**Stanford eCorner**

**From MVP to Product-Market Fit**

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Using the example of Doordash, Bessemer Venture Partners operating partner Jeff Epstein explores how a startup can bootstrap a minimum viable product, begin to raise capital, and use that capital to build evidence of product-market fit.

## Transcript

Jeff You have no money, 00:00:04,960 you have this great idea to deliver food from restaurants to consumers, well, what you do is you build a minimum viable product.. What they did at DoorDash back in 2013, in the first six months of the company, you had four founders.. They did some email marketing, they made flyers, they tried to get on Google organic search.. They built a website with just menus, it wasn't interactive, you couldn't order on the menu, and they just was, phone number, and consumers found DoorDash, somehow, through these flyers or marketing, they called the founder's mobile phones, or they text messaged the founders and said, "I'd like to order this food." The founders, they went to the restaurant, the restaurants were not part of the network, founders just went to the restaurant and order the food, take out the way as if they were eating it themselves, but then they would drive it themselves to the customers.. So that's pretty basic minimum viable product.. All it is is a static website, a telephone, call us up or text us, we'll order for you, we'll go to the restaurant, we'll order the food, we'll bring you the food.. That was their business for six months, with no money, and they then raised a pre-seed round of $150,000 to hire a few people, and to try to build the business out.. They were already proving it was working, they already proved customers, some, a handful of customers, wanted to order food this way.. So they hired 20 drivers as part-time drivers, they hired two employees in customer support.. They expanded from Palo Alto to Menlo Park also, and they were beginning to get a little traction, this is in the second six months of the company, months seven through 12, and the goal of this round was to make a few people happy, a few customers, a few restaurants, a few drivers, and they were very successful..

The restaurants, who did use them, loved them and recommended them, and some users were using DoorDash several times a week.. So what you're trying to do at this point is get to product/market fit.. There's a lot of definitions of product/market fit.. But one way of defining it is doing a user survey, which, this design, there's a website and the link here, of how to do this user survey, and the question is, "How would you feel if you could no longer use DoorDash? Very disappointed, somewhat disappointed, not disappointed," or, "I no longer use DoorDash." Even with a very small sample size of a hundred, if 40% or more people answer "very disappointed", you probably have product/market fit.. It's a very good way of measuring.. So you now have reached product/market fit.. You've only raised a few hundred thousand dollars, and now you want to expand.. So now you raise your Series A.. And what do you do with your Series A? Well, you're expanding to your second region, to San Jose, you're now up to 20 full-time employees and 300 drivers, and continuing to expand.. So, if you remember that slide before, where every year you were raising more money at higher valuations, and prove getting more traction, proving your customers love you, proving you can expand from Palo Alto to Menlo park, and then from Menlo park to San Jose, and then other other regions that you can recruit more drivers..

At every level, you're reducing the risk and increasing your value, and that's what investors are looking for...