

## LECTURE 16 - How to run a user interview

How to start a startup  
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- who you talk to is as important as what questions you ask and what you pull away from it.
- think about who is my user and where I'm gonna find them
  - ↳ who can buy this software (college students vs. IT dept or parents)
- dig into what the current behavior is. Ask open-ended questions
- first figure if it's a problem + a big problem (to build a product for) & see if it's a promising area
- good to talk to 6-7 diverse people
- common mistakes - showing the product (avoid putting things in their heads), asking about your pet feature direction, talking to who's available vs. who they need to talk to
- "huh, that's interesting - tell me more" → encourage users to talk more

## LECTURE 17 - How to design hardware products

- exploration → early validation → concept → planning → development → continued innovation from staff
- for each stage: what you're doing, what drives it, tools, who is involved, what is required
- Framework: whys, themes, pods, hero/sidekick experiences, features
  - ↓  
guidepost for innovation
  - ↓  
what is the user problem that once we solve users can't live without
- category, placement, cycle, usage, the dynamics are to be considered. Example: the replacement time for iPhone < iPad

## LECTURE 18 - Legal and Accounting Basics for Startups

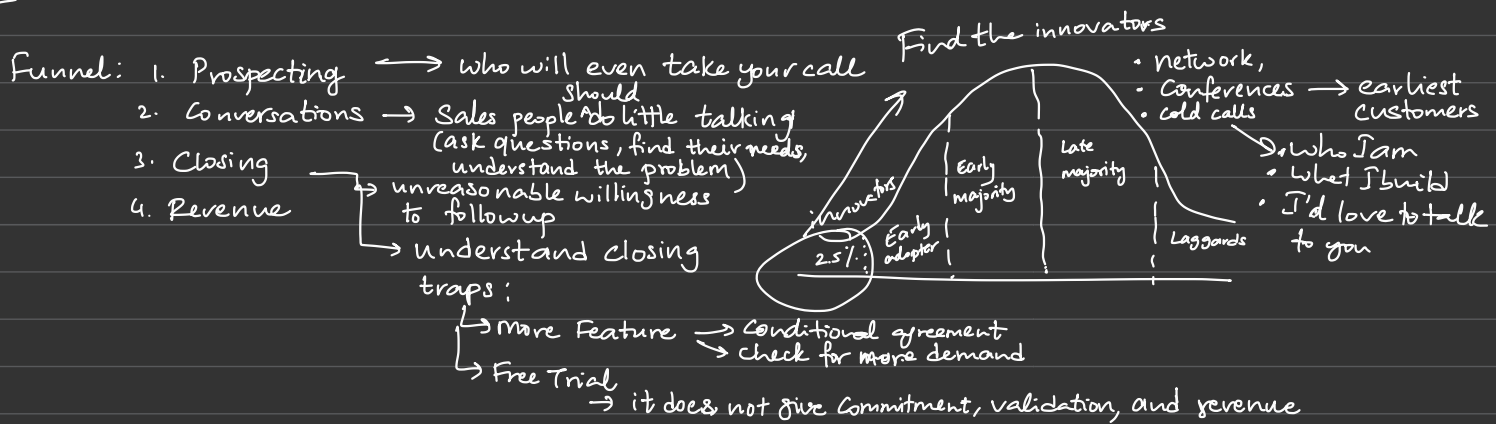
- Startup = separate legal entity, protect from personal liability
  - ↳ easy to form Delaware Corporation, keep it simple
- maintain the split of company vs. me
- Equity Allocation
  - execution > Idea (idea = 0). Value is created when the whole team executes
  - stock allocation distributed equally is better (disproportionate ownership on the idea → founders not in sync)
  - look forward, not backward (each in it for the long)
- Vesting - earning the right to permanent ownership of the shares over time
  - ↳ standard = 4 yrs with 1 yr cliff
  - ↳ reason: for having skin in the game, incentivize founders to keep working on their startup (fairness to investors and other co-founders)  
If founder leaves, company can repurchase unvested shares
- early investors get a lower price per share
- board seat - investors sit on the board (need to add value in terms of strategy)
- advisor - investors should not seek extra. Defacto advising

- pro rata rights, information rights
- know everything about financing
- keep track of business expenses (deduct on tax returns)
- Founders are employees and need to be paid. Set up a payroll service
- Don't go lavish, still keep it minimum
- Founder breakup - if one of the unpaid founders fired → liability to company + they ask for shares
- Not a real founder until you have to fire somebody. Hard to fire, but makes the founder a real professional because they're doing what's best for the company
- Be savvy about financing instruments, terms, and common investor requests
- Employees must sign documents to assign IP to the company
- know your key metrics (cash position, etc.)
- Not-so-glamorous part - Be a legitimate corporation by following the rules and taking it seriously

## LECTURE 19 - Sales and Marketing; How to talk to Investors

- Salespeople = founder of the startup
- founder passion trumps sales experience

- #1 - passion for the product
- #2 - industry knowledge



### Talking to Investors

- 30 sec. pitch : what does your company do? How big is the market? How much traction do you have?
- 2 min pitch → for those who are interested : 30 sec. pitch + unique insight (aha moment) + how you make money + team + The Big Ask (\$\$\$)
- Avoid common mistakes (know your numbers!)
- After the meeting - Follow up, work on creating deal heat, understand investors
- Build your company (fundraising is not the goal)
- founders, technical? full-time? how you met past founders?

## LECTURE 20 - Later- Stage Advice

### Establish a structure

- At about 25 employees
- Clear reporting : managers & employee
- don't need complex matrices - don't innovate here

Building a great product > Building a great company

### Failure Cases :

Being afraid to hire senior people

Hero mode - extreme leading by example

Bad Delegation - not giving enough example

Not developing a personal tracking and productivity system

- Write down how and why you do things - put it on a wiki or somewhere

Simple and frequent performance feedback

- Compensation bands based on performance

- Stock & Vesting

→ keep up with refresher grants

→ continuous forward vesting, pyramid vesting

- New set of HR rules after 50 employees (sexual harassment, diversity)

- Monitor for burnout

- Put in place a hiring process

- New employee ramp-up

- Grow the early employees

- Alignment

- All employees can say the same top 3 goals . Values?

- Ship everyday

Transparency and rhythm in communication (planning, meetings, all-hands, offsites)

Build a company that creates enduring value over a long period of time

- Think about Legal, Finance, Accounting, and Tax

- Long-term commitment + strategy

- Startups fail when founders quit

→ Develop a personal connection

→ Be persistent

To close the gap between product and market → go meet people