

Ultra Light Startups

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Financing Lean Startups

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What is Lean?

- Lean vs. Agile vs. Bootstrapping vs....
- Testing hypotheses
 - Quantitative vs. qualitative
- Pivots
 - Quantity vs. quality
- Customer development
- *A stage or a type* of startup
- Tactic vs. strategy
- Can any startup be lean?

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Reasons to Seek Investment

- Proving a concept?
- Finding an application for a new technology?
- Funding development of an initial prototype?
- Finding “product market fit”?
- Sustaining a system with lots of users but no revenue model?
- Acceleration?
- Being first to market?
- Competition?
- The servers are melting!

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Tradeoffs

- Cash in the door vs. strategic vision
 - Revenue distracts from reach
 - Fundraising distracts from progress/leadership
- Reach/volume vs. revenue/margins
 - Charge more or get bigger
- Gathering data vs. building product
 - Gathering data rigorously is expensive
- Which hypotheses to test?
 - There are infinite possible hypotheses
 - Some are very costly to test (eg require scale)



Practical Issues

- Should corporate form (corp vs LLC, NY State vs. Delaware) decision change if you are lean?
- Proposed changes to angel finance regulations
- Funding before revenue
 - Consulting/services
 - Friends and family
 - Seed/angel investment
- Does lean change after financing?

