💻 Basics of Entrepreneurship

User Insight

→ Everything starts with user, which means ;

- When we set up a business we should ask ourselves the question of who we are targeting. (Target audience)
- Users should be kept int the center of everything. (What problems are you solving and for who?)

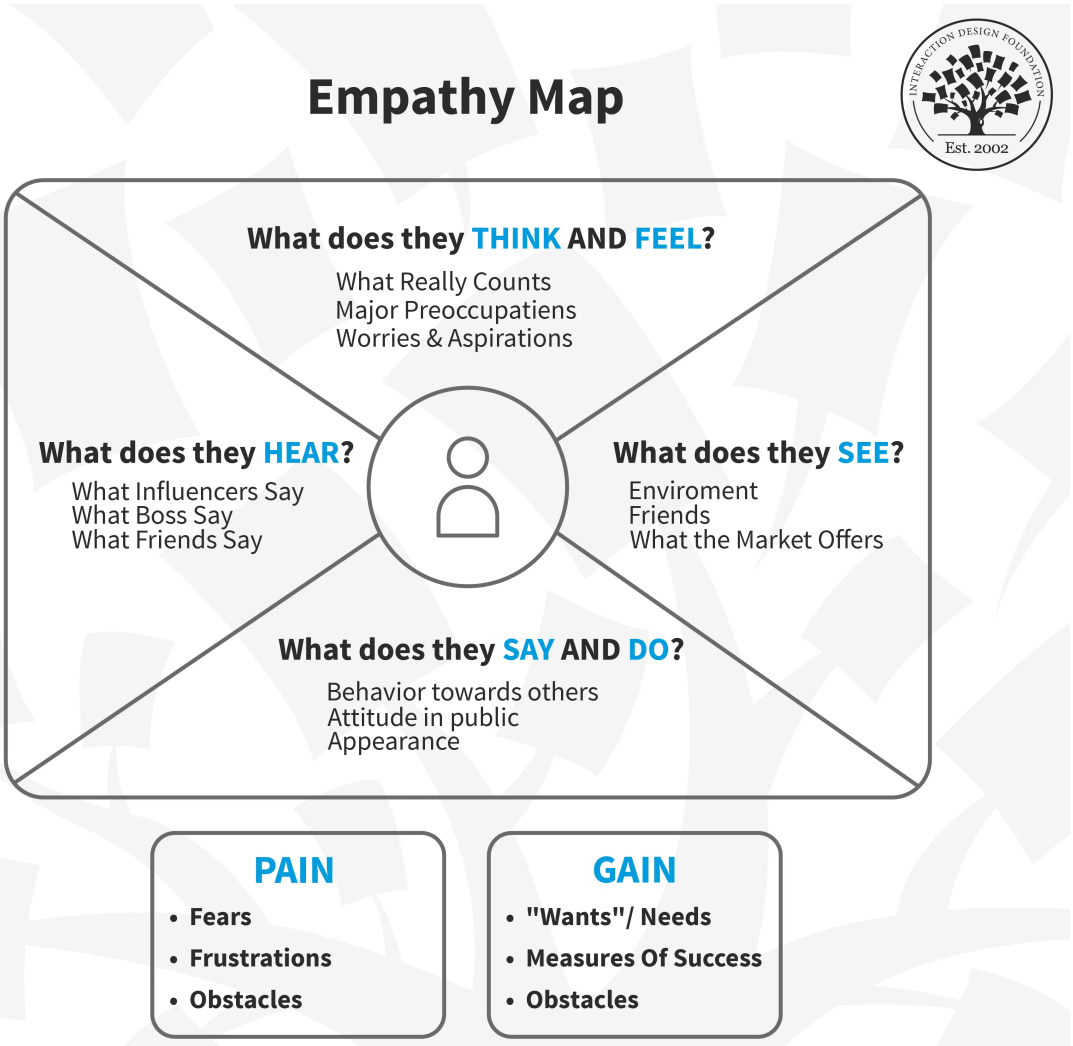
→ To understand user we need to use user insights.

- User insights sum up your users' perceptions and feelings about your product or service.

→ To gather user insight, we can do surveys, interviews, demand feedbacks and so on..

- In mentioned user meetings, we may proceed with 2 types of questions
  - Open-ended questions **(a question that cannot be answered with a "yes" or "no" response, or with a static response)** for understanding the mentality and frame of mind of user
  - Close-ended questions **(ask respondents to choose from a predefined set of responses, typically one-word answers such as "yes/no", "true/false", or a set of multiple-choice questions**) for taking information from users
- Open-ended questions are valuable for us to obtain user insights
- How, why, when, where types of questions are critical and qualified questions for high quality data set

→ Empathy Map : Data set gathered by user interviews gets grouped to understand the user better. Maps is consisted of 4 parts which are, "what our users say?" , "what our users feel?", "what our users hear?" ,and "what our users see?". Deductions can be made about our products image with this map.



Interaction Design Foundation
interaction-design.org

→ Persona : Personas are fictional characters created for naming our target audience or types of users.

- Multiple personas can be created.
- A new personas can be created or existing personas can be detailed, revised or changed as we obtain new information from user interviews.

→ Affinity Mapping : It is used for organizing qualitative data or observations. All the taken observations, information, thoughts and everything is written on the sticky notes and grouped with related ones. After creating these group,

you can analyze it and make deductions about what you should learn or what steps you should take.

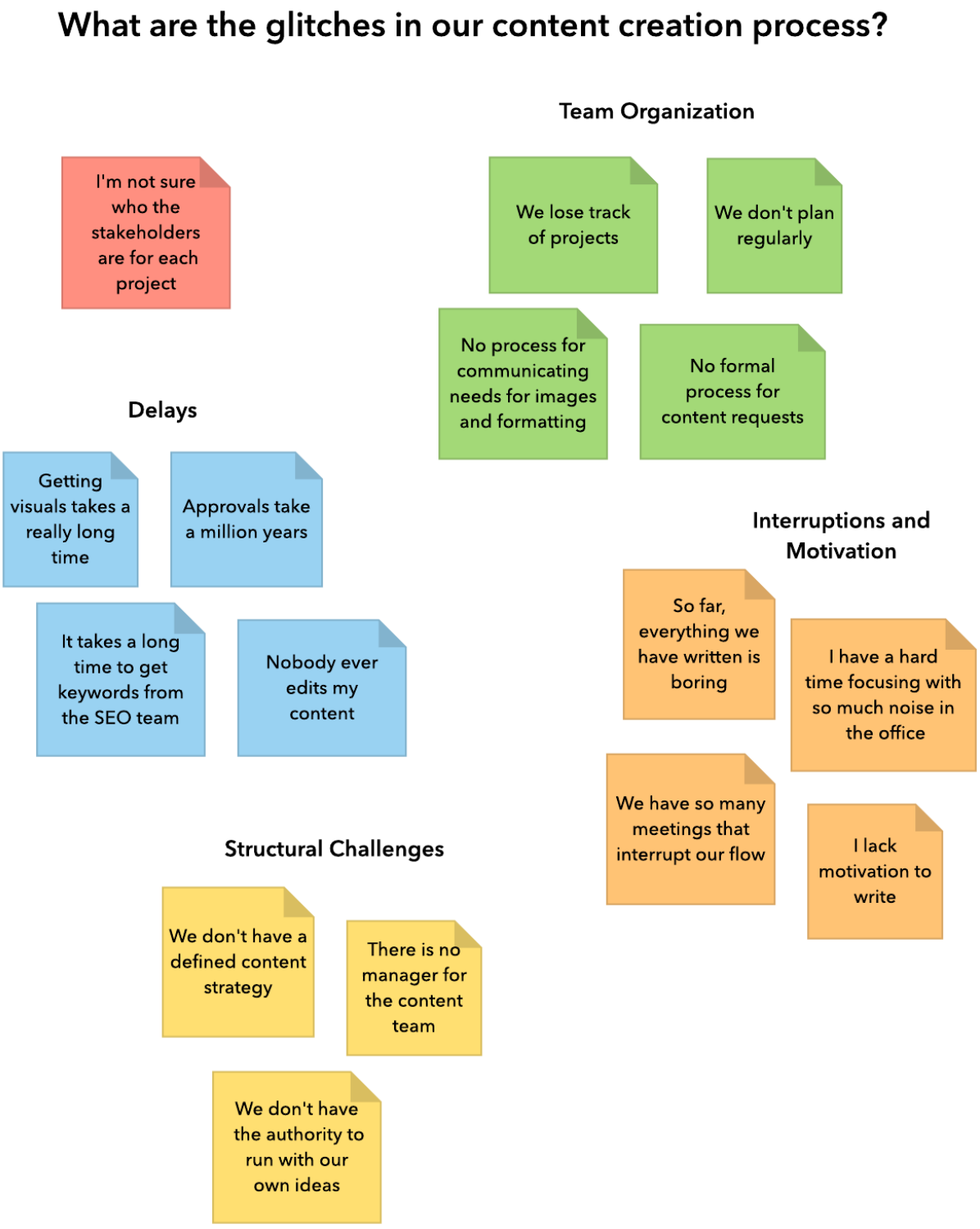
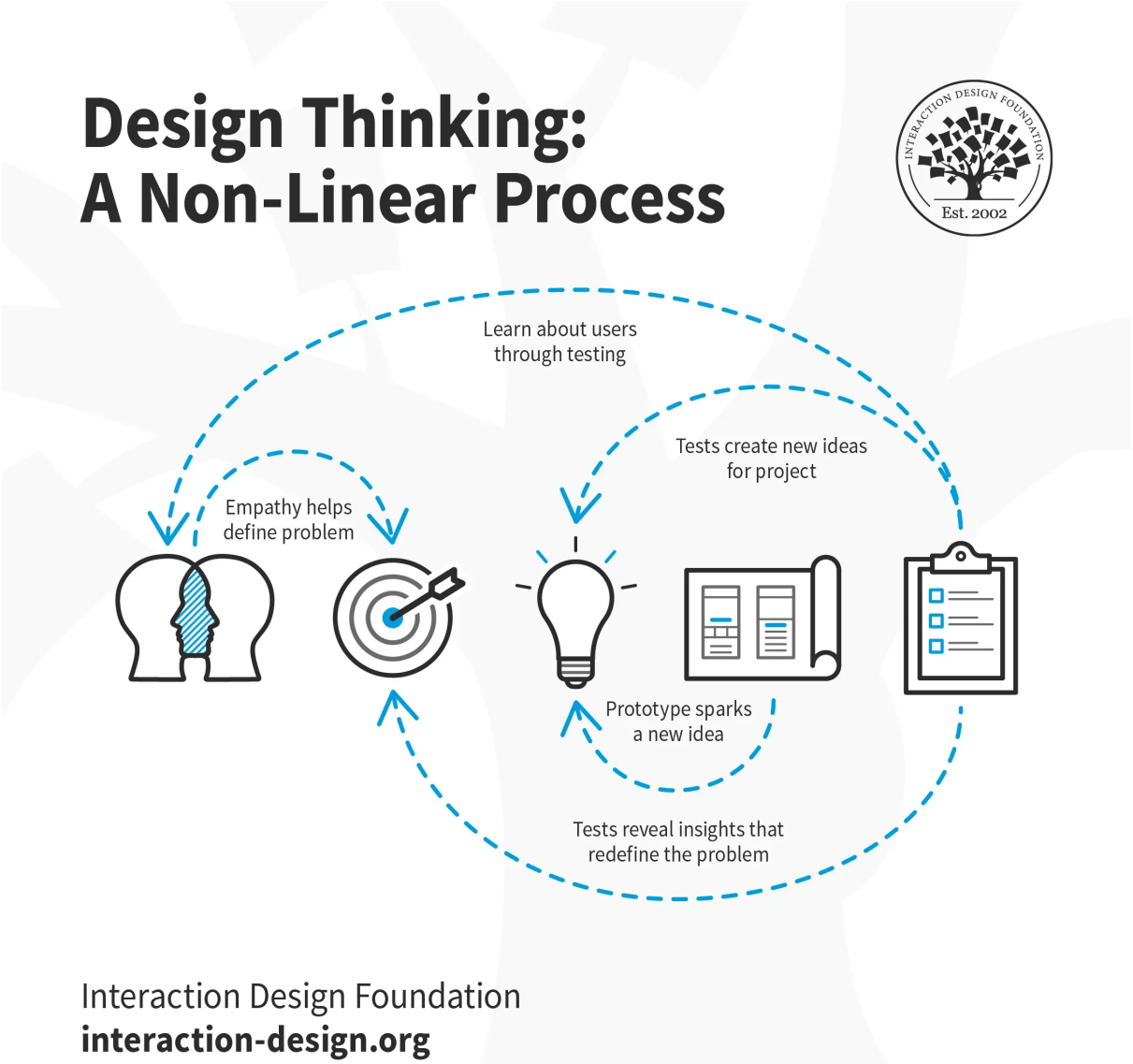


Image reference : https://lucidspark.com/blog/affinity-diagrams-your-key-to-more-creative-problem-solving

→ Design based thinking is **an iterative process which focuses on a collaboration between designers and users**. It brings innovative solutions to life based on how real users think, feel and behave. The ideas can be developed really fast and it should start crazy ideas and normalized during the process. It is consisted of 5 steps : Empathize, Define, Crate Ideas, Prototype and tes



Concept Verification

→ Concept Verification with 5 steps

- Problem Definition : Target audience and problem definition should be clearly stated
- Problem Verification : Field work and interviews should be done to verify problem (whether its is really existed or not)
- Solution Definition : What is the solution we provide?
- Solution Verification : MTV and MVP, after this step if our solution is not good enough we can go back to solution definition step again.
- Solution - Problem Consistency

MTP → Minimum Testable Product - MVP → Minimum Viable Product

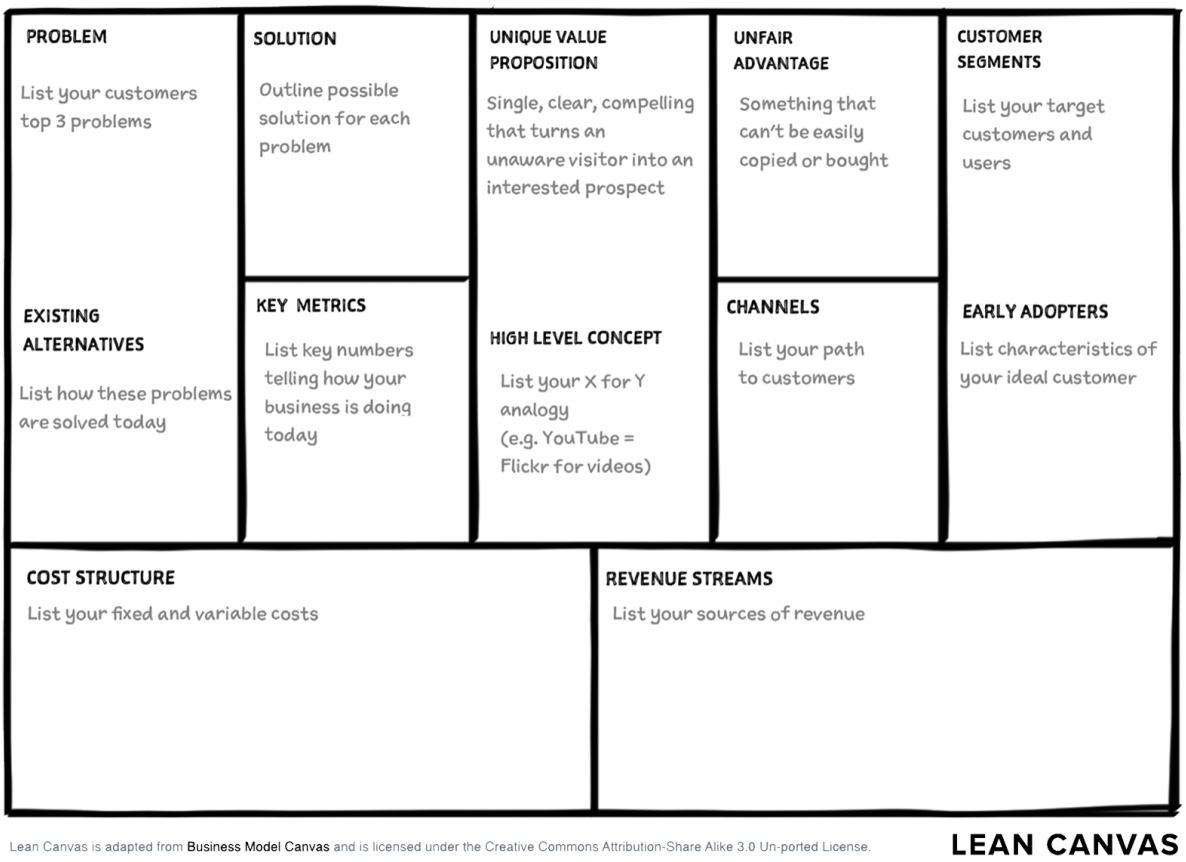
→ As long as idea can not be patented, that idea is not important in business life.

- Even if it can not be patented, it does not mean it’s not a good idea. What we should do in this case is bringing that idea into life with developing or manufacturing it ASAP.
- Minimum Viable Team (MVT) is a concept for startups to have a minimum team with selected skillsets required to begin business operations. (3H Theory)
  - Hipster : Creative genius behind the products, who develops product design.
  - Hustler : Salesman who moves the idea forward by driving business sales.
  - Hacker : Who develops the new technology for the business, builds new product prototypes, and works on product development

→ Lean canvas : It is a 1-page business plan template that helps you deconstruct your idea into its key assumptions.

- Problem : List problem and 2 or 3 sub-problems.

- Solutions : List every solution for problem and sub-problems
- Cost Structure : Money or cost needed for solution and verification of problem
- Key Metrics : Usage analysis (Who used, Who didn’t, and so on)
- Unique Value : Values that makes your solution interesting
- Unfair Advantage : Why us ? . This part tells us what we do best amongst our competitors or why we are best for this solution ? (Can be because of core users, infrastructure advantage and so on)
- Customer Segment : Whose problem are we solving? Who should we provide our solution first and take their feedback?
- Channels : How do we reach customer segment (target audience)
- Revenue Stream : The revenue that has been gained after verification of the problem



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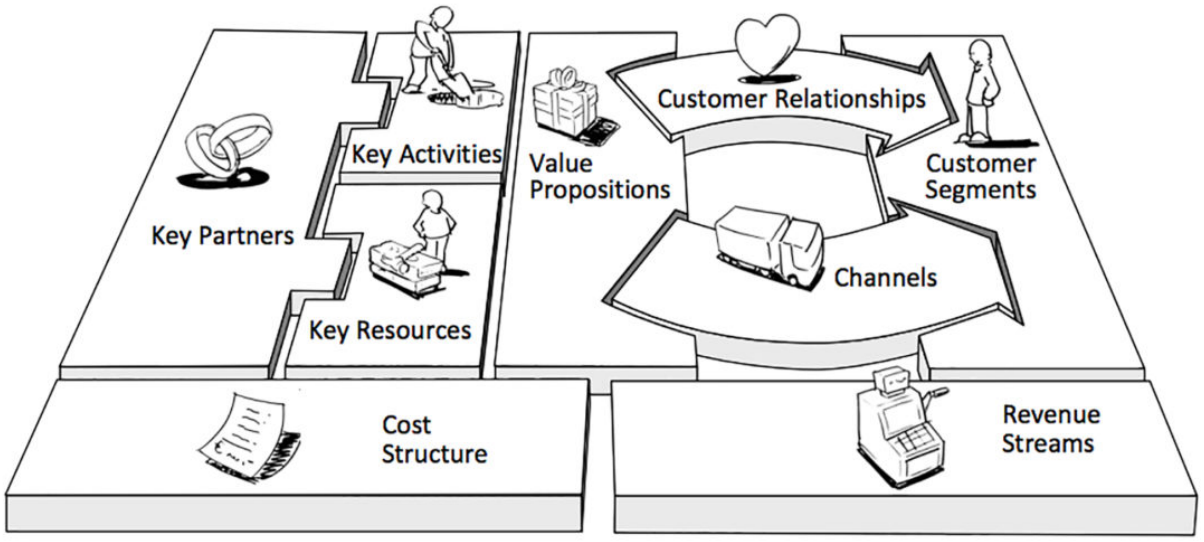
LEAN CANVAS

→ Business Model Canvas : It is a 1-page business plan template that helps you deconstruct your idea into its key assumptions.

- It has differences between lean canvas which are ;
  - Key Partners : Your business partners
  - Key Resources : Resources used for business operations
  - Key Activities : Activities must completed for continuity of business



Adapted from 'Business Model Generation', Alexander Osterwalder, Wiley 2012.
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→ Lean Canvas VS Business Model Canvas

- Business model canvas is generally used for the businesses which have reached a certain level.
- Start-ups generally start with lean canvas and after certain level they continue with business model canvas.
- Canvases are both living documents. What I mean is they are tend to change through time

→ X10 Business : It means our solution of the problem is 10 times more efficient or better than our competitors, which means we have unfair advantage.

User Acquisition & Growth Methods

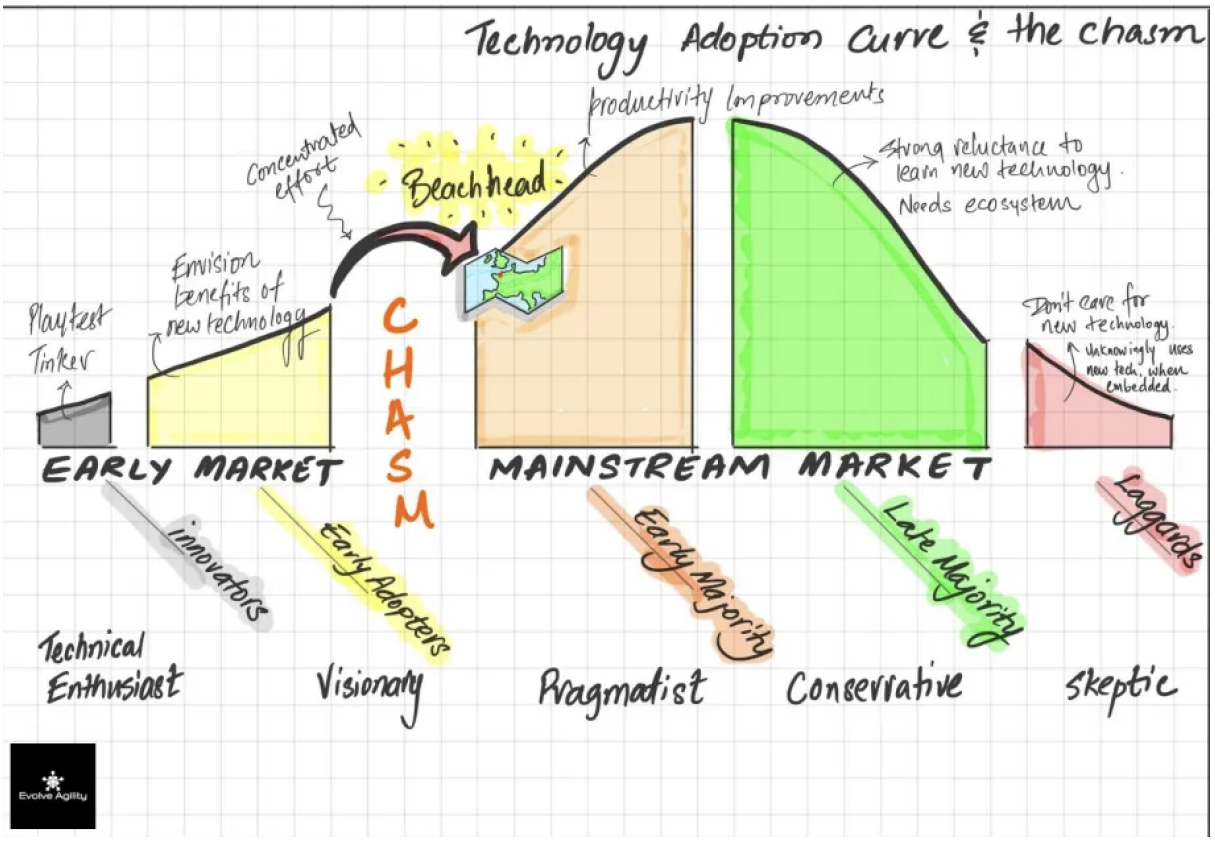
→ Growth lies under the shifting from experimental user to real and permanent user.

→ Every persona we have may not match with every user type. As usage of our service grows different personas may occur.

→ Technology Adoption Curve

- Innovators (2,5%): Much more curious, they try out the product and give feedback. They do not give up on product fast.
- Early Adaptors (13,5%): Curious, they try our and stick with the product, they generally do not give feedback but they try out again and again while you are updating the product.
- Early Majority (34%): They ask around whether anyone uses this technology, reference is important for them (they may come with friend reference). They give feedbacks. They generally give up on technology when they had a bad experience.
- Late Majority (34%): They do not care about who is using the technology. They generally come into environment thanks to discounts, free give aways and so on. If there is no good deal, they may leave the ecosystem and move on to your competitor.
- Laggards (16%): They probably do not use the technology or downloads and deletes.

Innovators move on as soon as they find new technology, product or service. However, early adapters move on after they learn the product or when they are done with the product.



→ Maximum amount of the user you may reach is 85% of your target market. 15% laggards are not the primary group you should focus on, most of the time you do not even take them into consideration while making any decisions.

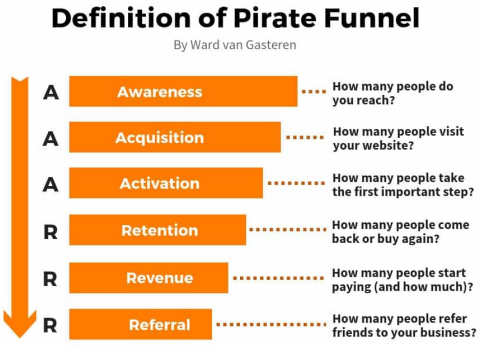
→ Death Valley : It means not being able to reach enough user volume.

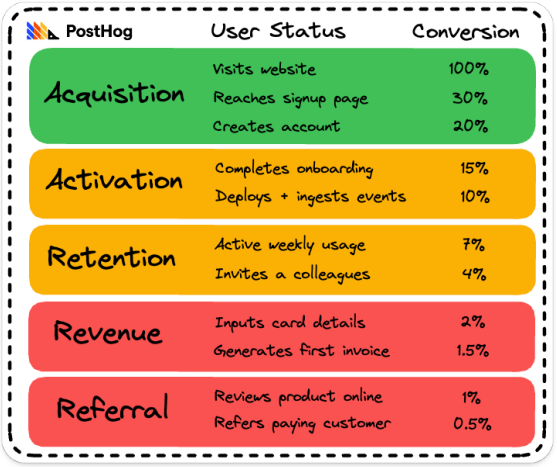
- How do we survive the death valley :
  - Try to take as much as people from the early majority into our ecosystem.
  - By bringing one best feature or feature that dominates the market of the technology and focus on that one until creating enough user volume.
  - By providing more than one feature at the same time like all in strategy, go into the market with all the features your technology has.

💡 Window of Opportunity : It is the period of time in which an approach or strategy can be employed to exploit (gain value from) a recognized opportunity (scenario where value can be acquired).It is roughly until the middle of the early majority phase.

→ AAARRR Funnel : It is a framework to cut a company in pieces and shows you where to focus your attention and helps you find the bottleneck.

- Awareness : Brand visibility
- Acquisition : Taking users attention through the channels determined before.
- Activation : Making users to use the technology or product. Welcoming the user with on boarding screens and maybe personal onboarding can be arranged.
- Retention : How the user will be kept in the technology or how will frequently usage of technology by the user be achieved?
- Revenue : Making money out of the user kept in the technology
- Referral : Making user refer technology to others. This may be achieved through Affiliate Marketing (making commission with referral links)





→ When we go down in the funnel, if there is an enormous sudden difference, there may be a problem in the section. We may focus on that problematic section and generate solutions.

→ Lifetime Value : It means income, value or gain has been achieved during the time user spent in the technology.

→ A/B Testing : Making deductions or analysis by showing different contents or types of display to 2 or more different user while using the technology. We can test the user behavior in different cases.

Validation, Iteration, Pivoting

→ Validation : checking technology-problem consistency

→ Iteration : Making minimal changes in the technology

→ Pivoting : Making radical changes such as changing the solution or technology

- Types of Pivoting
  - User based pivoting : Changing target group of the product
  - Regulation based pivoting : Pivoting due to new regulation that came up.
  - Technological pivoting :

→ If you can not measure business parameters, you can not manage that business.

- In that matter, you may look over;
  - The amount of purchase
  - The number of users
  - The screen time of users

→ Stall up : Even if the purchase and the other positive metrics go up, cost also goes up with them. In this case, (revenue - cost) difference does not improve or go up. The Start-up does not progress and counts on the spot.

→ Pivoting should done when iteration is not enough.

→ Iteration and pivoting shouldn’t be made a habit. Instead, well prepared business canvases and well organized business plans are much more useful.

→ If you're generating revenue, problem-solution fit turns into product-market fit. Which means beside your solution is good for the problem and now it proves market also thinks the same so they purchase the product.

→ Product Closing Experiment : When you close your product, how many users goes into panic mode or will call you about the problem. The more user complains, the more product-market fit is your technology. (You do not have to close all the product, you can try out on some of the features)

→ Landing page : One page web site to validate your idea or solution.

→ Pre-validation : Using a already validated idea

- Doing Already Validated Solution : Setting up a business on already validated in other country or technology used in another country.

Steps of The New Start-ups

→ Stages of Idea : Problem definition, problem validation, solution definition, solution validation, creating a team happens in this stage.

- How many people was problem spoken with?
- How many people was the solution tested with?
- How many people was shown the product before the MVP stage and what was their reaction?
- Does number of the team member meet 3H theory?

→ Stage of MVP : Creating a testable minimum product

- How many users have visited our product?

- How many user have signed up or downloaded the product?
- What is the number statistics in AAARRR funnel?
- User may not make you any money, but customer does. Therefore, you should determine which group you are going to focus on.

→ Stage of Product - Market fit : The mechanics of income and expense gets started

- What is monthly repeated income?
- What is monthly expense or loss?
- What should we do to increase income and decrease the expense?
- What is the number of transactions?
- What is the volume of sales?

→ Stage of Scaling : This is the stage growth of our business gets faster and we move into other markets.

- Is the growth balanced or not?
- What is the weekly growth?
- Which markets we are in or what is our market share?
- What is the difference in the market structure in different markets?
- What channels are used in which markets?
- Is user coming back after they tried the technology?

→ Break even means that income and expenses are same.

Intellectual Rights and Regulations

→ If idea can not be patented, you have to bring that idea to life ASAP. Even if you are the first one in the market, you need to get scaled up first.

- To scale up a business means **to increase its size, capacity, or reach in a way that allows it to grow and achieve greater success**.

→ Patent : Government authority or licence conferring a right or title for a set period, especially the sole right to exclude others from making, using, or selling an invention. (New patenting ideas can be created with blockchain)

→ Bootstrap Start-up : Start up that gets set up with small amount of resources and without taking any investment

→ Becoming corporation should be done after verification and validation of both problem and solution. Stage of MVP should be done as a corporation.

→ KVKK : It is a Personal Data Protection Regulation for Turkey.

- This regulation may be change by country, states or region.

→ Personal Information : It means any information that belongs to certain or identifiable person.

→ Processing personal information : Obtaining, storing, changing, updating, grouping, transferring, any kind of action on information other that sharing with unwanted parties.

- Stored Information;
    - Must be hard to access, if possible it should be stored in offline environments
    - If possible, it should be anonymous like (S*** K***)

Start - Up Pitching

→ Pitching : Presenting a business idea, The purpose is to get investor’s or audience’s attention. It should to be clear, simple and effective. Competition in market and competitors should be mentioned in the pitch. If there is no competition, alternatives or similar products can be shown.

→ Presentation : When start-ups think they need a help or an investment, they make a presentation to potential investors.

- Readable Documentation : More text and less image
  - They explain business plan, their goals and products in detail
- Presentation : Less text and more image
  - In this presentation type, you should explain yourself, your idea, your product, opportunity for investors, and effects of your product to community, nature and humanity.

→ In presentation, there are some rules we must care;

- Content of the presentation
  - It should have as least pages as possible (max 15 pages)
  - It should be presented in a short time
  - It should contain least information per presentation page. You may put QR code and make them download the product or technology
  - When you are introducing the team, you should add all the information and experiences related to the project. Team page may be in the beginning or at the end according to audience we are addressing.
    - B2B : Business to Business
    - B2C : Business to Customer
  - It should have introduction, progress and conclusion parts. You should make them wonder rest of the pages in the introduction part. In progress part, you should explain what you are solving and who you are solving for with your product. In conclusion part, you should leave unforgettable impression.
- Design of the presentation
  - Less text
  - More image
  - Large text format
  - First and last pages are important

→ Impressing Investors : They care about their part of exchange (What will be given and taken)

- What opportunity you are providing them?
- How big market is?
- Growth opportunity?

→ Red Ocean / Blue Ocean

- Red Ocean : Market already existed for a long time, competition and competitors are really strong.
- Blue Ocean : New market, competition is not existed or really low.

→ Making a Defence in Competition Environments

- Red Ocean : You make a defence(difference) with the value created by your product
- Blue Ocean : You make a defence(difference) with team experience, 10X product

Investment Types

→ There are other type of investment other than just the financial investment.

- Financial Investment : Providing money for a business rather than other forms of investment such as effort or time
- Intellectual Investment : Collective knowledge and resources that can provide it with some form of economic benefit.
- Cultural Investment : Improving your branding, and establish yourself as an important and, perhaps, fun place to work.
- Social Investment : Having an effect on corporate behavior; and that social criteria can provide incentives for business to function more reliably in the public interest

→ Investment Stages and How;

- Early Stage (Start-up) : Angel Investors
- Mid Stage (Mid size companies) : Investment Funds (Government and Private funds)
- Advanced Stage (Full size corporation) : Going public (IPO : Initial Public Offering)

→ Angel investor : Type of investment that using person's own personal financial resources as an investment

- They make an investment in early stages
- They expand their portfolio by investing in many businesses
- They do not attend to check-up rounds often

→ You should demand an investment from an investment funds after you should reach market-product fit stage

→ Incubators and accelerators are mechanisms for supporting and giving proper educations to the start-ups.

Cashflow Management

→ There are few important points when you are managing the cashflow to understand, how much money is spent?, How much is our budget? or what is our growth rate?

- Current cash owned by business
- Repeated income
- Outgoings / Expenditure

→ Burn rate : H**ow quickly a company is spending its cash reserves to cover overhead costs**

→ Runway : It is **the amount of time, in months, a business has before it runs out of cash**. (Cash owned / Average burnt money for month)

→ Co-founders should be aware of every financial number, statistics and situation such as burn rate , runway and so on.

→ Budget

- Employees Expenditures : Salaries and bonuses (commission or bonus per sales)
  - RnD Team
  - Sales Team
  - Marketing Team
  - Taking an external service
- Business expenditures
  - RnD research expenditures
  - Marketing and advertisement expenditures
  - Sales expenditures
  - Education and course expenditures
  - Equipment expenditures

→ Profitability

- By keeping the profitability in mind, we should choose our priority between profitability or growth.
- On the early stages we should set up a balanced employee / profit ratio.

📚 References

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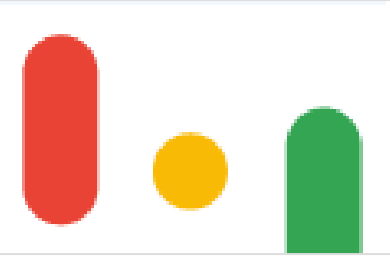
https://oyunveuygulamaakademisi.com/



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SerhatKumas - Overview

Computer engineering student who loves coding in different fields instead of focusing on a one spesific area. - SerhatKumas

https://github.com/SerhatKumas