Startups in 13 Sentences

February 2009One of the things I always tell startups is a principle I learned  
from Paul Buchheit: it's better to make a few people really happy  
than to make a lot of people semi-happy. I was saying recently to  
a reporter that if I could only tell startups 10 things, this would  
be one of them. Then I thought: what would the other 9 be?When I made the list there turned out to be 13:  
  
1. Pick good cofounders.Cofounders are for a startup what location is for real estate. You  
can change anything about a house except where it is. In a startup  
you can change your idea easily, but changing your cofounders is  
hard.   
[1]  
And the success of a startup is almost always a function  
of its founders.2. Launch fast.The reason to launch fast is not so much that it's critical to get  
your product to market early, but that you haven't really started  
working on it till you've launched. Launching teaches you what you  
should have been building. Till you know that you're wasting your  
time. So the main value of whatever you launch with is as a pretext  
for engaging users.3. Let your idea evolve.This is the second half of launching fast. Launch fast and iterate.  
It's a big mistake to treat a startup as if it were merely a matter  
of implementing some brilliant initial idea. As in an essay, most  
of the ideas appear in the implementing.4. Understand your users.You can envision the wealth created by a startup as a rectangle,  
where one side is the number of users and the other is how much you  
improve their lives.  
[2]  
The second dimension is the one you have  
most control over. And indeed, the growth in the first will be  
driven by how well you do in the second. As in science, the hard  
part is not answering questions but asking them: the hard part is  
seeing something new that users lack. The better you understand  
them the better the odds of doing that. That's why so many successful  
startups make something the founders needed.5. Better to make a few users love you than a lot ambivalent.Ideally you want to make large numbers of users love you, but you  
can't expect to hit that right away. Initially you have to choose  
between satisfying all the needs of a subset of potential users,  
or satisfying a subset of the needs of all potential users. Take  
the first. It's easier to expand userwise than satisfactionwise.  
And perhaps more importantly, it's harder to lie to yourself. If  
you think you're 85% of the way to a great product, how do you know  
it's not 70%? Or 10%? Whereas it's easy to know how many users  
you have.6. Offer surprisingly good customer service.Customers are used to being maltreated. Most of the companies they  
deal with are quasi-monopolies that get away with atrocious customer  
service. Your own ideas about what's possible have been unconsciously  
lowered by such experiences. Try making your customer service not  
merely good, but   
surprisingly good. Go out of your way to make  
people happy. They'll be overwhelmed; you'll see. In the earliest  
stages of a startup, it pays to offer customer service on a level  
that wouldn't scale, because it's a way of learning about your  
users.7. You make what you measure.I learned this one from Joe Kraus.   
[3]  
Merely measuring something  
has an uncanny tendency to improve it. If you want to make your  
user numbers go up, put a big piece of paper on your wall and every  
day plot the number of users. You'll be delighted when it goes up  
and disappointed when it goes down. Pretty soon you'll start  
noticing what makes the number go up, and you'll start to do more  
of that. Corollary: be careful what you measure.8. Spend little.I can't emphasize enough how important it is for a startup to be cheap.  
Most startups fail before they make something people want, and the  
most common form of failure is running out of money. So being cheap  
is (almost) interchangeable with iterating rapidly.  
[4]  
But it's  
more than that. A culture of cheapness keeps companies young in  
something like the way exercise keeps people young.9. Get ramen profitable."Ramen profitable" means a startup makes just enough to pay the  
founders' living expenses. It's not rapid prototyping for business  
models (though it can be), but more a way of hacking the investment  
process. Once you cross over into ramen profitable, it completely  
changes your relationship with investors. It's also great for  
morale.10. Avoid distractions.Nothing kills startups like distractions. The worst type are those  
that pay money: day jobs, consulting, profitable side-projects.  
The startup may have more long-term potential, but you'll always  
interrupt working on it to answer calls from people paying you now.  
Paradoxically, fundraising is this type of distraction, so try to  
minimize that too.11. Don't get demoralized.Though the immediate cause of death in a startup tends to be running  
out of money, the underlying cause is usually lack of focus. Either  
the company is run by stupid people (which can't be fixed with  
advice) or the people are smart but got demoralized. Starting a  
startup is a huge moral weight. Understand this and make a conscious  
effort not to be ground down by it, just as you'd be careful to  
bend at the knees when picking up a heavy box.12. Don't give up.Even if you get demoralized, don't give up. You can get surprisingly  
far by just not giving up. This isn't true in all fields. There  
are a lot of people who couldn't become good mathematicians no  
matter how long they persisted. But startups aren't like that.  
Sheer effort is usually enough, so long as you keep morphing your  
idea.13. Deals fall through.One of the most useful skills we learned from Viaweb was not getting  
our hopes up. We probably had 20 deals of various types fall  
through. After the first 10 or so we learned to treat deals as  
background processes that we should ignore till they terminated.  
It's very dangerous to morale to start to depend on deals closing,  
not just because they so often don't, but because it makes them  
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Having gotten it down to 13 sentences, I asked myself which I'd  
choose if I could only keep one.Understand your users. That's the key. The essential task in a  
startup is to create wealth; the dimension of wealth you have most  
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capable of that.Understanding your users is part of half the principles in this  
list. That's the reason to launch early, to understand your users.  
Evolving your idea is the embodiment of understanding your users.  
Understanding your users well will tend to push you toward making  
something that makes a few people deeply happy. The most important  
reason for having surprisingly good customer service is that it  
helps you understand your users. And understanding your users will  
even ensure your morale, because when everything else is collapsing  
around you, having just ten users who love you will keep you going.Notes[1]  
Strictly speaking it's impossible without a time machine.[2]  
In practice it's more like a ragged comb.[3]  
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