

How to Get Startup Ideas

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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. If you like these notes I strongly encourage you to read the original source in the link(s) above.

Problems

The way to get startup ideas is not to try to think of startup ideas. It's to look for problems, preferably problems you have yourself.

The very best startup ideas tend to have three things in common:

they're something the founders themselves want;

that they themselves can build; and

that few others realize are worth doing.

Working on problems you have ensures the problem really exists [PG talks about an idea (put art galleries online) he worked for 6 months, and after that no gallery wanted to be online]

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|-------------------------------|---|
| “Made-up” startup idea | The founder come up with an idea that sounds plausible, but is actually bad |
| “Organic” startup idea | Ideas that grow naturally out of the founders' own experiences |

Social network for pet owners: millions of people have pets, they love them and spend money with them. If 2 or 3% of pet owners use your site, you could have millions of users. If all you know about a startup idea is that it sounds plausible, you have to assume it's bad.

If you look at the way successful founders have had their ideas, it's generally the result of some external stimulus hitting a prepared mind. Lots of people forgot USB sticks. Drew Houston realizes he's forgotten his USB stick and thinks "I really need to make my files live online."

Well

When a startup launches, there have to be at least some users who really need what they're making - not just people who could see themselves using it one day, but who want it urgently.

Usually this initial group of users is small, for the simple reason that if there were something that large numbers of people urgently needed and that could be built with the amount of effort a startup usually puts into a version one, it would probably already exist.

| The shape of hole you start with | |
|--|---|
| Broad but shallow | Narrow and deep (well) |
| <p>“Made-up” startup ideas are here Lots of people are mildly interested</p> | <p>A specific type of users want this right now, and so much that they'll use it even when it's a crappy v1 made by a two-person startup they've never heard of</p> |

While demand shaped like a well is almost a necessary condition for a good startup idea, it's not a sufficient one.

Self

How do you tell whether there's a path out of an idea? How do you tell whether something is the germ of a giant company, or just a niche product? Often you can't.

The founders of Airbnb didn't realize at first how big a market they were tapping. All they knew at first is that they were onto something. That's probably as much as Bill Gates or Mark Zuckerberg knew at first.

So if you can't predict whether there's a path out of an idea, how do you choose between ideas? The truth is disappointing but interesting: if you're the right sort of person, you have the right sort of hunches. If you're at the leading edge of a field that's changing fast, when you have a hunch that something is worth doing, you're more likely to be right.

Being at the leading edge of a field doesn't mean you have to be one of the people pushing it forward. You can also be at the leading edge as a user. If you'd asked most 40 year olds in 2004 whether they'd like to publish their lives semi-publicly on the Internet, they'd have been horrified at the idea. But Mark Zuckerberg already lived online; to him it seemed natural.

Paul Buchheit says that people at the leading edge of a rapidly changing field "live in the future."

That describes the way many if not most of the biggest startups got started. Neither Apple nor Yahoo nor Google nor Facebook were even supposed to be companies at first. They grew out of things their founders built because there seemed a gap in the world.

Noticing

Once you're living in the future in some respect, the way to notice startup ideas is to look for things that seem to be missing.

If you're looking for startup ideas you can sacrifice some of the efficiency of taking the status quo for granted and start to question things. When something annoys you, it could be because you're living in the future.

When you find the right sort of problem, you should probably be able to describe it as obvious, at least to you. When we started Viaweb, all the online stores were built by hand, by web designers making individual HTML pages. It was obvious to us as programmers that these sites would have to be generated by software.

Give yourself some time. You have a lot of control over the rate at which you turn yours into a prepared mind, but you have less control over the stimuli that spark ideas when they hit it.

Sam Altman points out that there's comparatively little competition for the best ideas, because few founders are willing to put in the time required to notice them. Whereas there is a great deal of competition for mediocre ideas, because when people make up startup ideas, they tend to make up the same ones.

A good way to trick yourself into noticing ideas is to work on projects that seem like they'd be cool. Just as trying to think up startup ideas tends to produce bad ones, working on things that could be dismissed as "toys" often produces good ones.

Microcomputers seemed like toys when Apple and Microsoft started working on them. I'm old enough to remember that era; the usual term for people with their own microcomputers was "hobbyists." BackRub seemed like an inconsequential science project. Facebook was just a way for undergrads to stalk one another.

Work on the BackRub search engine began in 1996. It was a research project of Larry Page, who studied at Stanford University at the time and was part of the team that worked on the Stanford Digital Library Project (SDLP). This project had set itself the goal of developing technologies which could create a universal digital library. As part of his thesis, Larry Page took up the issue of linking. His reflections on understanding link structure as a huge graph, later led to the development of the still significant PageRank algorithm.

School

"Entrepreneurship" is something you learn best by doing it. The examples of the most successful founders make that clear. What you should be spending your time on in college is ratcheting yourself into the future.

The clash of domains is a particularly fruitful source of ideas. If you know a lot about programming and you start learning about some other field, you'll probably see problems that software could solve.

But don't feel like you have to build things that will become startups. That's premature optimization. Just build things. Preferably with other students. It's not just the classes that make a university such a good place to crank oneself into the future. You're also surrounded by other people trying to do the same thing. If you work together with them on projects, you'll end up producing not just organic ideas, but organic ideas with organic founding teams - and that, empirically, is the best combination.

Beware of research. If an undergrad writes something all his friends start using, it's quite likely to represent a good startup idea.

Competition

Because a good idea should seem obvious, when you have one you'll tend to feel that you're late. Don't let that deter you. Worrying that you're late is one of the signs of a good idea. Ten minutes of searching the web will usually settle the question.

Even if you find someone else working on the same thing, you're probably not too late. It's exceptionally rare for startups to be killed by competitors - so rare that you can almost discount the possibility. So unless you discover a competitor with the sort of lock-in that would prevent users from choosing you, don't discard the idea.

You don't need to worry about entering a "crowded market" so long as you have a thesis about what everyone else in it is overlooking. In fact that's a very promising starting point. Google was that type of idea.

A crowded market is actually a good sign, because it means both that there's demand and that none of the existing solutions are good enough.

Any startup that succeeds is either going to be entering a market with existing competitors, but armed with some secret weapon that will get them all the users (like Google), or entering a market that looks small but which will turn out to be big (like Microsoft).

Filters

There are two more filters you'll need to turn off if you want to notice startup ideas: the unsexy filter and the schlep filter.

Schlep filter: avoiding tedious problems or get involved in messy ways with the real world.

Stripe is an example of a startup that benefited from turning off this filter. Thousands of programmers were in a position to see this idea; thousands of programmers knew how painful it was to process payments before Stripe. But when they looked for startup ideas they didn't see this one, because unconsciously they shrank from having to deal with payments.

Unsexy filter: it keeps you from working on problems you despise rather than ones you fear.

PG overcame this one to work on Viaweb. There were interesting things about the architecture of their software, but they weren't interested in ecommerce per se. They could see the problem was one that needed to be solved though.

Organic

Finding startup ideas is a subtle business, and that's why most people who try fail so miserably. It doesn't work well simply to try to think of startup ideas. If you do that, you get bad ones that sound dangerously plausible.

The best approach is more indirect: if you have the right sort of background, good startup ideas will seem obvious to you. But even then, not immediately. It takes time to come across situations where you notice something missing. And often these gaps won't seem to be ideas for companies, just things that would be interesting to build. Which is why it's good to have the time and the inclination to build things just because they're interesting.

Live in the future and build what seems interesting. Strange as it sounds, that's the real recipe.