What is a Startup?
Idea Generation and the Founding Team

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What is a Scalable Startup?

- SCALABLE STARTUP: A temporary organization searching for a scalable, repeatable, profitable Business Model

- WHAT IT IS NOT: Small Biz, Self-employment, Dhandho, Inventor, Partnership, Corporation

- EXAMPLES OF:
  - SCALABLE
  - REPEATABLE
  - PROFITABLE

Types of Startups

- TYPES OF STARTUPS: Many different ideas can spawn startups

    - ORIGINAL IDEA

    - SCIENTIFIC DISCOVERY

    - TECHNOLOGY BREAKTHROUGH

    - INSIGHT

    - PASSION

    - PROBLEM DESCRIPTION

    - BETTER MOUSETRAP

    - Any other approach?

Startup vs Company

- SEARCH VS EXECUTION FOR A SCALABLE REPEATABLE PROFITABLE BUSINESS MODEL

  - Business Model Hypothesis vs Operating Plan

  - Business Processes are Customer Development and Agile Development versus Product Management and Operation Planning and Execution

  - Founder driven versus Functional department driven

  - Business Model Canvas for evaluating hypothesis

  - Read Webvan Case Study for next Class and watch Peter Relan (CTO/Founder Webvan Video)

Startup vs Company

Rules for Successful Startups

- Rule No. 1: There Are No Facts Inside Your Building, So Get Outside.
- ~~Rule~~ No. 2: Pair Customer Development with Agile Development
- ~~Rule~~ No. 3: Failure is an Integral Part of the Search
- ~~Rule~~ No. 4: Make Continuous Iterations and Pivots
- ~~Rule~~ No. 5: No Business Plan Survives First Contact with Customers So Use a Business Model Canvas
- ~~Rule~~ No. 6: Design Experiments and Test to Validate Your Hypotheses
- ~~Rule~~ No. 7: Agree on Market Type. It Changes Everything
- ~~Rule~~ No. 8: Startup Metrics Differ from Those in Existing Companies
- ~~Rule~~ No. 9: Fast Decision-Making, Cycle Time, Speed and Tempo
- ~~Rule~~ No. 10: It's All About Passion
- ~~Rule~~ No. 11: Startup Job Titles Are Very Different from a Large Company's
- ~~Rule~~ No. 12: Preserve All Cash Until Needed. Then Spend
- ~~Rule~~ No. 13: Communicate and Share Learning
- ~~Rule~~ No. 14: Customer Development Success Begins With Buy-In

Idea Generation and the Founding Team

- IDEA GENERATION
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- FOUNDER has the original idea, ...
- - evangelizes to get co-founders
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- FOUNDING TEAM
- - bedrock for building the company
- - complementary skills and best in class
- - personal traits are passionate, determinate, resilient, tenacious, agile, curious
- - interact with trust and mutual respect
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- FOUNDING CEO
- - characterized by speed, tempo and fearless decision-making
- - can successfully project the new reality to recruit, raise funds, pivot and position the company
- - has the vision, passion and skill
- - thrives in chaos and uncertainty
- - drives the company to right business model