

Startup Playbook - Part I: The Idea

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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.*

One of the first things we ask YC companies is what they're building and why. We look for clear, concise answers here.

Ideas in general need to be clear to spread, and complex ideas are almost always a sign of muddled thinking or a made up problem. If the idea does not really excite at least some people the first time they hear it, that's bad.

The way to test an idea is to either launch it and see what happens or try to sell it (e.g. try to get a letter of intent before you write a line of code.) The former works better for consumer ideas and the latter works better for enterprise ideas.

It's important to let your idea evolve as you get feedback from users. And it's critical you understand your users really well—you need this to evaluate an idea, build a great product, and build a great company.

Other thoughts on ideas:

Startups are really hard. The founders and employees need to have a shared sense of mission to sustain them. So we ask why founders want to start this particular company.

We're looking for businesses that get more powerful with scale and that are difficult to copy.

We ask about the market. We ask how big it is today, how fast it's growing, and why it's going to be big in ten years.

We greatly prefer something new to something derivative. Most really big companies start with something fundamentally new (one acceptable definition of new is 10x better).

The best ideas sound bad but are in fact good. So you don't need to be too secretive with your idea—if it's actually a good idea, it likely won't sound like it's worth stealing.

What if you don't have an idea but want to start a startup? Maybe you shouldn't. It's so much better if the idea comes first and the startup is the way to get the idea out into the world.

We once tried an experiment where we funded a bunch of promising founding teams with no ideas in the hopes they would land on a promising idea after we funded them.

All of them failed.

I think part of the problem is that good founders tend to have lots of good ideas (too many, usually). But an even bigger problem is that once you have a startup you have to hurry to come up with an idea, and because it's already an official company the idea can't be too crazy. You end up with plausible sounding but derivative ideas. This is the danger of pivots.

So it's better not to try too actively to force yourself to come up with startup ideas. Instead, learn about a lot of different things. Practice noticing problems, things that seem inefficient, and major technological shifts. Work on projects you find interesting. Go out of your way to hang around smart, interesting people. At some point, ideas will emerge.