Engineering 145

Startup Entrepreneurship

Session 6: Idea to Opportunity

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Agenda

• Business Model Review
• Aayush Phumbhra - cofounder Chegg
• Customer Development
What is a Startup?
What’s A **Scalable** Startup?

- Broad and deep vision
- Build an industry not just a product
- >$100 million/year revenue, profits
- World-class team
- Use Customer/Agile Development to search for a scalable and repeatable business model
A Startup is the organization you use to search for your scalable business model.
Users

Customer

Purchase & Distribution

Demand Creation

Product

Assembly / Manufacturing

Design

Parts

3rd Party Integration

Resources

Product

Customers
But ...
How Do I Know How to Fill Out the Business Model?
Iteration versus Execution

The **Search** for a Business Model

The **Growth** of a Business

*Product/Market Fit*
Customer Discovery: Step 1

- Stop selling, start listening
  - There are no facts inside your building, so get outside

- Test your hypotheses
  - Two are fundamental: problem and product concept
Customer Discovery: Exit Criteria

• What are your customers top problems?
  – How much will they pay to solve them

• Does your product concept solve them?
  – Do customers agree?
  – How much will they pay?

• Draw a day-in-the-life of a customer (archetypes)
  – before & after your product

• Draw the org chart of users & buyers
Customer Validation: Step 2

- Develop a *repeatable* and *scalable* sales process
- Only earlyvangelists are crazy enough to buy
Customer Validation: Exit Criteria

• Do you have a proven sales roadmap?
  – Org chart? Influence map?

• Do you understand the sales cycle?
  – ASP, LTV, ROI, etc.

• Do you have a set of orders ($’s) validating the roadmap?

• Does the financial model make sense?