Silicon Valley Is Bad At Entrepreneurship

Losing sight of consumers is fatal for any business.

The Austrian Business Paradigm

- **Consumer First**
  - Entrepreneurial Purpose: Learn how to facilitate a value experience.
  - Choose Consumers To Serve: Develop specialized knowledge of selected group.
  - Deep Empathy: Understand and empathize with consumer preferences to achieve value insight.
  - Value Proposition: Humbly suggest value solution.
  - Design & Deliver: Design solution and assemble resources to deliver consumer-approved value proposition.
  - Feedback & Improvement: Seek and accept feedback on consumer experience; respond and improve.
  - Profitable Consumer Revenue Streams: Capital valuation = claims on future revenue streams from consumers’ value experience.

- **Technology First**
  - Technological Purpose: New expression of technology with cool features.
  - Seek An Application: Technologies can be applied in many ways; tech firms often indifferent.
  - Mass Distribution: The goal for an application is mass penetration as fast as possible, not choosing consumers.
  - Search For Business Model: Monetization, not facilitation of value, is the goal.
  - Sell Consumers To Advertisers: Capital valuation depends on extracting more revenues from B2B, potentially degrading the consumer’s value experience (e.g., advertising overload).
  - Analyze User Data: Focus on data, not experience.
  - Consumers No Longer The Primary Concern: Capital valuation not dependent on consumer revenue flow, leading to entrepreneurial error and malinvestment.

The Silicon Valley Paradigm

Economics For Business is a project of the Mises Institute, to demonstrate how the application of economic principles helps entrepreneurs succeed.

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