

PLANNING: ASSUMPTIONS

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Startups are built on assumptions

- Things that need to be true about the world for your project to succeed
- Assumptions are often unspoken
- Failure to understand assumptions can lead to failures or missed opportunities



How do we surface assumptions?

- Based on the work of Tom Eisenmann of Harvard Business School, assumptions fall into 4 key categories:
 1. Customer Value
 2. Technology and Operations
 3. Sales and Marketing
 4. Financials and Profit
- Go through each category and ask yourself key questions...

Some customer value questions

- Customer needs
 - Do you know what customer needs you are solving? How?
 - Are there particular segments you are addressing?
- Competition
 - How are you different than other products or services? How can you keep your advantage? How do you protect IP?
 - How will competitors react?
- Pricing
 - How are you pricing the product or service? Who pays?
- Partners
 - Who are you going to work with to succeed? How will you convince them to join you?

Some technology and operations questions

- Planning and operations
 - What tasks, exactly, need to be done to make this work?
 - How will you structure the tasks to learn as you go?
 - What drives your costs?
- Staffing and hiring
 - Who is going to do these things?
 - Do you have the talent already? If not how will you get it?
- Technology
 - How will you develop and maintain your underlying technologies?
- Building for the long term
 - What needs to be done now for the long term?
 - How will you build a startup that ultimately doesn't need you?

Some marketing and sales questions

- Channels
 - What types of sales channels are you using to go to market?
 - How will you get the channels onboard?
 - Who is handling what aspects of sales in your organization?
- Customer acquisition
 - How are you getting new customers?
 - What is the cost of getting a customer (CAC)?
- Optimization
 - How do you know these methods work?
 - How are you going to measure success?

Some financial and profit questions

- Projections
 - What are your financial projections? How do you justify them?
 - How will you improve them as you go?
- Investment
 - How much money do you need to build this?
 - How will you get that money?
 - How can you order your investments to maximize value and learning?

Surfacing assumptions

- As a team, consider each question, rate them:
 - 1-5 based on level of expected importance
 - 1-5 based on confidence level (5 is least confident)
- Pick the ones with the highest scores as key assumptions

Three costs you need to control in entrepreneurship

- Money: How much money your startup has, how much money you have
- Time: before competitors enter or the opportunity disappears
- Effort: the founder is the engine of entrepreneurship

The goal of entrepreneurial planning is to learn as much as you can about your assumptions while minimizing these three costs.



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