

# **THE AGILE START UP**

**QUICK AND  
DIRTY LESSONS  
EVERY ENTREPRENEUR  
SHOULD KNOW**

***JEFF SCHEINROCK***  
***MATT RICHTER-SAND***

**WILEY**

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## Why You Should Read This Book

**D**espite the advantages today's entrepreneurs have, getting a company off the ground remains remarkably challenging. To be successful, you have to give it everything you've got—your heart and soul, your focus, and your life savings. Even then, the likelihood that you'll succeed is frighteningly low. But if you're one of the lucky few who manage to get your startup off the runway, building and running your own company will be one of your most rewarding and memorable experiences. Entrepreneurs live unique and fulfilling lives. In exchange for unreal and untold sacrifices, they get to live their passion every day and make a tangible difference in the world. If you are destined to become an entrepreneur, this book is for you. *The Agile Startup* will show you how to dodge painful, common, and *avoidable* mistakes and get your startup down the runway and in the air. Through the 170 startup strategies, you'll be exposed to the latest ideas, philosophies, frameworks, and best practices for entrepreneurship in today's fast-paced, hypercompetitive world.

*The Agile Startup is not meant to be a comprehensive overview of how to start a business.* Instead, it's filled with quick, actionable, timeless lessons from the trenches for soon-to-be founders or existing entrepreneurs. The lessons

show you how to bob and weave with the market, get vital feedback, and build blockbuster products. The book will show you how bad assumptions kill companies, and why the most important thing you should do as an entrepreneur is to turn assumptions into facts as quickly as possible.

Most of the time-tested strategies have risen from the ashes of failed businesses, often the best (and hardest) way to learn. If heeded, they will increase your likelihood of success and reduce the time required to get off the ground. If ignored, you'll learn the hard way that history repeats itself. In the end, you'll have over 170 actionable strategies to help you navigate the startup minefield and start living your entrepreneurial dream.

*The Agile Startup* is for every kind of entrepreneur, from the aspiring entrepreneur just starting out, to the established early-stage CEO. You can read the book cover to cover, or focus on the strategies that apply directly to your current situation.

The hope is that *The Agile Startup* will be something you reference and learn from for many years to come. It was written to help you succeed on what will inevitably be one of the hardest and most rewarding journeys of your life.

Come join our community at [www.agilestartup.com](http://www.agilestartup.com), and keep us updated on your journey!

# The Entrepreneur's Life Cycle

**F**rom pre-idea to scale, there are six distinct stages that every entrepreneur goes through. In an effort to maximize the value you get from this book, we've stamped every lesson with one or more of the six stages. Referencing the icons would be a good way to get through the book quickly if you're strapped for time (like most entrepreneurs) and want to focus on your current situation.



## 1. Pre-Idea

In the *Pre-Idea* stage, you know that you want to start your own business one day soon, but you aren't working on any specific ideas yet. This is an exploratory stage, in which you scan broadly for opportunities. Your first ah-ha! moment when an idea starts to take hold will graduate you to the next stage.



## 2. Idea(s)

*Idea* is the second stage of an entrepreneur's life cycle. You move past Pre-Idea when you start to dig into one or more ideas because you think they have potential. Rather than committing to any one idea at this stage, you're still very much in an exploratory mode and trying to ascertain the feasibility of an idea through interviews and conversations.



### **3. Some Work Done**

It is in the third stage, *Some Work Done*, that you transition from an exploratory mode into a deep dive of a single idea. It's in this stage that you begin to commit resources by building a prototype (or brochure) to test the idea and get meaningful feedback.



### **4. Business Launched**

In the *Business Launched* stage, as you might have guessed, you launch your business! This is when your activities transition from feasibility to building. You're still learning along the way, of course, but your learning efforts are much more focused on business-building activities. This is where you put all of your weight behind the business, and sink all of your resources into it.



### **5. Customers and Revenue**

For most companies, there's a gap between officially launching the business and generating revenue. The *Customers and Revenue* stage represents the milestone of

landing initial customers and revenue. This is a great step forward, but you're not out of the woods yet.



## 6. Scale

The sixth and final stage is *Scale*. This is when you've finally found product—market fit, and you're having a hard time keeping up with customer orders. While this stage is no less frantic than the others, most of the venture has been de-risked. The final test is one of execution—can you scale the company quickly enough to ride the wave, or will it wash over you?

# Chapter 1

## Agile Philosophy

**F**rom idea to sales, a startup's launch path is invariably convoluted and confusing. Regardless of industry or idea, successful entrepreneurs share a common philosophy that helps them navigate the tempestuous sea and build thriving businesses. The lessons in this chapter capture the philosophy of the Agile Entrepreneur and create a solid foundation to build upon. It will help you frame your thinking and maximize your discovery process.

There are two overriding themes that emerge in this chapter. First, the best entrepreneurs realize that they don't have all of the answers. They're able to walk the fine line between being focused yet agile, and visionary yet reactive. This crucial theme is carried throughout the book, especially in the next section on feasibility.

Second, founders understand that starting a company is not about dreaming, it's about doing. This is the biggest factor that differentiates the winners from the losers. Some people plan, others act. The best founders are quick to make decisions and then act immediately. They realize that few decisions are final, which means it's almost always better to act first and plan later.

As you read through this chapter, look for these themes and apply what you can to your startup immediately.

[Rule #1](#)

[What's Your Why?](#)

You Are Wrong  
Heaven . . . and Hell  
You Get Only 15,000 Days  
The Entrepreneurial Method  
Focus on Problems, Not Solutions  
Three Requirements for Success  
Dreamers versus Doers  
Get Out of the Building  
Business Plans Are Worthless  
Let Them Steal It  
Embarrass Yourself  
Fail Fast—and Often  
Contain Risk as Early as Possible  
First, Decide What Not to Do  
Rules? What Rules?  
Focus—Follow One Course Until Successful  
Don't Drink the Kool-Aid  
Get in over Your Head  
There Is No Silver Bullet  
It Ain't a Problem 'Til It's a Problem  
Launch to Learn  
Resourcefulness, Not Resources

# Rule #1



**R**ule #1 in entrepreneurship is *to have fun*. As Dale Carnegie said, “People rarely succeed unless they have fun in what they are doing.” If you’re having fun, it’s immediately obvious to everyone around you. You spring out of bed in the morning instead of snoozing for an hour. You are constantly smiling, and grateful for even the smallest things. More importantly, having fun actually makes you a better entrepreneur. Enjoying the process makes it easier to commit wholeheartedly, and fully immerse yourself, both prerequisites to success. This will allow you to push through the hard days, fly past the boring days, and overcome the obstacles that every founder experiences. If you’re not having fun, what’s the point?



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# What's Your Why?



**W**ithout a doubt, starting a company is one of the hardest things that you'll do in your life. In fact, most entrepreneurs looking back say that they wouldn't do it again if they knew how hard the road would be. Getting a company off the ground takes years of discipline, dedication, faith, and follow through. There will be months (or years) of total uncertainty, causing you to doubt that you can even pull it off. If you want to succeed, you have to keep moving the ball forward. All entrepreneurs encounter

this backbreaking resistance to one degree or another, and most quit on the five-yard line. To make sure you see it through, **you better have one hell of a reason as to why you're starting this business**, and it needs to be more than just money. Perhaps you're trying to make the world a better place. Or maybe it's that the old way of doing things is too painful. Possibly you want to be in charge of your own destiny. Whatever your reason, you need to have an inspiring vision that will get you through the dark times and help you live by Rule #1.

**What's your why?**



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# You Are Wrong



It's pretty much guaranteed that whatever solution you have in mind today, you are wrong and it will change. Only by going through a process of learning and discovery with potential customers, industry experts, suppliers, and partners will you arrive at the right solution. In battle, this is known as the fog of war. In business, it's the fog of startups. Just as no battle plan ever survives contact with the enemy, **no business plan ever survives contact with the customer.** The landscapes and minefields—in both—are constantly changing and evolving.

The process of cutting through the fog is called *customer development*, which helps you approach your market with an open mind. The key here is to be honest with yourself. It's all too easy to tell little white lies that allow you to ignore reality and stay in your comfort zone. What separates naïve dreamers from great entrepreneurs is an eagerness to grapple with reality and react accordingly. Of course, you have to start with what you believe to be the best solution, but your vision will undoubtedly change as you move forward—probably drastically.

When you admit that you won't get it right the first time, you immediately open yourself up to a process of learning and discovery. You seek input and feedback as you go through the customer development process. While the feedback won't always be what you want to hear, it is absolutely essential to finding product-market fit and building a thriving company.



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# Heaven . . . and Hell



**B**uilding a successful business from scratch is nothing short of amazing. Think about everything that needs to happen to start a business in today's hypercompetitive world. Entrepreneurs have to do pretty much everything themselves—design logos, understand the law, find partners and employees, figure out the right product/service offering, analyze the market and competition, pray that there's actually a need, convince their families that the years of sacrifice will be worth it, cobble together a plan, find a location, assemble marketing materials, and on . . . and on .

. . and on. It never ends. Founders take on unproven ideas that will require them to devote years of their lives, on the hope and prayer that there will be light at the end of the tunnel. But you never know what will happen, and over half of all new businesses fail within the first five years. **There's only one thing that you can be certain of—your startup journey will be full of incredible highs and devastating lows.** Land your first customer and life couldn't be better, or miss payroll and it couldn't be worse. All of this could happen in the same week. Being an entrepreneur is both heaven and hell. It's not for the faint of heart, but it's an amazing life if it's the life for you.



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# You Get Only 15,000 Days



**S**tartups are riddled with momentous, dream-crushing risk. It's inescapable. It's the unfathomable risk that forces you to commit and put everything on the line when you start a business. Despite all of this, **there's one risk that's in a league of its own—that you let the years of your life slip away** and spend your time not doing what you love. Your working life is roughly 15,000 days long. The average entrepreneur is 37 years old, which means there are roughly 10,000 days of “work life” left. Most of your waking hours are spent not with your family, but at work. The hours you spend working are meaningful, yet most people slog away the best years of their lives at jobs that don't give them meaning. Entrepreneurs, on the other hand, defy convention and seize the day. They find something that inspires them and gives their lives meaning. While there's a

minefield of risks and pitfalls in front of them, they never have to worry about the most important risk in life. Whether you're new to the startup game or a long-time veteran, congratulations for chasing your dreams and doing what you love.



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# The Entrepreneurial Method



**T**here's only one thing you can be certain of in a startup—nothing is certain. You don't know the right answer, and neither does anyone else. To be successful, **you must become a scientist and look at your startup as a science experiment.** The process of turning your uncertainties (assumptions) into certainties (facts) is remarkably similar to the scientific method. Startups are all about trial and error, and experimentation. Once your

experiments are underway, stay open-minded, expect change, and react based on your findings.

There are five steps to the Entrepreneurial Method:

1. **Question.** Define the problem—what pain are you trying to solve?
2. **Observe.** Gather information and resources. Most of your time should be spent talking to industry veterans and potential customers.
3. **Hypothesize.** Make hypotheses about your assumptions on the problem, solution, market, channels, and everything in-between.
4. **Experiment.** Test your hypotheses to turn your assumptions into facts as quickly as possible.
5. **Analyze.** React to the outcomes of your experiments. If you got positive signals, keep moving forward. Test new assumptions or launch the company. If not, reconsider your assumption or abandon the project.



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