

Glossary



80/20 rule	Also known as the Pareto principle, this theory states that, for many events, roughly 80% of the effects come from 20% of the causes. It is an axiom of business management that "80% of sales come from 20% of clients."	Incorporation and legal
A/B testing	A randomized experiment with two variants, A and B. A/B testing is a way to compare two versions of a single variable, typically by testing a subject's response to variant A against variant B, and determining which of the two variants is more effective.	The lean startup method
Accelerator	A fixed-term, cohort-based program that includes seed investment, connections, sales, mentorship, educational components, and culminates in a public pitch event or demo day to accelerate growth. Most startup accelerators in Silicon Valley and globally are privately funded as an investment fund that take equity and focus on a wide range of industries.	Co-founders Fundraising and venture capital
Acquisition channel	The means by which customers or potential customers are acquired. Acquisition channels include email, social media, paid ads, and organic traffic.	The lean startup method
Actionable metric	A metric that ties specific and repeatable actions to observed results. (See also: vanity metrics).	Minimum viable product
Angel investor	An individual who provides capital for a business startup, usually in exchange for convertible debt or ownership equity. Angel investors usually give support to startups at the initial moments (where risks of the startups failing are relatively high) and when most investors are not prepared to back them.	Startups overview Marketing and community Fundraising and venture capital
Asset	Any resource owned by the business. Anything tangible or intangible that can be owned or controlled to produce value and that is held by a company to produce positive economic value is an asset. Simply stated, assets represent value of ownership that can be converted into cash (although cash itself is also considered an asset). The balance sheet of a firm records the monetary value of the assets owned by that firm. It covers money and other valuables belonging to an individual or to a business.	Co-founders
Balance sheet	A summary of the financial balances of an organization. Assets, liabilities and ownership equity are listed as of a specific date, such as the end of its financial year. A balance sheet is often described as a snapshot of a company's financial condition. A standard company balance sheet has two sides: assets, on the left and financing, which itself has two parts, liabilities and ownership equity, on the right. The main categories of assets are usually listed first, and typically in order of liquidity. Assets are followed by the liabilities. The difference between the assets and the liabilities is known as equity or the net assets or the net worth or capital of the company and according to the accounting equation, net worth must equal assets minus liabilities.	Fundraising and venture capital
Bandwidth	Informally, an individual or company's capacity to function under any given circumstances.	Incorporation and legal
Binary outcome	A term to describe a situation where there are only two possible outcomes.	Fundraising and venture capital
Bootstrapping	Informally, building a business without the aid of outside investment.	Fundraising and venture capital

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Brand affinity	The personal and emotional connections connecting individuals to brands and companies. Strong brand affinity results in increased customer loyalty and positive word of mouth.	Marketing and community
Brand equity	The commercial value that derives from consumer perception of the brand name of a particular product or service, rather than from the product or service itself.	Incorporation and legal
Brand guidelines (brand book)	A recorded set of rules that establishes the values, history, story, vision, communication style, and visual presentation standards of a company.	The lean startup method, Brand
Brand positioning	The space that a company's identity occupies in the minds of the customers, and how it is distinguished from the products of the competitors. In order to position products or brands, companies may emphasize the distinguishing features of their brand (what it is, what it does and how, etc.) or they may try to create a suitable image (inexpensive or premium, utilitarian or luxurious, entry-level or high-end, etc.) through the marketing mix.	What if you can't code?
Brand story	The narrative underlying a brand's identity intended to resonate emotionally with customers.	Brand
Build-measure-learn	A shorthand term used to describe the Lean Method and the process of validated learning.	The lean startup method Minimum viable product
Burn rate	The pace at which a company is losing money. It is typically expressed in monthly terms. E.g., "the company's burn rate is currently \$65,000 per month." In this sense, the word "burn" is a synonymous term for negative cash flow. It is also a measure for how fast a company will use up its shareholder capital. If the shareholder capital is exhausted, the company will either have to start making a profit, find additional funding, or close down.	Startups overview
Business model	The rationale for how an organization creates, delivers, and captures value, in economic, social, cultural or other contexts.	Your idea
Business-to-consumer (B2C)	The process of selling goods or services to buyers through multiple channels of distribution to earn a profit. Retailers satisfy demand identified through a supply chain. The term "retailer" is typically applied where a service provider fills the small orders of a large number of individuals, who are end-users, rather than large orders of a small number of wholesale, corporate or government clientele.	Fundraising and venture capital
Capitalization table (cap table)	A chart providing an analysis of a company's percentages of ownership, equity dilution, and value of equity in each round of investment by founders, investors, and other owners.	Incorporation and legal Fundraising and venture capital
Case study	An analysis of a specific business circumstance used to demonstrate or illuminate broader business principles and ideas.	Competitive analysis

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Cash flow statement	A financial statement that shows how changes in balance sheet accounts and income affect cash and cash equivalents, and breaks the analysis down to operating, investing, and financing activities. Essentially, the cash flow statement is concerned with the flow of cash in and out of the business. As an analytical tool, the statement of cash flows is useful in determining the short-term viability of a company, particularly its ability to pay bills.	Fundraising and venture capital
Center of excellence (CoE)	A team, shared facility, or an entity that provides leadership, best practices, research, support and/or training for a focus area. Within an organization, a center of excellence may refer to a group of people, a department, or a shared facility.	Fundraising and venture capital
Channels	The section of the lean canvas where the pathways to reach a customer segment are listed. Channels might include email, social media, paid ads, etc.	The lean startup method
Churn (customer attrition)	The loss of clients or customers.	Minimum viable product
Cohort analysis	A subset of behavioral analytics that takes the data from a given data set and rather than looking at all users as one unit, it breaks them into related groups for analysis. These related groups, or cohorts, usually share common characteristics or experiences within a defined time span. Cohort analysis allows a company to see patterns clearly across the life cycle of a customer (or user), rather than slicing across all customers blindly without accounting for the natural cycle that a customer undergoes. By seeing these patterns of time, a company can adapt and tailor its service to those specific cohorts.	Minimum viable product
Common stock	This type of share gives the stockholder the right to share in the profits of the company and to vote on matters of corporate policy and the composition of the members of the board of directors. It is called "common" to distinguish it from preferred stock. If both types of stock exist, common stockholders usually cannot be paid dividends until all preferred stock dividends are paid in full.	Fundraising and venture capital
Competitor: primary	A direct rival in business addressing the same audience or offering a similar product.	Competitive analysis
Competitor: secondary	An indirect rival offering a superior or inferior product, or one that addresses a different audience.	Competitive analysis
Competitor: tertiary	Any non-primary or secondary competition operating within the same vertical, usually indirectly.	Competitive analysis
Content marketing	A form of advertising focused on creating, publishing, and distributing content for a targeted audience, usually online. Content marketing attracts prospects and transforms prospects into customers by creating and sharing valuable free content. Content marketing helps companies create sustainable brand loyalty, provides valuable information to consumers, and creates a willingness to purchase products from the company in the future.	Brand
Conversion	The act of transforming a potential customer into a paying customer.	Brand

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Convertible note	A type of bond which the holder can trade for a specified number of shares of common stock in the issuing company or cash of equal value. It is a hybrid security with debt- and equity-like features. In a venture investment context, the investor loans money to a startup and is repaid with equity in the company instead of principal plus interest.	Fundraising and venture capital
Corporate law (business law)	The body governing the rights, relations, and conduct of persons, companies, organizations and businesses.	Incorporation and legal
Cost structure	The section of the lean canvas where operational costs are enumerated.	The lean startup method
Crowdfunding	The practice of funding a project or venture by raising small amounts of money from a large number of people, typically via the Internet.	Minimum viable product Fundraising and venture capital
Culture add	The unique values, skills, and experiences that an employee brings to a company that make it more diverse and representative of the wider population.	Team and culture
Culture fit	The perceived alignment of an individual's values, attitudes, and beliefs with those of their employer. Some criticize the evaluation of culture fit in hiring for reinforcing implicit biases and contributing to workplace monocultures.	Team and culture
Customer acquisition cost (CAC)	The dollar amount associated with convincing a customer to buy a product/ service. This cost is incurred by the organization to convince a potential customer. This is an important business metric. It plays a major role in calculating the value of the customer to the company and the resulting return on investment (ROI) of acquisition. The calculation of customer valuation helps a company decide how much of its resources can be profitably spent on a particular customer. In general terms, it helps to decide the worth of the customer to the company.	Minimum viable product
Customer development	One of the three parts of the lean method, which assumes that early ventures have untested hypotheses about their business model (who are the customers, what features they want, what channel to use, revenue strategy/ pricing tactics, how to get/keep/grow customers, strategic activities needed to deliver the product, internal resources needed, partners needed and costs). Customer development starts with the key idea that there are no facts inside your building so get outside to test them. The hypotheses testing emulates the scientific method.	The lean startup method
Customer facing	Dealing directly with consumers.	Incorporation and legal Team and culture
Customer lifetime value (LTV)	A prediction of the net profit attributed to the entire future relationship with a consumer. The prediction model can have varying levels of sophistication and accuracy, ranging from a crude heuristic to the use of complex predictive analytics techniques.	Minimum viable product

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Customer retention	The ability of a company or product to retain its consumers over some specified period. High customer retention means customers of the product or business tend to return to, continue to buy or in some other way not defect to another product or business, or to non-use entirely. Selling organizations generally attempt to reduce customer defections. Customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship and successful retention efforts take this entire lifecycle into account. A company's ability to attract and retain new customers is related not only to its product or services, but also to the way it services its existing customers, the value the customers actually generate as a result of utilizing the solutions, and the reputation it creates within and across the marketplace.	Minimum viable product
Customer segment	A component of the lean canvas delineating specific audiences a company aims to serve. Customers may be segmented based on need, behavior, demographic traits, or psychographic traits.	The lean startup method
Differentiation	A unique characteristic or value that separates one product or company from its competitors.	Fundraising and venture capital
Dilution	Also known as equity dilution. The decrease in existing shareholders' ownership of a company as a result of the company issuing new equity. New equity increases the total shares outstanding which has a dilutive effect on the ownership percentage of existing shareholders. This increase in the number of shares outstanding can result from a primary market offering (including an initial public offering), employees exercising stock options, or by issuance or conversion of convertible bonds, preferred shares or warrants into stock. This dilution can shift fundamental positions of the stock such as ownership percentage, voting control, earnings per share, and the value of individual shares.	Fundraising and venture capital
Diminishing returns	The decrease in the marginal (incremental) output of a production process as the amount of a single factor of production is incrementally increased, while the amounts of all other factors of production stay constant. Informally, the term refers to diminished despite an increase in time, attention, money, or other resources.	Self-care for founders
Distribution	The process of making a product or service available for the consumer or business user who needs it. This can be done directly by the producer or service provider, or using indirect channels with distributors or intermediaries.	Fundraising and venture capital
Domain expert	A person who is an authority in a particular area or topic.	Startups overview
Dot-com bubble	An historic period of excessive speculation, mainly in the United States that occurred roughly from 1994 to 2000, a period of extreme growth in the use and adoption of the Internet.	The lean startup method
Due diligence	The audit of a potential investment, including a review of financial records and legal agreements, to confirm all facts before finalizing the investment.	Fundraising and venture capital
E-commerce	The transaction of goods or services over the internet.	Your idea What if you can't code? Fundraising and venture capital

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Early adopter	A customer who, in addition to using the vendor's product or technology, will also provide considerable and candid feedback to help the vendor refine its future product and services. Early adoption could also be referred to as a form of testing in the early stages of a project.	Startups overview The lean startup method Minimum viable product Marketing and community Team and culture
Elasticity	The degree to which a business is able to adapt to changing variables.	Brand
Elevator pitch	A short description of an idea, product or company that explains the concept in a way such that any listener can understand it in a short period of time. This description typically explains who the thing is for, what it does, why it is needed, and how it will get done. Finally, when explaining an individual person, the description generally explains one's skills and goals, and why they would be a productive and beneficial person to have on a team or within a company or project.	Your idea Fundraising and venture capital
Emotional quotient (EQ)	The capability of individuals to recognize their own emotions, empathize with others, discern between different feelings and label them appropriately, use internal information to guide thinking and behavior, and manage and/or adapt to environments or achieve one's goal(s).	Marketing and community
Engines of growth	Metrics used to determine where to allocate resources and achieve sustainable business expansion. There are three engines of growth: the sticky engine, the viral engine, and the paid engine.	Minimum viable product
Enterprise	A business or company.	Incorporation and legal Fundraising and venture capital
Equity	Represents the fractions of ownership in a company as divided among shareholders of common or preferred stock. Can refer to shareholders' equity, stockholders' equity, shareholders' funds, shareholders' capital or similar terms.	What if you can't code? Co-founders
Equity financing	The method of raising capital by selling shares in a company to outside investors.	Incorporation and legal
Escrow	A written instrument deposited with a neutral third party (or agent), by the agreement of two parties to a valid contract. The escrow agent will deliver the document to the benefited party when the conditions of the contract have been met. The depositor has no control over the instrument in escrow. Before investment funds are released to a startup, they are placed in escrow while the investor performs due diligence on the business and founders.	Fundraising and venture capital
Evergreen content	Editorial material that remains relevant long after its publish date, driving SEO and organic discovery.	Brand
Executive coach	A professional who works with CEO's and executives to help them unlock their potential, improve management skills, clarify vision, and achieve goals. An executive coach's role is part consultant, part therapist.	Self-care for founders

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Founder conflict	Disagreement between co-created regarding business operations, strategy, or other material issues. Unresolved founder conflict can lead to low morale, litigation, and/or business failure.	Startups overview
Founder stock	Common equity issued to founders during their business formation process. Founders stock is typically issued at face value, as low as \$.01/share, and includes vesting provisions that allow the company to buy back shares should a founder part with the company during the earliest stages of business operation. "Founder stock" is not a legal designation, rather, it's an informal description of common stock issued to founders.	Co-founders Incorporation and legal
Founders' agreement	A contract that sets the parameters and expectations of a business partnership. This agreement establishes the rights, responsibilities, and obligations of each founder. It also enumerates the distribution of equity among founders and the vesting schedule of shares.	Co-founders
Fundraising	The process of securing capital for the purpose of financing a business.	Fundraising and venture capital
Generalist	A person competent in a wide variety of fields.	Team and culture
Growth capital	A type of private equity investment, usually a minority investment, in relatively mature companies that are looking for capital to expand or restructure operations, enter new markets or finance a significant acquisition without a change of control of the business.	Fundraising and venture capital
Hedge	Any action taken to mitigate losses/gains suffered by an individual or an organization.	Going full-time
High-growth startup	An early-stage venture founded upon a scalable and repeatable business model designed to generate exponential returns for investors.	Startups overview Your idea The lean startup method
Hustle porn	The fetishization of long working hours and relentless grind at the expense of personal wellness and relationships. In other words, the public performance of work and success.	Self-care for founders
Inbound investor interest	Passive, incoming attention from potential financial backers.	Fundraising and venture capital
Incorporation	The process of constituting a company as legal entity. Corporations protect founders' personal assets against the claims of creditors and lawsuits.	Incorporation and legal
Incubator	A company that helps new and startup companies to develop by providing services such as management training or office space. Incubators are a catalyst for regional and national economic development. The different types of incubators include academic institutions, non-profit development corporations, for-profit property development ventures, and venture capital firms.	Fundraising and venture capital
Incumbent	An established business with a history of operations in the market.	Startups overview Competitive analysis

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Independent contractor (freelancer)	A person or business, that provides goods or services to another entity under terms specified in a contract or within a verbal agreement. Unlike an employee, an independent contractor does not work regularly for an employer, but works as and when required. Independent contractors are usually paid on a freelance basis.	Incorporation and legal Team and culture
Inflection point	A moment of critical shift.	Minimum viable product
Institutional investor	An entity which pools money to purchase securities, real property, and other investment assets or originate loans. Institutional investors include banks, insurance companies, pensions, hedge funds, REITs, investment advisors, endowments, and mutual funds.	Incorporation and legal
Intellectual property (IP)	a work or invention that is the result of human intellect. The most prominent types of intellectual property are copyrights, patents, and trademarks, though many other types also exist, and some countries recognize more types than others.	Startups overview Co-founders Incorporation and legal
Key metrics	Indicators used to measure and evaluate performance. Key metrics are a component of the lean canvas.	The lean startup method
Key performance indicator (KPI)	A metric used to evaluate the health and success of an organization.	Fundraising and venture capital
Know your customer (KYC)	The process of a business verifying the identity of its clients and assessing their suitability, along with the potential risks of illegal intentions towards the business relationship.	Fundraising and venture capital
Landing page experiment	A method of acquiring user acquisition and customer data without actually building a product. Landing page experiments are inexpensive tests that help founders evaluate potential interest in a product before committing resources to actually building one.	The lean startup method Minimum viable product
Lean canvas	A one-page business plan diagram organized around problems, solutions, key metrics, and competitive advantages. The lean canvas is intended to be updated frequently based on learnings.	The lean startup method
Lean in	To seize business opportunities without hesitation.	Fundraising and venture capital
Lean startup method	A technique for developing businesses and products, which aims to shorten product development cycles and rapidly discover if a proposed business model is viable; this is achieved by adopting a combination of business-hypothesis-driven experimentation, iterative product releases, and validated learning. Central to the lean startup methodology is the assumption that when startup companies invest their time into iteratively building products or services to meet the needs of early customers, the company can reduce market risks and sidestep the need for large amounts of initial project funding and expensive product launches and failures.	The lean startup method
Legal entity	An organization that the law treats as if it were a person, capable of entering into contracts and of being sued.	Incorporation and legal
Liability	The legal and financial debts and obligations of a company.	Incorporation and legal

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Limited liability company (LLC)	A type of unincorporated association distinct from a corporation. The primary characteristic an LLC shares with a corporation is limited liability, and the primary characteristic it shares with a partnership is the availability of pass-through income taxation. As a business entity, a LLC is often more flexible than a corporation and may be well-suited for companies with a single owner.	Incorporation and legal
Litigation	The conduct of a lawsuit.	Incorporation and legal
Maker	An alternate term for founder or entrepreneur.	Marketing and community
Market demand	The collective willingness of consumers to purchase goods and services at a given price.	Startups overview
Market opportunity	A favorable condition that has yet to be identified by competitors.	Fundraising and venture capital
Marketing channel	The people, organizations, and activities necessary to transfer the ownership of goods from the point of production to the point of consumption. It is the way products get to the end-user, the consumer.	The lean startup method
Marketing funnel	A consumer-focused model which illustrates the theoretical customer journey towards the purchase of a product or service. While funnels may vary, a typical model includes the following stages: 1.) Awareness – the customer is aware of the existence of a product or service. 2.) Interest – actively expressing an interest in a product group. 3.) Action – taking the next step towards purchasing the chosen product.	What if you can't code?
Mergers and acquisitions (M&A)	Transactions in which the ownership of companies, other business organizations, or their operating units are transferred or consolidated with other entities. As an aspect of strategic management, M&A can allow enterprises to grow or downsize, and change the nature of their business or competitive position.	Incorporation and legal
Minimum viable product	A commodity with just enough features to satisfy early customers, and to provide feedback for future product development.	What if you can't code? The lean startup method The lean startup method
Moat	The attributes that allow companies to maintain their competitive advantage and preserve market share in the face of competition. A "wide moat" insulates businesses from competitive threats.	Marketing and community
Monetization	A buzzword in sectors such as high technology and marketing that refers to the act of adapting non-revenue-generating assets to generate revenue.	Startups overview
Monoculture	A system that elevates the expression of a single social group at the expense of others. Silicon Valley is considered by many to be a prominent example of monoculturalism.	Team and culture

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Net promoter score	A management tool that can be used to gauge the loyalty of a firm's customer relationships. It serves as an alternative to traditional customer satisfaction research and is claimed to be correlated with revenue growth. NPS has been widely adopted with more than two thirds of Fortune 1000 companies using the metric. The tool aims to measure the loyalty that exists between a provider and a consumer. The provider can be a company, employer or any other entity. The provider is the entity that is asking the questions on the NPS survey. The consumer is the customer, employee, or respondent to an NPS survey. An NPS can be as low as -100 (every respondent is a "detractor") or as high as +100 (every respondent is a "promoter"). NPS scores vary across different industries, but a positive NPS (i.e., one that is higher than zero) is generally deemed good, a NPS of +50 is generally deemed excellent, and anything over +70 is exceptional.	Minimum viable product Marketing and community
No-code platform	Software that enables users to build functional products without programming expertise.	What if you can't code?
Online marketplace	A type of e-commerce platform where product or service information is provided by multiple third parties. Online marketplaces are the primary type of multichannel e-commerce and can be a way to streamline the production process.	Minimum viable product Fundraising and venture capital
Operator	Informally, a person who is adept at making deals or getting results.	Fundraising and venture capital
Opportunity cost	The deficit of potential gain from that arises when one business choice is made over another	Incorporation and legal, Team and culture
Organic traffic	Non-paid and non-referred consumer influx to a company's website.	The lean startup method
Overhead	The recurring cost of operating a business.	Going full-time
Paid engine	The growth factor that relies on self-funded marketing to acquire customers. If customer lifetime value exceeds customer acquisition cost, this engine is functioning properly.	Minimum viable product
Paid time off (PTO)	A policy in some employee handbooks that provides a bank of hours in which the employer pools sick days, vacation days, and personal days that allows employees to use as the need or desire arises.	Incorporation and legal
Pain point	A problem experienced by prospective users of your product. A startup's goal is to address and solve pain points for customers.	The lean startup method
Patent	A legal distinction that gives the owner intellectual property the legal right to exclude others from making, using, selling, and importing an invention for a limited period of years, in exchange for public disclosure of the invention. In most countries patent rights fall under civil law and the patent holder needs to sue someone infringing the patent in order to enforce his or her rights. In some industries patents are an essential form of competitive advantage; in others they are irrelevant.	Brand, Incorporation and legal

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Pay transparency	The policy of some companies to openly publish the salaries of their employees. Pay transparency is typically intended to instill trust, create fairness, address identity-based wage gaps, and keep employers accountable.	Team and culture
Pay-per-click (PPC)	An internet advertising model used to drive traffic to websites, in which an advertiser pays a publisher (typically a search engine, website owner, or a network of websites) when a consumer engages an ad.	Minimum viable product
Peer-to-peer marketplace (P2P)	An online platform that facilitates the purchase and sale of goods or services between individuals.	Competitive analysis
Pitch competition	Events where founders make presentations to an audience of potential investors. These are put on by angel groups, schools, economic development organizations, or private companies.	Fundraising and venture capital
Pitch deck	A visual presentation summarizing a startup business plan. Pitch decks are one of the primary documents potential investors use in the startup evaluation process.	What if you can't code? Co-founders Brand Marketing and community Fundraising and venture capital
Pivot	A fundamental change to a product, business model, growth engine, or some other variable in order to test a new hypothesis.	Minimum viable product Brand
Portfolio	The collection of investments held by an investment company, hedge fund, financial institution or individual.	Fundraising and venture capital
Pre-money valuation	A term widely used in private equity or venture capital industries, referring to the financial assessment of a company or asset prior to an investment or financing. If an investment adds cash to a company, the company will have different valuations before and after the investment. The pre-money valuation refers to the company's valuation before the investment.	Incorporation and legal
Pre-product	A term used to describe a business that has yet to develop a working commodity.	Fundraising and venture capital
Pre-revenue	A term used to describe a business that has yet to generate positive income from its offerings.	Fundraising and venture capital
Pre-seed round	The earliest stage of funding a new company. This stage typically refers to the period in which a company's founders are first getting their operations off the ground. Pre-seed funders are typically the founders themselves and friends and family.	Fundraising and venture capital
Preferred stock	A form of ownership equity which may have any combination of features not possessed by common stock — including properties of both an equity and a debt instrument, and is generally considered a hybrid instrument. Preferred stocks are senior (i.e., higher ranking) to common stock, but subordinate to bonds in terms of claim (or rights to their share of the assets of the company) and may have priority over common stock in the payment of dividends and upon liquidation.	Fundraising and venture capital

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Press kit (media kit)	A pre-packaged set of promotional materials that provides information about a company and which is distributed to members of the media for promotional use.	Brand
Primary market	The part of the capital exchange that deals with the issuance and sale of equity-backed securities to investors directly by the issuer. Investors buy securities that were never traded before. Primary markets create long term instruments through which corporate entities raise funds from the capital market.	Fundraising and venture capital
Private equity	Investment funds, generally organized as limited partnerships, that buy and restructure companies that are not publicly traded.	Incorporation and legal
Pro rata clause	An agreement that grants an investor the right to participate in future funding rounds without compromising their share of ownership.	Fundraising and venture capital
Problem	The section of the Lean Canvas where the pain points of a customer segment are listed. A startup's goal is to solve the right problems for the right customers.	The lean startup method
Problem interview	A user survey intended to identify who the early adopters of a product are going to be, what issues they need solved, and how they deal with these issues today.	The lean startup method
Problem/solution fit	The process of identifying real customer concerns and developing viable fixes, as part of the Lean Method. This process helps founders to better understand the needs and wants of their potential customers. When a unique solution to an established problem is developed, problem/solution fit has been reached. Skipping this step may result in the development of a solution for a problem that does not exist.	The lean startup method
Product design	The set of strategic and tactical activities, from idea generation to commercialization, used to create a viable commodity. In a systematic approach, product designers conceptualize and evaluate ideas, turning them into tangible inventions and products. The product designer's role is to combine art, science, and technology to create new products for consumer consumption.	Fundraising and venture capital
Product development agency	A third-party business that develops commodities on behalf of founders.	What if you can't code?
Product/market fit	A first step to building a successful venture in which the company meets early adopters, gathers feedback, and gauges interest in its commodity. Marc Andreessen defined the term as follows: "Product/market fit means being in a good market with a product that can satisfy that market." Many people interpret product/market fit as creating a so called minimum viable product that addresses and solves an existing problem or need.	Your idea The lean startup method Minimum viable product Fundraising and venture capital

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Profit and loss statement (P&L)	One of the financial documents that show a company's revenues and expenses during a particular period. It indicates how the revenues (also known as the "top line") are transformed into the net income or net profit (the result after all revenues and expenses have been accounted for). The purpose of the income statement is to show managers and investors whether the company made money (profit) or lost money (loss) during the period being reported.	Fundraising and venture capital
Proof of concept (PoC)	A realization of a certain method or idea in order to demonstrate its feasibility, or a demonstration in principle with the aim of verifying that some concept or theory has practical potential.	Minimum viable product
Prototype	An early sample or model built to test a concept or process.	Fundraising and venture capital
Public offering	The sale of securities (stock) of a company or a similar corporation to the public. Generally, the securities are to be listed on a stock exchange.	Incorporation and legal
Qualitative research	A method of observation designed to gather non-numerical data. This type of research refers to the meanings, concepts definitions, characteristics, metaphors, symbols, and description of things and not to their counts or measures. This research answers why and how a certain phenomenon may occur rather than how often.	The lean startup method
Quantitative research	The systematic empirical investigation of observable phenomena via statistical, mathematical, or computational techniques. The objective of quantitative research is to develop and employ mathematical models, theories, and hypotheses pertaining to phenomena.	The lean startup method
Recruiting software	A product designed to automate the hiring processes for businesses.	Team and culture
Remote team (distributed team)	An organizational structure comprised of employees working across time and space and collaborating via various software applications. Remote work is becoming increasingly common among tech startups.	Team and culture
Return on investment (ROI)	The ratio between net profit (over a period) and resource cost. A high ROI means the investment's gains compare favorably to its cost. As a performance measure, ROI is used to evaluate the efficiency of an investment or to compare the efficiencies of several different investments. In economic terms, it is one way of relating profits to capital invested.	Startups overview Fundraising and venture capital
Revenue	The income that a business has from its normal business activities, usually from the sale of goods and services to customers. Some companies receive revenue from interest, royalties, or other fees. Revenue may refer to business income in general, or it may refer to the amount, in a monetary unit, earned during a period of time, as in "Last year, Company X had revenue of \$42 million". Profits or net income generally imply total revenue minus total expenses in a given period. In accounting, in the balance statement it is a subsection of the Equity section and revenue increases equity, it is often referred to as the "top line" due to its position on the income statement at the very top. This is to be contrasted with the "bottom line" which denotes net income (gross revenues minus total expenses).	Startups overview Going full-time

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Revenue streams	The section of the Lean Canvas where potential income sources and product pricing are defined.	The lean startup method
Risk aversion	The behavior of individuals or organizations intended to mitigate uncertainty in uncertain situations; the hesitation to agree to a situation with an unknown outcome.	Going full-time
Risk capital	Funds allocated to speculative activity and used for high-risk, high-reward investments. In the context of venture capital, risk capital may also refer to funds invested in a promising, but unproven, startup.	Startups overview
Round	A type of funding process for venture capital financing, by which startup companies obtain investment, generally from venture capitalists and other institutional investors. The availability of venture funding is among the primary stimuli for the development of new companies and technologies.	Incorporation and legal
Runway	Informally, the number of months that a startup company can operate on its cash reserves.	Going full-time
Scaleability	A system's capacity to accommodate a growing amount of work with the addition of resources. For example, a package delivery system is scalable because more packages can be delivered by adding more delivery vehicles. However, if all packages had to first pass through a single warehouse for sorting, the system would not be scalable, because one warehouse can handle only a limited number of packages.	Startups overview Your idea What if you can't code? The lean startup method Brand Marketing and community Fundraising and venture capital
Search engine marketing (SEM)	Increasing website visibility in search engine results pages (SERPs), primarily through paid advertising. SEM may incorporate search engine optimization (SEO).	Minimum viable product
Search engine optimization (SEO)	The process of increasing the quality and quantity of website traffic by increasing the visibility of a website or a web page to users of a web search engine. SEO refers to the improvement of unpaid results (known as "natural" or "organic" results), and excludes direct traffic/visitors and the purchase of paid placement.	The lean startup method Brand Incorporation and legal
Secondary market	An organized platform for buying and selling second hand listed securities. Secondary market is also known as a stock exchange.	Fundraising and venture capital
Seed round	The first official equity stage of a startup business. This stage of funding typically comes before the business is generating cash flow and is intended to support the founders as they develop a viable business model.	Marketing and community Fundraising and venture capital
Series A round	A stage of funding that occurs once a business has established a signal of growth (revenue, user base, etc.) and requires capital to optimize its offerings and grow its team. Investors at this stage are not just looking for great ideas, but a clear strategic vision to leverage great ideas into a revenue-generating business with the potential for large returns.	Fundraising and venture capital
Series B round	The stage of funding designed to take a company out of the development phase and to expand its reach.	Fundraising and venture capital

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Series C round	The stage of funding reserved for companies who are already successful, but require additional funding to scale the company and enter new markets as quickly as possible.	Fundraising and venture capital
Serviceable addressable market (SAM)	The fraction of the total addressable market (TAM) that can actually be reached by a company. The serviceable addressable market is more clearly defined as that market opportunity that exists within a firm's existing core competencies and/or past performance.	Fundraising and venture capital
Serviceable obtainable market (SOM)	The portion of the serviceable addressable market (SAM) that a business can realistically expect to capture.	Fundraising and venture capital
Small business (lifestyle business)	An enterprise established and run by its founders, with the primary aim of sustaining a particular level of income and no more. Lifestyle businesses typically have limited scalability and potential for growth, as such growth would undermine the lifestyle of their owner-managers.	Startups overview Fundraising and venture capital
Social proof	A psychological and social phenomenon wherein people copy the actions of others in an attempt to perform the correct behavior of a given situation.	Incorporation and legal
Software as a service (SaaS)	A licensing and delivery model in which a centrally hosted software product is accessed by subscription.	Marketing and community
Sole proprietorship	A type of enterprise that is owned and run by one person, and in which there is no legal distinction between the owner and the business entity.	Incorporation and legal
Solution	The section of the lean canvas where hypothesized fixes for existing problems are listed.	The lean startup method
Solution interview	Part of the customer development process, intended to determine if a potential user finds a proposed product fix valuable.	The lean startup method
Stealth mode	A company's temporary state of secrecy, usually undertaken to avoid alerting competitors to a pending product launch or other business initiative.	Incorporation and legal
Sticky engine	The growth generator that prioritizes delighting and retaining existing customers over acquiring new ones. The sticky engine relies on superior customer experience, positive word of mouth, and minimal user churn.	Minimum viable product
Stock option	The right (but not the obligation) of a party to purchase shares of a company at an agreed upon date. Many companies use employee stock options plans to retain, reward, and attract employees, and to incentivize behaviors that will boost the company's stock price. The employee may exercise the option, pay the exercise price and would be issued with ordinary shares in the company. As a result, the employee would experience a direct financial benefit of the difference between the market and the exercise prices.	Incorporation and legal Team and culture
Supply chain	The system of organizations, people, technology, activities, information, and resources involved in moving a product or service from manufacturer to customer.	Team and culture

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Surveillance capitalism	The marketing and sale of personal data derived from the tracking of individuals' behavior online.	Competitive analysis
SWOT	A strategic planning technique used to help a person or organization intended to specify the objectives of the business venture or project, while identifying the internal and external factors that are favorable and unfavorable to achieving those objectives. SWOT stands for strengths, weaknesses, opportunities, and threats.	Competitive analysis
Technical founder	A shorthand used to designate the member(s) of the founding team who can write, edit, and review code. In contrast, non-technical founders are typically responsible for other tasks such as operational management, legal or financial support, HR/recruiting, sales, or marketing.	What if you can't code?
Term sheet	A bullet-point document outlining the conditions of an investment agreement. The key offering terms in term sheets include amount raised, price per share, pre-money valuation, liquidation preference, voting rights, anti-dilution provisions, and registration rights.	Incorporation and legal Fundraising and venture capital
Total addressable market (TAM)	A term that is typically used to reference the revenue opportunity available for a product or service. TAM helps to prioritize business opportunities by serving as a quick metric of the underlying potential of a given opportunity.	Fundraising and venture capital
Touchpoint	Any means by which a consumer can interact with a business, whether it be person-to-person, through a website, an app, or other form of communication. When consumers come in contact with these touchpoints it gives them the opportunity to compare their prior perceptions of the business and form an opinion.	Marketing and community
Traction	The progress and momentum of a startup.	Fundraising and venture capital
Trademark	A type of intellectual property consisting of a recognizable sign, design, or expression which identifies products or services of a particular source from those of others.	Brand, Incorporation and legal
Traditional business plan	An extensive, relatively static document created by early-stage businesses, based on untested hypotheses and assumptions. Traditional business plans have been phased out by most startup founders in favor of the more dynamic lean method.	The lean startup method
Turnover	The rate at which employees leave a company and are replaced with new hires.	Team and culture
Undercapitalization	Any situation where a business cannot acquire the funds they need. An undercapitalized business may be one that cannot afford current operational expenses, which can trigger bankruptcy. This can refer to companies that are over-exposed to risk, or who are financially sound but without the funds required to meet market demand.	Co-founders
Unfair advantage	The section of the Lean Canvas in which companies declare what they possess that cannot be bought or copied. Examples of unfair advantages include insider information, domain expertise, existing customers, high-level endorsements, etc.	The lean startup method

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Unicorn	A company valued over \$1 billion.	Incorporation and legal
Unique value proposition	Part of the Lean Canvas; a clear, concise statement explaining why a company's product is different and worth using.	The lean startup method
Use case	A scenario in which a product or service is likely to be used by a customer.	Incorporation and legal
User acquisition (UA)	The process of acquiring new users of a product or service.	The lean startup method
User experience	A person's emotions and attitudes about using a particular product, system, or service. It includes the practical, experiential, affective, meaningful, and valuable aspects of human-computer interaction and product ownership – as well as a person's perceptions of utility, ease of use and efficiency.	Your idea
User interface (UI)	The visual component of a software application with which a person interacts.	Minimum viable product Marketing and community
User testing	A consumer-centered evaluation of a product. This can be seen as an irreplaceable usability practice, since it gives direct input on how real users use the product. Usability testing focuses on measuring a human-made product's capacity to meet its intended purpose.	Marketing and community
Validated learning	Data generated by trying out an initial idea and then measuring it against potential customers to confirm the effect. Typical steps in validated learning: 1.) Specify a goal. 2.) Specify a metric that represents the goal. 3.) Act to achieve the goal. 4.) Analyze the metric. Did you get closer to the goal? 5.) Improve and try again.	The lean startup method
Value proposition	A promise or belief of a benefit to be delivered, communicated, experienced, or acquired.	Minimum viable product
Value-based pricing	A strategy which sets consumer cost according to the perceived or estimated value of a product or service. When employed successfully, it will improve profitability without greatly impacting sales volumes.	Fundraising and venture capital
Vanity metric	Positive data that doesn't necessarily correlate to the performance of a business. For example, the number of total registered users of a service is less informative than the number of active users.	Minimum viable product
Vaporware	A product, typically computer hardware or software, that is announced to the general public but is never actually manufactured nor officially cancelled. Use of the word has broadened to include products outside of traditional tech markets.	Fundraising and venture capital
Vendor	An enterprise that contributes goods or services. Generally, a supply chain vendor manufactures inventory/stock items and sells them to the next link in the chain.	Incorporation and legal

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Venture capital (VC)	A form of financing that is provided by firms or funds to small, early-stage, emerging firms that are deemed to have high growth potential, or which have demonstrated high growth (in terms of number of employees, annual revenue, or both). Venture capital firms or funds invest in these early-stage companies in exchange for equity, or an ownership stake, in the companies they invest in. Venture capitalists take on the risk of financing risky startups in the hopes that some of the firms they support will become successful.	Startups overview What if you can't code? The lean startup method Co-founders Incorporation and legal Fundraising and venture capital
Vertical (market segment)	A segment of the general market comprised of businesses and customers related by common traits.	Competitive analysis, Brand Team and culture
Vesting	The schedule that establishes when and how promised ownership shares in a company are distributed to founders or employees.	Co-founders, Incorporation and legal
Vet	To evaluate for approval.	Incorporation and legal
Viral coefficient	A metric that calculates the number of new customers generated by an existing customer.	Minimum viable product
Viral engine	The growth generator that relies on customer referrals and inherent product virality, in which product usage necessitates some mode of social sharing.	Minimum viable product
White space	A space in the market unoccupied by competitors. White spaces present opportunities for innovation and differentiation in the market.	Brand
Wordmark	A distinct, text-only typographic treatment of the name of a company, institution, or product name used for purposes of identification and branding. The organization name is incorporated as a simple graphic treatment to create a clear, visually memorable identity. The representation of the word becomes a visual symbol of the organization or product.	Marketing and community