INTRO TO ENTREPRENEURSHIP

Intro to Entrepreneurship

Section 6
Validating your idea

Intro to Entrepreneurship

Lecture 31
What is validation?

Intro to Entrepreneurship

What is validation?

- Is your idea likely to succeed?

- Validation is becoming a standard
- You have to test your idea before launching it

- Ideas always sound great in your head,
but you need real feedback

What is validation?

- Eric Ries: *"When we're in the shower and we have an idea, boy, does it sound great. But in reality, most of our ideas are actually quite terrible."*

- Even brilliant people can make huge mistakes

- Validation is an opportunity to minimize the risk

Lecture 32
Surveys

Intro to Entrepreneurship
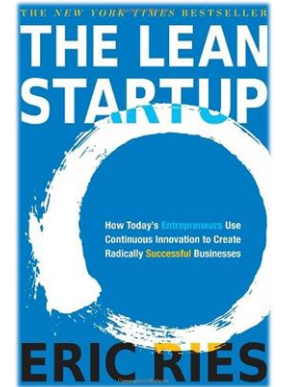
Surveys

- Surveys are the easiest way of getting feedback about your ideas

- "The wisdom of crowds": If you ask enough people a question, they will be more correct than if you ask only one of two
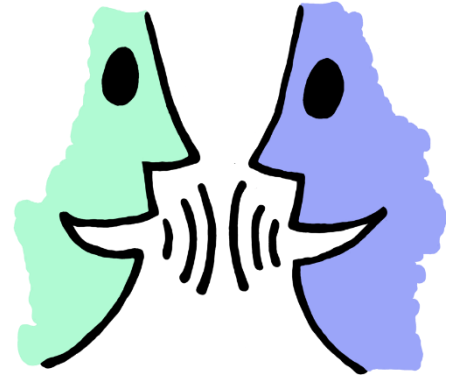
Surveys

You should survey:

- People who are in the industry that you're after
- they have inside information
- Potential customers
- they can tell you if they would buy your product

Surveys

- Try to be objective

- Don't tell them how great your idea is, they will get biased

- Avoid the false positives

Surveys

- What to ask potential customers:

- Do they have this problem?
- What solutions have they used to tackle this problem?

Surveys

- What to ask industry people:

- Do they think this problem exists?
- Would people pay money for a solution?
- Present your solution and ask for feedback

Surveys

- Finding participants:

1. Your immediate network
2. Industry groups, forums, meetings, people that could be interested in your solution

Surveys

Tools you can use:

- Survey websites: SurveyMonkey, AWeber, Google forms
- Reddit
- Aytm.com - they help you get answers to your surveys
- Facebook groups

Surveys

- Try to incentivize people to answer your questions

- They're usually happier to help you if the survey is shorter

Lecture 33
Talking to experts

Intro to Entrepreneurship

Talking to experts

- Experts have inside information and secrets you might not have access to

- They can tell you whether your idea has potential, whether it's legal or not

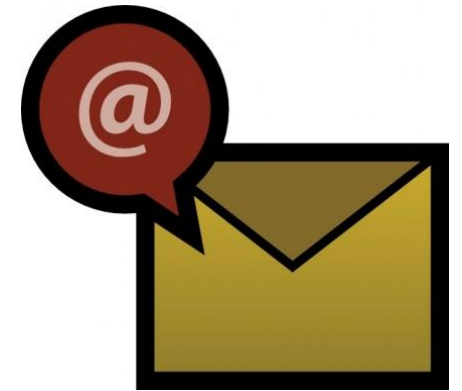- You can contact them through email, phone, or in person

Talking to experts

1. Identify actual experts in your area

• Use specific search engines: icerocket.com, blogsearch.com
• Search for your industry and contact the people who write about that

Talking to experts

2. Show them that you read what they wrote

3. Present your idea and ask for feedback

Talking to experts

- LinkedIn: search for people who are working or worked in the industry

- Incentivize them in some way

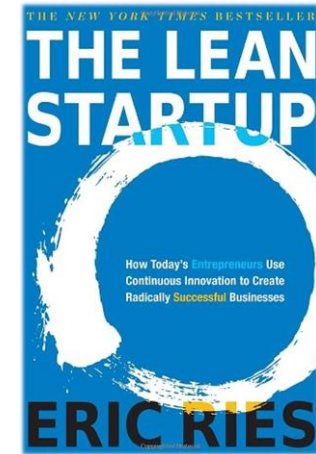- Contact as many people as you can and have as many conversations as you can

Lecture 34
The lean startup framework

The lean startup framework

- "The lean startup", Eric Ries

- We don't know if our idea is any good,
we only make assumptions

- Any business idea comes with a set of assumptions

- There are two ways of tackling this

The lean startup framework

#1 Build a solution and launch it
• As you get feedback, you change it

#2 The lean startup framework
• You create the absolute minimum product in order to see if the customers are interested, and then you start building the actual product

The lean startup framework

- Build - Measure - Learn

- You test the information and you rebuild the product using what you learned
- You save time and money
- You figure out sooner whether people will buy it

The lean startup framework

- Core concepts:

→ Hypothesis: A sentence that describes your assumptions

- Example: Custom T-shirts
- Hypothesis: "People are willing to buy custom t-shirts and they have some sort of benefit from wearing them"

The lean startup framework

→ Validated learning
- Learning information that came from a real life experiment, not just guessing

→ Pivot
- A significant change to the initial idea
- A lot of companies pivoted
- Example: Twitter

The lean startup framework

→ Minimum criteria for success

• How many people you need to be interested in order to consider your idea validated

Lecture 35
Pitch experiments

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Pitch experiments

- Pretend a product is real and pitch it to potential customers

- You want to test a hypothesis
- You build a fake landing page that pitches your product as if it was real or upcoming
- You try to get people to sign up or click the "Buy" button

Pitch experiments

- Check out my "Idea Validation" course for more detailed information on pitch experiments

Idea Validation: From idea to paying customer in 1 day

Evan Kimbrell, Founder of Sprintkick | Ex-VC | Ex-startup...

★★★★★ (25)

Pitch experiments

Example: Launchrock

- You create a landing page and advertise it to get clicks
- You can get free ad coupons from Facebook, Google and Bing

Pitch experiments

- You can use pitch experiments for anything

- Set the goal of the experiment, what you need to get in order to meet your minimum criteria for success

Lecture 36
Creating an MVP

Intro to Entrepreneurship

Creating an MVP

- 95% of entrepreneurs will use this method

- MVP = Minimum Viable Product
  = The absolute minimum amount of effort and resources you have to spend in order to get to a point where you can determine if a customer wants to buy your product

Creating an MVP

- An MVP needs to show the potential users what it does
- The best MVPs have the absolute minimum features

- Example: Restaurant
- MVP: it could be a food truck, a brochure with your menu, or you can make one item from your menu and see if people will buy it

Creating an MVP

- Example: Zappos - online shoes

- They made a basic website and took photos of products from other stores
- When people bought them, they actually went and got the products and delivered them

Creating an MVP

- Example: Mobile app

- Pick a feature and create a basic demo of the app
- People who really want it will buy it even if it doesn't look so good
- If no one will pay for your basic version, you probably don't have a good idea

Creating an MVP

- Example: Website
- You can make a template first, with free online tools

- Example: Online store
- Create a store at Shopify.com and add fake products
- You can try to hire someone cheap to build
a demo version