

Second in a series

You Have a Product; Now You Need a Startup Business

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The first *Veterinary Entrepreneur* article discussed taking an idea from concept to prototype. Now your excitement is probably growing, so we will talk about the next step—how to build a product and start a business.

Starting a business is a tough balance between refining your product ideas and the amount of money you need to build those features.

Starting a Business

A startup is a business that sprouts up in an unproven environment with the intention of bringing an innovative solution or service to the market and growing the business rapidly. Startups have unique characteristics that separate them from opening a regular business.

- The product, service, or platform is innovative, new, and unproven.
- Startups are designed to grow quickly by yielding high revenue and keeping costs steady.
- Funding is required to launch the business.
- A willingness to take risks and make decisions quickly.

Resources

WORKSHOPS

- How to create products customers love. Silicon Valley Product Group. svpg.com/workshops
- The Startup Experience. startupexperience.com

BOOKS & MORE

- *INSPIRED: How to Create Tech Products Customers Love*. Cagan M. Wiley; 2017.
- StartUp [podcast]. Gimlet. gimletmedia.com/startup
- Seth's Blog. Godin S. sethgodin.typepad.com

Visit *The Veterinary Entrepreneur, Part 1*, at brief.vet/veterinary-entrepreneur

For example, a veterinary practice is not considered a startup because the business already has been modeled and proven. The first veterinary college, however, could be considered a startup because its founder, Claude Bourgelat, established the Lyon College in France while pursuing an innovative, unproven idea to remedy a cattle plague that was devastating French herds.¹

The first step is key. Whether you are choosing a company name, buying a domain name, or opening a business banking account—just start somewhere. Finding the first customer (ie, someone willing to pay and to keep paying for your product or service) will be the first milestone. The next milestone is achieving what is called “product/market fit.”

Paths to Product/Market Fit

Product/market fit means being in a good market with a product that can satisfy that market (ie, customers are buying your product as fast as it can be produced).

Marc Andreessen, founder of Mosaic, the first web browser, says the life of any startup can be divided into 2 parts: before product/market fit (BPMF) and after product/market fit.² BPMF

means that the product does not find a market for some reason (eg, failure to solve the problem, lack of market for the product). Most startups fail because they never achieve product/market fit before running out of money.

A startup can take 2 paths:

Traditional Path

Businesses that take the traditional path spend a lot of time and money on a business plan and ways to capture market awareness before launching the product, sometimes only to learn there is no product/market fit.

For example, Pets.com, one of the first online pet retail companies, is considered one of the biggest dot-com flops. Pets.com spent massive amounts of money on advertising, including a 2000 Super Bowl ad that featured their popular sock puppet mascot. They raised awareness, but their marketing and infrastructure costs far surpassed consumer demand and they failed to reach product/market fit before running out of money.³

Lean Path

Most startups today take the lean path, on which they create iterations of the product, gather feedback from customers, and capture product/market fit more quickly.⁴

For example, Instagram, the most widely used photo app for the iPhone, began as Burbn, a check-in app that included gaming elements from Mafia Wars as well as a photo element.⁵ The creators worried Burbn had too much clutter and potential actions and would never gain traction, so they took a risk and stripped all the features but one—photos. They built a new, clean, simple version of the app that focused solely on photography. Clearly, it paid off.

Starting Lean

The lean startup method was proposed in 2011 as a product development strategy in the book *The Lean Startup*.⁴ The strategy was taken from the concept that Toyota pioneered and perfected.

Lean manufacturing involves gaining customer feedback early in the process and using customer responses to generate new iterations of the product until you create what customers actually want. By quickly creating new versions and exposing those to customers, market fit can be achieved in a shorter amount of time. (See **Figure 1**.)

Entering the Market

You have taken your idea to prototype, and now you are ready to market your product.

Minimum Viable Product

First, establish the minimum viable product (MVP), which is a product with just enough features to satisfy early customers, and provide feedback for future product development.^{6,7}

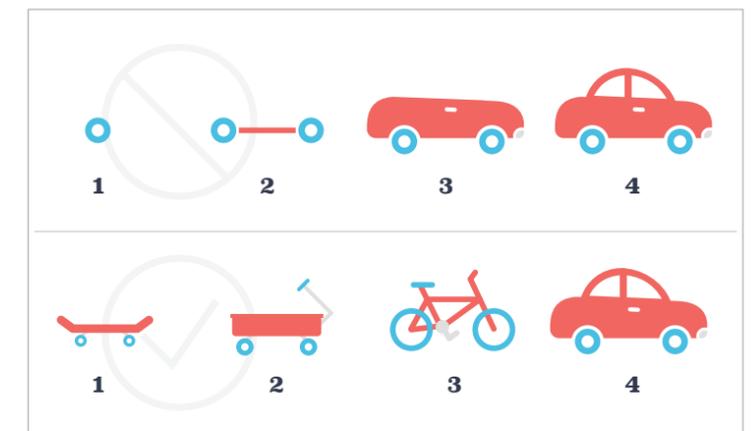
Do this by defining the problem you are trying to solve and making sure your solution (ie, your product) actually solves that problem, works consistently, and can be produced on a regular schedule.^{6,7} (See **Veterinary Examples**.)

Once your MVP is established, develop a strategic plan based on your answers to these questions:

- How much money will I need to build the MVP?
- How long will it take to produce the MVP?
- How will I validate the success (or failure) of the MVP?
- Whom do I need on my team?

These are tough questions, but many resources are available.

- Find a mentor or advisor. As the saying goes, “You can never have too many friends.” Do not be shy. Find someone who had a great idea and built a successful business and take him or her for coffee. Listen and learn.
- Apply to a startup incubator, which is a startup boot camp whose sole purpose is to help entrepreneurs grow their business. Nonprofit organizations and business schools generally offer startup boot camps.
- Attend workshops. (See **Resources**.)
- Read and listen to books, blogs, and podcasts. (See **Resources**.)



▲ **FIGURE 1** Traditional versus lean startups from start to finish. Image reprinted with permission of Henrik Kniberg.

Top: Your product is built assuming the consumer wants a car, but he or she has no opportunity to provide feedback until the very end when the car is finally produced. If the consumer hates the product, you have to start over. This is the most expensive way to learn what people think about your idea and know whether the feedback validates the product.

Bottom: The consumer’s problem is solved with the first step, although they may not be willing to pay for that solution. Working on initial feedback, however, the product is produced in other versions until the consumer is happy. Progress can be seen between steps 3 and 4, which leads to creation of the final product. This method is much less expensive because you learn what customers want and may pay for in less time.

TAKE ACTION

- 1 Choose which kind of startup (ie, traditional versus lean) is best for you and your product.
- 2 Understand minimum viable product and validated learning, and put them into practice to inform your decision about when to release your product to market.

Validated Learning

Next, use validated learning (ie, the process of trying out your idea on customers and using metrics to confirm their responses) to create a hypothesis and a testing method that provides measurable results on which product decisions can be based.⁴ (See **Veterinary Examples**.) Knowing when to enter the market can be challenging because there is no perfect time,

but if the validated learning shows customers are willing to buy the product, that is the time to release the product to the market and begin improving each iteration.

Conclusion

If startups were easy, everyone would try—the same goes for being a veterinarian. But there is nothing quite like seeing your idea turn into a successful company. Help guarantee success by preparing, learning, working hard, and being ready when opportunities arise. If you have a great idea, just start. ■

Editor's note: Part 3 of this series will explain how to raise money and manage growth.

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Veterinary Examples

MINIMUM VIABLE PRODUCT

- **The Problem:** Head wraps used for dogs with aural hematomas fall off.
- **The Solution:** A wrap that stays put.
- **Minimum Requirements:** The new wrap would have to stay on the dog's head and be washable and individually packaged to be viable.
- **The Process:** Release an initial version, quickly gather feedback from veterinarians and pet owners, and improve the product based on the feedback. Repeat this cycle over and over so that the product continues to improve as the business grows.
- **Product Example:** No Flap Ear Wrap,⁸ which is now available from a number of online retailers.

VALIDATED LEARNING*

- **The Product:** Tiny bluetooth devices that could detect when a client entered the practice; team members could then automate a push notification to “greet” the client with a practice promotion.
- **The Hypothesis:** Clients would love being made aware of the practice's money-saving tips.
- **The Process:** We ordered 10 beacons at a time from the manufacturer and began building them into our new apps and getting direct client feedback.
- **The Lesson:** Customers found this annoying and “big brother-ish,” and they turned off the notifications in the app. We had to remove the feature and come up with ideas to promote positive client engagement.
- **The Result:** The app was devalued when clients turned off the notifications, but more time and money would have been wasted building out the feature for all our clients if we had not used validated learning.

*From Vet2Pet App Builders



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FUN FACT: Stacey was born and raised in a small town after her grandfather emigrated from Italy and married a girl from Clovis, New Mexico.