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INTRODUCTION

What you'll learn in KICSTART Your Business

Introduction

If you are an entrepreneur (and if you're reading this book, you're likely well on your way), you probably believe that the most important part of starting a new business is creating a great product or service that will change the world. Unfortunately, that's not the case.

Just because you have a great, original idea does not mean you will make money from it.

First, you need see if there are people who want to buy your product or service. Then, you need to find the best way to deliver it to them. To do this, you create a special organization called a startup and use it to test the potential of your idea.

All of this is to find a **business model** that

will deliver your product to your customers over and over—and make money for your organization.

As an entrepreneur, your goal is to build a successful, profitable company—not a startup. A startup is what you build on the way to creating a successful business.

The journey from idea to company is long and does not usually follow a straight path. However, it can be very rewarding, if you travel it with the right tools—that's how this workbook will help you.

What's in this book?

In the first section, **Planning Your Business**, you will learn how to find your customers, how to create a **value proposition** (a product that customers want) and how to build a **business model** around it. You will also learn how to use your startup to test your business model



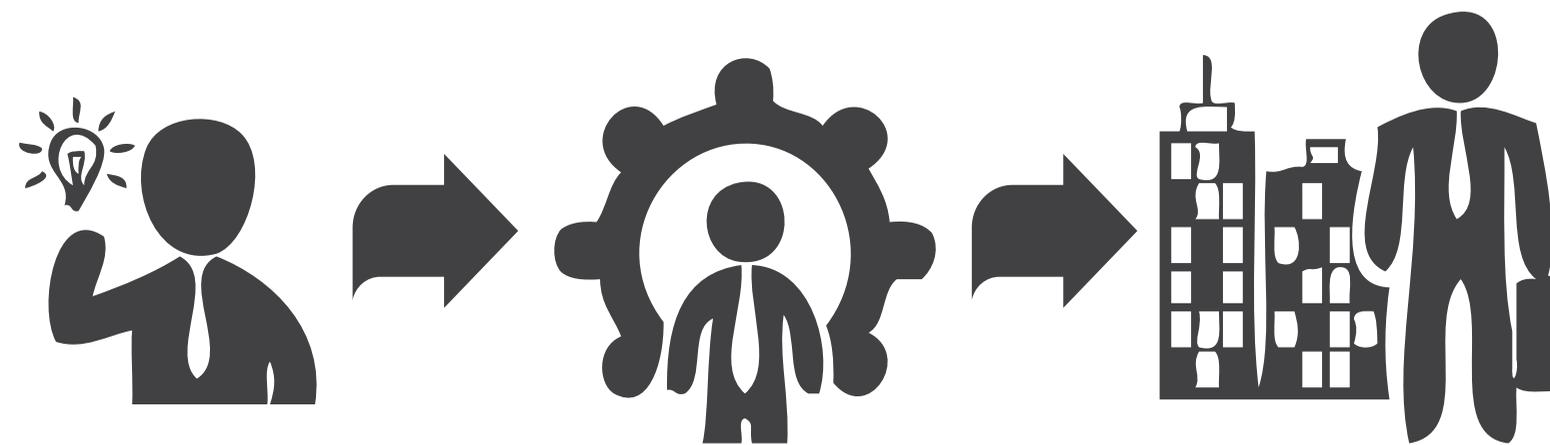
quickly and cheaply, and how to make necessary changes.

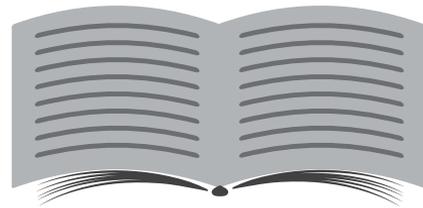
In the second section, **Funding Your Business**, you'll learn how to test your startup like an investor. You'll also better understand how venture capital works.

In the third section, **Presenting Your Business**, you'll learn how to present your startup to investors and customers.

Finally, the **Resources** section at the end contains a glossary and reading list to help you on your journey from an idea to a profitable business.

“The goal of a startup is to figure out the right thing to build—the thing customers want and will pay for—as quickly as possible.” —Eric Ries





This workbook is based on several key books and resources and gives a summary of them as well as references to specific sections for further reading within the text. It also includes quotations from these books and several others.

If you want to gain an even deeper understanding of the topics presented, we recommend reading these books and using the online tools that come with them, as well as exploring our online resources.

Here are the books each section is based on. More materials can be found in the **Resources** section.

Section 1: Planning Your Business

- *Value Proposition Design* by Alex Osterwalder et al.
- *Business Model Generation* by Alex Osterwalder et al.
- *The Startup Owner's Manual* by Steve Blank and Bob Dorf
- *The Lean Startup* by Eric Ries
- *Zero to One* by Peter Thiel

Section 2: Funding Your Business

- *The New Business Road Test* (4th ed.) by John Mullins
- *Venture Deals* by Brad Feld and Jason Mendelson
- *The Entrepreneurial Bible to Venture Capital* by Andrew Romans

Section 3: Presenting Your Business

- *Get Backed* by Evan Baehr and Evan Loomis
- *Pitching Hacks* by Venture Hacks
- *How to Win Friends & Influence People* by Dale Carnegie

“If you’ve invented something new but you haven’t invented an effective way to sell it, you have a bad business—no matter how good the product.” —Peter Thiel

PLANNING YOUR BUSINESS

Find your customer and build a business model



1.0 Introduction: An idea is not a business

Congratulations! If you're reading this, you've taken the first step in turning your product or service idea into a startup. But what is a startup, exactly?

Despite what you may have heard before, a startup is not a company. A startup is the process that takes an idea for a product or service and creates a company to sell that product or service (or "solution" as we will call it). That process involves discovering who the customer will be, building a team of founders and creating a business model that allows you to deliver your solution to your customers.

Think of a startup as a "pre-company," or the stage between an idea and the business built around that idea.

Legendary entrepreneur Steve Blank defines it best:

*"A **startup** is not a smaller version of a large company. A startup is a temporary organization in search of a scalable, repeatable, profitable business model."* —*The Startup Owner's Manual*

THE KEY PARTS OF THAT STATEMENT ARE:



Temporary

1. Temporary: if a startup is successful, it stops being a startup and becomes a company



Scalable

2. Scalable: a startup needs to grow quickly to be successful



Repeatable

3. Repeatable: a startup needs to have a sales model that can be repeated



Profitable

4. Profitable: a startup has to make money to survive

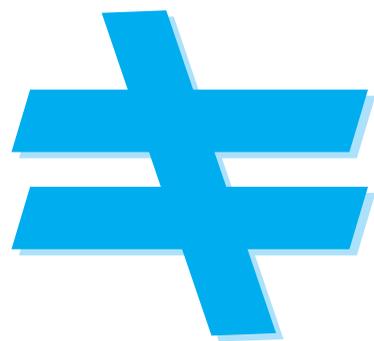


Biz Model

5. Business model: a startup can only be successful if its business model is successful

This section will show you how to discover who your customers are, explain what a business model is and why every startup needs one, and show you how to make a business model for your solution.

If you remember nothing else from this workbook, remember this:



IDEA DOES NOT EQUAL BUSINESS

Just as an idea is not a business, a business model, which we will teach you to make, is not a business plan. Here are the differences:

BUSINESS PLAN VS BUSINESS MODEL

- | | |
|--|---|
| <ul style="list-style-type: none"> • Used by traditional businesses • Static • Based on untested hypotheses • Once written, very difficult to change • Intended to be used as a finished plan, despite feedback from customers • Usually text document that spans several pages • Leads to failure for startups | <ul style="list-style-type: none"> • Used by startups • Dynamic • Provides testable hypotheses • Designed to be changed with each test • Intended to be used with customer discovery • Visual document using the Business Model Canvas • Leads to startup success if used properly |
|--|---|

- Customer:** the person or business who buys your solution.
- Distribution:** how your solution gets to your customers.
- Iterate:** to make constant improvements to something after the initial version has been released.
- Minimum Viable Product (MVP):** the version of a new product that allows startups to collect the maximum amount of validated learning about customers with the least effort.
- Product/Market Fit:** when your solution solves the problems of your Customer Segment and a substantial number of customers “hire” your value proposition.
- Solution:** the product or service you’re selling.
- Startup:** a company or organization in the first stage of its operations designed to search for a repeatable and scalable business model.
- Value:** what you’re really creating for the customer, and what makes the customer buy your solution.

Exercise 1: Think problems, not solutions

Throughout this section, you'll find that we talk a lot about how to solve the problems that customers have—not about how to create awesome products. This might be counter to everything you've learned about being an entrepreneur. Most people think the solution comes first. However, no solution will succeed unless it solves a real problem that enough people have. That's why to create a great solution, you have to first deeply understand the problem it's supposed to solve.

Think about Facebook. You might think that it began with Mark Zuckerberg building his website. Once his fellow students saw how great it was, they quickly joined and it spread to other students and then to the world. Right?

Wrong! The first Facebook website was terrible! But it did solve a problem: how to find and communicate with other students. Today people don't use Facebook because it has great UI or because it's the nicest-looking social network. They use it because it solves their problem: how to communicate with all of their friends.

Once you understand that people buy products or services to solve their problems, rather than for specific features, you'll start seeing more and more problems to solve—and eventually start coming up with some solutions. This is how you think like an entrepreneur!

1. Facebook
2. iPod
3. Google
4. Amazon.com
5. Uber
6. PayPal
7. Tesla Motors
8. GoPro
9. Kickstarter
10. SpaceX
11. _____
12. _____
13. _____
14. _____
15. _____
16. _____
17. _____
18. _____
19. _____
20. _____

On the left, we've listed several popular products and companies. Identify the main problem they solve (rather than writing what they do). Then, write some products you use regularly and what problem they solve for you. We've written a few to get you started:

1. Communicating with your friends
2. Listening to your music collection away from home
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____
11. _____
12. _____
13. _____
14. _____
15. _____
16. _____
17. _____
18. _____
19. _____
20. _____

EXERCISE

Optional exercise: Problem Journal

The previous exercise is a start, but if you really want to think like an entrepreneur, you need to practice thinking about problems every day.

To help you do this, you'll need to create a **Problem Journal**.

First, buy a blank notebook (any kind) or start a text file on your desktop. Every day at around the same time, spend up to 5 minutes answering the following questions:

1. **What things frustrated you today?**
2. **What things did you hear other people complaining about today?**
3. **What did you use today that you wish worked better?**
4. **What was the biggest problem you faced today?**
5. **What is one way to solve any of the above problems?**

It's important to do this daily, so set an alarm on your phone or a reminder on your computer to remind you!

This daily exercise is designed to get you to become aware of and identify the problems around you. They can be general or related to your industry or job. The important thing is to get used to thinking about the problems you and others experience every day!