

# Building Your Startup

CS 196 – 25 DotStar [Lecture A03]

## Starting a Startup

Do market research to determine whether there is truly a demand for your product or idea. Rather than keeping it to yourself, pitch the idea to as many friends as you can, so that they can give you advice. You should be able to answer the following questions before you start working on it:

- Why is this product useful?
- Who does this product benefit?
- Why is this product better than the competition's?
- How will we go about creating a prototype?
- How will we obtain initial users?
- How will we market the product?
- How do we monetize the product?
- How do we continue to grow?

## Gathering a Team

Hiring developers isn't cheap, and this can be both very difficult and expensive. You'll have to explain exactly what you want to the developers creating the product and answer technical questions.

Giving early members shares/equity in the company in the short term (instead of salaries) can cut initial costs. Members must be very dedicated, understand the risks, and be willing to spend lots of time.

With startups, it's important that each member is capable of taking on multiple roles in the company. Generally, there aren't enough people to have each person designated to one particular role, so the CEO may end up doubling as the sales rep, a developer may be the project lead as well, etc.

## Getting Funding

### Idea Stage

Getting funding this early on can be "expensive" in terms of equity. Investors will be much more difficult to find, and are likely to be more aggressive when negotiating for equity

### Prototype Stage

At this point, angel investors may start getting interested in your company, and you can start looking for funding to finish up your product.

### Going to Market

Once a product is built and ready to go to market, investors may be more willing to provide funding if you can give them a solid business plan.

### Growth

Once your product has been tested by the market, has gained a large amount of users, and is continuing to grow, venture capital firms start to get interested and you can look forward to bigger funding rounds.

## Other Funding Options

Crowdfunding is an option, but there are some products that this can't apply to due to their nature

If founders are concerned about equity, bootstrapping can be an option if they have the capital available. This will allow them to retain their equity, but could potentially slow the growth of the business due to insufficient funding