DISCIPLINED ENTREPRENEURSHIP

24 STEPS TO A SUCCESSFUL STARTUP

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Who Is Your Customer?

1. Market segmentation
Brainstorm & identify how your idea/technology can serve a variety of potential end users. Primary market research is then used to fill out a matrix. It is crucial to start a process with customer and work everything back from there.

2. Selecting a Beachhead Market
Select one market segment from segmentation where you feel you have the highest odds of success and it has strategic value. As a startup you have limited resources and focus is essential.

3. End user profile
Using primary market research techniques, build out a description including demographic information & increasingly specific information about their needs & wants, in order to 1) keep the focus on the end user, 2) deepen your understanding of the primary customer, 3) calculate the Total Addressable market.

4. Beachhead Total Addressable Market size
Estimate of the dollars per year you will get in your beachhead market if you achieve 100% market share, in order to make sure this market isn’t too big/too small.

5. Persona for Beachhead Market
Identify one actual real end user in beachhead market that best represents your end user profile in order to focus your organization and be a decision touchstone for future decisions.

What can you do for your customer?

6. Full Life-cycle use case
Understand & describe how your product will fit into the person’s workflow. It provides info for future steps and helps team understand potential barriers to adoption from a sales perspective.

7. High level Product Specs
Create a visual description of the product as well as make a simple draft brochure to make sure the team all a common agreement on definition of the product.

8. Quantify value proposition
Summarize as concretely as possible the value your product creates for the target customer, since customers buy based on value. Proposition should clearly show the need.

9. Identify Next 10 Customers & revamp 5?
Create a list of the next 10 customers after the persona who closely fit the end user profile in order to validate the persona and the assumptions made to date.

10. Define Core Business
Determine the single thing you will do better than anyone else that will be very difficult for others to copy. Having a clear definition of your Core Business will allow you to focus your limited resources to build & reinforce it.

11. Chart competitive position
Represent visually your position relative to the other alternatives in the persona’s top two priorities. Customers don’t care about your “core” but do care about benefits related to their priorities.

How Does Your Customer Acquire Your Product?

12. Determine the Decision Making Unit
Determine all the people who are involved in making the decision to acquire your product – including influencers, to start the process of determining the cost of customer acquisition.

13. Map Process to Acquire a Paying Customer
Detail how the members of the Decision Making Unit make a decision to buy your product. This is critical input to determine the length of the sales cycle & identify critical bottlenecks in the process.

14. Follow-up on Total Addressable Market
Calculate the annual revenues from the top follow-on markets after you are successful in your beachhead market, in order to show the potential that can come from winning your beachhead, and to motivate you to do so quickly and effectively.

How Do You Make Money Off your Product?

15. Design business model
Review different ways to get paid for your product and choose one best aligned with all key stakeholders’ interest. Wise selection of a value extraction business model can dramatically reduce Cost of Customer Acquisition, increase lifetime value of an acquired customer, and provide you with a competitive advantage.

16. Pricing framework
Determine a framework to test pricing for your new product and make a decision on what the initial price will be. Small changes in pricing can have a huge impact on your profitability.

17. Calculate Lifetime Value of an Acquired Customer & revamp #15
Estimate the Net Present Value of the total profits you will get from a new customer over the lifetime of that customer. To complete the unit economics, estimate & understand the drivers of the Lifetime Value and have it achieve at least 3x the Cost of Customer Acquisition.

18. Map sales process
Visually map the short, medium and long-term ways you will create and fulfill demand for your product. This is critical input to calculate the Cost of Customer Acquisition.

19. Calculate Cost of Customer Acquisition & revamp #27
Estimate the total marketing & sales expense in given period to get new customers & divide by number of new customers. Unit economics reflect how sustainable & attractive your business will be as it scales.

How Do You Design & Build your Product?

20. Identify key assumptions
Identify key assumptions to be tested before you begin to make heavy investments in product development. It will be faster & much less costly now to test the assumptions and allow you to preserve valuable resources & make adjustments as needed.

21. Test key assumptions
Test through a series of small & inexpensive experiments, each of the individual assumptions identified. This scientific approach allows you to understand which are valid and which not, giving time to adjust while the cost and time are minimal.

22. Define Minimum Viable Business Product
Define the minimum product that you can use to test whether your customer gets value from the product and whether you can get paid for it, and that starts an iterative feedback loop with the customer. You must reduce the variables in the equation to get the customer feedback loop started with the highest possibility of success with simultaneously the most efficient use of your scarce resources.

23. Show dogs will eat the dog food & revamp 11 or 20?
Offer your Minimum Viable Business Product to target customer to obtain quantitative metrics regarding the adoption rate of the product, the value the target customer is getting from the product & prove someone is paying for it. Show proof!

How Do You Scale Your Business?

24. Develop product plan
Develop a longer term plan to add functionality so you can address additional markets. It is important to think ahead & have a plan so people are ready to keep moving forward after the Minimum Viable Business Product.