

THE FIVE HABITS OF HIGHLY EFFECTIVE STARTUPS

1. Identify a market with an underserved need and attractive economics, which could potentially be pursued by a new company.
2. Build the best possible team, including an appropriate balance of domain experience and unbridled, youthful passion.
3. Get into the market with the absolute minimum viable product in the absolute minimum amount of time – while maintaining quality (it's a hard balance to achieve – this is where experience really counts).
4. Do whatever it takes to delight your early customers (or users in a consumer business). Spare no expense to make every single one reference-able.
5. Listen and learn from your customers, technical experiences, competitors – develop metrics with which to measure yourself and use these to incrementally expand as fast as the market and capital will allow.

Red Herring: *Any other sacred cow strategies that you think are overblown?*

Hahn: I think the first-mover advantage is sometimes over-hyped. Google wasn't the first search engine. Proofpoint wasn't the first anti-spam product, Good wasn't the first wireless email product. But they are all doing phenomenally well because they have produced something that is better than what came before – they changed many of the rules – and they out-executed.

Excerpt from a Red Herring Magazine interview with Eric Hahn about his take on the outsourcing debate and the "recipe for success" for a startup. ©Red Herring Magazine 2004