

STARTUPS

A Method to
the Madness

A Guide to Successful
Entrepreneurship

BY
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I N T R O D U C T I O N

We are in the midst of massive change. Post-Modern life and our economy are being reinvented. There is no longer such a thing as a stable career or job security. Industries are being eaten by software and devoured by robots. Companies are disrupted out of existence.

Think Kodak. They dominated the film industry creating and developing it. Then cameras dematerialized into smart phones and film become obsolete. Overnight. All the jobs associated with that industry evaporated.

The age of corporate paternalism, where we can rely on a company to employ us and take care of us for an entire career, is past. We must adapt or be marginalized.

The flip side of this radically changing world and workplace is opportunity. There are no longer gatekeepers and barriers to entry in many traditional businesses and industries. And there are new industries being invented and rapidly developed. Legacy experts no longer dominate fields. Access to markets is widespread.

Entrepreneurial strategies and tactics are being used to adapt to and navigate an economic landscape that is being transformed by Robotics, Artificial Intelligence, Automation, Machines, and Algorithms.

In order to thrive in this new world we need to develop entrepreneurial thinking and skill sets. First we need to orient ourselves in the new thinking. Read through this book and you will gain an understanding of the Strategies and skill sets being deployed to harness new technologies and exploit opportunities.

Level up your business skills. Please leave any comments! Email me at john.cousins@mba-asap.com If you find this content useful, share it! Tell people on social media. Lets help create a million, no a billion, new entrepreneurs!



MBA ASAP

Level Up



001



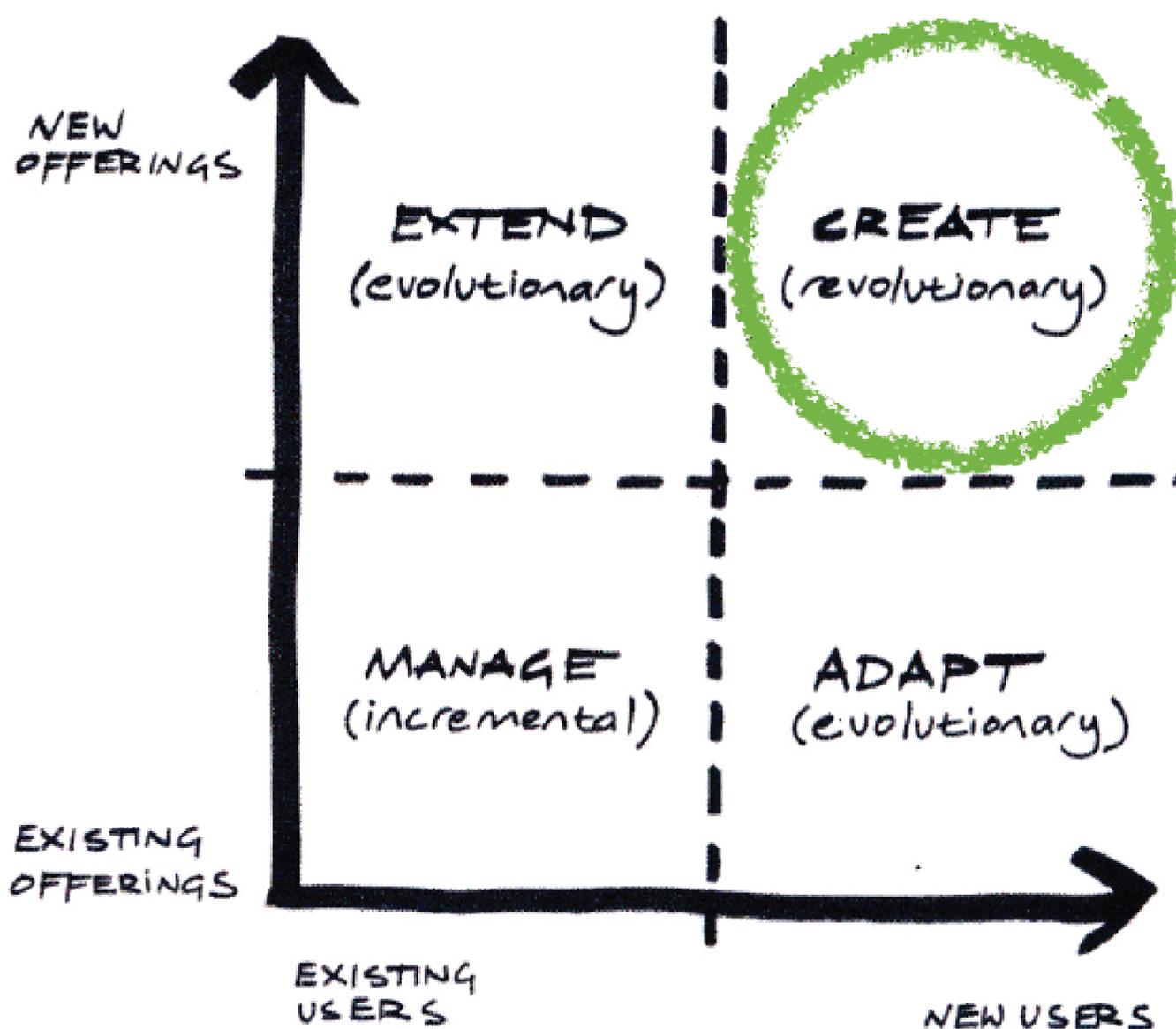
E N T R E P R E N U E R I A L
T H I N K I N G

001

Entrepreneurial thinking is about taking ideas and making them into products or services that meet the needs and wants of customers. Lets call the product/service mix P/S for short. The incubation of ideas into the development concrete P/S is performed in a startup.

The key criterion of the P/S is that it meets some need or want of a group of potential customers. The pool of potential customers is referred to as the market. The function of a startup is the search for **product/market fit**.

A startup is not a mini version of an existing enterprise. Startup is a temporary organization in search of a repeatable, sustainable, scalable Business Model. The goal of a startup is to evolve itself out of existence and into becoming a company. A startup is a caterpillar and the resulting company is the butterfly.





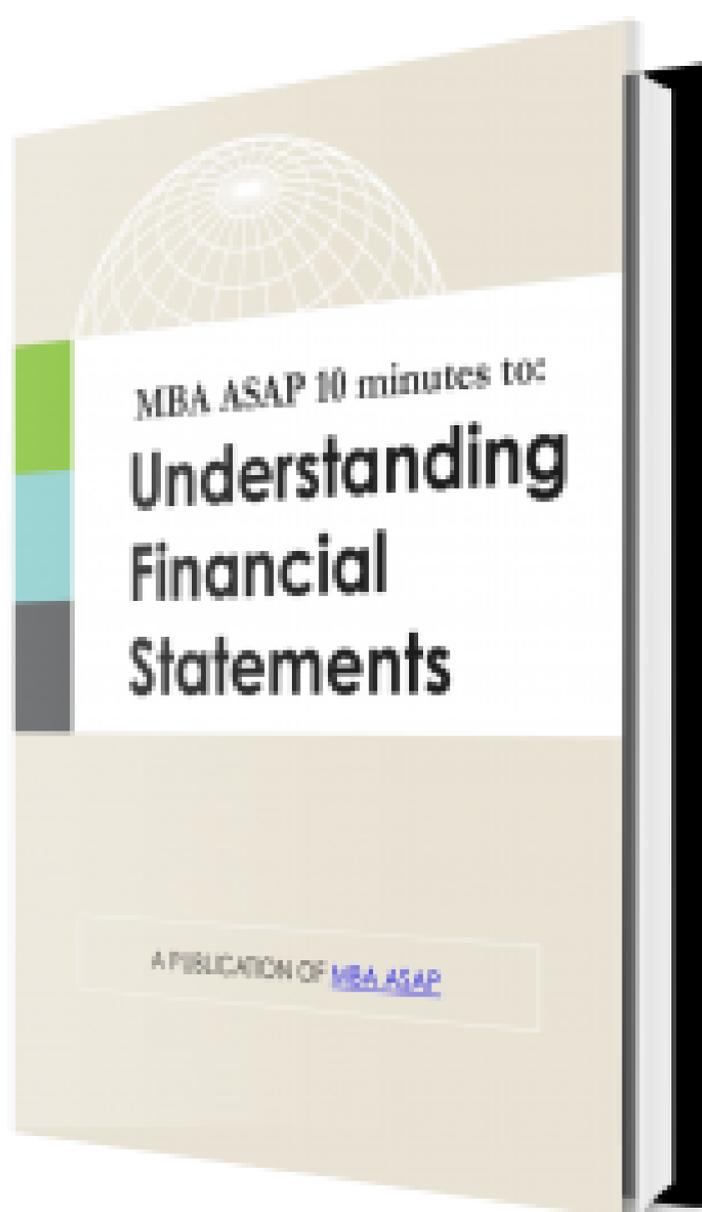
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*There is nothing in a
caterpillar that tells
you it's going to be a
butterfly.*

Buckminster Fuller

MBA ASAP

To be an entrepreneur it helps to be comfortable with the numbers. You need to have a grasp of accounting information and an understanding of financial statements. If you need a primer on the subject check out **MBA ASAP 10 Minutes to Understanding Financial Statements**. It will get you up to speed on this critical business skill quickly.



Ex Nihilo

Entrepreneurs are in the business of
creating something out of nothing.



Ex nihilo is a Latin phrase meaning "out of nothing". It often appears in conjunction with the concept of creation, as in creatio ex nihilo, meaning "creation out of nothing"

That is what entrepreneurship and startups deal with: creating something out of nothing. We are looking to create something that fits a need, something of value. We do it for a profit so that the process is scalable, meaning it can grow.

Peter Thiel, the co-founder of PayPal and the first outside investor in Facebook, wrote a book about entrepreneurship called Zero to One based on this premise of going from nothing to something; that the act of creation is singular and incredibly worthwhile.

Entrepreneurs help nudge innovation forward, accelerate the most disruptive technologies, or shape a simpler or better way to do something; all in the service of solving problems



"Entrepreneurship is the pursuit of opportunity beyond the resources you currently control."

Howard Stevenson

Professor Harvard Business School

002

B U S I N E S S
M O D E L
C A N V A S

002

The Business Model Canvas (BMC) is the easiest and quickest way to think about and grasp the major parts of any business. The BMC is a template used to organize our thinking around developing business models.

A Business Model is how a company creates value for itself by delivering products and services to customers for revenue and profit.

The Business Model Canvas is a visual chart with elements describing a firm's offering, customers, infrastructure and finances. It is comprised of nine interrelated elements:

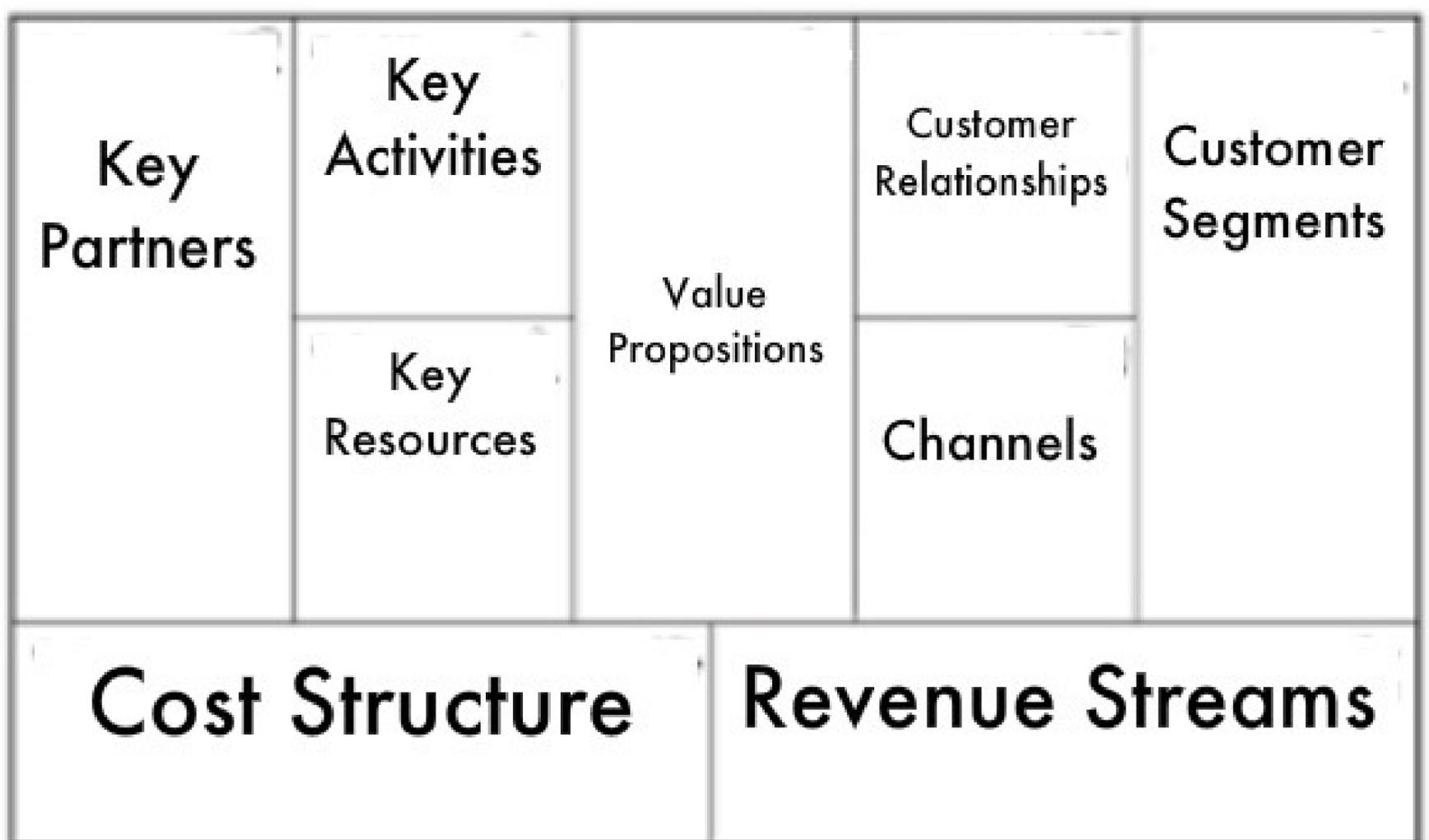
- Offering
 - Value Proposition
- Customers
 - Customer Segments
 - Channels
 - Customer Relationships
- Infrastructure
 - Key Resources
 - Key Activities
 - Partner Network
- Finances
 - Cost Structure
 - Revenue Streams

Thinking about an enterprise, whether it is one you want to start or an existing one, can get complicated. We need a tool that can overlay any business situation and ask the basic questions about how it is structured, what is being offered and to whom. This tool is the Business Model Canvas. It helps us keep the whole picture of the business enterprise in our mind so we can evaluate it, test it, and make productive changes.

The Business Model Canvas is where we capture our best guesses about the key business elements and turn them into facts by testing them against potential customers in our search for a viable Business Model. We will look at this testing and searching process in the next section Lean Startup Methodology.

Business Model Canvas

A visual chart with elements describing a firm or product's value proposition, infrastructure, customers, and finances



003



L E A N
S T A R T U P
M E T H O D

003

The Lean Startup Methodology is a way to bring analytical rigor and a systematic process to understanding and refining a new venture or growing enterprise and making it successful. Lean Startup reduces the risk of failure and ups the odds of success. Lean startup has become incredibly popular because of how effective it is. It was developed and promulgated by Steve Blank and Eric Ries.

The Lean Startup Methodology applies the Scientific Method to venture development. It starts with a set of hypothesis (guesses) about the various elements of the business model, tests them against customer expectations, and revises and refines them based on the feedback.

There are three basic components of Lean Startup methodology:

- Business Model Design
- Customer Discovery
- Agile Development

Lean Startup is an iterative process searching for a Business Model that is stable, reproducible and sustainable. The goal is to develop a Business Model that works over and over, each and every day and that is scalable. This means that there is a profit or net income relative to sales. If you put one dollar in, you get two out. This is the mechanism and model that allows a business to thrive and grow.

An element of lean startup is the notion of the pivot. If the data invalidates your hypothesis, you keep some elements fixed and change other elements. But how do you know what to pivot to? The guiding principle is deeper customer understanding. The empathy you gain helps you identify possible pivots.

The goal is to get to know the customer well. You can use online tools to get the maximum learning ASAP. One way is to build a web page to see if people will click on it. Another way is to place keyword ads around your core feature or value proposition. An entrepreneur repeats processes like these again and again. Doing it cheaply allows you to do more iterations, learning more and optimizing your business model.

By keeping the development costs low and lean and focusing on learning from customers we can course correct, iterate, pivot, or persevere in search of the holy grail of Product/Market Fit and a viable, scalable Business Model. When you have achieved this goal, then you are ready to write a business plan, negotiate funding, and build a company!



C O N C L U S I O N

A startup venture is a series of hypotheses about who's a customer, what makes your product or service attractive to these customers, and so on. The Business Model Canvas and the Lean Startup Methodology provide a rigorous framework that you use to prove or disprove as many of these hypotheses as possible at as low a cost as possible. This method helps bring objectivity to the process so you don't delude yourself into thinking that the feedback is all necessarily positive.

These approaches complement each other and can be used to converge on insanely great products and services that meet customer needs and wants. Congratulations, you are on your way to reducing risk and upping your chances of creating a very promising Startup!

A Deeper Dive

Thank you for reading!

Dear Reader,

Thank you so much for reading *MBA ASAP Guide to Understanding Entrepreneurship and Startups* and for spending the time and effort with me.

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In deep gratitude,

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