

Strategic Foundation

# Startup Glossary of Terms



ENVIVEO

# Startup Lingo

Every industry seems to have its own language, the startup industry included. You'll need to be proficient in it as you interact with investors, incubators, accelerators and others in the startup ecosystem. While some of the terms commonly used in the startup world may seem like nothing more than jargon, many are integral to describing and understanding key concepts and activities. The glossary provided here contains some of the key words and phrases you should know. Keep checking back as we continually update this and all our other resources to best meet your information needs.

# Glossary - A

## Accelerator

A mentor-based program that provides structure, support, and intensive guidance to startups for up to six months. Accelerator programs typically work with post-product startups and culminate with a Demo Day where startups pitch several investors at once.

## Accelerator Cohort

A group of companies or entrepreneurs participating in an accelerator program at the same time. These programs typically include mentorship and educational components and culminate in a public pitch event or demo day.

## Acceptance Test Driven Development (ATDD)

Acceptance Test Driven Development (ATDD) involves team members with different perspectives (customer, development, testing) collaborating to write acceptance tests in advance of implementing the corresponding functionality.

## Acceptance Testing

An acceptance test is a formal description of the behavior of a software product, generally expressed as an example or a usage scenario. A number of different notations and approaches have been proposed for such examples or scenarios.

## Accredited Investor

An investor who meets certain criteria regarding income, net worth, and qualifications. In the US, only people who are accredited investors can invest in startup under RegD, rule 506(c).

## Acqui-Hire

A strategy often used by companies to acquire a talented team of employees by buying the company that employs them. Rather than targeting the company for its products, services, or market share, the primary motive behind an acqui-hire is to gain the skills, expertise, and knowledge of its staff. This approach is particularly common in the technology sector, where the competition for highly skilled professionals is intense. An acqui-hire allows acquiring companies to rapidly onboard a team that can contribute to innovation, product development, or expansion into new technological areas. It's a fast-track method to fill gaps in talent and expertise, bypassing the lengthy process of individual hiring.

# Glossary-A

## Agile Development

A set of principles for software development under which requirements and solutions evolve through the collaborative effort of self-organizing cross-functional teams. Agile methodologies encourage adaptive planning, evolutionary development, early delivery, and continuous improvement. Bootstrapping: Starting a business without external capital or venture funding. Entrepreneurs rely on personal finances, early cash flow, and reinvestment to grow their business.

## Alpha Test

An early test of a product, often performed by internal staff, to identify bugs and issues before the beta test phase, which involves real users.

## Analytics

The systematic analysis of data. Analytics applications and toolkits contain mathematical algorithms and computational engines that can manipulate large datasets to uncover patterns, trends, relationships, and other intelligence that allow users to ask questions and gain useful insights about their business, operations, and markets.

## Angel Investor

An individual who provides capital for a business or startup, often in exchange for convertible debt or ownership equity. Angel investors are typically the first outsiders to invest in a startup.

## Angel Group

A group of investors who pool their personal resources to invest in a startup. Unlike venture capital, angel groups use their own net worth.

## Angel Round

A small round of funding at the earliest stages of a company for angel investors, angel investor groups, friends, and family. Angel rounds in the US are typically done via SAFE notes or convertible notes, under \$1M in size and under \$10M in valuation cap.

# Glossary-A

## **Annual Recurring Revenue (ARR)**

Revenue, normalized on an annual basis, that a company expects to receive from its customers for providing them with products or services. Essentially, ARR is a metric of predictable and recurring revenue generated by customers within a year. The measure is primarily used by businesses operating on a subscription-based model.

## **AntiPattern**

Antipatterns are common solutions to common problems where the solution is ineffective and may result in undesired consequences.

## **Artificial Intelligence (AI)**

The simulation of human intelligence processes by machines, especially computer systems. These processes include learning (the acquisition of information and rules for using the information), reasoning (using the rules to reach approximate or definite conclusions), and self-correction.

## **Articles of Incorporation (or Certificate of Incorporation)**

In the U.S., this is the document filed with the state to establish a company. When filing, this informs the state of the corporation's name, purpose, and address of the registered agent.

## **Automated Build**

In the context of software development, build refers to the process that converts files and other assets under the developers' responsibility into a software product in its final or consumable form. The build is automated when these steps are repeatable, require no direct human intervention, and can be performed at any time with no information other than what is stored in the source code control repository.

# Glossary - B

## **B2B (Business-to-business)**

A business based on transactions that takes place between one business and another. A business is the end user.

## **B2C (Business-to-consumer)**

A business based on transactions that takes place between a business and an individual. The individual is the end user.

## **B2B2C (Business-to-business-to-consumer)**

A business that extends the B2B model to include e-commerce for consumers.

## **Backlog Refinement**

Backlog grooming is when the product owner and some, or all, of the rest of the team refine the backlog on a regular basis to ensure the backlog contains the appropriate items, that they are prioritized, and that the items at the top of the backlog are ready for delivery.

## **Balance Sheet**

A financial statement that reports a company's assets, liabilities, and shareholder equity and is used to evaluate the business at the date of publication.

## **Behavior Driven Development (BDD)**

BDD is a practice where members of the team discuss the expected behavior of a system in order to build a shared understanding of expected functionality.

## **Beta Test**

Testing of a product's beta version by real users in a real environment to find defects and gather feedback on its functionality and usability.

## **Blockchain**

A system in which a record of transactions made in bitcoin or another cryptocurrency is maintained across several computers that are linked in a peer-to-peer network. It's foundational technology for cryptocurrencies and offers a secure, decentralized mechanism for transactions.

# Glossary-B

## **Business Plan**

A detailed document that outlines a company's objectives, strategies for achieving them, financial projections, market research, and operational plans.

## **Business Plan Competition**

A contest between startups, early-stage businesses, and/or growing businesses, the goal of which is for participants to develop and submit an original idea or complete their existing business plan.

## **Business Process Automation (BPA)**

The use of technology to execute recurring tasks or processes in a business where manual effort can be replaced. It is used to improve efficiency, reduce costs, and streamline processes.

## **Buy Til You Die (BTYD)**

A model that helps explain the buying patterns of non-contractual customers by describing the rate at which customers make purchases and the rate at which they drop out or "die." BTYD models all jointly model two processes: (1) a repeat purchase process, which explains how frequently customers make purchases while they are still "alive"; and (2) a dropout process, which models how likely a customer is to churn in any given time period. Common versions of the BTYD model include the Pareto/NBD model and the Beta-Geometric/NBD model.

## **Buying Behavior**

The series of actions and interactions that a consumer performs before, during, and after making a commercial transaction.

## **Buyout**

The purchase of a company's shares in which the acquiring party gains control of the targeted firm. A buyout can be conducted by an external company or internally by management.

# Glossary-C

## Cash Flow

The total amount of money being transferred into and out of a business, especially as affecting liquidity. For startups, managing cash flow effectively is crucial to sustain operations and fund growth.

## Cash Position

The amount of cash that a company has on hand at any given time. It is a key indicator of financial health and liquidity.

## Cap (Capitalization)

Refers to either a company's total market value of equity, or a cap on the conversion rate for investors in a convertible note, protecting their investment.

## Cap Table (Capitalization Table)

A spreadsheet or table that shows the equity ownership capitalization for a startup. It lists all company securities such as common equity shares, preferred equity shares, warrants, and who owns them, including the percentages of ownership.

## Chasm

The transition from a little-known product to the mainstream. If a startup can successfully cross the chasm, it has the opportunity for mainstream success and hypergrowth.

## Churn

The rate at which customers stop purchasing or doing business with your company. It is sometimes called customer attrition, customer turnover or customer defection. To calculate the rate of customer churn, divide the number of churned customers (over a given period) by the initial number of total customers:  $\text{Churn rate} = \frac{\text{Churned Customers}}{\text{Total Initial Customers}}$ .



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# Glossary-C

## **Churn Rate**

The percentage of customers or subscribers who cancel or do not renew their subscriptions within a given time period. It's a critical metric for businesses with a subscription-based model.

## **CLV**

Estimates the total amount of money a company receives from a customer during the entire engagement time before the customer churns; the net present value of ALL variable profits/costs (including customer acquisition costs).

## **CLV to CAC**

CLV to CAC is the ratio of Customer Lifetime Value to Customer Acquisition Cost. This metric helps you optimize your marketing campaigns to acquire profitable customers.

## **Clickstream Analytics**

The analysis of web activity by users through the items they click on a page.

## **Collective Ownership**

Collective code ownership is the explicit convention that every team member can make changes to any code file as necessary: either to complete a development task, to repair a defect, or to improve the code's overall structure.

## **Commercialization**

The process of bringing new products and services to the market.

## **Commoditization**

When a product is "commoditized," it means that it has become so similar to other products in the market that consumers perceive them as essentially interchangeable. This often leads to purchasing decisions being based primarily on price rather than unique features or brand identity; in simpler terms, the product has lost its distinctive qualities and is seen as just another generic option in its category.

## **Common Stock**

Equity ownership in a corporation, with voting rights and the potential for dividends. Common stockholders are last to receive any payouts in the event of liquidation.

# Glossary-C

## **Competitive Advantage**

A condition or circumstance that puts a company in a favorable or superior business position. It can arise from various sources, such as cost structure, branding, the quality of product offerings, distribution network, and customer support.

## **Compensation and Benefits**

The combination of pay and other rewards received by employees for their performance at work. Benefits can include health insurance, pension plans, paid vacation, stock options, and more.

## **Compliance Training**

Instruction provided to employees on the laws and regulations applicable to their job function or industry. These laws are predominantly in place to ensure workplace safety and to prevent discrimination.

## **Content Marketing**

A strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly-defined audience — and, ultimately, to drive profitable customer action.

## **Continuous Deployment**

Continuous deployment aims to reduce the time elapsed between writing a line of code and making that code available to users in production. To achieve continuous deployment, the team relies on infrastructure that automates and instruments the various steps leading up to deployment, so that after each integration successfully meeting these release criteria, the live application is updated with new code.

## **Continuous Integration**

Continuous Integration is the practice of merging code changes into a shared repository several times a day in order to release a product version at any moment. This requires an integration procedure which is reproducible and automated.

## **Conversion Rate**

The percentage of users who take a desired action. This can include actions such as signing up for a newsletter, making a purchase, or any other key performance indicator (KPI) relevant to the business.

# Glossary-C

## **Cottage Industry**

Startups that work best if they remain small. They are often able to operate out of a person's home.

## **CRM (Customer Relationship Management)**

A technology for managing a company's relationships and interactions with current and potential customers. It helps businesses improve relationships, streamline processes, and improve profitability.

## **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.

### **Crowdsourcing**

The practice of referring to a body of people to obtain needed knowledge, goods, or services.

## **Customer Acquisition Cost (CAC)**

The total cost of acquiring a new customer, considering all aspects of marketing and sales. It's a crucial metric for understanding the value of a customer and how much money can be spent to acquire each customer.

## **Customer Engagement**

Refers to the level of interaction between your brand and your customers across all channels over the course of your entire relationship. It can refer to what customers do to interact with your brand, as well as, how loyal they are towards your brand.

## **Customer Experience**

The customer's perception of their interactions with your business, including all the actions, messages, and engagement you perform across all customer touchpoints.

## **Customer Journey**

The full-cycle relationship between a business and its customers, from brand awareness to sales.

# Glossary-C

## **Customer Lifecycle**

The various stages a consumer goes through before, during and after they complete a transaction. It can also refer to the phases a customer passes through during the course of an ongoing relationship with a brand.

## **Customer Lifetime Value (CLV)**

Estimates the total amount of money a company receives from a customer during the entire engagement time before the customer churns; the net present value of ALL variable profits/costs (including customer acquisition costs).

## **Customer Loyalty**

The measure of a customer's likelihood to do repeat business with a company or brand.

## **Customer Retention**

A measure of an organization's ability to keep customers.

## **Customer Segmentation**

The process of segmenting individuals into groups based on common characteristics and attributes.

# Glossary-D

## Daily Meeting

The daily meeting is one of the most commonly practiced Agile techniques and presents opportunity for a team to get together on a regular basis to coordinate their activities.

## Debt Financing

Raising capital by borrowing money that must be repaid over time, with interest. This can be in the form of a loan from a bank or issuing bonds. It's an alternative to raising equity where ownership of the company is diluted.

## Deck

Presentation used by founders to showcase the potential of their startup. This is what is provided to investors in the hope of raising capital.

## Definition of Done

The definition of done is an agreed upon list of the activities deemed necessary to get a product increment, usually represented by a user story, to a done state by the end of a sprint.

## Demo Day

An event at the end of an accelerator program where startups present their business and progress to potential investors. Demo days are critical for networking and raising capital.

## Demographic Data

Data relating to the characteristics of a human population.

## Descriptive Analytics

Condensing big numbers into smaller pieces of information. This is similar to summarizing the data story. Rather than listing every single number and detail, there is a general theme and narrative.

## Diagnostic Analytics

Reviewing past performance to determine what happened and why. Businesses use this type of analytics to complete root cause analysis.

# Glossary-D

## **Dilution**

A reduction in the ownership percentage of a share of stock caused by the issuance of new shares. In the context of startups, dilution often occurs when additional rounds of funding are raised, or when employees exercise stock options.

## **Direct to Consumer (DTC)**

A sales strategy where manufacturers and CPG (consumer packaged goods) brands sell their products directly to their customers instead of selling them through retailers and wholesalers.

## **Disruption**

The process in which an underrated product or service becomes popular enough to replace or displace the conventional product or service.

## **Disruptive Innovation**

An innovation that significantly alters the way that consumers, industries, or businesses operate, often displacing established market-leading firms and products.

## **Disruptive Technology**

An innovation that significantly alters the way that consumers, industries, or businesses operate. A disruptive technology sweeps away the systems or habits it replaces because it has attributes that are recognizably superior.

## **Diversity and Inclusion (D&I)**

Strategies, policies, and practices that promote the representation and participation of different groups of individuals, including people of different ages, races, ethnicities, abilities, genders, sexual orientations, etc.

## **Down Rounds**

Funding rounds where a company raises capital at a lower valuation than the previous round, often reflecting decreased expectations for the company's future prospects.

# Glossary-D

## **Drag-Along Rights**

A legal concept in corporate law that allows majority shareholders to force minority shareholders to join in the sale of a company under the same terms.

## **DTC (Direct to Consumer)**

A business model where the brand or manufacturer sells its own products to its end customers.

## **Due Diligence**

An investigation or audit of a potential investment or product to confirm all facts, such as reviewing all financial records, plus anything else deemed material. It refers to the research done before entering into an agreement or a financial transaction with another party.



# Glossary-E

## Employee Onboarding

The process of integrating a new employee with a company and its culture, as well as getting a new hire the tools and information needed to become a productive member of the team.

## Employee Retention

Efforts by employers to keep employees in their workforce. In addition to salary and benefits, retention strategies can include career development opportunities, work-life balance initiatives, employee recognition, and a positive workplace culture.

## Epic

An epic is a large user story that cannot be delivered as defined within a single iteration or is large enough that it can be split into smaller user stories. This is part of the Agile framework.

## Equity

Ownership interest in a company, represented by shares held by investors. It's a measure of one's stake in a company.

## Equity Financing

The process of raising capital through the sale of shares in an enterprise. Equity financing allows a company to obtain funds without incurring debt, or without having to repay a specific amount of money at a particular time.

## Equity Stake

The percentage of a company owned by the investor or accelerator in exchange for funding. Accelerators often take an equity stake in a startup in return for capital and mentorship

## Estimation

In software development, an "estimate" is the evaluation of the effort necessary to carry out a given development task; this is most often expressed in terms of duration.

## Evangelist

A person who believes so much in a product or service that they freely try to convince others to use it.

# Glossary-E

## **Exit Strategy**

The way in which an entrepreneur or investor intends to exit their investment in a company. Common exit strategies include IPOs (Initial Public Offerings), acquisitions by other companies, or selling their stake to other investors.

# Glossary-F

## Feature Creep

The tendency for product or project requirements to increase during development beyond those originally foreseen. This can lead to delays, budget overruns, and products overburdened with unnecessary features.

## Financial Projections

Estimates of future revenue, expenses, and capital requirements. These projections help startups and investors forecast financial performance and assess the viability and growth potential of the business.

## Flat Round

A funding round where a company raises capital at the same valuation as the previous funding round, indicating no significant company valuation increase or decrease.

## Forecast

An estimate of future financial outcomes for a company or project, often including projected income statements, balance sheets, and cash flow statements.

## Freemium

A business model where customers are offered a restricted version of a product or service at no cost. Additional features are available at a cost.

## Frequent Releases

An Agile team frequently releases its product into the hands of end users, listening to feedback, whether critical or appreciative.

## Friends and Family Round

When a startup raises their first outside capital from its own network. This is less formal than later funding rounds.

## First Mover Advantage

The ability of the startup to have a competitive advantage by being the first to market in a new product category.

# Glossary-F

## **Funding round**

The primary method of financing that startups undertake to raise external capital.

# Glossary-G

## **Gamify**

The use of game design principles to make a product or service more fun, engaging, and rewarding to users.

## **Growth Stage**

A phase of a company's lifecycle when it has successfully navigated the startup phase and is generating consistent revenue, focusing on expansion and scaling. A marketing technique developed by technology startups which uses creativity, analytical thinking, and social metrics to sell products and gain exposure.

## **Growth Hacking**

The use of aggressive but often cost-effective digital marketing tactics to grow and retain a user base, gain exposure, and sell products.

# Glossary-H

## **Heartbeat Retrospective**

The team meets regularly to reflect on the most significant events that occurred since the previous such meeting, and identify opportunities for improvement.

## **Hedge Funds**

Investment funds that employ various strategies to earn active returns for their investors. They are typically open to a limited range of investors and can invest in a broad set of assets, including shares, debt, and commodities.

## **Hockey stick**

The growth curve of a startup that investors want to see, where metrics such as active users or sales double each year; also known as "J-curve" or "Up-and-to-the-right".

# Glossary-I

## **Ideal Buyer Profile**

The ideal customer that your business can sell to; a fictitious persona or company profile whose pain points precisely match the ones that your product seeks to solve. Also known as an Ideal Buyer Profile.

## **Ideation**

The creative process of generating, developing, and communicating new ideas. It's the initial stage of the product development process where entrepreneurs identify opportunities and challenges to solve through a new product or service.

## **Integration**

"Integration" (or "integrating") refers to any efforts still required for a project team to deliver a product suitable for release as a functional whole.

## **Inbound Marketing**

A strategy that focuses on attracting customers through relevant and helpful content and adding value at every stage in your customer's buying journey, rather than outbound marketing strategies that involve reaching out to potential customers.

## **Incremental Development**

In an Agile context, Incremental Development is when each successive version of a product is usable, and each builds upon the previous version by adding user-visible functionality.

## **Incubator**

A collaborative program designed to help new startups succeed. Incubators help entrepreneurs solve some of the problems commonly associated with running a startup by providing workspace, seed funding, mentoring, and training.

# Glossary-I

## **Intellectual Property Assignment Agreement (IP Assignment Agreement)**

An Intellectual Property Assignment Agreement (IP Assignment Agreement) is a legal document that facilitates the transfer of ownership of intellectual property (IP) rights from one party to another.

This type of agreement is crucial in various business transactions, including the sale of a business, mergers and acquisitions, and employment contracts where employees agree to assign any inventions or work created during their employment to their employer. An Intellectual Property Assignment Agreement is essential for ensuring the clear and undisputed transfer of IP rights, protecting the interests of both the assignor and the assignee.

It provides legal certainty and clarity about the ownership and rights to use, sell, license, or otherwise exploit the intellectual property involved. This agreement is particularly important in industries where IP is a critical asset, such as technology, entertainment, manufacturing, and research and development.

## **Intrapreneur**

An employee within a company that is tasked with developing an innovative product or project within the company.

## **Inventory Management**

The supervision of non-capitalized assets (inventory) and stock items. A component of supply chain management, inventory management supervises the flow of goods from manufacturers to warehouses and from these facilities to point of sale.

## **Iteration**

An iteration is a timebox during which development takes place. The duration may vary from project to project and is usually fixed.

## **Iterative Development**

Agile projects are iterative insofar as they intentionally allow for "repeating" software development activities, and for potentially "revisiting" the same work products (the phrase "planned rework" is sometimes used; refactoring is a good example).



# Glossary-I

## **IPO (Initial Public Offering)**

The first time that the stock of a private company is offered to the public. IPOs are often issued by younger, smaller companies seeking capital to expand, but can also be done by large privately-owned companies looking to become publicly traded.

# Glossary-J

## **Joint Venture**

When two individual businesses or investors join forces and collaborate in a project or investment in the startup community. You often hear about it in regards to funding when two investors or capital funds collaborate in funding a startup.

# Glossary-K

## **Kanban**

The Kanban Method is a means to design, manage, and improve flow systems for knowledge work. The method also allows organizations to start with their existing workflow and drive evolutionary change. They can do this by visualizing their flow of work, limit work in progress (WIP) and stop starting and start finishing.

## **Kanban Board**

A Kanban Board is a visual workflow tool consisting of multiple columns. Each column represents a different stage in the workflow process.

## **Key Performance Indicator (KPI)**

A measurable value that demonstrates how effectively a company is achieving key business objectives. KPIs vary between companies and industries, depending on their priorities or performance criteria.

# Glossary-L

## Launch

The process of introducing a product or service to the market. A “soft” launch may precede a public launch and is done as a way to work out bugs and judge how a product or service will be received by users before a formal launch.

## Lead Generation

The initiation of consumer interest or inquiry into products or services of a business. Leads can be created for purposes such as list building, e-newsletter list acquisition, or for sales leads.

## Lead Investor

An investor who organizes a funding round and typically contributes a significant portion of the capital. They may also negotiate terms on behalf of other investors.

## Lead Magnet

A marketing tool that generates leads by offering a long-form resource (e.g., an ebook, report, or webinar) in exchange for a user's contact information. It's designed to maximize the number of targeted leads by offering value.

## Lead Time

Lead Time is the time between a customer order and delivery. In software development, it can also be the time between a requirement made and its fulfillment.

## Lean Manufacturing/Lean Production

A systematic method for waste minimization within a manufacturing system without sacrificing productivity. Lean also applies to service-oriented processes.

## Lean Startup

A methodology for developing businesses and products that aims to shorten product development cycles by adopting a combination of business-hypothesis-driven experimentation, iterative product releases, and validated learning.

# Glossary-L

## **Lifetime Value (LTV)**

The lifetime spend of customers in aggregate. LTV is an aggregate metric, unlike CLV, which is calculated at the individual-customer level.

## **Limited Partnerships (LP)**

A partnership made up of one or more general partners (who have full management responsibilities and unlimited liability) and one or more limited partners (who provide capital but have limited liability and are not involved in day-to-day management).

## **Liquidity**

The availability of liquid assets to a company - or the ease with which assets can be converted into cash. Liquidity is important for companies to meet their short-term obligations.

## **Liquidation**

The process of bringing a business to an end and distributing its assets to claimants. It occurs when a company is insolvent and cannot pay its obligations.

## **Liquidation Preferences**

Terms in a venture capital agreement that specify which investors are paid first and how much they are paid in the event of a liquidation event, such as the sale of the company.

# Glossary-M

## **Machine Learning (ML)**

A type of artificial intelligence that provides computers the ability to learn from new data without being explicitly programmed. The computer can identify patterns of behavior that a human would likely not see.

## **Market Penetration**

The measure of the amount of sales or adoption of a product or service compared to the total theoretical market for that product or service.

## **Market Segmentation**

The process of dividing a target market into approachable groups. Segmentation allows for more precisely targeted marketing strategies and can lead to better customer acquisition and retention.

## **Marketing Attribution**

The process of associating specific marketing activities to customer sales and conversions.

## **Marketing Qualified Lead (MQL)**

A marketing-qualified lead (MQL) is a potential customer that has been reviewed by the marketing team and satisfies the criteria necessary to be passed along to the sales team.

## **Mentorship**

Guidance provided by experienced business professionals in startup accelerators. Mentorship can include advice on business models, strategies, fundraising, and other critical aspects of startup development.

## **Mezzanine Financing**

A mix of debt and equity financing that gives the lender the right to convert to an equity interest in the company in case of default, generally after venture capital companies and other senior lenders are paid.

# Glossary-M

## **Micro Venture Capital**

A category of venture capital, typically in the form of small funds and investments, targeting early-stage startups with lower capital needs.

## **Minimum Marketable Feature (MMF)**

A Minimum Marketable Feature is a small, self-contained feature that can be developed quickly and that delivers significant value to the user.

## **Minimum Viable Product (MVP)**

A Minimum Viable Product is the "version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort." The most pared-down version of a product that can still be released. An MVP has just enough features to satisfy early customers and provide feedback for future product development.

## **Mob Programming**

Mob Programming is a software development approach where the whole team works on the same thing, at the same time, in the same space, and at the same computer.

## **Monetize (Monetization)**

The process of deriving revenue from the users of your product or service.

## **Monthly Recurring Revenue (MRR)**

Income that a startup can reliably anticipate for every month. To calculate MRR, multiply the total number of paying customers by the average revenue per user (ARPU) per month.

# Glossary-N

## **Net Promoter Score**

The industry standard measure of customer experience (CX) and customer loyalty.

## **Niko-niko Calendar**

A Niko-niko Calendar is updated daily with each team member's mood for that day. Over time the calendar reveals patterns of change in the moods of the team, or of individual members.



# Glossary-O

## **OKR (Objectives and Key Results)**

A framework for setting and communicating goals and results in organizations. It helps teams align goals with the company's vision and measure progress.

## **Omnichannel Marketing**

The seamless integration of online and offline marketing channels a company uses to interact with customers.

## **Operational Efficiency**

The capability of an enterprise to deliver products or services to its customers in the most cost-effective manner possible while still ensuring the high quality of its products, service, and support.

# Glossary-P

## **PaaS (Platform as a Service)**

A complete development and deployment environment in the cloud, with resources that enable a user to deliver everything from simple cloud-based apps to sophisticated, cloud-enabled enterprise applications without having to build and maintain the required infrastructure.

## **Partner Marketing**

A collaborative marketing strategy where businesses work together to promote each other's products or services. It leverages the strengths and audiences of each partner for mutual benefit.

## **Performance Management**

The process by which managers and employees work together to plan, monitor, and review an employee's work objectives and overall contribution to the organization.

## **Performance Marketing**

A form of digital marketing in which brands pay only when specific actions such as clicks, sales, or leads are completed. It's a way to measure ROI on marketing activities directly.

## **Persona**

A representation of a group of leads or customers with similar characteristics, features, and/or behaviors.

## **Personalization**

The process of tailoring communications or customer experiences taking into account the unique aspects of each individual.

## **Pitch**

A short presentation by an entrepreneur to potential investors, partners, or customers. It outlines the business model, plan, vision, and current status, often aiming to secure investment or strategic relationships.

# Glossary-P

## **Pitch Competition**

A competitive event where founders pitch their startups to a group of people, often investors. The winners receive capital, connections, and other business resources.

## **Pitch Deck**

A brief presentation, often created using PowerPoint, Keynote or Prezi, used to provide your audience with a quick overview of your business plan. Usually used during face-to-face or online meetings with potential investors, customers, partners, and co-founders.

## **Pivot**

A fundamental shift in business strategy. It involves changing one or more aspects of the company (e.g., target market, business model) to pursue a more lucrative opportunity.

## **Points (estimates in)**

Agile teams generally prefer to express estimates in units other than the time-honored "man-hours." Possibly the most widespread unit is "story points."

## **Post-Acquisition Value (PAV)**

The net present value of variable profits, ignoring customer acquisition costs (CAC).

## **Pre-seed funding**

Funding round where the startup is funded by friends, family, fools, and the founders themselves. Angel investors and certain VCs may also invest in this round.

## **Preferred Stock**

A class of ownership in a corporation that has a higher claim on its assets and earnings than common stock. Preferred shares generally have a dividend that must be paid out before dividends to common shareholders and have priority in the event of liquidation.

# Glossary-P

## Private Equity

Investment funds, generally organized as limited partnerships, which buy and restructure companies. Venture capital is a type of private equity.

## Product Backlog

A product backlog is a list of the new features, changes to existing features, bug fixes, infrastructure changes or other activities that a team may deliver in order to achieve a specific outcome.

## Product-Market Fit (PMF)

A scenario where a product satisfies a strong market demand. It is a crucial stage for startups and can significantly impact the company's success and scalability. A new product generates non-trivial revenue and growth, proving that there was a demand for it. PMF is the first major milestone of every startup.

## Product Owner

The product owner is a role on a product development team responsible for managing the product backlog in order to achieve the desired outcome that a product development team seeks to accomplish.

## Product Centricity

The practice of bringing new products to market and finding customers that want to buy them (as opposed to customer centricity.)

## Pro Forma

A method by which financial results are calculated based on certain projections or presumptions. Pro forma financial statements present the financials of a company in a hypothetical scenario or to highlight specific figures when reporting financial results.

## Pro-Rata Rights

The right for investors to participate in future funding rounds to maintain their percentage ownership in the company.

# Glossary-P

## **Profit Margin**

A financial metric used to assess a company's financial health by revealing the percentage of revenue that exceeds the costs of goods sold (COGS). It's a measure of profitability.

## **Proof-of-Concept (POC)**

An exercise that demonstrates that a product or concept not only works but will fulfill customer requirements and that customers will adopt it. A POC may uncover flaws, leading the company to revise or abandon a project.

## **Prototyping**

The process of creating an early model of a product to test concepts and functionality. Prototypes range from simple mock-ups to interactive digital models, allowing designers and stakeholders to explore ideas before committing to full-scale development.

## **Psychographics**

Psychographics can be described as the study of consumers based on their ideas, actions, and interests.

## **Purchase Behavior**

The series of actions and interactions that a consumer performs before, during, and after making a commercial transaction.

# Glossary-Q

## **Quality Assurance (QA)**

A way of preventing mistakes and defects in manufactured products and avoiding problems when delivering solutions or services to customers; which ISO 9000 defines as "part of quality management focused on providing confidence that quality requirements will be fulfilled".The supervision of non-capitalized assets (inventory) and stock items. A component of supply chain management, inventory management supervises the flow of goods from manufacturers to warehouses and from these facilities to point of sale.

## **Qualitative Data**

A type of data that cannot be counted, measured or easily expressed using numbers, mostly reflected textually.

## **Quantitative Data**

Information that can be counted or measured, in other words numerically recognized and analyzed.

# Glossary-R

## Recapitalization

A corporate restructuring of a company's debt and equity mixture, often to make a company's capital structure more stable or optimized. It can involve issuing debt to buy back equity or vice versa.

## Recency, Frequency, and Monetary value

A simple method to determine customer value: Recency: How long ago did a customer purchase? Frequency: How often/consistently does a customer purchase? Monetary: How much does a customer spend on average?

## Refactoring

Refactoring consists of improving the internal structure of an existing program's source code, while preserving its external behavior.

## Residual Lifetime Value (RLV)

The amount of additional value we expect to collect from a customer over a specific and defined time period.

## Revenue-Based Financing (RBF)

A funding model where an investor provides funds to a startup but not for equity. Instead, the investor is paid back a certain percentage of the business's total revenue or sales over a given period. This continues until the investor makes back a predetermined multiple of the given amount. RBF is typically used by post-revenue eCommerce and SaaS startups.

## Revenue Run Rate

An extrapolation of current revenue over a period of time (usually a year) under the assumption that current conditions will continue. It's a helpful metric for predicting annual revenue based on current performance.

## Rules of Simplicity

Rules of Simplicity is a set of criteria, in priority order, proposed by Kent Beck to judge whether some source code is "simple enough."

# Glossary-R

## Runway

The period of time that the startup can remain in business, given the current amount of funding. It is critical for a startup as it helps determine the budgeting, strategizing, forecasting, and fundraising throughout the startup's lifecycle.

## Run Rate

The process in which the founders can project the performance of the startup in the future based on current data.



# Glossary-S

## **SAFE (Simple Agreement for Future Equity) Note**

A SAFE note is a financial instrument used in startup investing that allows investors to provide capital to a startup in exchange for a promise of future equity.

## **Sales Funnel**

A model that represents the journey from a potential customer's first contact with a company through to a completed sale. The funnel helps companies understand and visualize their sales process and measure overall conversion success between stages.

## **Sales Qualified Lead (SQL)**

A sales-qualified lead (SQL) is a prospective customer who has moved through the sales pipeline – from marketing-qualified lead through sales-accepted lead – to a position where the sales team can now work on converting them into an active customer.

## **Scalability**

The ability of a startup to grow significantly without an equally significant increase in resources or costs. It is the ability of a system, network, or process to handle a growing amount of work, or its potential to be enlarged to accommodate that growth. Scalability is essential for a startup to increase its market share and profitability.

## **Scaling**

The ability for the startup to grow without being impeded. This often requires capital, planning, the right systems in place, partners, technology, and processes. Scaling usually happens after product-market fit.

## **Scrum**

Scrum is a process framework used to manage product development and other knowledge work. Scrum is empirical in that it provides a means for teams to establish a hypothesis of how they think something works, try it out, reflect on the experience, and make the appropriate adjustments. That is, when the framework is used properly.

# Glossary-S

## Scrumban

Scrumban is a mixture of the Scrum Method and the Kanban Method.

## Scrum Master

The scrum master is the team role responsible for ensuring the team lives agile values and principles and follows the processes and practices that the team agreed they would use.

## Scrum of Scrums

A technique to scale Scrum up to large groups (over a dozen people), consisting of dividing the groups into Agile teams of 5-10.

## Seed Capital

The initial funding used to begin creating a business or a new product. Seed capital often comes from the company founders' personal assets or from friends and family.

## Seed Funding

The earliest form of outside capital a startup will raise. Some startups never mature past this funding stage.

## Series A/B/C Funding

Rounds of financing that startups go through to raise capital. Series A is often the first significant round of venture capital financing, Series B is for companies that are scaling, and Series C is for companies that are preparing for an IPO or further scaling

## Social Proof

The process of showcasing reviews for a product or service through the use of testimonials, product reviews, earned media, influencers, public relations, and social media.

## Soft Landing

A controlled launch to test a new market/ecosystem via a tailor-made program. This is often done when a startup is expanding into a new country and doesn't want to invest all of their resources at once.

# Glossary-S

## Software as a Service (SaaS)

A software distribution model in which a third-party provider hosts applications and makes them available to customers over the Internet. This eliminates the need for organizations to install and run applications on their own computers or in their own data centers. A cloud computing model in which a provider offers the use of cloud-based applications over the internet and manages all the physical and software resources used by the application.

A software licensing and delivery model in which a software provider delivers an application to users on the internet via a website or app. Unlike traditional software products, SaaS software is licensed on a subscription basis and is centrally hosted.

## Solopreneur

An entrepreneur who starts and grows a business alone.

## Sprint

Sprints are fixed length periods of work that last one month or less to create consistency and ensure short iterations for feedback in order to inspect and adapt both how work is done and what is being worked on. If cycles are longer, then the spirit of frequent feedback cycles can be lost. Longer Sprint may also get too complex and may increase risk. A new Sprint starts immediately after the conclusion of the previous Sprint.

## Sprint Backlog

A sprint backlog is the subset of product backlog that a team targets to deliver during a sprint to accomplish the sprint goal and progress toward an outcome.

## Stack

The list of technologies required to build and launch an application or run a service/product.

## Startup Accelerator

A startup accelerator is a fixed-term program that provides early-stage startups with financing, education, mentorship, and resources to help them grow into a more mature company.

# Glossary-S

## **Startup Capital**

Initial funding needed to start a business. This capital covers expenses such as product development, market research, and operational costs until the business generates cash flow.

## **Stock Options**

Contracts that give the holder the right, but not the obligation, to buy or sell a stock at a specified price within a specific time period. They are often used as part of employee compensation packages.

## **Story Mapping**

Story mapping consists of ordering user stories along two independent dimensions based on the order activities occur and sophistication of implementation.

## **Story Splitting**

Splitting consists of breaking up one user story into smaller ones, while preserving the property that each user story separately has measurable business value.

## **Succession Planning**

Identifying and developing new leaders who can replace old leaders when they leave, retire or die. Succession planning increases the availability of experienced and capable employees that are prepared to assume these roles as they become available.

## **Supply Chain Management (SCM)**

The oversight of materials, information, and finances as they move from supplier to manufacturer to wholesaler to retailer to consumer. SCM involves coordinating and integrating these flows both within and among companies.

# Glossary-T

## Tagline

IA memorable phrase that sums up the tone and premise of a brand or product and reinforces the audience's memory of the product.

## Talent Acquisition

The process of finding and acquiring skilled human labor for organizational needs and to meet any labor requirement. It involves sourcing, attracting, interviewing, hiring, and onboarding employees.

## Target Market

A specific group of consumers at which a company aims its products and services. Understanding the target market is crucial for effective marketing strategies and product design.

## Term Sheet

A non-binding agreement setting forth the basic terms and conditions under which an investment will be made. A term sheet serves as a template to develop more detailed legal documents.

## Timebox

IA timebox is a previously agreed period of time during which a person or a team works steadily towards completion of some goal.

## Trough of Sorrow

The period of struggle a startup faces after a setback. This is often where the startup is struggling to find product-market fit.

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# Glossary-U

## **Unicorn**

IA startup company with a valuation over \$1 billion. The term reflects the rarity of such successful ventures.

## **Unit Testing**

A unit test is a short program fragment which exercises some narrow part of the product's source code and checks the results.

## **Usability Testing**

Usability testing is an empirical, exploratory technique to answer questions such as "how would an end user respond to our software under realistic conditions?"

## **User Experience (UX)**

The overall experience of a person using a product such as a website or a computer application, especially in terms of how easy or pleasing it is to use

## **User Interface (UI)**

The means by which the user and a computer system interact, particularly the use of input devices and software.

## **User Stories**

In consultation with the customer or product owner, the team divides up the work to be done into functional increments called "user stories."

## **USP (Unique Selling Proposition)**

The distinctive benefit that the startup offers the customer via its product or service offering

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# Glossary-V

## **Validation**

The process of testing and proving that a business concept or model is viable in the real market. Validation is crucial for attracting investors and often involves demonstrating customer interest and the potential for revenue.

## **Valley of death**

A period in the startup lifecycle that occurs after the startup launches a product but doesn't see any revenue. This term is the result of plotting the shape of a company's cash flow onto a graph. The valley is the location on the graph where the cash flow is at a very low point.

## **Value proposition**

What defines the startup and distinguishes it from their competitors. After reading a value proposition, the reader should have no misunderstandings about the company or what it offers.

## **Venture Capital (VC)**

Financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential. Venture capital generally comes from well-off investors, investment banks, and any other financial institutions.

## **Venture Debt**

A type of debt financing provided to venture-backed companies by specialized banks or non-bank lenders to fund working capital or capital expenses, such as purchasing equipment.

## **Venture Partner**

An individual or entity contributing time, expertise, or capital to a startup in exchange for equity or future profits. Venture partners often play an active role in mentoring and advising companies they invest in.

## **Voice of the Customer (VOC)**

The process of collecting and analyzing customer input to determine their needs, preferences, and expectations about a brand's products, services, and experiences.

# Glossary-V

## Valuation

The process of determining the current worth of an asset or a company. For startups, valuation is often a negotiation between the company's founders and the investors, based on financial projections, the company's potential in its market, and comparisons to similar companies.

## Vesting

The process by which an employee earns the right to receive full benefits from the company's stock option plan or retirement plan over time. It encourages employees to perform well and remain with the company.

## Velocity

Velocity is the total effort estimates associated with user stories that were completed during an iteration.

## Version Control

Version control is not merely "good practice" but an enabler of a number of Agile practices, such as continuous integration



# Glossary-W

## **Waterfall**

A methodology for startups that begins with the requirements-gathering stage and then moves to the design stage and then to development. Once the product has been created, it moves through various testing phases. It is a linear, sequential process.

## **Workforce Planning**

The process of analyzing the current workforce, determining future workforce needs, identifying the gap between the present and the future, and implementing solutions so that an organization can accomplish its mission, goals, and strategic plan.

## **Working Capital**

The difference between a company's current assets and current liabilities. Working capital measures a company's efficiency and its short-term financial health. Positive working capital means that the company is able to pay off its short-term liabilities

# Glossary-X

## The X of Y

Comparing a startup to another successful company that pioneered its business model. For example, “our company is the DoorDash of do-it-yourself craft kits.”

# Glossary-YZ

## **Zebra**

A premise focused on building a sustainable startup culture rather than focusing on building the next unicorn

## **Zombie**

A startup that looks promising but has failed to gain traction and grow into a successful enterprise.

## **Zombie unicorn**

Startups that continue to operate after funding has run out but don't actually grow. Investors no longer see them as attractive.