Doing Things that Don't Scale

(An excerpt of **How To Start A Startup - CS183B - Lecture 8: Doing Things That Don't Scale, How to Get Started**)

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*These are my personal notes. It's **not** a full transcript of the essay/article. It's **not** an official summary.*
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DoorDash began two years ago in a macaroon store. It was my junior year at Stanford during the fall quarter. At the time, Stanley was really passionate about <u>building technology for small business owners</u>. He sat down with Chloe, the owner of Chantal Guillon, a macaroon store in Palo Alto at the time, just interviewing her, trying to get feedback on this prototype we'd been working on, and also just learning about what her problems were in general.

It was during this meeting when Chloe first brought up this problem of delivery. I remember she brought down this really really <u>thick booklet</u>. She showed me <u>pages and pages of delivery orders</u>, and a lot of these orders she had to turn down because there was no way she could have fulfilled them. She had no drivers, and she ended up having to personally deliver all these orders. That was a very interesting moment for us.

> **Andy Fang (co-founder) comment:**
> The prototype we were actually testing out was completely unrelated to delivery.
> We started out with asking different merchants about a product we thought they would like, but we actually got more useful information by asking the merchants what they thought they would like.
> This instance was a good example of us trying to understand our target user.

Over the course of the next few weeks, we <u>talked to around 150 to 200 small business owners</u>, and when we brought up this idea of delivery, they kept agreeing with us; they would say, "You know, we don't have delivery infrastructure. It's such a huge pain for us. There aren't any good solutions out there."

This led us to wonder, delivery is such a common thing, such an obvious thing; <u>why hasn't anyone solved this yet?</u> Like, we must be missing something here right? We thought it was maybe because people had already tried this in the past, but they failed because there wasn't consumer demand for this.

We asked ourselves, "<u>How can we test this hypothesis?</u>" We were just a bunch of college kids at the time. We didn't own trucks or delivery infrastructure or anything like that; we couldn't just build a delivery company overnight right? So how could we test this assumption we had?

We decided to create a simple experiment with restaurant delivery. We spent about an afternoon just putting together a quick landing page. When I went on the Internet, I found some PDF menus of restaurants in Palo Alto. We stuck it up there and added a phone number at the bottom, which was actually our personal cell phone number.

And that was it. We put up the landing page and called it PaloAltoDelivery.com. It was super simple, ugly, and honestly we weren't really expecting anything - we just launched it. What we wanted to see was just would we receive phone calls, and if we got enough phone calls, then maybe this delivery idea was worth pursuing.

So we put it up there; we weren't really expecting anything, and all of a sudden we got a phone call. Someone called! They wanted to order Thai food. And we're like, "This is a real order; we're going to have to do something about it." So we're in our cars and we're like, "We're not doing anything right now, might as well swing by, pick up some Pad Thai, and let's try to see how this whole delivery thing works." And we did. We delivered it to some guy up on Alpine Road.

And then yeah, the next day we got two more phone calls. The day after that we got five, then it became seven, and then it became ten. And then soon we began to gain traction on campus through PaloAltoDelivery.com which is pretty crazy, because think about it: this was just a landing page. You had to look up PDF menus to place your orders and then call in. This isn't exactly the most professional-looking site, yet we kept getting phone calls; we kept getting orders.

And that's kind of when we knew that we were onto something. We knew we found a need people wanted when people were willing to put up with all of this. We knew we had found a strong need when people would order from us daily. When we had to shut down on days when none of us could drive (since we were still in school), people would call us begging to re-open the service.

I think another key point to remember is we launched this in about an hour. We didn't have any drivers; we didn't have any algorithms; we didn't have a backend; we didn't spend six months building a fancy dispatch system - we didn't have any of that.

We just launched because at the beginning it's all about testing the idea, trying to get this thing off the ground, and figuring out if this was something people even wanted. And it's okay to hack things together at the beginning.

Anonymous comment:
"As far as the customer is concerned, the interface is the product." - Jef Raskin

By interface, it's not limited to digital UI but all times users interact with you. For a customer of DoorDash:

They pick a dish and call.
Their food shows up.

As long as steps 1 and 2 are satisfied, they're happy. They don't care about how exactly you make it happen.

As far as the user is concerned, the product is feature complete.

At YC there's a mantra we like to talk about that is doing things that don't scale. So at the beginning we were the delivery drivers.

Another thing about doing things that don't scale is it also allows you to become an expert in your business, like driving helped us understand how the whole delivery process worked.

We used that as an opportunity to talk to our customers, talk to restaurants. We did dispatching which helped us figure out - you know, we manually dispatched our drivers and that helped us figure out what our driver assignment algorithms should look like.

We did customer support ourselves, getting real-time feedback from customers. I remember for the first few months when we got started, we would manually email every single new customer at the end of every night asking how their first delivery went, and how they heard about us. We would personalize all these emails: If I saw someone order chicken skewers from Oren's Hummus, we would say "Oh I love Oren's Hummus. How are your chicken skewers? How did you hear about us?" Feedback like that was really valuable, and customers really appreciated that.

Now of course we scale across different cities. Now we have to worry about building automated solutions, building dispatch systems, and figuring out how to match demand and supply - all that fancy technology stuff. But none of that mattered at the beginning because at the beginning it's all about getting the thing off the ground, and trying to find product-market fit.

Just to summarize, there are three things I would say I learned from doing DoorDash:

Test your hypothesis. You want to treat your startup ideas like experiments.

Launch fast. We launched in less than an hour with a really simple landing page.

It's okay to do things that don't scale. Doing things that don't scale is one of your biggest competitive advantages when you're starting out, and you can figure out how to scale once you have your demand.