

Early in the week, Twitter revealed its new "Promoted Tweets" feature, or ad platform (though the company doesn't like calling it this), and essentially its long awaited business model. The jury is still out on how successful a business model this will be, but it's already created a huge amount of buzz, and Twitter has grown enormously up until this point without a business model.

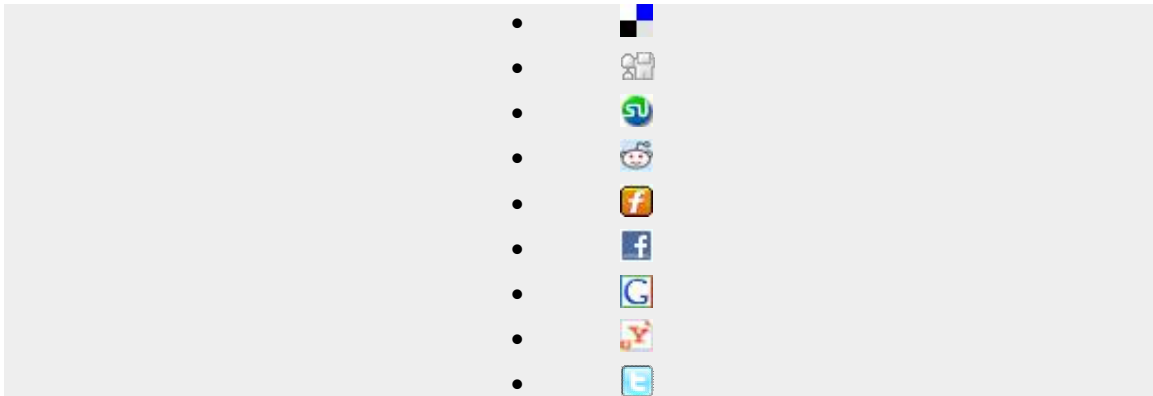
Obviously not all startups can achieve the success of Twitter or others who have been lucky enough to get acquired by a major corporation like Google (YouTube anyone?). Having a business model as early as possible is in most cases is important to the long-term viability of a business. At SXSW last month WebProNews spoke with Matt Chasen, founder of [uShip](#), who talked about this concept.

"When I founded uShip six years ago now, we were very focused on proving out the business model," he says. "A lot of new companies you see are hype driven. They're all about users, users, users...build a new cool tool, hope to get as many users as you can, and just kind of figure out how you're going to make money later."

"The key I think for a startup today, and other folks have evangelized this, is to 'fail quickly'. Figure out what you're going to do," says Chasen. "Try to find a business model that's going to make the company money, because without one, you're not going to be viable long-term."

"If you're gonna fail, fail quickly, change your strategy, then find another model, and hopefully one will work," he says, calling the strategy of prototyping new businesses "inexpensive and quick."

Do you agree with Chasen that proving a business model from the beginning is the better way to go, or do you think building a cool product and attracting users first is a good strategy? [Share your thoughts.](#)



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By [Joseph](#) (WPN reader) - Fri, 04/16/2010 - 11:33

**[iTS true and really, how](#)**

iTS true and really, how many people have investors standing behind them with 40 + million ;-)

I started back in 2001 and built it all from the ground up.

Thanks for the article.

Joseph

By [Lateef](#) (WPN reader) - Fri, 04/16/2010 - 23:02

**[Go for revenue , except . . .](#)**

The one rare exception for foregoing a robust revenue model is proven viral user acquisition. If you can acquire users virally with low customer acquisition costs, it makes sense to grow before you monetize. The catch is that very very few startups can grow virally, which is why the ones that do (Twitter, Facebook, Foursquare, etc.) are valued so highly.