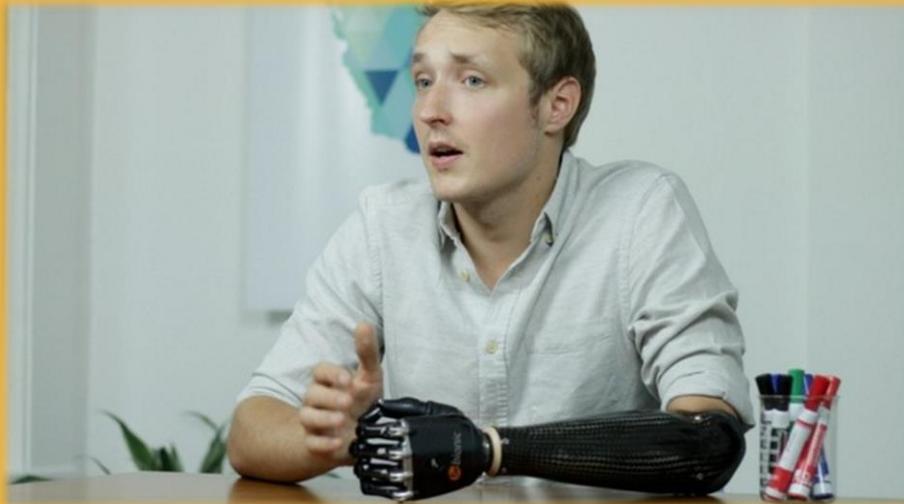


# INTRO TO ENTREPRENEURSHIP



Intro to Entrepreneurship



# Section 2

# What is an entrepreneur?



# Lecture 4

## What is an entrepreneur?



# What is an entrepreneur?

- Entrepreneur: Someone who starts their own business
- Harvard Business School:  
*"Entrepreneurship is the pursuit of opportunity without regard to resources currently controlled."*





# What is an entrepreneur?

- “The Economist” magazine:

*"There are two distinctive views. The first is the popular view that entrepreneurs are people who run their own companies, the self-employed or small business people. The second view is that entrepreneurs are innovators, people who come up with ideas and embody those ideas in high-growth companies."*





# What is an entrepreneur?

- U.S. Small Business Administration:  
*"An entrepreneur is a person who organizes and manages a business undertaking, assuming the risk for the sake of profit."*





# What is an entrepreneur?

- Freelancers are not entrepreneurs
- They just do contract work and sell their services to other people
- They're more like consultants





# Lecture 5

## Myths about entrepreneurship



# Myths about entrepreneurship

#1 You're born an entrepreneur and if you're not born one, you can't do it



- There are a lot people who started their businesses when they were older, after being employees
- This myth just makes for a nice story



# Myths about entrepreneurship

#2 You need to be very smart and talented to do this

- Not all entrepreneurs are very intelligent or talented, but are successful
- Things that are more important:
  - Perseverance
  - Work ethic
  - Confidence





# Myths about entrepreneurship

- Great entrepreneurs are great at coordinating other people and finding talents
- You don't have to be talented yourself, you only have to be able to spot brilliant people





# Myths about entrepreneurship

#3 You need to have a lot of money



- You can start small and grow your business

#4 You need to be really lucky

- Entrepreneurs make their own luck by being perseverant



# Lecture 6

## Common personality traits



# Common personality traits

- Everyone can be an entrepreneur
- Don't get discouraged
- In general, there are a few traits that you see in entrepreneurs





# Common personality traits

## 1. Confident

- it's easier to sell something if you believe in it and in yourself



## 2. Gregarious

- It makes it easier to connect with people and find co-founders and employees



# Common personality traits

## 3. Forward-thinking

- they see things from a wider perspective



## 4. Action-oriented

- they're more likely to go out and try ideas rather than sit on them for years



# Common personality traits

- The “Marshmallow test”
  - it only works with children
  - they give them the choice to get one marshmallow today or two tomorrow
  - those who are able to wait until tomorrow to get more are potential entrepreneurs





# Common personality traits

- "Survivor's bias": The common traits are usually noticed in entrepreneurs who are still in the business
  - There could be more people who just made a lot of money and quit
  - You don't have to have these traits, these are just the most common traits that you see in people who are already there





# Common personality traits



- It's less usual for entrepreneurs to be introverted, but there are plenty of successful people who are introverted
- It gets harder if you have the opposite of these common traits, but it doesn't make it impossible



# Lecture 7

## The most important trait of all



# The most important trait of all

- Risk tolerance
- People who are ok with doing things that have a large chance of failing
- 95% of the startups will fail
- You have to be a very risk tolerant person to go into that





# The most important trait of all



- Risk-averse people like to calculate risk and avoid it, they make insurances and tend to worry
- Risk-tolerant people don't worry, they're optimistic, and they take the risk if there are chances to succeed



# Lecture 8

## Age & entrepreneurship



# Age & entrepreneurship

- A lot of young entrepreneurs get funded and the media likes to promote these stories
- 95% of successful entrepreneurs are over 30 years old
- When Mark Zuckerberg turned 30, there were zero self-made billionaires under 30!



For **section 2**, we're going to have a fun activity. A lot of my students fret about whether or not they have the right "*personality*" to become an Entrepreneur. If you've been paying attention thoroughly in my lectures (you have, haven't you?) you know that personalities of all different types have started businesses. *However*, certain personalities naturally gravitate towards starting their own business while others have to create a more conscious effort.

Understanding your own personality and how you operate is a really helpful tool not just for this course *but for your life in general*. It can help you relate to other people, understand yourself better, and ultimately know what deficiencies you have with regards to being an Entrepreneur.

*SO..... (\*drum roll\*)*

We're going to take a PERSONALITY TEST.

**Attached to this lecture is a worksheet with instructions on how to fill out the test.**

If you haven't ever taken the Myers Briggs test before, this is your chance. It's by far the most popular form of personality testing, and for better or for worse, always a great discussion starter.

*But here's the twist.*

We're going to analyze your personality score through the lens of Entrepreneurship.

*Ok, not a huge twist.*

The way the test works is generally quite simple. You'll answer a series of questions and rate them on a scale of 1-10. *Try your hardest to sit and think about each answer before you fill it out. It's also helpful to pick a time where you are feeling normal - not angry, stressed, or sleepy. These things generally will make you answer the questions differently.*

You'll get a score in **4 different categories**

*As they related to Entrepreneurship, here they are:*

1. **Introversion vs Extroversion:** Are you more at ease by yourself or with people? Do you draw energy from being with other people or by being with yourself
2. **Sensing or Intuition:** How do you process information as you're presented it? Do you take it bit by bit and literally? Or do you instinctively add judgement and context to information?
3. **Thinking vs Feeling:** How do you make decisions? Do you do it purely rationally or do you "feel" your decisions and use empathy?
4. **Judging vs Perceiving:** Do you make your decisions quickly and move on, or are you more likely to take your time and be ok with leaving your options open.

After you fill out the quiz and follow the worksheet, you'll have your score. In the second part of the worksheet, I've added an easy guide for thinking about personality types and which ones are ideal for being an Entrepreneur.

**When you get your personality score, post in the group discussion!** We'll talk about it.

**Test your  
Entrep.  
Aptitude**

---

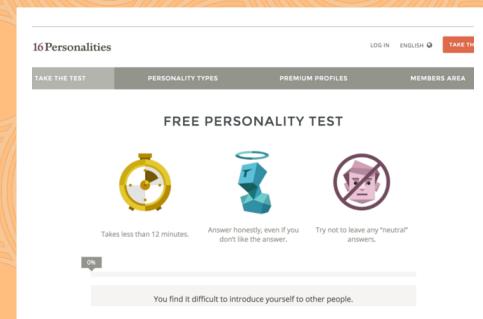
**Section 2 Activity**

# Get started

Go to this website:

<http://www.16personalities.com/free-personality-test>

**STEP  
01**

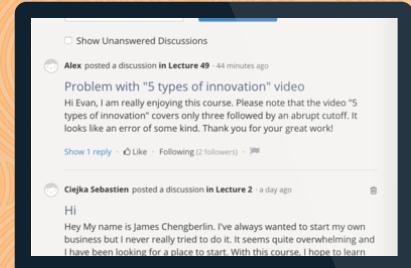


Record your score

What'd you get?

**STEP  
02**

**Fill it out**  
Answer each question from 1-10



**STEP  
03**

**Post in the group discussion**

What do you think?  
Do you agree?

Your 4 digit code:

Four empty white rectangular boxes arranged horizontally, intended for users to enter their 4-digit personality test code.

# The Ideal Entrepreneur

Anyone can be an Entrepreneur. But there are personalities that have an easier time being one. Wonder what the "ideal" type is? This type is actually called "The Entrepreneur". Congratulations if you're one of the lucky few ;)

**E**

Starting a business involves networking and finding potential partners. It also means long meetings, negotiations, and managing employees. Extroverts do this with ease and they

**S**

This is debate-able but most often Entrepreneurs have a keen sense of rationality and reality. That's what makes it easier to spot opportunities and be able to calculate them.

**T**

Feelers find it hard to make harder decisions, especially when it involves other people. Entrepreneurs need to not let attachments to other people stand in the way of making the right decision

**P**

Starting your own business needs you have to deal with an enormous amount of uncertainty and ambiguity. Being open to that and comfortable with it makes you more adaptable, which as an Entrepreneur is a strength.



## The triangle of personalities

Some personalities types are great for Entrepreneurs and some are difficult. Some are in the middle. Where does yours fall? Use this guide to see

Great:

**ESTP**

**ENTP**

**ENTJ**

**ESTJ**

Ok:

**ISTP**

**ESFP**

**ENFJ**

**ISTJ**

Bad:

**INFJ**

**INFP**

**ISFP**

**ISFJ**

If you're interested in reading more about Entrepreneurship, read further.

Some of you prefer to read more about the topics you go into and I'm sure many of you after taking this course will want to learn more before you jump in.

That's completely reasonable. The more you know about Entrepreneurship, the better you'll understand what you're getting yourself into and how to rationalize it.

I've compiled a list of popular books on the topic for you to check out. At the top, I have my 4 recommended books that I've hand selected. At the bottom I listed other popular books.

*Recommended Authors:*

There are a lot of authors that write about Entrepreneurship, and there are many that write about things that are complementary to Entrepreneurship (marketing for instance). Here are some of the well-known authors worth looking into:

*Seth Godin* - primarily a marketing guru who has written 3x as many books as he has ideas. But he is considered a thought leader on self-employment and marketing amongst other things. Worth looking into if you're wondering about how to market your ideas after you create them. He has some very interesting, and refreshingly simplistic, ways of explaining things that are ambiguous to newbies.

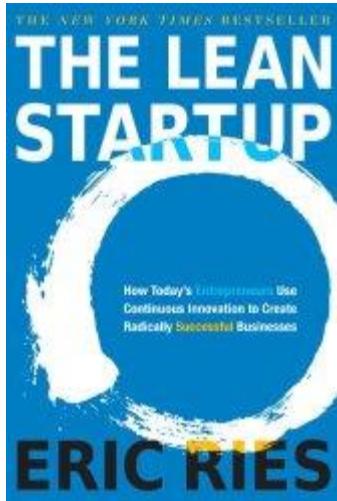
*Steve Blank* - He's a professor at Stanford who writes about innovation and the psychology behind creativity & inspiration. Similar in ideology to what you would expect out of Stanford (Silicon Valley). He has created many popular concepts that are used in Entrepreneurship today. He's the best author to follow for a better understanding on how Entrepreneurship is changing in the 21st century and how to be ahead of the curve and not behind it.

*Ben Horowitz* - He's a partner at the most prolific venture capital fund in existence today Andreessen Horowitz. He has very unconventional advice and a blunt way of delivering his opinions. It's because of that, he's one of my favorite writers.

Others worth mentioning: Tony Hsieh, Fred Wilson, Brad Feld, Anthony Porter.

## My Top 4 reads:

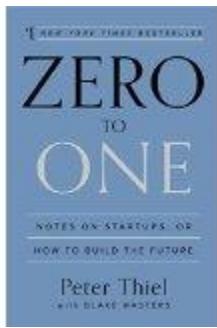
- The Lean Startup - Eric Ries



**Why:** This is not the most interesting book I've ever read but I still consider it essential reading. The Lean Startup Framework is the de facto framework in which people start their businesses today. It champions the idea that you should approach your business ideas as experiments, and validate them no differently than you would a science experiment. Lean comes from the term "Lean manufacturing" where everything non-essential is removed from the manufacturing process. This book supports a similar idea and is the first sensible approach I've ever seen to tackling the inherent failure rate all new businesses suffer from.

**Conclusion:** Read it. It's not well written and you'll roll your eyes at times, but it's still worth having under your belt.

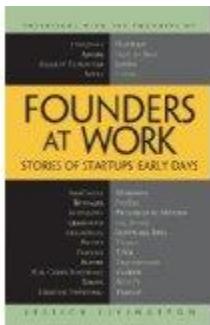
- Zero to One - Peter Thiel



**Why?:** Peter Thiel, while being infinitely controversial, has an enormously well-developed understanding of innovation and how ideas change the world. He has a "contrarian" viewpoint of many topics Entrepreneurs hold dear and often shock people with his opinions. Zero to One will put into perspective a lot of the ideas you have about big ideas and how they actually changed the world. Fun read, although often very dense

**Conclusion:** If you wasn't to go into startups and you want to "shoot for the moon", read this book. If you're interested in starting a smaller business, I would skip this one and only read it if you're curious.

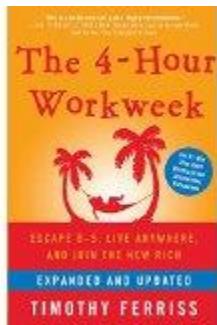
- *Founders at Work - Jessica Livingston*



**Why:** This is a fun read and great for giving you the "Entrepreneurial itch" so to speak. It details the beginning stages of a whole host of famous companies and how they started from the absolute beginning. You get to see in details how the founders of companies that are giant today, struggled with the same basic and average problems that everyone else experiences on a day to day basis. This is more a series of interviews, but well done nonetheless

**Conclusion:** Fun read to get you in the mood for starting a business. More pertaining to Startups, I still think it's an interesting read for anyone. It can get monotonous at times, but you can skip individual stories if you want.

- *The Four Hour workweek - Tim Ferriss*



**Why:** This is the Holy Grail for Lifestyle businesses and largely could be considered THE book that started the new online phenomenon. Lifestyle businesses are all about the ratio of time to profit and this book goes into the gritty details of how exactly savvy Entrepreneurs pull it off. Great read to help you think critically about how you apply your time in your business.

**Conclusion:** Some of you may already be familiar with the topics he covers, because his ideas have become so prolific. If you want to start at the source and see who started the whole "dropship lifestyle" and "lifestyle hacking" movement check this out.

## Other great books on the subject:

- *Traction - Gabriel Weinberg & Justin Mares*

*Notes:* This isn't for starting businesses but it's a great reference for what you do after you start your business. They're big proponents of trying to "pre-sell" and make sales on your product before you even build it. Long, but worth checking out.

- *Thinking fast and slow*

*Notes:* Primarily a psychology book but very popular amongst business circles. The book tackles the inherent impulsivity that's part of Entrepreneurship and how to change your mindset to address it.

- *Innovators Dilemma*

*Notes:* Old but still very relevant. This talks more about general business but its required knowledge as you grow it.

- *Made to Stick*

*Notes:* Primarily a marketing book but helps people conceptualize why certain products stick in customers' minds and others disappear as soon as they appear. Don't go crazy reading every marketing book you can find because there are too many. However, I found this one to be particularly useful.

- *Hackers & Painters: Big ideas from the computer age*

*Notes:* This is written by the founder of Y Combinator which is THE premiere incubator for startups. He's one of my favorite business thinkers because he comes from a programming background. He's very systematic in the way he tackles ideas and is easily one of the top 3 thought leaders for startups today.

- *Rework - Jason Fried*

*Notes:* This is from the founder of 37signals which started as a web development business but branched out into a multibillion dollar product company. He talks about work live balance and how the nature of work is going to dramatically change in the future.

- *The Hard Things about Hard Things - Ben Horowitz*

*Notes:* It's about the difficulty of starting businesses and ways to overcome it. Another great thinker who has become really well known.



# Section 3

# The entrepreneurial mindset



# Lecture 11

## Intro to section 3



# Intro to section 3

- The entrepreneurial mindset
- How do entrepreneurs look at the world?
- How do they find opportunities?





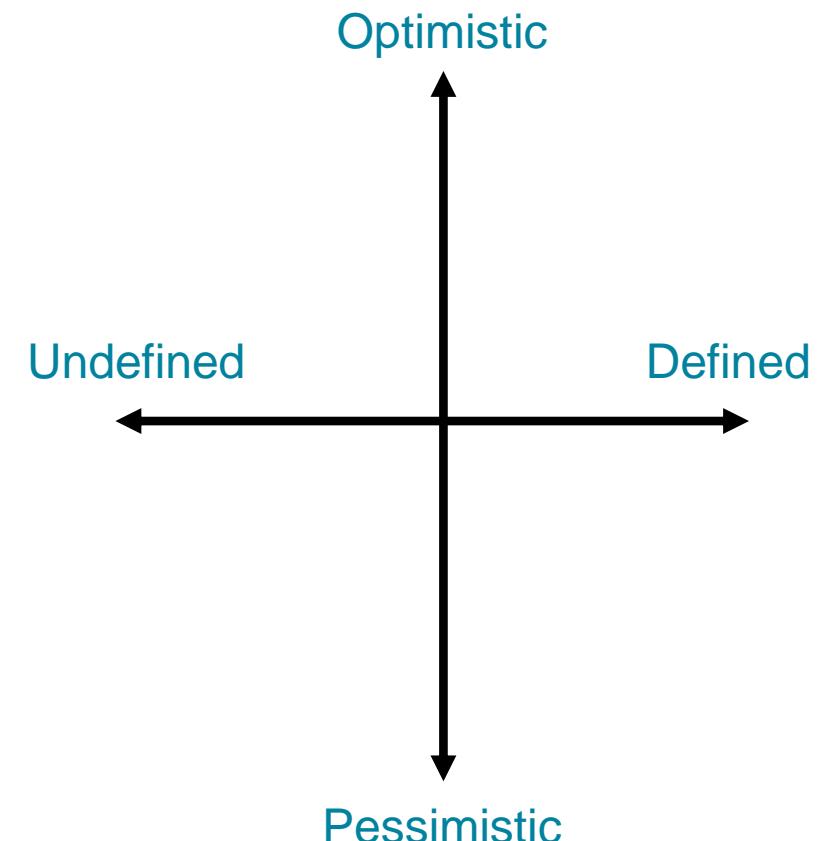
# Lecture 12

## The entrepreneurial mindset



# The entrepreneurial mindset

- Peter Thiel used a quadrant system to describe entrepreneurs and societies





# The entrepreneurial mindset

The perspective about the future

- **Defined**
  - you have a decent idea of what's going to happen
  - you can plan for the future
  - you can predict where we're going to be





# The entrepreneurial mindset

The perspective about the future

- **Undefined**
  - the future is confusing, chaotic
  - you have no idea how the future's going to look like





# The entrepreneurial mindset

The perspective about the future

- **Optimistic**
  - you think that good things are going to happen in the future
- **Pessimistic**
  - you think everything will get worse in the future





# The entrepreneurial mindset

## Examples:

- U.S. is optimistic and undefined  
→ the lowest savings rate
- China is pessimistic and undefined  
→ the highest savings rate





# The entrepreneurial mindset

- Entrepreneurs are **optimistic** and **defined**
- They have a general idea about the future, and they like where it's going
- They're sure they will find opportunities to make money in the future





# Lecture 13

## Understanding the business life cycle



# The business life cycle

- All businesses have 4 distinct phases

## ✓ Phase 1: Pre-launch

- they spot an opportunity and gather resources
- they work by themselves or with a co-founder
- they research the market





# The business life cycle

## ✓ Phase 2: Startup



- taking everything you've done in the previous stage and going out and doing it
- hiring people, bringing in your first customers
- small operations
- the entrepreneur is doing everything that's necessary



# The business life cycle

## ✓ Phase 3: Growth

- growing the business
- increased revenue
- growing the client base
- the entrepreneur is settled in an executive position





# The business life cycle

## ✓ Phase 4: Maturity and potential decline

- you're in multiple countries or cities
- the growth rate is slowing
- if you don't expand or pivot, you might expect decline





# The business life cycle

- Entrepreneurs are crucial in stages 1 and 2, they're important in 3, and in 4 they're obsolete
- They can go and start something else once the first business is growing by itself
- Not all businesses make it all the way to the end of the cycle





# Lecture 14

## The different types of income



# The different types of income

- **Active income** - dependent on showing up and doing something
- **Passive income** - you make money regardless of what you actually do
- Examples of passive income:  
investing in stocks, dividends





# The different types of income

- Entrepreneurs want to build something that provides passive income
- They're searching for a high ratio of Passive:Active income





# The different types of income

- **Recurring revenue:** Instead of selling something and getting paid once, you sell something and clients pay you repeatedly, as long as they use it or as long as they're a member
- Example: Subscription packages





# The different types of income

- **Planned obsolescence:** Most products and services are designed to break
  - If you sold something once, clients will never buy from you again
  - If they come back every time something breaks or needs an update, you will earn more money





# Lecture 15

## The process of opportunity recognition



# The process of opportunity recognition

## #1 Recognizing the opportunity

- a problem, an opportunity for adding a benefit

## #2 Conceptualization

- you realize there's an opportunity and you research markets and validate the idea





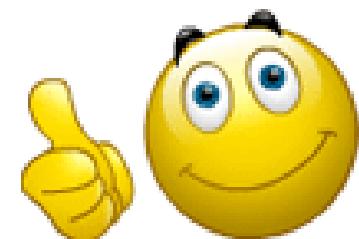
# The process of opportunity recognition

## #3 Planning

- gathering resources, figuring out how you're going to tackle the opportunity
- thinking about the business model

## #4 Launching the business

- going out and trying the idea





# Section 4

## The different paths you can take



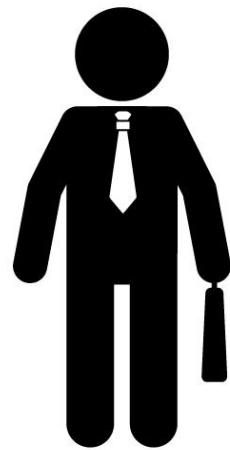
# Lecture 18

## Intro to section 4



# Intro to section 4

- We're going to talk about the different types of businesses
- What suits you best?





# Lecture 19

## Lifestyle entrepreneurs



# Lifestyle entrepreneurs



- A **lifestyle entrepreneur** is someone who will start a business with the explicit goal of making a certain amount of money that will enable them to live a certain lifestyle
- They're mainly focused on keeping a certain quality of life and a certain level of wealth



# Lifestyle entrepreneurs

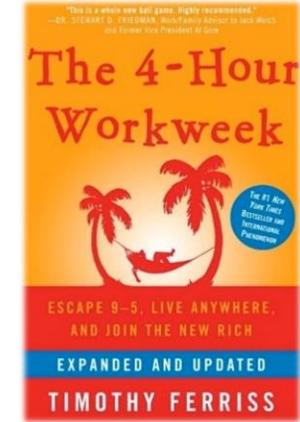
- They don't need a huge business
- They focus on what they need in order to live a certain lifestyle
- They focus on businesses that have a high ratio of Work:Revenue
- Spend as little time, earn as much as possible





# Lifestyle entrepreneurs

- “The 4-hour Work Week” - Tim Ferriss
  - He calls the lifestyle business a “muse”
- 
- You need a lot of things in life to be happy, and it's hard to tackle all your needs when you don't have money
    - A “muse” is something that takes away that money aspect and gives you the resources you need in order to focus on other things





# Lifestyle entrepreneurs



- Lifestyle entrepreneurs are not interested in brand new markets, but not in too saturated markets either
- They are ok with spending a lot of time in the beginning, to get started, but if it takes too long to start earning money, it defeats the purpose
- Examples: Udemy instructor, Airbnb host, drop-shipping, white labelling



# Lecture 20

## Side businesses



# Side businesses



- Side businesses are something you pursue in order to make some extra income
- These entrepreneurs are also employees



# Side businesses

- Look for things that don't require a lot of time commitment
- Think about something people need that you can supply
- There's little risk, but also little return





# Side businesses

- Working online is a good idea
- You can do this on top of other platforms, for example, providing a service for Udemy users
- Other examples: Etsy, Fiverr, Ebay





# Lecture 21

## Startup founders



# Startup founders

- They're called “founders” because they founded a company and took all the risk
- Startups are generally big ideas and ambitions
- Paul Graham (ycombinator):  
*"A startup is any business that's designed to grow as fast as possible."*





# Startup founders

- Startup = Big idea +  
Big ambition +  
Big risk +  
Potential big reward
- Startups require 100% of the effort





# Startup founders

- You have to devote everything you have towards it
- They're very risky, but the potential reward could be worth it
- A startup is exciting and challenging, and it can make a lot of money





# Lecture 22

## Social entrepreneurs



# Social entrepreneurs



- **Social entrepreneurship:** Starting a business that makes profit but it's focused on producing benefits for the common good of everyone
- They have similar goals with non-profit organizations



# Social entrepreneurs

- Social entrepreneurs are trying to deliver value to the community in different ways:
  - donating money
  - building a system that benefits other people and then they reinvest the money





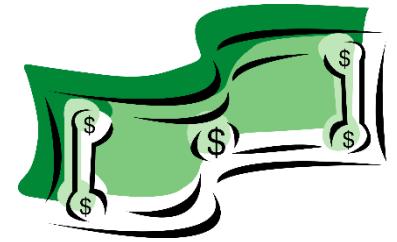
# Social entrepreneurs

- "Bee corporation": A corporation that recognizes that you have to make profit, but you also have to deliver some value to the community
- Example:
  - my first venture was an app that helped people apply for scholarships
  - we charged a fee, which it would be a profit for us, but it would also benefit the kids who got scholarships





# Social entrepreneurs



- Non-profits are constantly trying to get more money to keep doing their charity actions
- When you donate to these companies, most of the money go to keep the company functioning



# Section 5

## Core concepts & frameworks



# Lecture 24

## Intro to section 5



# Intro to section 5

- We're going to explain some core concepts
- Specific terms that entrepreneurs use





# Lecture 25

## Service vs. Product businesses



# Service vs. Product businesses

- **Product** - you sell something
- **Service** - you do a task for the customer
- Examples:
  - Apple, selling iPhones = product business
  - Repairing iPhones = service business





# Service vs. Product businesses

- Software as a service (saas)
- Software used to be a product business, but now they can charge you per month to use a product - it transitioned to a service business





# Service vs. Product businesses

- Product businesses are easier to grow
- Service businesses can't grow without hiring more people to perform new tasks





# Lecture 26

## What is a business model?



# What is a business model?

- **Business model:** The way in which you make money based off of what you are selling

Examples:

- Google: advertisement business model
- Amazon: eCommerce model
- New York Times: Subscription model
- Business models can be changed





# Lecture 27

## Old business models



# Old business models

- **Retail:** Any physical store that sells a product
  - they hold inventory
  - now, they can also sell the products online
- "Brick and mortar" - physical store
- "Brick and click" - having both a physical store and an online shop



# Old business models

- **Franchise:** The owner of the restaurant/shop paid for a franchise to use the name of the famous brands
- Examples: McDonald's, Subway





# Lecture 28

## New, disruptive business models



# New business models

- On demand
- Uber, Lyft, Shyp, Washio, Postmates
- They use a mobile app where clients can order what they need and get it right now





# New business models

- Sharing economy
- Airbnb, Getaround
- Companies look for people who own things and want to share them for money
- They're generally cheaper than the normal rentals
- "The power drill dilemma" - power drills are expensive and under-utilized → the idea of renting them out





# New business models

- Crowdsourcing
  - Asking people what they want to buy and then sell those things
  - Teespring - people design t-shirts and they get voted
  - The owners don't have to keep inventory and come up with ideas





# New business models

- **Freemium**
  - Customers can use an app for free, but they only get basic features or limited time
  - If you need more, you have to pay
  - Example: Evernote - it's free to use, but for more features you have to pay





# New business models

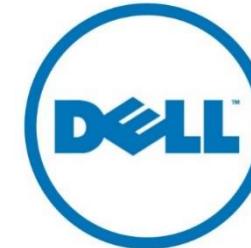
- Freemium
  - If people try it first, they're much more likely to purchase it later
  - It works well when it doesn't cost you anything to give it for free
  - It's difficult with physical products, because you pay every time you make one





# New business models

- Direct to consumer
- Skipping the retailers
- Example: Dell computers - you buy directly from their website, prices are lower
- Example: Warby Parker - you can try eye-glasses online, and they ship them for free so you can try them
- They add a lot of convenience





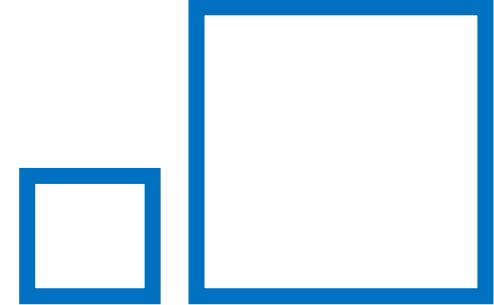
# Lecture 29

## Scalability



# Scalability

- How easy is it to grow your business?
- Side businesses are not very concerned with scalability
  - Lifestyle businesses: medium concern
  - Startups: very concerned, they need scalability





# Scalability

- If you can't scale past a certain point, that means you have a limit for your business
- Every time you grow, you have a new set of problems to deal with





# Scalability

- How to know if your business idea is scalable:  
Does your business have a lot of marginal cost?
- How much does it cost you to make  
and deliver a product?





# Scalability

## Examples:

- Selling paintings: very hard to scale, you can't clone yourself to make more every day
- Medicine for a certain disease: hard to scale, there's only a fixed amount of people who need it
- Online course: easy to scale, you have minimal marginal costs





# Section 6

# Validating your idea



# Lecture 31

## What is validation?



# What is validation?

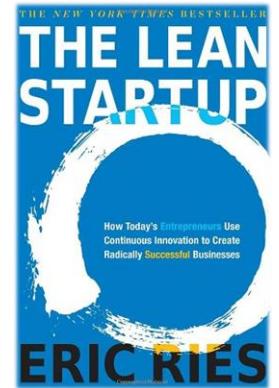
- Is your idea likely to succeed?
- Validation is becoming a standard
- You have to test your idea before launching it
- Ideas always sound great in your head, but you need real feedback





# What is validation?

- Eric Ries: "*When we're in the shower and we have an idea, boy, does it sound great. But in reality, most of our ideas are actually quite terrible.*"
- Even brilliant people can make huge mistakes
- Validation is an opportunity to minimize the risk





# Lecture 32

## Surveys



# Surveys

- Surveys are the easiest way of getting feedback about your ideas
- “The wisdom of crowds”: If you ask enough people a question, they will be more correct than if you ask only one or two





# Surveys

You should survey:

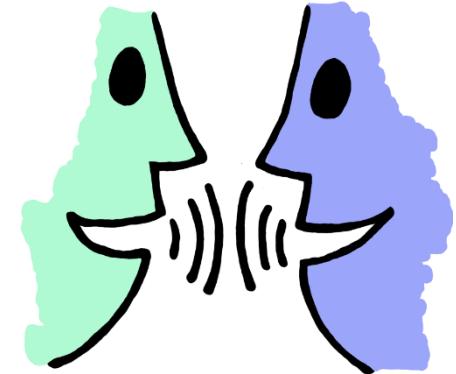


- People who are in the industry that you're after
  - they have inside information
- Potential customers
  - they can tell you if they would buy your product



# Surveys

- Try to be objective
- Don't tell them how great your idea is, they will get biased
- Avoid the false positives





# Surveys

- What to ask potential customers:
  - Do they have this problem?
  - What solutions have they used to tackle this problem?





# Surveys

- What to ask industry people:
  - Do they think this problem exists?
  - Would people pay money for a solution?
  - Present your solution and ask for feedback





# Surveys

- Finding participants:
  1. Your immediate network
  2. Industry groups, forums, meetings, people that could be interested in your solution



# Surveys

Tools you can use:



- Survey websites: [SurveyMonkey](#), [AWeber](#), [Google forms](#)
- [Reddit](#)
- [Aytm.com](#) - they help you get answers to your surveys
- [Facebook](#) groups



# Surveys

- Try to incentivize people to answer your questions
  - They're usually happier to help you if the survey is shorter





# Lecture 33

## Talking to experts



# Talking to experts

- Experts have inside information and secrets you might not have access to
- They can tell you whether your idea has potential, whether it's legal or not
- You can contact them through email, phone, or in person

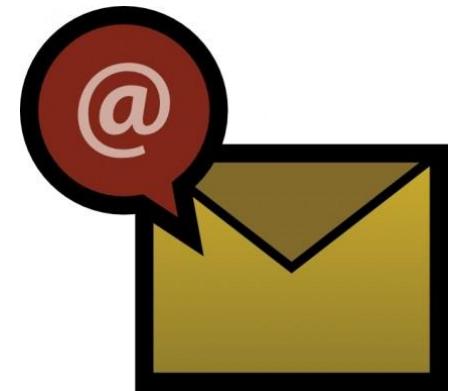




# Talking to experts

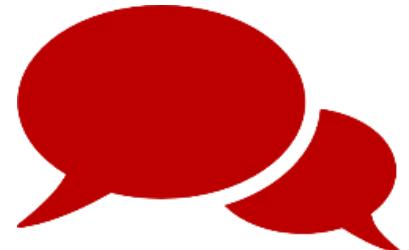
## 1. Identify actual experts in your area

- Use specific search engines:  
icerocket.com, blogsearch.com
- Search for your industry and contact the people who write about that





# Talking to experts



2. Show them that you read what they wrote
3. Present your idea and ask for feedback



# Talking to experts

- [LinkedIn](#): search for people who are working or worked in the industry
- Incentivize them in some way
- Contact as many people as you can and have as many conversations as you can





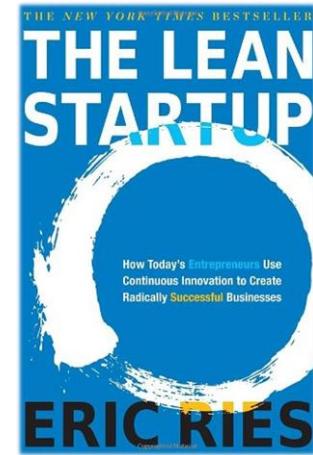
# Lecture 34

## The lean startup framework



# The lean startup framework

- “The lean startup”, Eric Ries
- We don’t know if our idea is any good, we only make assumptions
- Any business idea comes with a set of assumptions
- There are two ways of tackling this





# The lean startup framework

## #1 Build a solution and launch it

- As you get feedback, you change it



## #2 The lean startup framework

- You create the absolute minimum product in order to see if the customers are interested, and then you start building the actual product



# The lean startup framework

- Build - Measure - Learn
  - You test the information and you rebuild the product using what you learned
    - You save time and money
    - You figure out sooner whether people will buy it





# The lean startup framework

- Core concepts:

→ **Hypothesis:** A sentence that describes your assumptions



- Example: Custom T-shirts
- Hypothesis: “People are willing to buy custom t-shirts and they have some sort of benefit from wearing them”



# The lean startup framework

## → Validated learning

- Learning information that came from a real life experiment, not just guessing

## → Pivot

- A significant change to the initial idea
- A lot of companies pivoted
- Example: Twitter





# The lean startup framework

→ Minimum criteria for success



- How many people you need to be interested in order to consider your idea validated



# Lecture 35

## Pitch experiments



# Pitch experiments

- Pretend a product is real and pitch it to potential customers
- You want to test a hypothesis
- You build a fake landing page that pitches your product as if it was real or upcoming
- You try to get people to sign up or click the “Buy” button





# Pitch experiments

- Check out my “Idea Validation” course for more detailed information on pitch experiments



Idea Validation: From idea to paying customer in 1 day

Evan Kimbrell, Founder of Sprintkick | Ex-VC | Ex-startup...

★★★★★ (25)



# Pitch experiments

Example: Launchrock



- You create a landing page and advertise it to get clicks
- You can get free ad coupons from Facebook, Google and Bing



# Pitch experiments

- You can use pitch experiments for anything
  - Set the goal of the experiment, what you need to get in order to meet your minimum criteria for success





# Lecture 36

## Creating an MVP



# Creating an MVP

- 95% of entrepreneurs will use this method
- **MVP** = Minimum Viable Product  
= The absolute minimum amount of effort and resources you have to spend in order to get to a point where you can determine if a customer wants to buy your product





# Creating an MVP

- An MVP needs to show the potential users what it does
- The best MVPs have the absolute minimum features
- Example: Restaurant
- MVP: it could be a food truck, a brochure with your menu, or you can make one item from your menu and see if people will buy it





# Creating an MVP

- Example: [Zappos](#) - online shoes
  - They made a basic website and took photos of products from other stores
    - When people bought them, they actually went and got the products and delivered them





# Creating an MVP

- Example: **Mobile app**
- Pick a feature and create a basic demo of the app
- People who really want it will buy it even if it doesn't look so good
- If no one will pay for your basic version, you probably don't have a good idea





# Creating an MVP

- Example: [Website](#)
- You can make a template first, with free online tools
- Example: [Online store](#)
- Create a store at Shopify.com and add fake products
- You can try to hire someone cheap to build a demo version





# Section 7

# Fundraising



# Lecture 38

## Know your options



# Know your options

- How do you get the resources for your business idea?
- There are a lot of fundraising options
- See what fits you best





# Lecture 39

## Bootstrapping



# Bootstrapping

- The word relates to the phrase "Pull yourself up by your bootstraps"
- It means picking yourself up on your own
  
- You fund yourself
- Most businesses get bootstrapped up to a certain point





# Bootstrapping

- Things to consider:
  - minimizing cost
  - accepting a slower growth and focusing on price over quality





# Bootstrapping

- "Fake it till you make it"
- Use the MVP: focus on simulating as much as you can and only spend resources when it's absolutely needed
- Focus on the efficiency
- If you spend all your money upfront, it might fail
- You have to be creative





# Bootstrapping

How to bootstrap your business:

1. Find co-founders or partners
  - More people, more money and skillsets you can use



# Bootstrapping

How to bootstrap your business:



2. Re-work your idea or business model so that it makes money sooner
  - Figure out what part of it is more valuable and you can charge for
  - Make money first and use the revenue to re-invest



# Bootstrapping

How to bootstrap your business:

## 3. DIY: Do it yourself

- At the beginning, you can't hire all the people you need
- Focus on what you can do and use your skills
- It's also useful to learn about different aspects of your business





# Bootstrapping

How to bootstrap your business:



4. Focus on key metrics
  - Spend your money on things that matter, like customers and margins



# Bootstrapping

How to bootstrap your business:



## 5. Focus on gorilla marketing

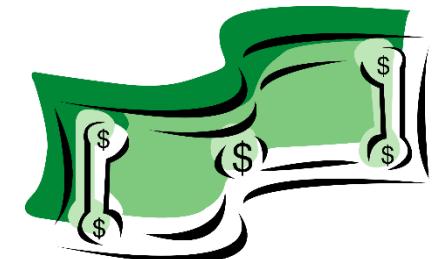
- Very cheap and focuses on return on investment (ROI)
- Example: Sandwich video
  - they started by trying to make a demo of their own video, it was funny and it got popular



# Bootstrapping

How to bootstrap your business:

6. Sell your equity for actual services
7. Fill up your credit cards
  - The point of bootstrapping is to get as far as you can with as little as you can





# Lecture 40

## FFF & Angels



# FFF & Angels

- FFF: “Friends, Family and Fools”
- You can use these 3 sources to get small loans in the beginning
- It's easier to get these money, but it comes with strings attached and it might damage the relationships if you fail





# FFF & Angels

- “Angels” are rich individuals who frequently invest in small business and startups
- They invest in startups when you need more money than your family can give you, or you don’t qualify for a bank loan
- Angels typically know each other





## FFF & Angels

- Angels have their own investment criteria
- They have lower barriers to invest
  - They're investing their own money, so they don't need any other approval
  - They invest in areas they have expertise in





# FFF & Angels

- Why do angels invest?
  - they want to make money
  - it aids a business that they already have
  - excitement and prestige





# FFF & Angels

- Finding angels:
  - look at the industry you're in and connect with successful people
  - say you're looking for mentorship or advice
  - LinkedIn - search for people who list themselves as an "investor"





# FFF & Angels

- Finding angels:
  - websites like AngelList, Wefunding, Gusto, FundersClub
  - angel groups and syndicates
  - it's easier to go after angels who invest frequently





# Lecture 41

## Equity & Debt



# Equity & Debt

- **Equity** means ownership
- Startups use equity to recruit people to join their business or to receive investment
- The value of that ownership, if it the company gets big, is enough to attract people





# Equity & Debt

- Startups measure themselves in terms of stock
- Stock: keeping track of who owns what
  - Because it's stock, if you own 30% it doesn't necessarily mean you will get 30% of the profit
    - You only get 30% if the company gets sold or you sell your equity





# Equity & Debt

- Dividends: the company has excess profit and then shares it with the people who invested in the company
- They share it based on how much you own
- Selling equity is called an "exit"
- Any time you convert equity into cash, it's an exit





# Equity & Debt

- **Debt:** Investment or money that was loaned to you and you have to pay back
- When you receive investment, you don't need to pay anything back if you fail



# Equity & Debt

- When you have debt, you have to pay the money back regardless if your company fails or not
- If you have physical assets, the bank can take them from you if you are in debt and can't pay it





# Lecture 42

## Loans



# Loans

- Loans are a form of debt
- They usually come from banks and credit unions
- They range from \$10 000 to \$300 000 or more
- One of the ways banks make money is investing in small businesses
- They have a criteria list for loans





# Loans

- Pros:

- Loaned money is some of the cheapest money you can get
- Loans can give you a wide range of money



- Cons:

- Loans have a higher bar to qualify
- You need already existing cash flow and assets



# Loans

- Cash flow: it means you're already making some profit
- Assets: They can take them from you if you don't pay back the loan





# Loans

- **Cons:**
  - If you default on your loan, that can affect you personally
  - Banks will not invest in you unless they have 2 years of records of history





# Loans

- Bank loans only make sense when you need "expansion capital", when you need money to grow your business
- Start a relationship with the bank early on
- If they know you, they're much more likely to give you loans





# Loans

- Try small banks and credit unions - they can make decisions easier
- Don't try to sell them on the upside
- Banks only look for low risk investments





# Lecture 43

## Venture capital



# Venture capital

- Venture capital (VC): Companies that invest in startups
- You go after VC when you need a lot of money
- VC firms operate a fund of other people's money
- They promise to return money to the investors in 7 years





# Venture capital



- Access to VC depends on where you're located
  - You will find VC firms where there are rich people + high tier or exclusive universities
  - Usually, you can find VC in larger cities all over the world



# Venture capital

- VC firms like to be where the deals are
- Almost 90% of the VC money are spent in Silicon Valley, in the U.S.
- It's harder to get attention in a small city





# Venture capital

- How to get funded:

→ Get a referral

- ask friends who own their own businesses, they might know VC firms and can refer you





# Venture capital

- How to get funded:

→ Understand where VC firms operate  
- search for websites, meetups, events, business plan competitions, incubators





# Venture capital

- How to get funded:



- Make sure you're in the right position to pursue this
- make sure that your idea is fully conceptualized, you already have revenue and an established business
  - it's important what you have done until now



# Venture capital

- Venture capital firms trade money for equity
  - Be aware of how VC works - 9/10 investments fail
  - They only select businesses that have the potential to pay off the other nine





# Lecture 44

## Incubators



# Incubators

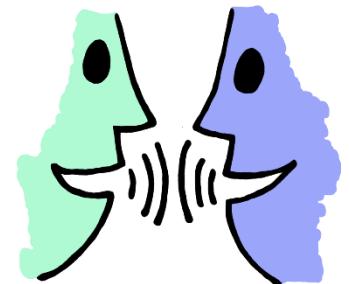


- Incubators accept small groups of businesses and startups in exchange for mentoring, money, and space
  - They generally include a lot of perks
  - There is an acceptance period, and then there is a running period of about 3 months



# Incubators

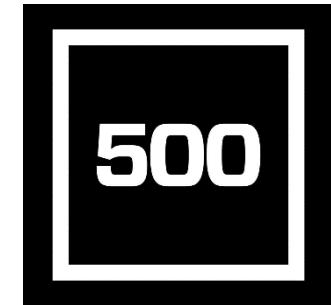
- They include mentorship, networking, free legal expense, access to talks, etc.
- There are ~ 400 incubators in the U.S.
- The standard package: 5-7% equity in exchange for \$15,000 - \$25,000





# Incubators

- Techstars
- 500startups
- ycombinator
  - they invest the largest amount of money
  - they have the most successful alumni
  - Airbnb, Dropbox, Reddit





# Incubators

- There are elite incubators that are hard to get into, and there are some which are not as well-known but it's easier to get into
- Incubators are targeting **startups**
- Incubators are relatively cheap and a great way of getting a quick network





# Incubators

- You can send your application and try over and over until you get in
- Incubators are a great first step, but you have to have something to show them when you apply
- Put together a good plan of action and make sure the incubators you are targeting are currently accepting people





# Incubators

- Keep trying to get in
- If you don't get in, your idea might not be ready yet
- You have a good chance if you already did some work on your idea





# Lecture 45

## BONUS: Business plans & One pagers



# Business plans & One pagers



- **Business plan** = written guide on what your company does, how it's going to do it, who are the customers, what's your growth plan
- Business plans usually have around 50-60 pages



# Business plans & One pagers

✓ A business plan has to include:

- ❖ 1. Who owns the company? Who makes the decisions?
- ❖ 2. What do you do?
- ❖ 3. What does your market look like? How big is it?  
Who are your typical customers?
- ❖ 4. What is your business model?





# Business plans & One pagers

- ✓ A business plan has to include:
  - ❖ 5. How are you going to promote yourself?
  - ❖ 6. What are you forecasting in sales?
  - ❖ 7. How much money do you need?
  - ❖ 8. How much money are you going to make?





# Business plans & One pagers

- Why do we make business plans?
  1. Investors might ask for a business plan
    - Banks, institutional investors
  2. You can use them for competitions





# Business plans & One pagers

- Why do we make business plans?
- 3. You can use it as a recruitment technique
- 4. Some companies make business plans just as a thought exercise, to make sure they think about all the details





# Business plans & One pagers

- Business plans are **not particularly valuable**
  - They are too long and probably wrong
- 
- Markets, products, and customers *change* faster than you can update your business plan
  - Businesses evolve





# Business plans & One pagers

- Business plans are not entirely useless because some people still ask for them
- Banks will ask for a business plan in order to give you a loan
- Institutional investors might ask for a business plan





# Business plans & One pagers

- Old school investors will ask for business plans because they are used to them
- New and active investors won't ask for them





# Business plans & One pagers

- One pagers are the modern form of the business plan
- Investors are very busy, they don't have the time to read more than one page
- Give them the most amount of information in the shortest amount of time
- Summarize the best parts of your business plan





# Business plans & One pagers

- ✓ One pagers should include:
  - ❖ 1. Who owns the company?
  - ❖ 2. How much money do you need?
  - ❖ 3. How much funding you have today?
  - ❖ 4. Key facts about your business





# Business plans & One pagers

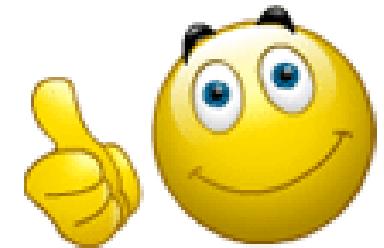
- ✓ One pagers should include:
  - ❖ 5. Brief marketing strategy
  - ❖ 6. Market size
  - ❖ 7. What do you do? What are your competitive advantages?
  - ❖ 8. How much money do you plan to make?





# Business plans & One pagers

- As an entrepreneur, you should be prepared for both
- You don't know where the opportunities might come from



## Ready to get started?

Use this worksheet to keep track of your ideas as you go through the course. As you come up with ideas, I suggest you use your scratchpad first to jot down your ideas. After you've had some time to think about them come back to this worksheet and fill them out.

At the end: When you have a complete list of your ideas, use the last sheet to summarize & rank your ideas. Feel free to change your rankings as your thoughts progress. Proceed to the 2<sup>nd</sup> to last section of the course when you have a list and follow the lectures on “Idea Evaluation”. See if they’re any good 😊

Remember: You don’t have a complete business idea until you all 3 components:

**SUBJECT + PROBLEM (or Benefit) + Business Model = IDEA**

(See lecture: “Components of Ideas”)

My idea list:

Write here →

---

---

---

---

---

My ranking:



← Write a number here

How enthusiastic about this idea are you:



Circle one ↗

Idea #1

Describe your idea 

(1-2 sentences)

---

---

---

---

Who is your customer? 

(Who are you selling to?)

---

---

What problem are you solving? 

(What itch are you scratching? Or what benefit are you delivering?)

---

---

---

What business model do you think you would use? 

(describe how you would sell the product/service)

---

---

Do you have experience in this field? Yes / No

Are you passionate in this field? Yes / No

Do you have any hobbies that related to this field? Yes / No

My ranking: 

How enthusiastic about this idea are you:



1 2 3 4 5 6 7 8 9



Idea #2

Describe your idea ↗  
(1-2 sentences)

---

---

---

---

Who is your customer? ↗  
(Who are you selling to?)

---

---

What problem are you solving? ↗  
(What itch are you scratching? Or what benefit are you delivering?)

---

---

---

What business model do you think you would use? ↗  
(describe how you would sell the product/service)

---

---

Do you have experience in this field? Yes / No

Are you passionate in this field? Yes / No

Do you have any hobbies that related to this field? Yes / No

My ranking:

How enthusiastic about this idea are you:



1 2 3 4 5 6 7 8 9



# Idea #3

Describe your idea ↗  
(1-2 sentences)

---

---

---

---

Who is your customer? ↗  
(Who are you selling to?)

---

---

What problem are you solving? ↗  
(What itch are you scratching? Or what benefit are you delivering?)

---

---

---

What business model do you think you would use? ↗  
(describe how you would sell the product/service)

---

---

Do you have experience in this field? Yes / No

Are you passionate in this field? Yes / No

Do you have any hobbies that related to this field? Yes / No

My ranking:

How enthusiastic about this idea are you:



1 2 3 4 5 6 7 8 9



## Idea #4

Describe your idea ↗

(1-2 sentences)

---

---

---

---

Who is your customer? ↗

(Who are you selling to?)

---

---

What problem are you solving? ↗

(What itch are you scratching? Or what benefit are you delivering?)

---

---

---

What business model do you think you would use? ↗

(describe how you would sell the product/service)

---

---

Do you have experience in this field? Yes / No

Are you passionate in this field? Yes / No

Do you have any hobbies that related to this field? Yes / No

My ranking:

How enthusiastic about this idea are you:



1 2 3 4 5 6 7 8 9



Idea #5

Describe your idea ↗  
(1-2 sentences)

---

---

---

---

Who is your customer? ↗  
(Who are you selling to?)

---

---

What problem are you solving? ↗  
(What itch are you scratching? Or what benefit are you delivering?)

---

---

---

What business model do you think you would use? ↗  
(describe how you would sell the product/service)

---

---

Do you have experience in this field? Yes / No

Are you passionate in this field? Yes / No

Do you have any hobbies that related to this field? Yes / No

My ranking:

How enthusiastic about this idea are you:



1 2 3 4 5 6 7 8 9



Your best  
idea

Which idea is your favorite:

---

---

---

---

---

Why do you think it will be successful:

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

What are your next steps:

---

---

---

---

---

---

---

# Recap

## My idea list:

(summarize each into one sentence)

Rank:

Summary:



---

---



---

---



---

---



---

---



---

---



# Section 8

## Introduction to Idea Generation



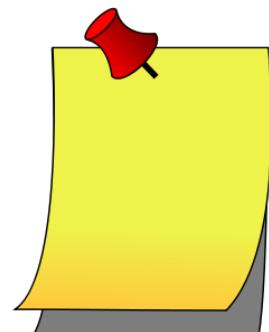
# Lecture 47

## Your most important tool - the scratchpad



# The scratchpad

- Grab anything that you could write on, a piece of paper or a page on your computer
- If you have some inspiration, you need to write it down immediately - make sure the ideas don't go to waste
- You can use Evernote





# Lecture 48

## ACTIVITY: Idea lister builder



# Idea lister builder

- Write down your ideas when they come to you
- Keep track of them
- At the end, make an evaluation
- The equation of the complete idea:  
**Subject + problem/benefit + business model**

## Ready to get started?

Use this worksheet to keep track of your ideas as you go through the course. As you come up with ideas, I suggest you use your scratchpad first to jot down your idea. After you've had some time to think about them come back to this worksheet and fill them out.

**At the end:** When you have a complete list of your ideas, use the last sheet to summarize & rank your ideas. Feel free to change your rankings as your thoughts progress. Proceed to the 2<sup>nd</sup> to last section of the course when you have a list and follow the lectures on "Idea Evaluation". See if they're any good! ☺

**Remember:** You don't have a complete business idea until you add 3 components:

**SUBJECT + PROBLEM (or Benefit) + Business Model = IDEA**

(See lecture: "Components of Ideas")

My idea list:

Write here →

My ranking:  ← Write a number here

How enthusiastic about this idea are you:

1 2 3 4 5 6 7 8 9

Circle one ↗



# Idea lister builder

- Each page is devoted to an idea
- Who is giving you money?
- What problem you're solving?
- What business model do you think you'll use?
- At the end of the page, answer the basic questions - ranking, enthusiasm





# Section 9

# Laying the groundwork



# Lecture 51

## The idea equation



# The idea equation

- A full business idea has all the three components
- Some ideas are incomplete, they don't offer a solution to the problem they point out
- Ideas evolve over time, and they usually start with being incomplete





# The idea equation



The idea equation:

Subject + Problem / Benefit + Business model



# The idea equation

## #1. Subject

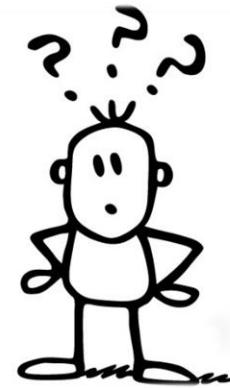


- Who is benefiting from your idea?
- It could be a group of people, other businesses, etc.
- Always pick a specific group



# The idea equation

## #2. Problem/Benefit



- Problem:
  - You identify something people are struggling with, a pain point, and you make a solution to fix it
- Benefit:
  - Find some value that you can add
  - People will pay to enjoy it



# The idea equation

## #3. Business model



- The way in which you will address the problem and get your solution to the customer
- Always have more business models just in case the first one doesn't work



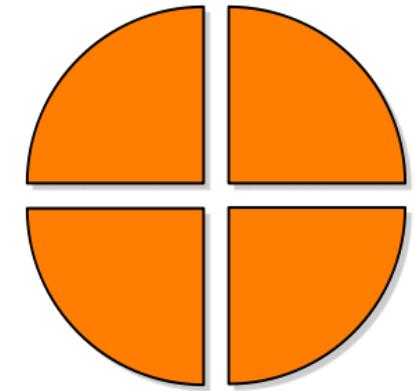
# Lecture 52

## Areas to isolate & target



# Areas to isolate and target

- All business ideas are directed at trying to improve something or allowing someone to do something they couldn't do before
- There are 4 categories of areas into which you can apply your business ideas





# Areas to isolate and target

## #1. Product/Service



- Whatever you are selling to a customer
- It can be a physical item or a service



# Areas to isolate and target

## #2. Procurement

- Where did your product/service came from?
- How did you obtain the items that went into the product?
- Where did the persons who deliver the service came from?





# Areas to isolate and target

## #3. Delivery

- How did the product get to the client?
- Delivery mechanisms





# Areas to isolate and target

## #4. Promotion

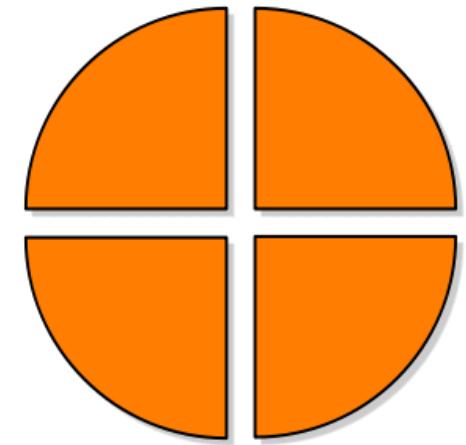
- How did the client find out about your product/service?
- Your marketing strategy





# Areas to isolate and target

- You can innovate in all areas
- Don't only think about one
- Business ideas are not one dimensional





# Lecture 53

## 5 types of innovation



# 5 types of innovation

- There are multiple ways of creating a new business
- Skip this if you're familiar with it
- How can entrepreneurs **improve** the market/service/product?



# 5 types of innovation

## #1. Price



- People like lower prices
- If you can solve a problem or deliver a service for a lower price, it's a business opportunity
  - Process innovation can lead to a lower price
  - Deliver the same product with a higher price - it increases the perception of quality



# 5 types of innovation

## #2. Convenience



- The ease at which the customer can purchase the product/service
  - Saving time or efforts
  - Friction: the required steps for getting what you want
  - Reducing friction = convenience



# 5 types of innovation

## #3. Speed

- How quickly can you deliver the value to the client?
- Examples: Amazon - you can deliver a package within 2 days anywhere;  
Domino's Pizza - you get it in 30 minutes or get your money back;  
IT - compute, render, and export faster





# 5 types of innovation

## #4. Quality



- The individual characteristics people use to judge if something is good or bad quality: food taste, esthetics, functions, etc.



# 5 types of innovation

## #4. Quality



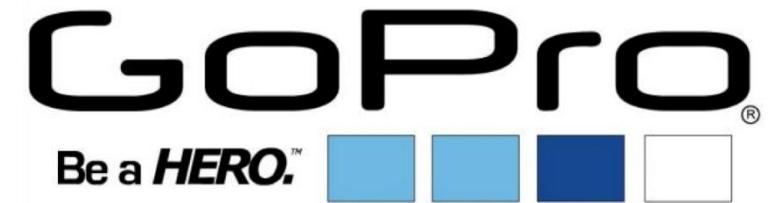
- You can apply quality to procurement and product areas
- In delivery and promotion, it's more confusing
- Quality innovation can be confused with other types of innovation



# 5 types of innovation

## #5. Self-expression

- Customers get self-expressive benefits, they feel better after using it
- Example: GoPro
  - They're actually lower quality and more expensive
  - It helps you look like an adventurous person





# 5 types of innovation

## #5. Self-expression

- Example: Apple
  - They sell a lifestyle more than a product
  - The products are not necessarily better
  - Other examples: fashion





# 5 types of innovation

- Look and see if any of these five levers can be pulled
- You can improve multiple dimensions or just one





# Lecture 54

## Recap of idea dynamics



# Recap of idea dynamics

## The idea equation



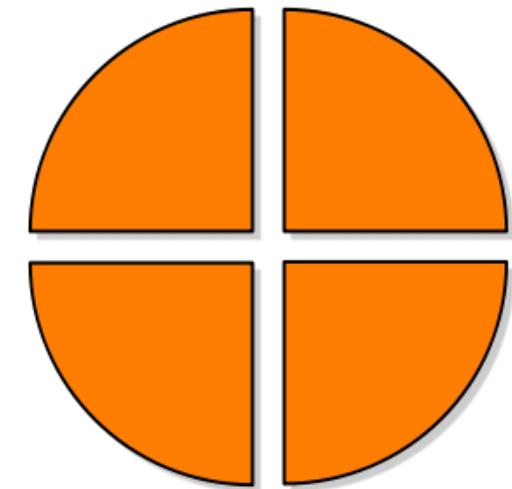
- Incomplete ideas - recognizing a problem, no solution, no target
- Observations are a source of business ideas
- Complete ideas:  
Subject + Problem/Benefit + Business model



# Recap of idea dynamics

Areas to isolate and target

1. Product
2. Procurement
3. Delivery
4. Marketing





# Recap of idea dynamics

## 5 types of innovation

1. Price
2. Convenience
3. Speed
4. Quality
5. Self-expression



### The “My Fit” quadrant

Passions	Hobbies
Experience	Skills

In this worksheet activity, we’re going to list out all of your passions, hobbies, skills, and experience. As you go through the remainder of the course (and for the Sect 3 Activity) you’ll want to have this handy to refer back to.

There is no such thing as a business idea that exists outside of the context of whoever thought of it. A great idea isn’t truly great until it fits not just the market, but you as well.

#### Instructions:

Fill out 10 items for each section, and then on the front page list your top 3.



## Your Top 10 list

What are you passionate about?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

### Helpful Prompts:

- In your head write down 5 things you care about.
- What are you doing when you are the happiest?

**What are your hobbies?**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

**Helpful Prompts:**

- **What do you do on the weekends?**
- **If you had nothing to do one day and were not allowed to work, what would you do?**

## What skills do you have?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

### Helpful Prompts:

- What could you teach someone?
- What do you consider yourself an expert at?
- Fill in the blank: I'm the top 10% of \_\_\_\_\_

**What industry experience do you have?**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

**Helpful Prompts:**

- What do you have inside knowledge on? What scoop do you have?
- What industry landscape can you navigate easily and have no learning curve at?



## Let's set your goals

Often Entrepreneurs spend too much time asking the question, "What's the next big thing".  
Unfortunately, they rarely ask the correct question which is "What do I want out of my next venture?"

Use this worksheet to set your goals and expectations. Once you know what you want, you'll know what to shoot for. *Knowing what you need is half the battle.*

---

**How big do you want your next business to be?**

**Example answers:** As big as possible | 100+ employees | ~50 employees  
Small crew of <10 | Myself + 2-3 people | Just me

Your answer:

---

---

**How long are you willing to work on this next business?**

**Example answers:** Forever | As long as it takes | 10 years+  
5-7 years | 2-4 years | 1-2 years | <1 year

Your answer:

---

---

**How much money will the business need to make, to be satisfied?**

**Example answers:** Nothing | 1k a month | 3k a month  
Minimum 5k a month | 5 – 10k a month | I want to make millions

Your answer:

---

---

**How many hours per week are you willing to work on this business?**

**Example answers:** As needed | 5 hours | 10-15 hours  
25 hours | 2-4 years | 1-2 years | <1 year

Your answer:

---

---

How long could you wait for this business to become profitable?

**Example answers:** Forever | As long as it takes | 1 month  
2-3 months | 3-6 months | 1 year | 2 years

Your answer:

---

---

How much of your resources are you willing to commit?

**Example answers:** Everything I have + loans if needed | Everything I have | <\$20,000  
<\$10,000 | <\$1,000 | \$100 | Just my time

Your answer:

---

---



# Section 10

## Making it fit



# Lecture 56

## Intro to section 10



# Intro to section 10

- We will talk about the component of YOU in business ideas
- You are unique and any idea will have to fit your life and needs





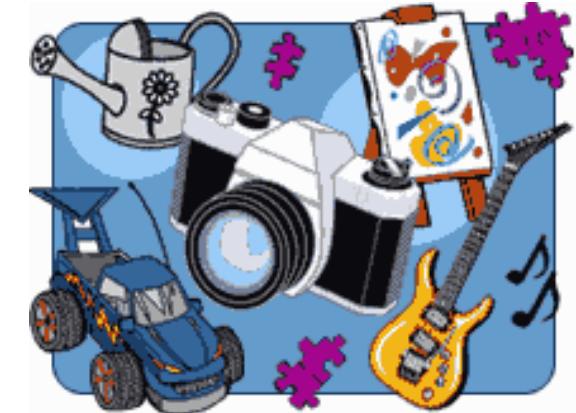
# Lecture 57

## The fit quadrant: Hobbies & Passions



# Hobbies and passions

- Hobbies and passions are the biggest source of business ideas
- You have a natural inclination towards something
- It's hard to start a business doing something you don't like





# Hobbies and passions

- Hobbies help you build skills
- **Hobbies** are anything you do for fun
- What do you do when you don't have to work?
- What do you wish to do on weekends?





# Hobbies and passions

- You can build a business around a hobby
- Think about what you do that is unique
- But ask yourself: Could you do that all day?  
Could you still be happy?





# Hobbies and passions

- **Passions** are the things you spend a lot of time thinking about, things that you care about
- You want to spend a large portion of your life working on those
- Passions should be obvious



# Hobbies and passions

- Write down 5 things you care about, except friends and family
- Dropbox founder: "People who pursue their passions remind me of dogs chasing tennis balls"
  - What is your tennis ball?
  - What are you doing when you're happiest?
  - What do you do that makes you the happiest?





# Lecture 58

## The fit quadrant: Skills & Experience



# Skills and experience

- Some people say skills and experience are more important than passion
- Ben Horowitz: "Don't follow your passions, do what you're good at"
- Passion can only get you so far





# Skills and experience

- Passion says nothing about whether or not you're also good at it (example: painting)
- Focus on what you're good at and you will succeed





# Skills and experience

## Skills



- Specific or general things you are good at
- People are usually good at something
- To discover your skills, ask yourself: What could you teach someone?



# Skills and experience

## Skills



- What do you consider yourself an expert at?
- "I'm in the top 10% of people who can do \_\_\_\_"
- Example: typing



# Skills and experience

## Experience



- Think about what fields you've worked in
- When you have experience, you're going to learn easily in your new business
- What do you have inside knowledge on?



# Skills and experience

## Experience



- What industry do you think you know something about that others don't?
- Think about circles that you feel well acquainted with



# Lecture 59

ACTIVITY: Hobbies, passions,  
skills, and experience



# List out hobbies, passions, skills, experience

- A good idea is not a great idea until it fits you personally
- **The worksheet:**
  - List out 10 passions, skills, hobbies, and experiences
  - Select your top 3
  - Keep the worksheet at hand while following the next lectures



# Lecture 61

ACTIVITY: List out your goals



# List out your goals

- Fill the worksheet right now
- What you want to get from this venture
  - People don't usually do that, you will have an advantage



# List out your goals



- 1.** How big you want your next business to be?  
How happy would you be with half of what you thought about?
  
- 2.** How long are you willing to work on your next business?



## List out your goals

3. How much money will the business need to make for you to be satisfied?

Maybe you can be happy with a small business

4. How many hours per week are you willing to work on this business?

Lifestyle - not much time, and it pays your bills

Startup - a lot of time, no earnings at the beginning





## List out your goals

5. How long can you wait before the business becomes profitable?

How much money are you willing to spend before you get anything out of it?

6. How long are you willing to work on your next business?

The longevity of the business - short or long term





# Lecture 63

## The 3 business types: Pick yours



# The 3 business types



Criteria for businesses

1. The quality of the idea needed to be successful in this business

- Startup business - large, ambitious ideas
- Lifestyle business - medium sized ideas
- Side business - templates, minimum innovation



# The 3 business types

Criteria for businesses

## 2. Sensitivity to competition

- Startup business - very sensitive
- Side business - not sensitive
- Lifestyle business - medium sensitivity





# The 3 business types

Criteria for businesses

## 3. Time commitment



- Startup business - high
- Lifestyle business - medium, between full and part time
- Side business - low



# The 3 business types

Criteria for businesses

## 4. The risk of failure versus profit



- Startup business - high risk
- Side business - low risk
- Lifestyle business - medium risk



# The 3 business types

## Lifestyle business:

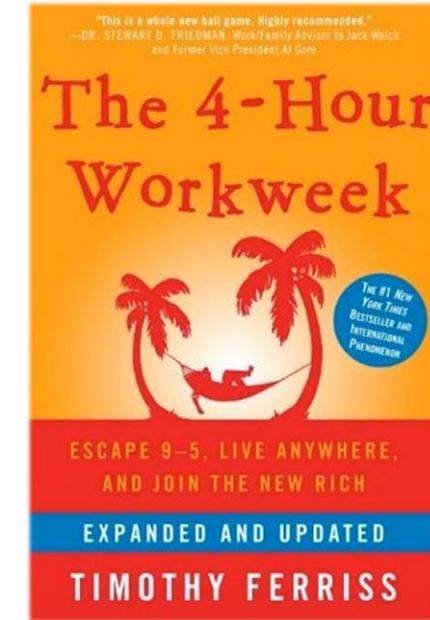


- A business designed to create enough money for you to uphold a certain lifestyle
- Your ideal lifestyle determines the size of the business



# The 3 business types

- Tim Ferriss - “4-hour work week”
- Lifestyle businesses are designed to meet only your financial needs
- "Economic duress" - making a decision because of economic needs





# The 3 business types



Startup business:

- Paul Graham, founder of ycombinator:  
"Any business that's designed to grow rapidly"



# The 3 business types

## Side business:

- Basic market opportunities that you can profit from
- Create something that has value and can be sold easily
- Correlate it with your skills and hobbies





# Lecture 64

## How good does my idea have to be?



# How good does my idea have to be?

- “Good” is a relative term
- A good idea depends on what it's suited for





# How good does my idea have to be?

Example: Udemy



- **Side business:** help people design their thumbnails
  - how good do you have to be at it to be successful?
  - for side businesses, the idea doesn't need to be original and amazing, you just supply something that people need
  - the only condition is that the market is not saturated



# How good does my idea have to be?

Example: Udemy



- **Lifestyle business:** being an instructor
  - you have to recognize an unmet need or a topic that is not properly served
  - match that with your skills and build your unique style
  - it's more difficult than a side business, but you're operating within the platform, not creating something new



# How good does my idea have to be?

Example: Udemy



- **Startup business:** you want to create an online educational marketplace
  - you think that there's a huge trend for online courses
  - the unmet need: people aren't satisfied with traditional education, it's too expensive and doesn't teach real life skills



# How good does my idea have to be?

Example: Udemy



- **Startup business:**
  - this is more complex, you are noticing trends, you are understanding markets, and making predictions
  - a good startup idea might be based on an observation that very few people have made or deep domain knowledge



# How good does my idea have to be?

- If you think you don't know enough to come up with that kind of idea, just know it's hard for everyone in the beginning
- Look at your goals sheet
- Do you need a world-changing idea to be happy?
- You usually don't



# How good does my idea have to be?

- All ideas are worth considering
- Try to focus on the ideas that match your experience
- Lifestyle: Focus on skills and meeting an unmet need
- Side business: Look for something you can do that people will buy





# Lecture 65

## The Eureka myth



# The Eureka myth

- The myth: All people that have brilliant ideas just have them in a magic moment.
- That's just a great story to tell people and for movies
- Don't wait for the perfect idea to come to you
- You need to be involved in the process





# The Eureka myth

- Most ideas that changed the world started as something else
- Brilliant people can come up with dumb ideas



How ideas change:

- **Pivot** - changing the direction radically, as planned
- **Steady evolution** - ideas start in a way and they slowly change, get better, and in the end it's a whole new idea



# The Eureka myth

- Facebook:
  - it was an app for people at one college to compare attractiveness between classmates
  
- Airbnb:
  - it was a system to help people find somewhere to sleep on the floor when a conference was in town





# The Eureka myth

- **Groupon:**
  - it was a website for people to donate to charity
- **PayPal:**
  - it was a crypto currency





# The Eureka myth



- **Pinterest:**
  - it was an app for marking things you were interested in, to know when they're on sale
- **Theranos:**
  - now: get blood test and results in a short time
  - it was a patch that you put on your skin to detect malaria

**theranos**



# The Eureka myth

- Twitter:
  - it was a podcast subscription service
- Flickr:
  - started as a video game called "The game never-ending"





# The Eureka myth

- Instagram:
  - it was a check-in app
- Nintendo:
  - it used to sell vacuum cleaners





# The Eureka myth

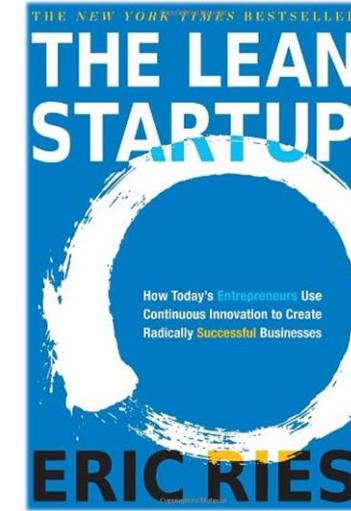
- All ideas evolve
- Ideas get better as companies move forward with them and then change them as they go
- If you keep it in the lab, it doesn't get real feedback
- Brilliant ideas were never brilliant at first





# The Eureka myth

- Eric Ries, “The Lean Startup”

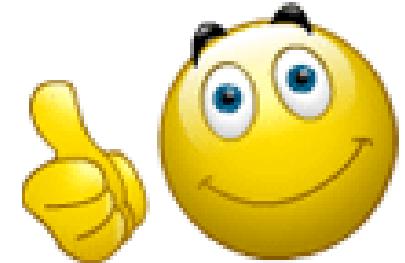


*“When we're in the shower, when we're thinking about our idea, boy, does it sound brilliant. But the reality is that most of our ideas are actually terrible.”*



# The Eureka myth

- You don't know if it's a good idea until you validate it
- Every business idea comes with a set of business assumptions
- You never know if they're true unless you test them





# Section 11

## Ways of coming up with ideas



# Lecture 67

## Problem based business ideas



# Problem based business ideas

- The technique of solving problems
- Search the story of 5 companies and you will see probably 60% are based on solving a problem
- This strategy is the most promoted in the media





# Problem based business ideas

- You have a problem and you try to build a solution
- If other people have this problem, it will be a success





# Problem based business ideas

Dropbox:



- it syncs all files on your computer, tablet, phone, and they have external storage at their servers
- the founder had to bring work from home to the office, and sometimes he forgot his memory stick
- he found a solution to his problem



# Problem based business ideas

Mint.com:



- it generates reports based on your bank information
- the founder was struggling with an app that was not working properly, and he created his own system



# Problem based business ideas

Why problem based business ideas are effective:

1. People are invested in solving problems, because they're oriented towards pain avoidance and convenience
2. Problems are worth fixing
3. Problems are often the source of big business ideas



# Problem based business ideas

Steps to follow to make this technique work:



## #1 Identification

- take the scratchpad and write down everything you had a problem with
- mark the big problems and minor ones



# Problem based business ideas

Steps to follow to make this technique work:

## #2 See if others have this problem

- how many people have this problem?



## #3 The tier test: is this a tier one problem?

- is the problem you're solving in the top 3 problems of the client?



# Problem based business ideas

## Deep well versus wide well



- It's better to have a few people who want it very much, rather than a lot of people who are not that interested
- A lot of people who want it very much = probably a lot of competition or very expensive to solve it



# Lecture 68

## Wouldn't it be great if



# Wouldn't it be great if

- “Wouldn’t it be great if...?”
- Answer the question, think about something that would be awesome if it were true
- You can compare this with the 5 types of innovation
- You're looking for a **benefit based** business





# Wouldn't it be great if

Uber:



U B E R

- It started with a thought experiment
- The founders were wealthy and driving around in limousines, and they thought, “Wouldn’t it be great if I could order a limousine from my phone?”
- They thought that would just be cool and the idea evolved from there



# Wouldn't it be great if

- "Great" is a strong word
- If you can get excited about this, other people can too
  
- Write all your ideas on the scratchpad
- Think about whether you can actually do those things
- Those are potential opportunities





# Lecture 69

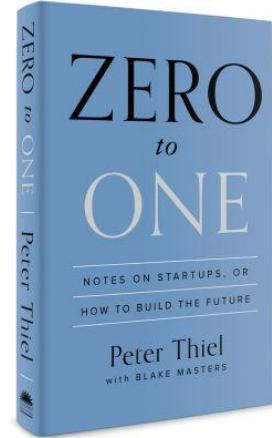
## Imagine the future



# Imagine the future

Peter Thiel - “Zero to One”:

- "What great business in the future isn't being built today?"
- He came up with this question as a way to vet how creative people are
- It's used in job interviews as well





# Imagine the future

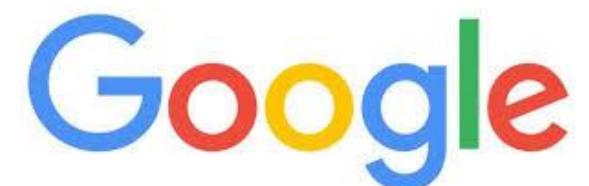
- Can you imagine the future and what great companies will exist then?
- What problems will the world have?
- What companies will solve them?
- Imagine how the future is going to look like





# Imagine the future

- Ideas don't sound great at first, but if you think about it in the future, it will sound better
- If you thought about Google in 1999 you would've probably thought it's ridiculous





# Imagine the future

- In order to be the big company of the future, you have to start it now
- Make predictions for the future and work backwards
- Peter Thiel: “All big businesses are based off of secrets”
- Ask yourself: What do you know it's absolutely true that others don't know?





# Lecture 70

## Reverse imagination



# Reverse imagination

- Think about the past and what was ridiculous back then or inefficient
- What makes you say, “This was stupid”?
- Imagine you're in the future 15-20-50 years
- What you'll be looking back and see as dumb?





# Reverse imagination

- PayPal was based on the same premise that they thought it's silly that we couldn't transfer money online
- You can look at old commercials and notice things





# Lecture 71

## The fit generator



# The fit generator

- Go to the Hobbies, Passion, Skills, Experiences sheet
- Focus on hobbies and skills
- See if you can **match two of them** to create a business idea

Action (skills) + passion + customer demand (hobbies)



# The fit generator

Example: Baking & Web development

- create a blog with recipes
- online eCommerce shop for recipes
- app that helps bakers save recipes





# The fit generator



- Combine a **hobby** and a **skill** with a **business model**

Example:

- On demand - delivering baked goods
- Shared economy - app for selling leftover baked goods
- Subscription service - customized recipes website



# The fit generator

- If you have skills, you are more likely to succeed
- If you have passion, you will be more motivated
- Create something that's value adding
- If you don't like it in the end, go back and repeat the process





# Lecture 72

## Cater to power users



# Cater to power users



- **Power user** - anyone who uses a service or a platform the most and gets the most out of it
- Power users are a few people who take up a large percentage of the market



# Cater to power users

Examples:

- [Ebay](#)
  - Power users sell 50-100 times more than a regular seller
  - Consignment stores are businesses that work with power users to help with their store





# Cater to power users

Examples:



- What are the needs of the power users on [Ebay](#)?
  - improving their listings
  - managing excess inventory
  - shipping
  - automatic posting on other websites



# Cater to power users

Examples:



- **Amazon** - needs of the power users:
  - returns and refunds
  - “gold rush phenomenon” - people selling kindle books



# Cater to power users

Examples:

- **Udemy** - needs of the power users:
  - analytics are too complicated
  - there's no option for split testing
  - getting course thumbnails designed
  - course promotion packages
  - help with design, intro/outro video bumpers





# Cater to power users

- Pick a platform, research it, see what power users need, and cater to them
- It works better on newer platforms
- Udemy is a good example of a new one
- Find a community where people need your services





# Lecture 73

## Reposition good/fast/cheap



# Reposition good/fast/cheap

- The theory of good, fast and cheap
- This usually applies to service based businesses
- Every business can be rated on the three dimensions
- You can only be **2/3**





# Reposition good/fast/cheap

- Take a look at your HPSE sheet and pick something
- Think of an existing business in that space that you like
- Think how you can **give their service in another way**, based on the good-fast-cheap theory
- Figure out the two elements that company is going for



# Reposition good/fast/cheap

- If they're good and fast, but expensive, you have two options to think about: cheap and good, cheap and fast

Example: [Instacart](#) - on demand business, they concentrate on being fast, they're not really cheap, and not necessarily good





# Reposition good/fast/cheap

- **Fast + cheap** - find a logistic system that could work with lower cost labor, or have your own grocery store
- **Good + cheap** - ship what you're looking for, buying in bulk saves money
- This is actually a company called Boxed





# Section 12

# Business models



# Lecture 75

## SaaS: Software as a Service



# Software as a service

- SaaS = software as a service
- Previously, software was sold as a product, people bought it once and then used it
- In present, storage and bandwidth are getting cheaper; people now pay monthly for browser versions, rather than desktop versions





# Software as a service

- You can use some saas tools instead of employing people to do those things
- The cloud: everything is happening outside your computer, in their data centers
- It has to be built in the browser and be accessible from everywhere





# Software as a service

## Pros:

- Browser-based means you can reach a lot of people and grow your business more easily
- You will spend 20-40% on marketing and sales and spend less on resources
- You can advertise online





# Software as a service

Examples:

- [xero.com](https://www.xero.com)
  - bookkeeping and accounting online
- [Spotify](https://www.spotify.com)
  - music service
  - every music service is a saas tool





# Software as a service

- SaaS tools are browser based or downloadable, but either way you will be charged multiple times
- SaaS is putting online something that is usually done offline





# Software as a service

- SaaS model works for tools that are used frequently
- It's convenient to store all the client's information
- They can access it everywhere,  
and they depend on you





# Software as a service

- SaaS tools are making more money than products that you just sell once
- SaaS model can save you from piracy
- SaaS doesn't work well for products that need a lot of RAM, like video games





# Lecture 76

## Subscriptions and memberships



# Subscription & membership

- Businesses that charge you monthly or yearly
- **Subscription** - Giving you limited access to their products, on a monthly basis
- **Membership** - You pay a fee in order to get a lower price for other purchases





# Subscription & membership

- Where this model works well:
  - negligible incremental costs
  - digital goods
  - multiple services packages
  - offering large amount of content





# Subscription & membership

- Where this model works well:
  - consumable business ideas - if you want the customers to develop a habit
  - it needs to be something that's used frequently, otherwise people forget about you





# Subscription & membership

- 70% of the revenue of the companies that offer subscriptions comes from people who forget to cancel





# Subscription & membership

- You can make a price innovation with these models
- Costco
  - clients pay a membership fee in order to shop at very low prices
  - they make 100% of their money from the memberships





# Lecture 77

## PWYW: Pay what you want



# Pay what you want

- Let the clients decide how much they want to pay
- Where it works:
  - zero overhead - every time people buy something, it costs you nothing
- Where it doesn't work:
  - your target market doesn't have enough money





# Pay what you want

- Priceline

The logo for priceline.com, featuring the word "priceline" in white lowercase letters followed by ".com" in a smaller white font, all contained within a blue rectangular background.

- You say how much you want to pay for a hotel or airline flight
- They arrange it for that price
- They have a reverse auction model
- There is a minimum price rule



# Lecture 78

## The sharing economy



# The sharing economy

- **Sharing economy:** A company or a business idea that plans to allow individual people to monetize assets they aren't used to selling
- Sharing, renting, or loaning





# The sharing economy

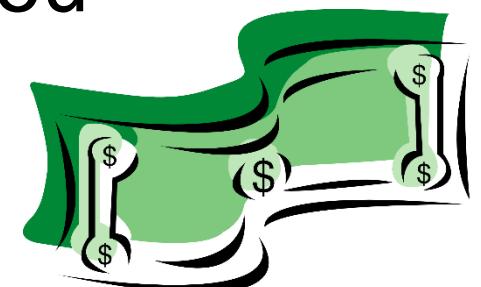
- Uber, Lyft
  - turning your car into a monetizable asset
- Airbnb
  - renting your space
- Vayable
  - walking tour guides in your city





# The sharing economy

- These companies are leveraging the individual creativity of people and allow them to make some money as a side business
- You make money off of something that you otherwise would've shared





# The sharing economy

- The power drill observation: power drills in the US are expensive and only used for 15 minutes per year
- What other assets people don't use and can rent?
- Think of what you share with your friends but you could share with strangers for money





# The sharing economy

- These ideas sound crazy at first
- This model works better with younger generations
- Analyze the supply and demand before starting
- You need a **medium** amount of people to have the asset





# The sharing economy

- Disadvantage: It might be going around the regulations
- See how you can make it work by following the laws





# Lecture 79

## Marketplaces



# Marketplaces

- Connecting buyers and sellers
- Ebay, Etsy, Udemy, etc.
- Facilitating the exchange between communities
- Marketplaces are a convenience innovation

The eBay logo consists of the word "ebay" in a lowercase sans-serif font. The letters are colored in a gradient: "e" is red, "b" is blue, "a" is yellow, and "y" is green.The Udemy logo consists of the word "udemy" in a lowercase sans-serif font. The letters are colored in a gradient: "u" is dark green, "d" is medium green, "e" is light green, "m" is lime green, and "y" is bright green.



# Marketplaces

- If you notice something that people want to buy but you don't want to make it yourself, that's an opportunity for a marketplace
- People who sell don't want to be occupied with marketing and finding buyers





# Marketplaces

- Getaround

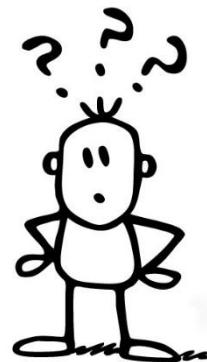


- matching people who want to rent cars with people who offer cars for rental
- it offers a place for them to meet
- they have insurance policies, a mobile app, and a tracking system to ensure safety
- they have a customer support system



# Marketplaces

- “The marketplace conundrum” - wanting to build a community but each side needs the other to be there before joining





# Marketplaces



- Questions to ask yourself:
  - Would the buyers come to your marketplace if the sellers were not there?
  - Would the sellers come to your marketplace if the buyers were not there?
  - How many buyers do you need to be there for the sellers to come?



# Marketplaces



- Questions to ask yourself:
  - Do you have a situation where one of the participants in the marketplace is much harder to get and much more valuable?
  - Is it possible that you manually fake seed one side?



# Lecture 80

## On Demand



# On demand

- On demand: Taking an ordinary business and trying to improve it by adding convenience and speed
- It usually involves a mobile app
- **Uber, Lyft, Washio, etc.**
- People try to do everything on demand right now





## On demand

- Basically, you use your phone to get a service

Ask yourself:

- Do people need this right now?
- Would they pay to have it right now?

- ✓ You have to cater to people who have extra disposable income





# On demand

- Not every old business model will work as on demand
- Think of something that you acquire regularly and you hate acquiring





# Lecture 81

## Curated boxes



# Curated boxes

- Selling a lot of small things in a box, on a monthly subscription
- You are curating different goods and selling to a specific type of consumer





# Curated boxes

- You are a shopper, not a producer; you put things together and sell them as a package
- You buy them in bulk for lower prices
- You can get paid to include other people's items in your boxes, as advertisement for new products





# Curated boxes

- Birchbox, Naturebox, Barkbox, Bespoke Post



BarkBox



- Birchbox
  - they noticed women liked to sample make-up products
  - they made a subscription box with samples
  - clients are very likely to buy the full priced item afterwards



# Curated boxes

- You can send all kinds of items, not necessarily physical: photos, lists of events, etc.
- This works well for products with **high replacement rate**, like food





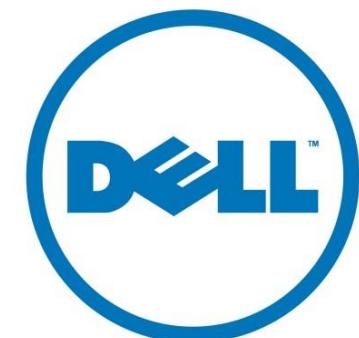
# Lecture 82

## DTC: Direct to consumer



## Direct to consumer

- You send the product directly to the client, skipping retailers
- Retailers take up a lot of time and profit
- Dell computers
  - you purchase from their website
  - more competitive prices





# Direct to consumer

- You can use this model with designer clothing
- Pay attention: People can assume that it's lower quality because it's cheaper





## Direct to consumer

- Do you need a retailer to sell your product?
- If you sell directly, you can spend money on other things
- The size of the item has to be proportional to the price
- If the items are large, you can't charge less, because shipping is expensive





# Direct to consumer

- It works well with smaller items that are more expensive
- [Warby Parker](#)
  - They sell glasses and allow you to try them on online before buying
  - They will ship them for you to try them up to three times
- For lower price items, curated boxes work better





# Lecture 83

## Crowdsourced catalogs & inventory



# Crowdsourced catalogs & inventory

- It's a twist of eCommerce
- It allows people to determine what they want to buy
- Users submit suggestions or create products themselves
- [TeeSpring](#) - clients design t-shirts and people vote them





# Crowdsourced catalogs & inventory

- Advantage: You're not wasting time with items people don't want to buy
- Disadvantage: It can affect your brand if people start choosing certain items





# Crowdsourced catalogs & inventory

- If you want to act as an intermediary, this model is a good idea
- You are working with two active communities, people who buy and people who make the products





# Section 13

# Evaluate and test



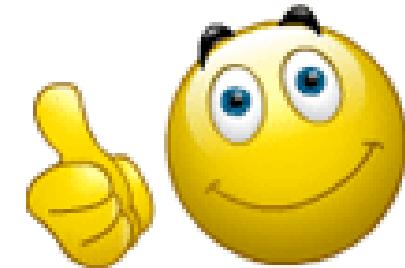
# Lecture 85

## Intro to section 13



# Intro to section 13

- Evaluate your list of ideas
- Set priorities
- See what has the most potential
- We're doing an evaluation, not a validation
- We're only doing subjective judgements





# Lecture 86

## Matching fit



# Matching fit

- Take out your top 3 sheet for Hobbies, Passions, Skills, Experiences
- See if you have a match between your ideas and your top items on the list
- If a lot of things match, it's a good indication





# Matching fit



- Ask yourself some questions:
  - Could I do this every single day without losing interest?
  - If this idea failed, will I still gain valuable lessons and learn valuable skills?
  - Do I have a step-by-step plan to tackle my idea?



# Matching fit

- If you don't know how to approach it, you probably don't have enough experience
- **Experience** and **skills** matter more than being passionate about the project
- It's easier to stay motivated if you learn something from the venture, even if you fail





# Matching fit

- Ability matters: your ability to execute on this idea
- If you can't pursue an idea, that's not an opportunity for you
- Does your idea have a window or an expiration date?
- You need to know if you have the ability to do that on time





# Matching fit

- Figure out if you can do every single piece of your project, just some of them, or none
- If you don't have a lot of skills that relate to that, but you're passionate about it, pick just one of those pieces and build a business around that





# Matching fit

- **Example:** Managing Airbnb properties includes a lot of smaller pieces:
  - cleaning for Airbnbs
  - helping people optimize their listings
  - becoming a host





# Matching fit

- All businesses started going after a small, niche market, and then moved into larger markets





# Lecture 87

## Sustainability



# Sustainability

- **Sustainability:** The longevity of your business
- For lifestyle and side businesses, it's ok if they don't have longevity
- Startups need longevity





# Sustainability

- Questions to ask yourself

1. What's going to happen to your market when you become successful?

- the dynamic will change, the prices will change, etc.





# Sustainability

1. What's going to happen to your market when you become successful?

- **fixed** - mobile app which helped you contest your parking tickets; it got popular and the cities didn't raise any more money from tickets, so they banned the service

Fixed



# Sustainability

2. Are you building this on top of another platform or in a way that is very dependent on another platform?

- what happens if the platform disappears?





# Sustainability

2. Are you building this on top of another platform or in a way that is very dependent on another platform?

- **BranchOut™** - it allowed people to create profiles based on their Facebook information and search for jobs
  - they were popular but when Facebook made one change to the platform, they went down



# Sustainability

3. How will your competitors react to you coming into the market?

- **Pebble Watch** - they had the idea of an eReader watch, and then all the other smart watches came out, so the first company is not interesting anymore





# Sustainability

4. Do you have something specific that others can't imitate?

- think of something that would be hard for the bigger companies to copy or they don't want to do it





# Lecture 88

## Path to validation



# Path to validation

- Validation is getting your idea to the point where you establish that there is a real demand for your product
- How well can you visualize that process?
- The difficulty of the validation process depends on the idea





# Path to validation

**Easy to validate:** Create protein bars for people on diets

- You can use a landing page for validation and see how many people will click to buy
- Take a look at my "Idea validation" course for more details



Idea Validation: From idea to paying customer in 1 day

Evan Kimbrell, Founder of Sprintkick | Ex-VC | Ex-startup...





# Path to validation

**Hard to validate:** Create a new credit card technology

- You have to prove that customers will use the product
- Convince the merchants to install your system
- You have to get the online processors to agree to process through your card type
- They're all interconnected





# Path to validation

- Validating means **proving your core assumptions** about your business idea
- You assume that people have a certain need or problem, or that they're willing to try something new





# Path to validation

- Just because your idea is harder to validate, it doesn't mean that it's bad, just maybe more risky
- How soon can you validate your idea?

