **Better Competition:** Having competition is good - it pushes you to improve. You need to create a unique product that's hard to copy. If you don't react quickly to changes and customer feedback, you might lose out. Customers will choose a simpler, higher-quality, more effective, or cheaper solution.
5. **Price/Cost Issues:** The market is dynamic, and solutions developed 3-4 years ago might be obsolete now. If your product's price doesn't match its quality, customers will move on. Producing cheaply and pleasing investors doesn't always work. A flawed business model, high costs for changes or improvements, ignoring advisors, releasing products too early or too late, legal issues - many factors (often several at once) can make further investment in a startup unprofitable.

## Chapter 2. 2. The Ideal Founder...Five Essential Skills to Lead a Startup

Figure 4. The ideal founder its multitasking man (image by pngtree.com)



### 1. Team-Building Skills

Success starts with the right team. Find people who can help develop the startup and the product, and ensure they work well together.

As a [founder \(on page 38\)](#), it's great if:

- You have a knack for understanding people and selecting the right ones.
- You can make tough decisions about your team.
- You are impartial but demanding.
- Empathy also comes in handy.

### 2. Communication and Management Skills

Picking the right people is just the beginning. You also will need to manage and communicate effectively with them.

As a [founder \(on page 38\)](#), it's great if:

- You can communicate clearly?
- You know how to delegate tasks.
- You can communicate well with employees, business partners, investors, etc.

### 3. Financial Skills

The biggest danger for a startup is losing liquidity. Good financial management and accounting skills are crucial, and the ability to raise external funding is vital.

As a [founder \(on page 38\)](#), it's great if:

- You know how to manage liquidity.
- You understand pricing, cash flow, revenue modeling, profits, costs, etc.
- You can eventually hand over these responsibilities to a hired specialist.

### 4. Sales Skills

One of the key skills for a startup is effective salesmanship. It's not just about pushing your product but understanding customer needs and building relationships.

As a [founder \(on page 38\)](#), it's great if:

- You understand potential customers' needs.
- You can establish strong relationships with them.
- You know how to generate interest in your product.

### 5. Technical Skills

Especially important if you're creating a tech startup. You won't be able to delegate all technical aspects to an outside company; this knowledge is crucial for the project's success and team motivation.

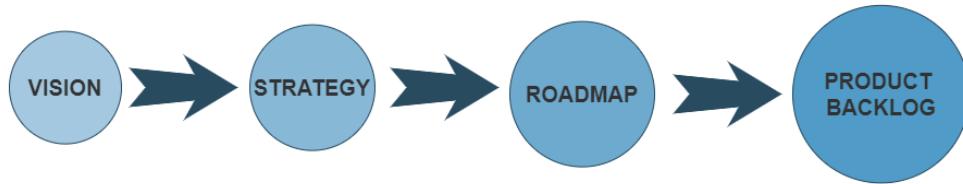
As a [founder \(on page 38\)](#), it's great if:

- You have experience in technology industries.
- You have at least a minimal interest in new technologies.

## Chapter 3. 3. From the Big Picture to the Details

Success in a startup isn't just about having a great idea, luck, or hard work. You also need to break things down from the big picture to the details, step by step. You need to look ahead while thinking about the present. A vision, strategy, roadmap, and product backlog will help you with this.

Figure 5. From idea to product backlog road



1. **Vision:** This is the core reason why you want to create a product. It answers the question of why you're doing this and whether you truly believe in it. Your vision should have four key factors:

- Big (reach a wide audience and remain relevant even when strategy changes),
- Concise (easy to communicate and understand),
- Inspiring (provides motivation and direction),
- Accessible (facilitates collaboration, unites people, and ensures continuity in a changing environment).

2. a. **Strategy:** A high-level plan that helps to realize the vision and achieve the goal. It defines how the vision will be brought to life. In the strategy, we develop a [business model](#) ([on page 15](#)), [business model canvas](#), [Value Proposition Canvas](#) ([on page 40](#)), or [empathy maps](#) ([on page 38](#)). The strategy helps to answer key questions and establish a plan of action. Remember, the strategy is not the final product plan!

- Big (reach a wide audience and remain relevant even when strategy changes),
- Concise (easy to communicate and understand),
- Inspiring (provides motivation and direction),
- Accessible (facilitates collaboration, unites people, and ensures continuity in a changing environment).

3. **Roadmap:** This is a description of how to implement the strategy and a concrete action plan.

It breaks down the strategy into specific steps, actions with dates, key features, and specific objectives.

4. **Product Backlog:** A structured list of what's needed to create or improve the product. It prioritizes the most critical tasks, enabling a top-down approach and seamless collaboration between all teams. It includes all the details needed to complete the roadmap.

## 3.1 Business Development Strategy

The business development strategy sets the course for your startup's journey to success. It's a good idea to explore multiple strategic options before choosing the best one. A solid strategy should be:

- Creative
- Flexible
- Responsive
- Ambitious
- Engaging
- Realistic

***Focus on these key areas to craft a strong strategy:***

1. **Analyze the Startup's Value Proposition:** Understand what makes your idea unique and how it meets customer expectations.

2. **Identify the Target Audience:** Determine who the product is for. This helps in refining the product, building effective marketing communications, and finding the right market.

3. **Key Performance Indicators (KPIs):** - Use objective metrics to measure business success.

Common KPIs include:

- Customer Acquisition Cost (CAC)
- Customer Lifetime Value ([CLV \(on page 38\)](#))
- Burn Rate

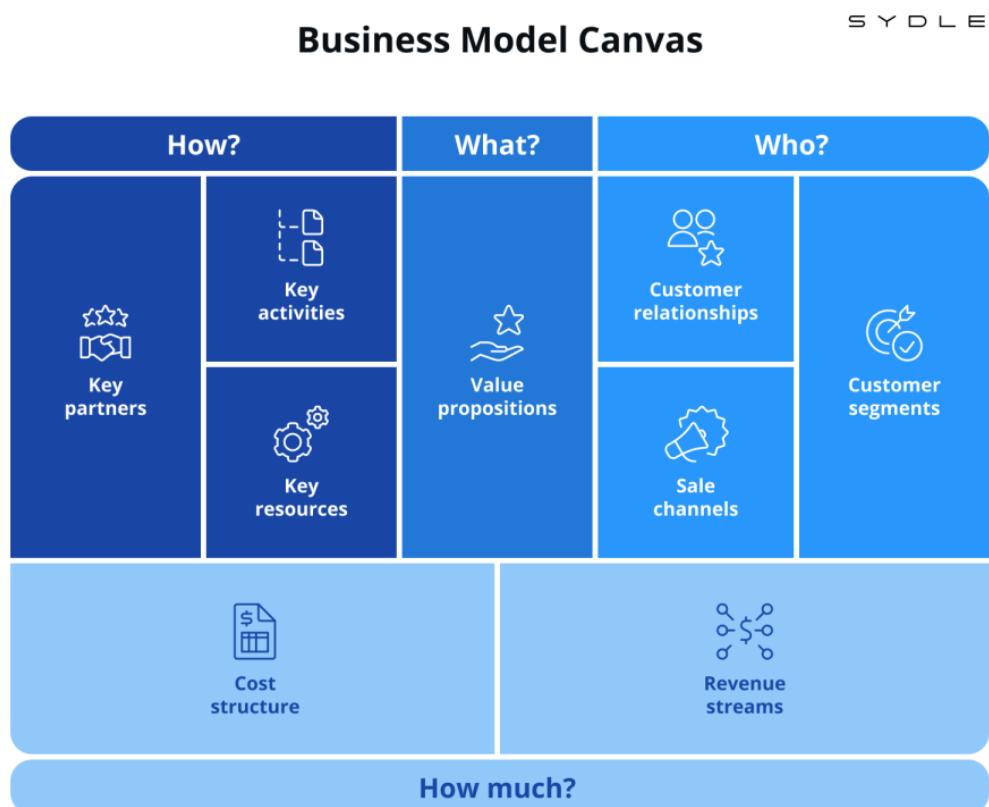
- Gross Profit Margin ([on page 39](#))
  - Conversion Rate
4. **Monitor Competitors:** Keep an eye on what competitors are doing and how they're addressing problems you might also face.
  5. **Workforce Planning:** Plan for the right team from the start. Having the right people in place early on can prevent loss of momentum and profits.
  6. **Set Long-Term Goals:** Long-term goals provide direction and motivation for the team. Ensure these goals are relevant, measurable, well-defined, and time-bound.
  7. **Practice Adequate Scouting:** Expand cautiously into new markets or channels. Scale growth to match opportunities to avoid overextending available resources.

By focusing on these points, you will be able to develop a robust and adaptable business development strategy.

## Chapter 4. 4. Let's break it down...the business model

About the business model.

Figure 6. Business Model Canvas from Sydle.com



Business model? Business plan? It's easy to get them mixed up because they sound alike. But in practice, they serve different purposes.

A business model is like a high-level blueprint for your company. It outlines the core idea - what you're offering, who your customers are, and how you'll make money. Think of it as the basic recipe for your business success.

On the other hand, a business plan dives deeper. It details the steps needed to turn your business model into reality. This includes things like marketing strategies, financial projections (showing how much money you expect to make and spend), and operational plans (how you'll get everything done). It's like

taking your recipe and figuring out the exact measurements, cooking times, and temperatures to create a delicious dish.

In short, the business model is the "what" and "why" of your business, while the business plan is the detailed "how" to make it happen.

## 4.1 What Do You Actually Want? Understanding the Business Model

Full definition of Buissness Model

A business model, also known as an economic model, is the blueprint for how your business will generate revenue. It outlines what you'll sell, how you'll sell it, to whom, for what purpose, and how profitable your business can be. A well-developed business model should address four fundamental questions: Who? What? How? Why? Only then can you gauge the potential for your idea to thrive and succeed.

### 1. **Who** - Who is Your Customer?

Focus on customers who genuinely need your product. Narrow your audience down to 2-3 well-defined personas.

### 2. **What** - What Value Do You Offer?

Identify the value you aim to provide to your customers. What will fulfill their needs and expectations? Describe it in detail.

### 3. **How** - How Will You Deliver the Value?

Consider the methods, tools, and technologies you'll use to deliver value to customers. What sets you apart from the competition? This information will enable you to address your customers' needs more effectively.

### 4. **Why** - Why Should Customers Be Interested in Your Value?

Think about why customers should care about your product. What will convince them to take the risk of doing business with you? How will you persuade them to pay?



**Note:**

Brace yourself - this isn't the end of the road just yet! When you're sketching out your business model, don't stop there. Dive deep, ask additional questions, do extra research. The more you know, the better your chances of hitting it big.

## 4.2 Alright, let's break it down... the phases of business model development

4 phases of business model development.

Four phases can be distinguished in the work on the business model.

1. First up, there's the **initiation phase**. This is where you analyze the current state of things. You're looking at potential revenue, market gaps, and all the external factors.
  - a. Dive into the micro-environment - think about consumers, partners, and competition.
  - b. Then zoom out to the macro-environment - consider tech trends, megatrends, and regulations
2. Next, move into the **ideation phase**. That's where you need to get your creative juices flowing. You'll be brainstorming ideas for a new business model within your project team(s). You can approach this in a couple of ways:
  - a. scout similar industries and tweak ideas to fit yours,
  - b. mix and match different successful models to create your own.
3. After all the analyzing, it's time to build. The **integration phase** is about refining that concept you've cooked up. Focus on four key areas:
  - Customers - what do they want and how do they want it?
  - Value proposition - what problem are you solving and why are you better than the rest?
  - Resources and processes - what's it going to take to make this happen?
  - revenue generation - how are you going to make the cash flow?
4. Finally, we've got the **implementation phase**. This is where you take your prototype and throw it into the market. Get feedback from everyone and anyone - customers, suppliers, partners, you name it. This feedback is gold - it'll help you tweak your model and make it market-ready. And that's how you turn an idea into a viable business model. Easy, right?

## 4.3 Theory vs practice...How do you actually write it down?

Explanation of the business model canvas, description of elements and advantages

1. First off, be honest with yourself. Answer the questions we discussed earlier in the four key areas.

2. After that, it's all about picking the right tools to gather the data you need.

**Remember!** Make sure to choose a tool that grows with your business and allows you to use that data down the road.

3. Once you've got your data, it's time to put pen to paper (or fingers to keyboard). Write down everything you already know, and even what you assume you know, into a model.

Now, when it comes to writing down your business model, there are plenty of ways to do it. One of the most popular methods is the canvas model, which is presented in the form of a table.

#### 4.3.1 The canvas model has following advantages

Advantages of the Canvas model

- It gives a quick and concise overview of your project.
- It helps verify that what you're selling aligns with why, to whom, how, and for how much.
- It lets you map out the key design elements and see how they interact with each other.
- Allows you to understand the interaction between design elements and their ordering.

#### 4.3.2 Elements of canvas model

Explanation of what is in each cell of the business model table.

Elements of the business model canvas include:

- Customer segments
- Value proposition
- Key partners
- Key activities
- Key resources
- Channels
- Customer relationships

- Cost structure
- Revenue structure

A graphical representation of the model is as follows:

PARTNERS	KEY ACTIONS	VALUE PROPOSITION	CUSTOMER RELATIONS	CUSTOMER SEGMENTS
<ul style="list-style-type: none"> <li>- Who are your key partners?</li> <li>- Which external companies or organisations do you need to work with?</li> <li>- What key resources and activities do your partners handle?</li> </ul>	<ul style="list-style-type: none"> <li>- What do you need to do to deliver your value proposition to customers?</li> <li>- What do your channels need to do to reach and build relationships with your customers?</li> </ul>	<ul style="list-style-type: none"> <li>- What value do you create for your customers?</li> <li>- What will they be willing to pay for?</li> <li>- What are their pain points and critical needs?</li> <li>- What problems will you solve for your customers?</li> <li>- What products and services will you offer?</li> </ul>	<ul style="list-style-type: none"> <li>- What kind of relationships do your customers expect from you?</li> <li>- Do they want personal support or quick, automated service?</li> <li>- Are your customer relationships integrated with the rest of your business model?</li> </ul>	<ul style="list-style-type: none"> <li>- Who are your customers?</li> <li>- Who are you creating your product/service for?</li> <li>- Who are you offering value to?</li> <li>- Who will be paying?</li> </ul>
KEY RESOURCES			CHANNELS	
			<ul style="list-style-type: none"> <li>- Where do your customers hang out?</li> <li>- Where do you want to connect with your customers?</li> <li>- What channels will you use to reach them?</li> </ul>	
COSTS	REVENUE			
<ul style="list-style-type: none"> <li>- What costs does your business model generate?</li> <li>- What financial inputs come from key resources, activities, and partners?</li> </ul>	<ul style="list-style-type: none"> <li>- What are customers willing to pay for?</li> <li>- What will they pay for and how much?</li> <li>- Which parts of your product/service will be free and which will be paid?</li> </ul>			

### 4.3.3 Other business models

Short about Lean Canvas.

The canvas model isn't the only game in town. There's also the **Lean Canvas**, which focuses on the most critical aspects of your business and zeroes in on generating revenue and turning a profit.

Remember, a well-crafted business model can be the bedrock of your future business. But it's not set in stone. Keep revisiting and improving it as your startup (or maybe a fully-fledged company at that point) grows and evolves. That way, you'll always stay ahead of the curve.

---

#### Related information

[LEAN Startup Plan](#)

[LEAN Canvas](#)

## Chapter 5. 5. Roadmap

Figure 7. Startup Roadmap from [hrfibreglass.co.uk](http://hrfibreglass.co.uk)



You've got the vision outlined, the strategy is in place, and there's probably a business model and a typical business plan on file. Now, it's time to dive into the details.

A roadmap is a document, often presented as a graphical diagram, that outlines the vision for the emerging product, the work plan, performance metrics, and other critical information. This helps the team see where they are and whether they're making progress. The roadmap should be clear and understandable for everyone. Each team member has specific tasks aimed at achieving a common goal, and the roadmap helps visualize this. You might even create different roadmaps for different teams or departments, but they should all aim for the same goals.

Startups often struggle to stay focused due to the vast amount of work and limited time and resources. A product roadmap provides a clear direction and helps your team align on key priorities.

**When do you need a roadmap?** Usually, when you want or need a broader view of the product's future or to check assumptions about the target audience, needs, or key business aspects. If you're uncertain about the future of your product development, don't bother with a roadmap.

Every product is unique, so there's no one-size-fits-all template for a roadmap. However, consider including the following areas:

- Product vision
- Business goals
- Deadlines and milestones
- Product features
- Teams
- Feedback and iterations
- Resources
- Indicators of success

A well-crafted roadmap can guide your startup through the complexities of product development and keep everyone focused on the same objectives.

## 5.1 Draw Up a Map: Creating a Product Roadmap

A thorough explanation of what a roadmap is, especially for a startup.

Your vision is constant, your strategy can change, and your roadmap needs to adapt and keep up with feedback. It's a 'living' document you should check regularly. There are many roadmap templates you can use for visualization: goal-oriented roadmaps, Jira boards, Gantt charts, or a simple timeline. Choose what works for you. Consider who you're sharing your roadmap with (internal teams, investors, or potential customers) and the level of detail you want to convey.

### 5.1.1 Product Vision and Audience Needs

Identify your business objectives, form hypotheses, and understand your potential product audience's needs.

Identify your business objectives, form hypotheses, and understand your potential product audience's needs.

- Objectives: Define why the product exists and what it aims to achieve (general and business goals, KPIs).
- Business Hypotheses: Instead of guessing your vision's success, create hypotheses. This mindset encourages experimentation and allows for roadmap changes.
- Target Audience: Understanding audience needs shapes the product. Conduct market analysis, research potential users, and gather feedback. Include elements like:
  - Demographic characteristics
  - Needs and expectations
  - Activities and buying habits
  - Problems and pain points
  - Available technological solutions

### 5.1.2 Product Concept and Feature Selection

Define what the product should look like and its functions.

Define what the product should look like and its functions. Outline the value it offers. To verify this, create an [MVP \(on page 39\)](#) (Minimum Viable Product) to test your concept and list the necessary features to add to the roadmap. Features and functions can include:

- Key features
- Additional features
- Visual features (interface, branding, integrations)

### 5.1.3 Budget: Identify Resources

Define what the product should look like and its functions.

Determine what you need to create the product - capital, people, tools? Resource selection impacts the product plan and roadmap. Aligning resources with needs is crucial for reaching your goals. A poorly defined budget can cause delays and give competitors an edge. Budget elements to include:

- Staff costs
- Tools and software costs

- Material and external service costs
- Estimated total project cost

### 5.1.4 Timetable: Divide Into Phases and Define Time

All about schedule in roadmap.

Now that you know what product you want to build, what you have, and what you need, you can break the work into manageable phases. The size of these phases may depend on your business experience or market knowledge. Initially, base stages on what you know, adjusting with feedback over time.

Assign deadlines to each phase. Be specific but realistic. Consider dividing work into monthly stages, each with an assigned KPI. Your roadmap should include:

- The order of feature and function implementation
- Estimated time for each stage
- Resource allocation for each stage
- Milestones, defining major project phases

A well-crafted timetable helps you and your teams manage time and resources effectively. It provides a clear view of project progress and improves internal communication.

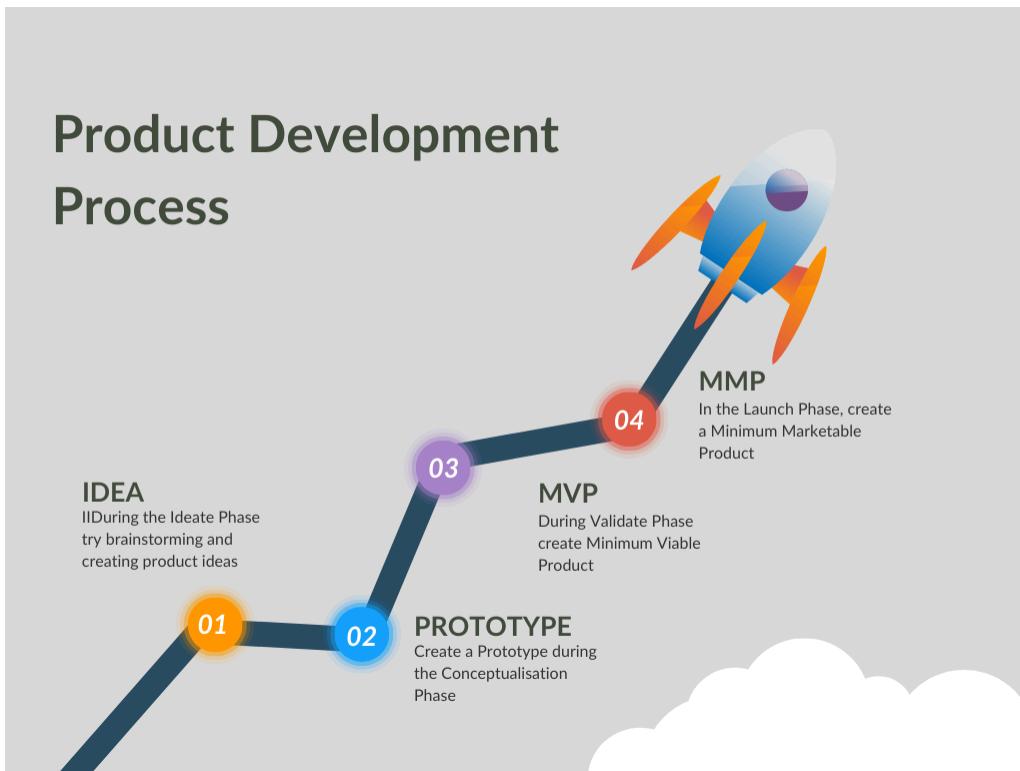


**Note:**

Remember! A roadmap isn't static. It will evolve throughout the project, so update it regularly.

# Chapter 6. 6. When an Idea Becomes Reality - 6 Steps to a Finished Product

Figure 8. 4 steps of Product Development Process



Great job! You've already picked up some key terms about starting a business and launching a startup. Some of these terms might have even come up more than once. Now, let's dive into the product itself and, more importantly, the stages of its creation. Creating a new product can seem complicated, but when you break it down into steps, it becomes much more manageable and makes sense.

It's crucial to understand that product development is not the same as product management!

**Product management** covers every stage of the product lifecycle, dealing with all aspects of managing the product. This includes creating the product strategy and roadmap, development and launch, marketing and sales, user retention, and more.

**Product development** has a more focused scope. It involves the entire journey of the product, from idea and strategy to planning, building, and launching. It primarily centers on developing and constructing the product itself, but can also include related tasks like strategy and action planning.

The process of creating a new product, although unique each time, can be boiled down to six main steps. Following these steps helps break down tasks into manageable parts and facilitates team collaboration. Here's the breakdown:

1. Gathering ideas
2. Market analysis
3. Conceptual design
4. Prototyping
5. Testing and refinement
6. Commercialization and Evaluation

Figure 9. 6 Stages of Product Development Process



By following these steps, you can turn a general idea into a finished, fully functional product.

## 6.1 Gathering Ideas

This is the phase where you need to get creative and think strategically.

Figure 10. First step - Gathering Ideas



This is the phase where you need to get creative and think strategically. Here are the steps to follow:

- Identify a value proposition for your potential audience that will capture their imagination.
- Brainstorm and jot down all the variations of an idea that come to mind, either alone or with a team, and then choose one or two.
- Study various information channels (customers, competitors, suppliers).
- Apply SWOT ([on page 39](#)) analysis to the idea(s).

- Conduct market research (e.g., [FGI \(on page 38\)](#)) method to understand your target group and how well your product fits with them.
- Create a theoretical [MVP \(on page 39\)](#) to validate the concept and define its functionalities.

## 6.2 Market Analysis

This phase helps you pinpoint your target market, understand its size, and identify growth opportunities.

Figure 11. Second step - Market Analysis



This phase helps you pinpoint your target market, understand its size, and identify growth opportunities. By uncovering the latest trends and customer desires, you'll realize we focus more on fulfilling a need rather than creating a specific product. Here's what you need to do:

- Check legislation, legal restrictions, and possible patents. Read up on EU directives and harmonized standards.
- Research the competition. You can do this through [desk research \(on page 38\)](#), talking to experts, or hiring an external company to study the market and competitors.
- Conduct benchmarking by analyzing competitors' moves, actions, and advantages.
- Gather initial feedback. Regular customer feedback helps improve the product.
- Create a targeted product strategy based on the data collected.

## 6.3 Conceptual Design

This is the phase where you need to focus on potential costs, revenues, and profitability.

Figure 12. Third step - Conceptual Design



This is the phase where you need to focus on potential costs, revenues, and profitability.

Here's what to do:

- After the market analysis, revisit your value proposition and ensure it aligns with potential customers' expectations.
- Look for ways to add or improve features that your competitors lack or don't execute well.

- Develop the final value proposition into a [Feasibility Study \(on page 38\)](#) for the product. Pay special attention to technical feasibility and implementation risks.
- Create a business model that focuses on the billing model, distribution channels, and the main sources of revenue and costs.

## 6.4 Prototype Development

This is the phase where you create the first prototypes.

Figure 13. Fourth step - Prototype Development



This is the phase where you create the first prototypes. These can range from simple sketches to more detailed simulations of the original design. Prototypes help identify potential risks before the product is actually made.

Here's what you need to do:

- Create a prototype to test your idea in the market and gather feedback.
- Document not only the device itself but also the market strategy and business plan.
- Conduct internal tests on functionality, durability, safety, and transport.
- Ensure the registration of patents, industrial designs, or utility models, depending on your target markets.
- Plan production and logistical processes for mass production. Remember to document suppliers and orders so other team members can refer to them as needed.

#### **6.4.1 The Prototyping Process**

Product conceptualization: You transform an idea into concrete concepts.

1. **Technical specifications:** You define the specific requirements necessary to create the prototype.
2. **Choice of development method:** You determine whether the prototype will be developed outsourced or in-house.
3. **Testing with users:** You collect feedback and suggestions from potential users.
4. **Iteration and refinement:** You enhance elements of the prototype based on feedback and create additional versions.
5. **Production readiness:** You develop a final, validated version of the prototype before releasing it to the market.

#### **6.5 Testing and Refinement**

During this phase, you release the prototype "into the wild" to tests.

Figure 14. Fifth step - Testing and Refinement



During this phase, you release the prototype "into the wild" to ensure it meets the expectations of the target audience.

Here's what you need to do:

- Launch a sample batch of products ([MMP \(on page 39\)](#)).
- Conduct marketing tests to gather feedback from initial users.
- Refine the product based on the results of user acceptance tests ([UAT \(on page 40\)](#)).
- Release the revised product (next iteration).

- Finalize the design and prepare the final technical and engineering documentation.
- Finalize the marketing plan, including setting the price, promotional strategy, and preparing the marketing campaign.

Once these steps are completed, you seamlessly transition from prototype to final product, ready for scaling and further iterations.

## 6.6 Commercialization and Evaluation

This is the phase where you put your product to the test in the market.

Figure 15. Sixth step - Commercialization and Evaluation



This is the phase where you put your product to the test in the market. It's only now that you'll truly see if your marketing strategy and product have hit the mark.

Here are the key steps to keep in mind during this phase:

- Host an official product launch.
- Initiate sales and marketing efforts.
- Gather feedback and evaluations from end customers.
- Implement improvements and develop further versions of the product based on consumer feedback.
- Monitor sales and marketing performance.
- Ensure serviceability, including warranty and post-warranty services, and manage repairs.
- Strategically plan the scaling up of production to align with resources and demand.

A well-structured new product development process lets you streamline each step by organizing tasks and fostering easier collaboration. The six steps we've discussed cover all the essential product launch phases, from initial idea conception to the final product launch.

# Chapter 7. 7. Startup vs Product Development: Not Quite Twins!

Is Startup Development the Same as Product Development? After all, certain phrases and terms have been used here almost non-stop...

They are not the same thing. By definition, startup development is a linear process that leads to success and transformation into a company (Exit phase). Product development, on the other hand, is more like a never-ending cycle. It's about creating a product, sure, but it's also about constantly improving it and making new versions. There's no finish line!

Below is a comparative diagram of startup and product development. For simplicity, both are shown as linear processes. All the elements I've mentioned are included. Now it's your turn to dive in and analyze them!

Figure 16. 6 Stages of Startup Development Process



# Chapter 8. Glossary of Terms

## Bootstrapping

Is a term used in business to refer to the process of starting and growing a business using only existing resources, such as personal savings, personal computer equipment, and garage space, without relying on external funding or investors.

## CLV

(Customer Lifetime Value) - the total net profit generated from all transactions made by a specific customer over the entire duration of their relationship with a business.

## Desk research

Or secondary data analysis, is the process of collecting, reviewing and analyzing information that has already been collected and published by other individuals or institutions. Sources of this data can include the Internet, the press, scientific literature, reports, databases, government documents and other available publications.

## Empathy Map

A visual tool and user profiling technique are used to better understand users' thoughts, feelings, experiences, and needs. It helps teams to empathize with users by visualizing their perspective, enabling them to design solutions that better meet user expectations and address their pain points effectively.

## Feasibility study

Analyses the viability of a project to determine whether the project or venture is likely to succeed. The study is also designed to identify potential issues and problems that could arise while pursuing the project.

## FGI

(Focus Group Interview) is a discussion conducted by a moderator in a group of purposely selected people. The best results are obtained in a group of a minimum of 6 and a maximum of 12 people. The discussion is focused on a specific topic or several topics.

## Founder

Startup creator, initiator.

## Gross profit margin

To the percentage of revenue that exceeds the cost of goods sold, representing the amount of profit generated from the sale of goods before deducting operating expenses.

## MMP

(Minimum Marketable Product) this concept is similar to MVP (Minimum Viable Product), but it focuses on ensuring the product is market-ready and sellable, even if it's still in the development phase. The goal is to quickly deliver a product that meets minimal market requirements.

## MVP

(Minimum Viable Product) - a version of a product with the minimum necessary functionality that allows a team to collect the maximum amount of validated learning about customers with the least effort. An MVP includes only the core features essential to satisfy early adopters and to provide feedback for future development.

## Niche

A narrow segment of customers who have specific, unmet expectations.

## Product-market fit

This means having a product that meets the needs of a specific market segment or target audience in a way that resonates with them. When an entrepreneur identifies a significant problem or need within a market and develops a solution that effectively addresses it, thereby generating demand and satisfying customers' desires, they have achieved product-market fit.

## ROI

(Return on Investment) is an indicator used to evaluate the effectiveness of investments. It allows you to assess the success of marketing efforts and the profitability of advertising. ROI directly measures the amount of return on a specific investment in relation to its cost.

## SWOT

Analysis is a strategic planning and management technique used to identify Strengths, Weaknesses, Opportunities, and Threats related to business competition or project planning. It is a structured approach that helps individuals or organizations assess internal factors (Strengths and Weaknesses) and external factors (Opportunities and Threats) affecting their objectives. SWOT analysis is sometimes referred to as a situational assessment or situational analysis.

## UAT

(User Acceptance Testing), which is performed on most IT projects and sometimes called beta testing or end-user testing, is a phase of software development in which the software is tested in the "real world" by the intended audience or business representatives.

## Unicorn

Companies/startups that have achieved a valuation of at least one billion US dollars. Examples: Facebook, Booksy, SpaceX, Klarna, OpenAI.

## Value Proposition Canvas

A strategic management tool used to analyze and design the value proposition of a product or service about specific customer segments. It helps businesses understand their customers' needs, pains, and gains, and how their offering uniquely addresses these elements. By visualizing the alignment between the value proposition and customer segments, organizations can refine their strategies to better meet customer needs and achieve competitive advantage.

## VC

(Venture Capital) - to a form of private equity financing provided by investors to startups and small businesses with high growth potential. Venture capitalists typically invest in companies that are in the early stages of development and require capital to expand or develop new products and services. In exchange for their investment, venture capitalists often receive equity stakes in the companies they invest in. Additionally, venture capitalists may provide expertise, guidance, and networking opportunities to help the companies they invest in succeed.

# Chapter 9. 9. A Chance for Success...Some Advice at the End

Summary and additional materials (books, links, articles).

As many people as many truths and experiences, and even if you do everything right, no one can guarantee you'll be a unicorn...but that doesn't mean it's not worth trying.

## **Finally, I'd like to remind you what to focus on when setting up a startup:**

1. Conduct market research and validate your idea - Make sure you're "not reinventing the wheel."
2. Research and observe the competition - Remember, "Keep your friends close and your enemies closer."
3. Create a team of specialists with the knowledge, experience, and disposition to thrive in a startup environment - because "cooperation leads to success."
4. Monitor the market and economy, and react quickly to changes - It's better to "learn from others' mistakes than your own."
5. Consider business accelerators to support your idea - as the saying goes, "There's no shame in asking for help."
6. Secure external funding - because "you can't pour from an empty pot."
7. Be prepared to negotiate with potential investors - they know that "money makes money."
8. Remember these points, and you might increase your chances of success.

If you're looking to learn more, I've got some book titles, articles, and links for you to check out.

Enjoy your reading and good luck! Paula

### **1. Books:**

- "Running Lean: Iterate from Plan A to a Plan That Works", 2nd edition, Ash Maurya
- "The Global Startup Ecosystem Report 2021", Startup Genome
- The report "The Top 20 Reasons Startups Fail" by CB Insights

- „Tworzenie modeli biznesowych. Podręcznik wizjonera.” Alexander Osterwalder
- “Stwórz jednorożca. Od idei po startup wart miliony”, 2nd edition, Grzegorz Kubera

**2. Knowledge before investing:**

- [STARTUP POLAND](#)
- [STARTUP PFR](#)
- [VALUATION OF THE STARTUP](#)
- [TYPES OF BUSINESS](#)
- [COURSES AND TRAINING](#)

**3. Patents:**

- [PATENTS IN STARTUP](#)
- [BRIEFLY ABOUT PATENTS](#)
- [PATENT REGISTRATION](#)
- [POLISH PATENT OFFICE](#)

**4. Business Model:**

- [BLOG ABOUT EARNING](#)
- [ENTREPRENEUR'S DICTIONARY](#)
- [10 BUSINESS MODELS](#)

**5. Business Model Canvas:**

- [ABOUT BUSSINES MODEL CANVAS](#)
- [BUSSINES MODEL CANVAS](#)
- [LEAN CANVAS](#)

**6. Roadmaps:**

- [Product Roadmap Software Tool | Productboard ROADMAPS CREATOR](#)
- [How to Create a Product Roadmap for Startups | Bubble ABOUT ROADMAPS](#)
- [MVP](#)

*"Now you know what to remember when creating a Startup. Be aware that you need to find time to reevaluate where you are and where you are heading, to know if the important decisions need to be made. At the beginning that will be natural, but at a later development stage, this needs to be kept. Additionally, be aware that quite often the most valuable asset of a Startup is the Team - so take care of yourself and team members, as sometimes even the brightest business idea can fail but with a well motivated team you are able to make a pivot and achieve success despite previous failures"*

Konrad, a startup founder for 10 years