

# STEP 0

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## How Do I Get Started? Should I?

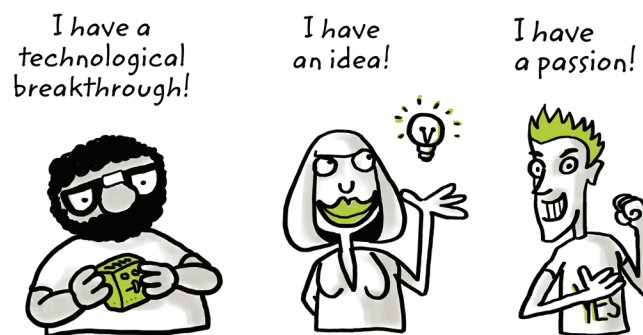
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**B**efore you start this 24-step journey, you first want to know two things:

1. Do I want to start a company?
2. Do I have an idea or technology that I can do a Market Segmentation on (Step 1)?

Starting a company is not easy—it's the exact opposite. It will be really, really difficult and humbling throughout the journey. So do you really want to start a company? How do you optimize your chances of reaching a satisfying reward at the end? What kind of preparation do you need so that you start out with your eyes wide open, fully understanding what a startup entails and having done everything you can to increase your odds of success?

**By the Book:** See pages 15-21 of *Disciplined Entrepreneurship* for basic knowledge on this step.



*Three ways  
to start a new venture*

In Step 0 of *Disciplined Entrepreneurship*, I said that people interested in entrepreneurship typically either have an idea, a technology, or a strong interest in entrepreneurship. I discussed how someone without an idea or technology can think about what knowledge and skills they have and what ideas/technologies might flow from there.

Here, I emphasize unequivocally that if you're looking to radically impact the world, you need not just an idea or technology, but you also need a passion to keep going through good times and bad. You'll also need cofounders who can help round out the skills and knowledge leading the company. MIT's research shows that solo founders struggle compared to startups with founding teams.<sup>1</sup>

In this workbook, I'll first walk you through exercises to assess and define your starting point so that you are better equipped to determine whether and how you want to proceed.

## YOUR PASSION

I start with passion because if you don't have this, you will never succeed. It is a necessary condition (you must have it) but not a sufficient one (you need other things, too). Without passion, when you hit those tough times—and you will, without question—you will not be able to fight through.

By definition, a startup is about doing something that has never been done before. You are experimenting every day in new terrain, and you and your team will be way out of your comfort zone. You and they must be. It is all so new. You hope to succeed, but you will fail, in ways big and small, and often. Failed experiments are part of the startup experience. Just like in sports, where no great player has ever made all the shots he takes nor won every game she plays, you will do a lot of things that don't work right away, or don't work at all. You have to have a passion to fight through these temporary setbacks.

### Passion Checklist

|   | I understand that...  | Yes | No |
|---|---|-----|----|
| 1 | Founding a company will be really, really hard and I still want to do it.   |     |    |
| 2 | It will be a lengthy process loaded with humiliating failures along the way, and I must learn from them and not take them personally.   |     |    |
| 3 | I cannot do it alone.   |     |    |
| 4 | The path to success is not an algorithm with set rules to follow, but an iterative process where I can only increase or decrease the odds of success, but I cannot guarantee anything. Even if I achieve success, it is only temporary. |     |    |
| 5 | The goal is to make an “anti-fragile” organization—one that gets stronger over time when faced with problems, failures, uncertainty, and surprises.   |     |    |
| 6 | When others provide advice, I will listen, but I will also recognize that it is up to me to choose which advice to implement, and how to implement it, since only I own the final results and accountability.                           |     |    |
| 7 | I will have to leave my comfort zone every day to grow and continue to be successful.   |     |    |
| 8 | I am doing this for more than the money. I believe in my cause and my team.   |     |    |

<sup>1</sup>Edward B. Roberts, *Entrepreneurs in High Technology: Lessons from MIT and Beyond* (New York: Oxford University Press, 1991), 258.

You may want to consider additional questions customized to your personal situation. The goal is to gauge whether you meet the minimal level of “informed passion” that is required to start a company.

If you did not answer “Yes” to all of these questions, don’t start a company today.

And that’s okay. I estimate that at least half of my students fall into the category of what I call the “entrepreneurial tourist” or “curious/exploratory entrepreneur.” These are people who are interested in learning about how to start a company, but they’re not ready to quit their job tomorrow and pour their lives into a fledgling company. Some of my other students are interested in corporate entrepreneurship, or in being an “entrepreneurship amplifier,” where they work to increase interest in entrepreneurship and build up resources that will support startups.<sup>2</sup>

All of these people will benefit from going through the 24 Steps with some idea or technology so that they better understand the level of detail that goes into starting a company. And someday if they become ready to start a company, they will have a much stronger set of skills and knowledge ready to use. If you are interested in entrepreneurship, I encourage you to go through *Disciplined Entrepreneurship* and this workbook and iterate on an idea all the way through the process. You’ll learn a lot that will benefit you in any capacity where you are doing something new, even inside existing companies.

But if you don’t have the requisite passion today, you won’t be ready for the short-term and long-term challenges that starting a company will bring you.

Once you have confirmed your level of passion, you are ready to consider your existing ideas or technologies or to determine, based on your interests, strengths, and skills, what ideas or technologies may be interesting starting points for you.

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## YOUR TEAM

Entrepreneurship is not a solo sport. We’ve seen time and time again that teams of founders have a greater span of knowledge and skills, and they support each other when the going gets tough.

You may already have a team of founders, or you might be looking for people to join you on your journey. *Disciplined Entrepreneurship* lists some resources that are useful for team building, but how to select a team is a much broader topic than I have space for. In this workbook, start by listing out some key details about your existing team members. That will help you in coming up with ideas to pursue and in determining who else you want to join your team.

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<sup>2</sup>I discussed different levels of interest in entrepreneurship, and their resulting Personas, as part of my keynote speech to the United States Association for Small Business and Enterprise 2016 Conference. You can view slides from the speech at <http://www.slideshare.net/billaulet/past-present-and-future-of-entrepreneurship-education-presentation-at-usasbe-conference-jan-10-2016>.

| Name | How do we know each other? | Knowledge | Skills | Passions/Interests | Founding Team Potential |
|------|----------------------------|-----------|--------|--------------------|-------------------------|
|      |                            |           |        |                    |                         |
|      |                            |           |        |                    |                         |
|      |                            |           |        |                    |                         |
|      |                            |           |        |                    |                         |
|      |                            |           |        |                    |                         |
|      |                            |           |        |                    |                         |
|      |                            |           |        |                    |                         |
|      |                            |           |        |                    |                         |

A simple way I think about balance, skills, and roles on a team is the 3H model—hacker, hustler, and hipster. While not perfect, it has the benefit of simplicity and raising the issue in a fun and easy to remember way.

1. Who on your team is your lead “hacker”? (Hacker is the one who will make the product.)
2. Who on your team is your lead “hustler”? (Hustler is the business person.)
3. Who on your team is your lead “hipster”? (Hipster is the one concerned with the customer experience and design.)

Note: If you are lacking significant capacity in any one of the 3 H’s, then you need to have a plan to fill that gap in the short, medium, and long term.

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### COMING UP WITH AN IDEA OR A TECHNOLOGY

If you already have an idea or a technology that you want to use as the basis for your company, you may be tempted to skip straight ahead to Step 1, Market Segmentation. However, I encourage you to spend some time to fill out the Idea Mini-Canvas or Technology Mini-Canvas below. You may find that your idea or technology is not as “ready to go” as you thought. Or your teammates may have differing opinions, and a brainstorming session will result in a much better starting point that everyone is passionate about.

If you don’t have something to start with, the standard advice is to find a problem that needs to be solved that you are passionate about solving. But what does this mean? Let’s drill down and make this advice more actionable.

An excellent starting point for a new venture is a “market pull” where you identify an unfilled yet meaningful need to fix some “customer pain,” something for which there exists some group of people who are willing to pay money for a solution. We call it “market pull” because you are being pulled by the customer to satisfy an already-defined general market demand. Coming up with a good market pull is hard—otherwise, everyone would start a company. The most important thing for now is to be open to the ideation process (see below) and come up with ideas that your team thinks are worth pursuing. Step 1, Market Segmentation, is where you will rigorously test your idea against the market.

Another starting point can be a “technology push” based on some new-to-the-world concept that has the potential to create new market opportunities. It could be a hardware breakthrough out of a lab with significant intellectual property around it, as we often have at MIT. Or it could be taking a technology-enabled business model or process to a new market. Think of an Uber-like business model that builds a platform between underutilized assets and disaggregated demand to create more efficient markets—such a business is much more viable when every customer has a smartphone in their pocket. Software as a service or data analytics are other good examples. In this approach, your team has a competitive advantage or early passion about an exciting invention and is searching for a market to apply it to so as to create value and impact.

Often people refer to this approach as “a solution looking for a problem” or the metaphor “a hammer looking for a nail,” which is an apt description. It can be challenging to take a technology and find a true customer pain. Some teams get too enamored with the technology, and they don’t focus and drill down to understand how to get paying customers. Use “technology push” with caution, and pursue only if the knowledge, skills, and passions of your founding team are more inclined toward starting with a technology, and your team understands that paying customers are more important to a startup than cool technology.

Regardless of whether you choose a market pull or technology push, there is a lot you won’t yet know about this general problem: How urgent is the problem? How much will the customer pay for a solution? How many people have this problem? What does the competitive landscape look like?

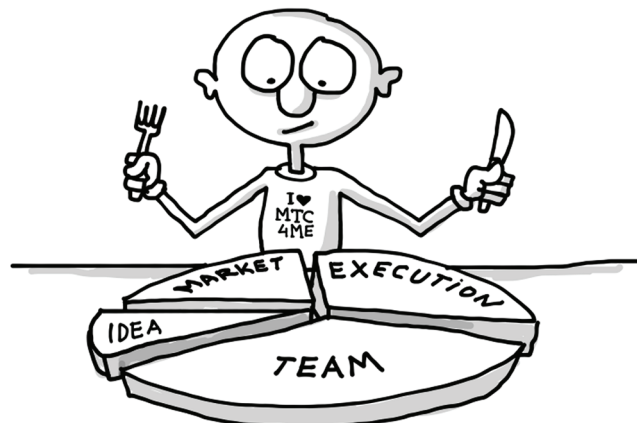
What will be your competitive advantage that makes you stand apart from all other companies? How profitable a business can be built solving this problem?

You will explore those questions, and many more, throughout the 24 Steps, starting with Step 1, Market Segmentation, where you'll put an idea to the test by doing extensive primary market research to determine whether such a customer pain exists from the idea.

For now, your goal is to come up with *general* ideas where, if you focus and spend sufficient time, your team can produce a product that could be the basis of a scalable business you will be excited about. Use the Idea/Technology Brainstorming Notes table (see page 7) to guide your brainstorming. Then, fill out the appropriate Mini-Canvas (see page 7), and begin the 24 Steps.

There are entire books, courses, conferences and even companies focused on the “ideation” process, so I will not try to comprehensively summarize it here. But I have a few key points related to brainstorming in general based on my secondary research and experience:

1. Brainstorming is best done as a team with diverse perspectives. Without the whole team involved, some members may feel less invested in your success. Without diverse perspectives, your ideas may not be broad enough to find a truly great market opportunity.
2. Use improv (improvisation) training techniques with your team. They're effective at getting people to think in the kind of “yes, and...” mindset that fosters effective brainstorming. In “yes, and...” you don't immediately scrutinize and criticize each idea that comes up, but instead you build on each other's ideas. Only after you've come up with a lot of ideas do you start a critical analysis.
3. Brainstorming and the subsequent filtering of ideas is also an excellent way to determine who should be and shouldn't be part of your founding team. While not the expressed purpose of this exercise, this is every bit as valuable, if not more valuable, than coming up with the idea. Since the real work of the new venture has not yet started in any meaningful way, I find this process is more useful in determining who you don't want to work with as opposed to measuring the strength of the founding team.
4. Take brainstorming seriously, but understand this is a small part of the overall process. An idea is necessary to start with, and it gets your team in the right general neighborhood. But I often refer to the initial idea as the single most overrated thing in entrepreneurship. The quality of your team, having a clear target market, and having a sound process for execution (like the 24 Steps) are much more important factors in ultimate success than your initial idea, which often changes dramatically over time.



THE ENTREPRENEURSHIP SUCCESS PIE

**Idea/Technology Brainstorming Notes**

Use this chart to help identify your team's knowledge, skills, and interests, which can help you come up with market pull (or tech push) ideas.

|   |  |
|---|--|
| <p><b>Knowledge:</b> What was the focus of your education/career?</p>   |  |
| <p><b>Capabilities:</b> What are you most proficient at?</p>  |  |
| <p><b>Connections:</b> Who do you know with expertise in different industries?<br/>Do you know other entrepreneurs?</p>                                       |  |
| <p><b>Financial assets:</b> Do you have access to significant financial capital, or will you be relying on personal savings to start?</p>                     |  |
| <p><b>Past work/life experience:</b> In previous jobs you've held, or in previous experiences in your life, what inefficiencies or "pain points" existed?</p> |  |
| <p><b>Passion for a particular market:</b><br/>Do you want to improve healthcare?<br/>Education? Energy? Transportation?</p>                                  |  |

## Market Pull Mini-Canvas

|  |  |
|--|--|
| <p><b>1. WHAT:</b></p> <p>What is the general problem we are trying to solve or the opportunity we are looking to capitalize on?</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>                       | <p><b>2. URGENCY:</b></p> <p>This is a: (circle one)</p> <ul style="list-style-type: none"> <li>• Vitamin pill (i.e., nice to have)</li> <li>• Pain killer (i.e., solves a critical problem)</li> <li>• Game changer (i.e., opens new market opportunities)</li> </ul> |
| <p><b>3. WHY US:</b></p> <p>Our team has or would have the following assets that would make us uniquely qualified to implement this idea:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> | <p><b>4. PASSION:</b></p> <p>Summarize why our team cares so much about this idea that we are willing to embark on this arduous &amp; humbling journey:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>   |

## Technology Push Mini-Canvas

|   |  |
|---|--|
| <p><b>1. WHAT:</b></p> <p>Description of the invention/technology:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>   | <p><b>2. WHY US:</b></p> <p>Why we have a significant advantage over anyone else with regard to this invention:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>  |
| <p><b>3. LEAP FORWARD:</b></p> <p>Compared with the most relevant current alternative, why is it so compelling that it will make people and industries change:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> | <p><b>4. PASSION:</b></p> <p>Summarize why our team cares so much about this idea that we are willing to embark on this arduous and humbling journey:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> |



**HYBRID IDEA: MIX OF MARKET PULL AND TECHNOLOGY PUSH**

When I wrote *Disciplined Entrepreneurship*, I sought simplicity as much as possible, so I divided starting points neatly into idea or technology. But as the mathematician Alfred North Whitehead said, “Seek simplicity and distrust it.” Now, after seeing hundreds of companies applying the 24 Steps, I trust it more, but I have also found areas that deserve greater explanation, and this is one such area.

The reality is that most often teams start with market pull, but there is some technology push, especially from universities and research and development laboratories. In some cases, however, teams start somewhere in between the two models of market pull or technology push. Over the past few years I have seen increased awareness of market importance at all levels. Today, even the scientist in the lab is thinking early on about the application of the breakthrough he or she is working on. Something that seems like a “technology push” may have been inspired by a “market pull,” and vice versa.

An example of a hybrid idea came from one of my students, Parul Singh, who began with the fundamental concepts that teachers need help, and new technology like the iPad enabled exciting opportunities to do so. The convergence of the demand and the sudden ubiquity of tablets was an opportunity for her to create a company she was extremely excited about. While things changed over time, this hybrid idea was sufficiently compelling to get her and her cofounder, Dante Cassanego, to start the journey toward creating Gradeable, which had the goal of reimagining how grade-school students are assessed in order to increase student engagement in the classroom.

So if your originating concept is a hybrid, which will be true in many cases, you should use both Mini-Canvases, but I would more strongly emphasize the market pull one. Then I would suggest you overlay these Mini-Canvases with the following Hybrid Mini-Canvas.

**Hybrid Idea Consolidated Mini-Canvas**

|  |  |
|--|--|
| <p><b>1. MARKET PULL:</b><br/>                 This idea is relevant to the _____<br/>                 _____ market because it will<br/>                 produce significant value by _____<br/>                 _____<br/>                 _____<br/>                 _____<br/>                 _____<br/>                 _____</p> | <p><b>2. TECHNOLOGY PUSH:</b><br/>                 The enabling technology invention is:<br/>                 _____<br/>                 _____<br/>                 _____<br/>                 _____<br/>                 _____<br/>                 _____</p> |
| <p><b>3. WHY US:</b><br/>                 What makes us especially qualified to pursue this opportunity?<br/>                 _____<br/>                 _____<br/>                 _____<br/>                 _____</p>   |  |

Your analysis of the customer and the marketplace will lead your journey through the 24 Steps, not your idea or technology, no matter how amazing you think it is now. This step is just the starting point of a long journey. Let's move on. Onward and upward!