LECTURE 1 — How to start a Startup

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4 Ideas

1. Idea — (incl size, growth, Strategy, etc.)
   - Seems like a bad idea

   Startup — This is a good idea

   idea first, startup second
   - very important to have a great idea, long-term value
   - love and believe in what you build
   - be mission driven

   - you cannot create a market that doesn't want to exist
   - think about market growth as well
   - the market you're going after should grow and be there
   - Why now? why it wasn't done 2 years ago? and why 2 years from now will be late?
   - Should be a clearly articulated Sentence
   - "Most people think first of what they want to express or make, then find the audience for their idea. You must work the opposite angle, thinking first of the public. You need to keep your focus on their changing needs, the trends that are washing through them. Beginning with their demand, you create the appropriate supply".
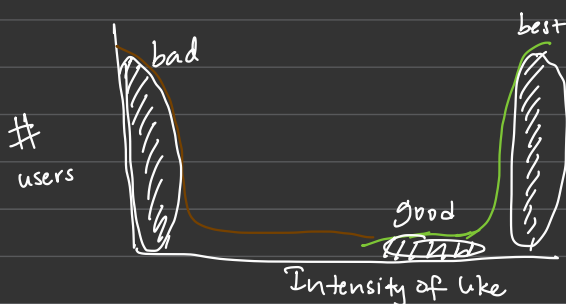
2. Product

   Great Idea
   ↓
   Great Product
   ↓
   Great Company

   Build something users love
   Talk to users

   - Small number of users love >>> large number of users like
   because it is much easier to expand from Small to large vs. like to love
   (Best case is if large number of users love

   # users

   bad
   best
   good

   Intensity of like

   Why this works. word of mouth, have early organic growth

   User feedback
   - What do they like?
   - what would they pay for?
   - what would make them recommend it?

   Show it to users → Product Decisions

   - listen to User feedback
   - really important in the early days
   - metrics — focus on growth (total reg, NPS, etc.)
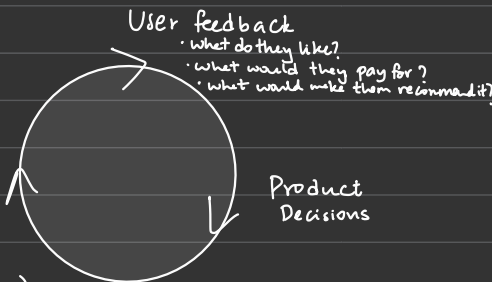
3. Team
4. Execution

+ Somewhat luck

Common Reasons Of Starting a Startup
  Glamorous, but→Other part—lot of responsibility, other people depending on you, always oncall, unwanted media attention
  be the boss, but → CEO ⇒ everyone else is your boss (employees, customers, users, etc)
  flexibility, but → always oncall
  more $ and impact, but → not always (sometimes integrated in main app).
Best Reason : You Can't Not Do It
    1) Passion — to endure the struggle, to effectively recruit
    2) Aptitude — the world need it + the world needs you to do it
Recommended Reading
  · The Hard Things About Hard Things
  · Zero to One
  · The Facebook Effect
  · The 15 Commitments of Conscious leadership
  · The Tao of Leadership
  · Nonviolent Communication

  How to identify fast-growing markets?
      — Notice what students and young people are using
  Burn out for founders
      address challenges, have support groups

LECTURE 2— Team and Execution

3. Team
  · Cofounder blowups → watchout
  · bad to choose a random cofounder and someone without a history/friendship w/ you
  · bad to be a solo founder, but better solo than bad co-founder
  · need relentlessly resourceful, quick, creative, tough+calm, technical
  · James Bond model
  · know co-founders for years, 2-3 co-founders is best
  · low # employees > more (easy to move fast)
  · find extremely dedicated people, high bar, hire slowly, get the best people

    pick a rocketship if joining, the one on a breakout trajectory
    mediocre engineers do not build great companies
  · Questions while hiring: (work on a quick project before, dig into projects they worked on)
        → Are they smart?
        → Do they get things done?
        → Do I want to spend a lot of time around them

Others:
- → Good communication skills
- → Manically determined
- → Pass the animal test (Paul Graham's test) — be the very best in what you do
- → Would be comfortable reporting to them

Give 10% to the first 10 employees. Employees > Investors. Be generous with employees

You've hired the best — now keep them around!

Fire fast — worst aspect, but better for the company and employee. Eliminate toxic and negative people

· vesting equity is important for co-founders

4. Execution

- · Whatever the founders do, that becomes the culture

CEO has 5 jobs
- · Set vision
- · raise money
- · evangelize
- · hire and manage
- · make sure the entire company executes

Focus on the 2-3 priorities of the day, say no a lot, work on the right things

Set overarching goals, everyone knows these goals

Communicate to stay on the same page

Maintain growth and momentum (focus on metrics)

Intensity . 1.01^x (compounded growth — outworking competitors by a little bit)

- — relentless operating rhythm
- — obsession with execution quality
- — bias towards action, get things done quickly. Small consistent & incremental effort

ALWAYS KEEP MOMENTUM. Always keep growing . Don't get distracted
- · you want the company to be winning all the time
- a winning team feels good and keeps winning

Momentum sag ⇒ fights ⇒ ask users and keep working
- → Set an operating rhythm

"The competitor to be feared is one who never bothers about you at all, but goes on making his own business better all the time" Henry Ford

LECTURE 3 — Before the Startup

- Work with people you genuinely respect and you've worked long enough with
- you need expertise in users, not expertise in startups. Understand users very well
- replicating ^motions of startup — LOL. First focus on building a product that users love
  ↳ stop looking for the trick (e.g. growth hacks)

[amazing + funny stories on various things by Paul Graham. Skipped notes on those]

  main points — this course is like a linguistics class

  do not start a startup in college

  it takes a lot of effort, commitment, dedication, and sacrifices
    ↳ everyone depends on you if you're a founder. forget about a week-long vacation

- Think of startup ideas

  to think of good startup ideas — think unconsciously. mostly start as side projects

  1. learn a lot about things that matter

  2. work on problems that interest you

  3. with people you like and respect

  "internal compass that helps me out"

  "live in the future"

  What really matters is domain expertise — "just learn"

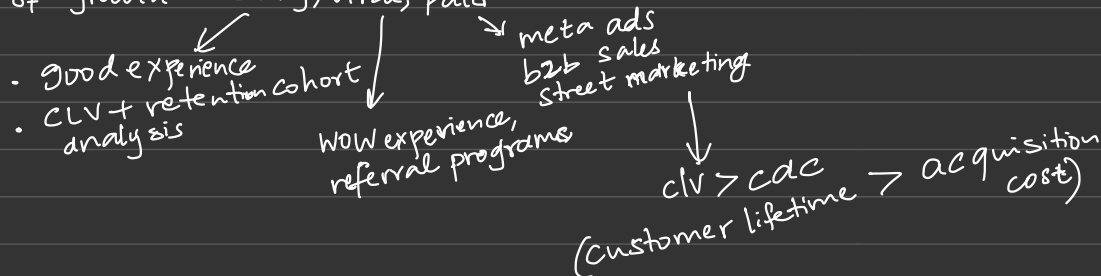## LECTURE 4 — Building Product, Talking to Users, and Growing

The noob approach — no feedback cycle here
build product in secret → exclusive press launch → wait for users → buy users → give up

- Product problem — what is it? how does it relate to you? verify others have it
- where to start — learn a lot & become an expert. identify customer segments. storyboard ideal user experience
      envision the perfect UX
    if it's a service industry, try it out yourself
- V1 → minimum viable product, simple product positioning
        ↳ smallest feature set
- first few users — you, co-founder, online/local/niche communities, cold calls/emails, press
- customer feedback and user interviews

paid product — real, meaty feedback here

honesty
of
feedback

free product

mom fiends random degrees q
      of   people separation
    friends

- manual before automation
- build fast, but optimize for now
- perfection is irrelevant in this stage. Ignore ✓ lge cases for now
someone will steal your idea, there is a first-mover advantage ... launch it already
- learn one channel at a time
- types of growth — sticky, viral, paid

· good experience
· CLV + retention cohort analysis

wow experience, referral programs

↘ meta ads
b2b sales
street marketing

clv > cac > acquisition cost)
(customer lifetime >

LECTURE 5 — Competition is for losers

- aim for monopoly
· Capturing value — A business creates X dollars of value and captures Y% of X
X and Y are independent values
· Perfect competition:
+ easy to model   — psychologically unhealthy
+ efficient in a static world   — irrelevant in a dynamic world
+ politically stable   — preempts question of value
· Monopoly
+ incentive to innovate   — higher $, lower output
+ stable   — price discrimination
+ deeper project financing   — stifle innovation
+ symptomatic of creation   — tying
· Narrative:
non-monopoly market : A∩B∩C
monopoly market : A∪B∪C

Start small, expand, and monopolize
· It's easier to dominate a smaller market then a larger one
· growing them concentrically makes them valuable
All happy companies are different because they're doing something very unique
All unhappy companies are alike because they fail to escape the essential sameness that is competition
Characteristics of Monopoly:

· Proprietary technology
· network effects
· economics of scale   — low marginal costs
· branding
be the last one. Example: Msft was the last os (for many decades) ⎤ last mover advantage
                          Goog is the last search engine   ⎦

Capturing value
 · A business creates X dollars of value and
   captures Y% of X. X and Y are independent variables
Success Cases
      Vertically integrated complex monopolies — Ford, Standard Oil, Tesla, SpaceX
      Software — economies of scale, low marginal cost, high adoption rate ⟶ important to take over the
                                                                                    market

→ "Competition does make you better, but it often comes at a tremendous price that
   you stop asking some bigger questions about what's truly important and valuable"