

What is a startup? V3

What is the purpose of this article?

This article enables a discussion about how to define what a startup is.

The audience for this article includes: investors, founders, board of directors, C-suite, and investment analysts.

This article applies to all companies, ranging from pre-revenue through to long established global companies.

This article does not provide tax, legal or financial advice. You must do your own research and fact-based analysis using current and relevant information.

AI did not write this article. 100% human written.

What are the critical learnings in this article?

- 1) There are no commonly accepted definitions regarding startups.
- 2) There are no commonly accepted definitions of a successful startup.
- 3) Each of the 5 US universities I looked at has different definitions, metrics, and processes for startups.

Are there commonly accepted definitions regarding startups?

There are no commonly accepted definitions regarding startups. I looked at what the following 5 U.S. Universities have published publicly regarding their pre-revenue startups which have no customers or users: Harvard, MIT, Stanford, University of California Berkely, and Wharton. I have deliberately excluded the names of the five universities from the following definitions. I have shown some key finding for each of the five universities.

#1 What is a startup?

- 1) Teams focused on “defining their offering or exploring customer validation.”
- 2) A startup is “validating their target market” and building “viable sustainable venture”.
- 3) A startup is “founders who are in the prototyping phase” “The entity is actively building or testing a product”
- 4) Could not find a formal definition. Some discussion that the intent a startup has high growth potential is preparing for venture capital investment.
- 5) “A temporary organization designed to search for a repeatable and scalable business model”.

#2 What is the process for launching a startup?

- 1) Has a proprietary process. First phase is focused on problem identification. The second phase validates the solution with customers, using the Minimum Viable Product the founders have built.
- 2) Has a proprietary process, based on Lean Startup methodology. There is a monthly simulated board meeting. Expectation that founders will meet with customers.
- 3) Structured 10-week curriculum, requiring 2-3 meetings with mentors.
- 4) Has a proprietary process. 50+ workshops along with a mentor.
- 5) Has a proprietary process. Starts with identifying key assumptions e.g. Do customers want this? Can this be a business?

#3 What is the approach for the first week of a startup?

- 1) Orientation week. Integrating founders into the university’s startup community and ecosystem
- 2) Simulate making decisions. Networking with senior executives. Intense one-week bootcamp.
- 3) Could not find published information.
- 4) Only information I could find was matching with mentors.
- 5) Only information I could find was 2.5-hour orientation.

#4 What are the metric for measuring the progress of a startup?

- 1) Some of the milestones included: customer definition, problem validation.
- 2) Weekly goal setting. Each team defines their own Key Performance Indicators.
- 3) Could not find published information.
- 4) Could not find published information.
- 5) Could not find published information.

#5 What is the definition of a pivot for a startup?

- 1) Could not find published information.
- 2) Could not find published information.
- 3) Could not find published information.
- 4) Could not find published information.
- 5) Could not find published information.

#6 What are the metrics which indicate the startup founders should stop or pivot?

- 1) If current solution does not address customer pain, pivot.
- 2) Pivot when key hypotheses are invalidated by data.
- 3) Could not find published information.
- 4) Could not find published information.
- 5) Could not find published information.

#7 What is the definition or set of metrics for when the startup is no longer a startup?

- 1) Program success is measured by student engagement, not commercial success. Startup success measures included: revenue, valuation, launching, partnerships, etc.
- 2) Successful transition out of the university environment.
- 3) Capital raised or graduation to accelerators.
- 4) Graduation to the university's accelerator program. Raising capital from the university's startup fund.
- 5) Graduation to the university's accelerator program

What does success look like to the founders?

The following are my personal observations regarding what success might look like.

- 1) Learn the concepts for launching a company.
- 2) Launch a company which generates enough profit to meet founders' financial needs. If the founders are gone, the company disappears.
- 3) Launch a company which generates enough profit to meet founders' financial needs. If the founders are gone, family /children may take over, or other owner/operators take over.
- 4) Launch a company which will generate enough profit to attract investors and enable founders to make large amounts of money by selling some or all of their equity.

What are your next steps?

If you are a founder:

- 1) Define the words/concepts you're using, in a glossary. I've seen major confusion when the same words mean different things to different people.
- 2) Agree with the other founders on what success looks like. Founders with different end results will likely fail. Create and sign a founders' agreement.
- 3) Agree with the other founders regarding: What is a startup? What is the overall process the founders will use to launch the startup? What will happen in week 1? What are the metrics for measuring the progress of the startup? What is the definition of a pivot? What are the metrics which indicate that the founders should stop or pivot? What is the definition or set of metrics which indicate that the startup is no longer a startup?

What further reading should you do?

How will startups destroy your company? Koor and Associates

<https://koorandassociates.org/avoiding-business-failure/how-will-startups-destroy-your-company/>

How will undergraduate founders destroy your company? Koor and Associates

<https://koorandassociates.org/avoiding-business-failure/how-will-undergraduate-founders-destroy-your-company/>

Is your company actually a startup? Koor and Associates

<https://koorandassociates.org/avoiding-business-failure/is-your-company-actually-a-startup/>

Is your company planning to fail? Koor and Associates

<https://koorandassociates.org/avoiding-business-failure/is-your-company-planning-to-fail/>