EST 364: How to Build a Startup
(For graduate students EMP 511: Starting a Business Venture)
Updated: July 6, 2015

Instructors	Location	Schedule
Lecturer **Danny Crichton** <danny.crichton@gmail.com> Professor **James Larson** <James.Larson@stonybrook.edu>	**SUNY-Korea**, Songdo Global University Campus Classroom: B-207	July 6-July 17 M-F **1:00-5:40pm**

*Our **Course TA** will be **Feng Jin** <Feng.Jin@stonybrook.edu>*

Course Description

This is an experimental course designed to teach students the key fundamentals and critical thinking required to build a startup in 2015. Today, startups are everywhere, with more than 10,000 located in the San Francisco Bay Area / Silicon Valley and thousands in Seoul, South Korea. However, the tools and techniques required to build these startups change constantly as new software platforms and business models become available. This class is designed to teach a way to think about startups while building up the skills to seek out information and critically consider different approaches.

Course Objectives

This course is built around three key objectives: 1) the theory and logistics of startups, 2) the tools of startups, and 3) awareness of industry trends.

Theory and Logistics of Startups: Building startups requires a different mindset from joining an established company. Resource and time constraints are usually extremely tight, and often entirely new ways of doing things have to be found in order to reach success. This course will emphasize how to find new models and paradigms to solve problems, while also providing the details required to handle typical startup tasks like incorporating and raising venture capital.

The Tools of Startups: This course takes a "doing" approach to startups. No one can learn to build a startup by reading a book, or just writing some things down in a notebook. Instead, they need to learn the tools of the trade that will allow them to dive right in to their own company.

Awareness of Industry Trends: Startups are not built in a vacuum, but instead take place in a startup ecosystem of likeminded people building their products. Learning how to follow startup news and critically analyze it then becomes a critical skill for becoming part of an ecosystem and contributing back to it

Grades & Assessment

Letter grades will be assigned to each student based on the following criteria:

- 40% **Startup Project Portfolio** (including final pitch)
- 30% **Class Participation**
- 20% **Quiz** scheduled for July 13, 2015
- 10% **News Presentation**

1) Startup Project Portfolio: The bulk of this course is built around the startup project. In this course, we will generate ideas for potential startups, think through the development of a product, build a sketch user interface and business model, and work on pitches. Together, these materials will form a "portfolio" which will be graded.

Part of this grade will be a **Peer Assessment**, in which team members will grade each other on the effort and helpfulness of their other team members. Teams will be selected at the end of the first week.

2) Class Participation: Active participation in class will be recorded by the TA. Good questions, helpful comments, and active feedback during workshops will all contribute to this part of the grade. Attendance is obviously required.

3) Quiz: A short, 50-minute quiz will be given at the beginning of week two of the course, covering the material from week one. The quiz will be designed to check your learning of the core theories of startups.

4) News Presentation: At the beginning of most days of class, students will present a handful of news stories to the class. Each student is expected to prepare one 5-minute presentation on a startup-related news article. Examples and the ways to find relevant news articles will be provided during the first week of class.

Schedule & Assigned Readings

Week 1: Building Startups

In this week, we focus on developing the critical skills needed to build a startup, while also learning from some of the successes and failures of startups in the industry.

Monday, July 6: Overview of Startup Ecosystem and Life of Startup Founders

Syllabus and objectives of the course. An overview on startup careers. Discussion of the Silicon Valley and Korean startup ecosystems. Case studies of Buzzfeed and Yello Mobile. Tools for reading the media.

> **Readings**
> - "Zero to One" by Peter Thiel, Ch. 6, "You Are Not A Lottery Ticket"
> - Mary Meeker, "Internet Trends 2015", (http://www.kpcb.com/internet-trends)
> - McKinsey Korea Startup Ecosystem Report
> - Nieman Lab, "Buzzfeed", (http://www.niemanlab.org/encyclo/buzzfeed/)
> - Andrew Rice, "Does BuzzFeed Know the Secret?", New York Magazine, (http://nymag.com/news/features/buzzfeed-2013-4/#print)
> - Danny Crichton, "How Yello Mobile Ate 61 Startups In One Year", (http://techcrunch.com/2015/01/17/how-yello-mobile-ate-61-startups-in-one-year/)

Tuesday, July 7: Business Models

Metrics for evaluating the performance of a startup. Three sets of business models in social networking, software-as-a-service, and enterprise sales. Case study of Zenefits and ZenPayroll.

> **Readings**
> - Danny Crichton, "The Complete Quantitative Guide To Judging Your Startup," (http://techcrunch.com/2014/01/31/the-complete-quantitative-guide-to-judging-your-startup/)
> - Bill Gurley, "All Revenue is Not Created Equal: The Keys to the 10X Revenue Club", (http://abovethecrowd.com/2011/05/24/all-revenue-is-not-created-equal-the-keys-to-the-10x-revenue-club/)
> - Paul Graham, "Startup = Growth", (http://paulgraham.com/growth.html)
> - Farhad Manjoo. "Zenefits' Leader Is Rattling an Industry, So Why Is He Stressed Out?", New York Times, (http://www.nytimes.com/2014/09/21/business/zenefits-leader-is-rattling-an-industry-so-why-is-he-stressed-out.html?_r=0)
> - Julie Bort, "The Incredible Story of Zenefits Founder Parker Conrad", BusinessInsider, (http://www.businessinsider.com/the-incredible-story-of-zenefits-founder-parker-conrad-2015-2)

Wednesday, July 8: Product, Design, and Marketing

Brands and finding a unique message. Design thinking ideas and how to build a user interface. Aesthetics of mobile apps in Silicon Valley and China. Case study of Airbnb.

Readings
- Danny Crichton, "Book Review: In 'Different,' Finding Better Ways To Build Brands In A Noisy (And Boring) World", (http://techcrunch.com/2014/02/08/book-review-in-different-finding-better-ways-to-build-brands-in-a-noisy-and-boring-world/)
- Stanford d.School, "Bootcamp Bootleg", (http://dschool.stanford.edu/wp-content/uploads/2013/10/METHODCARDS-v3-slim.pdf)
- Dan Grover, "Chinese Mobile App UI Trends", "(http://dangrover.com/blog/2014/12/01/chinese-mobile-app-ui-trends.html)
- First Round, "How Design Thinking Transformed Airbnb from a Failing Startup to a Billion Dollar Business", (http://firstround.com/review/How-design-thinking-transformed-Airbnb-from-failing-startup-to-billion-dollar-business/)
- The Telegraph, (http://www.telegraph.co.uk/technology/news/9525267/Airbnb-The-story-behind-the-1.3bn-room-letting-website.html)

Thursday, July 9: Logistics and Venture Capital

Venture capital as an asset class and trends. Calculating valuations for companies. Logistics of incorporation, rounds of fundraising, and venture capital term sheets. Case study of Clinkle.

Readings
- "Venture Deals" by Brad Feld and Jason Mendelson
- Paul Graham, "Investor Herd Dynamics", (http://paulgraham.com/herd.html)
- Peter Thiel, "Zero to One", Ch. 9, "Foundations"
- Alyson Shontell, "A SILICON VALLEY DISASTER: A 21-Year-Old Stanford Kid Got $30 Million, Then Everything Blew Up", BusinessInsider, (http://www.businessinsider.com/inside-story-of-clinkle-2014-4)

Friday, July 10: Recruiting and Launching

Founders and founding teams. How to create a competitive landscape and a market map. Launching a startup. Case study of Uber.

Picking teams for startup laboratory

Readings
- Peter Thiel, "Zero to One", Ch. 4, "The Ideology of Competition"
- Peter Thiel, "Zero to One", Ch. 14, "The Founder's Paradox"
- Kara Swisher, "Man and Uber Man", Vanity Fair, (http://www.vanityfair.com/news/2014/12/uber-travis-kalanick-controversy)

Week 2: Laboratory

In this week, we build an actual startup and think through the ways to determine our initial assumptions and iterate to improve

Monday, July 13: Unicorns and Generating Problems

FINAL EXAM today

Overview of the Laboratory Week. Brainstorming problems, and selecting a strong problem. How to do a short pitch.

> **Readings**
> * Peter Thiel, "Zero to One", Ch. 8, "Secrets"

> **Assignment: Send your 60 second pitch to the TA by Midnight**

Tuesday, July 14: Product Development

Developing a product. Local versus global considerations. Case study of Theranos.

> **Readings**
> * Peter Thiel, "Zero to One", Ch. 11, "If You Build It, Will They Come?"
> * Caitlin Roper, "This Woman Invented A Way To Run 30 Lab Tests On Only One Drop Of Blood", Wired, (http://www.wired.com/2014/02/elizabeth-holmes-theranos/)
> * Chris Abad, "A Practical Approach to Building Great Products & Teams", (https://medium.com/salesforce-ux/a-practical-approach-to-building-great-products-teams-310cbdf13fb5)
> * Rian van der Merwe, "How to Avoid Building Products That Fail", (https://medium.com/@rianvdm/how-to-avoid-building-products-that-fail-5ce499fff3a)

Wednesday, July 15: Developing a User Interface and Investor Pitch

What is a unicorn, and how do we build one? User interface design and how to make a full pitch. Case study of WeWork and Houzz.

> **Readings**
> * Aileen Lee, "Welcome To The Unicorn Club: Learning From Billion-Dollar Startups", TechCrunch, (http://techcrunch.com/2013/11/02/welcome-to-the-unicorn-club/)
> * Paul Graham, "How to Present to Investors", (http://paulgraham.com/investors.html)

- Paul Graham, "How to Convince Investors",
  (http://www.paulgraham.com/convince.html)
- Alex Konrad, "Inside The Phenomenal Rise Of WeWork", Forbes,
  (http://www.forbes.com/sites/alexkonrad/2014/11/05/the-rise-of-wework/)
- Steven Kurutz, "Houzz Proud", New York Times,
  (http://www.nytimes.com/2012/03/22/garden/the-home-that-inspired-the-web-site-houzz.html)

Thursday, July 16: International Expansion and Software-as-a-Service industry

Finding an appropriate business model. Practice of startup pitches. Opportunity of Pyeongchang Olympics. Case study of LinkedIn.

Reading
- Steve Blank. "Why the Lean Start-Up Changes Everything", Harvard Business Review, (https://hbr.org/2013/05/why-the-lean-start-up-changes-everything)
- Reid Hoffman, LinkedIn Investor Deck Annotations (http://reidhoffman.org/linkedin-pitch-to-greylock/)
- The Economist, "LinkedIn Has Already Shaken Up The Way Professionals Are Hired – And It's Just Getting Started" (http://www.businessinsider.com/linkedins-plan-for-the-future-2014-8)

Friday, July 17: Final Pitches and Feedback

FINAL PRESENTATIONS today

Pitch presentations and wrap up.