

TIM 80C Lecture #18 6/1/2017

(1) Business Model Canvas

(2) Customer Development

(3) Lean Startup

(4) Prototyping & Design Thinking

Resources

Clayton Christensen, Innovator's Dilemma, Innovator's Selection

Steve Blank, Startup Owner's Manual

Eric Reis, Lean Startup

Geoffrey Moore, Crossing the Chasm

(1) Business Model Canvas

Q: What is a startup?

An organization in search of a ~~the~~ sustainable business model. An organization is a human institution designed to sustainably deliver a product or service,

Q: What is a business plan?

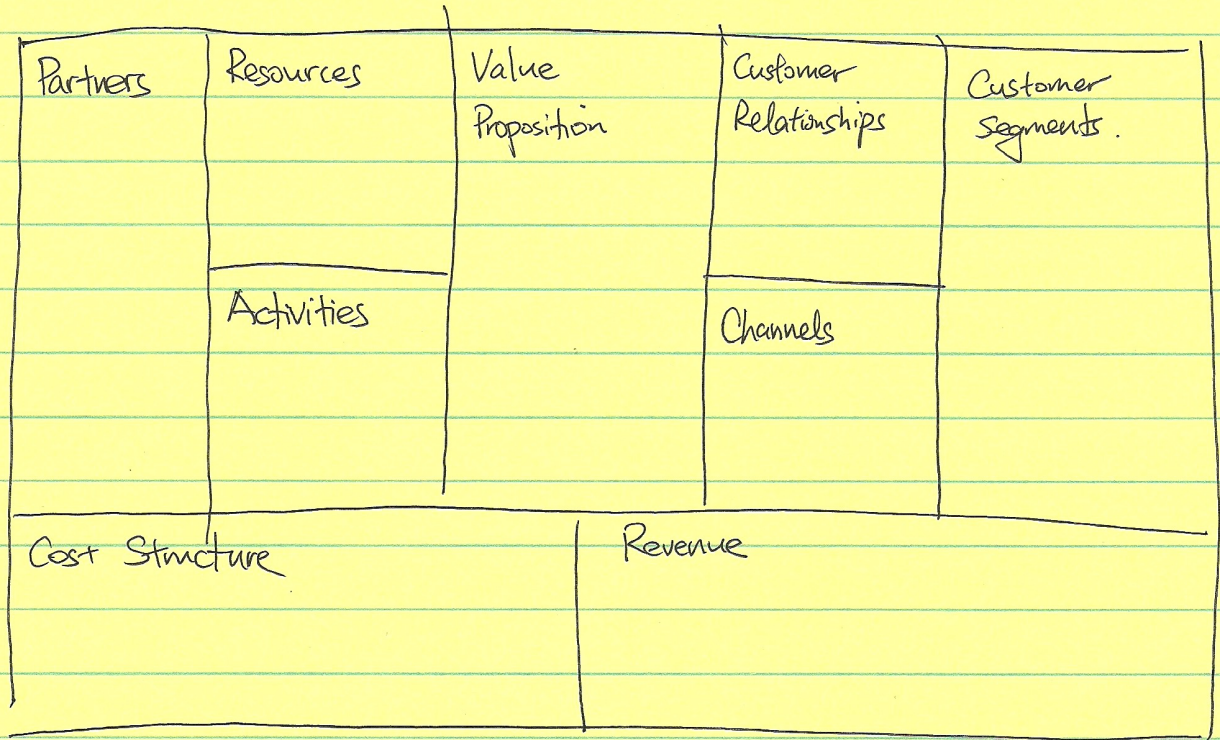
A description of an underlying model of the organization for the purpose of (1) articulating it for yourself, (2) communicating it to others, (3) planning out the future. The model describes the products and services you are providing, and how to do so sustainably.

Your model is a GUESS, a hypothesis. As an entrepreneur, your job is to continually improve this model through rapid iterations so it is less of a guess and more of a fact.

What is the "outline of a business plan"? You don't want to write so much while it is still a guess.

★ Business Model Canvas, Alexander Osterwalder
Lean Canvas, Ash Maurya

Business Model Canvas



Customer Segments: who are your customers? (personas, pain, gain, jobs)

Value Propositions: what is the product you're providing? (features, pain, gain)

Channels: how are you reaching your ~~channels~~ customers?

Customer Relationships: how are you interacting with your customers?

Revenue: revenue,

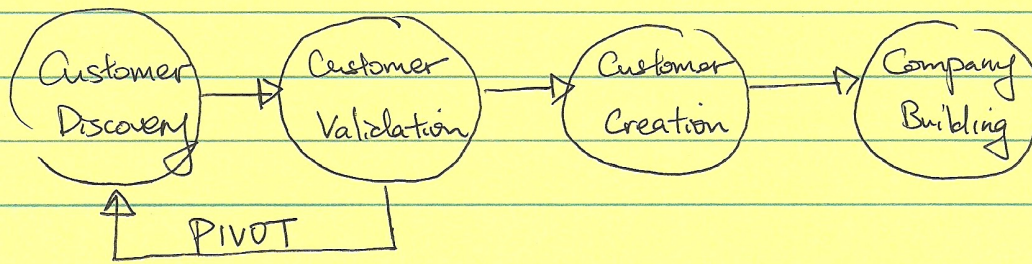
Resources: what are the key resources you need to provide your product?

Activities: what are the key activities you will be doing?

Partners: who are the people you need to partner with?

Cost Structure: what are the major costs?

(2) Customer Development



Customer Discovery: identify product-market fit, testing the problem, testing the solution.

Customer Validation: identify a repeatable and scalable business model, validate product-market fit by selling, iterating on collateral, positioning

PIVOT: substantive changes in your business model mean you go back to customer discovery.

Customer Creation: start running marketing & sales engines!

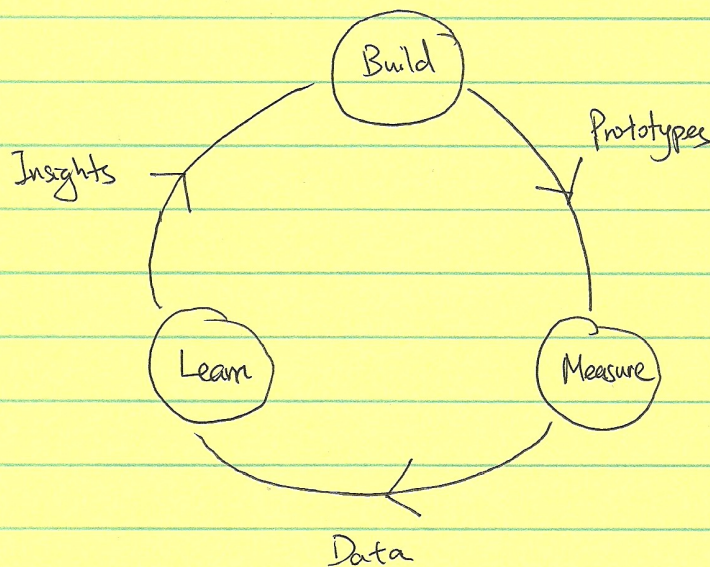
Company Building: developing organizational structures to deliver sustainably

(3) Lean Startup

Developed by Eric Reis, focuses on expanding customer development to think about startup activities in a more detailed way.

Validated Learning: rapid iterations to test your business model.

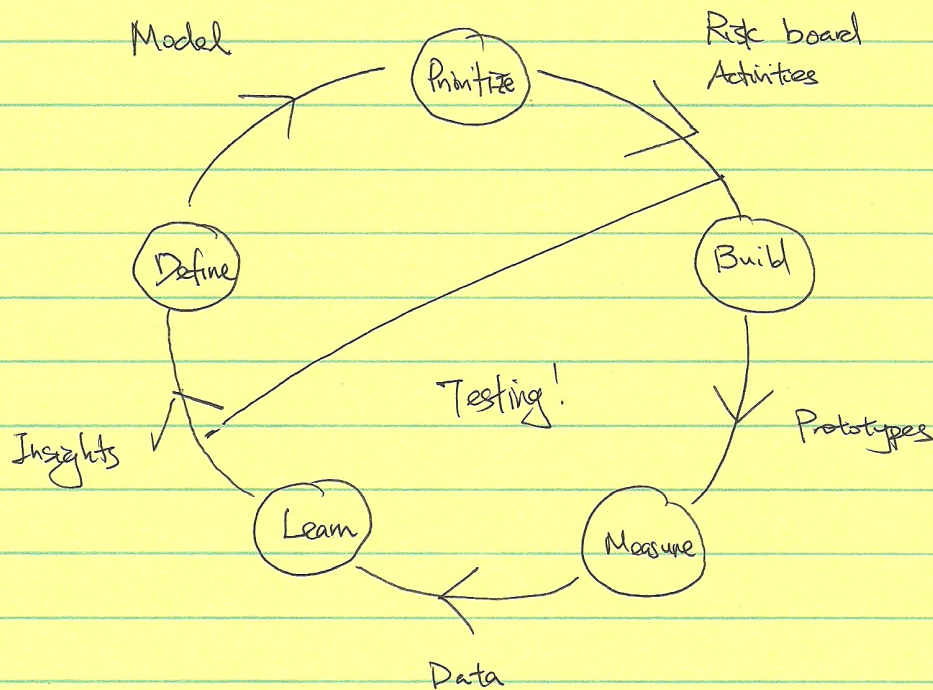
Startup activities: de-risking your startup. What are the biggest risks to my startup's survival? Prioritize it and de-risk them one at a time.



Build-Measure-Learn
loop for validated
learning.

The goal of initial iterations during customer discovery is to identify a minimum viable product (MVP) and the customer personas.

Modified Build-Measure-Learn Loop: (my own).



~~Build~~

- (1) Define your business model canvas (model),
- (2) Prioritize: what are the biggest risks to my startup?
biggest uncertainties in my model.
- (3) Define & Run Tests to tackle biggest risks:
 - Building a Prototype for that particular hypothesis,
 - Going out to talk to users and actually evaluate,
 - Analyzing the data to uncover insights
- (4) Based on your insights, redefine your model & repeat.

Minimum Viable Product : the minimum key features to solve the most important pains & gains. It is viable so you can deploy with test users.

Prototype : an artifact ~~that communicates~~ ^{for the purpose of} communicating or testing a particular hypothesis.

- Just that single hypothesis!
- You want to be fast!

Examples :

- Palm Pilot cardboard cutout : test usability / awkwardness of interaction
- ~~digital~~ Digital Camera kofi : test putting a picture on camera (huge, connected to computer)

Resources : Google the below :

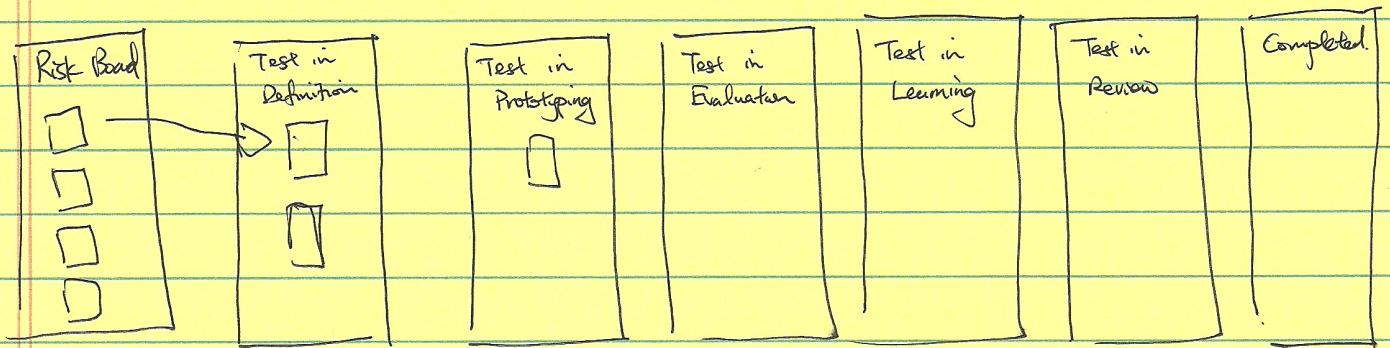
- Scott Klemmer HCI (youtube videos),
- Google Design Sprints,
- IDEO Design Kit
- Prototyping (Alberto Savoia)
- d.school. (Design Thinking)

Take an HCI course :

- Steve Whittaker, Leila Takayama, Sri Kurnibawa, Katherine Isbister

Tools / Organization :

- Business Model Canvas : blow it up, use post-it notes to define, and iterate on it.
- Risk Board & Activities : risk board on the wall, define test cards (hypothesis, evaluation, prototype, metric, criteria)



~~Other~~

Resources on Organization (Practical)

- Strategizer, Alexander Osterwalder (Blog / App)
- Lean Canvas, Ash Maurya (App)

General order :

- ① Customer Segments, ② Value Propositions (High-level, Details),
- ③ Revenue
- ④ Channels, ⑤ Customer Relationships
- ⑥ Activities, Resources, Partners, Cost Structure.

~~Plus~~