



Technology Start-ups Lecture 2

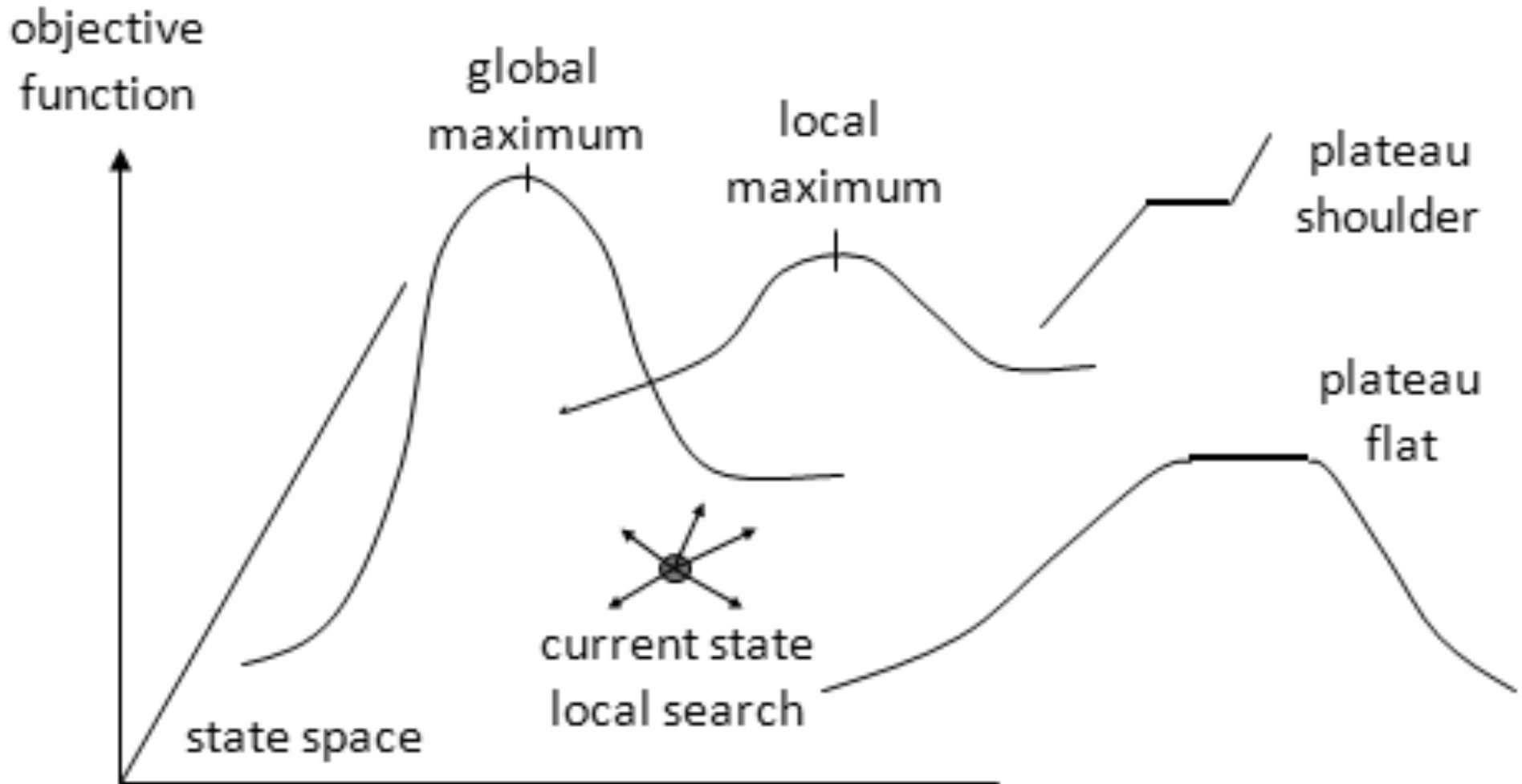
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Startups like Hill Climbing



State space of lean canvases! Pivot and iterate to find global maximum (users, revenue, etc.)



Start Brainstorming

- Distinguish Customer versus Users
 - Customers pay for your product
 - Users don't pay
- Define a **small** customer segment
 - Early evangelist
 - Want small customer segment that **love** your product



Sketching a Lean Canvas

- Sketch first Lean Canvas in 15 minutes
- Ok to leave sections blank
- Be concise
- Think in the present
 - Technologies and Solutions available today
- Use customer-centric approach
 - It's all about the customer!



Rest of Lecture

- Describing each Lean Canvas box
- Use an example of the “Lean Canvas” as a product



Lean Canvas

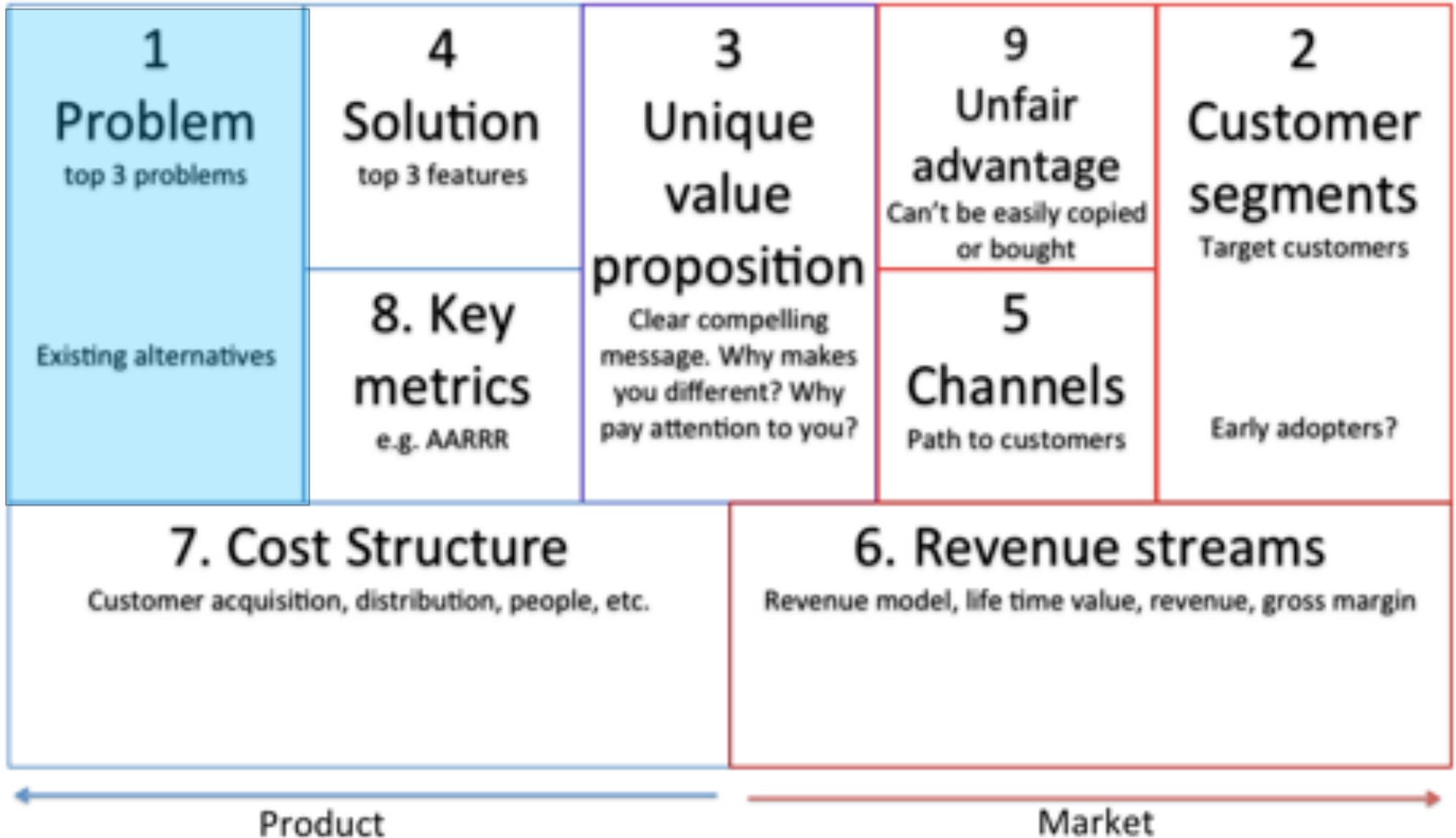
Team Name		Interviews This Week / Total Interviews ## / ##		MM-DD-2017
				Iteration #1
Problem	Solution	Unique Value Proposition	Unfair Advantage	Customer Segments
	Key Metrics Key activities you measure		Channels	
Cost Structure			Revenue Streams	

PRODUCT

MARKET



1. Problem



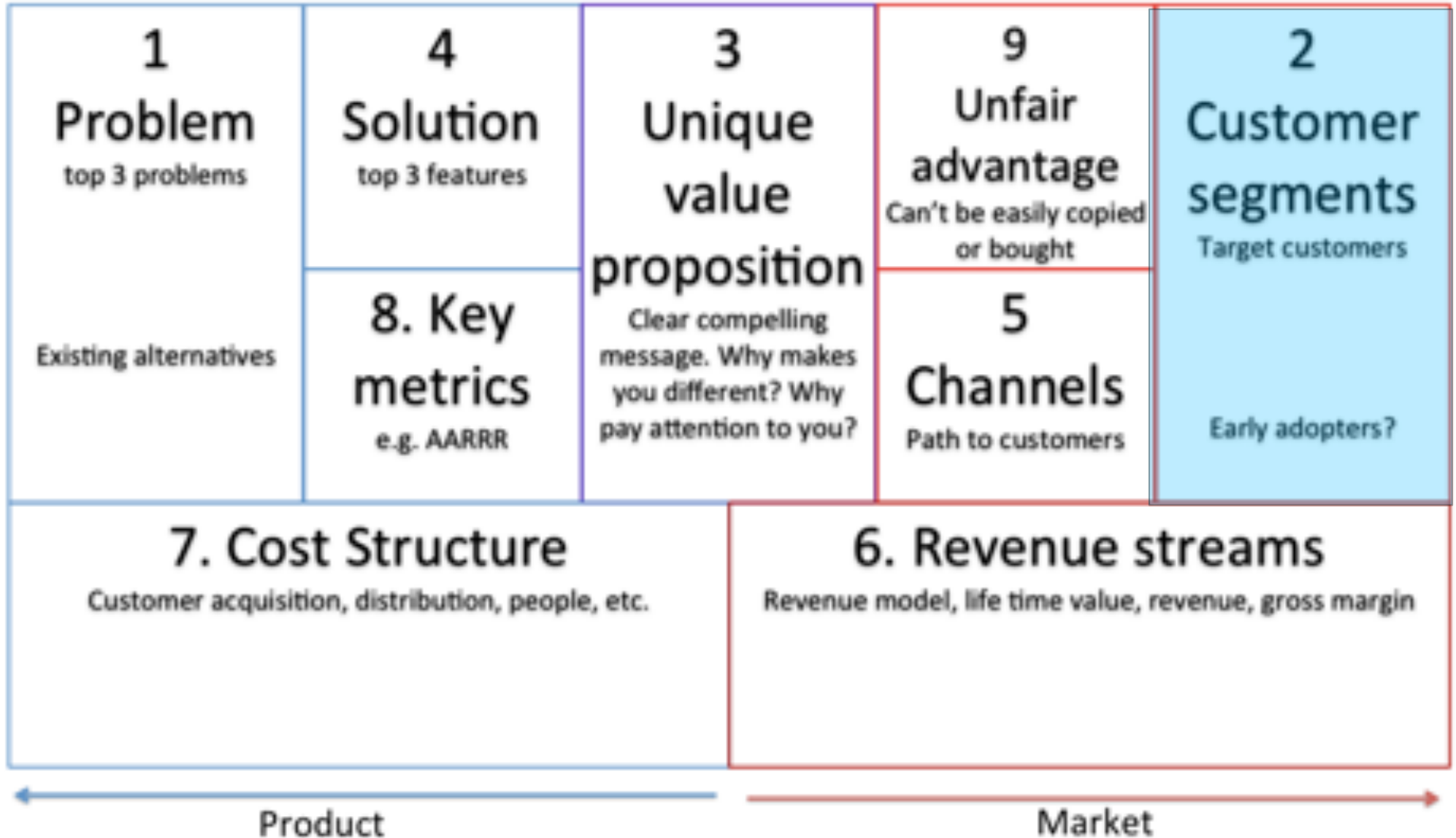


1. *Problem*

- List most (1-3) important problems
 - Think hard about customer
- List existing alternatives
 - What do early evangelists do now?
 - May not be obvious
 - Viable solution: do nothing!



2. Customer Segments





2. *Customer Segments*

- Identify possible early adopters
 - Smaller customer segment is better
- Identify other users
 - Who interacts with your customers?
 - Who uses and doesn't pay for the product
 - Ex: You are users of Google search, advertisers are the customers.

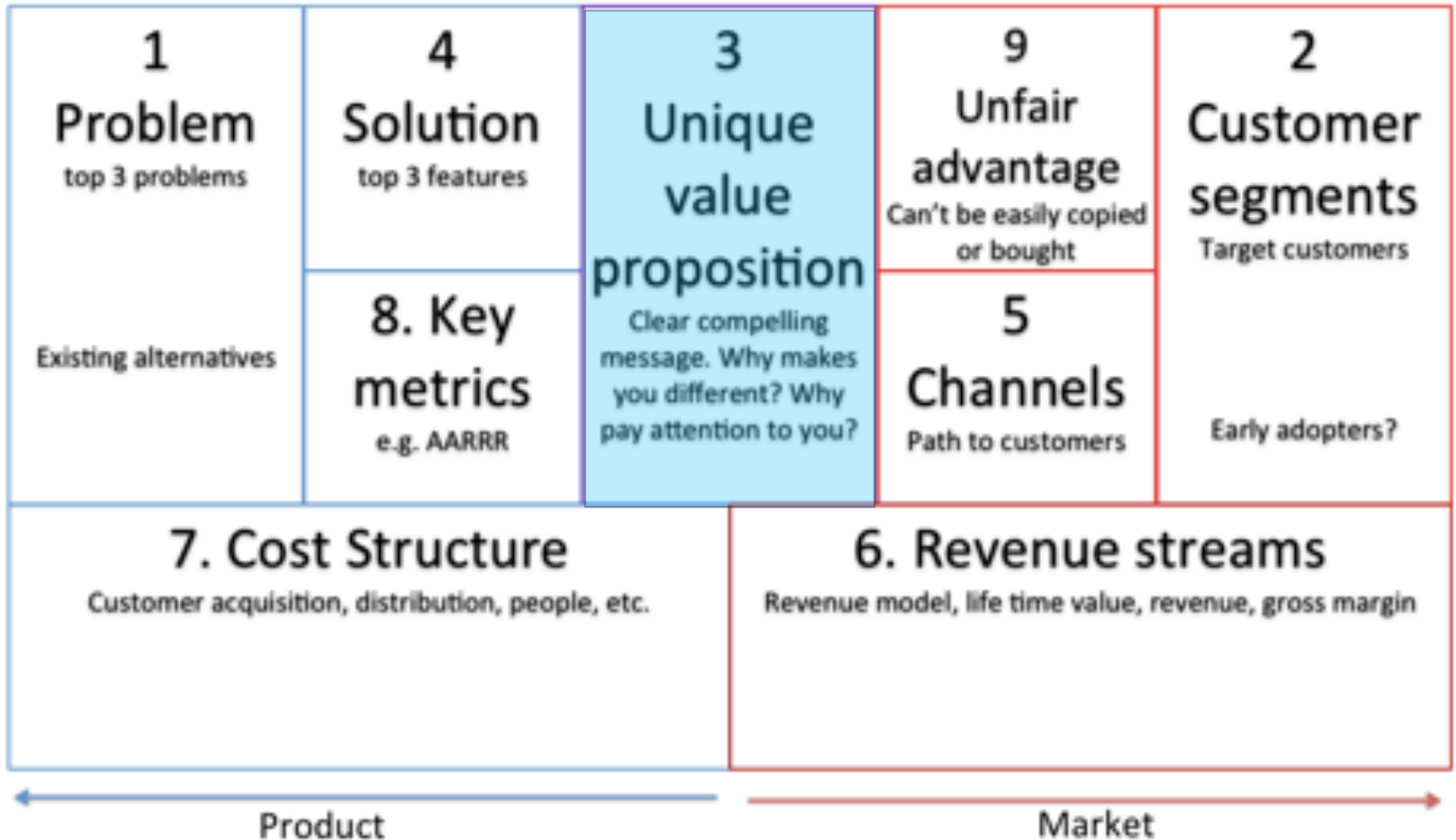


Problem and Customers

<p>Problem</p> <p>Business Models need to be more portable</p> <p>Measuring progress is hard work</p> <p>Communicating learning is critical</p> <p>Existing alternatives:</p> <p>Intuition, business plan, spreadsheets</p>	<p>Solution</p>	<p>Unique Value Proposition</p>	<p>Unfair Advantage</p>	<p>Customer Segments</p> <p>Startup Founders (Creators)</p> <p>Advisors/Investors (Collaborators)</p> <p>Early Adopter:</p> <p>Familiarity with Lean Startups, Customer Development, Business Model Canvas</p>
<p>Cost Structure</p>	<p>Key Metrics</p>		<p>Channels</p>	



3. Unique Value Proposition





3. *Unique Value Proposition*



Get prospect's attention



Don't worry about selling at first.



3. *Unique Value Proposition*

- Your UVP needs to be different
 - Is problem worth solving?
 - Is your solution 10x better?
- Target Early Adopters
 - You want few people to love it!
- Study other UVPs
- High-level pitch
 - "X for Y" (Ex: "Uber for Pets")

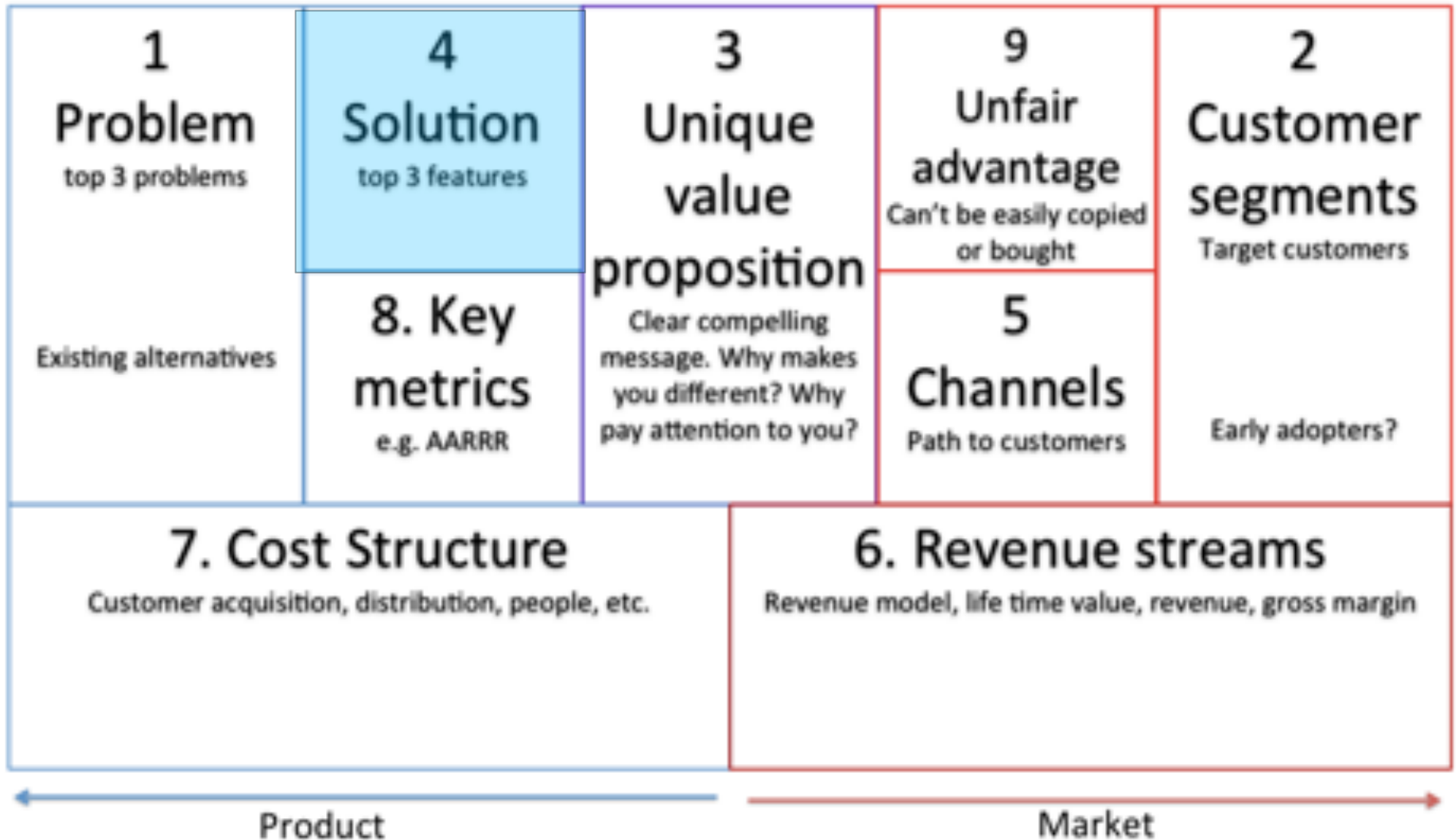


Unique Value Proposition

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<p>Cost Structure</p>		<p>Revenue Streams</p>		



Lean Canvas





4. *Solution*

- Don't spend too much time here!
 - Will change after customer interviews

Build **solution** as late as possible.

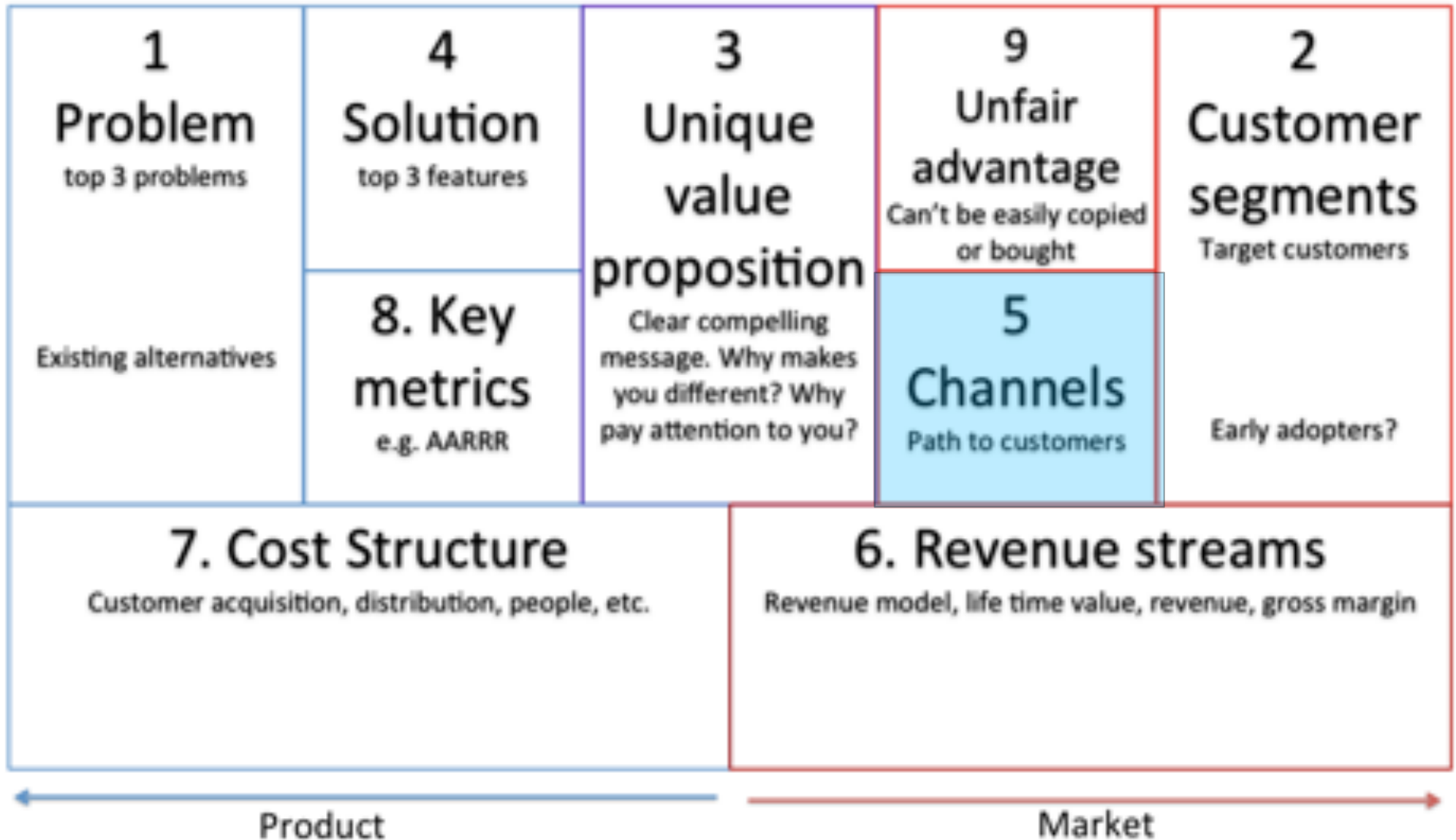


Solution

<p>Problem</p> <p>Business Models need to be more portable</p> <p>Measuring progress is hard work</p> <p>Communicating learning is critical</p> <p>Existing alternatives: Intuition, business plan, spreadsheets</p>	<p>Solution</p> <p>Lean Canvas</p> <p>Progress Dashboard</p> <p>Sharing Learning</p>	<p>Unique Value Proposition</p> <p>Helps startups raise their odds of success.</p> <p>High level concept:</p> <p>Github Meets Weight-watchers for business models.</p> <p>Startup report card.</p>	<p>Unfair Advantage</p>	<p>Customer Segments</p> <p>Startup Founders (Creators)</p> <p>Advisors/Investors (Collaborators)</p> <p>Early Adopter:</p> <p>Familiarity with Lean Startups, Customer Development, Business Model Canvas</p>
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Lean Canvas





5. Channels

- Free versus paid
- Inbound versus outbound messages
 - Inbound or “pull messaging”
 - blogs, white papers, webinars
 - Outbound or “push messaging”
 - conferences, email, phone call
- Direct vs automated and indirect
 - Direct means “selling” directly to customers
 - Selling using automation or indirectly by having outside sales-person/partner sell



Channels

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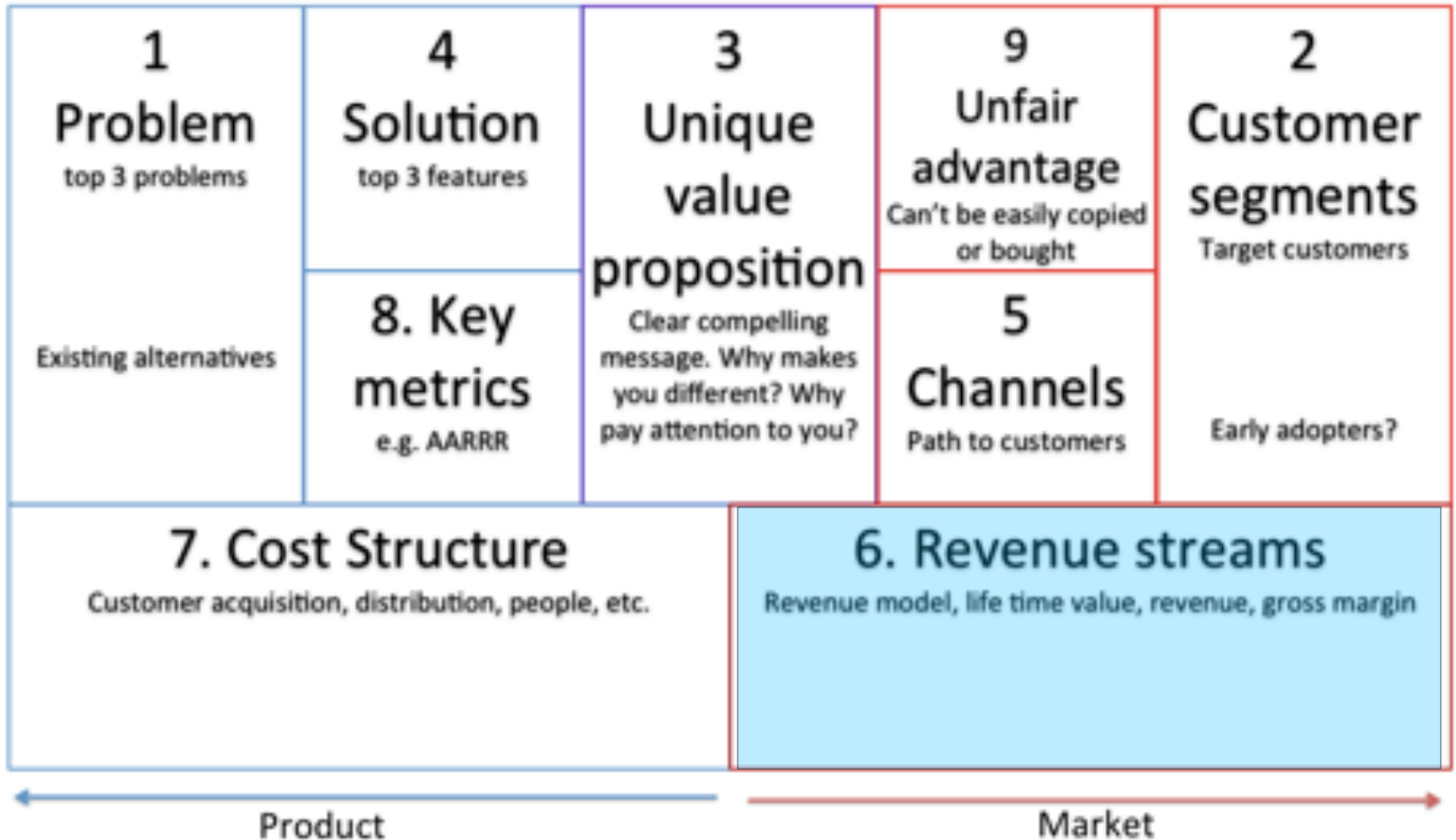
Key Metrics

Channels

1. Blog/Book/Workshops
2. Startup Accelerators / Investors



Lean Canvas



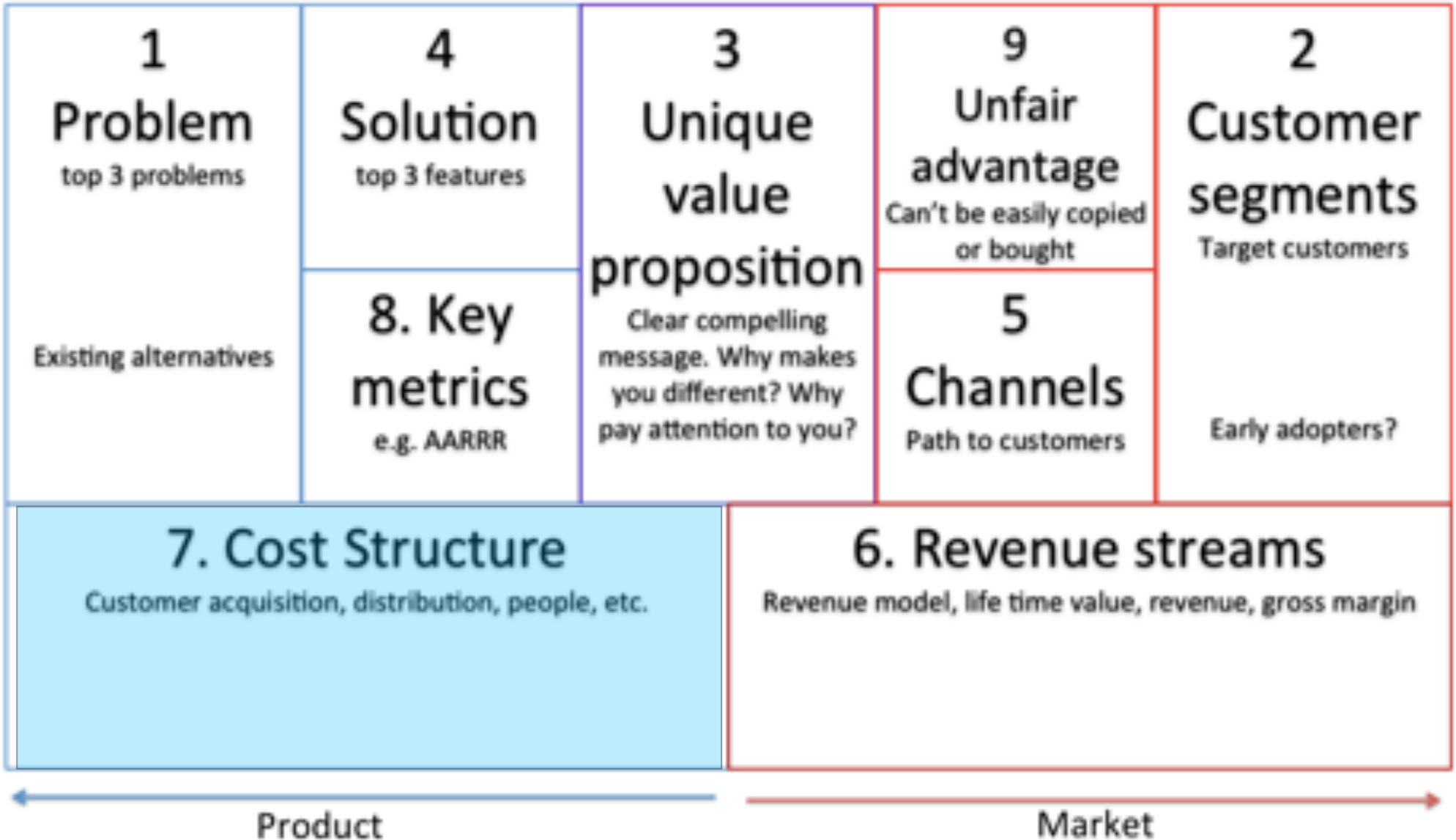


6. *Revenue Streams*

- What will it cost to interview 30 customers?
- What will it cost to build MVP?
- Are there any fixed or variable costs?
 - Cloud costs
 - Website costs



Lean Canvas





7. *Cost Structure*

- Set a price on Day 1!
 - MVP not "half-baked" or "buggy" software
- You only need a few good customers to learn
 - This is a form of validation

Reference book on software pricing:

"Don't Just Roll the Dice: A usefully short guide to software pricing"

http://download.red-gate.com/ebooks/DJRTD_eBook.pdf

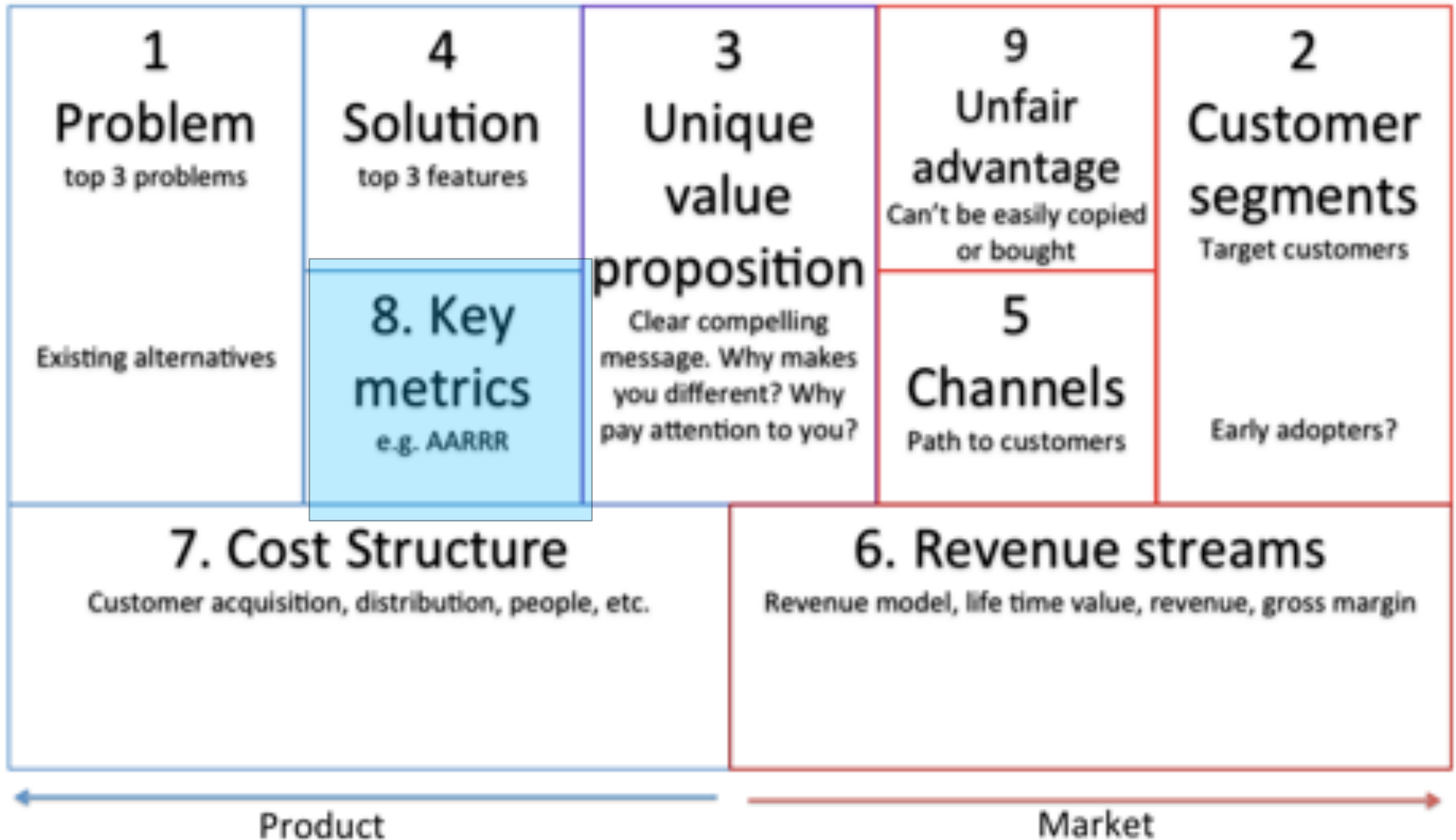


Cost Structure / Revenue

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<p>Cost Structure</p> <p>Hosting Costs - heroku (currently \$0)</p> <p>People Costs - 40hrs * \$65/hr = \$10K/month</p> <p>Break-even point: 743 customers</p>		<p>Revenue Streams</p> <p>30-day Free Trial @ \$14/mo (1 private canvas / 3 collaborators)</p>		



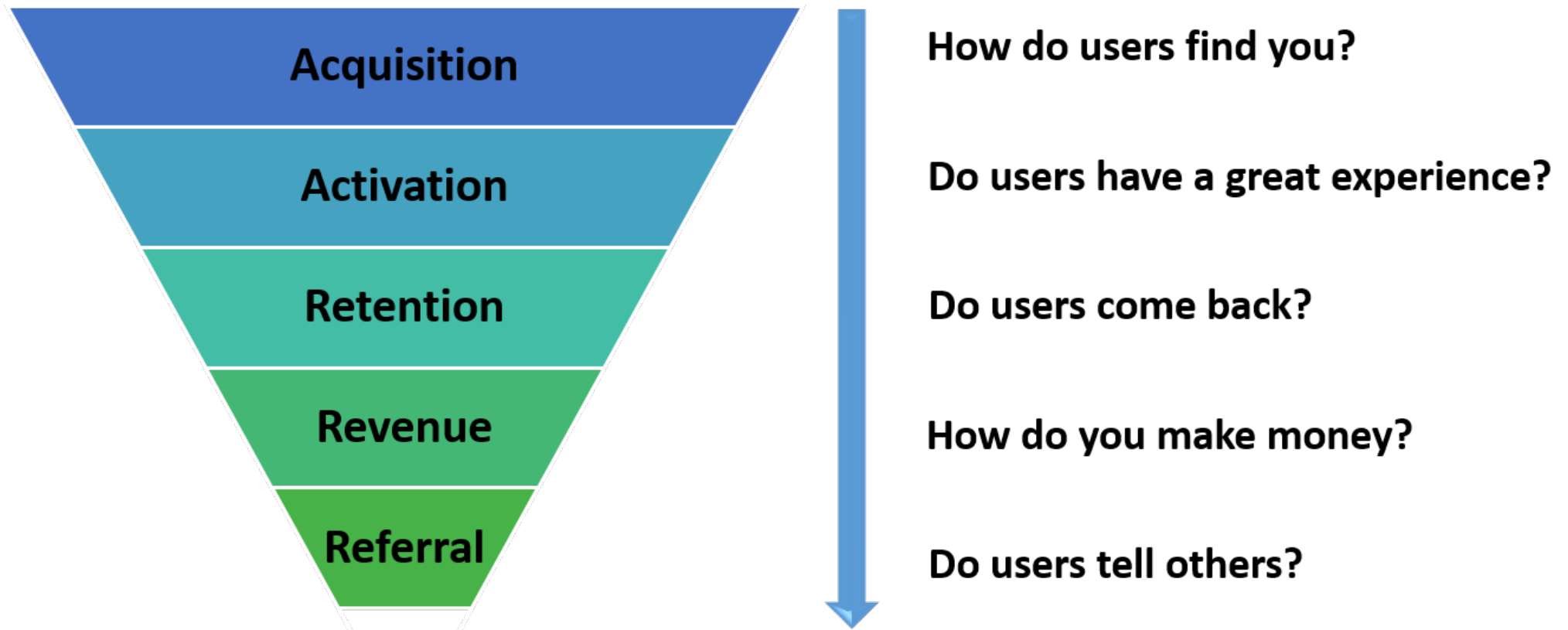
Lean Canvas





8. Key Metrics

Metrics that track how business is doing.



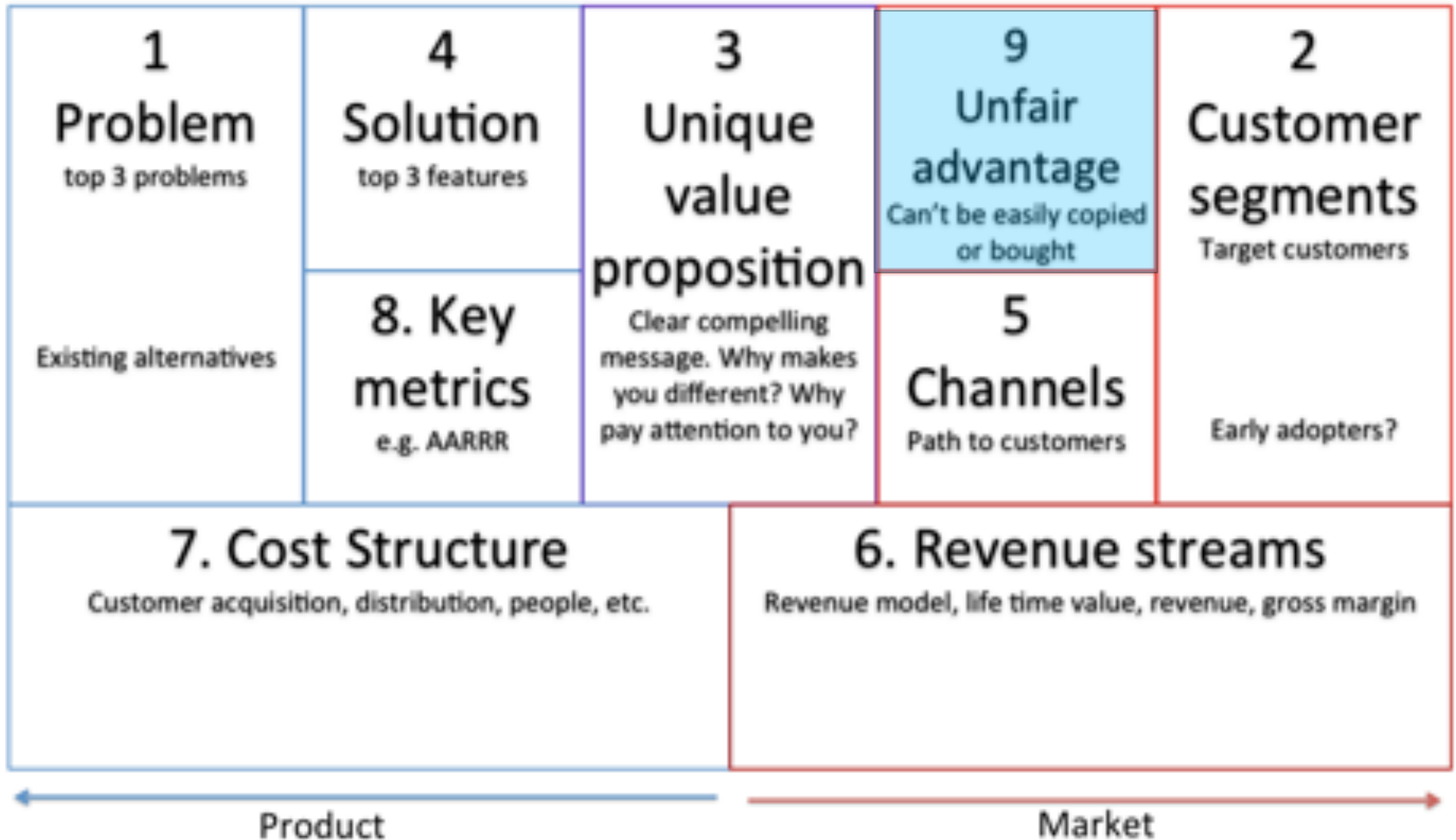


Key Metrics

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<p>Key Metrics</p> <p>Create Lean Canvas</p> <p>Track Experiment</p> <p>Invite Collaborator</p>		<p>Channels</p> <p>1. Blog/Book/Workshops</p> <p>2. Startup Accelerators / Investors</p>		



Lean Canvas





9. *Unfair Advantage Notes*

- What makes your start-up hard to replicate?
- First mover advantage is not always an advantage
 - All hard work is on you!
 - Fast follower better

Important question to ask: **Would your start-up be alright if someone decided to replicate it?**



9. *Unfair Advantage*

- Insider information
- Dream team
- Large network effects
 - Think Facebook and Google
- Personal Authority
 - Ex: you are the customer
- Existing customers
- High SEO ranking



Unfair Advantage

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Now It's your Turn.

- Get into your groups!
- Download Lean Canvas Template from course website