

# Definitions of Frequently Used Startup Terms

**B2B vs B2C:** Business to business (a business that targets another business with its product or services); business to consumer (a business that sells products or services directly to individual customers).

**Channels:** A business's "how" to link with its target customer segment(s) via marketing, sales, or distribution channels.

**Competitors:** Anyone or anything that is similar or otherwise in the space you hope to enter to sell your idea.

**CAC & LTV:** Customer acquisition cost, and lifetime value of customers.

**Customer Discovery:** Process of testing assumptions and hypotheses about value proposition and market fit through interviews, using open-ended questions, with people who fit your archetype in market segments.

**Customer Gains:** Outcomes and benefits customers must have, expect, desire, or dream to achieve. Valuable gains are often created when customer pains are relieved by a problem-solving product or service that fits with one or more market segments.

**Customer Pains:** Bad outcomes, risks, and obstacles that customers want to avoid, notably because they prevent them from getting a job done (well).

**Customer Relationships:** A business's "how" to link with its target customer segment(s) via its value proposition in order to get, keep, or grow its customers.

**Customer Markets/Segments & Archetypes/Personas** (more specific): Customers grouped by demographics and psychographics who have similar interests and who make similar decisions, enough for you to target them for your idea.

**Falsifiable Questions:** Your guesses can be rejected after an initial experiment of the hypothesis.

**Hypotheses:** Is used with the value proposition, and MUST discuss the problem your startup solves for its customers. Try using the following four factors:

- Hypothesis: What is your theory? Is it both "falsifiable" and quantifiable?
- Objective: Are your tests objective rather than subjective?
- Prediction: What do you think you will find?
- Execution: How are you going to test?

**Key Activities:** the most important tasks a company must do in order for the business model to work

**Key Partners:** the network of suppliers and partnerships that a company must have in order for the business model to work

**Key Resources:** the most important things a company must have in order for the business model to work

**Minimum Viable Product** (MVP, mockups, prototypes, wireframes): Something that demonstrates actual/virtual value propositions for customers or investors.

**Pivot:** Act of a startup quickly changing direction with its business strategy. Ex.: a dating app startup pivots to become an online coworking startup. "A pivot is a structured course correction designed to test a new fundamental hypothesis about the product, strategy, and engine of growth," Eric Ries.

**Product/Market Fit:** Make a product or service people want, AND willing to pay for it.

**P&L:** Profit and loss statement used to track money in and out.

**Single vs. Multi-sided Markets:** Single profits from only one market segment vs. profits from two or more different markets, such as eBay, which exists due to sellers and buyers.

**Value Proposition:** The benefits customers can expect from your products and services. Also, may refer to the process of designing, testing, building, and managing VPs over their entire lifecycle. Validated through iterative customer discovery and prototyping.