

Fall in Love with the problem, not the solution

A handbook for Entrepreneurs

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Uri Levine is a passionate entrepreneur. He is a 2 time Unicorn – as founder of Waze and Moovit. He is a passionate speaker and offers an academic workshop titled “ How to build a start up”

“This book is your bible, if you are an entrepreneur” Steve Wozniak.

People come to me for advice as I am an Apple founder. Apple was a rare case of success and its lessons cannot apply to other companies. We had one successful product for ten years. We got color gaming to the computer and a 9 year old could use it. – Steve Wozniak

Building a start up is a roller coaster journey with ups and downs. Fund raising is a roller coaster ride in the dark- you don't know what's coming.

In a start up world , there are right decisions and NO decisions, that's the world.

The never ending phases of a start up are people, funding, investors and users.

Building a start up is like falling in love, there are many ideas you can pursue, eventually you pick one.

Starting a company is a leap of faith. If you are not willing to give up your salary, position and title, then you're not deeply in love.

The Qualification Matrix

High Usage / Value



Few Users

Many users

Low usage / Value

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Your passion for making a change must be greater than your fear of failure and the alternative cost.

The strongest form of passion is not for methods of making money but to make the world a better place.

Failure is not only ok but necessary. It maybe the most important thing to understand about building a start up.

What matters most is how fast you recover –
how quickly you can get back on your feet
after failure.

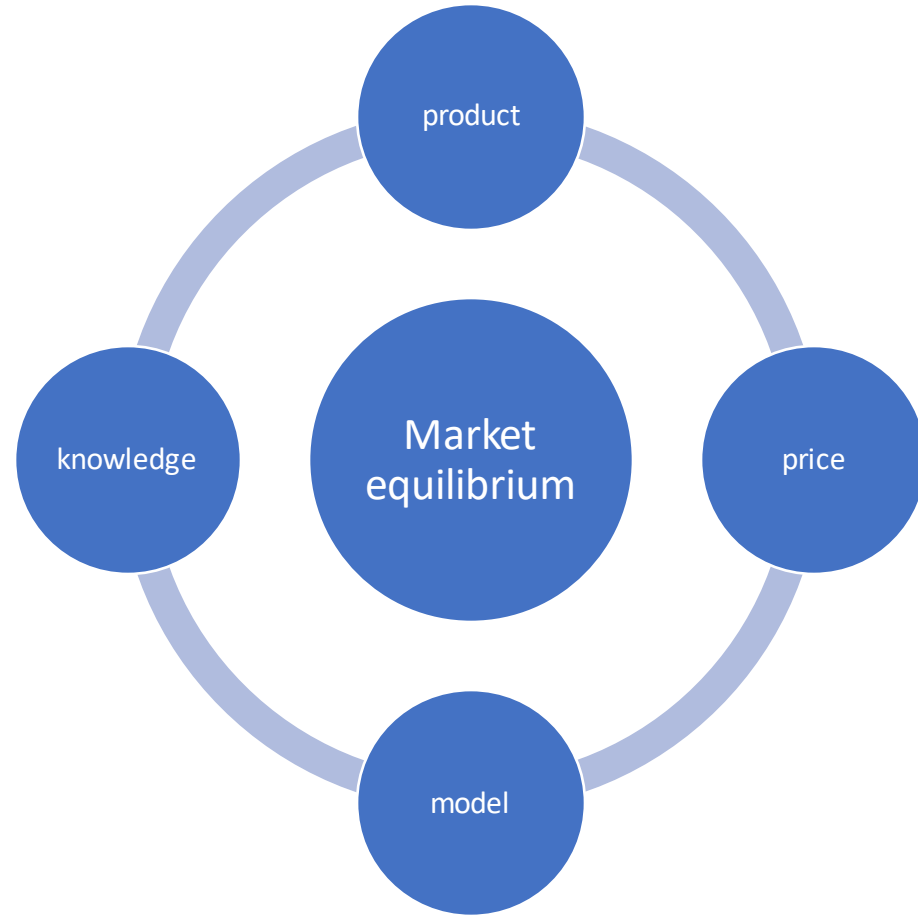
Four things for better product market fit

- Fail fast so you have more time /runway for more experiments
- Listen to your users
- Focus on the problem
- Make the hard decisions if needed

Failure is an event , not a person.

If you try new things you will fail, you must celebrate small wins and must always ask the question – ‘what have we learnt from it”

What is disruption? Changing market Equilibrium!



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Disruptors are always newcomers. Traditional Organizations can never disrupt from within. Entrepreneurs are trouble makers in most cases.

**Markets that have missing information needs
are simply crying for disruption.**

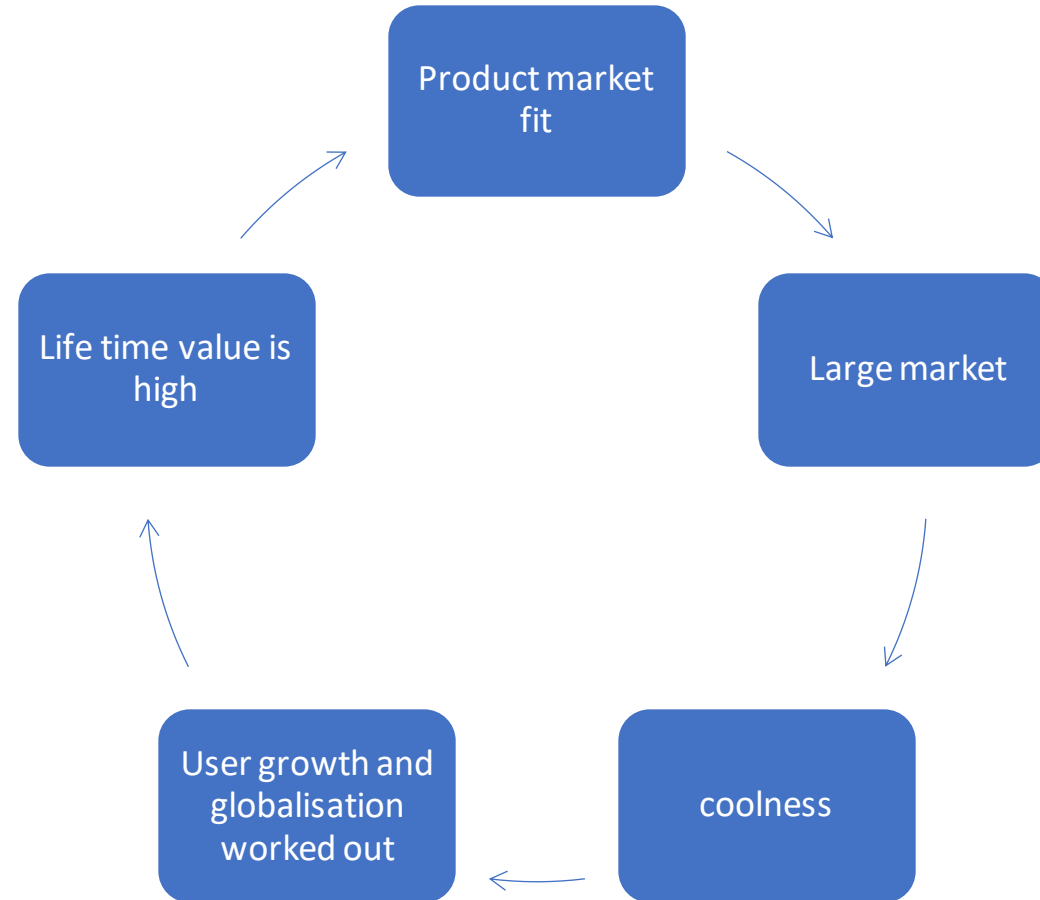
Why can't existing companies change?

- DNA
- Lack of Entrepreneurs
- Ego

All entrepreneurs have what I call ‘the all over phase where they are trying or doing too many things”

stick to phases and operate by them.

Being a unicorn needs the stars to be aligned



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Frequency of use is key in consumer markets.
If you don't get a retention of 30 % in 3
months, then its not working.

Investors only invest when they like the CEO
and the narrative.

Key investor indicators

- If they speak about the deal, they are interested
- If they ask who else is interested in the deal, they are interested
- If they ask who the previous investors were and want to see your cap table
- If they offer advice on how you can change your presentation for better impact

The best way to manage existing investors is to keep them informed. Ask existing investors for help in areas they can help in.

Raising money always comes with bad timing.
It normally takes six to 12 months to get the
right money at the table.

If you need funding you need to have charts that show

you are always growing
are growing better than industry
show your beauty and
show progress over time

Managing a board means always telling the truth. This means reporting facts as facts and hopes and thoughts as such.

In every start up/company you will have

2 % amazing employees

15 % excellent employees

33 % good employees

33 % mediocre employees

17 % who shouldn't be there.

Firing is critical and doing so fast is even more important. If you have doubt on who to fire, ask the people in your organization, they will tell you.

Most companies hire too early. The best way to hire is if you can see what the new hire will do for the next 90 days.

Hiring a CEO

- Someone who never gives up
- Someone the team will follow
- Someone who listens to the customers
- Someone who is not afraid to take the hard decisions
- Someone who can build strong teams
- Someone who reports accurately and is not a BS er

No one reads anything - not manuals, not messages, not app blurbs.

Product market fit is only about conversion of first time users from being non users and then retention, i.e. number who keep repeating.

The sequence for product market fit is....

Total addressable market..

Download..

Registered..

used once..

got value..

Retained

Users normally have the following route

- understanding what your app or service does
- getting to the value
- deciding if there is enough value in it.

Creating value needs

a. a business model story

b. a formula.. (Life time value minus cost of goods sold) / customer acquisition cost

c. Time

Most B 2 B models revolve around
our product helps you save money and/or
our product helps you make money.

Price is determined by the market, cost is determined by the company and the market doesn't care about it, if your cost is high its your problem.

Word of mouth is the holy grail.
Word of mouth is an outcome of high
frequency of use.

The top 5 markets for global expansion are nearly the same or a combination of:

USA

India

Brazil

UK

Mexico

Indonesia

France

Vietnam

Russia

If you go global, choose a significant market that's easy to win.

You should do an IPO if ...

1. you think you have something really big
2. you don't see anyone acquiring your company
3. you have raised a lot of money at high valuation

When you sell out, the most important things
to think about are

You
Your team
today and
tomorrow