

URL: <https://ecorner.stanford.edu/clips/how-to-find-your-next-idea/>

Jessica McKellar tells the story of how she and her fellow Pilot co-founders came up with the idea for Pilot, their third company. She advises those in search of startup ideas to look to their own pain points for inspiration, and then to consider the size of the market, the level of customer needs, and their personal experience with the problem.



Transcript

- When we were deciding what we wanted to do next, 00:00:06,750 you, what were the parameters on this? We knew that we wanted to solve a business problem.. We like don't have a consumer bone in our bodies, we're just, we knew that we live in business land not a consumer land.. So we knew we were gonna solve a business problem.. The businesses that we understand the best are small businesses and startups, because that's what we've done primarily.. And then we also had our experience with our previous companies and this observation of, there's no clear best in class provider for bookkeeping, for other financial services.. And that hasn't changed over the past 10 years, which is like, there was the thing that was mind blowing from like 2008 to 2018 or I guess 2007, 2017.. And also, we could sort of observe that there's kind of a rising tide of, businesses, financial platforms moving online.. You know, it's like, yeah, your pay, of course, your payroll's online now, of course your expense reimbursement system is online now, of course you like handle your vendor payments online now.. And so everything is, you know, moving towards these electronic formats.. You can, there are APIs, there's structured data that you can manipulate in software, great..

Against that we, we did a lot, we figured we'd interviewed a bunch of people basically.. Like we talked to a bunch of people in the back office of various small and mid-market companies.. Legal teams, accounting teams, HR teams, what have you.. Where is the pain? Like, where is the pain? Where are the problems that haven't been solved yet? And I mean, the unambiguous loudest theme in that research was on the finance and accounting side and it like in particular, the monthly close, getting your books done, like maintaining your books is a nightmare for small businesses.. And so that was a good foundation.. Like our, it's like our own experience triangulated with this feedback from other people who have this pain.. And then you can triangulate that with the market.. And as you look at the market, the size of the market is staggering.. Fun fact about one and every 100 people in the US does bookkeeping like full or part-time.. Like if you walk down the street and you like, you pass a pizza shop and a nonprofit and a startup and a, you know, a dentist office, like somebody is toiling in the back office trying to solve this problem, like de novo for that business..

And that is simply not the way that it's going to be forever.. The question is, who's gonna make that not be the case.. And it has a convenient property, if you're trying to build a business which is, again, it's basically legally required.. It's not a nice to have, it's a must have.. And so you have this.... And it applies to every business.. Like every business has to file their taxes,

every business has to do their books.. So if you do the market analysis, you're just like, it's like a staggeringly large market.. So if you can be successful, even with, in a small percentage of that market, you've built like a hugely, hugely, successful and profitable and public company and we're all like, very pleased with ourselves.. So, if you take all of these things together, you know, so like the market size, the market analysis, our own experience, and the....

Validating our experience against other people.. That pointed us towards the financial back office.. And then our initial wedge into that was bookkeeping specifically as a very, as one earliest highest trust relationships that businesses tend to start with a third party provider...