

Lean Start-Up

Business Model

Customer Segments	Propositions of Value	Channels	Customer Relationships	Revenue Streams
Value Proposition Canvas Customer Segments: Who are we creating value for? Propositions of Value: What value are we creating? Channels: How are we reaching our customers? Customer Relationships: How are we interacting with our customers? Revenue Streams: How are we capturing value?	Value Proposition Canvas Customer Segments: Who are we creating value for? Propositions of Value: What value are we creating? Channels: How are we reaching our customers? Customer Relationships: How are we interacting with our customers? Revenue Streams: How are we capturing value?	Value Proposition Canvas Customer Segments: Who are we creating value for? Propositions of Value: What value are we creating? Channels: How are we reaching our customers? Customer Relationships: How are we interacting with our customers? Revenue Streams: How are we capturing value?	Value Proposition Canvas Customer Segments: Who are we creating value for? Propositions of Value: What value are we creating? Channels: How are we reaching our customers? Customer Relationships: How are we interacting with our customers? Revenue Streams: How are we capturing value?	Value Proposition Canvas Customer Segments: Who are we creating value for? Propositions of Value: What value are we creating? Channels: How are we reaching our customers? Customer Relationships: How are we interacting with our customers? Revenue Streams: How are we capturing value?

Very early customer/user visits



Minimum Viable Prototype



What is lean Start up?



Lean start-up

Why is this important?



Sustaining Innovations

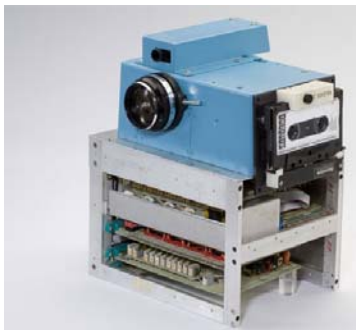


Transformational Innovations



7

Disruptive Innovations



Why is Lean Startup
different in large
enterprises?

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Startups are **searching** for
a business model – **large
enterprises already have
one**

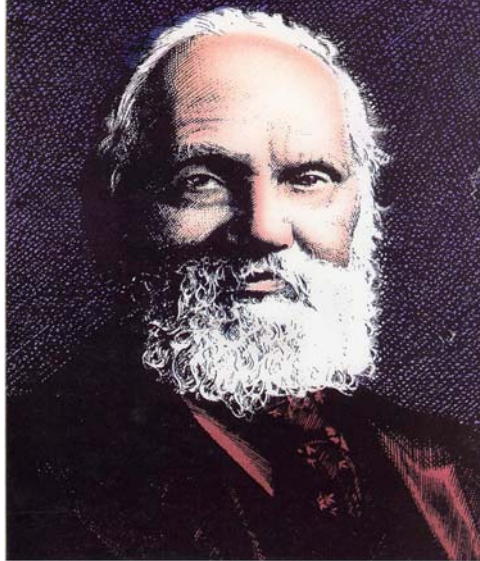
Transformational
innovations often requires
a change in the Business
Model



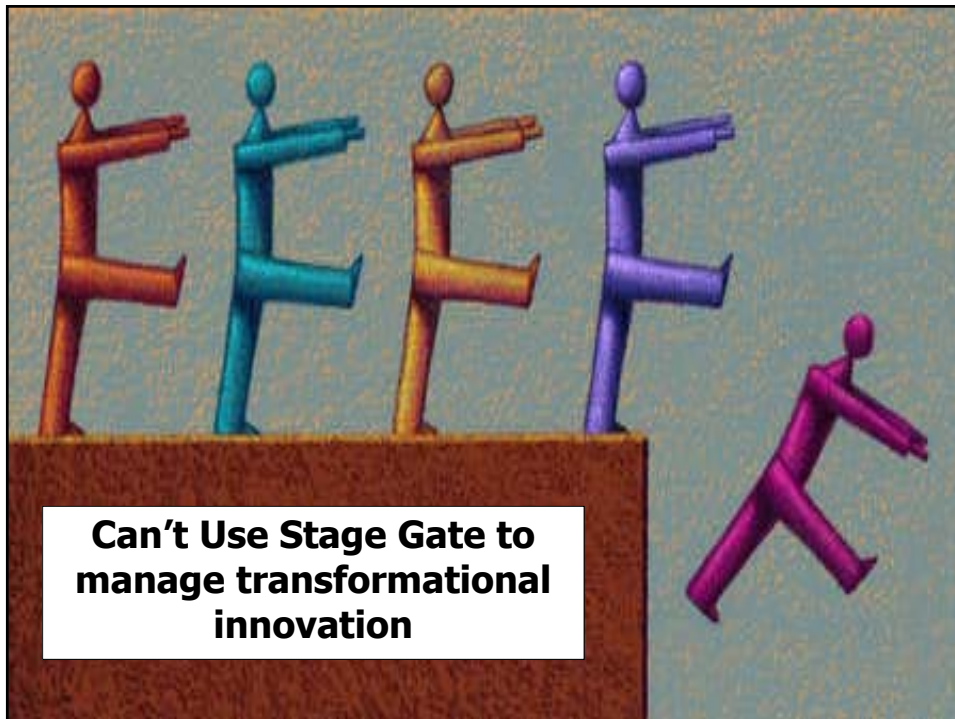
Startups **don't have a process** – large enterprises **already have a process** for sustaining

Search of transformational innovations is not an expanded version of the traditional stage gate process

"Heavier than air flying machines are impossible."
Lord Kelvin,
President, Royal Society, c. 1895



**When the situation
or phenomena is new
– there is too little
experience to
provide reliable
patterns**



**Can't Use Stage Gate to
manage transformational
innovation**

Startups begin with **no**
organizational structure

Large organizations
already have a **large**
organization optimized for
sustaining innovations

Lean Start-Up

Business Model

Customer Segments	Channels	Customer Relationships	Revenue Streams	Cost Structure
Value Proposition	Value Proposition	Value Proposition	Value Proposition	Value Proposition
Value Proposition	Value Proposition	Value Proposition	Value Proposition	Value Proposition
Value Proposition	Value Proposition	Value Proposition	Value Proposition	Value Proposition
Value Proposition	Value Proposition	Value Proposition	Value Proposition	Value Proposition

Very early customer/user visits



Minimum Viable Prototype

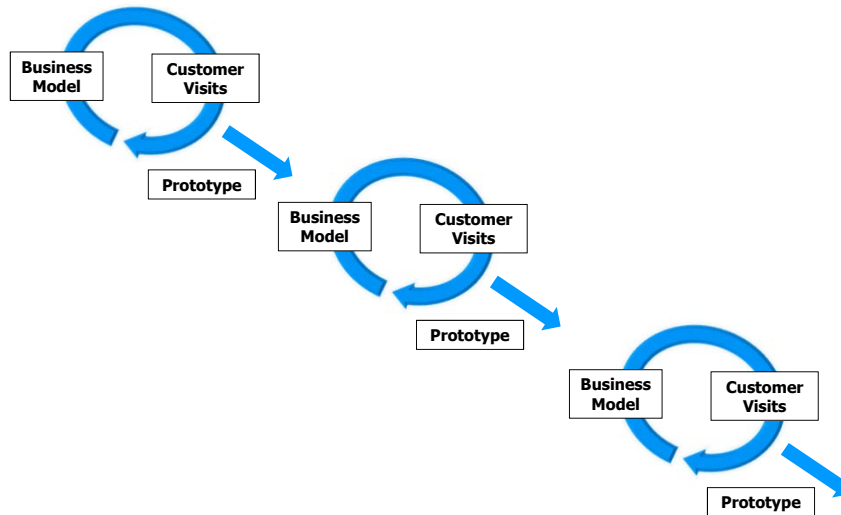


Uses the **business model** as a converging tool for **brainstorming** for transformational **business hypothesis**

2. Early and abundant customer visits

3. **VERY EARLY**, fast low fidelity prototyping

4. Rapid Learning



**Why focus on a
business model?**

**The business model is often
the difference between
success and failure for the
same product**

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**Many transformational and disruptive
innovations fail not because of a fatal
flaw in the solution, but because the
company fails to understand key aspects
of the business model that the
innovation is embedded in**

Newton

Enamored by technology.
PC in your pocket. Not the
functions needed by the
mobile user



Segway

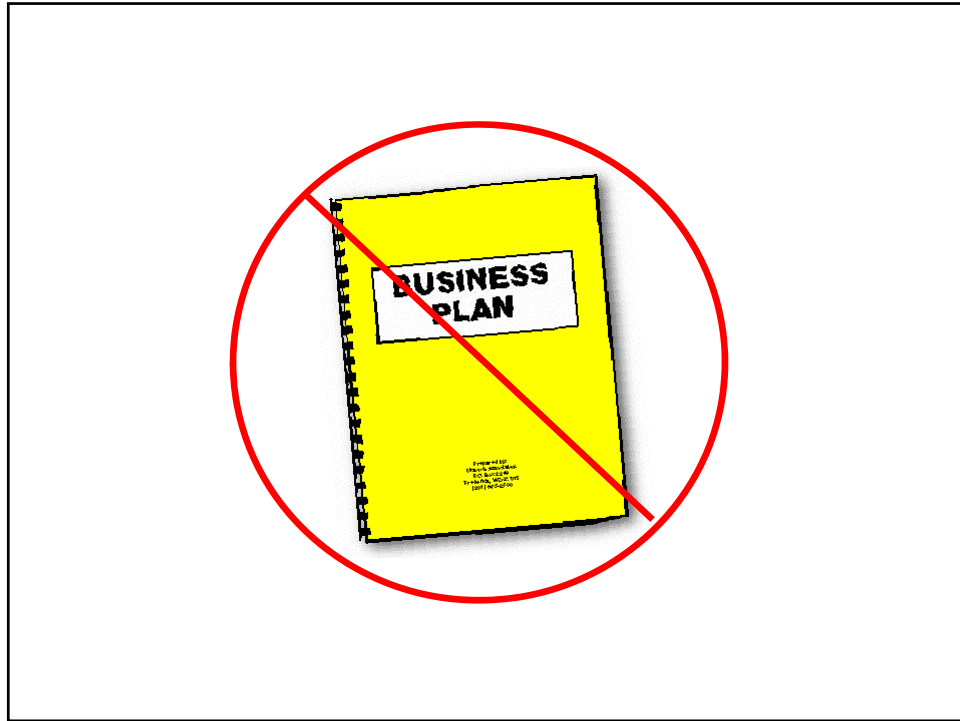
Transportation for EVERYONE
not for SOMEONE. Did not
determine which users have a
problem



Beta

Superior quality. Did not
understand that the early
adopters needed to record
a 2 hr. football game





**Business plans are valuable in
sustaining businesses – when
you can execute on the plan**

Sustaining businesses **execute a
business model, transformational
and disruptive innovations **search**
for one**

Some facts from start-ups



**And the ones that
succeed change their
original plans **66%** of
the time**

.....Quoted from Ash Maurya

90% of transformational
innovation projects
**change their business
models 4 times** before
they “get it right”

Quote from Mark Johnson, author of Seizing the White Space, HBR, 2010



Sustaining businesses **execute** a
business model, transformational
innovations to **search** for one

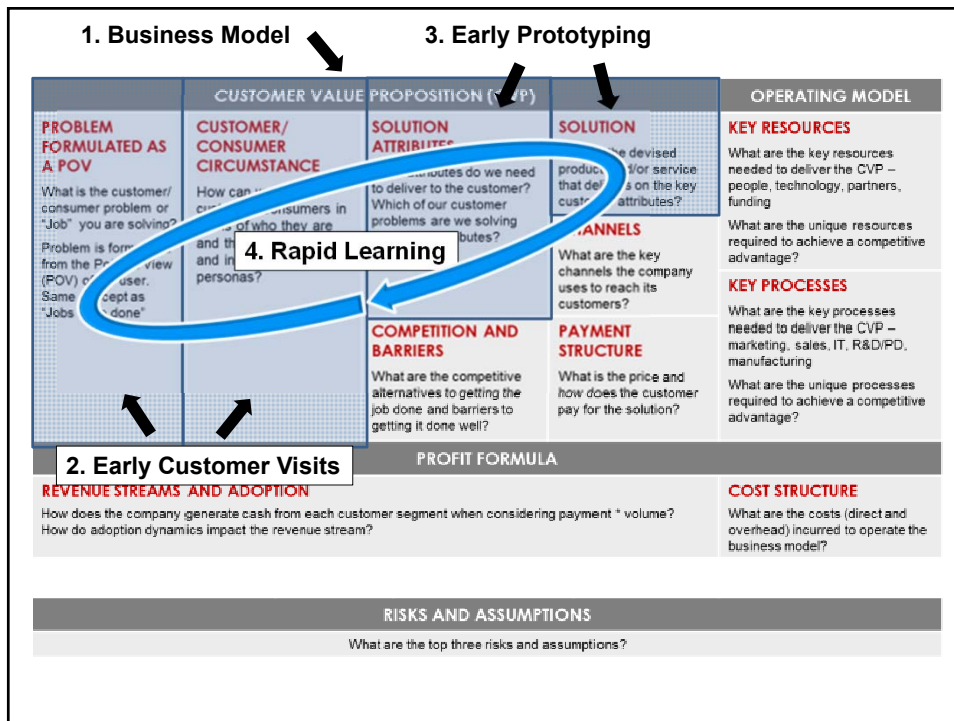
The true product of a
transformational
innovation effort is the
business model NOT the
solution



CUSTOMER VALUE PROPOSITION (CVP)			OPERATING MODEL	
PROBLEM FORMULATED AS A POV	CUSTOMER/ CONSUMER CIRCUMSTANCE	SOLUTION ATTRIBUTES	SOLUTION	KEY RESOURCES
What is the customer/ consu "Job" Problem from t (POV) Same "Jobs	How can we define	What attributes do we need to deliver to the customer?	What is the devised product and/or service that delivers on the key	What are the key resources needed to deliver the CVP – people, technology, partners,
<p>Uses the business model as a converging tool for brainstorming transformational business hypothesis</p>				
REVENUE				
How d How c				
RISKS AND ASSUMPTIONS				
What are the top three risks and assumptions?				

Creates a SHARED Language

Workshop Focus





Problem Formulated as POV

What is the customer problem or "Job" you are solving

PROBLEM FORMULATED AS A POV
What is the customer/ consumer problem or "Job" you are solving?

Start with the problem

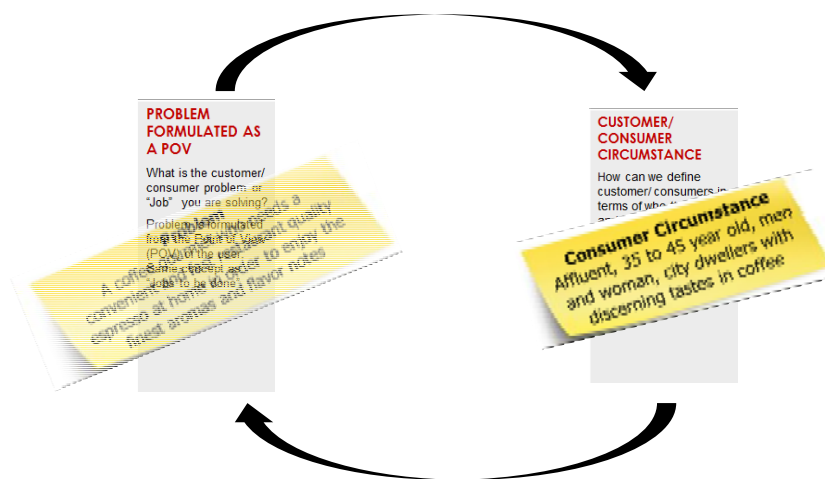
Problem is formulated
Problem
A coffee gourmet who needs a convenient and fast restaurant quality espresso at home in order to enjoy the finest aromas and flavor notes

Customer/ Consumer Circumstance

How can we define the customer/ consumers in terms of who they are and their circumstances in the form of personas



Customer Centric



personas



Parxat Practical
Primary Motivation to acquire phone: I got my mobile phone in 1998 and when I got away from work I used it.

Personal Profile
"I don't have a lot of social connections in the area and I'm not a fan of the phone. I don't have a lot of social connections in the area and I'm not a fan of the phone. I don't have a lot of social connections in the area and I'm not a fan of the phone."

Key Significant Differences
Has the phone for work only. Doesn't use it for anything else. Not very connected to other people.

Personal Information
Age: 35 years
Gender: Male
Marital Status: Single
Education: High School
Income: \$15,000 per year
Occupation: Sales
Primary Mobile Language: English
Secondary Mobile Language: Spanish
Primary Mobile OS: Android
Secondary Mobile OS: iOS

Technical Information
Smartphone: No
Tablet: No
Smart TV: No
Gaming Console: No
Wearable: No
Smart Home: No
Smart Car: No
Smart Watch: No
Smart Glasses: No
Smart Home: No
Smart Car: No
Smart Watch: No
Smart Glasses: No

Mobile Phone Use
Length of use: 10 years
Usage: Daily
Frequency: Daily
Usage: Daily
Frequency: Daily
Usage: Daily
Frequency: Daily

Parxat's Goals for Mobile Directory
• I want to be able to find people in my area.
• I want to be able to find people in my area.
• I want to be able to find people in my area.
• I want to be able to find people in my area.

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Shirin Social
Primary Motivation to acquire phone: I use it to connect with my friends and family.

Personal Profile
"I use it to connect with my friends and family. I use it to connect with my friends and family. I use it to connect with my friends and family."

Key Significant Differences
Has the phone for work and social. Uses it for everything. Very connected to other people.

Personal Information
Age: 25 years
Gender: Female
Marital Status: Single
Education: College
Income: \$25,000 per year
Occupation: Marketing
Primary Mobile Language: English
Secondary Mobile Language: Spanish
Primary Mobile OS: Android
Secondary Mobile OS: iOS

Technical Information
Smartphone: Yes
Tablet: Yes
Smart TV: No
Gaming Console: No
Wearable: No
Smart Home: No
Smart Car: No
Smart Watch: No
Smart Glasses: No

Mobile Phone Use
Length of use: 5 years
Usage: Daily
Frequency: Daily
Usage: Daily
Frequency: Daily
Usage: Daily
Frequency: Daily

Shirin's Goals for Mobile Directory
• I want to be able to find people in my area.
• I want to be able to find people in my area.
• I want to be able to find people in my area.
• I want to be able to find people in my area.

Shirin's Goals for Mobile Directory
• I want to be able to find people in my area.
• I want to be able to find people in my area.
• I want to be able to find people in my area.
• I want to be able to find people in my area.

Shirin's Goals for Mobile Directory
• I want to be able to find people in my area.
• I want to be able to find people in my area.
• I want to be able to find people in my area.
• I want to be able to find people in my area.



Roza Replacement
Primary Motivation to acquire phone: I want to replace my old phone.

Personal Profile
"I want to replace my old phone. I want to replace my old phone. I want to replace my old phone."

Key Significant Differences
Has the phone for work and social. Uses it for everything. Very connected to other people.

Personal Information
Age: 30 years
Gender: Female
Marital Status: Single
Education: College
Income: \$30,000 per year
Occupation: Marketing
Primary Mobile Language: English
Secondary Mobile Language: Spanish
Primary Mobile OS: Android
Secondary Mobile OS: iOS

Technical Information
Smartphone: Yes
Tablet: Yes
Smart TV: No
Gaming Console: No
Wearable: No
Smart Home: No
Smart Car: No
Smart Watch: No
Smart Glasses: No

Mobile Phone Use
Length of use: 8 years
Usage: Daily
Frequency: Daily
Usage: Daily
Frequency: Daily
Usage: Daily
Frequency: Daily

Roza's Goals for Mobile Directory
• I want to be able to find people in my area.
• I want to be able to find people in my area.
• I want to be able to find people in my area.
• I want to be able to find people in my area.

Roza's Goals for Mobile Directory
• I want to be able to find people in my area.
• I want to be able to find people in my area.
• I want to be able to find people in my area.
• I want to be able to find people in my area.

Roza's Goals for Mobile Directory
• I want to be able to find people in my area.
• I want to be able to find people in my area.
• I want to be able to find people in my area.
• I want to be able to find people in my area.

Solution Attributes

What attributes do we need to deliver to the customer? Which of our customer problems are we solving with these attributes?

PROBLEM FORMULATED AS A POV

What is the customer/consumer problem or "Job" you are solving?

Problem is formulated from the Point of View (POV) of the user. Same concept as "Jobs to be done"

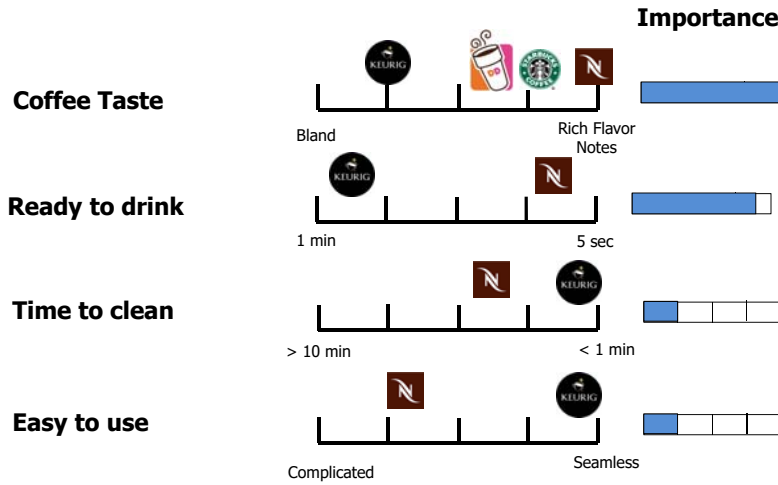
CUSTOMER/CONSUMER CIRCUMSTANCE

How can we define customer/consumers in terms of who they are and their circumstance and in the form of personas?

SOLUTION ATTRIBUTES

What attributes do we need to deliver to the customer? Which of our customer problems are we solving with these attributes?

Solution Attributes Map



Solution

What is the devised product and/or service that delivers on the key customer attributes?

PROBLEM FORMULATED AS A POV	CUSTOMER/ CONSUMER CIRCUMSTANCE	SOLUTION ATTRIBUTES	SOLUTION
<p>What is the customer/ consumer problem or "Job" you are solving?</p> <p>Problem is formulated from the Point of View (POV) of the user. Same concept as "Jobs to be done"</p>	<p>How can we define customer/ consumers in terms of who they are and their circumstance and in the form of personas?</p>	<p>What attributes do we to deliver to the customer? Which of our customer problems are we solving with these attributes?</p>	<p>What is the devised product and/or service</p> 

Peter Koen
Associate Professor Stevens Institute,
Researcher, Consultant and FEI Curator

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FEI Canvas
A FEI Canvas was created by Innosight and Peter Koen as a converging tool for brainstorming FEI business hypotheses. It consists of four parts: customer value proposition, operating model, profit model and risks and assumptions.

To learn more about other parts of FEI canvas

Operating Model
The operating model describes the key processes and resources which are necessary to deliver a solution. The ones that are unique to the company help determine how the company achieves a competitive advantage.

<http://www.frontendinnovation.com/>


Profit Formula
The profit formula describes how the company will create value for itself and its shareholders.

Risks and Assumptions
The risks and assumptions are the final part of the FEI canvas. Any FEI project has many risks and assumptions. It is critical for the FEI team to identify these as early as possible.

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Learning by Doing

HERMAN® by Jim Unger



"They don't give us time to learn anything in school; we have to listen to the teacher all day."

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Problem

Increasing the knowledge and awareness of “best practices” in innovation in your company

