

Startups in 13 Sentences

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One of the things I always tell startups is a principle I learned from Paul Buchheit: it's better to make a few people really happy than to make a lot of people semi-happy. I was saying recently to a reporter that if I could only tell startups 10 things, this would be one of them. Then I thought: what would the other 9 be?

When I made the list there turned out to be 13:

1. Pick good cofounders.

Cofounders are for a startup what location is for real estate. You can change anything about a house except where it is. In a startup you can change your idea easily, but changing your cofounders is hard.

[1]

And the success of a startup is almost always a function of its founders.

2. Launch fast.

The reason to launch fast is not so much that it's critical to get your product to market early, but that you haven't really started working on it till you've launched. Launching teaches you what you should have been building. Till you know that you're wasting your time. So the main value of whatever you launch with is as a pretext for engaging users.

3. Let your idea evolve.

This is the second half of launching fast. Launch fast and iterate. It's a big mistake to treat a startup as if it were merely a matter of implementing some brilliant initial idea. As in an essay, most of the ideas appear in the implementing.

4. Understand your users.

You can envision the wealth created by a startup as a rectangle, where one side is the number of users and the other is how much you improve their lives.

[2]

The second dimension is the one you have most control over. And indeed, the growth in the first will be

driven by how well you do in the second. As in science, the hard part is not answering questions but asking them: the hard part is seeing something new that users lack. The better you understand them the better the odds of doing that. That's why so many successful startups make something the founders needed.

5. Better to make a few users love you than a lot ambivalent.

Ideally you want to make large numbers of users love you, but you can't expect to hit that right away. Initially you have to choose between satisfying all the needs of a subset of potential users, or satisfying a subset of the needs of all potential users. Take the first. It's easier to expand userwise than satisfactionwise.

And perhaps more importantly, it's harder to lie to yourself. If you think you're 85% of the way to a great product, how do you know it's not 70%? Or 10%? Whereas it's easy to know how many users you have.

6. Offer surprisingly good customer service.

Customers are used to being maltreated. Most of the companies they deal with are quasi-monopolies that get away with atrocious customer service. Your own ideas about what's possible have been unconsciously lowered by such experiences. Try making your customer service not merely good, but

surprisingly good. Go out of your way to make people happy. They'll be overwhelmed; you'll see. In the earliest stages of a startup, it pays to offer customer service on a level that wouldn't scale, because it's a way of learning about your users.

7. You make what you measure.

I learned this one from Joe Kraus.

[3]

Merely measuring something

has an uncanny tendency to improve it. If you want to make your user numbers go up, put a big piece of paper on your wall and every day plot the number of users. You'll be delighted when it goes up and disappointed when it goes down. Pretty soon you'll start noticing what makes the number go up, and you'll start to do more of that. Corollary: be careful what you measure.

8. Spend little.

I can't emphasize enough how important it is for a startup to be cheap. Most startups fail before they make something people want, and the most common form of failure is running out of money. So being cheap

is (almost) interchangeable with iterating rapidly.

[4]

But it's

more than that. A culture of cheapness keeps companies young in something like the way exercise keeps people young.

9. Get ramen profitable.

"Ramen profitable" means a startup makes just enough to pay the founders' living expenses. It's not rapid prototyping for business models (though it can be), but more a way of hacking the investment process. Once you cross over into ramen profitable, it completely changes your relationship with investors. It's also great for morale.

10. Avoid distractions.

Nothing kills startups like distractions. The worst type are those that pay money: day jobs, consulting, profitable side-projects. The startup may have more long-term potential, but you'll always interrupt working on it to answer calls from people paying you now. Paradoxically, fundraising is this type of distraction, so try to minimize that too.

11. Don't get demoralized.

Though the immediate cause of death in a startup tends to be running out of money, the underlying cause is usually lack of focus. Either the company is run by stupid people (which can't be fixed with advice) or the people are smart but got demoralized. Starting a startup is a huge moral weight. Understand this and make a conscious effort not to be ground down by it, just as you'd be careful to bend at the knees when picking up a heavy box.

12. Don't give up.

Even if you get demoralized, don't give up. You can get surprisingly far by just not giving up. This isn't true in all fields. There are a lot of people who couldn't become good mathematicians no matter how long they persisted. But startups aren't like that. Sheer effort is usually enough, so long as you keep morphing your idea.

13. Deals fall through.

One of the most useful skills we learned from Viaweb was not getting our hopes up. We probably had 20 deals of various types fall through. After the first 10 or so we learned to treat deals as background processes that we should ignore till they terminated. It's very dangerous to morale to start to depend on deals closing,

not just because they so often don't, but because it makes them less likely to.

Having gotten it down to 13 sentences, I asked myself which I'd choose if I could only keep one.

Understand your users. That's the key. The essential task in a startup is to create wealth; the dimension of wealth you have most control over is how much you improve users' lives; and the hardest part of that is knowing what to make for them. Once you know what to make, it's mere effort to make it, and most decent hackers are capable of that.

Understanding your users is part of half the principles in this list. That's the reason to launch early, to understand your users. Evolving your idea is the embodiment of understanding your users. Understanding your users well will tend to push you toward making something that makes a few people deeply happy. The most important reason for having surprisingly good customer service is that it helps you understand your users. And understanding your users will even ensure your morale, because when everything else is collapsing around you, having just ten users who love you will keep you going.

Notes

[1]

Strictly speaking it's impossible without a time machine.

[2]

In practice it's more like a ragged comb.

[3]

Joe thinks one of the founders of Hewlett Packard said it first, but he doesn't remember which.

[4]

They'd be interchangeable if markets stood still. Since they don't, working twice as fast is better than having twice as much time.