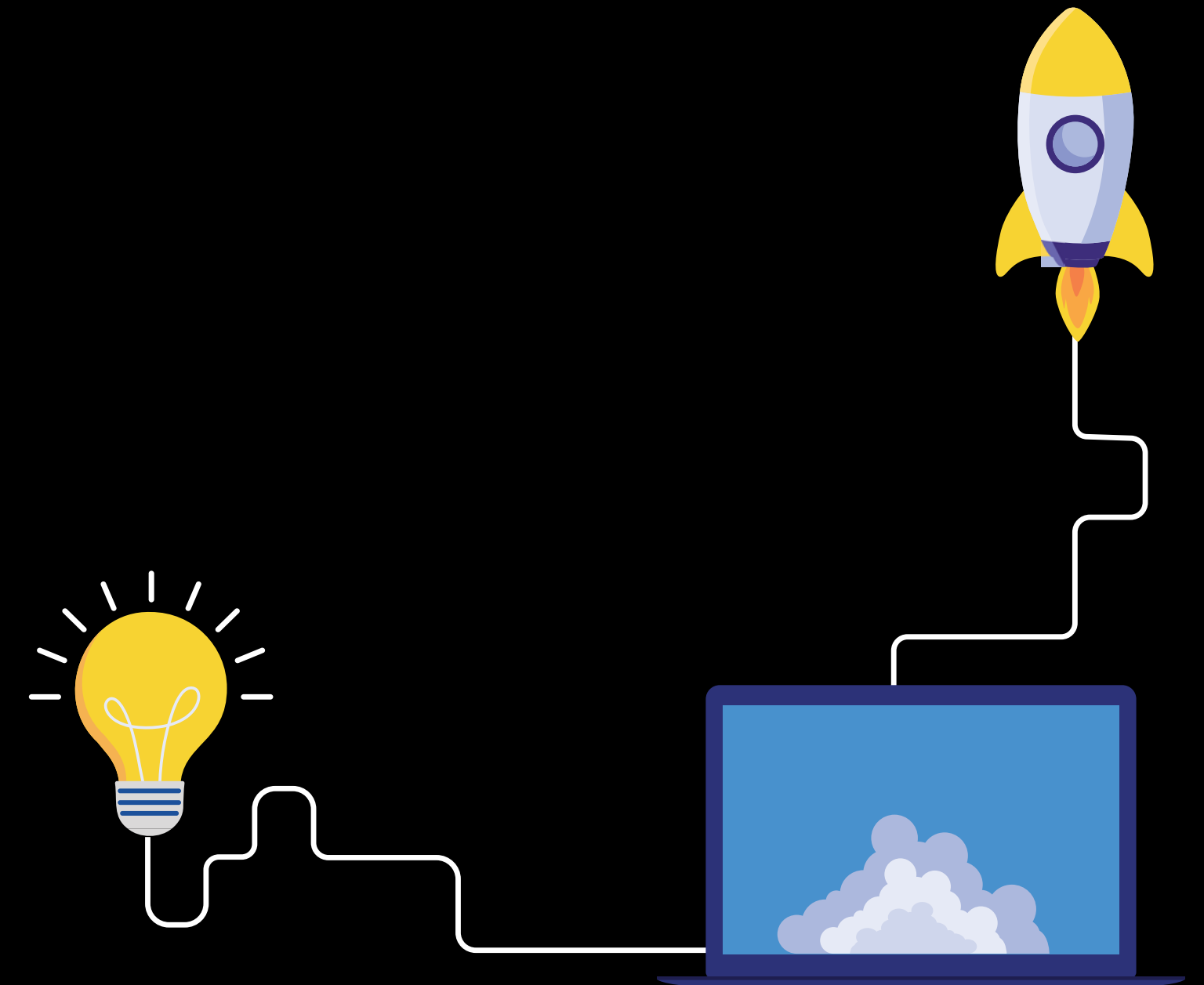<3>

The BUS-217 Launch Path

1. Listen to the waves.

2. Build something people want.

→ 3. Draw the landscape.

4. Create an engine of growth.

5. Engineer an economic model.

6. Create a capital strategy.

7. Frame a Funnel.

8. Be a Master Storyteller.

All startups operate within a landscape of competitors and alternatives.

All startups operate within a landscape of competitors **and alternatives**.

The Juicero product launched in 2017, selling for $699.
"The only wi-fi connected juicer on the market today"

After raising $120 million in venture capital, they went bankrupt within 2 years.
Because there are a lot of alternative ways to make juice.

All startups operate within a landscape of competitors and alternatives.

Researching and understanding the competitive landscape is important as you develop your product or service.

But then don't obsess about competition - it's not the reason most startups die.

Paul Graham ✓
@paulg

In 99% of startups, failing to execute is a much bigger danger than being copied. So it's a mistake to risk the former in order to avoid the latter.

4:14 AM · Feb 7, 2021

♡ 2.8K   💬 495   🔗 Copy link to Tweet

Startups rarely fail because of competition. They fail because their product doesn't meet market needs, they fail from bad financial management, they fail because the unit economics are upside down.

Most of them fail because the team doesn't execute. They don't usually fail because of competition.

As a startup founder, you need to embrace two important truths:

1. Researching and understanding the landscape of competitors and alternatives is very important.

2. But then spend your time obsessing about customers and building a great company, not obsessing about competitors.

"If you're competitor-focused, you are always reacting to what someone else is doing. Being customer-focused allows you to be more pioneering."

-Jeff Bezos

Common slide in a pitch deck:

Competition

	Our App	Brand X	Brand Y
User Friendly	✅	❌	❌
Encryption	✅	❌	✅
Keywords	✅	✅	❌
AI-Powered	✅	✅	❌
Cloud Bookmarks	✅	❌	❌
Social	✅	❌	✅
API's	✅	❌	✅

Worthless. Tells us nothing about positioning. Customers don't buy features.

The original Airbnb pitch deck:

Some tools for competitive research:

- Google, Google, Google.
- Crunchbase and Pitchbook.
- Wayback Machine
- Captera and G2 for software reviews.
- Web traffic (SEMrush, etc).
- LinkedIn discussions.
- Troll FB groups and Reddit.

Most importantly, do Customer Development interviews and listen to the ways they currently solve the problem your startup addresses. Sometimes they may mention competitors, sometimes they may mention alternative ways to solve the problem.

Competitive Research Tools

Every successful startup founder needs to spend time researching the landscape of competitors and alternatives their startup will operate within. A generation ago, that would have meant hiring a market research firm. Today, there are incredibly powerful tools available, many of them free.

Here's my quick list of some resources you should be aware of:

**Old-Fashioned Customer Interviews**

Your best insights are always going to come from talking to prospective customers. Remember, you're trying to understand the alternative ways customers address the problem your startup will solve. If you're making a shopping list app, your competition isn't just other shopping list apps, it's spreadsheets, notes on scraps of paper, and all the other ways people create shopping lists. When you do customer development interviews, make sure you

Use a spreadsheet as you collect information.

COMPETITIVE ANALYSIS FRAMEWORK

		Competitor 1	Competitor 2	Competitor 3	Competitor 4
Company Specific	# of Employees	Type you text here	Type you text here	Type you text here	Type you text here
	Founded	Type you text here	Type you text here	Type you text here	Type you text here
	Funding	Type you text here	Type you text here	Type you text here	Type you text here
	Investors	Type you text here	Type you text here	Type you text here	Type you text here
	Acquisitions	Type you text here	Type you text here	Type you text here	Type you text here
	# of Customers	Type you text here	Type you text here	Type you text here	Type you text here
	Strengths and weaknesses	Type you text here	Type you text here	Type you text here	Type you text here
Target Customer / Message	Products	Type you text here	Type you text here	Type you text here	Type you text here
	Primary Buyer / Decision Maker	Type you text here	Type you text here	Type you text here	Type you text here
	Secondary Buyer	Type you text here	Type you text here	Type you text here	Type you text here
	Target customer	Type you text here	Type you text here	Type you text here	Type you text here
	Messaging	Type you text here	Type you text here	Type you text here	Type you text here
Product Specific	Product features	Type you text here	Type you text here	Type you text here	Type you text here
	Pricing	Type you text here	Type you text here	Type you text here	Type you text here
	Free experience before buying	Type you text here	Type you text here	Type you text here	Type you text here
	Customers	Type you text here	Type you text here	Type you text here	Type you text here
	Product strength	Type you text here	Type you text here	Type you text here	Type you text here
	Product weakness	Type you text here	Type you text here	Type you text here	Type you text here
	Customer reviews	Type you text here	Type you text here	Type you text here	Type you text here
Positioning	How to win?	Type you text here	Type you text here	Type you text here	Type you text here
	Why Customer should chose us	Type you text here	Type you text here	Type you text here	Type you text here

But then find a way to visualize the landscape.
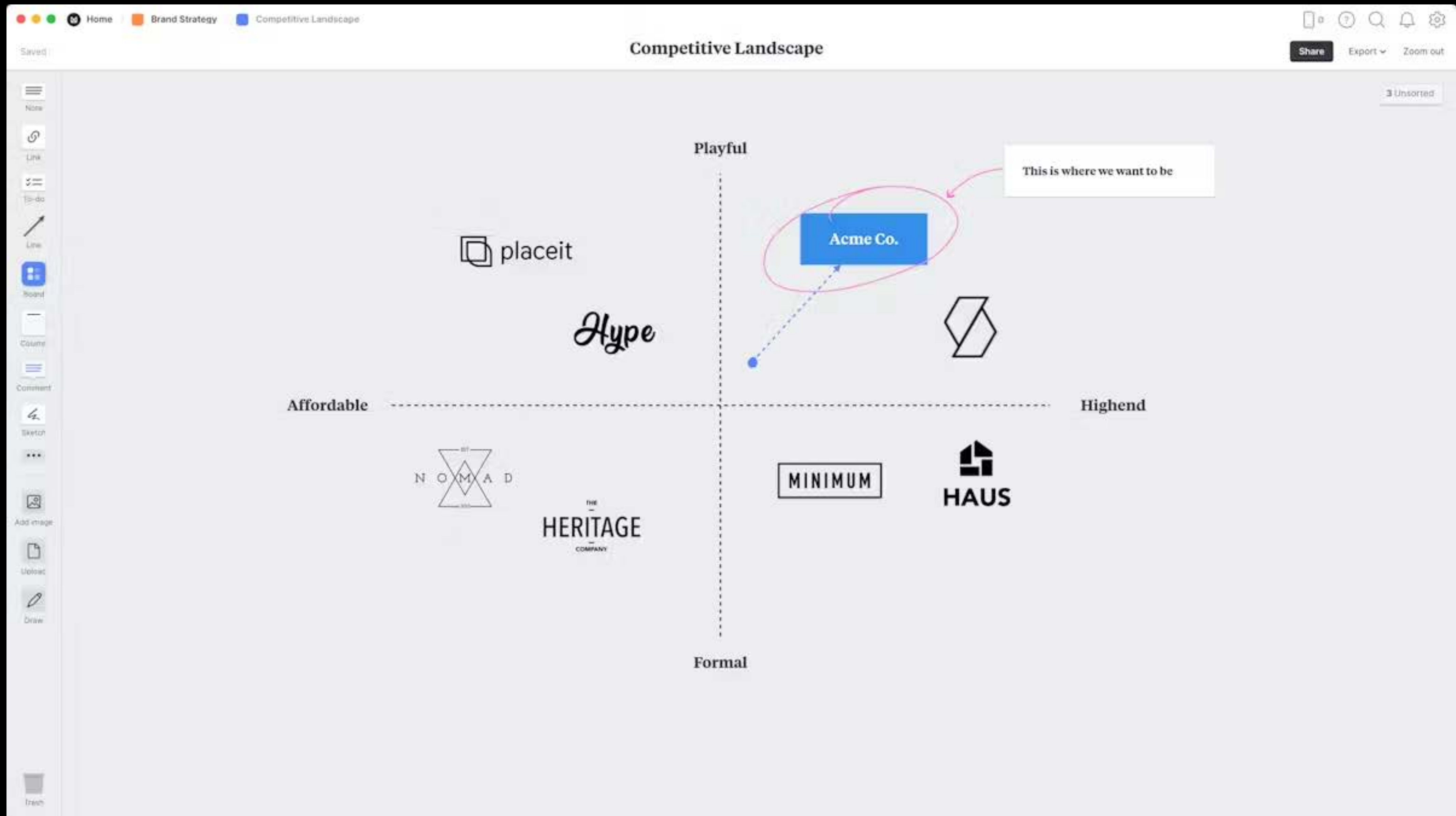
And now a brief word about TAM, SAM, SOM.

Market Size: TAM, SAM, SOM

TAM

SAM

SOM
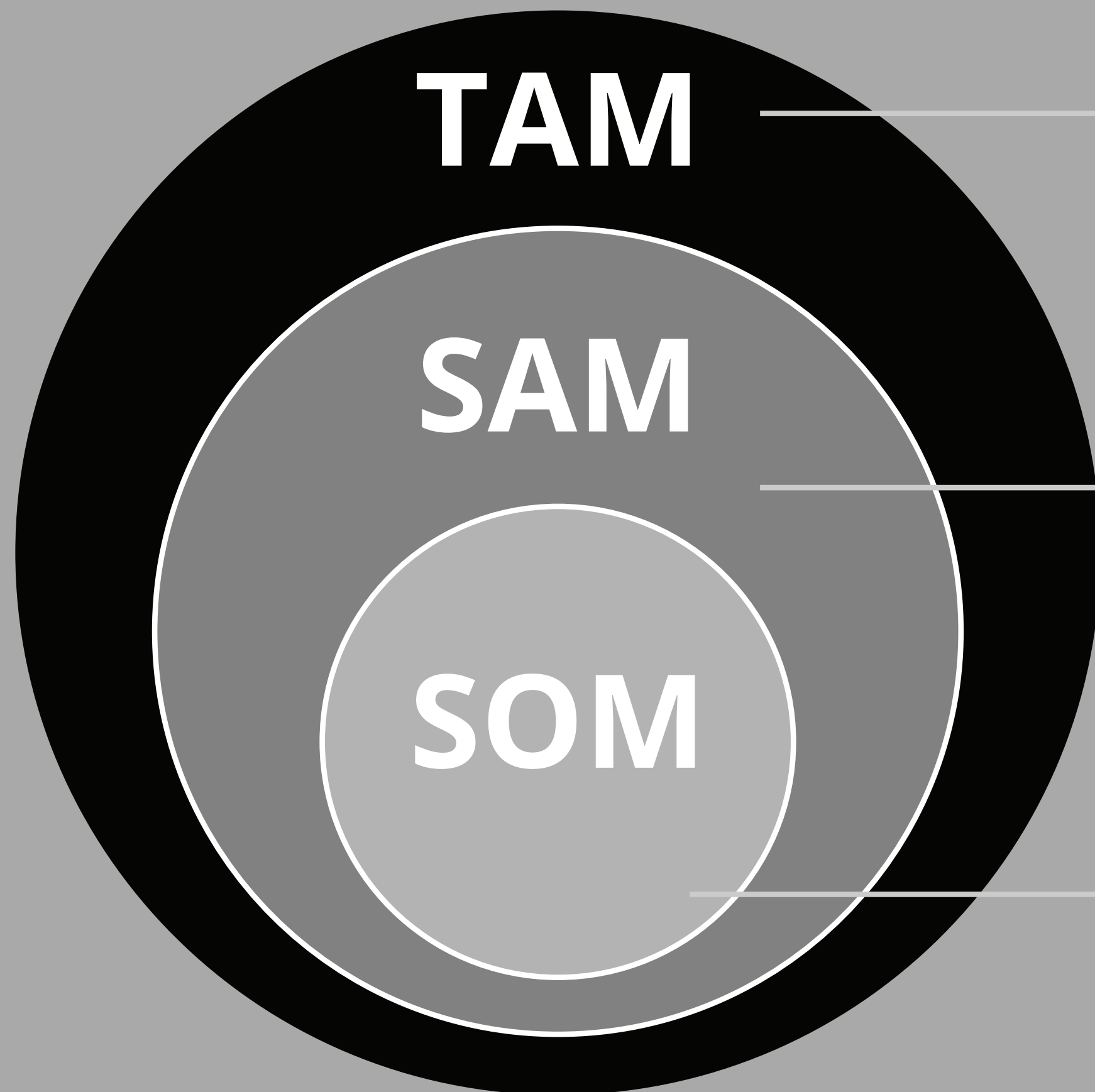
Total Addressable Market

This is the total existing market demand for your product or service. It's relatively meaningless because your applesauce startup is never going to get one hundred percent of the worldwide applesauce market.

Serviceable Available Market

This is the amount of the TAM you could potentially reach, given your geography and business model. Maybe our applesauce startup is targeting just the direct-to-consumer applesauce market in the United States. That's our SAM.

Serviceable Obtainable Market

Unless you're a monopoly, you're never going to get one hundred percent of the SAM. Given the benefits your applesauce offers customers, what percentage of the total available customers could potentially become yours, and how much would they buy?

Eating junk food is killing people more than smoking, finds a study

TNN | Last updated on -May 6, 2019, 17:30 IST

Share f 🐦 📌 | 💬 Comments (6)

01 /10 Are you living a healthy life?

When it comes to following a healthy diet, smoking is considered to be one of the biggest evils risking our health. From the risk of developing cancer, cardiac complications, breathing difficulties and the danger of catching second-hand smoke, there is a very valid reason to say no to smoking.

Eating junk food is killing people more than smoking, finds a study

Share f twitter pinterest   Comments (6)

01 /10   **Are you living a healthy life?**

Problem Statement for Bret's awesome new startup:

Americans spend over $300B/year on unhealthy fast food, and it's become a leading cause of premature death. Most people <u>want</u> to eat healthy, but with a busy life it's hard sometimes.

Solution Statement:

Fast food doesn't need to be unhealthy! Our startup is developing a new brand of health-conscious fast food (healthy tacos!), delivered directly to your home or office.

My proposed solution:

Tacos! Because everybody loves tacos!

It's easy to make tacos healthy - you can do vegetarian, gluten-free, organic, etc!

One-sentence description:

For busy people who want to eat healthy, Fitaco delivers fresh, delicious tacos on-demand directly to your home or office.

	Fitaco	Taco Bell	Del Taco	Chipotle	Pollo Loco
Kale Tortillas	✅	❌	❌	❌	❌
Tofu	✅	❌	❌	❌	❌
Vegan options.	✅	❌	❌	✅	✅
Free range avocados.	✅	❌	❌	❌	❌

How we fit into the food delivery landscape:

Competitive Landscape
We are uniquely positioned as freshly-prepared and healthy.

Focus on freshly-prepared.

Fitaco

Daily Harvest

Eat24

Uber Eats

Grubhub

Sun Basket

Seamless

Doordash

Thistle

Focus on healthy foods with menu designed by a nutritionist.

The Launch Path Canvas

Name of Startup Venture: **Fitaco, Inc**

Date:

Prepared by: **Bret Waters**

Iteration:

Problem ?
One clear sentence that articulates the problem your startup solves.

Consumers in the US spend $331 billion/year on fast food, and most of it is really unhealthy.

The paradox is that consumers today <u>want</u> to eat healthy, but also have a busy life that often drives them to resort to the convenience of fast food.

Solution
How does your venture solve the problem you have articulated? Keep this short and consise!

Fast food doesn't need to be unhealthy. Our startup is developing a new brand of health-conscious fast food (healthy tacos!), delivered directly to your home or office.

Why it matters
Why is this a problem worth solving?

The National Institutes for Health say that today a fast food diet may kill more people prematurely every year than cigarette smoking.

Alternatives
When a customer looks at alternative ways to solve the problem we solve, what will they see? This is a list of competitors and alternatives. Link to a graphic representation of the landscape.

There are many food delivery services, from Uber Eats to Doordash to Grubhub.

See visualization at <u>this link</u>.

Customer
It's all about understanding customers. Write a one-sentence description of key customer personas and the problem we solve for each. Circle the one that is most influential.

Adventurous Alex: A thrill-seeking foodie always on the hunt for unique and spicy taco creations to satisfy their daring palate.

Health-Conscious Haley: A fitness enthusiast looking for wholesome and fresh ingredient options that align with their nutritious lifestyle at the taqueria.

Busy Ben: An on-the-go professional seeking quick, flavorful, and portable taco choices to enjoy during a busy workday.

Vegetarian Victoria: A plant-based eater in search of flavorful and creative vegetarian and vegan taco selections that cater to their dietary preferences.

Traditional Tony: A lover of classic flavors, Tony enjoys indulging in authentic and time-honored taco recipes that remind him of his cultural heritage.

Family-Oriented Felix: A parent looking for a family-friendly meal delivery with a variety of options to cater to the taste preferences of both kids and adults.

Budget-Conscious Bella: A student or frugal diner in pursuit of affordable yet flavorful taco choices that won't break the bank at the taqueria.

Path to PMF
What is our path to Product-Market Fit? Customer Development, MVP's, etc.
1. Farmers' markets where we can get input on our menu items.
2. One truck in the Palo Alto area for a pilot project.
3. Scale slowly to additional markets, based on our learnings.

Top 3 Benefits
What are the top 3 benefits that your product or services provides to customers?
1. Convenience. Use our mobile app to place a custom order and it's delivered directly to you.
2. Healthy food, designed by a nutritionist.
3. Tacos. Everybody loves tacos.

Distribution
What are our distibution channels? Direct to consumer, via resellers, or?

We intend to sell direct-to-consumer, via our mobile app and website, with delivery via our own vans.

In the future, we may be open to distribution partnerships.

Positioning
Within this landscape of competitors and alternatives, how is your venture positioned?

Our positioning can basically be summed-up in two words: <u>healthy</u>, and <u>delicious</u>.

There are many food delivery apps that can deliver something that is delicious but not very healthy. Or you could eat a kale salad.

We serve delicious tacos designed by a nutritionist. That's our unique positioning.

Economics
What are the Unit Economics for this venture, what do we expect the CAC<LTV to look like, and what are out capital needs? (Link to full spreadsheet).

One unit is one average order: $15, on which our gross profit is $8.50.

Early tests indicate CAC of $11, and we expect an LTV of three orders per customer ($25.50), which will grow with time.

Our initial capital needs are $220K.

See full spreadsheet at <u>this link</u>.

Team
What are the characteristics of the right team to make this venture a success?

The right team aligns with our target demographic - people who want to eat healthy and also enjoy the conveniece of a quick taco meal.

The economics of our venture are such that we'll need drivers and cooks who are affordable, so we will work hard to make it an attractive part-time job for students, and a great evening second job for anybody.

Defensibility
What is your secret sauce that is difficult for competitors to copy?

The fact that we own the customer and customer data is a big part of our defensibility.

A restaurant selling through a 3rd-party like Doordash owns neither the customer nor the data.

The Launch Path Canvas

Problem **?**

One clear sentence that articulates the problem your startup solves.

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Name of Startup Venture

Prepared by: *Bret Wa...*

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Prepared by: Bret Wa...

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There are many food delivery apps that can deliver something that is delicious but not very healthy. Or you could eat a kale salad.

We serve delicious tacos designed by a nutritionist. That's our unique positioning.

Messages 🎉💜😜 Files +

Thursday, April 17th ˅

Ralph Waldo Emerson or Alexander Pushkin would be my choice

❤️ 5 😊⁺

Alesya 9:21 AM
For me it would be Walt Disney. I grew up on Disney movies, and Disneyland is one of my happiest places. I love how he built an empire from pure imagination, even when few believed in his vision.What I love most is that his mission was simply to make people happy. Have you guys ever been to Disneyland? Did you like it? It's so much fun even for adults!

IMG_3254 2.jpg ▼

🐻 1   ❤️ 8   😊⁺
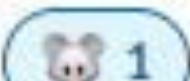
Jeff Compton 8:44 AM
I've pivoted:

Problem statement:
The global hiring system is broken for job seekers: silence after rejection is the norm, not the exception. Without feedback, millions are left guessing, wasting time, and stuck in cycles of rejection.

Solution:
The company provides a platform for efficiently sharing standardized, risk-free candidate feedback — helping employers strengthen their brand and build a stronger future hiring pipeline.

29

Messages Add canvas Pins +

👍 1   ❤️ 1   😊

Saturday, April 19th ⌄

Michael Wei 10:44 AM
Great chatting with folks today! Looking forward to our progress this week 😃
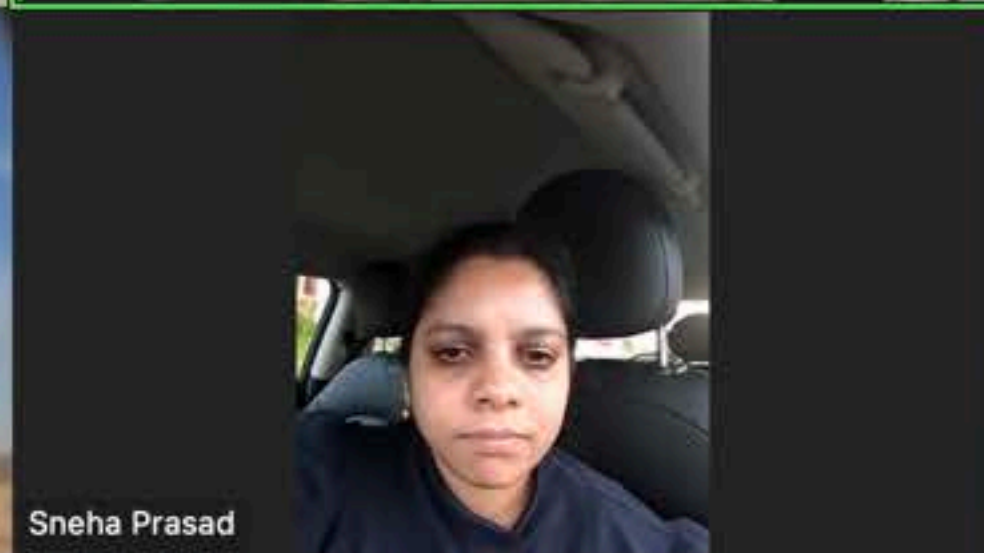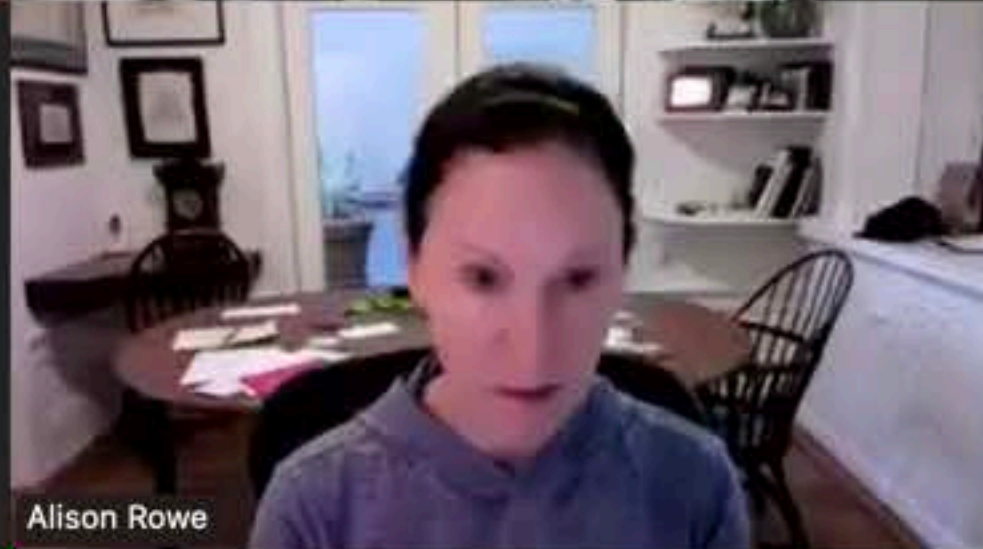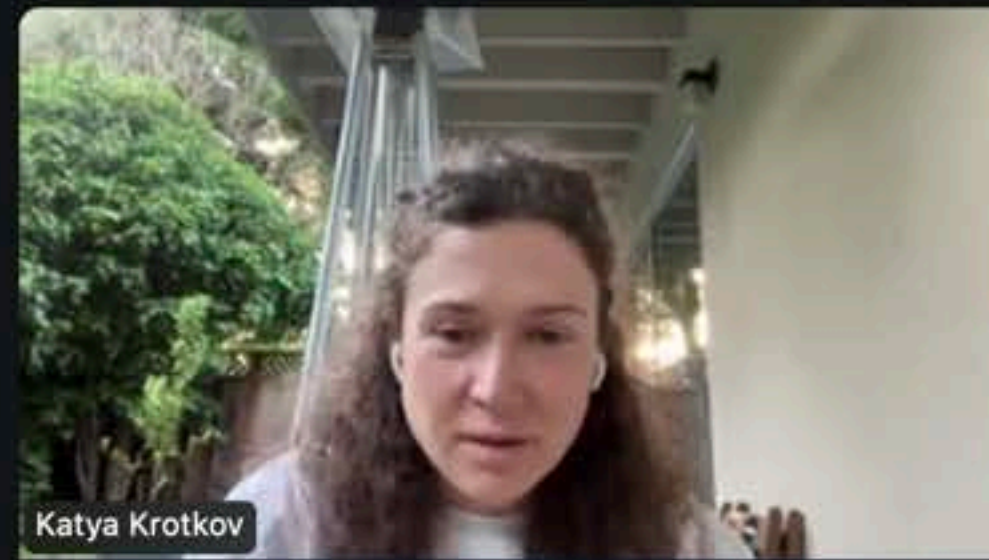
🙏 1   😊

Abdi 2:13 PM
Thanks for hosting and good job Michael

Bret Thursday at 8:24 AM

If I were to pick one person to have dinner with I think it would be Abraham Lincoln. I love history, and he is my favorite figure from American history. No formal education, yet he becomes a lawyer and eventually President during the most difficult time in the history of the country. https://en.wikipedia.org/wiki/Abraham_Lincoln

W **Wikipedia**

Abraham Lincoln

Abraham Lincoln (LINK-ən; February 12, 1809 – April 15, 1865) was the 16th president of the United States, serving from 1861 until his assassination in 1865. He led the United States through the American Civil War, defeating the Confederate States of America, playing a major role in the abolition of slavery, expanding the power of the federal government, and modernizing the U.S. economy.
Lincoln was born into poverty in a log cabin in Kentucky, and was raised on the frontier. He was self-educated and became a lawyer, Whig Party leader, Illinois state legislator, and U.S. representative. Angered by the Kansas–Nebraska Act of 1854, which opened the territories to slavery, he became a leader of... Show more
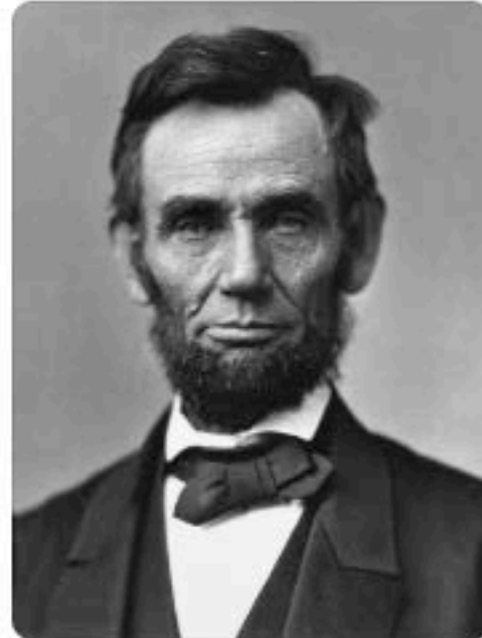
❤️ 4   🖤 1   👍 1   🙂⁺

2 replies

💯 ❤️ 👍 🙂⁺ 🔖 📇 ⋮

Atul Thursday at 4:53 PM

Professor - what anecdote do you always recall about Lincoln, you find inspiring or something you always think about ? Just curious?

❤️ 4   🍷 1   👍 1   ☺️

2 replies

Atul Thursday at 4:53 PM

Professor - what anecdote do you always recall about Lincoln, you find inspiring or something you always think about ? Just curious?

Describe it simply.

Paul Graham ✓
@paulg

When you describe what your startup does, describe it in the most matter of fact way possible. Professional investors hate having to decode marketing-speak. Describing your startup in grandiose terms is the mark of a noob.

9:01 PM · Jul 29, 2022
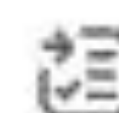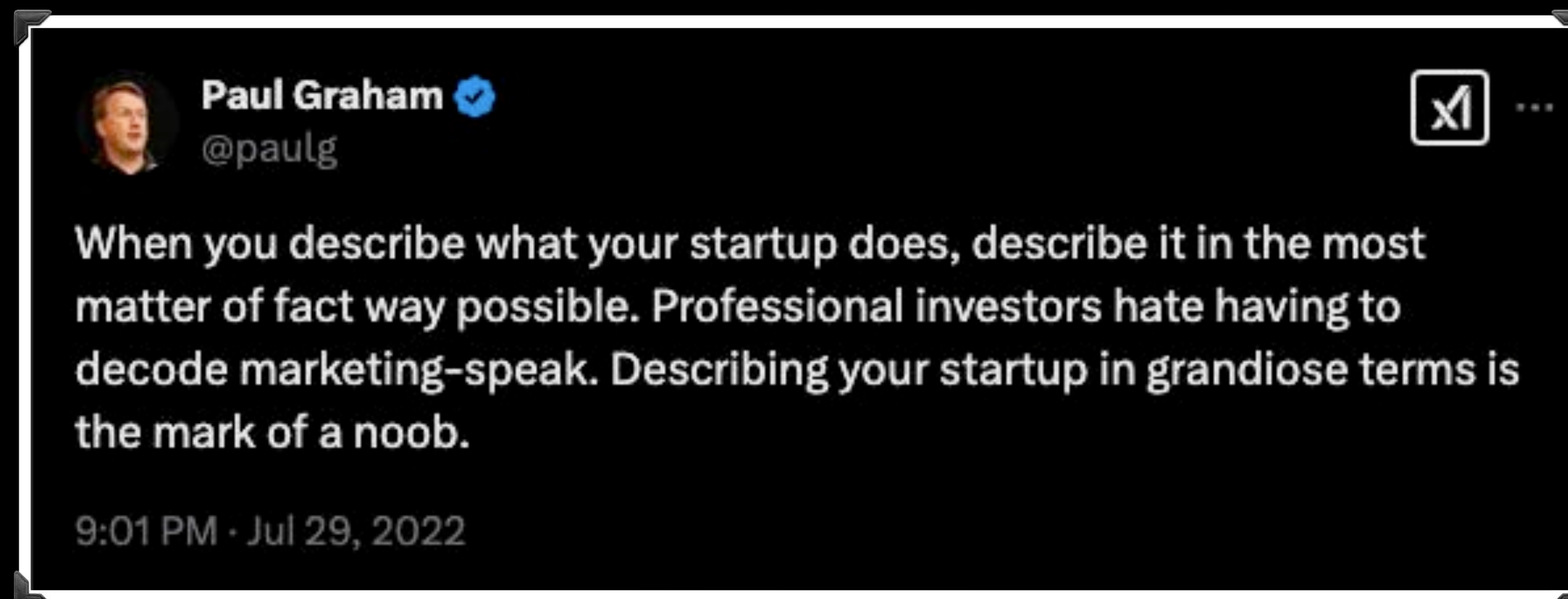
Did the Uber pitch deck call it "Disruptive mobile-optimized GPS-enabled cloud platform that changes the entire personal mobility paradigm"?
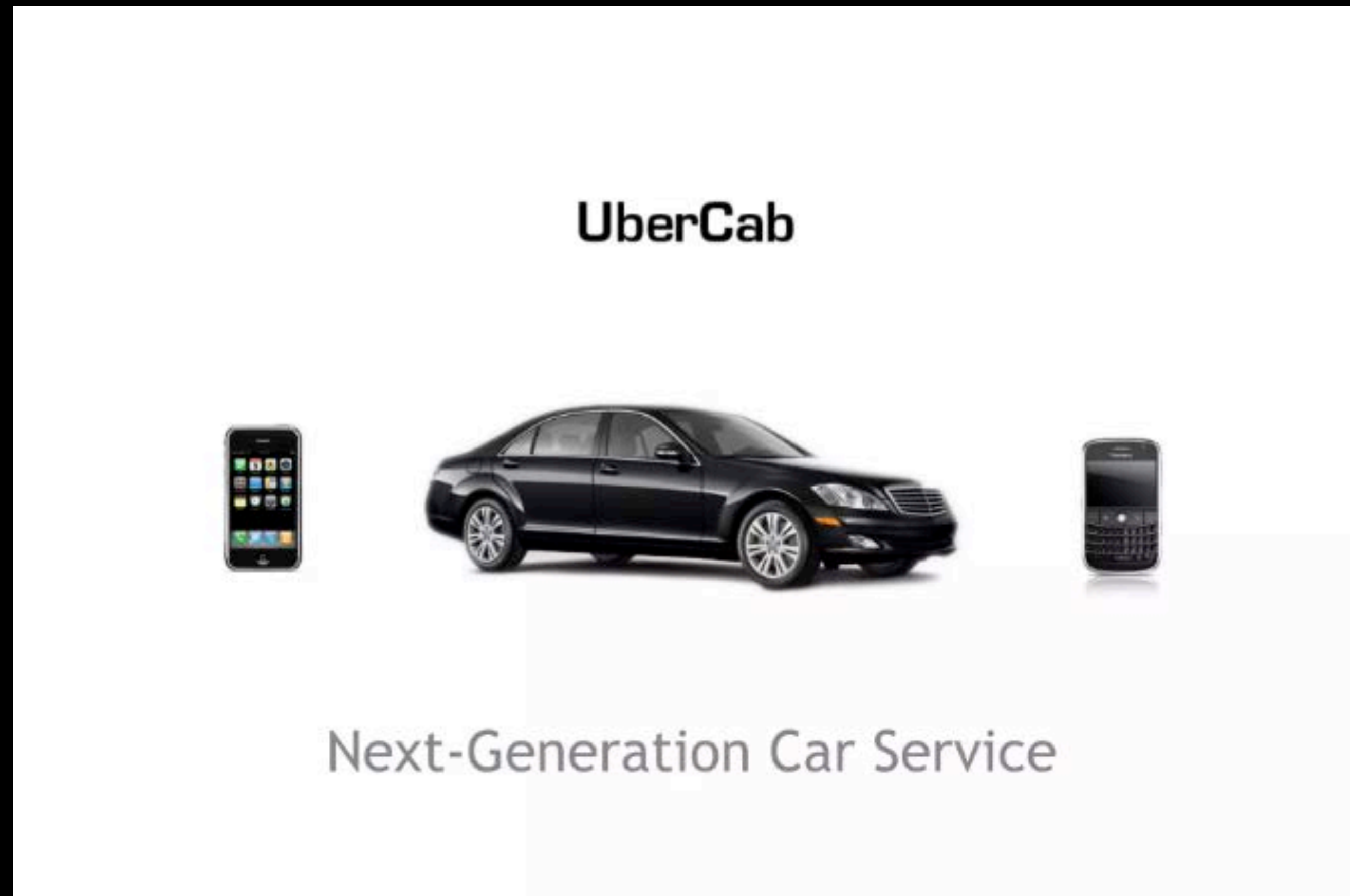
Did the Airbnb pitch deck call it "Peer-to-Peer accommodations marketplace platform using a proprietary engine and a revolutionary new trust mechanism"?

Clara Benedett 1:30 PM
#problem-statement 1.7B people struggle with injury recovery due to limited access to quality physical therapy guidance and prohibitive healthcare costs
#solution-statement Our mobile app provides instant injury diagnosis and video-based recovery plans from certified Physical Therapists, giving users professional guidance in the palm of their hand, at a fraction of traditional healthcare costs

💯 1

Ray Banks 10:00 AM
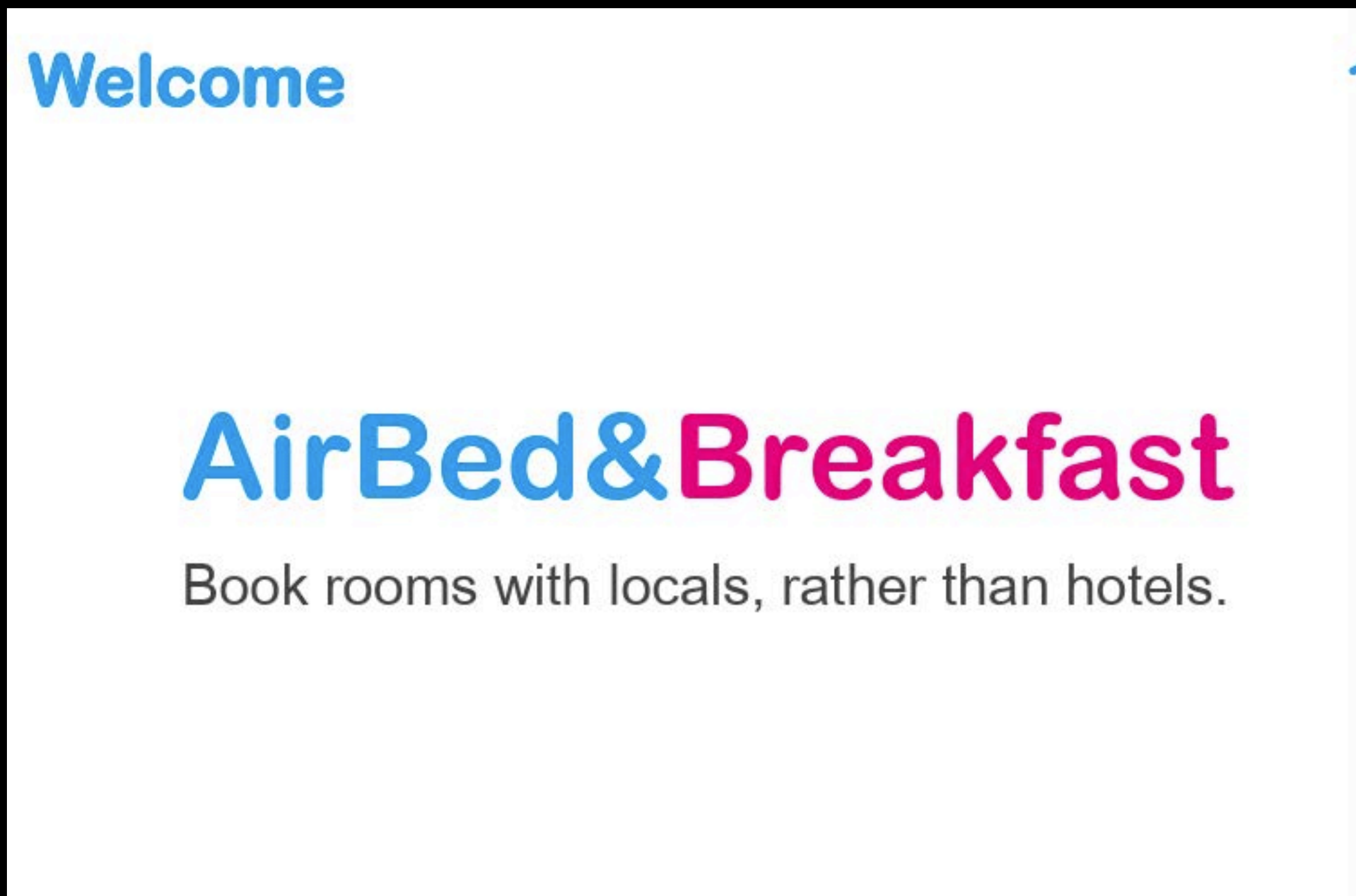**Problem Statement:** Intermediate language learners plateau after outgrowing beginner tools. They want to keep learning, but don't know where to go next.
Solution Statement: Literate helps intermediate learners keep making real progress with personalized flashcards and AI leveled reading content adapted to their vocabulary. It immerses them in the language in a natural and enjoyable way.

David Perez 7:37 AM
#problem-statement Biotech investors face a firehose of data: 500 companies, thousands of drug trials, and tens of thousands of market-moving events each year—any one of which can swing a stock ±50%. Tracking it all is nearly impossible.

#solution-statement Koanix compiles scheduled events from across the biotech industry, and sends you a daily digest of *what's relevant to you*.

Anastasia Tsebro 6:49 PM
Problem statement: More than half of US students are failing to meet reading and math standards. This has a huge impact on their livelihoods and the entire economy.

Solution: Recognizing that children learn skills most effectively when they need them, I want to create a mobile game where mathematics is fundamental to game progression. It uses compelling scenarios requiring players to actively apply math concepts in order to overcome obstacles, manage resources, build structures. (edited)

❤️ 4

Akshay 3:11 PM
#problem-statement Returns due to sizing is an expensive problem for apparel retailers estimated to costs >$115 billion in total. Most solutions to address this problem primarily focus only on consumer behavior when the shopping experience is initiated.

#solution-statement Equip returns processors with tools to flag sizing-related return trends, enabling retailers to identify recurring fit issues and collaborate with manufacturers to adjust specs, improve consistency, and reduce returns at the source.

Last week we talked about the Path to Product-Market Fit.

It's not about showing, it's about learning.

It's not about talking, it's about listening.

Everybody does customer interviews wrong.

This $20 book will tell you how to do them right.

It's on the recommended reading list on the class website.

path-to-pmf

Messages   Pins   Files   Untitled   +

- Distribute ~1,000 sample boxes across 3–5 high- Saturday, April 19th ⌄
- Gather ~300+ direct feedback responses and 1,000+ impressions
- Build a pre-launch email list of ~500 subscribers
- Generate 100+ organic social media tags using a branded hashtag (e.g., #EcosomaEats)

👍 1

Anastasia Tsebro 7:31 PM

Math Game App

1. **Talk to parents & teachers** to deeply understand the problem and target age group.
2. **Test core interactive math learning ideas** with kids using real-life activities.
3. **Build a basic playable version (MVP)** with one validated core math concept/interaction and test it with target kids .
4. Based on MVP feedback, create a **more polished Beta version.**
5. If Beta results show strong positive signals, **iteratively build the full game**

👍 1   😊⁺

1 reply   Today at 8:55 PM

Hallie 8:10 PM

Personal Finance App

1. Talk to existing users
2. Launch MVP V2
3. Gather insights (usage data, user feedback, user interviews)
4. Iterate based on insights
5. Repeat steps 1 to 4 until product-market-fit

Clara Benedett 3:58 PM

1. **Conversations:**
   a. Deep conversations with 20 people who have experienced injuries (to understand the challenges they faced in accessing physical therapy and solutions they used) plus
   b. **2 physical therapists** (provide clinical expertise, validate content feasibility, identify regulatory concerns, and offer potential partnerships for your app)
2. **Assumptions:** Define and validate core assumptions
   a. **Access assumption:** People struggle to access physical therapy due to cost/location
   b. **Trust assumption:** Users will trust an app for injury diagnosis and recovery plans
   c. **Value assumption:** Users will pay for digital PT guidance
   d. **Expert assumption:** Physical therapists will provide content for the platform
3. **Build MVP**
4. Implement **analytics** to measure and learn user behavior
5. **Iterate** based on feedback
6. **Partnership with a certified Physical Therapist** (it's a plus if they have a good online presence already)
7. **Build** more **content** for the app
8. Start **charging**
9. Iterate forever based on feedback

The Path to Product-Market Fit.

Three days ago I had dinner with a very smart entrepreneur and I asked him the secret to startup success.

His response was "viscously challenge your assumptions".

On May 10 I'm doing a special workshop on Storytelling for Entrepreneurs.
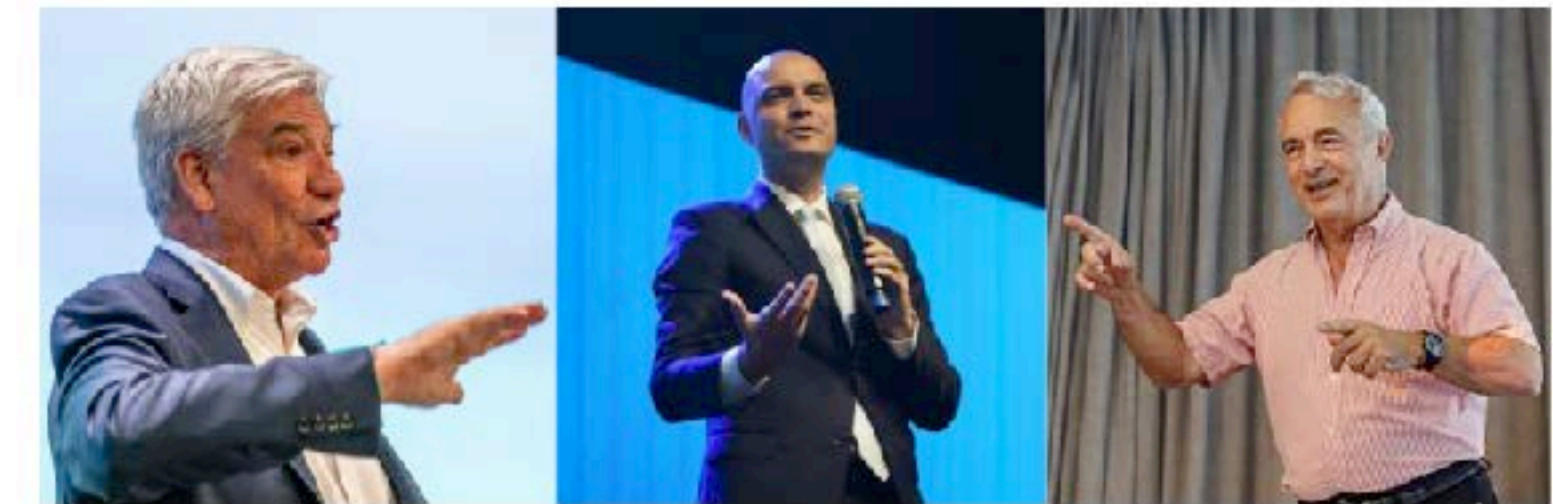

Storytelling for entrepreneurs and investors.

Pitching and presentation skills are crucial for success today.
Join our one-day intensive workshop in Silicon Valley.
Saturday, May 10, 2025

Register now.

Pitching and presenting are key skills for success, and nowhere is that more true than in the world of entrepreneurship and innovation. Startup founders have to be able to tell that crisp, clear, and compelling story in order to raise money, recruit a team, create loyal

Workshop Leaders: The workshop is led by Bret Waters, Bruno Mano, and Jeff Cabili. Bret is a veteran Silicon Valley entrepreneur and investor who teaches at Stanford. Bruno is a global expert on the science of storytelling, and Jeff is a world-renown master of pitches, storytelling, and nonverbal communication who also teaches at Stanford.

Enter "bus217" when you register and you will get 40% off as a current student.
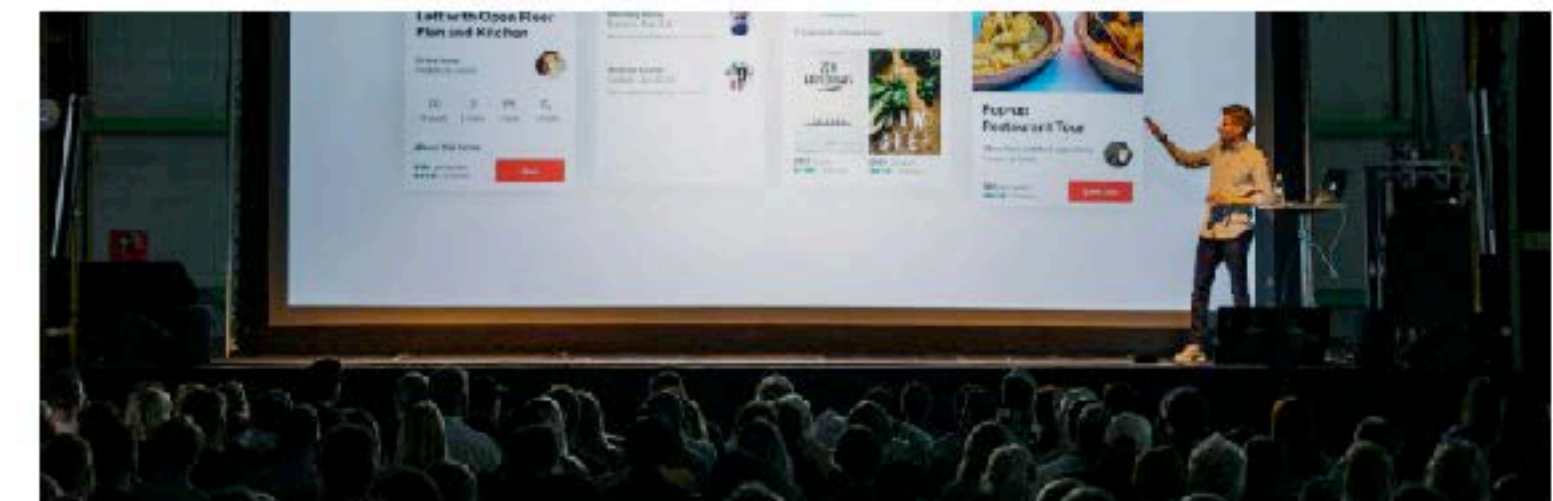
Assignments for the week:

In the **#competitive-landscape** channel, post some sort of visualization of how your startup fits into the landscape of competitors and alternatives.

In the **#social** channel, post a travel recommendation. Some amazing place you've been that you would recommend to your classmates.

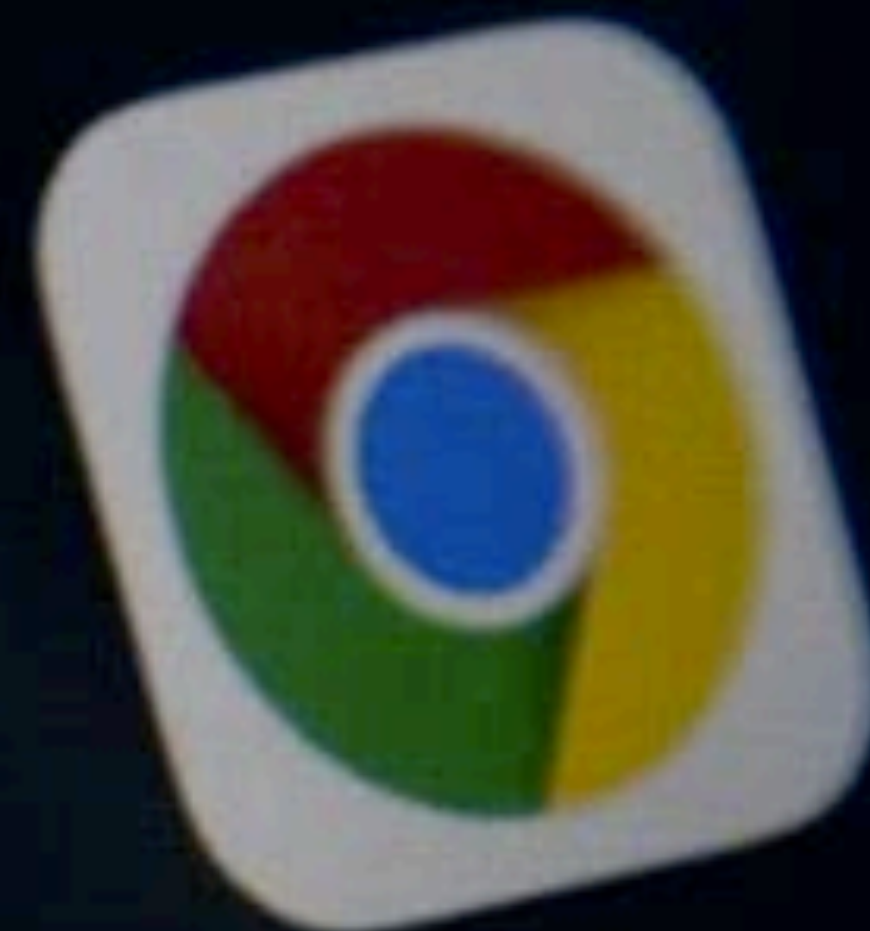Next week at the optional CoHo meetup we'll do Rapid Prototyping.

When Zoom launched, it was a very crowded sector. Absolutely no one thought the world needed yet another video call platform.

But despite all the competition, they succeeded in becoming the market leader – and did so with incredible capital efficiency.

Zoom went from founding to IPO on a total of $146M in capital raised, over five rounds.

As a point of comparison, Airbnb took $4.8B from founding to IPO, and Uber took $8.1B from founding to get to IPO.

From zero to IPO on $146M in capital, in sector crowded with competitors.

deemed dividend and is reflected as distributed earnings attributable to participating securities in the calculation of net loss attributable to common stockholders. See Note 7 to our consolidated financial statements included elsewhere in this prospectus for more information.

	As of January 31,	
	2018	2019
	(in thousands)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	$ 36,146	$ 63,624
Marketable securities	103,056	112,777
Working capital	114,633	124,378
Total assets	215,019	354,565
Deferred revenue, current and non-current	54,262	125,773
Convertible promissory notes, net(1)	—	14,858
Convertible preferred stock	159,552	159,552
Accumulated deficit	(32,737)	(25,153)
Total stockholders' deficit	(26,671)	(7,439)

(1) Included in other liabilities, non-current on our consolidated balance sheet.

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But it's even more impressive than that: At the time of their IPO, most of the money they raised was still just sitting in the bank.

A lot of competition just means there's a lot of existing market demand.

Now you just need to be differentiated in some way.

Zoom entered an overly-crowded market and became the clear leader with remarkable capital efficiency. Read the Zoom case study on the class website.

Do your research on the landscape of competitors and alternatives.

Competition is a good thing - it shows demand.

Now you just have to be differentiated in some way.

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