

Now updated to cover all
the basics of being a Startup Founder

NEW!

STARTUPS FOR DUMMIES®

*Building a
Startup 101*

ALL - IN - ONE

FIRST EDITION

A PROGRESSING GUIDE
WITH MORE TO COME

*MAKING
EVERYTHING EASIER
FOR STARTUP
FOUNDERS*



THINK DIFFERENT. WIN DIFFERENT. FOLLOW PETE SENA -

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STARTUP METRICS SIMPLIFIED

MONTHLY RECURRING REVENUE (MRR) <p>Monthly Revenue total of paid customer fees</p>	ANNUAL RECURRING REVENUE (ARR) <p>Recurring revenue on an annual basis</p>	AVERAGE REVENUE PER ACCOUNT (ARPA) <p>Company's revenue per customer account</p>	GROSS PROFIT <p>Total revenue minus the cost of goods sold (COGS)</p>	TOTAL CONTRACT VALUE (TCV) <p>Value of one-time and recurring charges</p>	ANNUAL CONTRACT VALUE (ACV) <p>Value of a contract over a year</p>
 LIFETIME VALUE (LTV) <p>The entire amount a business earns from average customer</p>	 DEFERRED REVENUE <p>Advance payments you receive for products to be delivered/done in the future</p>	 BILLINGS <p>Billings are the amount of money the company has billed customers for during the accounting period</p>	 CUSTOMER ACQUISITION COST (CAC) <p>Full cost of acquiring a customer</p>	 CUSTOMER CONCENTRATION RISK <p>Revenue from largest customer / total revenue</p>	 DAILY ACTIVE USERS (DAU) <p>Number of unique users who engage within a 24-hour period</p>
 MONTHLY ACTIVE USERS (MAU) <p>Users other than one time users per month</p>	 NUMBER OF LOGINS <p>Total logins by all users in a specified period</p>	 ACTIVATION RATE <p>Number of users taking a specific action to get value out of a product</p>	 MONTH ON MONTH GROWTH (MoM) <p>Average of monthly growth rates</p>	 COMPOUNDED MONTHLY GROWTH RATE (CMGR) <p>(Latest month / first month)[^] (1/# of months) - 1</p>	 MONTHLY CHURN RATE <p>(Lost customers this month / Prior month total) * 100</p>
 RETENTION BY COHORT <p>% of initial customers still transacting over time.</p>	 GROSS CHURN RATE <p>MRR lost in a given month/MRR at the beginning of the month</p>	 NET CHURN <p>(MRR lost - MRR from upsells) this month / MRR at the beginning of the month</p>	 MONTHLY CASH BURN RATE <p>Total cash spent by a company in one month</p>	 NET BURN RATE <p>Revenue - Gross Burn</p>	 GROSS BURN <p>Monthly expenses + any other cash outlays</p>
 TOTAL ADDRESSABLE MARKET (TAM) <p>Revenue potential available for a product</p>	 ANNUAL RUN RATE <p>Projection of current MRR into the future, annualized</p>	 GROSS MARGIN <p>Total Revenue - COGS = Gross Margin</p>	 SELL THROUGH RATE <p>Number of units sold in a period / number of items at the beginning of the period</p>	 NETWORK EFFECTS <p>Effect of one user on the value of that product or service to other people</p>	 VIRALITY <p>Viral coefficient = avg number of invitations sent existing user * conversion rate of invitation</p>
 NET PROMOTER SCORE <p>Measures customer loyalty by looking at their likelihood of recommending a product.</p>	 PLATFORM RISK <p>The dependence of a business on a specific platform or channel</p>	 DIRECT TRAFFIC <p>Traffic that comes directly and not through an intermediary</p>	 ORGANIC TRAFFIC <p>Unpaid traffic from search results</p>	 REVENUE PER EMPLOYEE <p>Revenue generated per employee over a specific period</p>	 AVERAGE ORDER VALUE (AOV) <p>Average dollar amount spent each time a customer places an order</p>



NUMBERS LIE: KPIs TO WIN MORE

4 LESSER KNOWN THINGS ABOUT MEASUREMENT

KEEP PEOPLE INTERESTED



Instead of just tracking clicks, measure how long people stay engaged with your content. Are they reading, watching, or interacting more deeply?



KEEP PEOPLE INFORMED



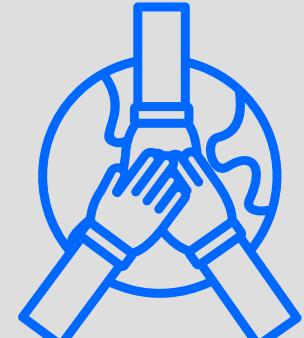
Beyond just counting shares, assess how well your content educates your audience. Are they learning something new? Track feedback and knowledge gain.



KEEP PEOPLE INVOLVED



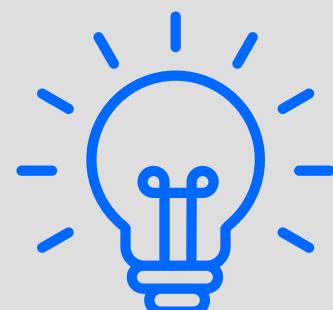
Engagement isn't just a metric. Measure participation in discussions, comments, and community activities. Are people contributing to your ecosystem?



KEEP PEOPLE INSPIRED



Look beyond immediate actions. Gauge the emotional impact of your content. Are people feeling motivated, moved, or inspired by what you share?



BUILDING A STARTUP IS EASY

YOU ONLY HAVE TO GET THESE 100 THINGS RIGHT

1. IDEA VALIDATION	26. INTELLECTUAL PROPERTY	51. CRISIS MANAGEMENT	76. PRODUCT USABILITY
2. MARKET RESEARCH	27. EXIT STRATEGY	52. USER EXPERIENCE	77. CUSTOMER VALUE
3. BUSINESS MODEL	28. CUSTOMER SUPPORT	53. CUSTOMER LOYALTY	78. MARKET DIFFERENTIATION
4. FUNDING	29. MARKET ENTRY	54. COMPETITIVE ANALYSIS	79. CUSTOMER RETENTION STRATEGIES
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6. PRODUCT DEVELOPMENT	31. PRODUCT LAUNCH	56. PRODUCT TESTING	81. CUSTOMER ACQUISITION CHANNELS
7. CUSTOMER ACQUISITION	32. CASH FLOW MANAGEMENT	57. CUSTOMER ONBOARDING	82. BRAND POSITIONING
8. MARKETING STRATEGY	33. INVESTOR RELATIONS	58. BRAND AWARENESS	83. CUSTOMER FEEDBACK LOOP
9. SALES STRATEGY	34. RISK MANAGEMENT	59. PRODUCT LIFECYCLE	84. MARKET SEGMENTATION
10. LEGAL ISSUES	35. PRODUCT DIFFERENTIATION	60. CUSTOMER ADVOCACY	85. PRODUCT INNOVATION
11. FINANCIAL MANAGEMENT	36. HIRING	61. MARKET PENETRATION	86. CUSTOMER SUCCESS
12. SCALING	37. REMOTE WORK	62. PRICING MODELS	87. BRAND IDENTITY
13. COMPETITION	38. MENTORSHIP	63. CUSTOMER INSIGHTS	88. PRODUCT-MARKET FIT
14. TIME MANAGEMENT	39. PRODUCT ROADMAP	64. PRODUCT ITERATION	89. CUSTOMER ADVOCACY PROGRAMS
15. STRESS MANAGEMENT	40. CUSTOMER PERSONA	65. MARKET TRENDS	90. MARKET RESEARCH TOOLS
16. NETWORKING	41. SOCIAL MEDIA	66. CUSTOMER ACQUISITION COST	91. PRODUCT ROADMAP PLANNING
17. CUSTOMER FEEDBACK	42. SEO	67. PRODUCT POSITIONING	92. CUSTOMER SEGMENTATION TOOLS
18. PIVOTING	43. EMAIL MARKETING	68. CUSTOMER EXPERIENCE	93. PRODUCT-MARKET FIT MEASUREMENT
19. VISION AND MISSION	44. ANALYTICS	69. BRAND LOYALTY	94. GROWTH HACKING
20. CULTURE	45. CUSTOMER JOURNEY	70. PRODUCT FEATURES	95. INVESTOR RELATIONS
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23. PRICING STRATEGY	48. PARTNERSHIPS	73. PRODUCT METRICS	98. DATA PRIVACY AND SECURITY
24. BRANDING	49. CUSTOMER SEGMENTATION	74. CUSTOMER ENGAGEMENT	99. SUSTAINABLE GROWTH
25. PRODUCT-MARKET FIT	50. INNOVATION	75. BRAND EQUITY	100. WORK-LIFE BALANCE



HOW TO SURVIVE AS A STARTUP

INSPIRED BY: PAUL GRAHAM (YC FOUNDER)'S STARTUPS IN 13 SENTENCES



1 - PICK GOOD COFOUNDERS

Cofounders are to a startup what location is to real estate: fundamental and immutable, heavily influencing its success.

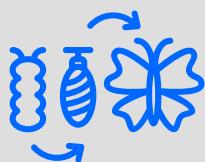


2 - LAUNCH FAST

The primary reason to launch quickly is to engage with users and learn what your product should be, as true progress begins only after launch.

3 - LET YOUR IDEAS GROW & EVOLVE

Launching quickly and iterating is crucial, as the best ideas in a startup often emerge during implementation.



4 - UNDERSTAND YOUR USERS & CUSTOMERS

Startup wealth is shaped by user numbers and the extent of life improvements, often reflecting the founders' personal experiences.



5 - BETTER TO MAKE A FEW USERS LOVE YOU THAN A LOT AMBIVALENT

Initially, focus on fully satisfying a subset of users rather than partially satisfying all, as it's easier to grow your user base than to increase satisfaction.



6 - OFFER SURPRISINGLY GOOD CUSTOMER SERVICE

Offer surprisingly exceptional customer service in your startup's early stages to delight customers and gain valuable insights into their needs.



7 - YOU MAKE WHAT YOU MEASURE

Tracking a metric, like user numbers, on a visible chart can naturally drive improvements by motivating you to amplify successful strategies.



8 - SPEND LITTLE

Frugality is essential for startups to avoid running out of money and to maintain an agile, youthful culture.



9 - GET RAMEN PROFITABLE

"Ramen profitable" means a startup earns enough to cover basic living expenses, changing the investor dynamic and improving morale.



10 - AVOID DISTRACTIONS

Lucrative distractions like consulting or side projects can derail startups by shifting focus from long-term goals to short-term gains.



11 - DON'T GET DEMORALIZED

Startups typically fail from lack of focus, due to either poor leadership or low morale; maintaining morale is as vital as proper lifting technique.



12 - DON'T GIVE UP

In startups, sheer persistence combined with continuous adaptation can lead to success, unlike fields like mathematics where inherent skill is crucial.



13 - DEALS FALL THROUGH

You need to learn the importance of not counting on deals until they close, as this approach protects morale and deal success.



7 TYPES OF STARTUP FOUNDERS

& WHY IT MATTERS TO YOU



VISIONARY

Steve Jobs, Apple Founder

→ Traits: Driven by a big idea, persistent, collaborative

→ Benefits: Passionate, resilient, inspired leadership

→ Pitfalls: May overlook details, can be disconnected from reality



SOLO FOUNDER

Sara Blakely, Spanx Founder

→ Traits: Fiercely independent, self-assured, resilient

→ Benefits: Freedom, complete control, learns a lot

→ Pitfalls: Higher failure rate, harder to raise money, potential for burnout



SERIAL DISRUPTOR

Elon Musk, SpaceX Founder

→ Traits: Varied interests, optimistic, extremely innovative

→ Benefits: Variety of experiences, flexibility, attracts talent

→ Pitfalls: High risk, difficulties finding trustworthy partners, ego-driven pursuits



ENGINEER

Mark Zuckerberg, Meta Founder

→ Traits: Technically savvy, problem-solver, focused on execution

→ Benefits: Pragmatic, quick problem-solving, can employ technology effectively

→ Pitfalls: May lack skills in non-technical areas, lower emotional intelligence



PERSONALITY FOUNDER

Oprah, OWN Network Founder

→ Traits: Charismatic, influential, excellent storytellers

→ Benefits: Built-in audience, potential pre-existing wealth

→ Pitfalls: Needs to develop real business skills, dependency on the founder's presence



ACCIDENTAL FOUNDER

Yvon Chouinard, Patagonia Founder

→ Traits: Independent, resourceful, necessity-driven

→ Benefits: Solves real-world problems, turns passion into profit

→ Pitfalls: May lack business knowledge, overwhelmed by business management



INTENTIONAL FOUNDER

Jessica Alba, Honest Founder

→ Traits: Purpose-driven, passionate about impacts, socially conscious

→ Benefits: Empathetic approach, educates and motivates others

→ Pitfalls: Challenging to align team values, dependent on founder's presence



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12 RULES FOR STARTUPS

BUILD LIKE MARC CUBAN



1 DON'T START A COMPANY UNLESS IT'S AN OBSESSION



2 IF YOU START WITH AN EXIT STRATEGY, IT'S NOT AN OBSESSION



3 HIRE PEOPLE WHO YOU THINK WILL LOVE WORKING THERE



4 SALES CURES ALL



5 KNOW YOUR CORE COMPETENCIES & FOCUS ON BEING GREAT AT THEM



6 LUNCH IS A CHANCE TO GET OUT OF THE OFFICE AND TALK



7 NO OFFICES. THERE IS NOTHING PRIVATE IN A STARTUP



8 AS FAR AS TECHNOLOGY, GO WITH WHAT YOU KNOW



9 KEEP THE ORGANIZATION FLAT



10 NEVER BUY SWAG



11 NEVER HIRE A PR FIRM



12 MAKE THE JOB FUN FOR EMPLOYEES



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18 EXITED FOUNDERS ADVICE THAT WILL CHANGE HOW YOU LEAD



"I hire weirdos. I look for people who are not only skilled in their craft, but also have unique perspectives and a genuine passion for their work."

SAM PARR
THE HUSTLE FOUNDER



ADI ECKHOUSE BARZILAI
REALFACE CO-FOUNDER

"Solve one thing really well, and it will be valuable to somebody that has money at the end. If you're a tech company, you have to have a differentiated IP in the world of technology and try to solve one thing really well."



ALAN LAZOWSKI
LAZ PARKING FOUNDER

"Creating opportunities for our employees comes first. If you have people that believe in you, that know that you have their backs, they're going to have your back."



"The best salespeople ask the hard questions softly. It never hurts to ask. The answer is always no if you don't ask."

BEN LAMSON
WEDITIT FOUNDER



JESS LYNCH
WISHROUTE CO-FOUNDER

"I think it comes down to a conversation about fear. I always say life begins at the end of your comfort zone. A superpower of mine, and what I help other people adopt as well, is getting comfortable with being uncomfortable."



WILEY CERILLI
SEAMLESS FOUNDER

"If you can look at challenges as opportunities, the whole world is your oyster."



"There are pivots all along the way. I don't think you're doing it right if there aren't."

AARON LYLES
COMMONLY FOUNDER



ALEX DUBIN
BETTOROFF FOUNDER

"I can guarantee that my team is the best team I can possibly put together, and I can guarantee that if this fails at the end, I'll be lying there bloody right next to it. That's how investors should see you - you're going to work hard."



ERIC ROSOW
DIAMETER HEALTH CO-FOUNDER

"Passion and shared vision are crucial when hiring. It's not just about compensation, but finding people who truly believe in what we're doing."



"I think people who succeed are not generally trying to become rich. They're trying to get something done, whatever motivates them"

PETER THUM
ETHOS WATER FOUNDER



BEN KARTZMAN
SPONGECELL FOUNDER

"We came up with this mantra; instead of trying to raise capital, we're going to try to raise revenue. It was this novel concept of actually trying to make more money than we spent."



RYAN SHANK
CAMEO VENTURES FOUNDER

"I think it's honorable when you ask for help. People who are curious are the best type of people because they're trying to learn and they're trying to figure things out."



"Everyone told us you need to take more money. Definitely the right advice. You need that extra buffer, and if you're out of money, people know they can take advantage of you & string you along. You lose a lot of your power."

LINDSEY ANDREWS
REVIDO FOUNDER



ANDRÉ SWANSTON
TRU OPTIK CO-FOUNDER

"We knew we weren't going to be as well capitalized and connected as our competition, so we said to ourselves, 'How do we skate where the puck is going and get there first and lock it up?'"



JOHN OWEN
JETBLUE CO-FOUNDER

"You can't get where you're going unless you help other people get where they're going."



"Decks matter for first time founders. The process of going through the deck helps you put yourself in the investor's shoes, which helps better understand what's the return potential & whether you fit the narrative of having the kind of outsized returns that they're looking for."

JASON KIRBY
THUNDER.VC FOUNDER



JARED JAMES
JARED JAMES ENTERPRISES FOUNDER

"My career took off when I stopped trying to be the speaker I 'should be' and was just myself... Rather than avoiding rejection, pursue it relentlessly. That's how you grow"



NEIL BAITON
MAILCHIMP CO-CREATOR

"Our theme was always: make things simple, make things beautiful, make things fun."



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18 STARTUP KILLERS

THE CRITICAL MISTAKES YOU MUST AVOID

INSPIRED BY: PAUL GRAHAM (YC FOUNDER)

SINGLE FOUNDER



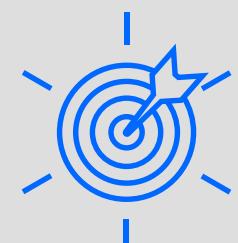
Single founders need partners to share work, ideas, & support for better success.

BAD LOCATION



Startups struggle in poor locations lacking the expert networks & industry support

MARGINAL NICHE



DERIVATIVE IDEA



Startups fail by copying others. Success comes from solving problems. Focus on real issues.

OBSTINACY



Startups need flexibility. Pivot based on user feedback but avoid aimless changes.

HIRING BAD PROGRAMMERS



Non-technical founders benefit from partnering with experienced programmers for better startup success.

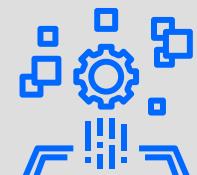
SLOWNESS IN LAUNCHING



Releasing quickly forces you to gather feedback & complete work. Combat delays by advocating for an early launch.

Targeting marginal niches limits startups, like a child avoiding the ball in sports. Embrace competitive markets for growth & success.

CHOOSING THE WRONG PLATFORM



Platform choice is crucial for startup success. Learn from past mistakes & seek guidance from skilled developers or top computer science departments.

HAVING NO SPECIFIC USER IN MIND



A startup without a specific user will likely fail. Solve problems you understand or engage directly with your target users to ensure your solution fits.

LAUNCHING TOO EARLY



Aim for a core, versatile feature. Early adopters are forgiving, but prioritize delivering value. Launching early can damage a reputation.

RAISING TOO LITTLE MONEY



Funding is your runway; without enough, reaching milestones is impossible. Keep expenses low & set achievable goals for flexibility.

SPENDING TOO MUCH



To avoid overspending, minimize hires, offer equity, & focus on coding or acquiring users. Spend wisely for success.

RAISING TOO MUCH MONEY



Excessive funding pressures startups, impacting culture and flexibility. Too much funding leads to poor spending habits.

POOR INVESTOR MANAGEMENT



Manage investors carefully. Balance their insights without surrendering control. Prioritize progress & product focus to retain control.

SACRIFICING USERS TO (SUPPOSED) PROFIT



Prioritizing profit over users dooms startups. Focus on creating something people want first, like Google did with search, & monetize later.

NOT WANTING TO GET YOUR HANDS DIRTY



Avoiding "dirty work" can harm a startup. Focus on product development & growing your user base.

FIGHTS BETWEEN FOUNDERS



Founder conflicts are damaging. Choose co-founders carefully & address issues early. Compatibility is crucial for success.

A HALF-HEARTED EFFORT



Half-hearted efforts often lead to startup failure. Successful founders quit day jobs to fully focus on startups. Full dedication is crucial for success.



WHY STARTUPS FAIL



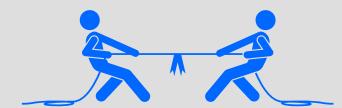
NO MARKET NEED
42%



RAN OUT OF CASH
29%



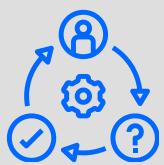
NOT THE RIGHT TEAM
23%



GET OUTCOMPETED
19%



PRICING/COST ISSUES
18%



LACK BUSINESS MODEL
17%



POOR PRODUCT
17%



IGNORE CUSTOMERS
14%



POOR MARKETING
14%



LOSE FOCUS
13%



PRODUCT MIS-TIMED
13%



DISHARMONY ON TEAM
13%



PIVOT GONE BAD
10%



BAD LOCATION
9%



LACK PASSION
9%



DON'T USE NETWORK
8%



BURN OUT
8%



NO FINANCING
8%



LEGAL CHALLENGES
8%



FAILURE TO PIVOT
7%

SOURCE : CB INSIGHTS



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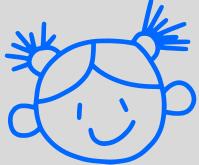
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16 REASONS NOT TO START A STARTUP

BUT WHY YOU SHOULD ANYWAY

INSPIRED BY: PAUL GRAHAM (YC FOUNDER)

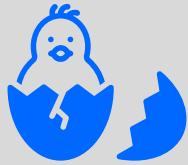
1.



TOO YOUNG

Age isn't the sole marker of readiness to start a startup. It's not about age, it's about attitude.

2.



TOO INEXPERIENCED

The quickest path to startup experience is to launch your own.

3.



NOT DETERMINED ENOUGH

Determination, not intelligence, is the chief predictor of success.

4.



NOT SMART ENOUGH

If you are smart enough to question whether you're smart enough, you're likely smarter than you think.

5.



NEWBIE IN BUSINESS

No business knowledge? No problem. Just concentrate on your product.

6.



NO COFOUNDER

Running a startup is too demanding for just one person.

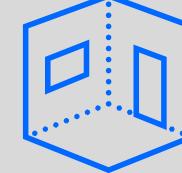
7.



NO IDEA

It's okay; many startups end up pivoting their initial idea.

8.



NO ROOM FOR STARTUPS

People will always want to be wealthier. So you can create new products endlessly.

9.



FAMILY TO SUPPORT

If you have a family, do consulting. But you'll never build a Google this way.

10.



INDEPENDENTLY WEALTHY

If you are rich, you still need smart people to talk to. Most smart people are not rich.

11.



AFRAID OF COMMITMENT

If you value your freedom above all, don't start a startup. But don't get a job either.

12.



NEED FOR STRUCTURE

If you need someone to tell you what to do, don't start a startup.

13.



FEAR OF UNCERTAINTY

There is not much uncertainty here – most startups fail. But, at least in the US, failure is OK.

14.



BLIND TO THE ALTERNATIVE

If you ever had a job, you know how damaging those are.

15.



PARENTS WANT A DOCTOR

Parents protect you from risks, which also protects you from possibility.

16.



A JOB IS THE DEFAULT

Getting a job is a tradition that is only 100 years old. Before that, the default was farming.

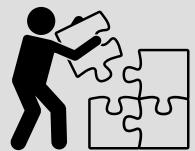


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14 WAYS TO FAIL AS A FOUNDER

1 BUILD WHAT YOU THINK PEOPLE WANT, WITHOUT VALIDATING IT FIRST



2 FIGHT WITH YOUR COFOUNDERS NONSTOP



3 DON'T LISTEN TO YOUR CUSTOMERS



4 TRY TO DO EVERYTHING YOURSELF



5 RUN OUT OF MONEY



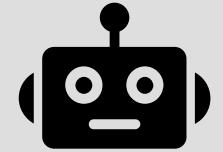
6 FOCUS ON THE NUMBER OF USERS, NOT THE VALUE YOUR PRODUCT CREATES FOR THEM



7 TRY TO SCALE BEFORE YOU FIGURE OUT WHAT YOUR PRODUCT IS



8 CREATE BOT USERS TO FAKE GROWTH



9 HYPE UP YOUR STARTUP INSTEAD OF IMPROVING THE PRODUCT



10 DO ONLY WHAT INVESTORS TELL YOU



11 RAISE SO MUCH MONEY THAT YOU CAN'T SHOW GROWTH IN THE NEXT ROUND



12 DON'T USE YOUR OWN PRODUCT

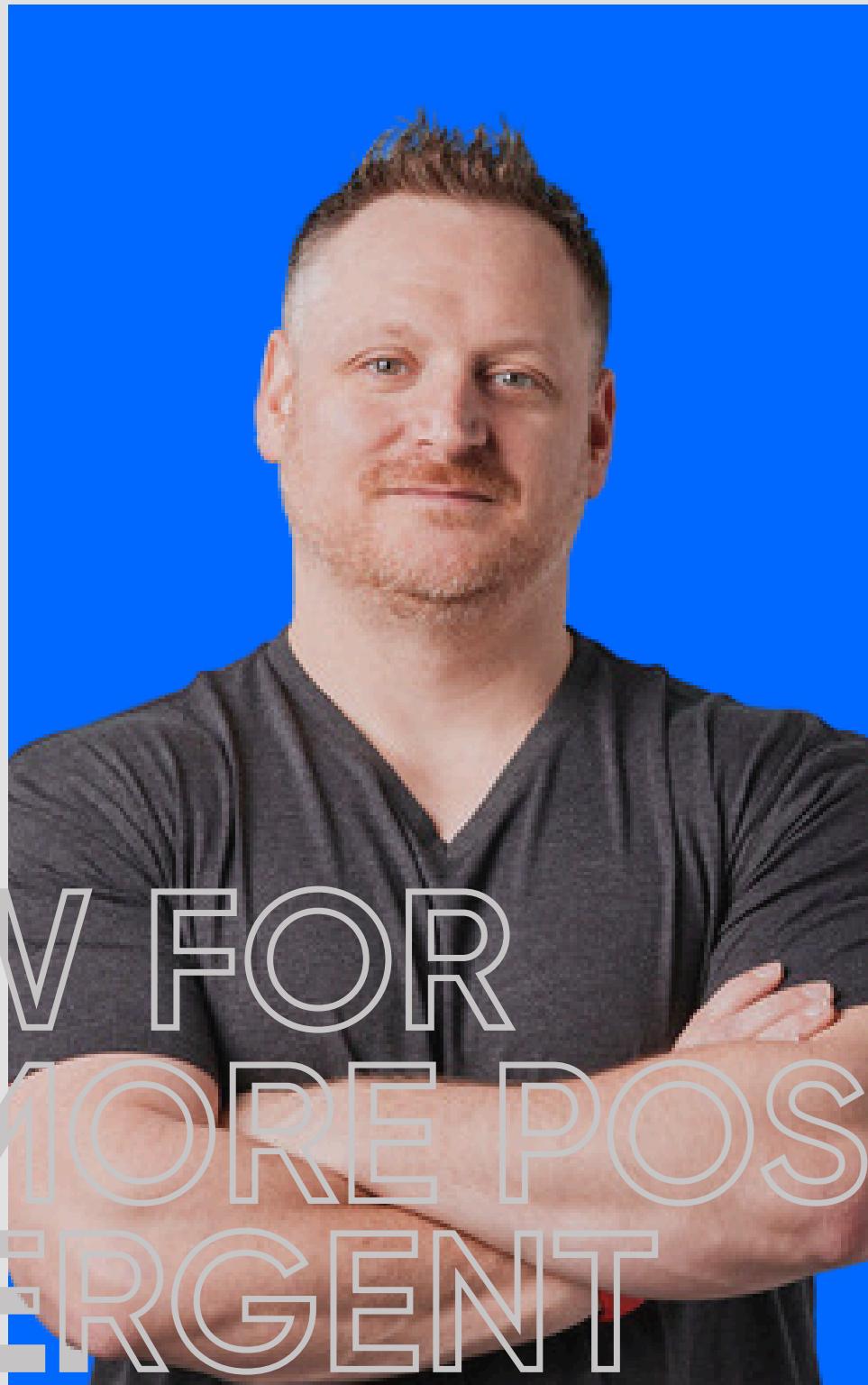


13 BURN OUT FROM OVERWORKING



14 HIRE MORE PEOPLE JUST TO SHOW YOU ARE GROWING





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CREATIVE THINKING

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