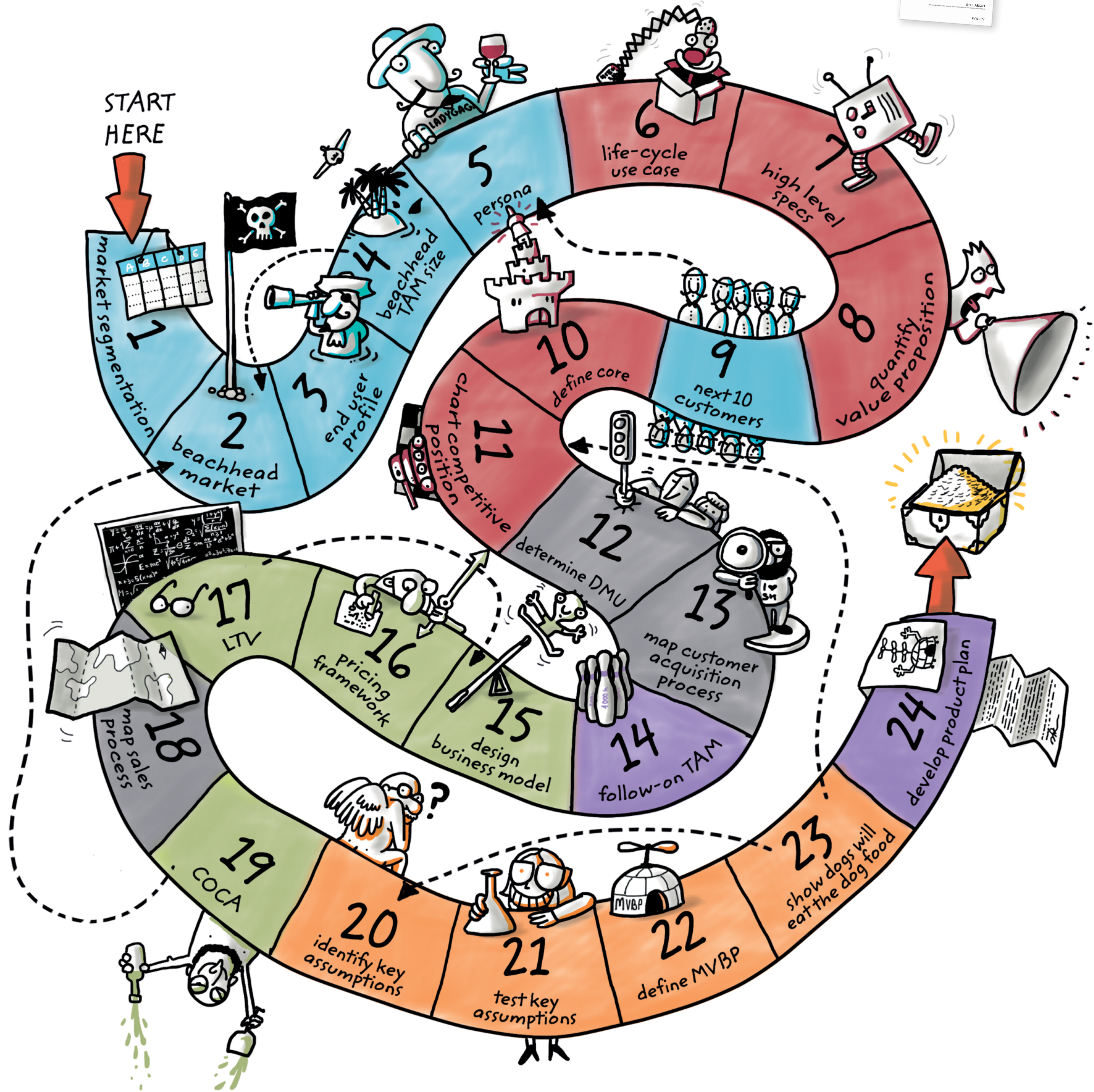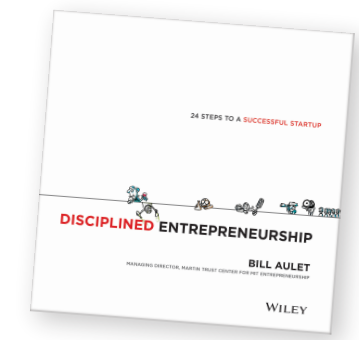# DISCIPLINED ENTREPRENEURSHIP

24 STEPS TO A SUCCESSFUL STARTUP

Buy the book, join the community and learn more about this framework at www.disciplinedentrepreneurship.com

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6 THEMES:

WHO IS YOUR CUSTOMER?

WHAT CAN YOU DO FOR YOUR CUSTOMER?

HOW DOES YOUR CUSTOMER ACQUIRE YOUR PRODUCT?

HOW DO YOU MAKE MONEY OFF YOUR PRODUCT?

HOW DO YOU DESIGN & BUILD YOUR PRODUCT?

HOW DO YOU SCALE YOUR BUSINESS?

1. MARKET SEGMENTATION
WHAT? Brainstorm & identify how your idea/technology can serve a variety of potential end users. Primary market research is then used to fill out a matrix. WHY? It is crucial to start process with customer and work everything back from there.

2. SELECTING A BEACHHEAD MARKET (BHM)
WHAT? Select one market segment from step #1 where you feel you have the highest odds of success and it has strategic value. WHY? As a startup you have limited resources and focus is essential.

3. END USER PROFILE
WHAT? Using primary market research techniques build out a description including demographic information & increasingly specific information about their needs & wants. WHY? There are 3 reasons: (1) to keep the focus on the end user, (2) to deepen your understanding of the primary customer, (3) to calculate the TAM in the next step.

4. TOTAL ADDRESSABLE MARKET (TAM) FOR BHM
WHAT? Estimate of the dollars per year you will get in your beachhead market if you achieve 100% market share. WHY? To make sure your beachhead market is not too big or too small.

5. PERSONA FOR BHM
WHAT? Identify one actual real end user in your beachhead market that best represents your end user profile. WHY? Creates great focus in your organization and serves as a touchstone for all decisions going forward.

6. FULL LIFE CYCLE USE CASE
WHAT? Understand & describe how your product will fit into the persona's work flow. WHY? This will provide valuable information for future steps and also help the team understand potential barriers to adoption from a sales perspective.

7. HIGH-LEVEL PRODUCT SPECIFICATION
WHAT? Create a visual description of the product as well as making a simple draft brochure. WHY? You need to make sure your team all has a common agreement on what the product is.

8. QUANTIFY THE VALUE PROPOSITION
WHAT? Summarize in as concrete a way as possible the value your product will create for the target customer. WHY? Customers buy based on value; needs to be clear you can show it.

9. IDENTIFY NEXT 10 CUSTOMERS
WHAT? Create a list of the next 10 customers after the persona who closely fit the end user profile. WHY? Validates the persona and all the assumptions you have made so far.

10. DEFINE YOUR CORE
WHAT? Determine the single thing that you will do better than anyone else that will be very difficult for others to copy. WHY? Having a clear definition of your core will allow you to focus your limited resources to build & reinforce it.

11. CHART YOUR COMPETITIVE POSITION
WHAT? Represent visually your position relative to the other alternatives in the persona's top two priorities. WHY? Customers don't care about your "core." But they do care about benefits relating to their priorities.

12. DETERMINE THE DECISION-MAKING UNIT (DMU)
WHAT? Determine all the people who are involved in making the decision to acquire your product – including influencers. WHY? This starts the process to determine the cost of customer acquisition.

13. MAP THE PROCESS TO ACQUIRE A PAYING CUSTOMER
WHAT? Detail how the members of the DMU make a decision to buy your product. WHY? This will be a critical input to determine the length of the sales cycle & identify critical bottlenecks in the process.

14. FOLLOW-ON TAM
WHAT? Calculate the annual revenues from the top follow-on markets after you are successful in your beachhead market. WHY? It shows the potential that can come from winning your beachhead and motivates you to do so quickly and effectively.

15. DESIGN BUSINESS MODEL
WHAT? Review different ways to get paid for your product and choose one best aligned with all key stakeholders' interest. WHY? Wise selection of a value extraction business model can dramatically reduce COCA, increase lifetime value of an acquired customer (LTV) and provide you with competitive advantage.

16. PRICING FRAMEWORK
WHAT? Create a framework to test pricing for your new product and make a decision on what the initial price will be. WHY? Small changes in pricing can have a huge impact on your profitability.

17. CALCULATE THE LIFETIME VALUE OF AN ACQUIRED CUSTOMER (LTV)
WHAT? Estimate the Net Present Value of the total profits you will get from a new customer over the life time of that customer. WHY? To complete the unit economics, you now need to estimate & understand the drivers of the LTV and it should get to at least 3X the COCA.

18. MAP THE SALES PROCESS
WHAT? Visually map the short, medium and long-term ways you will create and fulfill demand for your product. WHY? This will be critical input to calculating the COCA over time.

19. CALCULATE THE COST OF CUSTOMER ACQUISITION (COCA)
WHAT? Estimate the total marketing & sales expense in a given period to get new customers & then divide this by the number of new customers. WHY? The unit economics are a simple but effective proxy for how sustainable & attractive your business will be as it scales.

20. IDENTIFY KEY ASSUMPTIONS
WHAT? Identify key assumptions to be tested before you begin to make heavy investments in product development. WHY? It will be faster & much less costly now to test the assumptions and allow you to preserve valuable resources & make adjustments as needed.

21. TEST KEY ASSUMPTIONS
WHAT? Test, through a series of small & inexpensive experiments, each of the individual assumptions you have identified in step #20. WHY? This scientific approach will allow you to understand which assumptions are valid & which ones are not, giving you time to adjust while the cost and time to do so is minimal.

22. DEFINE MINIMUM VIABLE BUSINESS PRODUCT (MVBP)
WHAT? Define the minimum product that you can use to test whether your customer gets value from the product and whether you can get paid for it, and that starts an iterative feedback loop with the customer. WHY? You must reduce the variables in the equation to get the customer feedback loop started with the highest possibility of success with simultaneously the most efficient use of your scarce resources.

23. SHOW THE DOGS WILL EAT THE DOG FOOD
WHAT? Offer your MVBP to your target customer & obtain quantitative metrics regarding the adoption rate of the product, the value the target customer is getting from the product & proof that someone is paying for the product. WHY? Numbers don't lie. Show concrete evidence & don't rely simply on anecdotal evidence.

24. DEVELOP A PRODUCT PLAN
WHAT? Develop a longer-term plan to add functionality so you can address additional markets. WHY? It is important to think ahead & have a plan so people are ready to keep moving forward after the MVBP.