



bretw@stanford.edu



bretw@stanford.edu



bretw@stanford.edu



TechCrunch
DISRUPT SF

Imm

ch
UPT SF

ch
UPT SF

The Launch Path.

BUS-217: Eight steps to a successful startup.

1) Listen to the waves - April 15.

→ 2) Build something people want - April 22.

3) Draw the landscape - April 29.

4) Create an engine of growth - May 6.

5) Engineer an economic model - May 13.

6) Create a capital strategy- May 20.

7) Frame a Funnel - May 27.

8) Be a Master Storyteller - June 3.



**Who did something this week
to push your startup forward?**

Famous new product failures.

VICE News Tonight | HBO





Perfected by Earth.



Pressed by Us.

JUICERO



Juicero:

(noun) /joos/ār/rō

Cold-pressed juicing system





Juicero

Founded 2014, raised \$120M in capital.

“The only wifi-connected juicer on the market today”.

\$699, plus a subscription to receiving the juice packets, at \$5-7 each.

Just 16 months after launch they went bankrupt and shut down. \$120M in capital, down the toilet.

**But as bad as Juicero was, it was not the worst
new product failure ever.**



1958

The greatest new product failure in history.

THIS IS THE EDSEL

Newest Expression of Fine Engineering from Ford Motor Company



Ford Motor Company

- **After revolutionizing mass production, Ford had their IPO (initial stock offering) on the New York Stock Exchange in 1956.**
- **The stock opened the day at \$64.50/share and by the end of the day was trading at \$70.50, giving them a market capitalization of \$660M (over \$6 billion in today's dollars).**
- **It was the most successful IPO in American history.**

Ford Motor Company

- **So having had the most successful IPO in American history, they decided they would use all their new cash to design and build the most advanced automobile ever.**
- **They put all their senior engineers on the project and gave them an unlimited budget to create an amazing product - the best car ever.**

THIS IS THE EDSEL

Newest Expression of Fine Engineering from Ford Motor Company



Rolling-dome speedometer.

Push-button Teletouch transmission shifting

Self-adjusting brakes.

410-cubic-inch Edsel "E-475" Engine.

Warning lights on dashboard.

Speedometer glows when speeding.

Transmission locks in park until ignition key turned.

Triple-thermostat cooling system.

Front-mounted distributor, coil, fuel pump, dipstick.










Hood release controlled electronically.

"The Newest Expression of Fine Engineering from Ford Motor Company".

The most advanced automobile ever.

Projected sales for the first year were 200,000 units, with over one million units within three years.

They were so sure it would be a success they launched it in 18 models spread over four product lines.

<p data-bbox="566 581 1016 656">EDSEL CITATION</p> <p data-bbox="1166 459 1516 497">The Edsel Citation Convertible</p>  <p data-bbox="516 825 1199 1022"></p> <p data-bbox="666 1041 1066 1078">The Edsel Citation 4-Door Hardtop</p> <p data-bbox="1282 806 1899 1022"></p> <p data-bbox="1382 1041 1799 1078">The Edsel Citation 2-Door Hardtop</p>	<p data-bbox="2199 412 2648 487">EDSEL CORSAIR</p>  <p data-bbox="2232 769 2632 806">The Edsel Corsair 2-Door Hardtop</p>  <p data-bbox="2232 1031 2632 1069">The Edsel Corsair 4-Door Hardtop</p>
<p data-bbox="699 1491 1082 1566">EDSEL PACER</p>  <p data-bbox="1399 1463 1782 1500">The Edsel Pacer 2-Door Hardtop</p>  <p data-bbox="2165 1472 2548 1510">The Edsel Pacer 4-Door Hardtop</p>  <p data-bbox="1399 1782 1732 1819">The Edsel Pacer Convertible</p>  <p data-bbox="2182 1800 2548 1838">The Edsel Pacer 4-Door Sedan</p>	

They hired **Foote, Cone & Belding**, the finest advertising agency on Madison Avenue to create the ad campaign.

An unprecedented \$50M budget, including a teaser campaign about “E-Day”, the day the Edsel would be first shown to the public.

They produced a star-studded TV special called “The Edsel Show”, featuring Frank Sinatra and Bing Crosby.

They'll know you've *arrived*
when you drive up in an Edsel



Step into an Edsel and you'll learn where the excitement is this year. Other drivers spot that classic vertical grille a block away—and never fail to take a long look at this year's most exciting car. On the open road, your Edsel is watched eagerly for its already-famous performance. And parked in front of your home, your Edsel always gets even more attention—because it always says a lot about you. It says you chose

elegant styling, maximum comfort and such exclusive features as Edsel's famous Teletouch Drive—only shift that puts the bottom where they belong, on the steering-wheel hub. Your Edsel also means you made a wonderful buy. For of all medium-priced cars, this one really new car is actually priced the lowest.* See your Edsel Dealer this week.

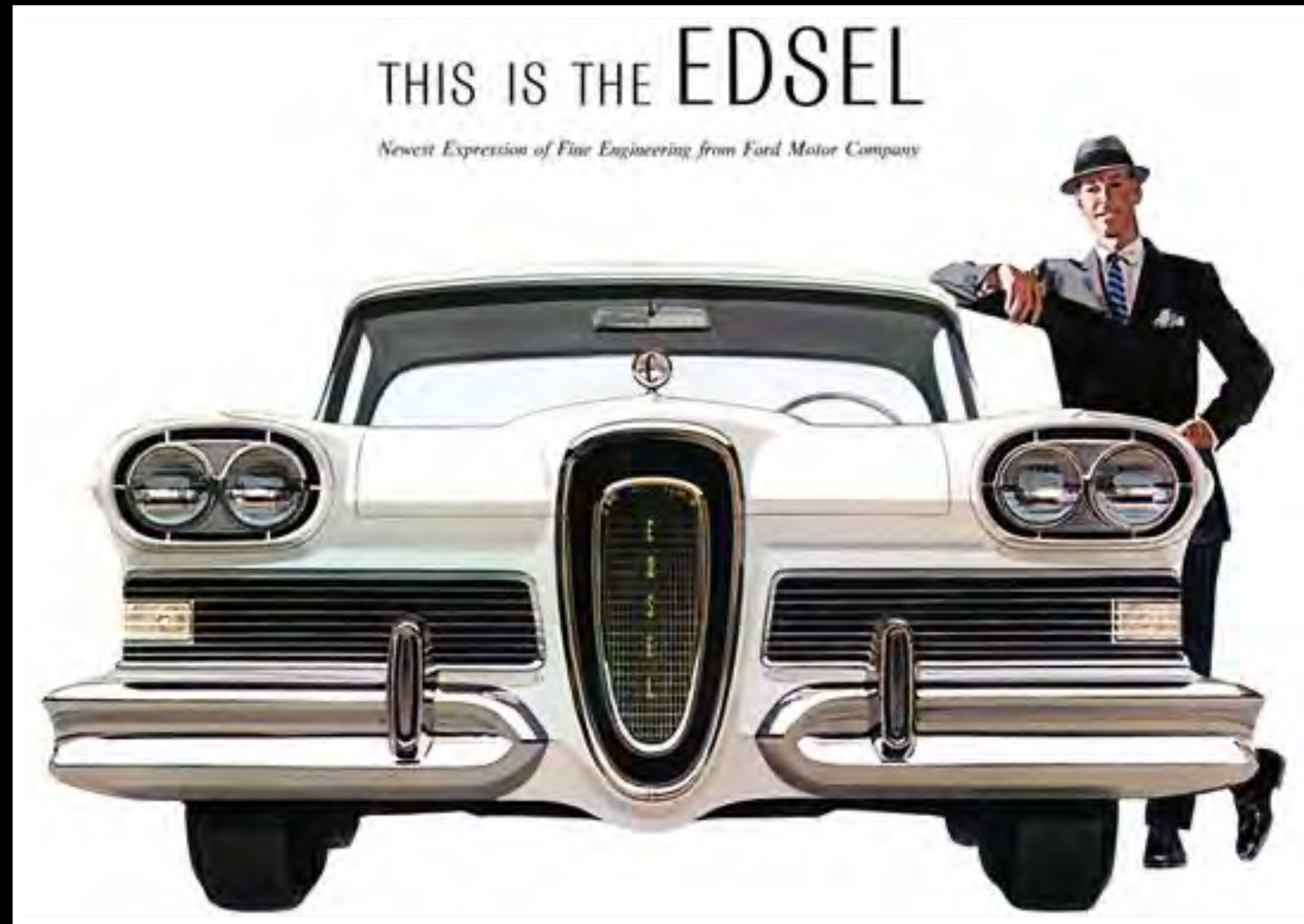
*Based on comparison of suggested retail delivered prices of the Edsel Dealer and similarly equipped cars in the medium-price field.

Shown: Edsel 2-door 4-door Hardtop. Engines: the E-175, with 10.2 to one compression ratio, 125 hp, 172 ft.-lb. torque. Transmission: Automatic with Teletouch Drive. Suspension: Ball-joint with optional air suspension. Brakes: 4-wheel disc.

COLE DIVISION - FORD MOTOR COMPANY

1958 **EDSEL**

Of all medium-priced cars, the one that's really new is the lowest-priced, too!



- **Projected sales for the first year were 200,000 units, with 3-year projections of over one million units.**
- **First year sales were less than 60,000.**
- **The second year was 56,000.**
- **Total units sold were less than half the company's projected break-even point.**
- **Each one sold cost 2x to make.**
- **The Edsel project lost a colossal \$350 million (over \$3 billion in current dollars).**

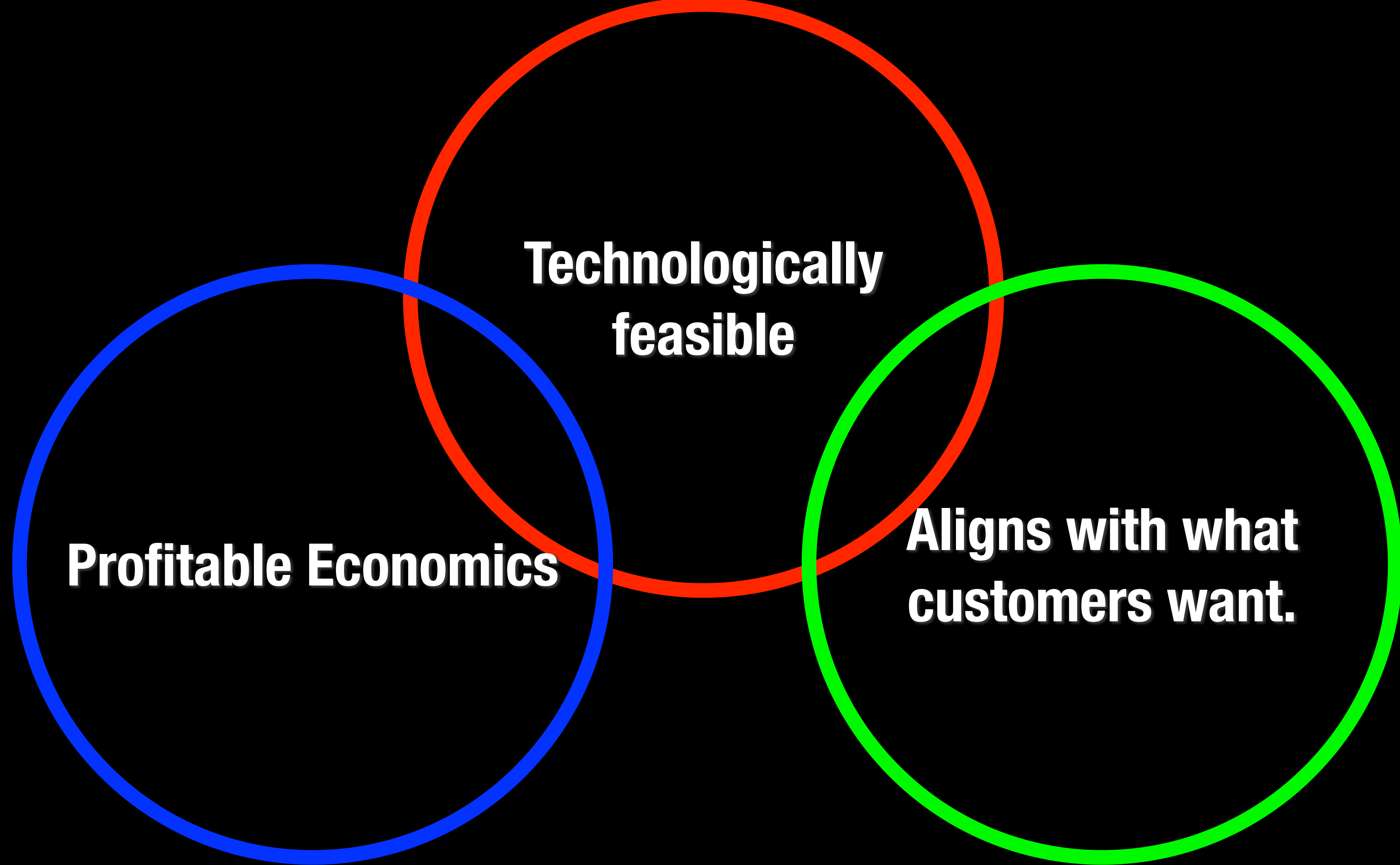
The greatest new product failure in history.



**Technologically
feasible**

**Aligns with what
customers want.**

Profitable Economics



Successful product innovation has to have all three.

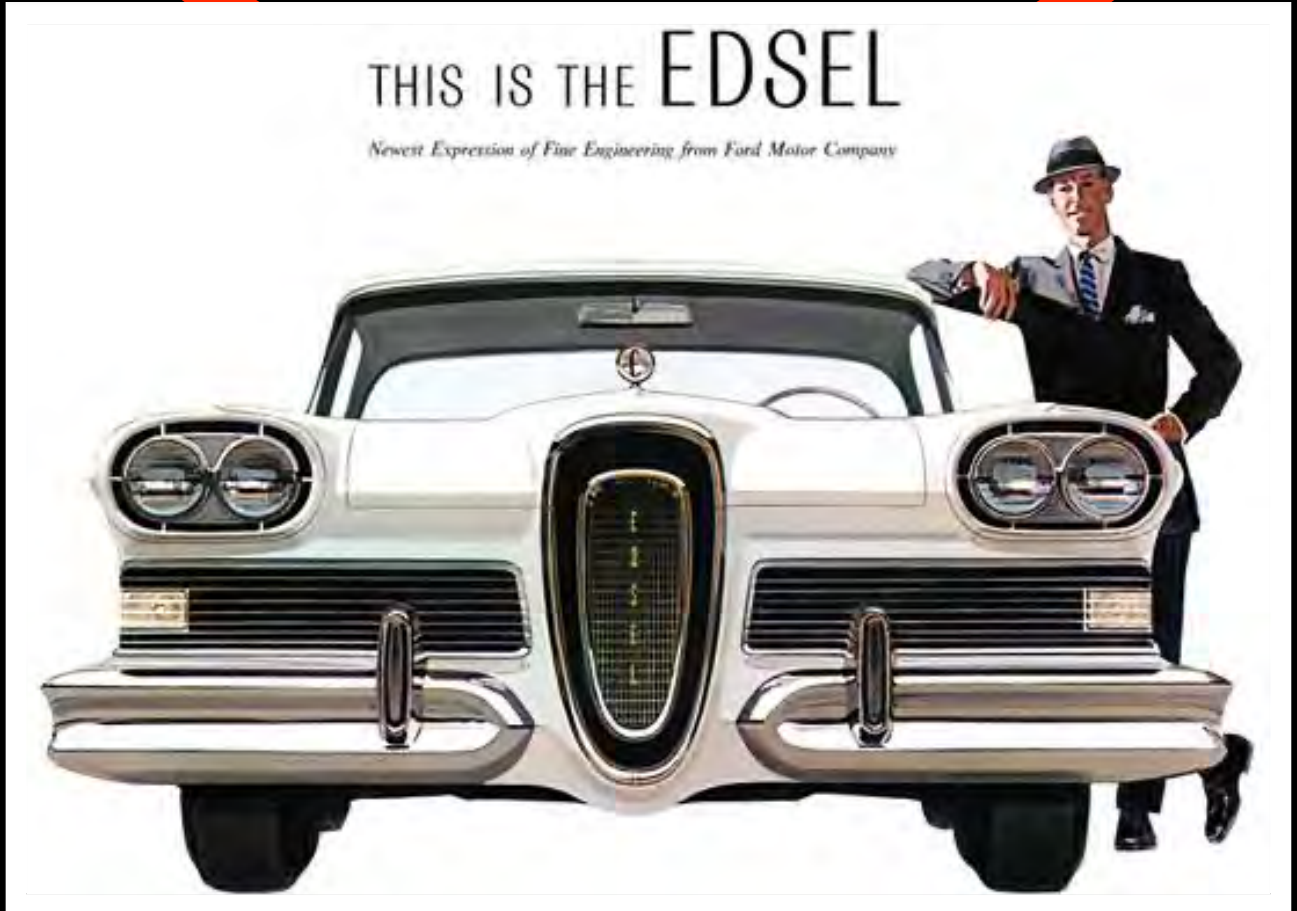
Technologically Feasible • Profitable Economics • Aligns with what customers want.

The Edsel had just one.

**Technologically
feasible**

Profitable Economics

**Aligns with what
customers want.**



**This has been a recurring issue since
the dawn of entrepreneurship:**

**How does one reliably create products
that succeed?**

We've all seen examples of companies that have sent millions of dollars developing products they thought they world needed, only to find out that no one wanted to buy those products.

I'm embarrassed to admit that I've done it myself.

In 2000-2001 I used a linear product development process:

Congratulations! You've spent 2 years and \$5 million proving that there is zero demand for your product!



Three concepts I wish I'd known before I did that:

Product Market Fit
Customer Development
Design Thinking

EE204: Business Management for Electrical Engineers and Computer Scientists

[Main Page](#) » [Product/Market Fit](#)

On this page:

[Product/Market Fit](#)

Product/Market Fit

“ The only thing that matters is getting to product/market fit. ”

by [Marc Andreessen](#), June 25, 2007

This post is all about the only thing that matters for a new startup.

But first, some theory:

If you look at a broad cross-section of startups -- say, 30 or 40 or more; enough to screen out the pure flukes and look for patterns -- two obvious facts will jump out at you.

On this page:

[Product/Market Fit](#)

Product/Market Fit

“ The only thing that matters is getting to product/market fit. ”

by [Marc Andreessen](#), June 25, 2007

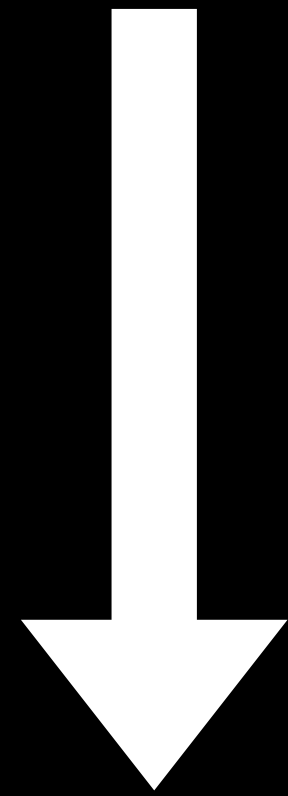
This post is all about the only thing that matters for a new startup.

But first, some theory:

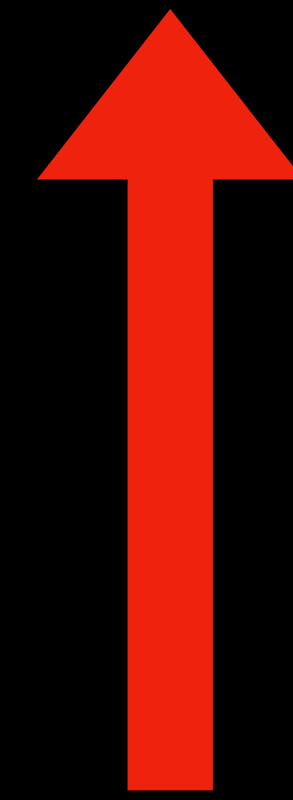
If you look at a broad cross-section of startups -- say, 30 or 40 or more; enough to screen out the obvious facts will jump out at you.

Product Market Fit

What the Market Wants

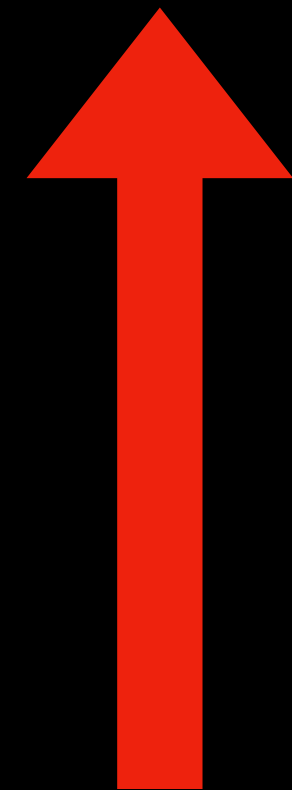
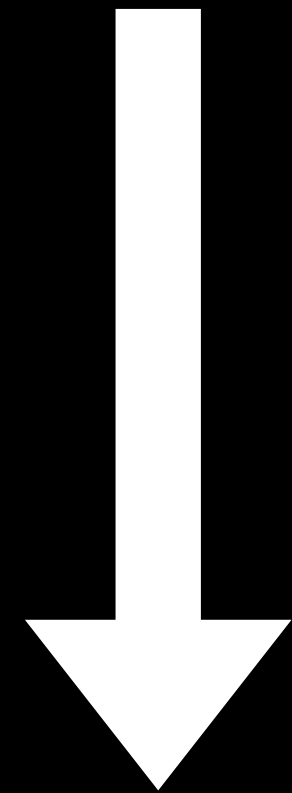


What Your Product Does



Product Market Fit

What the Market Wants



What Your Product Does

“ The only thing that matters is getting to product/market fit. ”

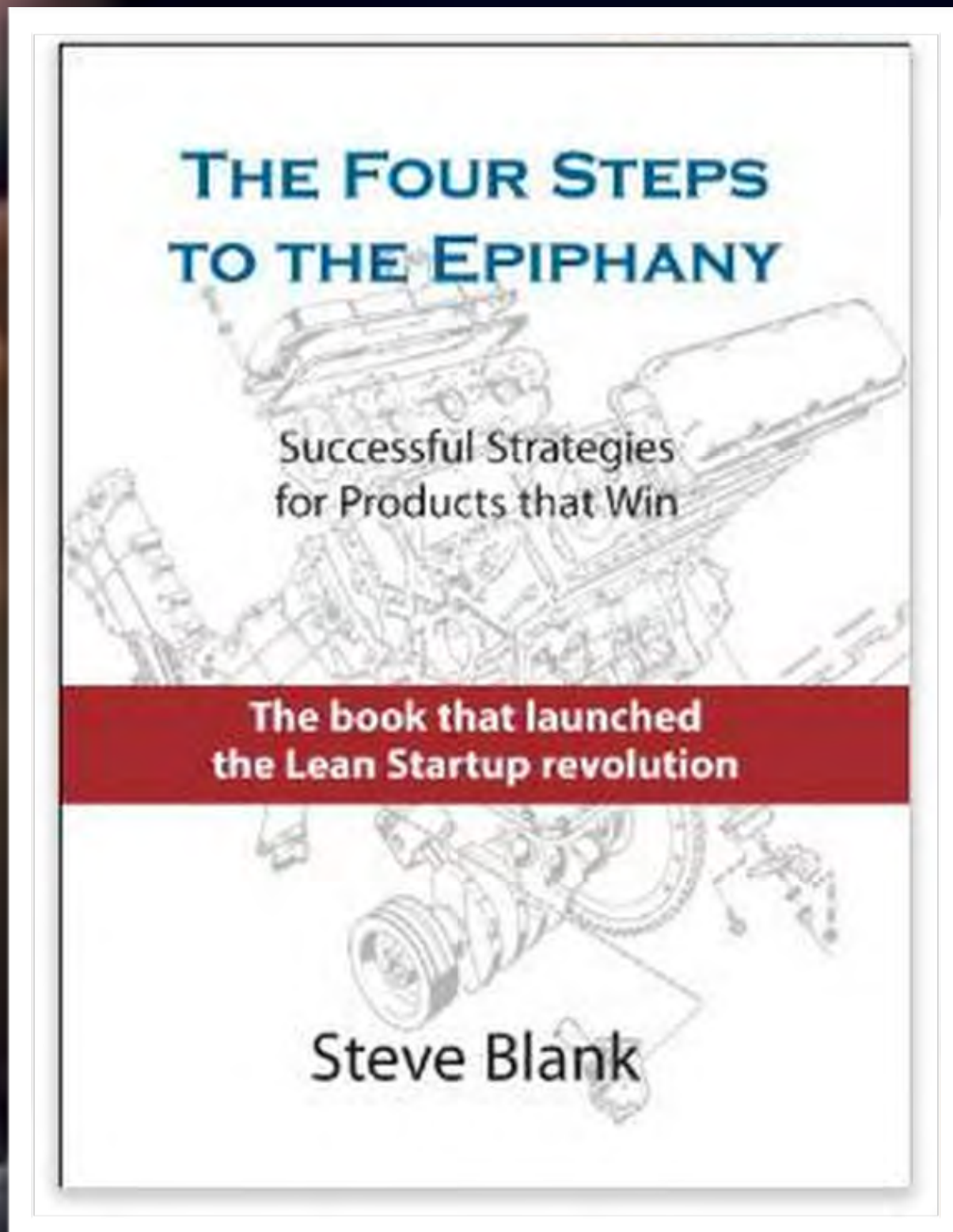
If the only thing that matters is product/market fit, then the only thing we should care about is how do we get there most efficiently and effectively?



Steve Blank founded 8 companies, four had IPO's

The other four resulted in "large craters in the ground".

Retired and wrote "The Four Steps to Epiphany".



Customer Development

AKA “Get your ass out of the building and go talk to some actual customers”

Customer Development

Before you write a business plan or begin product development, spend a lot of time talking with actual prospective customers.

**“Before you begin product development
you need to do customer development”.**

-Steve Blank

In 2000-2001 I used a linear product development process:

Congratulations! You've spent 2 years and \$5 million proving that there is zero demand for your product!



In 2000-2001 I used a linear product development process:



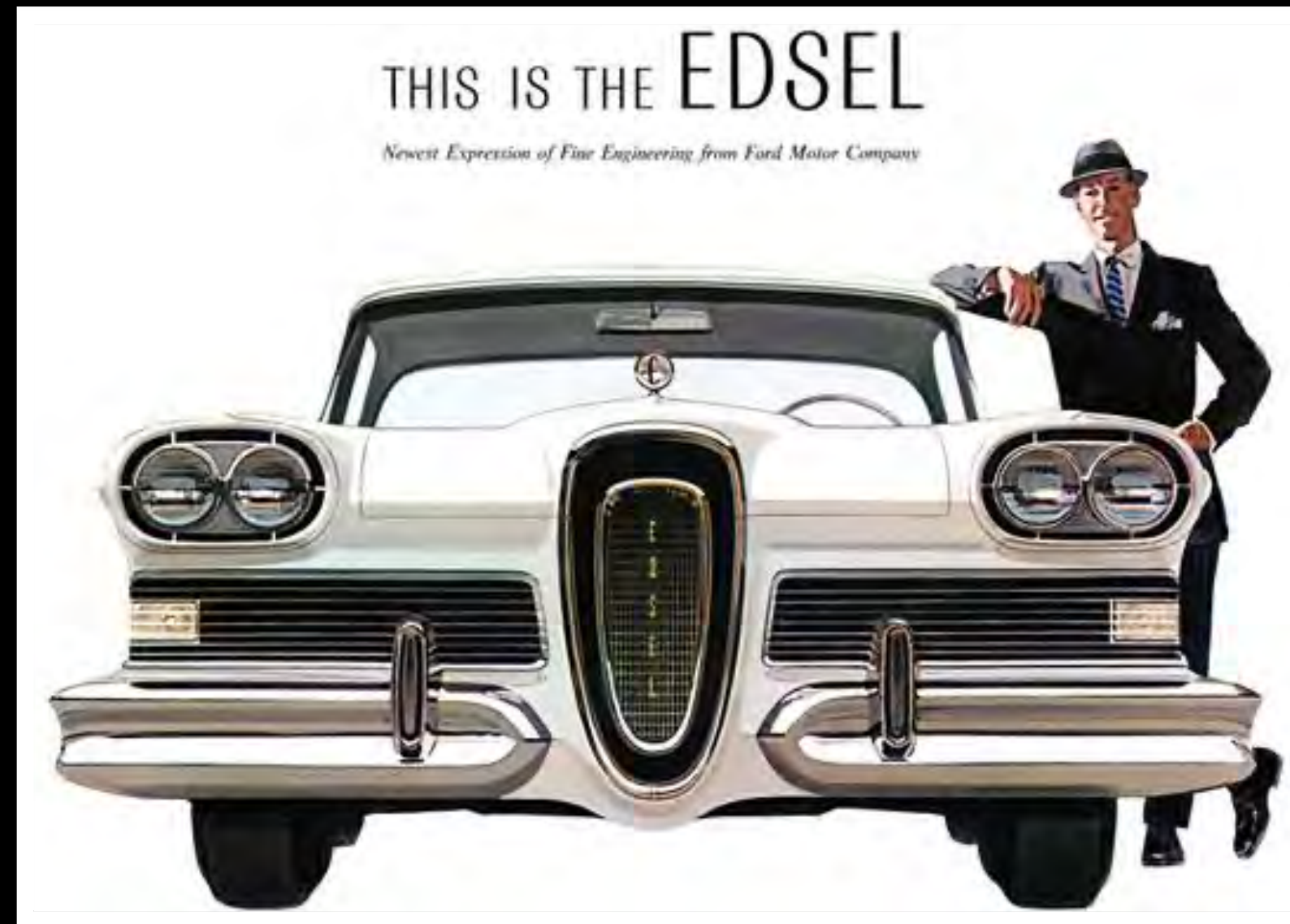
I should have taken the money, put it into a 6-month CD, and spent six months out interviewing prospective customers before writing a single line of software code.

Your product roadmap should be informed by actual conversations with customers.

“No business plan survives first contact with customers”.

-Steve Blank

Now, back to cars for a moment:



Until the 1970's, American auto makers dominated the global market .

**Driven by industrial might, they used the principles of mass production.
Design a car, order parts for 300,000 units, set up the production line for 300,000
units, make 300,000 units, ship them to dealers and wait for them to sell.**

Toyota Lean Manufacturing Management System

Developed in Japan.

Short production runs.

(contrary to the principles of mass production)

Rapid Cycle Times.

(as dealers sell them, we can quickly make more).

Establish continuous improvement.

(even during a single model year).

Empower workers to make improvements.

(the workers know better than management where problems are)

Eliminate processes that do not add value for customers.

(the only thing that matters is learning what customers care about).

Toyota Lean Manufacturing Management System

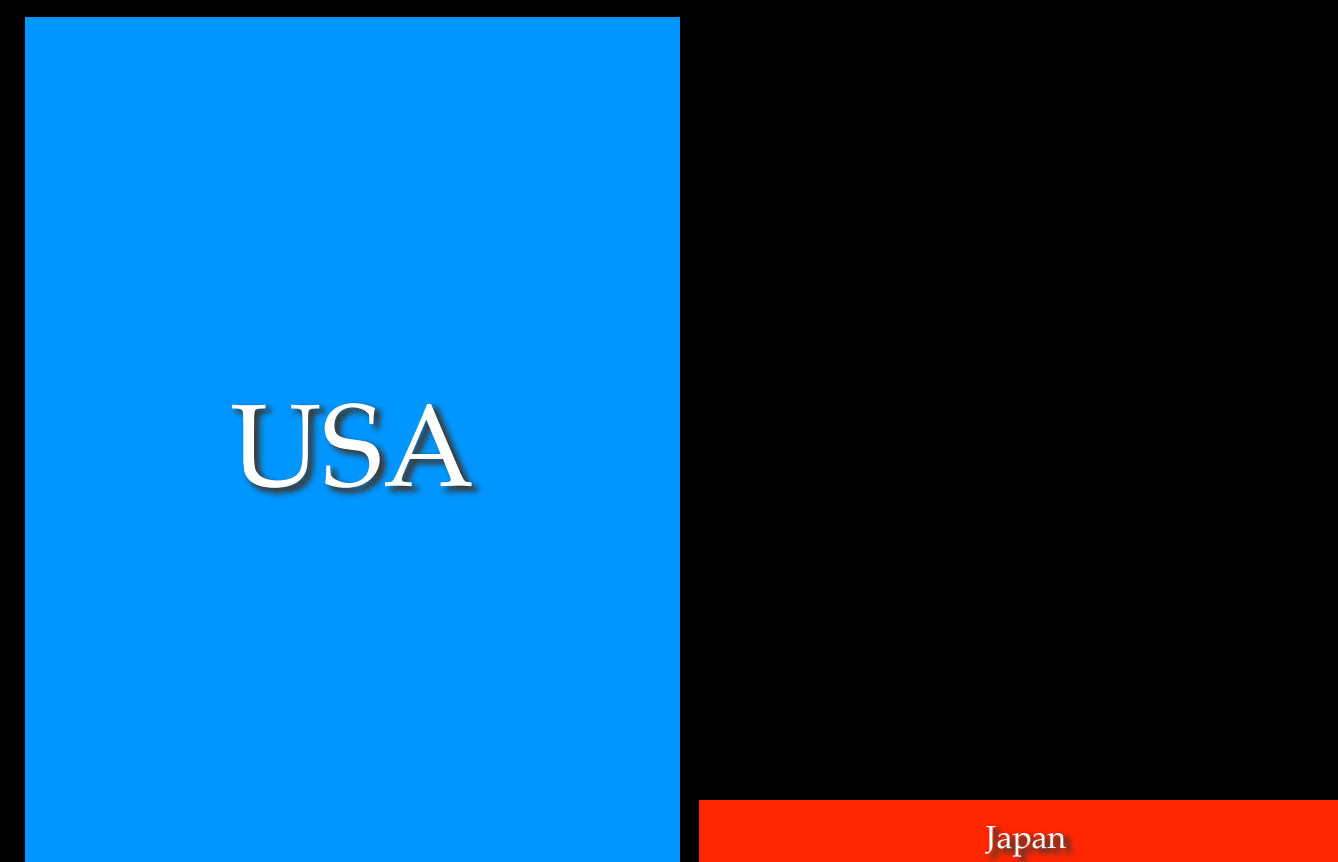
Developed in Japan.

Note that Lean does not mean “cheap”. Toyota makes Lexus and other expensive, high-end cars.

It means removing the bloat from assembly lines through short production runs and continuous improvement.

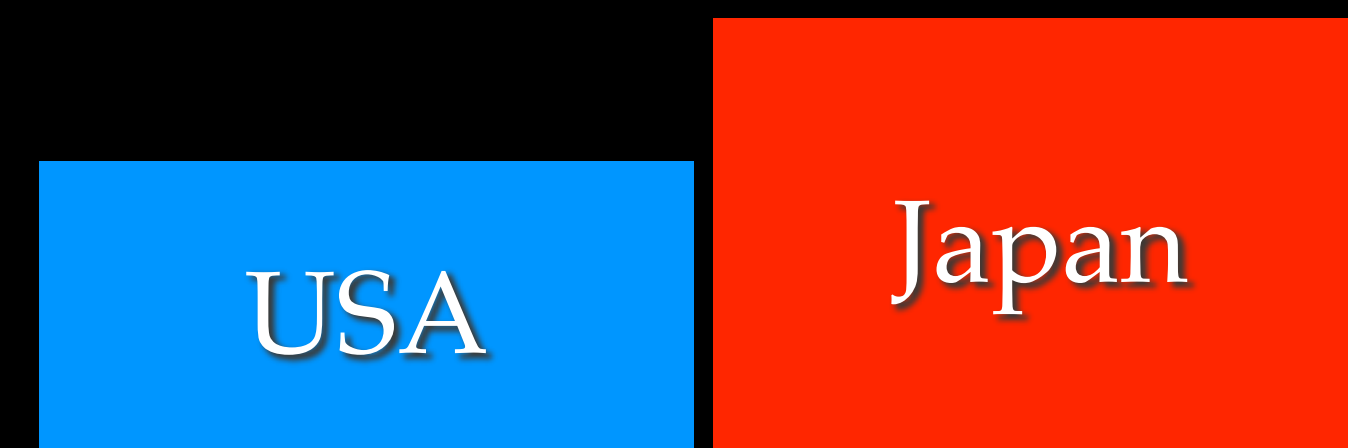
Toyota Lean Manufacturing Management System

In 1960, GM, Ford, and Chrysler controlled 90% of the US domestic market, and more than half the global market.



**Global Market Share
Automobiles 1960**

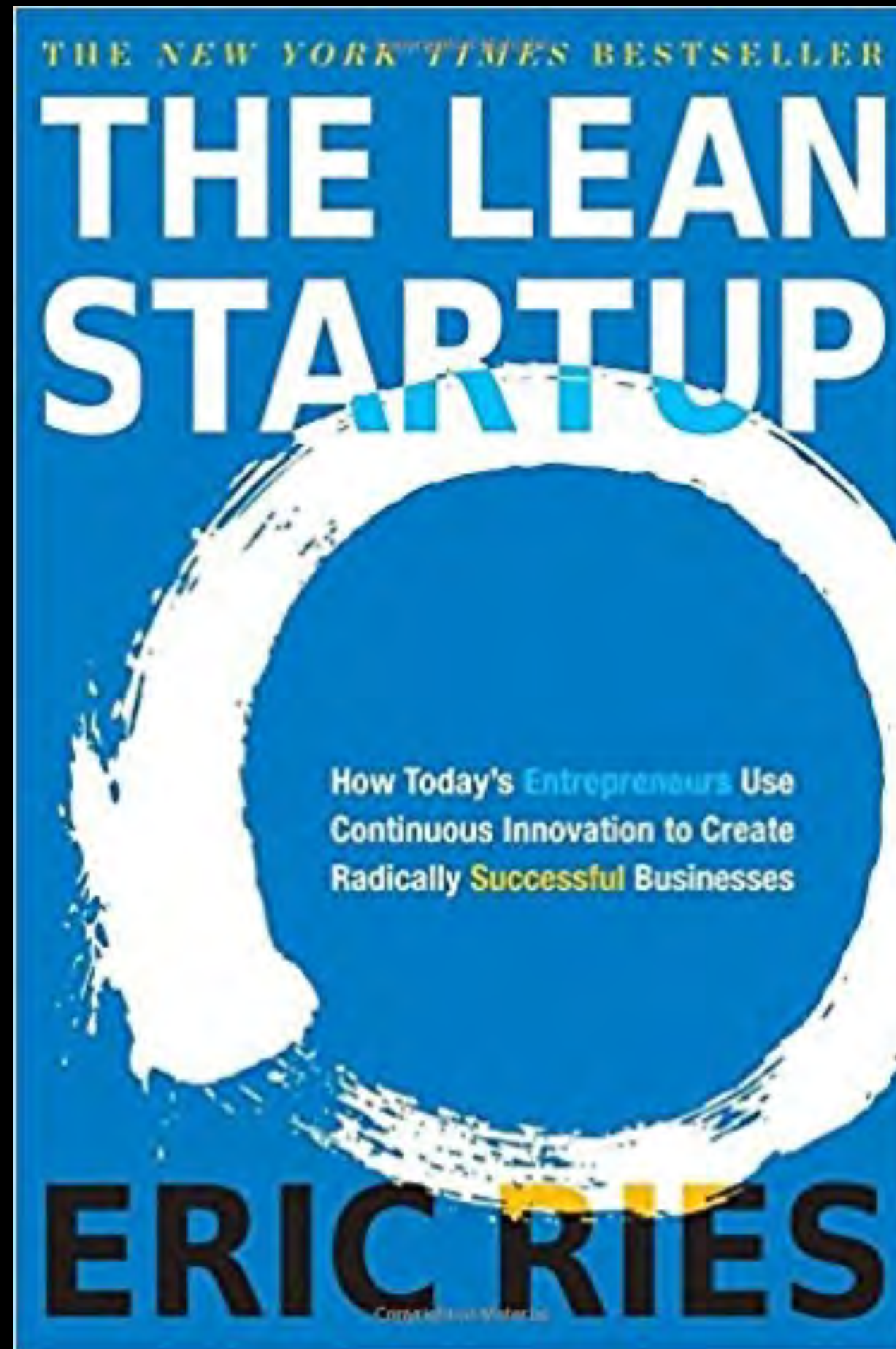
By 1980, Japan had 25% of the US market, and the global market share for US automakers had dropped in half.



**Global Market Share
Automobiles 1980**

Now, back to startups.

The Lean Startup, a 2011 book by Eric Ries.



Learn from Customers

Short production runs.

Continuous improvement.

Rapid iterations

Learn, measure, adjust. Repeat.

From the author's introduction to the book:

THE ROOTS OF THE LEAN STARTUP

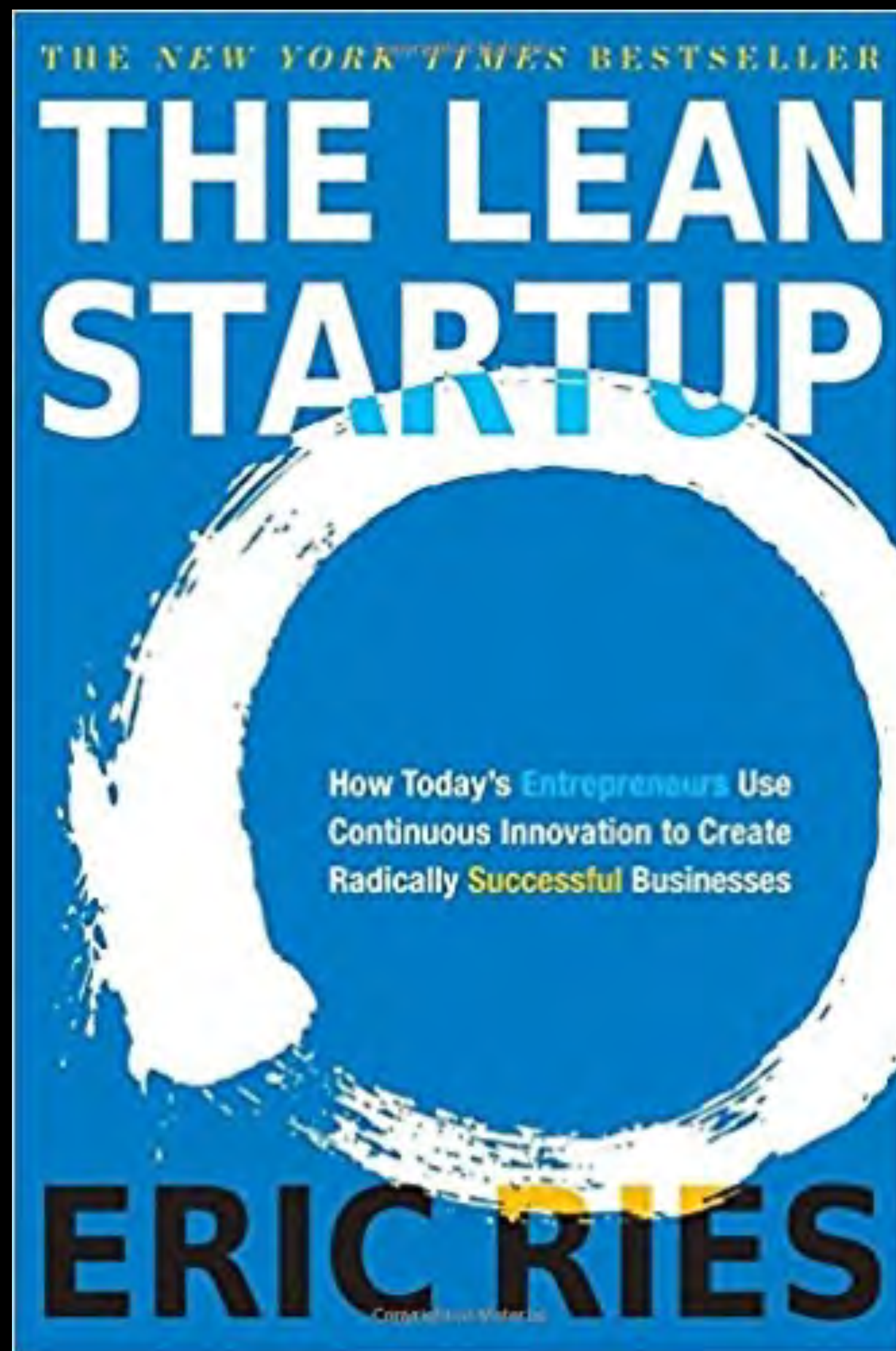
The Lean Startup takes its name from the lean manufacturing revolution that Taiichi Ohno and Shigeo Shingo are credited with developing at Toyota. Lean thinking is radically altering the way supply chains and production systems are run. Among its tenets are drawing on the knowledge and creativity of individual workers, the shrinking of batch sizes, just-in-time production and inventory control, and an acceleration of cycle times. It taught the world the difference between value-creating activities and waste and showed how to build quality into products from the inside out.

The Lean Startup adapts these ideas to the context of entrepreneurship, proposing that entrepreneurs judge their progress differently from the way other kinds of ventures do. Progress in manufacturing is measured by the production of high-quality physical goods. As we'll see in Chapter 3, the Lean Startup uses a different unit of progress, called validated learning. With

From the author's introduction to the book:

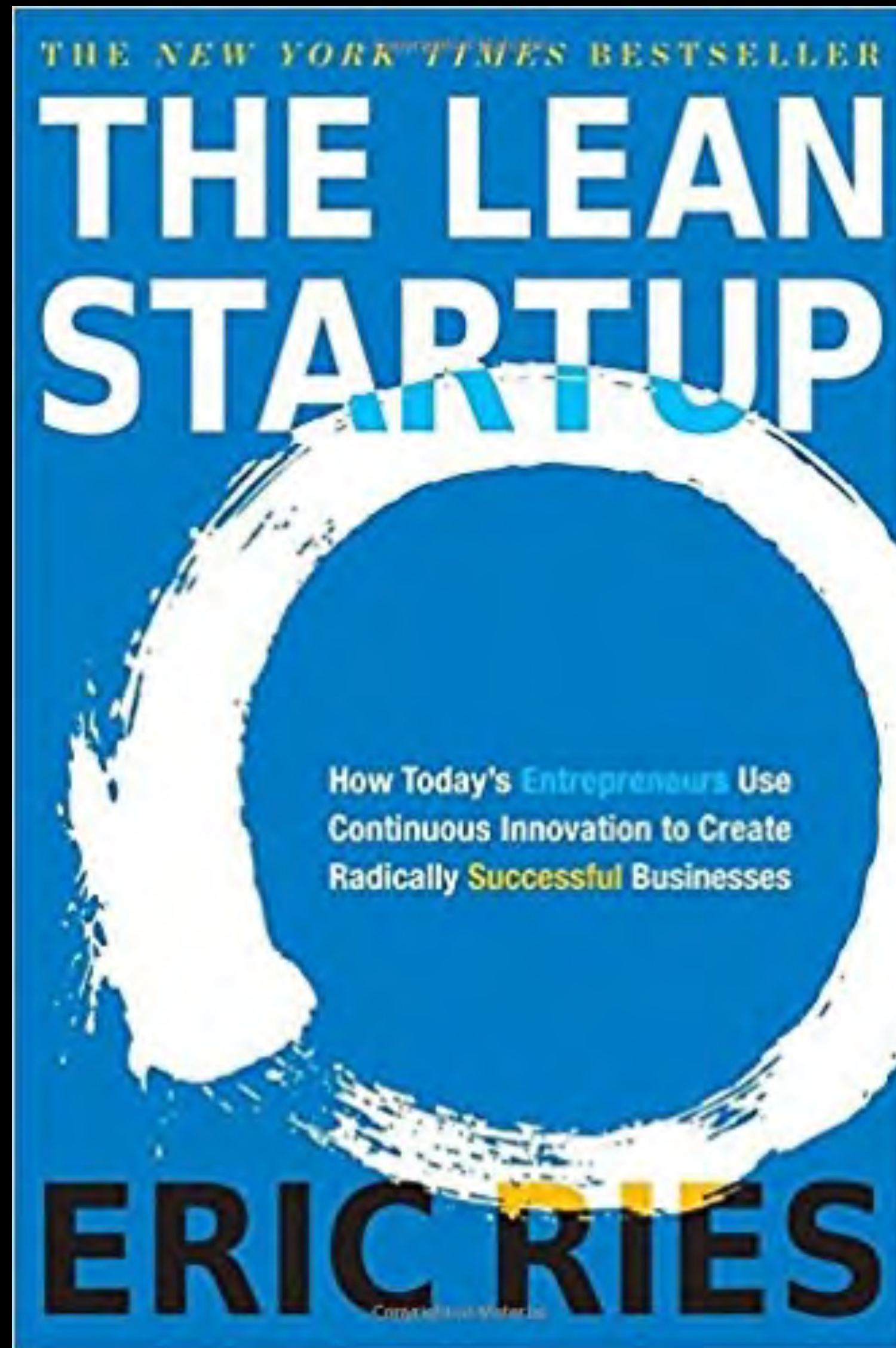
THE ROOTS OF THE LEAN STARTUP

The Lean Startup takes its name from the lean manufacturing revolution that Taiichi Ohno and Shigeo Shingo are credited with developing at Toyota. Lean thinking is radically altering the way supply chains and production systems are run. Among its tenets are drawing on the knowledge and creativity of individual workers, the shrinking of batch sizes, just-in-time production and inventory control, and an acceleration of cycle times. It taught the world the difference between value-creating activities and waste and showed how to build quality into products from the inside out.



Learn from Customers
Short production runs.
Continuous improvement.
Rapid iterations
Learn, measure, adjust. Repeat.

The book by Eric Ries popularized the term “MVP”.



MVP

Minimum Viable Product

“A Minimum Viable Product is that version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort.”

- Eric Ries, in The Lean Startup

“A Minimum Viable Product is that version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort.”

- Eric Ries, in The Lean Startup



Welcome to Amazon.com Books!

*One million titles,
consistently low prices.*

(If you explore just one thing, make it our personal notification service. We think it's very cool!)

SPOTLIGHT! -- AUGUST 16TH

These are the books we love, offered at Amazon.com low prices. The spotlight moves **EVERY** day so please come often.

ONE MILLION TITLES

Search Amazon.com's [million title catalog](#) by author, subject, title, keyword, and more... Or take a look at the [books we recommend](#) in over 20 categories... Check out our [customer reviews](#) and the [award winners](#) from the Hugo and Nebula to the Pulitzer and Nobel... and [bestsellers](#) are 30% off the publishers list...

EYES & EDITORS, A PERSONAL NOTIFICATION SERVICE

Like to know when that book you want comes out in paperback or when your favorite author releases a new title? Eyes, our tireless, automated search agent, will send you mail. Meanwhile, our human editors are busy previewing galleys and reading advance reviews. They can let you know when especially wonderful works are published in particular genres or subject areas. Come in, [meet Eyes](#), and have it all explained.



[thefacebook]

[login](#) [register](#) [about](#)

Email:

Password:

[register](#)

[login](#)

Welcome to Thefacebook!

[Welcome to Thefacebook]

Thefacebook is an online directory that connects people through social networks at colleges.

We have opened up Thefacebook for popular consumption at **Harvard University**.

You can use Thefacebook to:

- Search for people at your school
- Find out who are in your classes
- Look up your friends' friends
- See a visualization of your social network

To get started, click below to register. If you have already registered, you can log in.

[Register](#)

[Login](#)



© srmurphy

Host

Make money by sharing your space and local knowledge. [List a room.](#)


Travel

San Francisco, CA

Check in Nights:

[Search »](#)

New Listings

 Country-house-pietralunga [Pietralunga, Umbria, IT](#)



[Tacoma, WA, US](#)

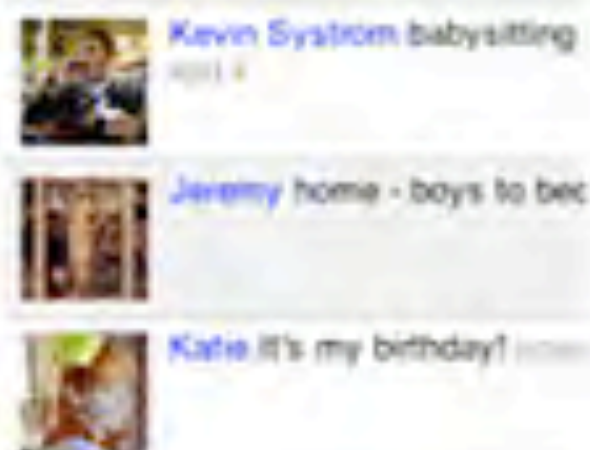


[San Francisco, CA, US](#)



Use twtr to stay in touch with your friends all the time. If you have a cell and can txt, you'll never be bored again...**EVER!**

What your friends are



.timeline

follow along with what your friends are doing throughout the day

- ★ Florian X (txt)
- ★ Garrett X (txt)
- ★ goldman X (txt)

txt

(or)

What are you doing?

.what up?

send updates from your cell or from the web about whats in yr head

Sign in.

Mobile number (or email)

Password (or PIN)

Remember me

New? Sign up!

twtr works best when updated from your mobile phone. To verify you are you, we'll need your number.

Mobile number



Learn more: [How it works](#) | [Pricing](#) | [Blog](#)

On - demand car service via iPhone & SMS.

- ✓ Book a car on the fly from your phone or the web.
- ✓ Pay from the app: no cash required!
- ✓ Give us your feedback about the driver.

[Join for Free!](#) >

[or Learn More Here](#)

UberCab Beta is currently live in San Francisco.

Learn how it works



What are people saying

-  **sacca**
9:24pm, May 27 (Wed) Twitter for iPhone
I don't always take sedans, but when I do, I use @ubercab. Stay in need of transportation, my friends.
-  **trammell**
9:21pm, May 26 (Tue) Twitter for iPhone
Rolling in an @ubercab w/ @mm @obweychar. Hella-swanky, super-simple black car service on your iPhone. Feeling quite undeservedly better.

twitter

As seen on

TechCrunch



TECH cocktail



“A Minimum Viable Product is that version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort.”

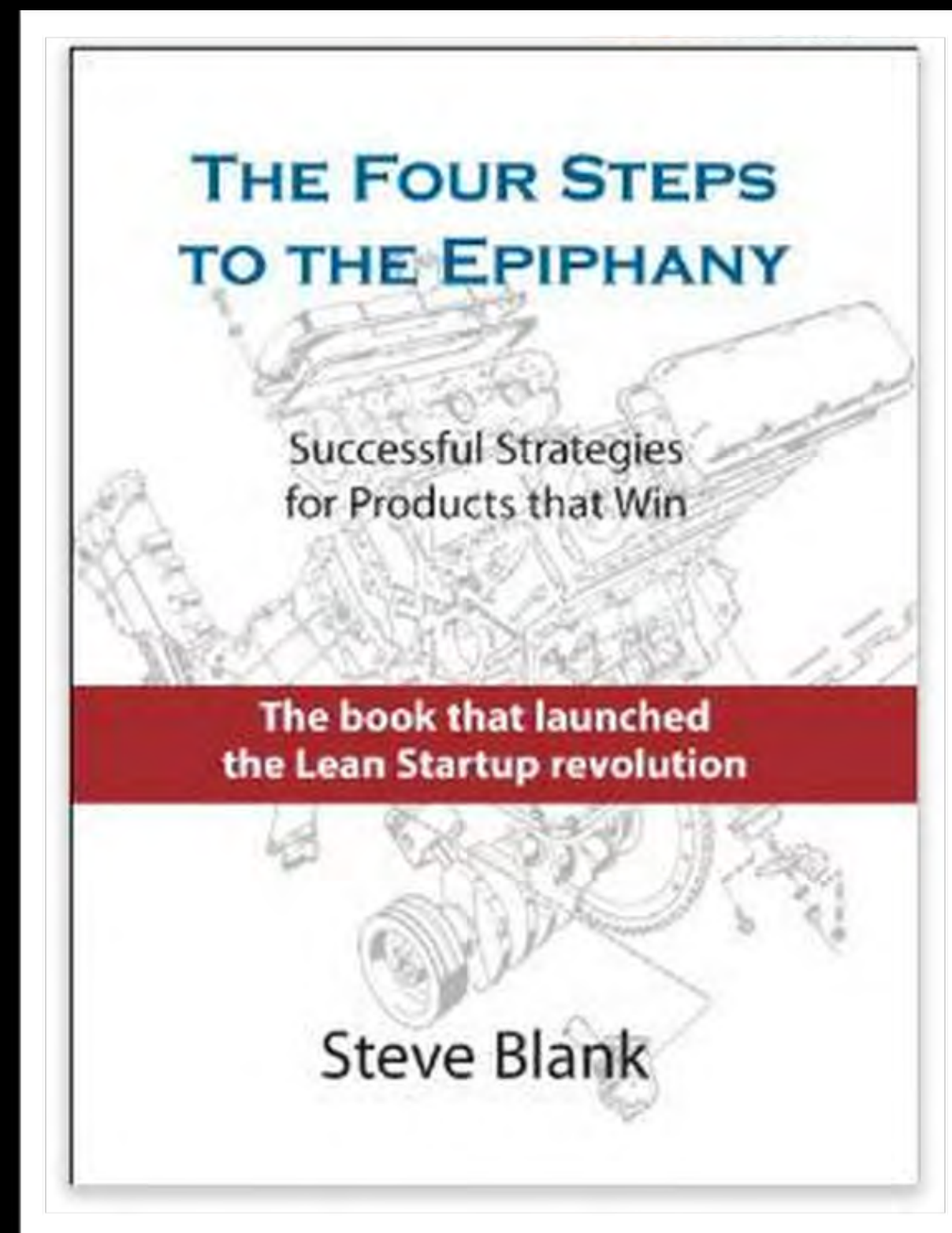
- Eric Ries, in The Lean Startup

Mediocre entrepreneurs build an MVP to show something.

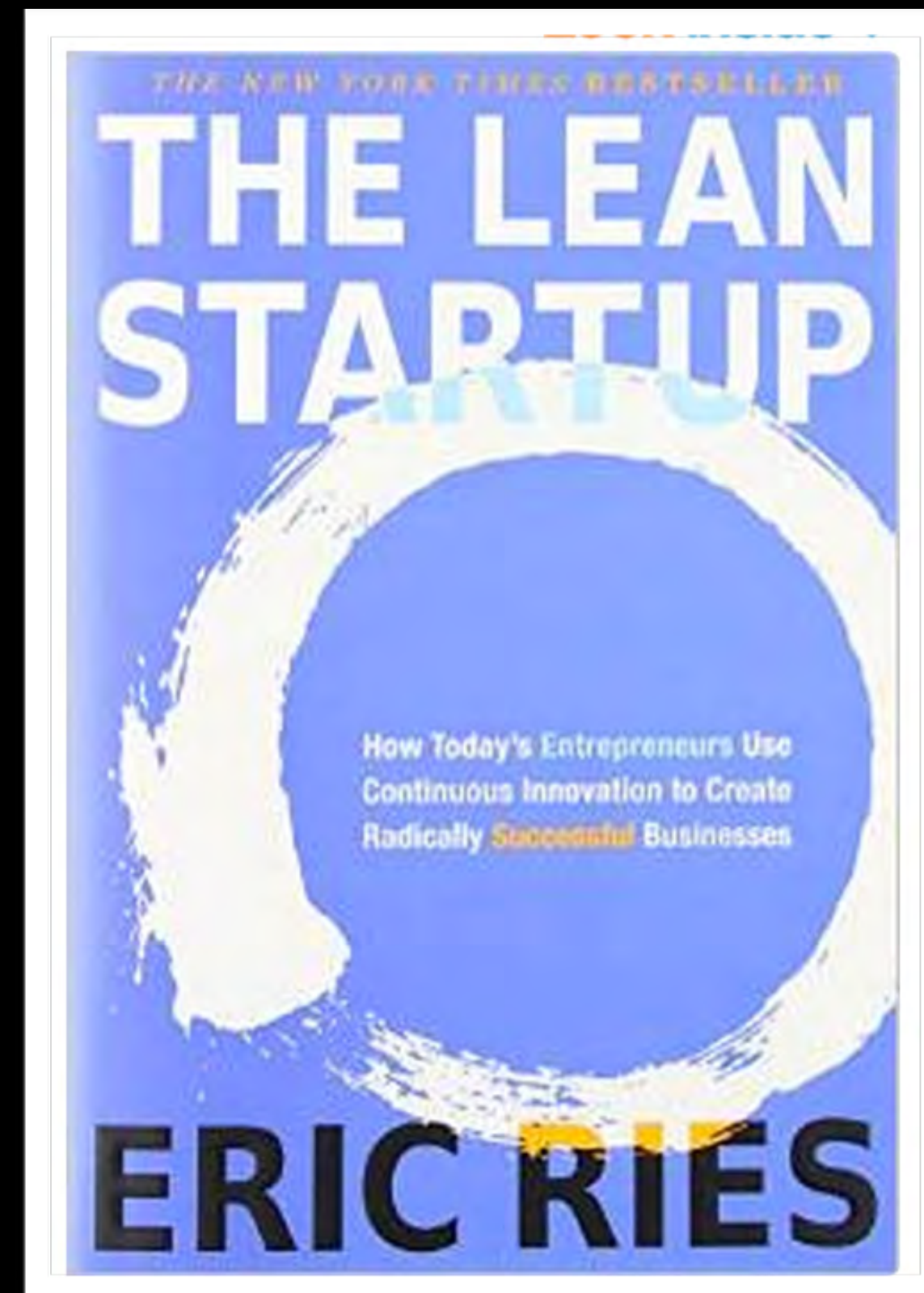
Great entrepreneurs build an MVP to learn something.

-Me

Difficult.



Easier.



Easiest.



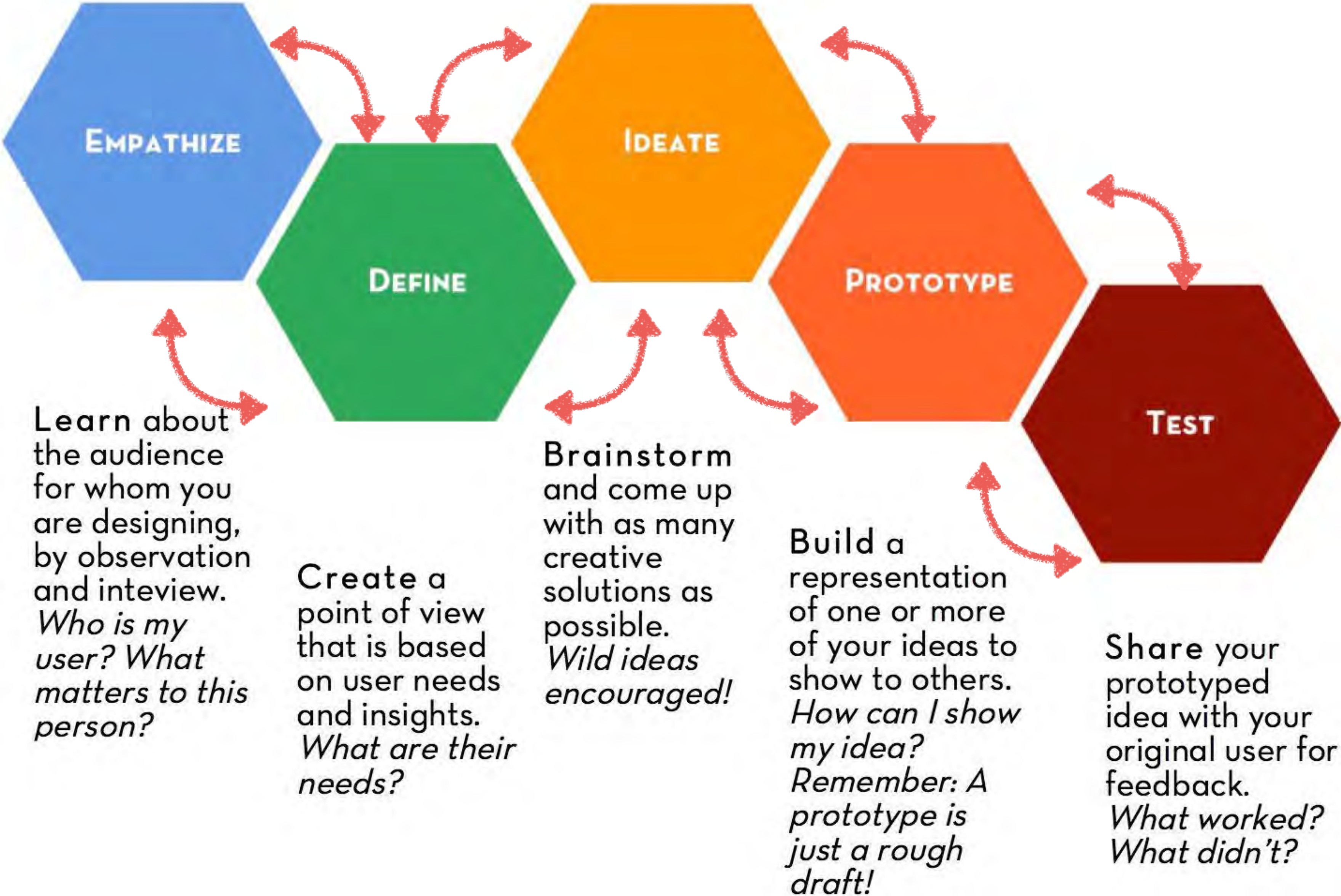
All are on the recommended reading list on the class website.



Design Thinking

Developed at the d.school at Stanford

Design Thinking: An engineering framework for creating products that succeed.



Product Market Fit

Customer Development

Design Thinking

All of these methodologies are versions of the same concept: Make sure your product design and development is informed by actual interactions with real customers.

Don't build what you think is cool. Build what customers value and will pay for.

This is a theme for the whole course.

All of us are sure our startup will be a big success.

But that's an opinion is based on a whole bunch of assumptions, many of which will turn out to be wrong.

Figure out how to test and validate your assumptions.

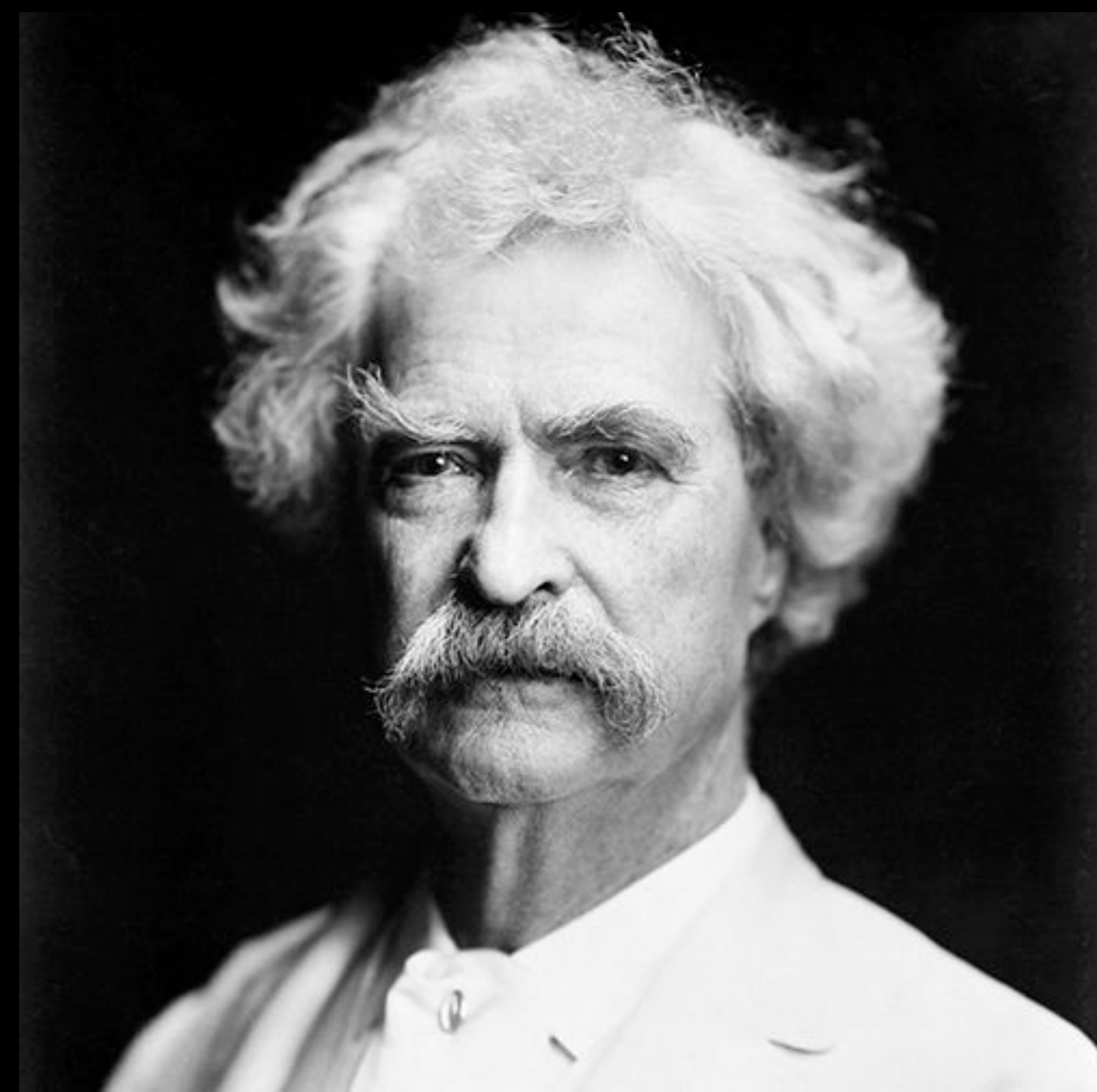
Always be thinking to yourself, “What is the smallest possible experiment I could do right now that would provide me with the greatest possible learning?”

Use the scientific method.

Customer Development, Lean startup, MVP, Design Thinking, Design Sprints are all variations on the same theme: **small experiments are what lead to Product-Market Fit.**

“It ain’t what you don’t know that gets you into trouble. It’s what you know for sure that just ain’t so”.

- Mark Twain

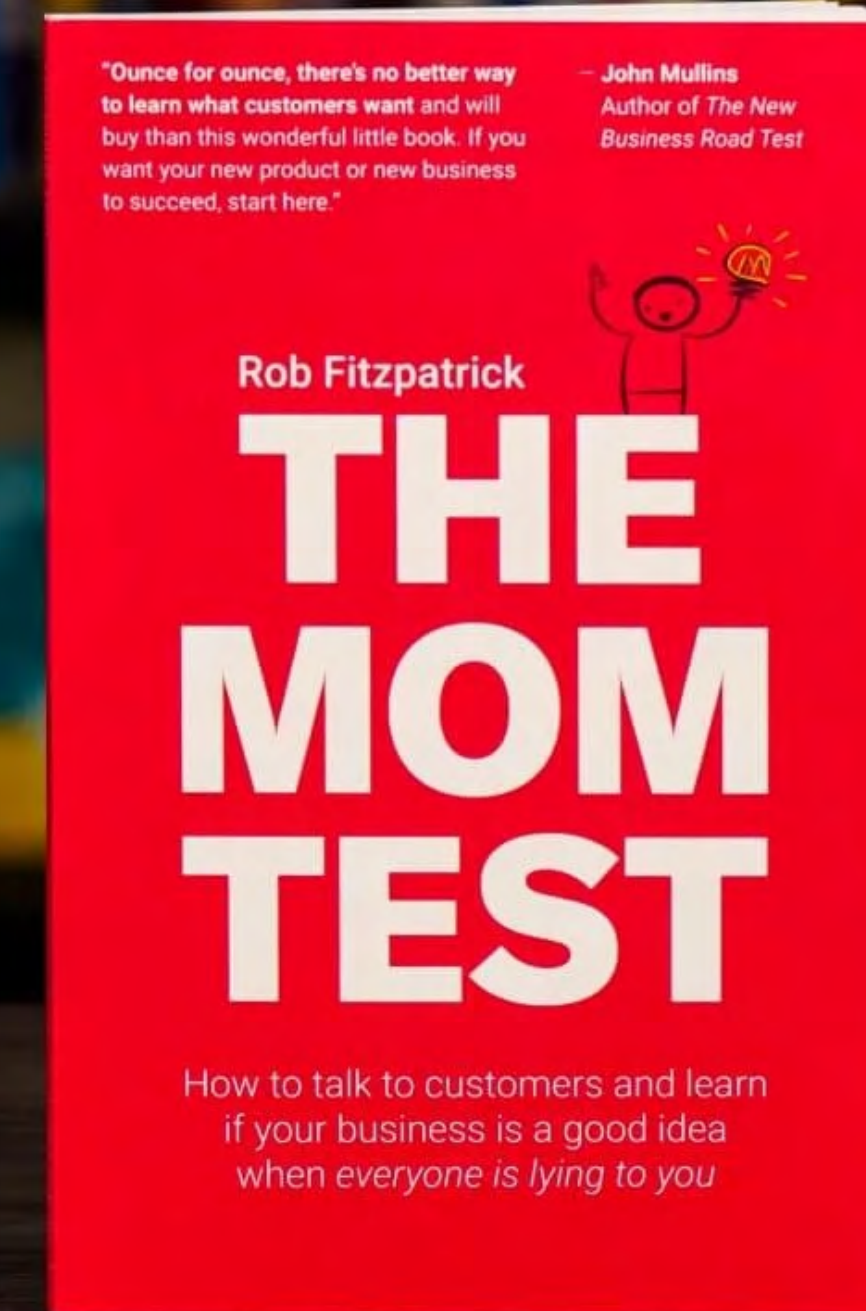


Humans have a tendency to believe that what we think is fact, when it’s just opinion. When we act based on a belief and it turns out to not only be opinion but wrong, this is when things can often go spectacularly wrong.

The Mom Test

How to find out if your business is a good idea, when everyone is lying to you.

Buy this book, and then also read my article on the class website on Customer Development interviews.



Ten Minute Break

Go potty.

April 18, 1906

The Big SF Earthquake: April 18, 1906





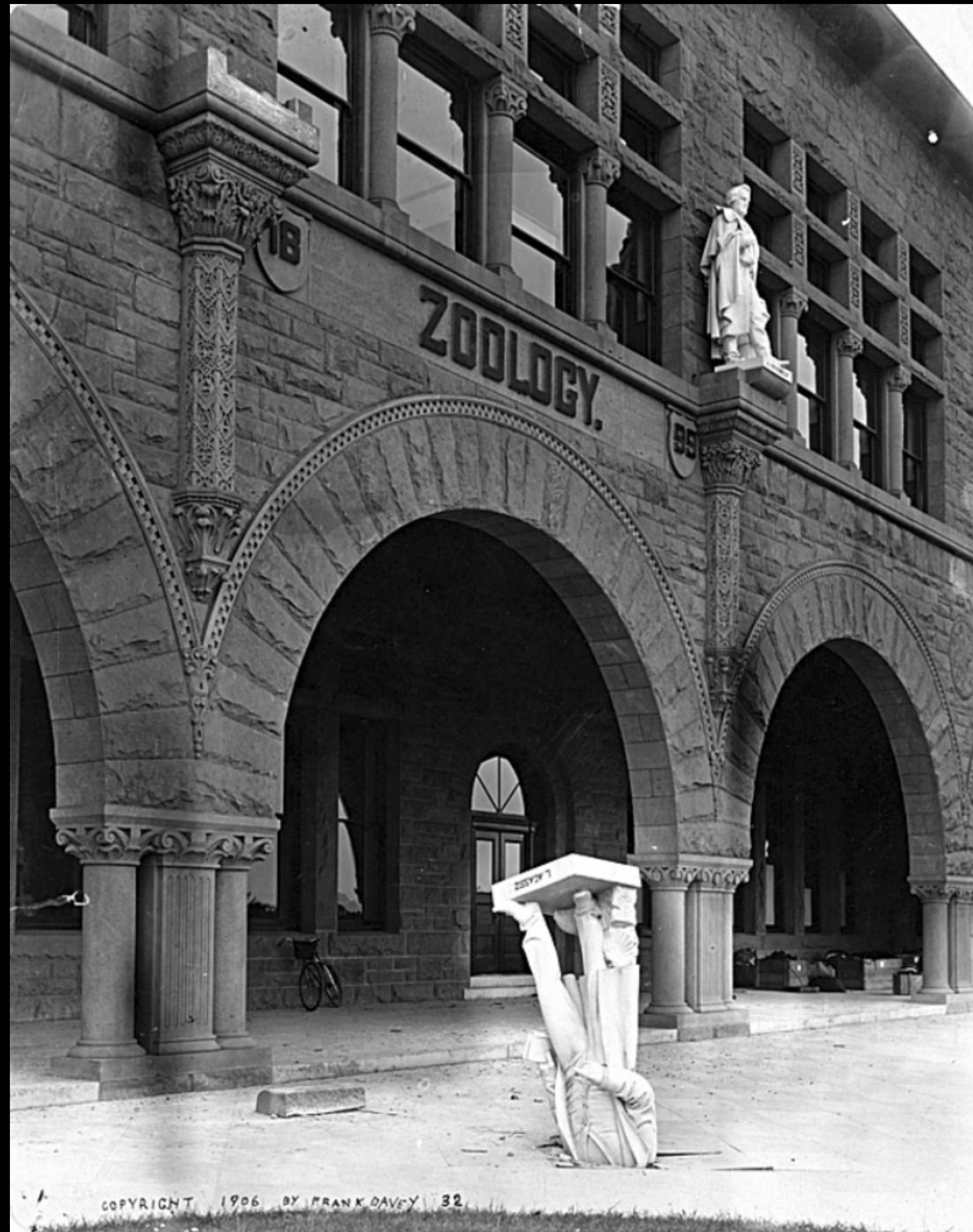
Stanford University, Founded 1891



Stanford University, Founded 1891

The Big SF Earthquake: April 18, 1906











Joshua Villarín 11:58 PM

My favorite food growing up is a Filipino dish called, dinuguan (Dee-new-goo-anh), which is a savory pork stew cooked in pork blood! Looks scary, but is super tasty.

IMG_5797 ▼



BUS-217

Accelerate your startup idea.

This course is about getting from a startup idea to a launched and successful venture, in eight steps.

- Bret Waters Wednesdays, 7:00 – 9:00 PM - 8 weeks - Spring 2026

WEEK BY WEEK

01 Listen to the Waves

Where do great startup ideas come from? What are the factors that tend to drive startup success — or failure?

02 Build Something People Want

What are the key factors for building something people want? What processes can we follow to ensure that?

03 Draw the Landscape

Every venture is operated in a landscape of competition and alternatives. How do we build our own?

QUICK LINKS

[Launch Path Canvas](#)

[Slack Workspace](#)

[Private LinkedIn Group](#)

[Recommended Reading](#)

THIS WEEK'S ASSIGNMENTS

In the #social channel on Slack, post a picture of your favorite childhood food. Bonus points if it's something characteristic of the

Listen to the Waves

THIS WEEK'S READING

"You can't wait for inspiration. You have to go after it with a club."

— JACK LONDON

From my house in the heart of Silicon Valley, I can hop in my car and be on the coast in about a half-hour. I typically do this several times a week and take my dog for a long walk on the beach. The beaches here in Northern California are often foggy and moody, and I do some of my best thinking while walking the coast, throwing a tennis ball for the dog, and watching the steady parade of waves crashing up on the shore.

But where do great startup ideas come from? Do they suddenly spring into your head during a long walk on the beach?

We'll get to that, but first, let's start with a definition of entrepreneurship. The one I like to use comes from Harvard Business School professor Howard Stevenson:

"Entrepreneurship is the pursuit of opportunity without regard to resources currently controlled."

What I love about this definition is that it captures the notion that when a great entrepreneur sees opportunity, he doesn't worry about whether he currently has the necessary resources to go after that opportunity. He may currently have no money, no team, no customers, no distributors, and no

LECTURE SLIDES



Week 1 Slides

PDF - Download



GOING DEEPER



Using AI for Week 1

Finding & testing your idea



VIDEO

Watch this week's lecture ↓

ADDITIONAL READING

Vitamins and Painkillers

Bret Waters | BUS-217

B2B and B2C

Bret Waters | BUS-217

Case Study: Trader Joe's

Bret Waters | BUS-217

Do Things That Don't Scale

Bret Waters | BUS-217

"You can't wait for inspiration. You have to go after it with a club."

— JACK LONDON

From my house in the heart of Silicon Valley, I can hop in my car and be on the coast in about a half-hour. I typically do this several times a week and take my dog for a long walk on the beach. The beaches here in Northern California are often foggy and moody, and I do some of my best thinking while walking the coast, throwing a tennis ball for the dog, and watching the steady parade of waves crashing up on the shore.

But where do great startup ideas come from? Do they suddenly spring into your head during a long walk on the beach?

We'll get to that, but first, let's start with a definition of entrepreneurship. The one I like to use comes from Harvard Business School professor Howard Stevenson:

"Entrepreneurship is the pursuit of opportunity without regard to resources currently controlled."

What I love about this definition is that it captures the notion that when a great entrepreneur sees opportunity, he doesn't worry about whether he currently has the necessary resources to go after that opportunity. He may currently have no money, no team, no customers, no distributors, and no technology. But that doesn't deter him because he believes he can assemble whatever resources he needs. That's what great entrepreneurs do.

That may be why you registered for this course. Perhaps you see an opportunity, and you're ready to put together the right resources in order to pursue it. Over the following few chapters, that's exactly what we'll do. But let's start by dispelling some common startup myths.

It all starts with thinking up an idea – (no, it doesn't).

The mythology is that startup success begins with some brilliant idea that suddenly comes to you like a bolt of lightning that ignites your brain (and then you're a billionaire by Tuesday). If you look at startup history, however, it's actually very difficult to find examples where it was the idea that made a

GOING DEEPER

 **Using AI for Week 1**
Finding & testing your idea

VIDEO

Watch this week's lecture ↓

ADDITIONAL READING

Vitamins and Painkillers

Bret Waters · BUS-217

B2B and B2C

Bret Waters · BUS-217

Case Study: Trader Joe's

Bret Waters · BUS-217

Do Things That Don't Scale

Paul Graham · paulgraham.com

The Top 20 Reasons Startups Fail

CB Insights Research

Why the Lean Startup Changes Everything

Harvard Business Review

MORE SV HISTORY

NeXT

Steve Jobs' 2nd #1

crashing up on the shore.

But where do great startup ideas come from? Do they suddenly spring into your head during a long walk on the beach?

We'll get to that, but first, let's start with a definition of entrepreneurship. The one I like to use comes from Harvard Business School professor Howard Stevenson:

"Entrepreneurship is the pursuit of opportunity without regard to resources currently controlled."

What I love about this definition is that it captures the notion that when a great entrepreneur sees opportunity, he doesn't worry about whether he currently has the necessary resources to go after that opportunity. He may currently have no money, no team, no customers, no distributors, and no technology. But that doesn't deter him because he believes he can assemble whatever resources he needs. That's what great entrepreneurs do.

That may be why you registered for this course. Perhaps you see an opportunity, and you're ready to put together the right resources in order to pursue it. Over the following few chapters, that's exactly what we'll do. But let's start by dispelling some common startup myths.

It all starts with thinking up an idea – (no, it doesn't).

The mythology is that startup success begins with some brilliant idea that suddenly comes to you like a bolt of lightning that ignites your brain (and then you're a billionaire by Tuesday). If you look at startup history, however, it's actually very difficult to find examples where it was the idea that made a startup a success.

Most original startup ideas fail. The Twitter team's original idea was a podcasting app called Odeo. Instagram's original idea was a mobile check-in app called Burbn. YouTube thought their primary use case would be video dating. Slack's original idea was a video game studio.

In all of those examples, the original ideas failed, but the teams still turned the companies into billion-dollar successes. My goal with this course is to make you into one of those teams.

Also, note that Mark Zuckerberg didn't come up with the idea of social networking, Steve Jobs didn't come up with the idea of a personal computer or a smartphone, and Elon Musk didn't come up with

ADDITIONAL READING

Vitamins and Painkillers

Bret Waters | BUS-217

B2B and B2C

Bret Waters | BUS-217

Case Study: Trader Joe's

Bret Waters | BUS-217

Do Things That Don't Scale

Paul Graham | paulgraham.com

The Top 20 Reasons Startups Fail

CB Insights Research

Why the Lean Startup Changes Everything

Harvard Business Review

MORE SV HISTORY

NeXT

Steve Jobs' 2nd #1

General Magic

The iPhone predecessor

The HP Way

SV develops a cult

Listen to the Waves

THIS WEEK'S READING

"You can't wait for inspiration. You have to go after it with a club."

— JACK LONDON

From my house in the heart of Silicon Valley, I can hop in my car and be on the coast in about a half-hour. I typically do this several times a week and take my dog for a long walk on the beach. The beaches here in Northern California are often foggy and moody, and I do some of my best thinking while walking the coast, throwing a tennis ball for the dog, and watching the steady parade of waves crashing up on the shore.

But where do great startup ideas come from? Do they suddenly spring into your head during a long walk on the beach?

We'll get to that, but first, let's start with a definition of entrepreneurship. The one I like to use comes from Harvard Business School professor Howard Stevenson:

"Entrepreneurship is the pursuit of opportunity without regard to resources currently controlled."

What I love about this definition is that it captures the notion that when a great entrepreneur sees

LECTURE SLIDES



Week 1 Slides

PDF - Download



GOING DEEPER



Using AI for Week 1

Finding & testing your idea

VIDEO

Watch this week's lecture ↓

ADDITIONAL READING

Vitamins and Painkillers

Bret Waters | BUS-217

B2B and B2C

Bret Waters | BUS-217

Case Study: Trader Joe's

Bret Waters | BUS-217

Listen to the Waves

THIS WEEK'S READING

"You can't wait for inspiration. You have to go after it with a club."

— JACK LONDON

From my house in the heart of Silicon Valley, I can hop in my car and be on the coast in about a half-hour. I typically do this several times a week and take my dog for a long walk on the beach. The beaches here in Northern California are often foggy and moody, and I do some of my best thinking while walking the coast, throwing a tennis ball for the dog, and watching the steady parade of waves crashing up on the shore.

But where do great startup ideas come from? Do they suddenly spring into your head during a long walk on the beach?

We'll get to that, but first, let's start with a definition of entrepreneurship. The one I like to use comes from Harvard Business School professor Howard Stevenson:

"Entrepreneurship is the pursuit of opportunity without regard to resources currently controlled."

What I love about this definition is that it captures the notion that when a great entrepreneur sees

LECTURE SLIDES

 **Week 1 Slides**
PDF - Download 

GOING DEEPER

 **Using AI for Week 1**
Finding & testing your idea 

VIDEO

Watch this week's lecture ↓

ADDITIONAL READING

Vitamins and Painkillers

Bret Waters | BUS-217

B2B and B2C

Bret Waters | BUS-217

Case Study: Trader Joe's

Bret Waters | BUS-217



The Steve Jobs video we watched in class together



Week 1 lecture



Listen to the Waves

BUS-217 · Syllabus · Week 1

THIS WEEK'S READING

"You can't wait for inspiration. You have to go after it with a club."

— JACK LONDON

From my house in the heart of Silicon Valley, I can hop in my car and be on the coast in about a half-hour. I typically do this several times a week and take my dog for a long walk on the beach. The beaches here in Northern California are often foggy and moody, and I do some of my best thinking while walking the coast, throwing a tennis ball for the dog, and watching the steady parade of waves crashing up on the shore.

But where do great startup ideas come from? Do they suddenly spring into your head during a long walk on the beach?

We'll get to that, but first, let's start with a definition of entrepreneurship. The one I like to use comes from Harvard Business School professor Howard Stevenson:

"Entrepreneurship is the pursuit of opportunity without regard to resources currently controlled."

What I love about this definition is that it captures the notion that when a great entrepreneur sees opportunity, he doesn't worry about whether he currently has the necessary resources to go after that opportunity. He may currently have no money, no team, no customers, no distributors, and no technology. But that doesn't deter him because he believes he can assemble whatever resources he

LECTURE SLIDES



Week 1 Slides

PDF · Download



GOING DEEPER



Using AI for Week 1

Finding & testing your idea



VIDEO

Watch this week's lecture ↓

ADDITIONAL READING

Vitamins and Painkillers

Bret Waters · BUS-217

B2B and B2C

Bret Waters · BUS-217

Case Study: Trader Joe's

Bret Waters · BUS-217

Do Things That Don't Scale

Paul Graham · paulgraham.com

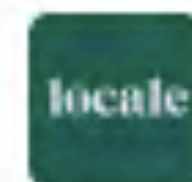


Christopher Clark · 1st

Co-Founder at Locale | Forbes 30 under 30, A16Z and YC backed

San Francisco Bay Area · [Contact info](#)

[500+ connections](#)



Locale



Y Combinator

Chris Clark, Founder & CEO of Locale

Went through YC, raised \$14M from a16z. Will be our guest speaker on May 13.



Every few months we have a BUS-217 alumni meetup in a dive bar somewhere. The next one is May 7. I will send you an invite link, if you are interested in joining.



Next week we'll do rapid prototyping at the CoHo (optional).

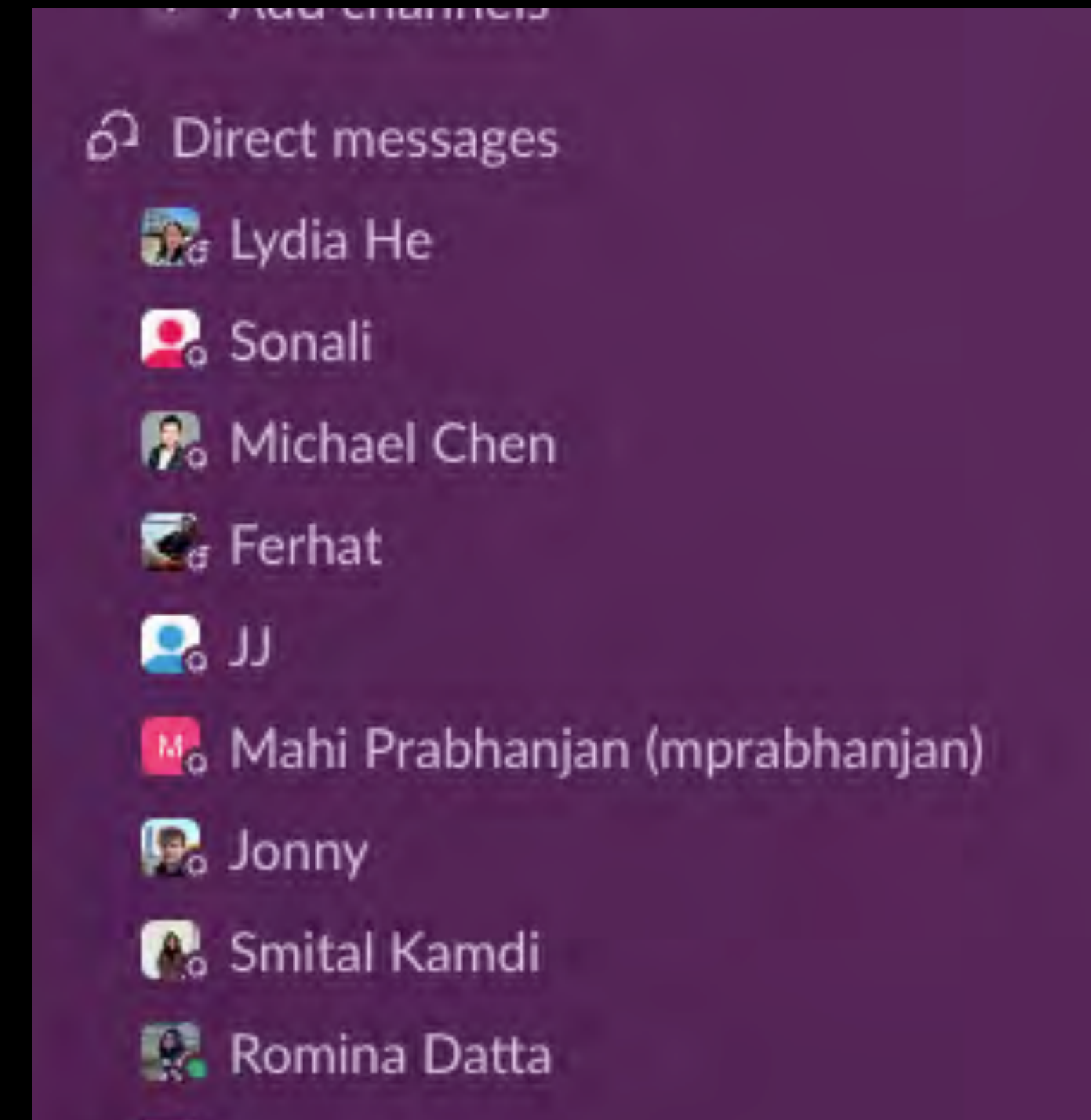
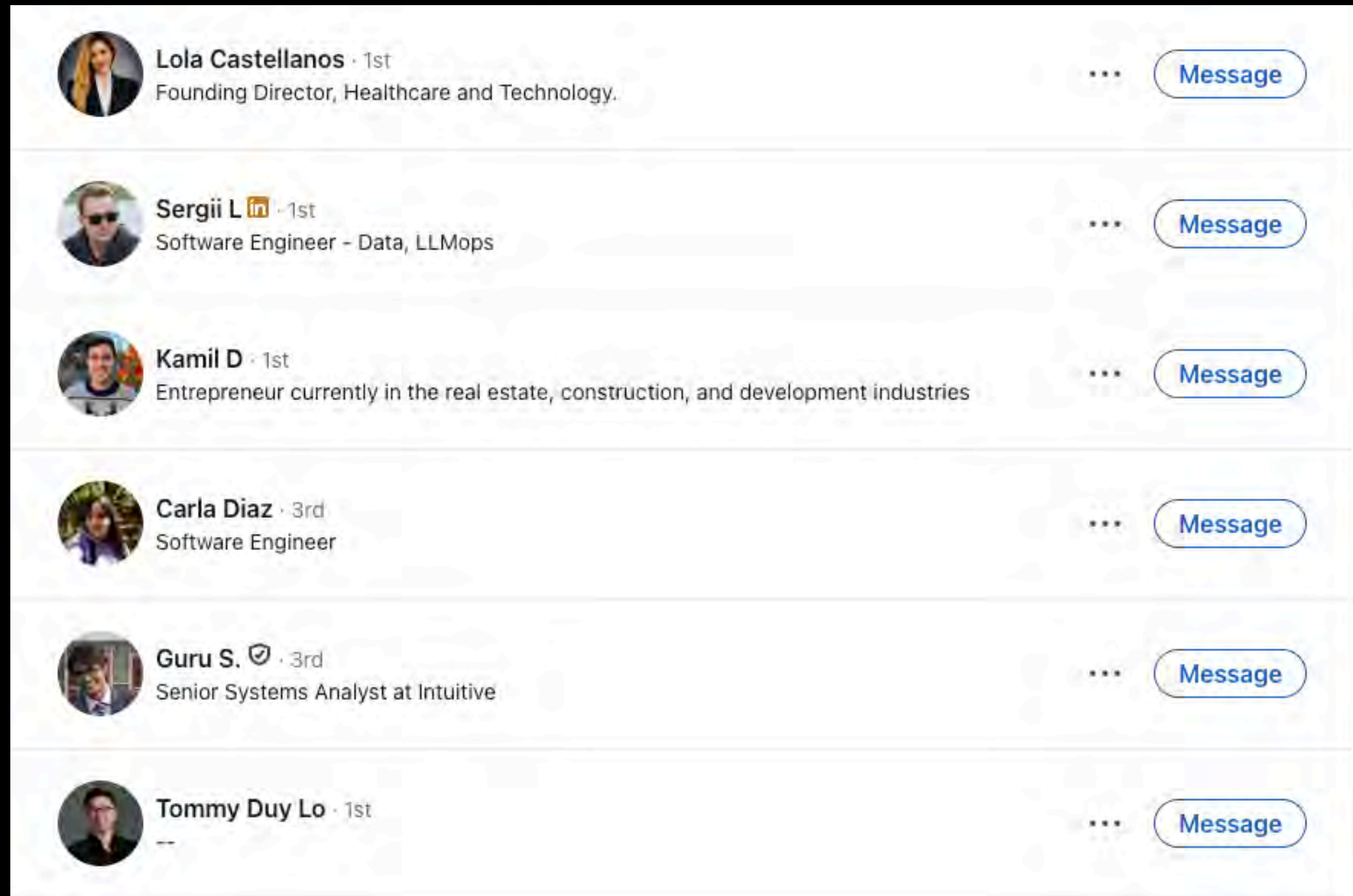
This week in the #social channel:

What non-work-related topic could you give a 10-minute TED talk on?

**Mountain biking? Sourdough baking? Luxury travel?
Football strategy? Parenting? Dog training?**


Bonus assignment:


Ping someone in class and suggest a short call to get to know them.





Problem Statements


Write a problem statement for your startup. Simple and clear — no convoluted marketing blah blah or dense tech acronyms. Just one simple and clear sentence, articulating the problem your startup solves.


 **Ravinder Reddy** 9:54 AM
Millions of people engage in peer-to-peer lending based on trust, yet these transactions remain informal, untracked, and lack the legal backing and transparency needed when it matters most

 **Slava Yulyyev** 7:13 PM
Small home-service businesses lose high-intent customers because they do not have the time or budget to stay visible in the places people now search for local services.


 **Nadi** 12:55 PM
Home buyers and sellers rely on agents for access and coordination, paying tens or thousands in commissions for tasks that remain manual, fragmented, and poorly optimized.



 **Guru** 7:15 PM
Assembly line workers still perform repetitive tasks manually, despite the existence of viable automation technology.


 **Deena Kumar** 11:35 AM
Over 1 billion people globally suffer from Obstructive Sleep Apnea and up to 50% of patients abandon CPAP therapy due to uncomfortable, ill fitting masks that cause leaks, irritation and poor sleep.


 **Isa Ortunho** 8:50 AM
Brands are being judged and recommended by AI, but they have no visibility or control over what these systems say about them.


Write a problem statement for your startup. Simple and clear — no convoluted marketing blah blah or dense tech acronyms. Just one simple and clear sentence, articulating the problem your startup solves.


 **Mayur Basu** 11:22 AM
A significant segment of EV owners lacks access to residential charging, leading to inconvenience, higher costs, and reliance on constrained public infrastructure. Simultaneously, homeowners with solar-equipped residential chargers export surplus energy to the grid at negligible wholesale prices while their chargers remain underutilized for most of the week. This creates a missed opportunity to connect unmet charging demand with idle, clean energy assets for mutual economic and environmental benefit.


  3 replies Last reply 1 day ago



 **Mahi Prabhanjan (mprabhanjan)** 9:45 PM
Each academic year, parents of school kids spend hours and hours in searching the information they need, spread across a myriad of sources, to fulfill their everyday parental duties; and yet struggle to find it at the right moment when they are desperately searching! There's **no \$\$\$ value** you can assign to a missed Soccer game because you looked at the wrong WhatsApp group for the venue while starting from office; or when you arrive late at the theater for a school Drama competition your kid is partaking because your calendar did not get updated with the changed schedule on the school website that day morning!!

 1 reply 5 days ago

 **Aiva** 3:11 PM
We are building a smart, everyday health solution that combines wearable comfort with AI-powered monitoring to detect and prevent spine-related conditions.

  3 replies Last reply 1 day ago

 **Janhavi Giri** 10:53 PM
The AI era requires semiconductor fabrication facilities to operate with absolute continuity. Yet today's systems are static and fragmented. They can learn from data, but that learning isn't continuously fed back into operations, leading to persistent yield loss and multimillion-dollar inefficiencies. Without a shift to autonomous, lights-out operations, the industry cannot meet global demand profitably.

  3 replies Last reply 11 hours ago



Paul Graham 

@paulg



When you describe what your startup does, describe it in the most matter of fact way possible. Professional investors hate having to decode marketing-speak. Describing your startup in grandiose terms is the mark of a noob.

9:01 PM · Jul 29, 2022 · Twitter Web App

Sometimes your problem statement might be that there's nothing like what you're doing on the market today.



Ilona Song 10:00 PM

The fashion industry personalizes taste. Nobody has built a system that designs from identity.



Airason 9:51 AM

The Croc got hacked. Crocs bought the startup that did it for \$10M. That snap-on accessories line now makes \$250M a year on a \$3B platform. Now imagine that on the \$90B sneaker market. We hacked the sneaker. We have the patent. *(edited)*



Aadita Thareja 11:43 PM

Kids and families need a safe digital forum to connect, share, and act on purpose-driven, sustainable activities, but many platforms are not designed for it.

Be careful, because that's a bit like saying that the problem you solve is that "There are no frog-flavored cookies on the market today!"

Your hypothesis then is that there is an "unmet need". Now you need to find a way to test and validate that it is indeed an unmet need in the market.

Why did we start with problem statement?

Where innovative solutions begin.

Problem statement: Americans spend a fortune on the convenience of fast food, despite the fact that an unhealthy diet now causes more premature deaths every year than cigarette smoking.

How might we solve this problem:


1. -

2. -

3. -

4. -

5. -

 Pinned by you



Bret 7:17 AM

Americans spend a fortune on the convenience of fast food, despite the fact that an unhealthy diet now causes more premature deaths every year than cigarette smoking does. (edited)

Pinned by you



Bret 7:17 AM

Americans spend a fortune on the convenience of fast food, despite the fact that an unhealthy diet now causes more premature deaths every year than cigarette smoking does. (edited)

There are so many ways to make tacos healthy:

- Veggie fillings.
- Gluten-free tortillas.
- Grilled tofu.
- Low-fat cheese.
- Vegan salsa.
- Heart-healthy fillings.



“Tacos are the most popular and versatile food in the world.”

- Anthony Bourdain.

So my awesome new startup is named **TacoBox**.

A subscription that is healthy of you and your family.

Each month we ship you a complete kit for making a big delicious taco dinner for your friends and family.

All fresh, healthy ingredients, featuring a different region of Mexico each month.



Problem Statement:

Americans spend a fortune on the convenience of fast food, despite the fact that an unhealthy diet now causes more premature deaths every year than cigarette smoking.

Solution Statement:

A subscription service that every month ships you everything you need to make a big, easy to prepare, healthy meal for you and your family.

Assignment this week:

In the **#path_to_PMF** channel, post the following:

- Your problem statement from last week.
- Your solution statement.
- Your path to PMF.



Bret 4:49 PM

Problem statement: Americans spend a fortune on the convenience of fast food, despite the fact that an unhealthy diet now causes more premature deaths every year than cigarette smoking does.

Solution statement: A subscription service that every month ships you everything you need to make a big, easy to prepare, healthy meal for you and your family.

Path to PMF: We will start by giving our neighbors a sample TacoBox and getting their feedback. Then we'll get a booth at a farmer's market and sell TacoBoxes, asking people to send us their input and ideas. Finally, we'll start running a landing page with a small ad campaign, in order to test demand, pricing, conversion costs, etc. Once we have served 100 customers for a few months, we'll start to scale things up.

AI



A startup is in a race to get to PMF before the money runs out.



UNICORN STARTUP MARATHON

So how can AI help you win that race?

Here are ten very simple ways you can use AI chat to accelerate the standard PMF methodology.

1. Identify the right problem to solve.

Use web scraping so comment threads from groups into a flat file

gossip" Basically it's possible to be able to express yourself fluently with perfect grammar and appropriate vocabulary but still have thousands of words, expressions, idioms, phrases, etc that natives use daily which you might be completely oblivious to So, I guess we need to get rid of this expectation that one

2K 250 1 Share

u/Cmeesh11 N | A2 · 22 hr. ago

How do you increase your comprehension speed?

When I listen to CI, I find that very often I hear sentences where I know all of the vocabulary, but it goes over my head. After reading the subtitle, I also find that I understand the grammar structure too, but it takes

Prompt: Here is a giant discussion group thread + pain points people are

Perplexity

What do you want to analyze?

The screenshot shows the Perplexity AI search interface. The search query is "learning a new language". Below the search bar, there are several filters: a plus sign, "Social", "Learn step by step", "Model", and a search button. Below the search bar, there are several options: "Upload files or images", "Connectors and sources", "Deep research New", "Create files and apps", "Learn step by step", and "Model council Max". On the right side, there is a list of connectors with checkboxes: "Web", "Social", "Gmail with Calendar", "Academic", and "Outlook". The "Social" connector is checked, and a "Discussions and opinions" button is visible next to it.

discussing.

2. Test and validate every assumption.

Every founder begins with assumptions they are absolutely sure are true. Most will turn out to be wrong.

Prompt: Here is the Launch Path Canvas for my startup. List all the assumptions on it and suggest ways I can test and validate those assumptions.



3. What alternatives am I competing with?

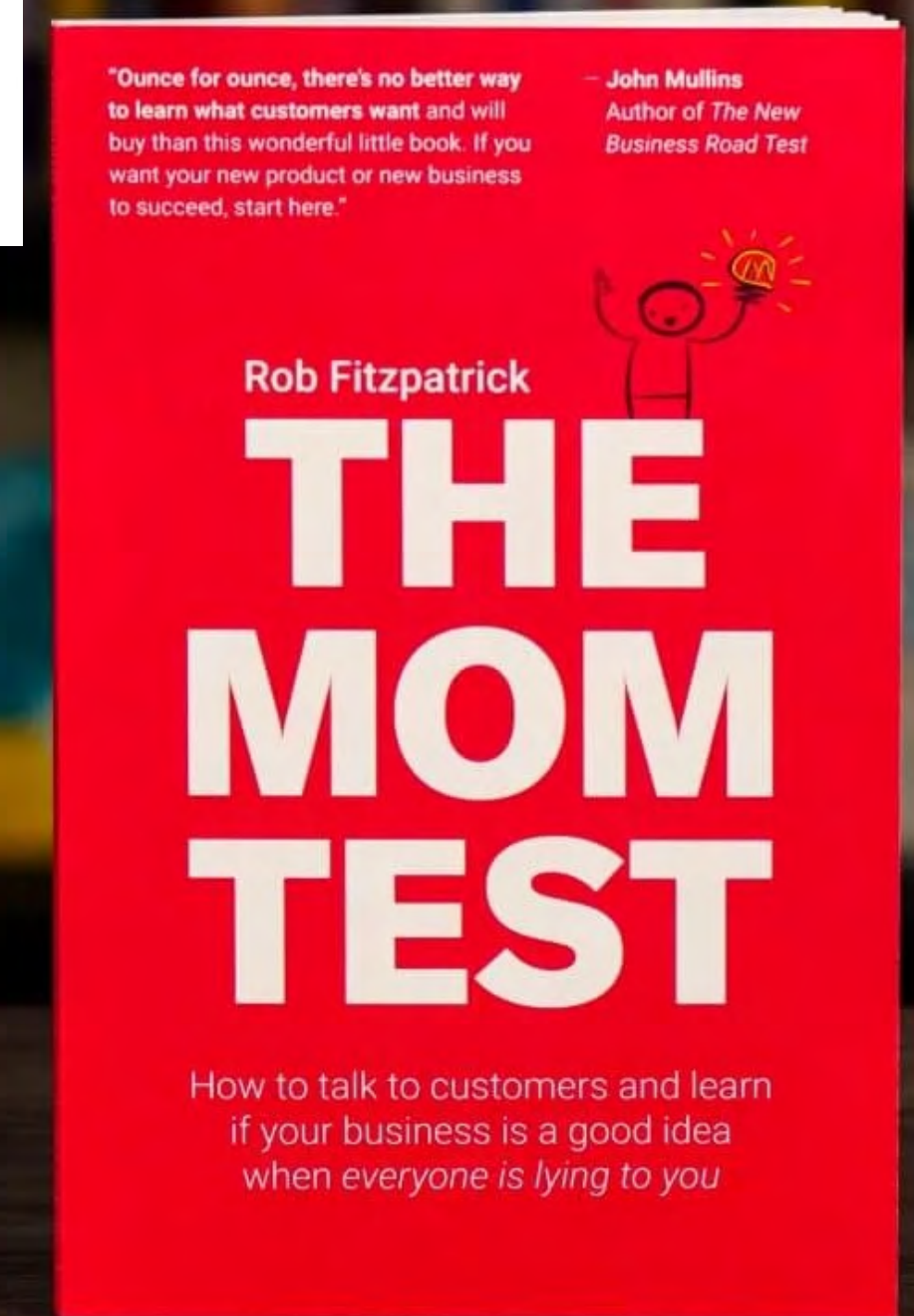
Every startup operates within a landscape of competitors and alternatives.

Prompt: Our app helps users to plan every day more efficiently. What are all the alternative ways this problem can be solved?



4. Design customer interviews right.

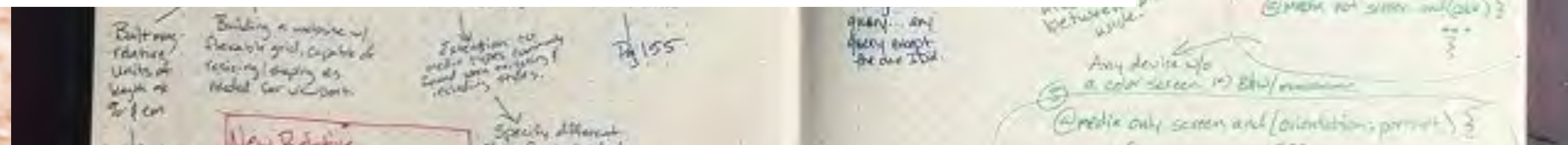
Prompt: “We’re targeting [persona]. Our hypothesis is that they struggle with [problem]. Design a 15-minute interview guide that avoids pitching and maximizes signal”



5. Extract insights from messy qualitative feedback.



Prompt: Here are my notes from 100 customer interviews. Find the patterns and actionable insights.



6. Suppress your confirmation bias.

Don't fall victim to this founder enemy.

Prompt: Based on the customer feedback collected, how should I prioritize features to be developed?



7. Open up the solution set.

Maslow famously observed: “If the only tool you have is a hammer, everything tends to look like a nail.”

Prompt: Here’s a problem I’ve observed. Give me five fundamentally different ways this problem could be solved.



8. Find and define your ICP.

You think you know
who your Ideal
Customer Profile is.
But are you right?

Prompt: Here is all my HubSpot data, plus all of the analytics from our Meta campaigns. From this engagement data, what is my Ideal Customer Profile?

9. Identify Customer Triggers.

What makes someone suddenly looking for what your startup does?

Prompt: Our startup offers healthy dinners, tailored for your particular dietary or medical needs. What are the customer triggers likely to be?



10. Do Red Team Analysis.

Understanding how competitors sell against you can give you deep insights into PMF.

Prompt: Here are the websites and slide decks from my top three competitors, plus mine. How would they sell against me?



A woman in a blue tank top and black shorts is running on a rocky, dirt trail in a forest. The trail is filled with large, light-colored rocks and is surrounded by green foliage and trees. The scene is captured from a low angle, looking down the trail towards the runner.

You are in a race to get to PMF.

Think of AI as a thought partner that accelerates your learning loops—not a replacement for the hard work of talking to customers and testing in the market.

PRODUCT MARKET FIT

\$1,263

REMAINING

207

CO1003

If you do it right, you'll win the race to PMF.



Allison Gopnik

**Professor of Psychology
UC Berkeley**



Allison Gopnik
Professor of Psychology
UC Berkeley

Humans have an unusually long childhood. Human children aren't self-sufficient for around fifteen years after birth – much longer than any other species.

As a result, our brain wiring is optimized for learning until our mid-teens, then the brain wiring switches to become optimized for the execution of what has been learned.



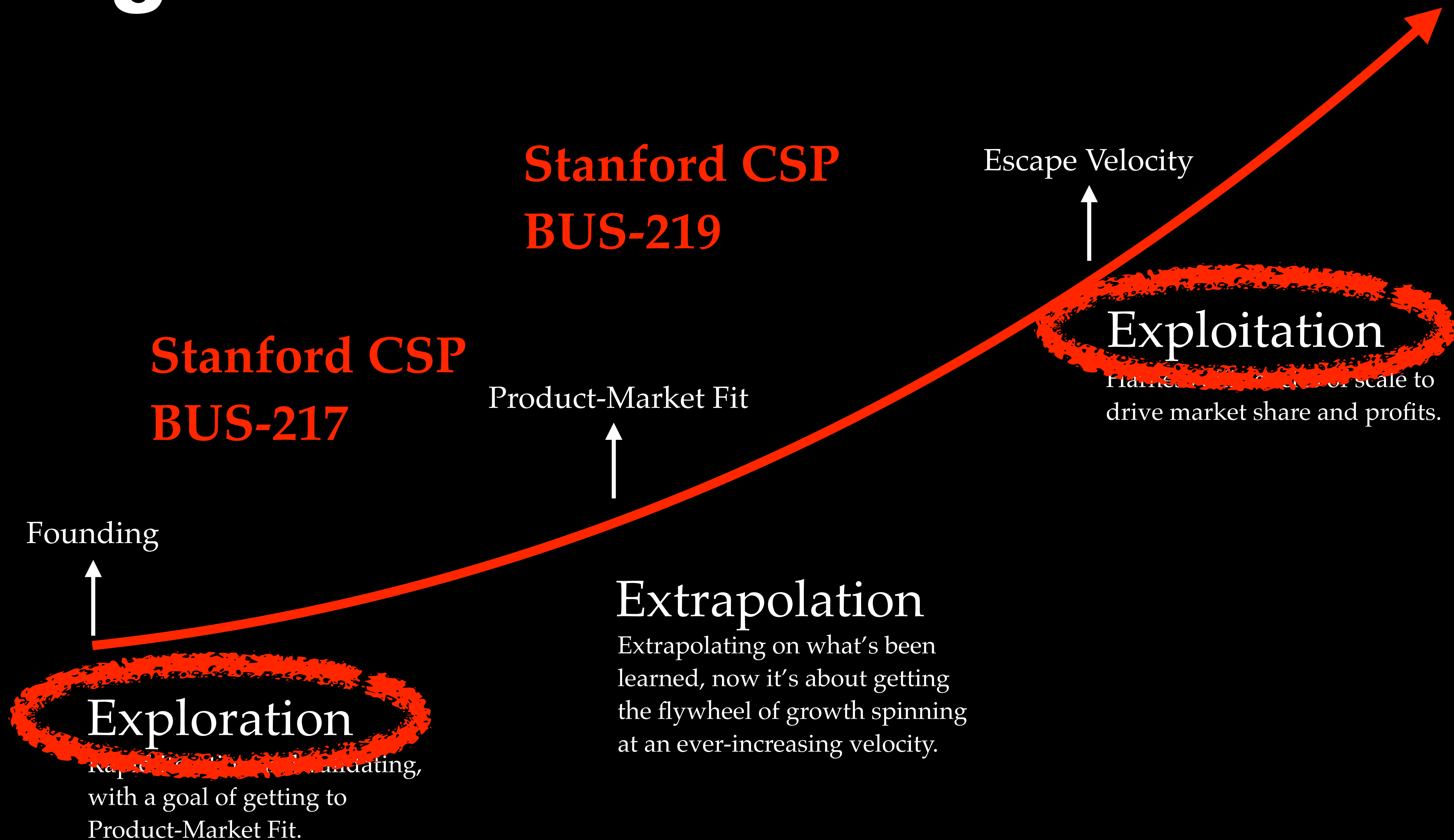
Allison Gopnik
Professor of Psychology
UC Berkeley

To support the hyper-learning mode of a four-year-old, for example, the body routes sixty percent of its calorie intake to the brain, whereas in an adult only about twenty percent of calories are routed there.

In Gopnik's words, human childhood brains are optimized for "exploring," and then as adults our brain wiring changes to optimization for "exploiting"



Stages of a venture.



In Gopnik's words, human childhood brains are optimized for "exploring," and then as adults our brain wiring changes to optimization for "exploiting"



And so it is for startups. As a startup CEO, you need to be optimized for learning.

Always be thinking of the smallest possible experiment you could do that would provide the greatest possible learning.

$\langle 1/2 \rangle$