

- Startup course
 - Aalto: <https://starting-up.org/en>
 - Y Combinator: <https://www.startupschool.org/>
- Defining a problem. <https://www.undp.org/sustainable-development-goals>
- Interesting product
 - https://mp.weixin.qq.com/s/Nw8k4cDr9Xx_T2K_BZBeYw

Course notes

A startup is “a group of experiments to find a solution to a problem and create a sustainable and scalable business model around it.”

Building a company is a long journey and if you have no idea of your purpose and the company’s greater meaning, it’s very easy to lose interest – even as a founder.

Sami Inkkinen, Virta Health

Three keys things to keep in mind when finding a problem

- It is important that the business is built around a problem that you think is important.
- Is this something you like doing on a daily basis?
- Do you have an understanding of the problem? When you have a personal relationship with the problem, it’s often easier for you to understand it, and you’re probably more motivated to solve it.
- <https://www.undp.org/sustainable-development-goals>

Validating the problem

- Interviewing potential customers. *Book: The Mom Test.*

Finding target group

- All ventures, whether a new startup or an initiative for a new product inside a bigger company, should focus from day one on finding their target customers. This is key to avoiding building something that nobody needs. Once you have identified a problem, you should focus on defining the potential target customers as precisely as possible.

Validating your idea

- Going back to your target customers and interviewing them is a great way to validate your hypothesis
- Do not fall in love with your solution
- Create a POC and present to the stakeholders

There are two main ways to develop a product:

- The traditional approach where years are spent in the lab developing a product that looks great on paper – often with cool innovative technologies. However, what often gets built this way is a great product that doesn’t actually appeal to customers.
- The modern “startup way” where a company puts the product on the market as soon as it has the basic functionalities in place to collect feedback and iterate. Especially with software products and services, product development continues even after the product has been officially released.

The Build-Measure-Learn cycle

- Build a Minimum Viable Product (MVP)
- Collect feedback on the MVP by exposing it to potential customers
- Iterate the product based on the feedback (not only verbal feedback, but how they behave – for example, buying your product)
- *Book: The Lean Startup,*

Kano-model, that separates the features and functionalities into three categories:

- **Basic:** These are the features that the customer requires and takes for granted. The MVP's task is to prove their viability.
- Performance: Additional features and requirements that customers think about and are in the back of their minds when evaluating options. Their value grows linearly – the more you have, the better your product is.
- Excitement: Unexpected features and functionalities the customer may not think about, but which are the innovations that ultimately separate your product from others.

Remember you should not love your product, love the problem.

Setting priorities

- Talking to people who use the product or service
- Building and iterating your product

Creating new habits

Perhaps in today's world, especially in the software market, instead of an MVP it might be worthwhile to aim to create what's been called a "**Minimum Lovable Product**". In extremely competitive fields, the core functionality of the product alone is not enough, what really succeeds are products that are so tangible and valuable that their users feel ultimately attached to them and want to come back.

problem/solution fit => product/market fit => scale

- Customer: pain chain,
<https://www.thepartnermarketinggroup.com/branding/pain-chain-add-customer-value/>
- Growing markets are always easier to do business in compared to stagnating markets. In stagnating markets there is often fierce competition, while in growing markets there is "room for everybody".
- Unique selling proposition (USP)
- The core value producing parts of a startup should be in-house, but some tasks can be outsourced.
- Many successful startups in recent decades are two or three-sided platforms.
- Tools to summarize the fundamentals of a startup's business: Business Model Canvas or Lean Canvas

Measure for product/market fit

- Customer acquisition cost
- Hit rate

- Churn

Reaching product/market fit is about finding a sustainable model for all the business fundamentals.

For an early-stage startup, sharing IP with outsiders should be completely out of the question.

Learning from customers: the critical thing is to structure the feedback gathering and have clear learning goals.

Pilots to “thought leaders and barrier breakers within their industries.”

Evaluate the entry market size

- The startup's entry market should be a small group of similar customers who seem to be the easiest first group of customers to acquire.
- A go-to-market strategy covers the structural choices about how a startup enters the market, including things like channels, pricing, possible partners, business model, and entry markers

Gather a founding team

- Books: *Fourder's dilemma, Creativity Inc*

Characteristics of the founding team

- Individual: Knowledge, ambition, leadership, curiosity
- Group: diversity, transparency, commitment,
- Team dynamics: shared target, constructiveness, culture of change, high-standards, focus and execution
- In an early-stage company, you need builders: a proactive person who is ready to take responsibility and move forward and enjoy it
- The ideal startup worker is a particularly well-versed generalist in something.
- Another feature that unites startups is constant pressure.

In fact, setting up a business will typically not cost that much. You also don't need to jump head first into the unknown – you can start by setting up a business on the side while still keeping your current job.

Starting a company in Finland

In Finland, you can do everything online by filling out a form, opening a bank account and transferring the initial capital (if you want to dive deeper into this you can go to www.ytj.fi/en).
<https://starting-up.org/en/starting-up/company-formation/setting-up-your-company>

Capitalization table

- A startup's capitalization table (or cap table) is something you want to get right from day one. You should guard your cap table like your life depends on it.

- Stock option:
https://www.indexventures.com/optionplan/#expected_funding_rounds_pre_exit=series-b-and-c&employee_country=finland&mode=seed

You always need to talk to as many funds as possible. When selecting potential partners, try to look for the funds that have expertise in your area or are located in the target markets that you would like to expand to next.

In order to succeed at scaling, a company must be successful at each and every possible criteria including: product/market fit, team, revenue model, unit economics and operational efficiency.

吴晓波：如何能让创业团队走得更远呢？

第一，从创业第一天起，树立主要创始人的绝对权威；

第二，强化公司利益大于个人利益的集体意识；

第三，创始人之间的战略和利益分歧，尽量在股东会或者董事会层面解决，千万不要私下解决；

第四，能用金钱解决的问题，尽量别用其它手段解决。

Term sheet

- When working with venture capital investors, the first key document in the investment round is called the term sheet.
- It defines the main terms of the investment round, including the size of the investment, the different series of shares and their privileges and other details.
- In practice, signing a term sheet means that the investor is willing to invest in your company.
- A shareholder agreement is the key document in the investment round and can radically change the way your business operates. **Use a lawyer.**
- The investment round requires nerves of steel.
- Useful links: seriesseed.fi (Finland), nvca.org/resources/model-legal-documents/ (Nordics) and startuptools.org (USA) have the relevant documents free to download on their websites.

Company culture and leadership

- Startup leadership is more about solving problems, building new things and inspiring people – in other words, focusing on the customer, product and people.
- As startups strive to find new and radical products, services and business models, they need to have enough courage to try new things. Renewal is not usually achieved through a controlled innovation process, but requires **organic development and continuous action to create new opportunities and "systematic luck"** (also known as serendipity).
- The founding team and the first employees will have defined the company culture, and as said in the team chapter, it's hard to change that.
- Diversity is important of gender, nationality, orientation and especially area of expertise

Employees

- The ability of employees to develop and refine their own skills is critical.
- It's important to identify whether an employee will be able to survive in the pressure boiler that is a modern startup.
- Make sure the employee fits into the existing team.
- Look for both experts and learners.

Planning your business starts with four questions:

- Why does the company exist? (mission)
- What does success look like? (vision)
- What things are done? (strategy)
 - Strategic issues include decisions on product development, company culture and company marketing.
- How are things done? (tactics)
 - Practicalities
 - Crystallize your operations into processes as much as possible.

Cash and economics

- For startups, traditional business key figures such as revenue and operating profit are less important than cash availability.
- Cash monitoring is key

Things to keep in mind when scaling

- Many skills are needed
- Focus on the opportunities, not the problems
- Solve the problems, quickly
- Have a strong vision and mission
- Sharpen the company culture
- Be very careful with who is invited to be “on the bus”
- Be proud and confident, but don’t lose sight of realities
- Listen attentively to signals from the market and advice from those who want your best.
- Demand results from everyone every day, and more results this month than last month
- Do, test, learn, improve. Do it again
- Have fun, celebrate every small victory, give people insightful praise and recognition
- Do what’s best for the employees
- Have mentors and coaches who can push you when you need to be pushed and support you when you lose your footing

A startup's cash reserves determine the length of its runway. It's calculated as all the assets of the company divided by monthly costs, which gives you the number of months a startup has before the money runs out.