

Want to start a startup?

You need three things to create a successful startup: to start with good people, to make something customers actually want, and to spend as little money as possible. Most startups that fail do it because they fail at one of these. A startup that does all three will probably succeed. And that's kind of exciting, when you think about it, because all three are doable. Hard, but doable. And since a startup that succeeds ordinarily makes its founders rich, that implies getting rich is doable too. Hard, but doable. If there is one message I'd like to get across about startups, that's it. There is no magically difficult step that requires brilliance to solve.

The Idea

In particular, you don't need a brilliant idea to start a startup around. The way a startup makes money is to offer people better technology than they have now. But what people have now is often so bad that it doesn't take brilliance to do better. Google's plan, for example, was simply to create a search site that didn't suck. They had three new ideas: index more of the Web, use links to rank search results, and have clean, simple web pages with unintrusive keyword-based ads. Above all, they were determined to make a site that was good to use. No doubt there are great technical tricks within Google, but the overall plan was straightforward. And while they probably have bigger ambitions now, this alone brings them a billion. There are plenty of other areas that are just as backward as search was before Google. I can think of several heuristics for generating ideas for startups, but most reduce to this: look at something people are trying to do, and figure out how to do it in a way that doesn't suck.

For example, dating sites currently suck far worse than search did before Google. They all use the same simple-minded model. They seem to have approached the problem by thinking about how to do database matches instead of how dating works in the real world. An undergrad could build something better as a class project. And yet there's a lot of money at stake. Online dating is a valuable business now, and it might be worth a hundred times as much if it worked.

An idea for a startup, however, is only a beginning. A lot of would-be startup founders think the key to the whole process is the initial idea, and from that point all you have to do is execute. Venture capitalists know better. If you go to VC firms with a brilliant idea that you'll tell them about if they sign a nondisclosure agreement, most will tell you to get lost. That shows how much a mere idea is worth. The market price is less than the inconvenience of signing an NDA.

The Idea in a Startup

Written by Administrator

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Another sign of how little the initial idea is worth is the number of startups that change their plan en route. Microsoft's original plan was to make money selling programming languages, of all things. Their current business model didn't occur to them until IBM dropped it in their lap five years later. Ideas for startups are worth something, certainly, but the

trouble is, they're not transferrable. They're not something you could hand to someone else to execute. Their value is mainly as starting points: as questions for the people who had them to continue thinking about. What matters is not ideas, but the people who have them. Good people can fix bad ideas, but good ideas can't save bad people.