

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

	Search		Execution
Strategy	Business Model Hypotheses	→	Operating Plan + Financial Forecasts
Process	Customer Development, Agile Development	→	Product Management Agile or Waterfall Development
Organization	Customer Development Team, Founder-driven	→	Functional Organization by Department
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Education	Business Model Design, Customer Development, Startup team building, Entrepreneurial Finance, Agile Development, Marketing	→	Organizational Behavior, HR Mgmt, Accounting, Modeling, Strategy, Operations, Leadership, Marketing, Manufacturing
<i>Instructional Strategies</i>	Experiential, constructivist, learner-centered, inquiry-based	→	Case, Lecture, Small Group, Mentorship

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