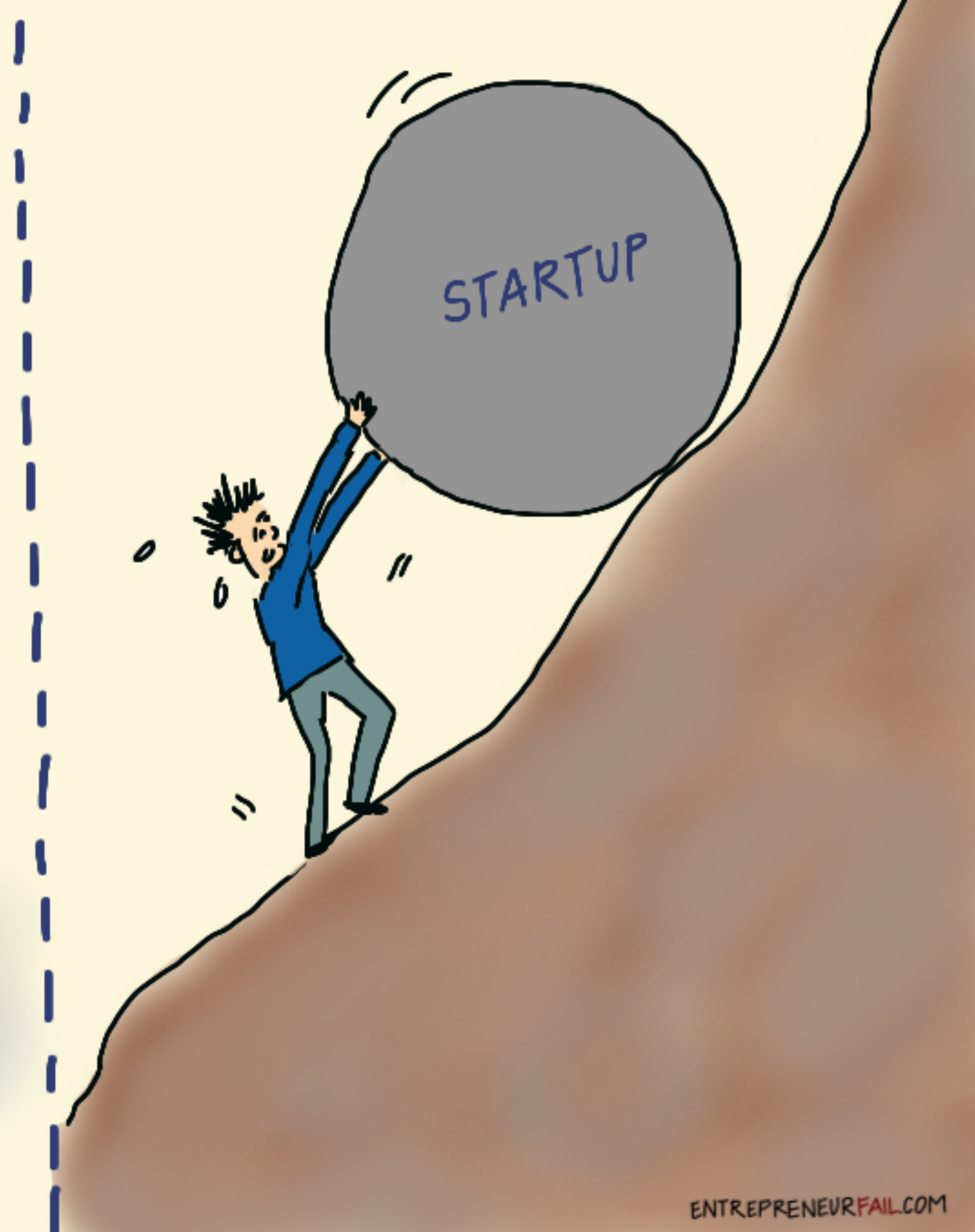


Things I will
tell my kids if
they become
entrepreneurs



Disclaimer:
There is no playbook for startups

Things I will tell my kids if they become entrepreneurs

Idea

Team

Fundraising

Execution

Market

Competition

Money & Risk

Success

Tools

IDEA

Somebody somewhere already had your idea.

Don't waste too much time thinking you're a genius

Your idea is 1% of success.

Google's key idea (pagerank) was published as a public paper in 1998

Execution > idea

Jeff Bezos was not the only person trying to sell books on the internet.
He just executed better and faster.

Team > idea

A great team will pivot out of a bad idea

Product > idea

How you implement an idea is more important than the idea itself

Startup = idea + execution + product + team + luck

Talk about your idea to as many people as possible

You will get feedback, challenges, referrals, unexpected connections

Great ideas have lonely childhoods.

The more disruptive your idea, the less people will understand it.

Good ideas can look terrible at the beginning

ex: Facebook was a social network for moneyless students

Copycats kill excitement

Don't worry too much about your company's name. You grow a name.
What does Amazon, Google or Apple mean anyway.

IDEA

Where and when

Every new technology is an opportunity: look for gaps between how things have been done and how they can be done

Every asleep industry is an opportunity: do things incumbents can't or won't do because the economics don't make sense to them, or because technically they can't.

Every fringe user is an opportunity: go after those who are already behaving like everybody will behave in the future

Crisis are full of opportunities

Necessity is the mother of invention (and entrepreneurship).
Great startups are born all the time

IDEA

Vision vs feedback

“It’s not the customer's job to know what they want”
Steve Jobs

“If I had asked people what they wanted,
they would have said faster horses.”

Henry Ford

Finding balance in feedback vs vision

In absence of vision rely on feedback
With a clear vision you can ignore feedback

Conscious feedback (survey) < unconscious feedback (data)

What people say they do < what people really do

Friends & family might not give you truthful feedback

Beware of asking your friends whether they would pay for your service.
They will all say yes, until you ask for their credit card number.

TEAM

How many founders?

1 founder hard

2-3 co-founders best

4+ co-founders complicated

manager \neq leader

You need leaders and managers, and usually can't be both. Make sure you and your co-founders complement each other.

If you're not comfortable giving equity to someone, they shouldn't be a co-founder

Clarify everything (cap table, salaries) on day one, especially if you're working with friends

Define on day one what happens if a co-founder leaves

TEAM

CEO duties

No need to know everything.

Surround yourself with people who know what needs to be known.
You are the head coach, not the star player.

Founders duties: vision, fundraising, evangelisation, hiring and managing

TEAM Recruitment

Paul Graham: “People can become formidable, but it’s hard to predict who”

Recruiting is one of the hardest thing there is.

First employees are as important as co-founders

Bad recruits can kill your project in the early days

Hire people who are better than you

Hire people who you would feel comfortable reporting to

Choose employees like you choose your friends

Go for attitude over experience

vice.com recruits people coming out of schools with no experience, because they have not been formatted by how things are done elsewhere, and will want to prove themselves

What you need to succeed in startups is not an expertise in startups.
It's an expertise in clients

Hire people who have options

Good people will always have multiple options on the table. Convince them that you provide the best way to spend their precious time. People with options are not dependent on you as an employer, and will be more truthful

Look for people with no ego getting in the way

Retaining is less expensive than recruiting

Have an extremely high bar, hire slowly

Use trial periods for what they are: trial periods

Fire people who are bad at their jobs, create politics, are negative

Fire fast

You will always take too much time to fire your first employee

Beware when you become a trophy employer.

You will start attracting people who want to help themselves more than they want to help your project

Money is just one factor in employee motivation

Others: experience, meaning, impact, network, etc

4 things that lead to better performance:

Fairness: knowing that you're being paid a reasonable amount for your work so that money no longer becomes an issue.

Autonomy: controlling events in your work life by choosing what you want to do and when you want to do it.

Mastery: excelling at a craft that you enjoy and being recognized as a master by peers that you respect.

Purpose: feeling that what your work is helping other people and changing the world in a positive way.

<http://www.inc.com/geoffrey-james/the-true-secret-of-employee-motivation.html>

TEAM

Managing yourself

You are your most important ressource. Take care of yourself.

Behind every entrepreneur is a solid partner / family / assistant

Seek support from people who have been / are entrepreneurs

Your friends working at large companies won't be able to relate to what you will go through.

FUNDRAISING

Never ask investors to sign NDAs

Sends a message you don't trust them. Don't send your pitch to people you don't trust in the first place

Raise only what you need, as late as possible

Be honest about your past. Good investor will say “if you’re smart, those mistakes you made won’t happen again with my money”

Dumb investor: money

Smart investor: money + network + visibility + experience

Fundraising is a milestone, not a success

Be confident, not arrogant.

When asked how he recognises good founders, this is what Y Combinator president Sam Altman says: “Good founders become more humble as they get more successful”

EXECUTION

Work hard

A startup CEO's challenge is to define what's
the Most Important Thing (MIT)

You can't decide how long it's going to take

They say it's usually 10 years

Do every possible job, especially the client facing ones

The founder of Craigslist is still doing user support. Steve Jobs was famous for randomly answering clients' complains.

Focus is one of the most important thing there is

Opportunistic \neq strategic

You can either pursue every opportunity - in which case you're not really deciding where you're going - or have a clear strategy and reject opportunities that don't fit in. Opportunities will take you somewhere fast, strategy will take you somewhere far.

Employee effort \neq entrepreneur effort

Running 16h a day working for yourself is less tiring than
spending 8h on a chair doing a job you hate

EXECUTION

Growth

Either you fail, or growth becomes your number one problem

“In many ways the startup journey is a downhill spiral of the CEOs quality of life by adding constraints - users, customers, investors, etc.”

Noam Bardin, Founder, Waze

Let people control the resources and priorities.
Let them know how success is measured

Make people feel like they are in startups inside a larger organization

Recreate diversity inside teams (designers + writers + programmers)

Make sure people don't have to grow into leadership roles

Large companies are filled with specialists who got promoted to management positions while having no such skills.

MARKET

Peter Thiel: “You want to be the last mover, not the first”

Google is the last search engine. Facebook is the last social network (for now at least).

Find a small market inside which you can have a monopoly

Amazon started with books, expanded to commerce in general. Lending club started with peer to peer loans, now expands to lending in general.

Uber started with taxis, will expand to everything related to transportation.

There are more opportunities now than ever (finance, health, insurance, industry, transportation, logistics). The digital revolution is just starting.

Don't be ahead of your time.

Answer a simple question: "why now?"

COMPETITION

Competition means there is a market

Rejoice!

Worry about a competitor only when they have a superior product

Don't worry about competition from big companies
They are not reactive, slow, and complicated.

“Google/Facebook/Amazon/Apple could do this in 5 minutes”

True. Just didn't happen with Airbnb, Uber, Zenefits, Dropbox, Snapchat, Square, Pinterest, Spotify, Jawbone, Box, Lending Club, Evernote, Eventbrite, etc

“Google/Facebook/Amazon/Apple will launch a similar service and kill you”

Google buzz (2010) to compete with Twitter (2006) = shut down

Google Knol (2008) vs Wikipedia (2001) = shut down

Google+ (2011) vs Facebook (2004) = partial shut down

Google keep (2013) vs Evernote (2008) = 10M vs 100M+ users

Facebook Slingshot (2014) vs Snapchat (2011) = sling-what?

Amazon Wallet (2014) vs Square (2009) = shut down

Even young companies can get complacent quickly
(Skype should have been Whatsapp)

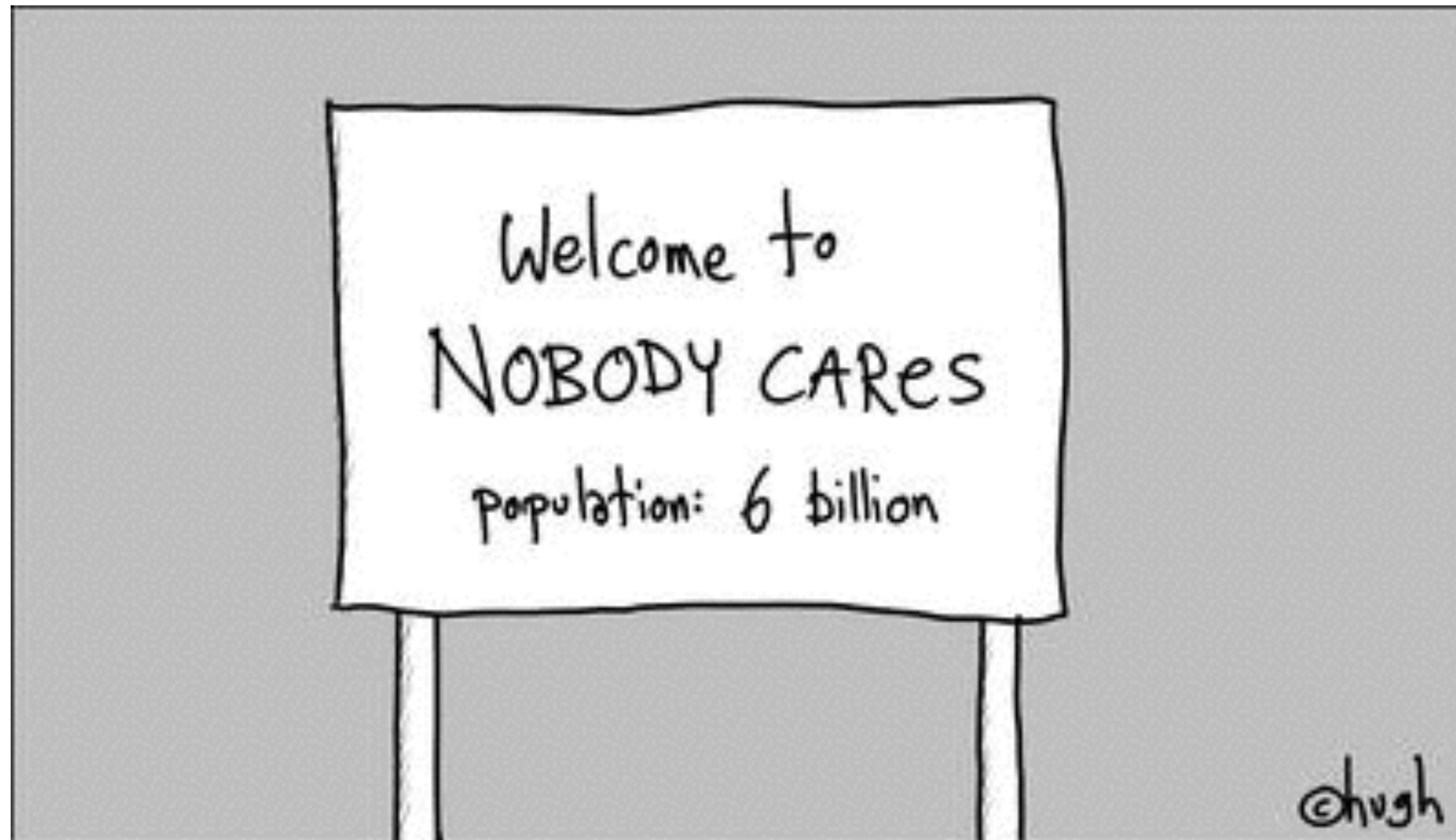
“No candle-maker has become a bulb manufacturer, no carriage-maker has become a car producer, and the post office did not invent the email.”

Marc Giget

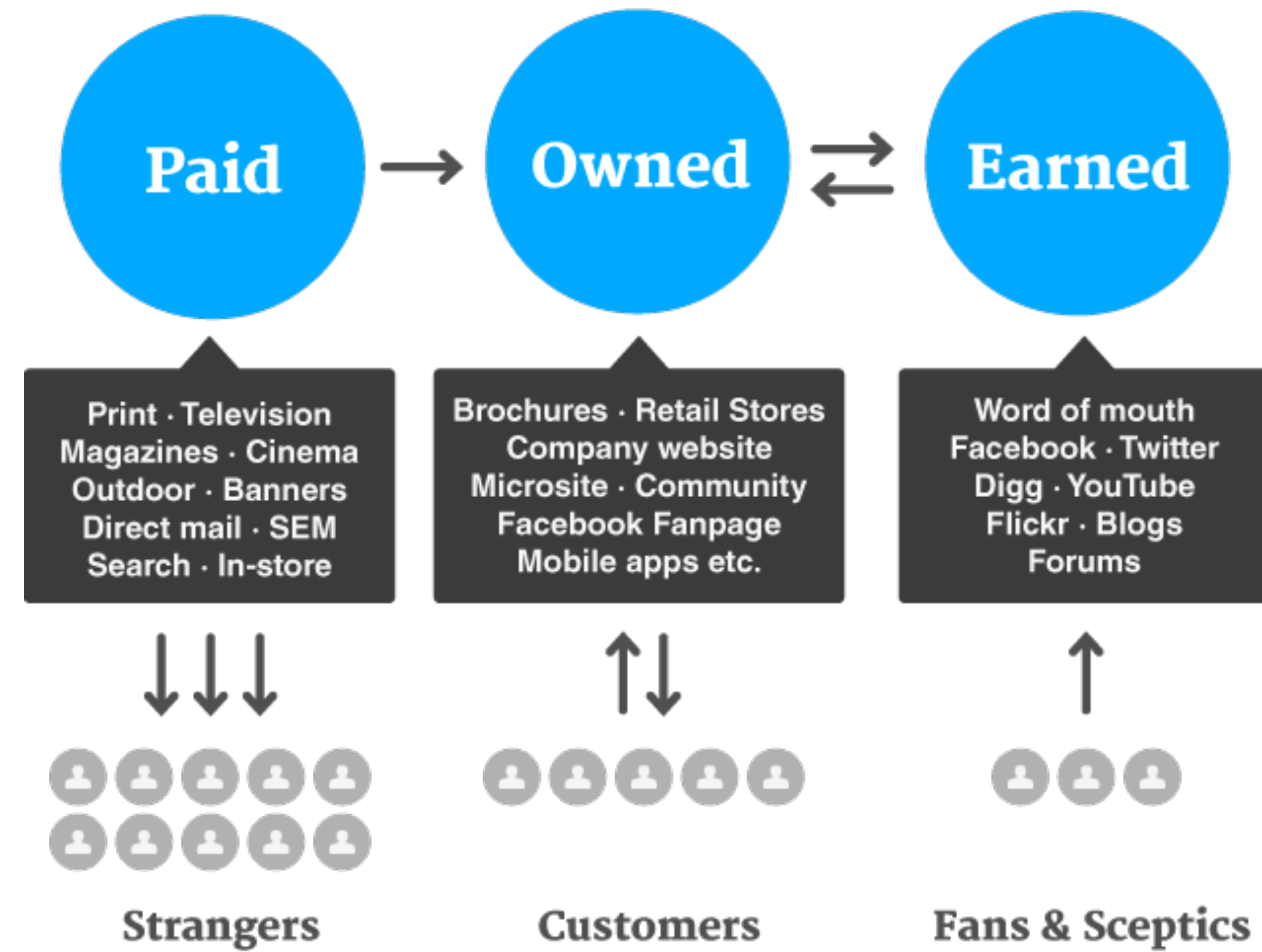
<http://perspectives.pictet.com/2013/06/19/interview-with-prof-marc-giget/>

Radical innovation rarely comes from incumbents

The real problem is standing out

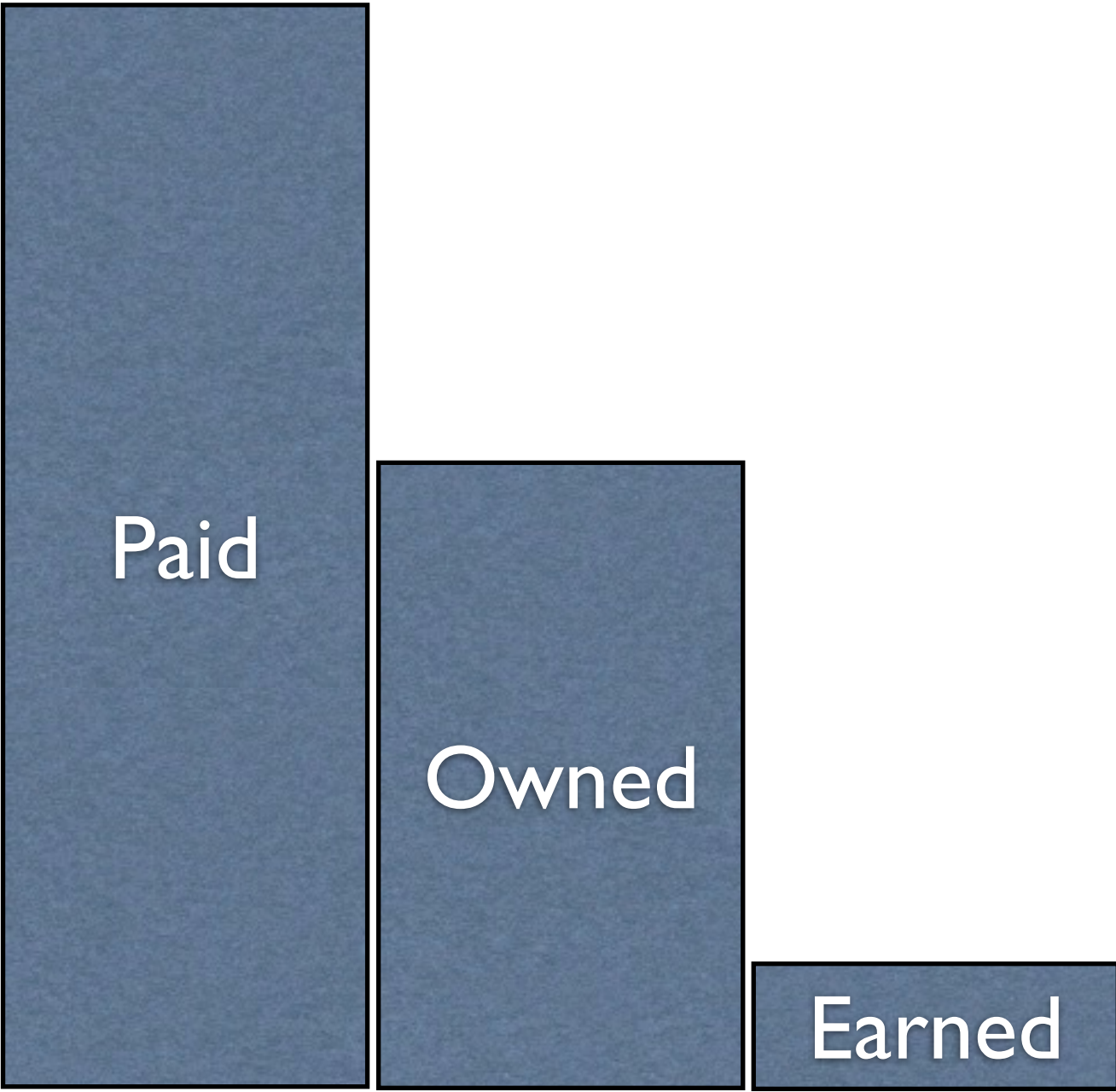


Build the right media mix

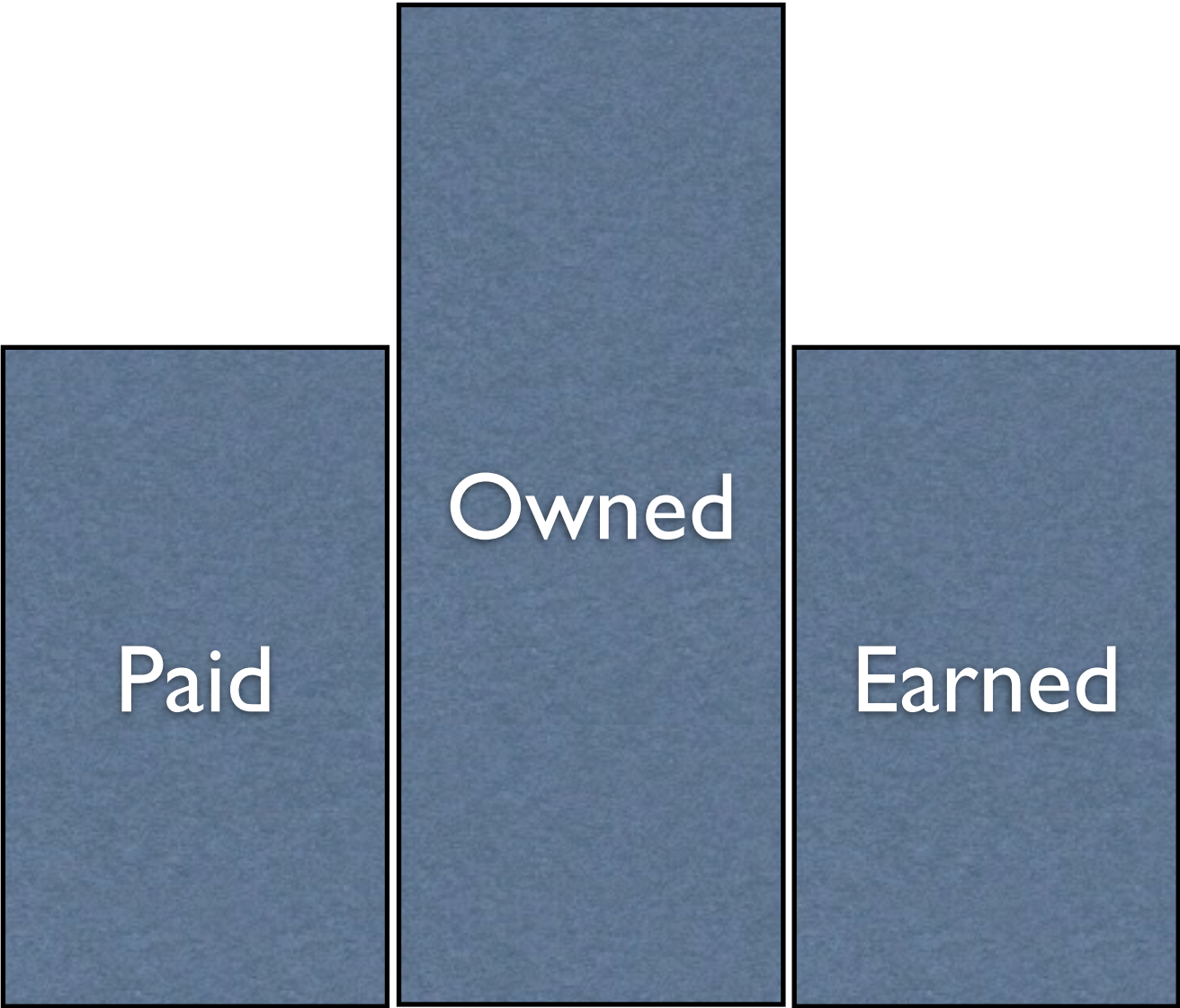


Evolve your mix over time

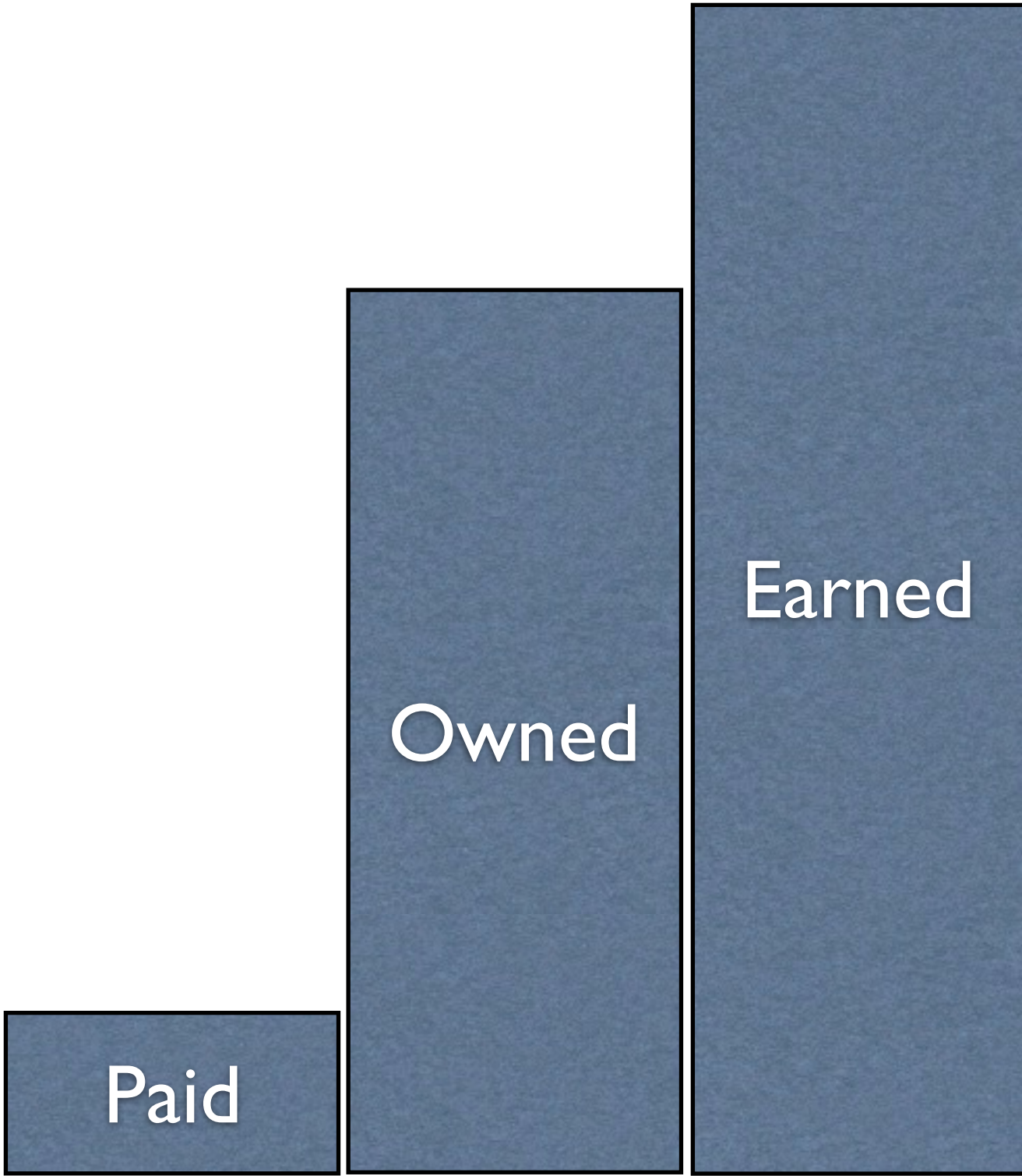
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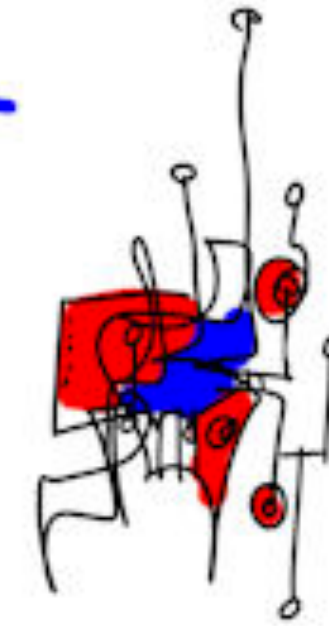
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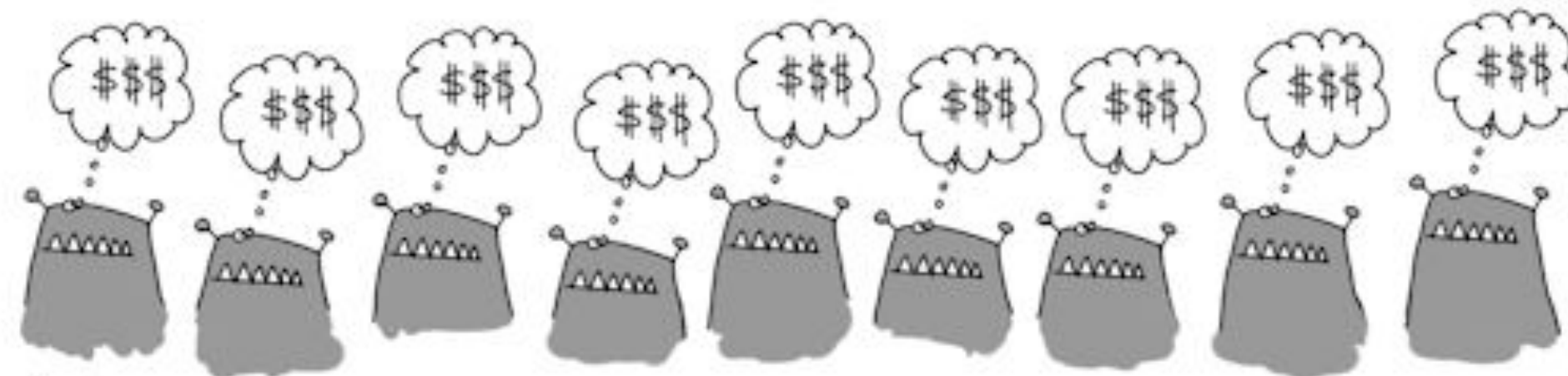
t = 2



advertising
is the cost
of being



BORING



hugh

gaspedal we teach wom

MONEY & RISKS

People who don't pay you will treat you like shit
People who pay a lot will show a lot of respect

Don't disregard money.

Money is a form of validation.

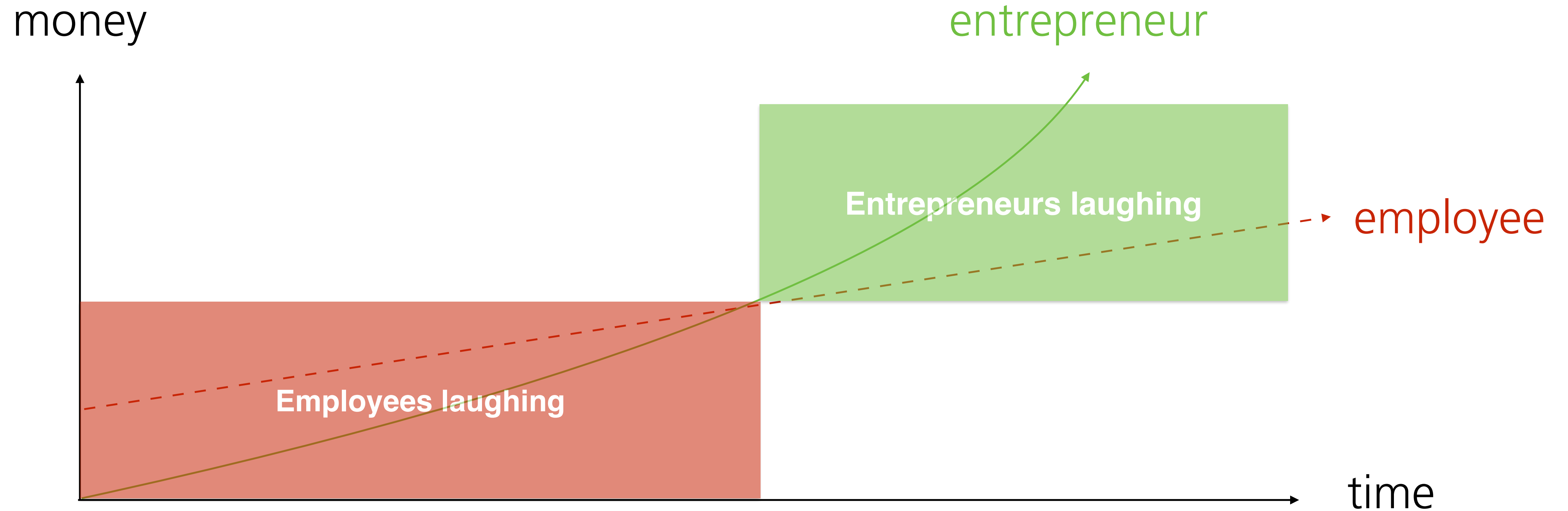
Money can't buy happiness.
But it can buy freedom to pursue your projects

Entrepreneurs have more job security than employees

The 85k employees company I was working for in 2001 shut down in one week because 20 guys had shredded some papers in Houston. As an entrepreneur, I can work on week-ends, call my contacts and ask for business. Employee does not control anything. Entrepreneur does.

21st century job security = network + reputation

Employee vs (successful) entrepreneur - salary evolution



SUCCESS & FAILURES

Success is multidimensional

Money

Fulfilment

Experience

Independence

Impact

Status

Network

Family

Legacy

Money is a consequence, never the objective

Zuckerberg could have sold Facebook 500 times. His motivation is not money.

Facebook has had countless offers: an unnamed investor offered \$10 million in June 2004, Friendster was interested in a purchase, Google offered to buy or partner in the summer of 2004, Viacom offered \$75 million in March 2005, Myspace wanted to buy in spring 2005, News Corp (Myspace's parent company) wanted to in January 2006, Viacom came back in 2005, NBC was also interested soon after, Viacom again made an offer of \$1.5 billion in 2006, Yahoo offered \$1 billion in June 2006, AOL also considered \$1 billion soon after, Yahoo came back again at the end of 2006, and finally Google offered \$15 billion in 2007.

<http://www.zdnet.com/article/mark-zuckerberg-was-planning-to-sell-facebook-in-july-2004/>

Media buzz is completely disconnected from success

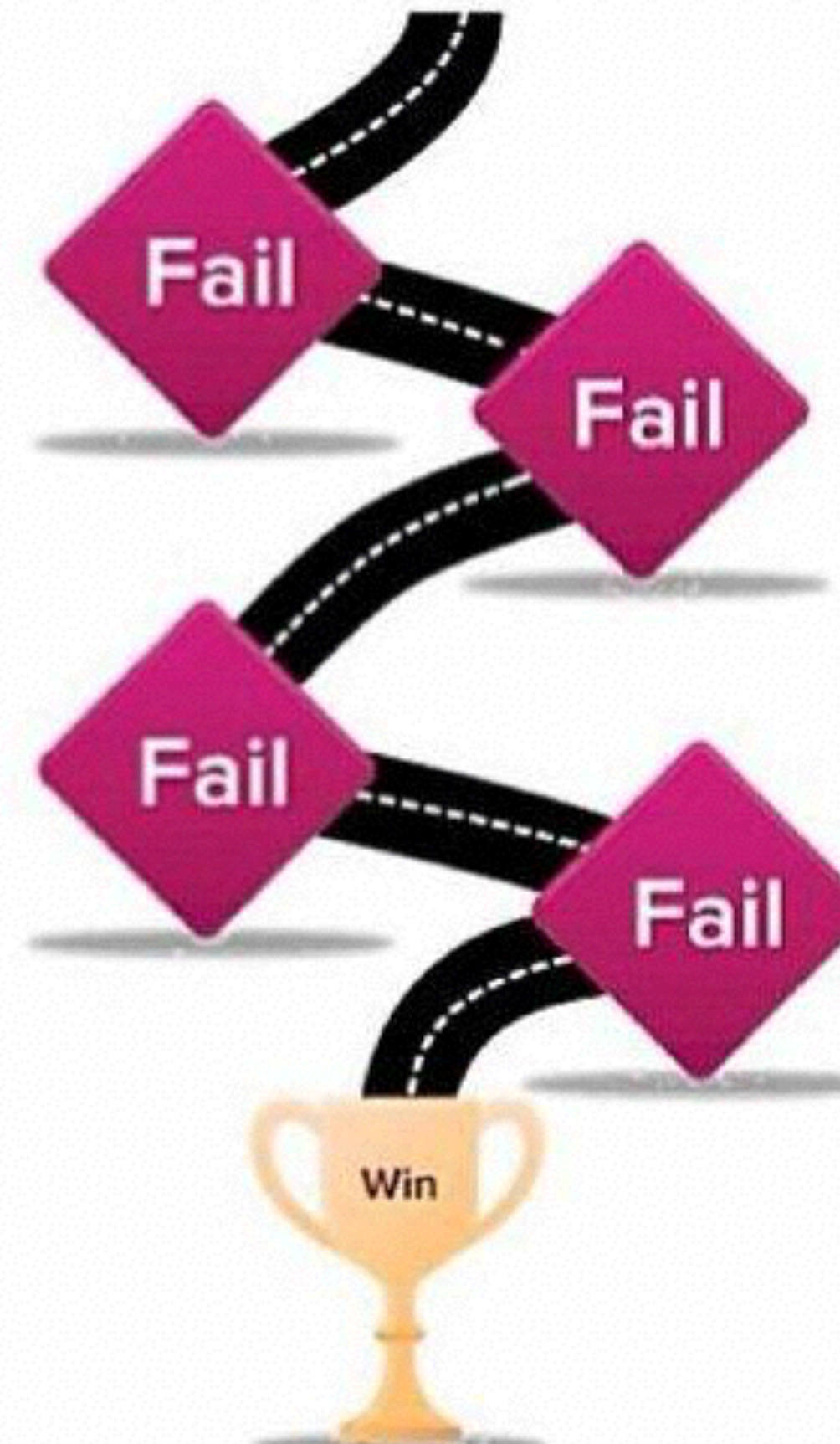
Journalists just don't have time to look at the real numbers.

People always underestimate the role of luck

What Most People Think



What Successful People Know



Life is a marathon, not a sprint

The only way to last is to be ethical and respectful

Compromising with your values is dangerous

You won't be good when you go against what you like

Sometimes you win, sometimes you learn

Good decisions come from experience
Experience comes from bad decisions

The point is the journey










TOOLS

The Business Model Canvas

Designed for:

Designed by:

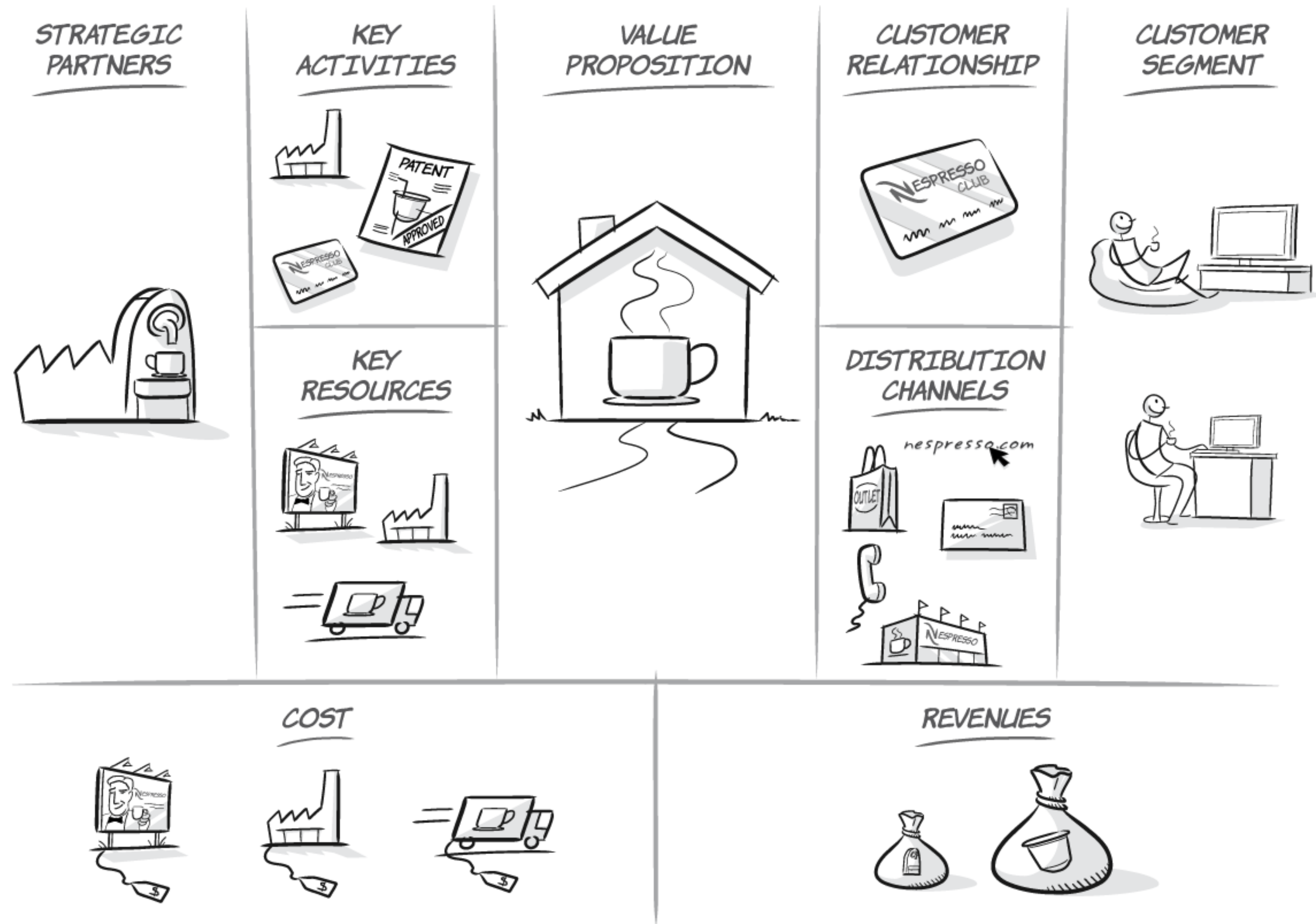
On: Day Month Year
Iteration:

<h2>Key Partners</h2>  <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>INDICATORS FOR PARTNERSHIPS Synergies and economies Reduction of risk and uncertainty Acquisition of particular resources and activities</p>	<h2>Key Activities</h2>  <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>CUSTOMERS Production Problem Solving Platform Network</p>	<h2>Value Propositions</h2>  <p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p>CHARACTERISTICS Newness Performance Customization "Steering the Job Done" Design Brand Status Price Cost Reduction Risk Reduction Accessibility Convenience/Usability</p>	<h2>Customer Relationships</h2>  <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?</p> <p>EXAMPLES Personal assistance Tailored Personal Assistance Self Service Automated Services Communities Co-creation</p>	<h2>Customer Segments</h2>  <p>For whom are we creating value? Who are our most important customers?</p> <p>Mass Market Niche Market Segmented Multisided Platforms</p>
	<h2>Key Resources</h2>  <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p>KEYS TO RESOURCES Physical Intellectual (brand, patents, copyrights, data) Human Financial</p>		<h2>Channels</h2>  <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p> <p>CHANNEL DESIGN 1. Awareness How do we make customers aware of our company, products and services? 2. Evaluation How do we help customers evaluate our organization's value proposition? 3. Purchase How do we make customers purchase specific products and services? 4. Delivery How do we deliver a Value Proposition to customers? 5. After sales How do we provide post-purchase customer support?</p>	
<h2>Cost Structure</h2>  <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p>WAYS TO REDUCE COSTS Cost Drivers (Structure cost structure, low price value proposition, maximum automation, extensive outsourcing) Value Drivers (Based on value creation, premium value proposition)</p> <p>SAMPLE COST STRUCTURES Product Costs (materials, wages, utilities) Variable costs Economies of Scale Economies of Scope</p>		<h2>Revenue Streams</h2>  <p>For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> <p>WAYS Asset sale Usage fee Subscription Fee Licensing (Selling/Licensing) Advertising Freemium Auctioning</p> <p>WAYS TO PAY Flat Price Product/Service dependent Customer segment dependent Volume dependent</p> <p>WAYS TO RECEIVE Subscription/Targeting Fixed Management Real-time Market</p>		

www.businessmodelgeneration.com

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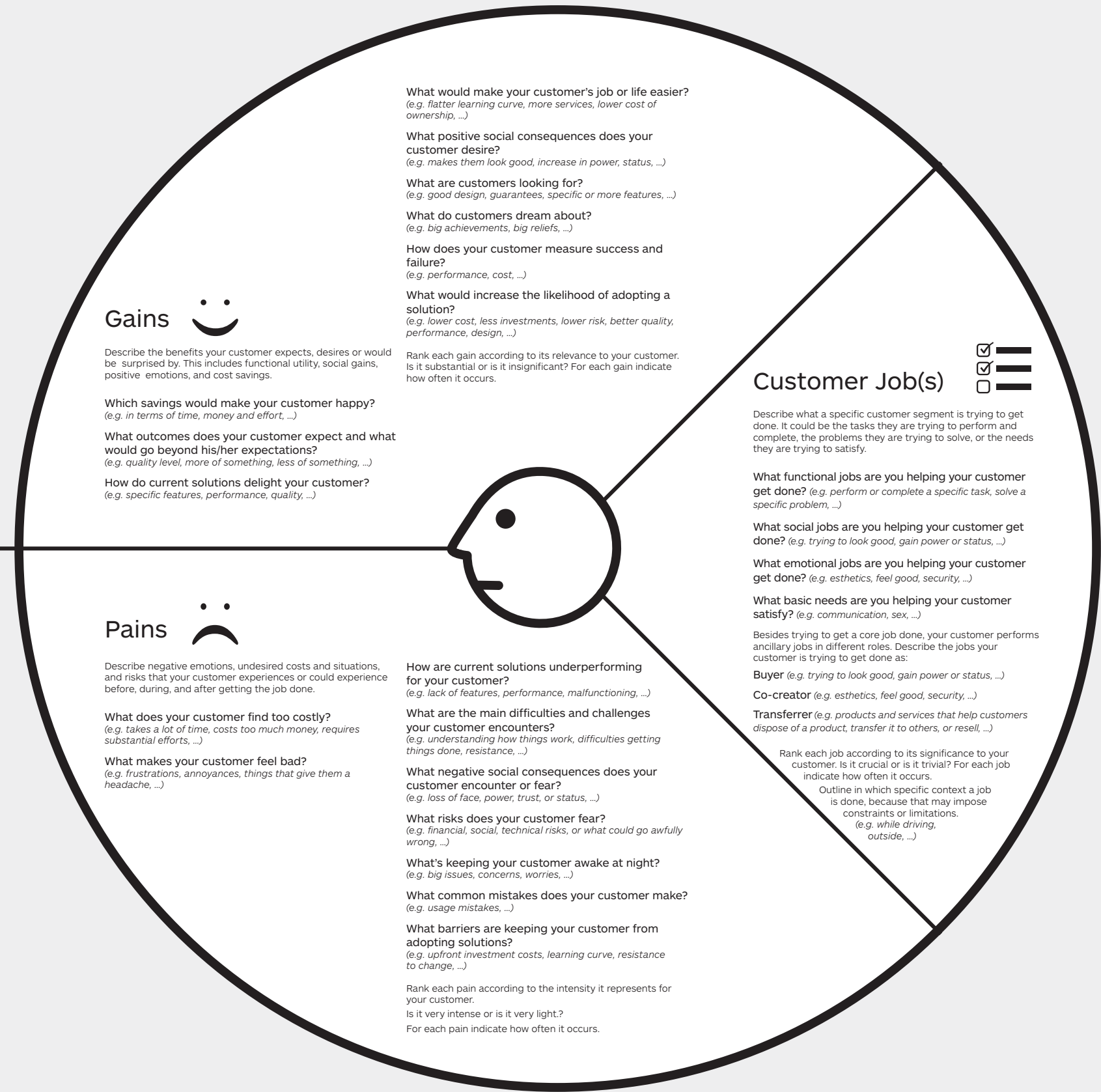




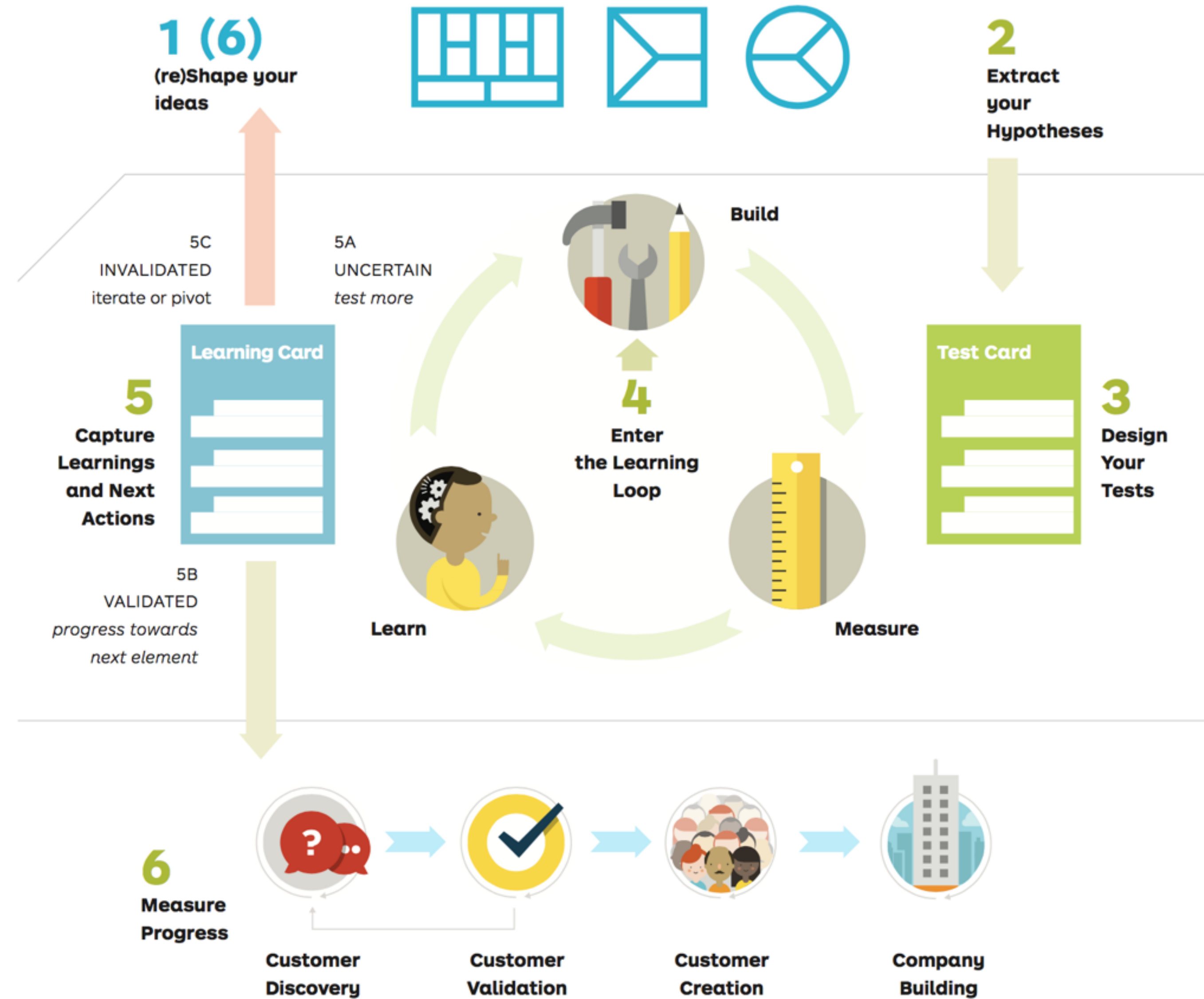
The Value Proposition Canvas

Value Proposition

Customer Segment



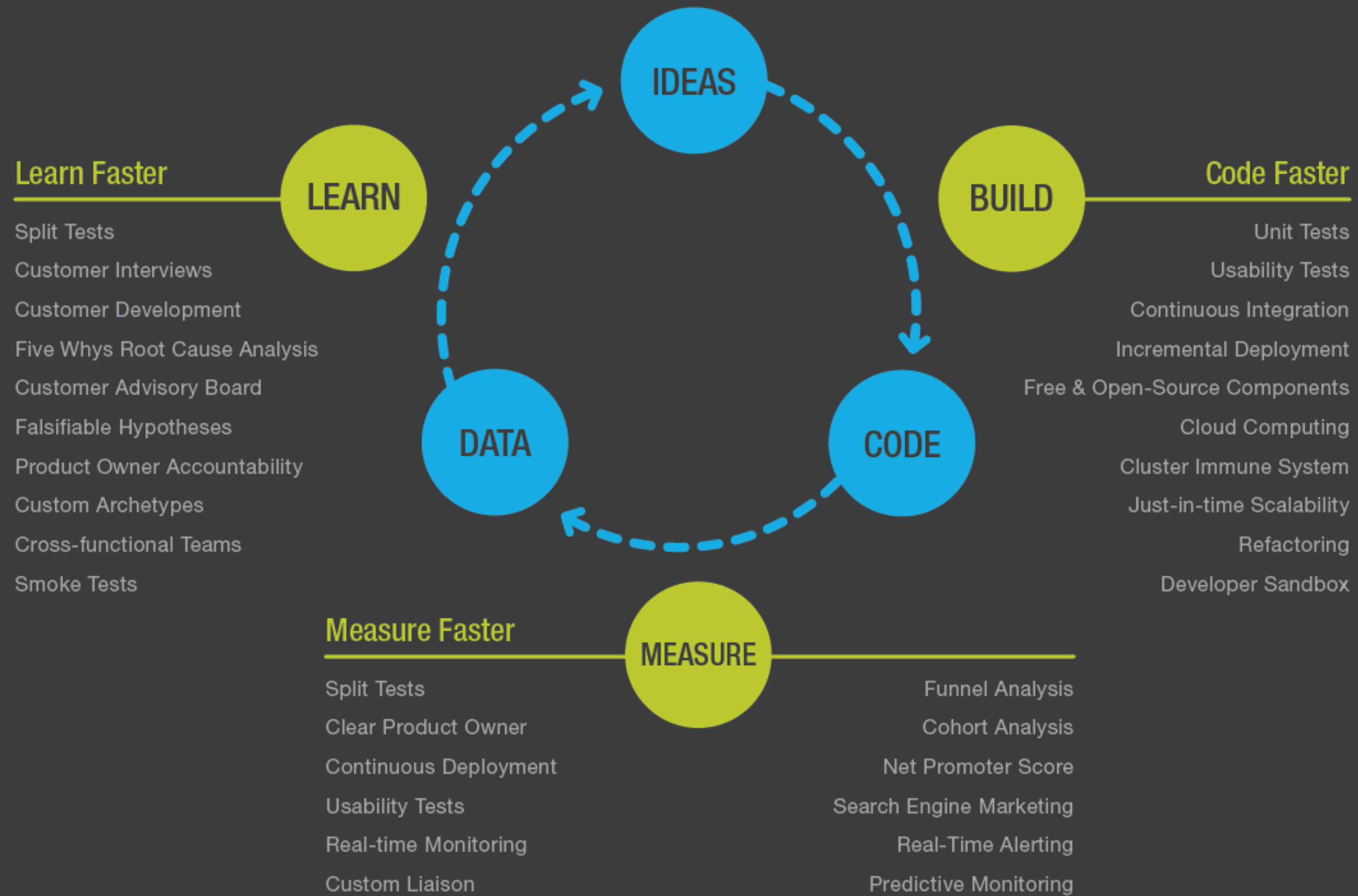
The Iterative Testing Process



THE LEAN STARTUP

Created by Eric Ries - startuplessonslearned.blogspot.com

Designed by  **KISSmetrics**



“The best way to predict the future is to invent it”.

Alan Kay

Thank you:

Sam Altman, how to start a startup
<http://startupclass.samaltman.com/>

Hugh MacLeod, cartoons drawn on the back of business cards
<http://gapingvoid.com/>

Strategyzer, helping CEOs operate like surgeons
<http://www.strategyzer.com>

Get in touch

@laurenthaug

ch.linkedin.com/in/laurenthaug