

All Access Pass Day 16 - Bankshots Only Work in Basketball

Dear Blush - Today was a doozy.

I had 7 startup pitch meetings back to back to back to...you get the idea.

There's a great phrase about startups. Every success is unique, but all failures come down to the same handful of reasons...

- Founders fighting
- No demand for the product
- Crappy product
- Poor unit economics
- Regulation/Legal issues

But there's one form of failure that is a really common trap founders fall into (I know, because I fell into this trap myself once).

In fact, this trap is so tempting.. I created a rule to remind myself not to fall for it:

“No Bankshots”

Hang tight - I'll explain in a second.

What the hell is a bankshot?

For any basketball fans - you already know. A bankshot is when a basketball player shoots the ball and intentionally bounces it off the backboard before it goes through the hoop.

You're basically aiming at the backboard (which scores you zero points), and hoping that if you hit the backboard at just the right angle..you can then ricochet into the hoop (which counts for points).

In basketball this works. In business it doesn't.

As [Elad Gil](#) puts it:

you know a startup is likely to fail when it's product strategy or business plan includes multiple miracles... a startup miracle is the **one key** difficult thing you need to pull off for your startup to work.

If you need **zero** miracles, this is probably not a defensible startup and won't ultimately be that valuable. If you need **two+** miracles, it's probably not going to work. Because you're multiplying a 1/1000 thing happening x another 1/1000 thing happening == a one in a million probability.

One miracle is hard enough to pull off.

Single Miracle company == an app like Calm.

Calm was not an obvious winner early on. It was slow growth. The miracle they needed was for people to start caring about their mental health like they do their physical health. Their miracle was for mainstream america to start searching for meditation solutions. Building an app, loading a library of audio content..there was no risk there. They just needed that one miracle.

What's a double miracle (bankshot) company?

I got pitched a music listening company the other day. They said they were going to be the next Spotify. They said that Spotify sucks because it's not very social.

And hey - we all know Music is social (just look at this picture from Coachella)



Unfortunately they have multiple miracles to achieve:

- Get music licenses / rights from record labels to stream their music (Miracle #1)
- Somehow get people to switch / cancel their spotify/pandora/apple music subscription and decide to use this startup instead. (Miracle #2)

Each of these miracles is unlikely. Combined? You're more likely to find an amish person at CES.

Another one - right now a lot of people are super into crypto & decentralization. They want to build the “decentralized uber / airbnb / facebook etc..”

- Miracle #1 - getting the masses to understand/adopt decentralized applications (good luck)
- Miracle #2 - solving the supply/demand problem that Airbnb solved
- Miracle #3 - scaling a 50M+ user product on the blockchain (lots of PhD level computer scientists trying to figure this out)

This is a rare triple bankshot.

This is the big mistake founders make. They talk themselves into how the really hard first thing

will give them leverage / some angle to then do a second miracle. They are going to shoot the ball at the backboard, and hope it ricochet's into the hoop.

This is very different from expansion.

Bankshot == First miracle is worth \$0, you're hoping it ricochet's you into a 2nd miracle worth \$\$

Expansion == First miracle is worth \$\$, and then you do a 2nd miracle worth \$\$\$.

(for example, Amazon was successful selling books, CDs etc... and then expanded into web services with AWS which makes like \$50B a year)

Got it blush? No bankshots baby! Go for single-miracle-businesses.

-shaan

p.s. here's a cool website i found today that we may use for ecomm landing page inspiration - [check it out](#)

How'd we do today? [Excellent](#) | [Good](#) | [Meh](#) | [Do Better](#)

Miss a previous post? [Get the Archives here](#)

