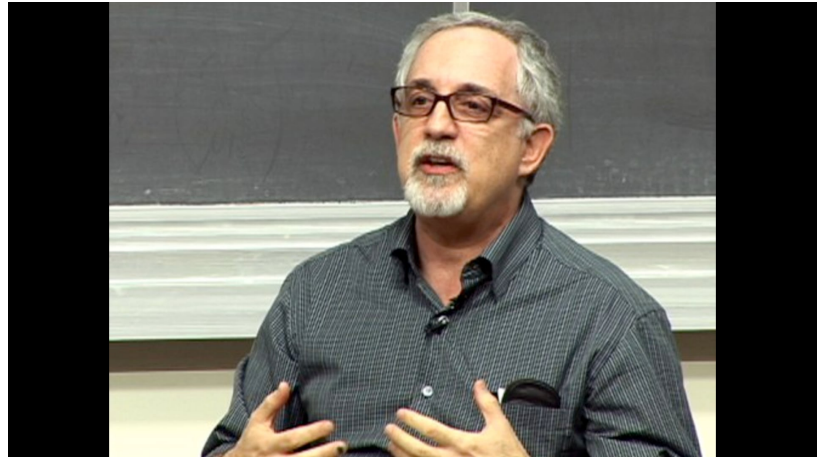


URL: <https://stvp.stanford.edu/blog/videos/a-successful-business-solves-problems>

A solid business model can't survive long-term if it just draws traffic. Serial entrepreneur Mitch Kapor points out that a concrete business plan must truly offer a solution to a well-worn market conundrum. While a flash-in-the-pan Facebook app may draw millions of users in minutes, without staying power it's not viable long term.



Transcript

The barriers to entry for start-ups are enormously lower than they were a generation ago.. It means there can be much more competition.. Another thing that's enormously different is when you do a consumer phasing internet service, you get immediate feedback from people.. You can tell what they're doing, what they're not doing, what they're clicking on, whether they like it, whether they don't like it.. And it permits extraordinarily rapid evolution of your business model.. You can tune your website.. You can do very systematic AB testing and a number of companies have gotten really good at this.. And as a result, you don't have to figure out as much in advance and get it right.. What you have to do is you're doing a business find a good starting point and then get in a very tight iteration with the community it used to evolve the product in ways that could do critical mess.. And that was simply not possible without the Internet and all of everything that comes with it..

So in a way it's a different kind of game.. But in a way, there are fundamentals that haven't changed which is that you still have to have, I mean forgive the buzzword, the value proposition.. I mean it is interesting that there are for instance Facebook apps that have demonstrated that within 15 minutes I can get eight million users.. But they are actually not very interesting as businesses because they're not offering anything so far in general that keeps these eight million people there.. And if you're going to build a business that ultimately has some value and has revenue or has value to somebody who already has revenue, I know today Sun Microsystems bought My SQL for a billion dollars, you have to solve somebody's problem.. Somebody has to be in some pain or they have to have a problem.. And you have to do something that is going to help them with that in a way that they can appreciate.. And enough people have to have that problem to make it worthwhile to do a product.. And ultimately there has to be some way to make money at it.. So the 20 questions that you ask about start-up in 1983 are fundamentally the same set of questions that you ask..

The difference is that the means by which the answers are created are very, very different.. Better, faster, cheaper and so on...