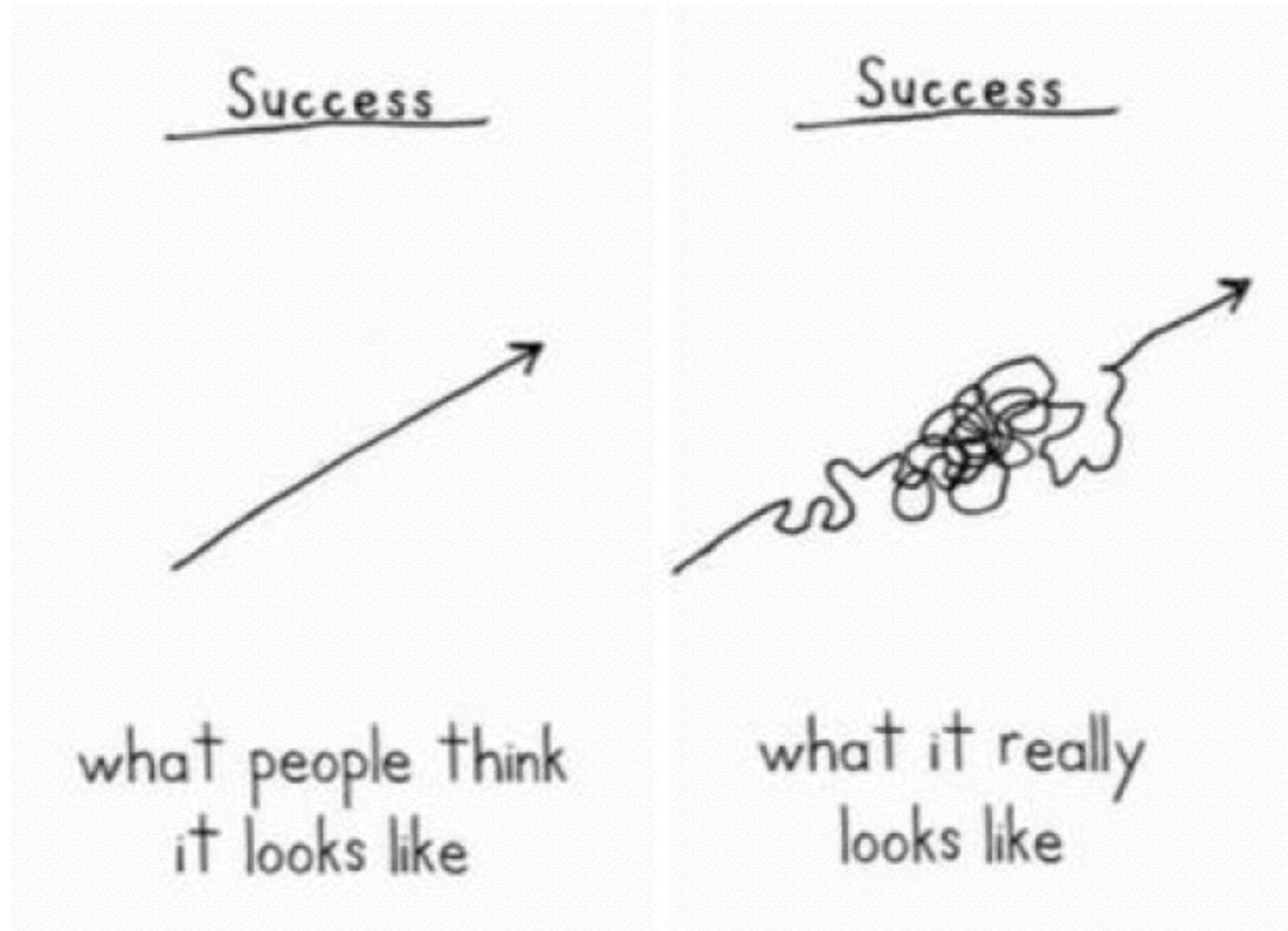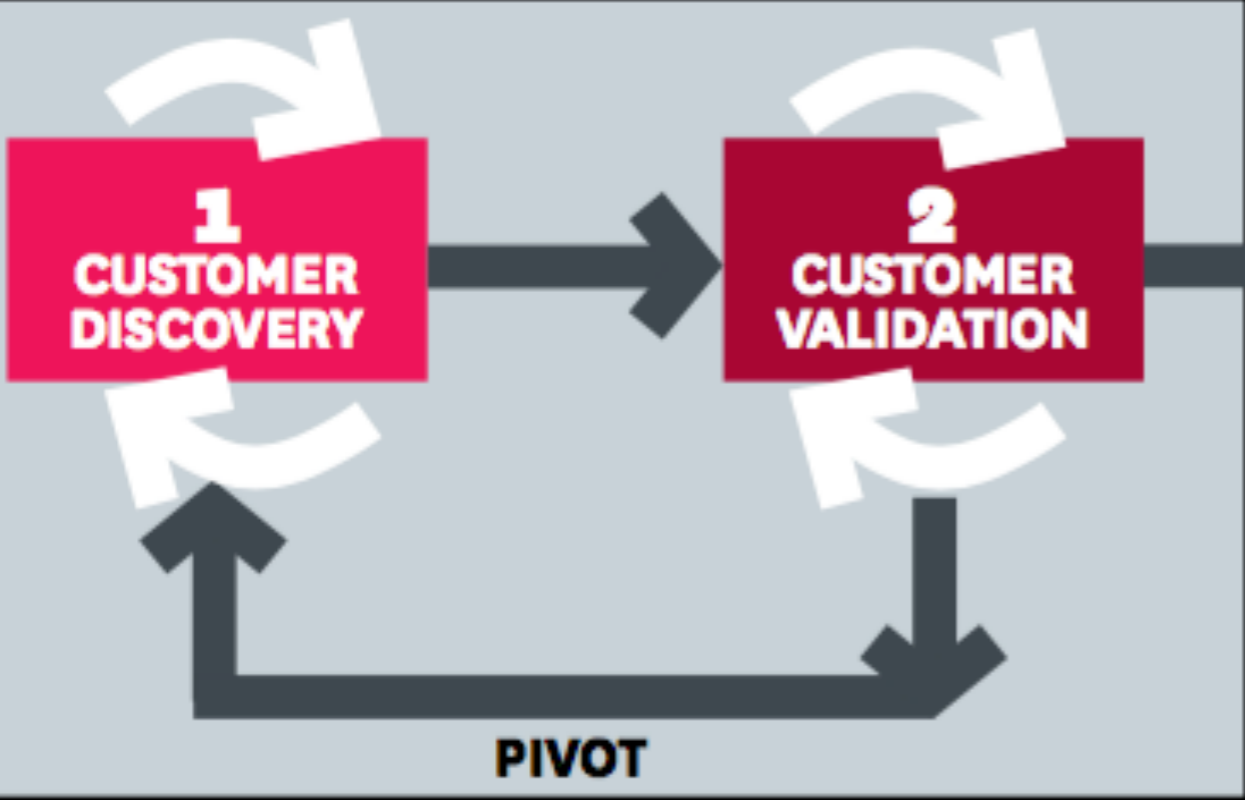# The Start Up Journey

The Start Up Approach

- Identify an idea

- Write a business plan

- Get investment and build a team

- Develop the product in stealth mode

- Launch the product
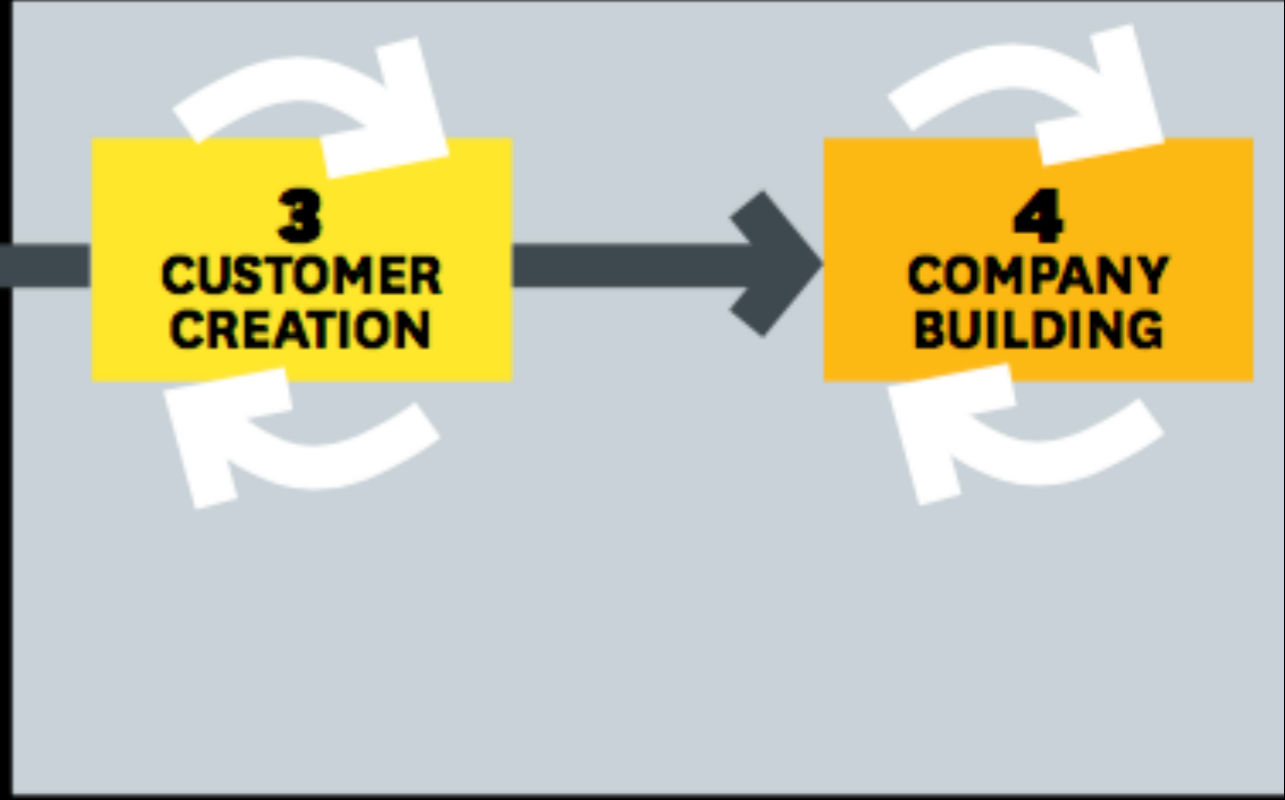
- Grow sales and build the company

Lean Start Up Methodology

Lean Start Up Methodology
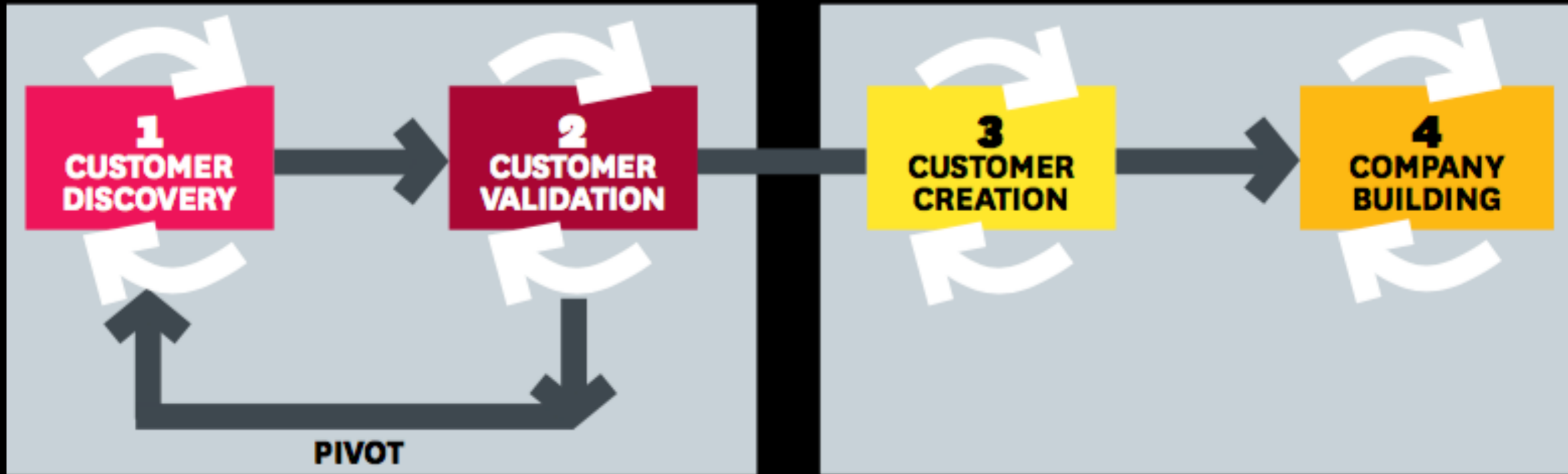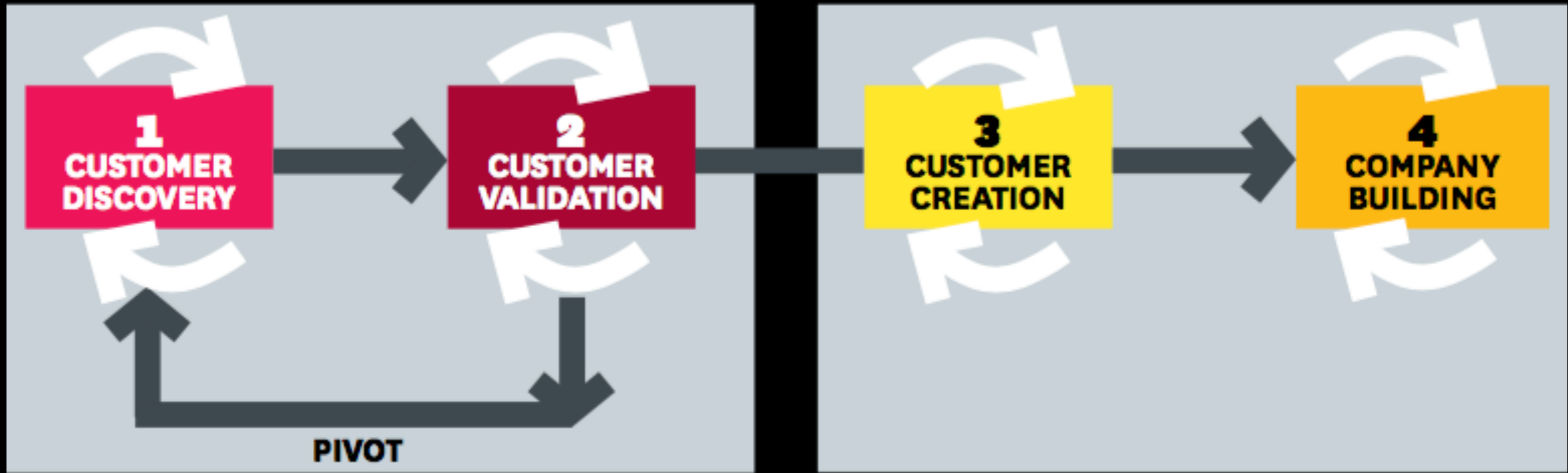
Lean Start Up Methodology

Stage 1: Translate ideas into business model hypotheses using business model canvas. Drill into your value proposition canvas. Test all assumptions with customers; iterate to learn what the business is and what the requirements are for your MVP.

We are learning what sort of business you start up should be.

Lean Start Up Methodology

Stage 2: Build and validate MVP with customers. Continue testing all other business model hypotheses. As indicated by data, either continue by iterating and refining designs, or for ideas that do not work, pivot back to stage 1 and transform them into an idea that does.
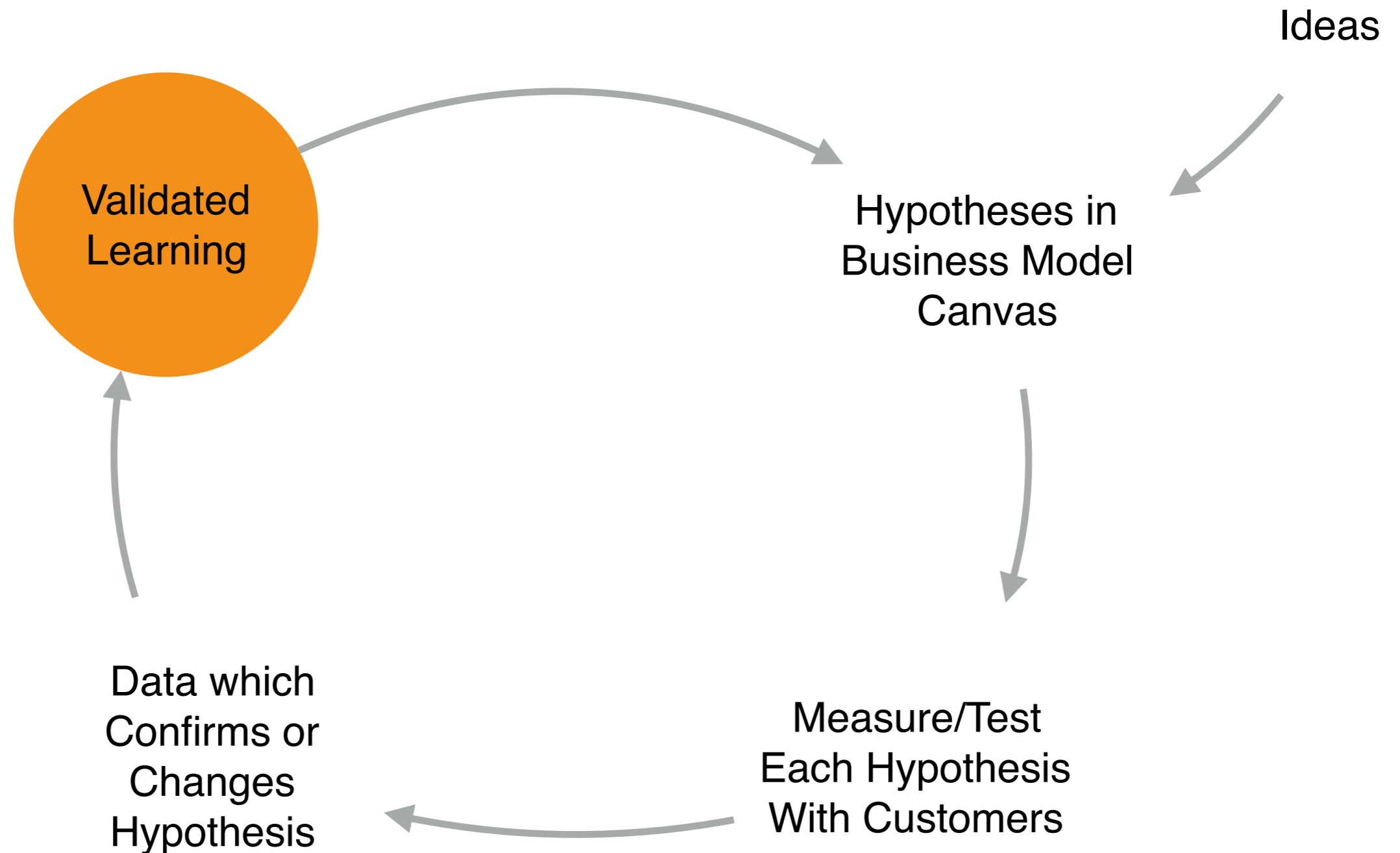
3 core elements in lean start up

- Business Model Canvas

- Validated learning in Create - Measure - Learn - loops
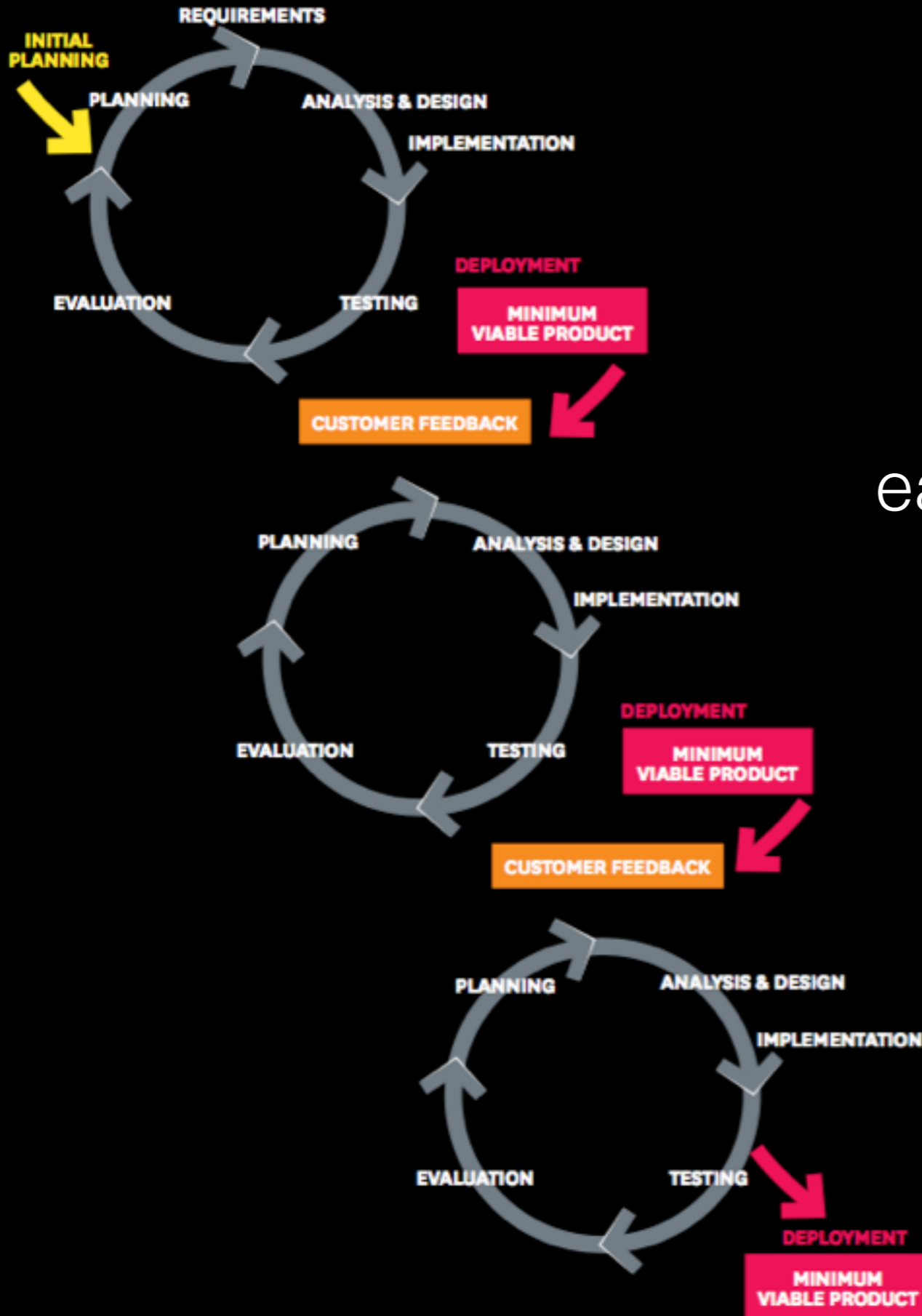
- Agile MVP development

The business model canvas lets you look at all 9 building blocks of your business on one page. Each block contains a series of hypotheses you need to test.

KEY PARTNERS

Who are our key partners?

Who are our key suppliers?

Which key resources are we acquiring from our partners?

Which key activities do partners perform?

KEY ACTIVITIES

What key activities do our value propositions require?

Our distribution channels?

Customer relationships?

Revenue streams?

KEY RESOURCES

What key resources do our value propositions require?

Our distribution channels?

Customer relationships?

Revenue streams?

VALUE PROPOSITIONS

What value do we deliver to the customer?

Which one of our customers' problems are we helping to solve?

What bundles of products and services are we offering to each segment?

Which customer needs are we satisfying?

What is the minimum viable product?

CUSTOMER RELATIONSHIPS

How do we get, keep, and grow customers?

Which customer relationships have we established?

How are they integrated with the rest of our business model?

How costly are they?

CHANNELS

Through which channels do our customer segments want to be reached?

How do other companies reach them now?

Which ones work best?

Which ones are most cost-efficient?

How are we integrating them with customer routines?

CUSTOMER SEGMENTS

For whom are we creating value?

Who are our most important customers?

What are the customer archetypes?

COST STRUCTURE

What are the most important costs inherent to our business model?

Which key resources are most expensive?

Which key activities are most expensive?

REVENUE STREAMS

For what value are our customers really willing to pay?

For what do they currently pay?

What is the revenue model?

What are the pricing tactics?

Test Each Business Hypothesis in the Canvas with a Create - Measure - Learn Feedback Loop

Ideas

Validated Learning

Hypotheses in Business Model Canvas

Measure/Test Each Hypothesis With Customers

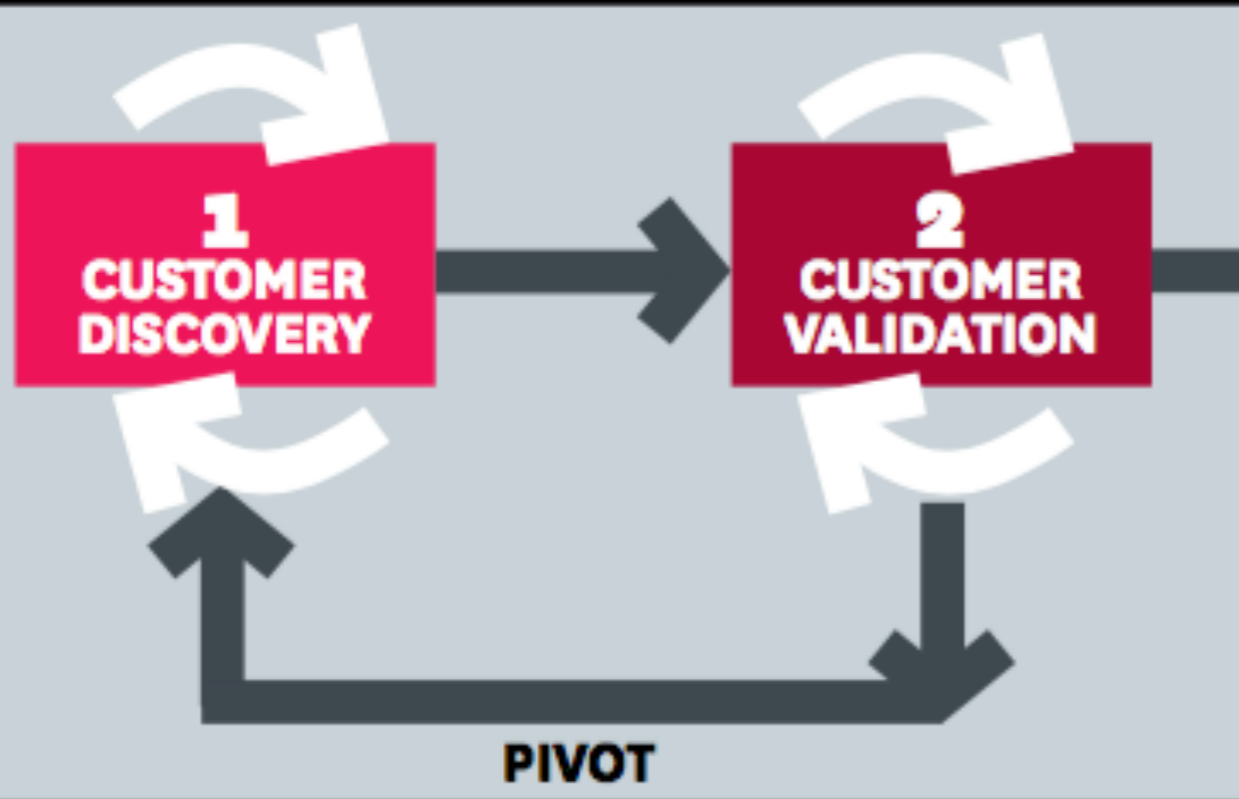Data which Confirms or Changes Hypothesis

Agile MVP Development

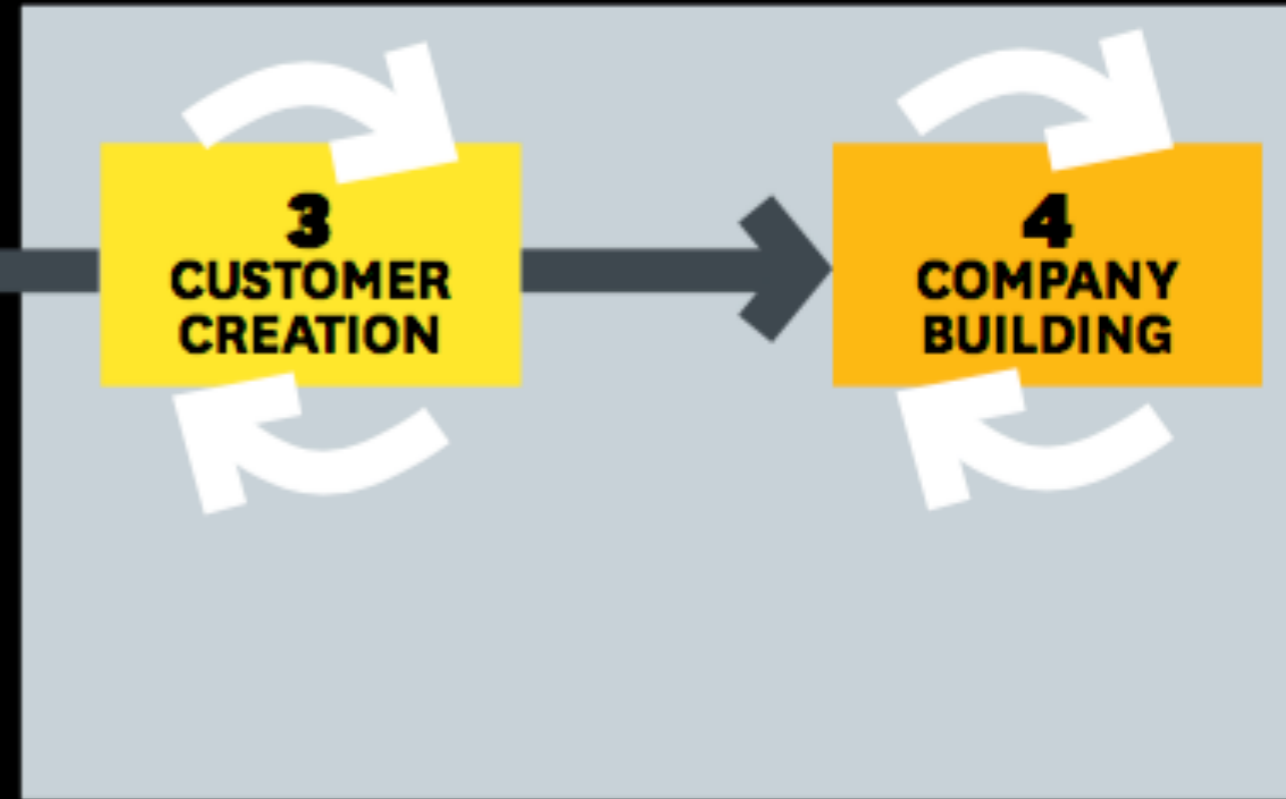Agile development builds products in short, low cost sprints with feedback after each. Start with the most basic MVP which contains only critical features.

Lean Start Up Methodology

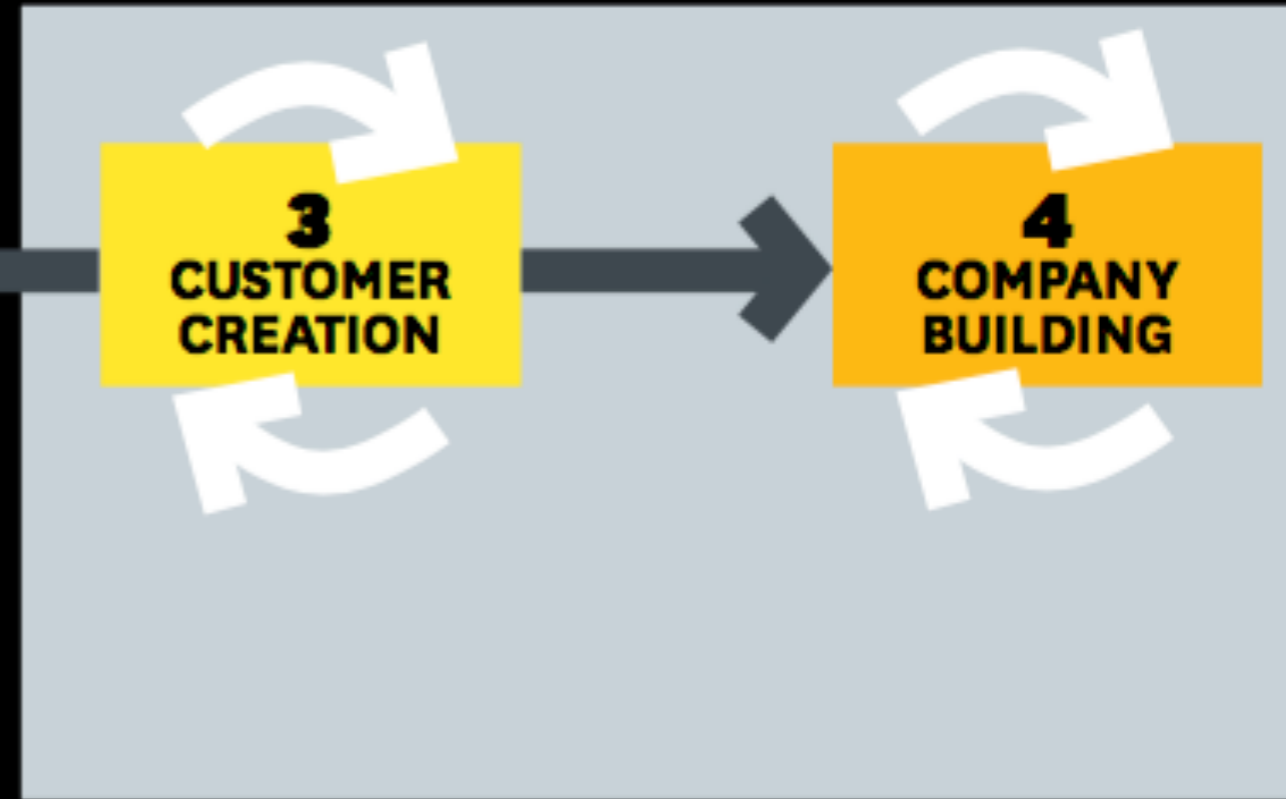Stage 3: Product is refined enough to be generating sales to early adopters. Using its proven hypotheses, the start-up builds demand by ramping up investment in marketing and sales. The business scales and grows.

Lean Start Up Methodology
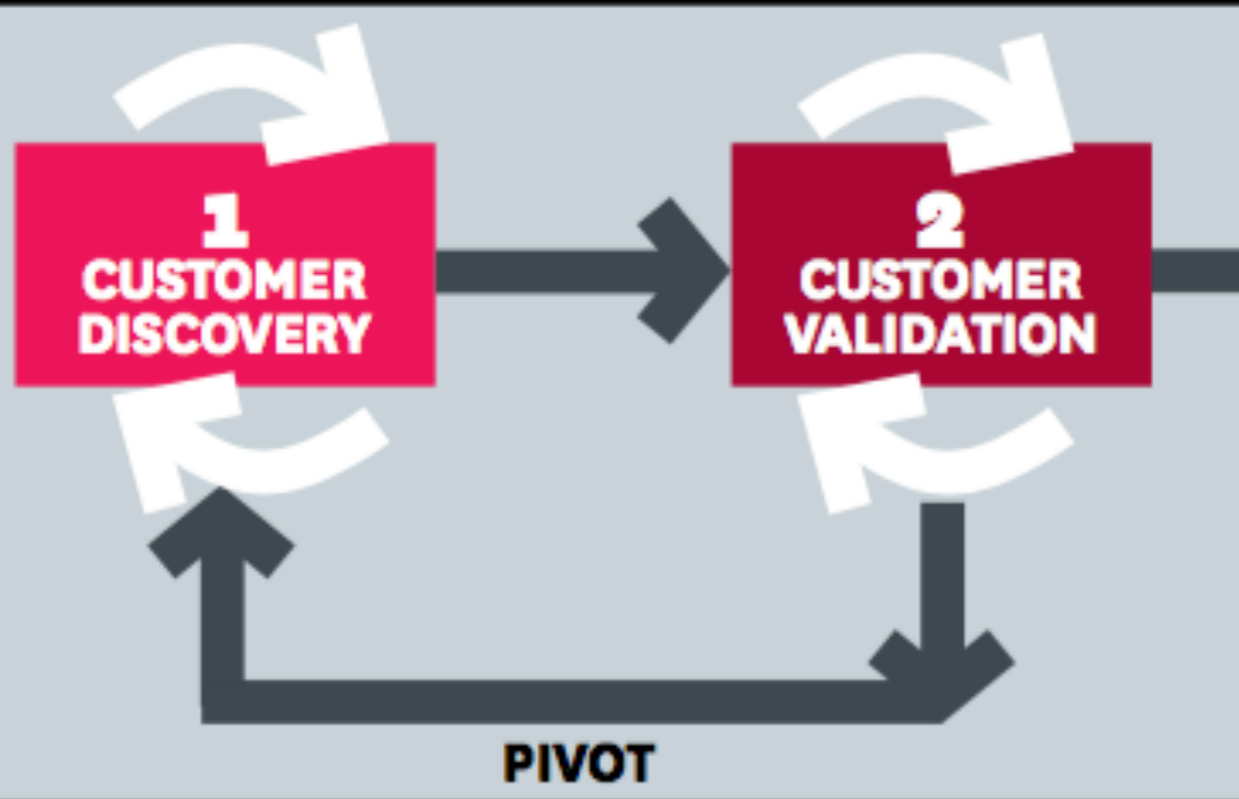
Stage 4: Business transitions from start up mode to growing company. A customer development team increases market penetration and functional departments form to implement the business model.

Lean	Traditional
Strategy	
Business Model Hypothesis-driven	Business Plan Implementation-driven
New-Product Process	
Customer Development Get out of the office and test hypotheses	Product Management Prepare offering for market following a linear, step-by-step plan
Engineering	
Agile Development Build the product iteratively and incrementally	Agile or Waterfall Development Build the product iteratively, or fully specify the product before building it
Organization	
Customer and Agile Development Teams Hire for learning, nimbleness, and speed	Departments by Function Hire for experience and ability to execute
Financial Reporting	
Metrics That Matter Customer acquisition cost, lifetime customer value, churn, viralness	Accounting Income statement, balance sheet, cash flow statement
Failure	
Expected Fix by iterating on ideas and pivoting away from ones that don't work	Exception Fix by firing executives
Speed	
Rapid Operates on good-enough data	Measured Operates on complete data

Key Take Aways

- Start ups do not execute a business model, they look for one. So a start up is a temporary organisation designed to search for a repeatable and scalable business model.

- Lean is about constant innovation and iterative design over big, up front development.

- Experimentation over elaborate planning. The perfect business plan is a fallacy. You'll waste so much time on it and when you go to market chances are it will just be wrong.

- Customer feedback matters more than intuition and secrecy.

- Fail fast and often. Focus on continually learning to get us to the product or service that can survive in the market.

- If the MVP is not right, pivot the idea into something that is. Don't walk away under a cloud of failure.

Where To Be?

Expect to get confused and go up blind alleyways at different stages in the journey.

- Look for an incubator and a community of fellow start ups.

- Find a supportive coach who understand the process and can help guide you.

- Get the support of mentors who have been through it.

INTERNATIONAL BESTSELLING SENSATION

THE LEAN STARTUP

How Constant Innovation
Creates Radically
Successful Businesses

ERIC RIES

'Mandatory reading for entrepreneurs' Dan Heath

Crossing the Chasm

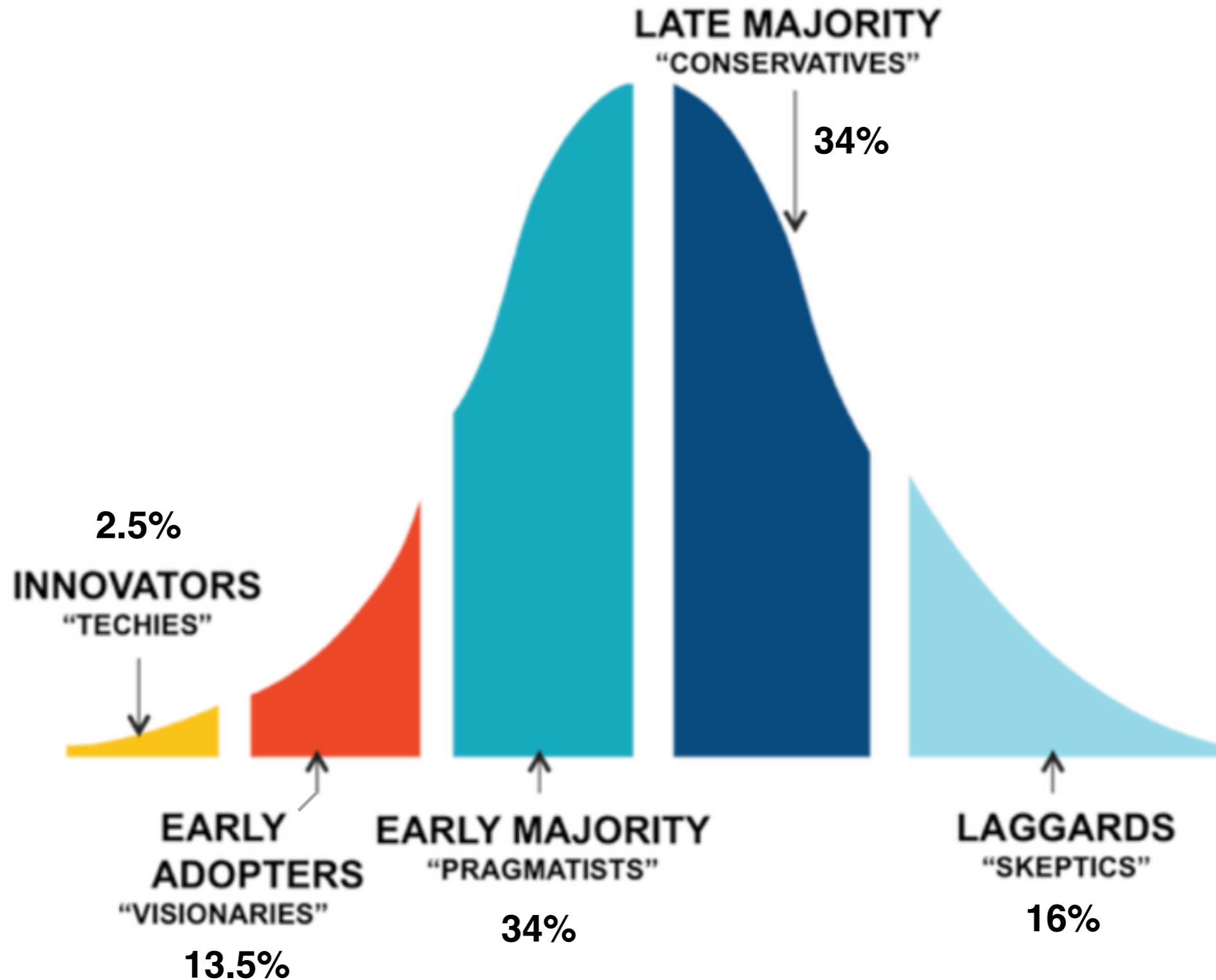Market Development for High Tech Products

What is a Market?

"a set of actual or potential customers for a given set of products or services who have a common set of needs or wants, and who reference each other when making a buying decision"
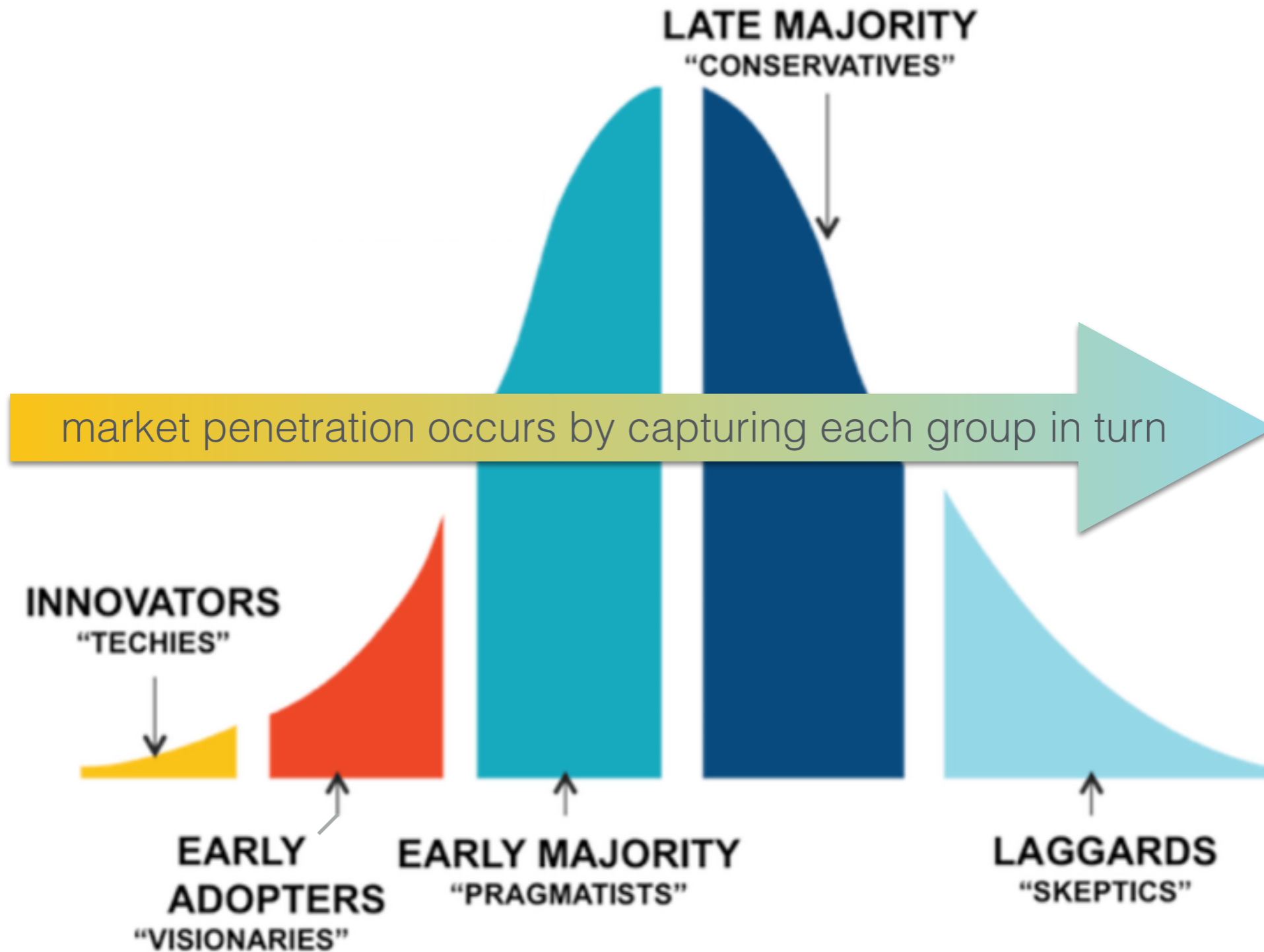
Attitudes in Technology Markets - People Have Different Appetites For Adopting New, Disruptive Technology

- Innovators - tech enthusiasts

- Early adopters - look for competitive advantage

- Early Majority - pragmatists look for things that work

- Late Majority - look for things that are established
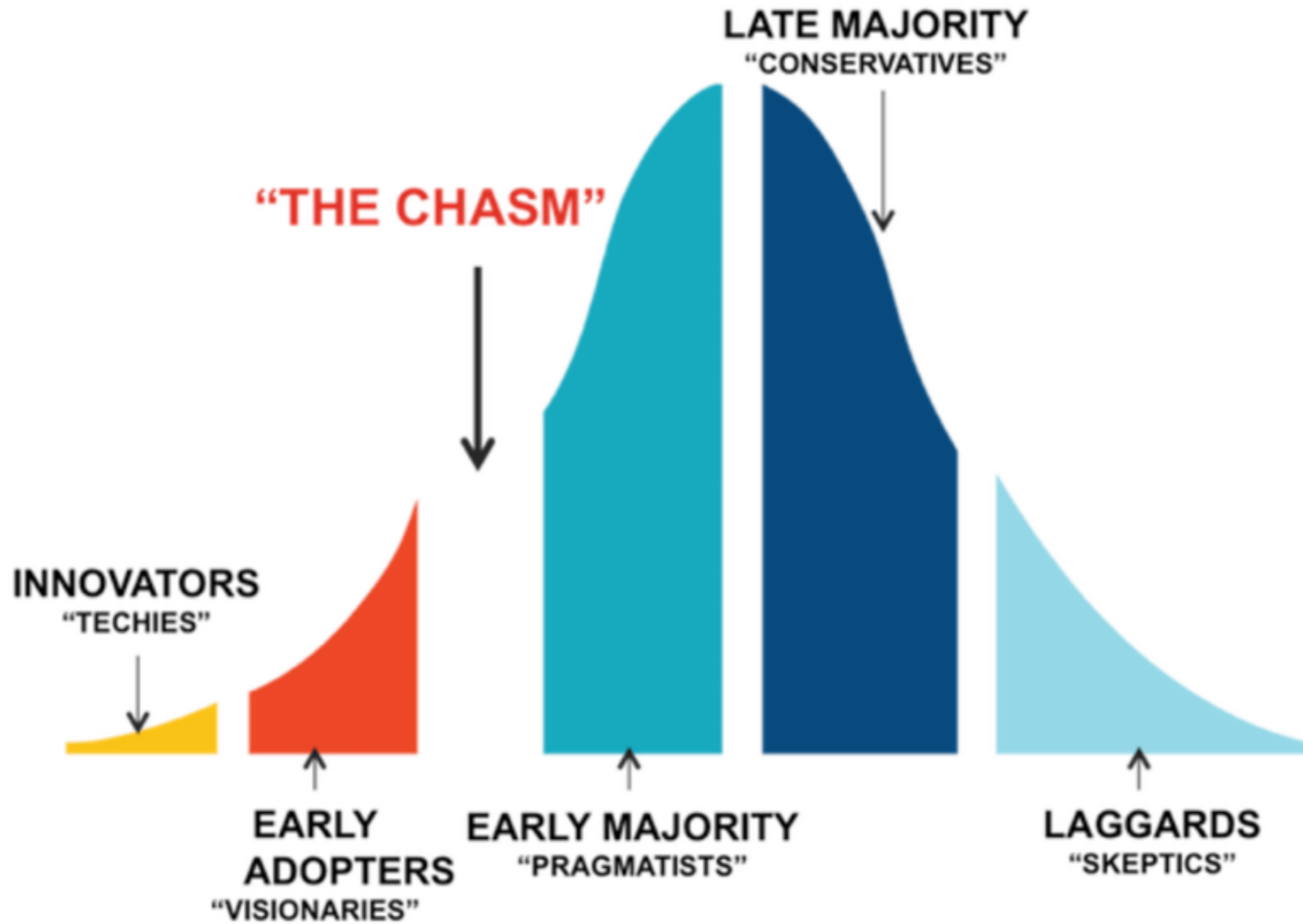
- Laggards - look to avoid change

Attitudes in Technology Markets - Occurrences

Technology Adoption Life Cycle

LATE MAJORITY
"CONSERVATIVES"

market penetration occurs by capturing each group in turn

INNOVATORS
"TECHIES"

EARLY ADOPTERS
"VISIONARIES"

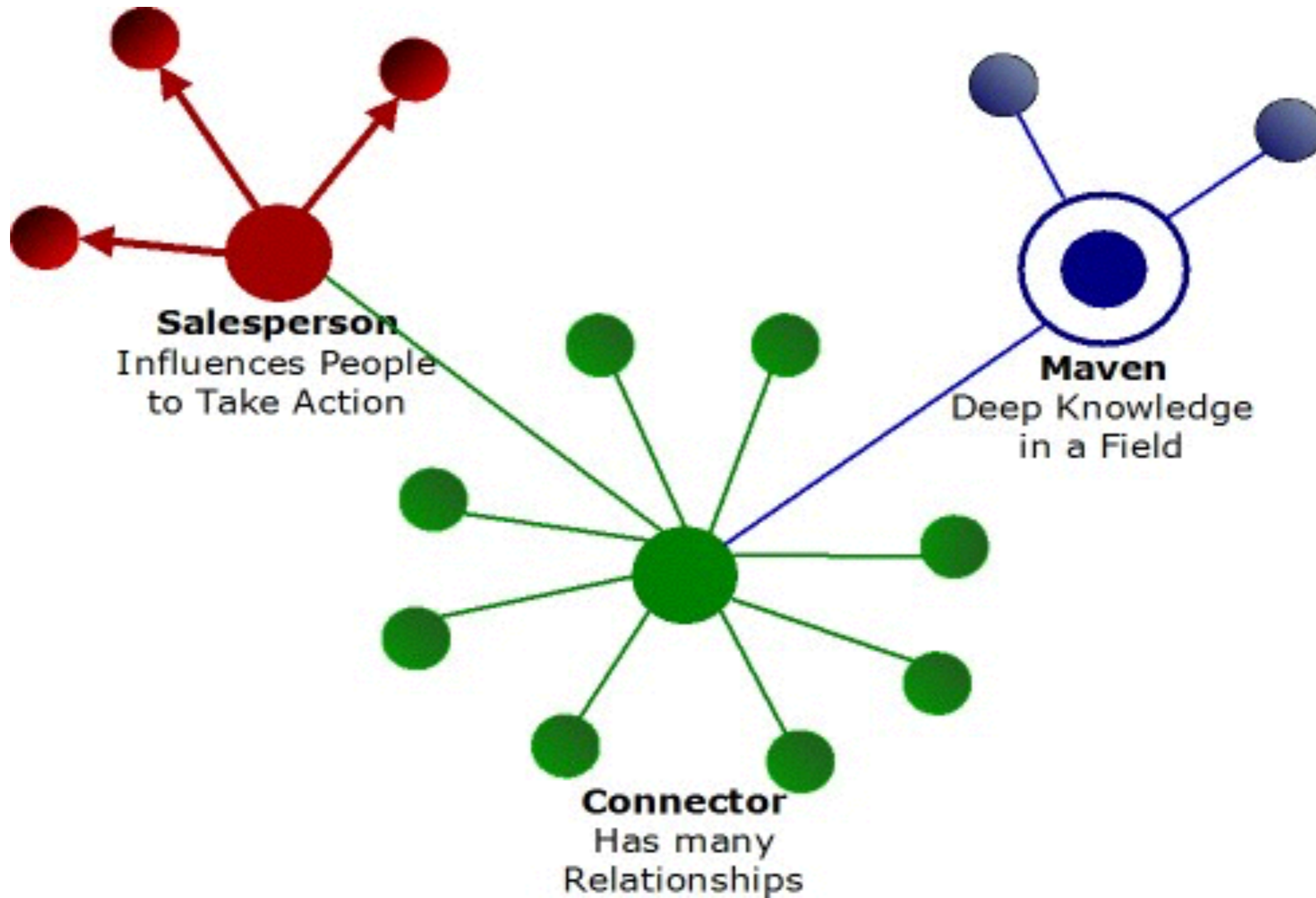**EARLY MAJORITY**
"PRAGMATISTS"

LAGGARDS
"SKEPTICS"

The Chasm!

The Challenge of the Chasm

- The early majority require good references. However these references must come from other credible, respected figures in that self referencing group. But no respected figure will recommend unless others do….a catch 22.

- We have to break this log jam, building group support and viral recommendations in the early majority.

Find The Key Influencers in The Early Majority

Salesperson
Influences People
to Take Action

Maven
Deep Knowledge
in a Field

Connector
Has many
Relationships

Crossing the Chasm

- Connect with the influencers and opinion formers who others will use as references for their buying decisions.

- Create a new promotion strategy tailored for the early majority.

- Make it easy for people to share and amplify our message.

One of *Inc.* Magazine's
Top 10 Marketing Books of All Time

CROSSING THE CHASM

3RD EDITION

MARKETING AND SELLING DISRUPTIVE PRODUCTS TO MAINSTREAM CUSTOMERS

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