

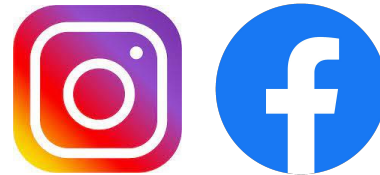


Topic	Timeline
Intros and Ice breakers	9:00-9:20
Lean methodology / Business Model Canvas overview	9:20-9:50
Brainstorm a business	9:50-9:55
Customers / Beneficiaries and value prop	9:55-10:25
Break	10:25-10:45
MVP, market sizing	10:45-11:00
Interviews: Outreach / Interview guide / Interview tools	11:00-11:30
Work time: identify customers / beneficiaries and interview questions	11:30-12:00
Lunch	12:00-12:40
Review your work from pre-lunch	12:40-1:10
Product Market Fit	1:10-1:20
Feasibility - product / service and financial	1:20-1:50
Break	1:50-2:00
Q&A - discussion on competitive advantage and operational feasibility	2:00-2:30

**A bit about me...**



**McKinsey&Company**



**Revolut**



What's your name?  
What do you want to learn today?  
Who has a startup concept?

Topic	Timeline
Intros and Ice breakers	9:00-9:20
Lean methodology / Business Model Canvas overview	9:20-9:50
Brainstorm a business	9:50-9:55
Customers / Beneficiaries and value prop	9:55-10:25
Break	10:25-10:45
MVP, market sizing	10:45-11:00
Interviews: Outreach / Interview guide / Interview tools	11:00-11:30
Work time: identify customers / beneficiaries and interview questions	11:30-12:00
Lunch	12:00-12:40
Review your work from pre-lunch	12:40-1:10
Product Market Fit	1:10-1:20
Feasibility - product / service and financial	1:20-1:50
Break	1:50-2:00
Q&A - discussion on competitive advantage and operational feasibility	2:00-2:30

## The Fallacy of the Perfect Business Plan

According to conventional wisdom, the first thing every founder must do is create a business plan—a static document that describes the size of an opportunity, the problem to be solved, and the solution that the new venture will provide. Typically it includes a five-year forecast for income, profits, and cash flow. A business plan is essentially a research exercise written in isolation at a desk before an entrepreneur has even begun to build a product. The assumption is that it's possible to figure out most of the unknowns of a business in advance, before you raise money and actually execute the idea.

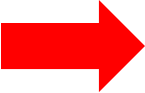
Once an entrepreneur with a convincing business plan obtains money from investors, he or she begins developing the product in a similarly insular fashion. Developers invest thousands of man-hours to get it ready for launch, with little if any customer input. Only after building and launching the product does the venture get substantial feedback from customers—when the sales force attempts to sell it. And too often, after months or even years of development, entrepreneurs learn the hard way that customers do not need or want most of the product's features.



## Lean

## Traditional

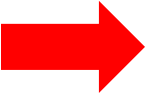
### Strategy



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

# IT'S ALL ABOUT YOUR CUSTOMERS' PROBLEM

“It's like a video game. You slay a dragon. You think you've completed the game, and then you have the next level and all of a sudden the dragons get really big.”

— BRIAN CHESKY  
on the challenges of  
scaling a company



Listen on  
Apple Podcasts

As heard on *Masters of Scale*

## Key Partners



Who are our Key Partners?  
Who are our key suppliers?  
Which Key Resources are we acquiring from partners?  
Which Key Activities do partners perform?

**MOTIVATIONS FOR PARTNERSHIPS**  
Optimization and economy  
Reduction of risk and uncertainty  
Acquisition of particular resources and activities

## Key Activities



What Key Activities do our Value Propositions require?  
Our Distribution Channels?  
Customer Relationships?  
Revenue streams?

**CATEGORIES**  
Production  
Problem Solving  
Platform/Network

## Value Propositions



What value do we deliver to the customer?  
Which one of our customer's problems are we helping to solve?  
What bundles of products and services are we offering to each Customer Segment?  
Which customer needs are we satisfying?

**CHARACTERISTICS**  
Newness  
Performance  
Customization  
"Getting the Job Done"  
Design  
Brand/Status  
Price  
Cost Reduction  
Risk Reduction  
Accessibility  
Convenience/Usability

## Customer Relationships



What type of relationship does each of our Customer Segments expect us to establish and maintain with them?  
Which ones have we established?  
How are they integrated with the rest of our business model?  
How costly are they?

**EXAMPLES**  
Personal assistance  
Dedicated Personal Assistance  
Self-Service  
Automated Services  
Communities  
Co-creation

## Customer Segments



For whom are we creating value?  
Who are our most important customers?

Mass Market  
Niche Market  
Segmented  
Diversified  
Multi-sided Platform

## Key Resources



What Key Resources do our Value Propositions require?  
Our Distribution Channels? Customer Relationships?  
Revenue Streams?

**TYPES OF RESOURCES**  
Physical  
Intellectual (brand patents, copyrights, data)  
Human  
Financial

## Channels



Through which Channels do our Customer Segments want to be reached?  
How are we reaching them now?  
How are our Channels integrated?  
Which ones work best?  
Which ones are most cost-efficient?  
How are we integrating them with customer routines?

**CHANNEL PHASES**  
1. Awareness  
How do we raise awareness about our company's products and services?  
2. Evaluation  
How do we help customers evaluate our organization's Value Proposition?  
3. Purchase  
How do we allow customers to purchase specific products and services?  
4. Delivery  
How do we deliver a Value Proposition to customers?  
5. After sales  
How do we provide post-purchase customer support?

## Cost Structure



What are the most important costs inherent in our business model?  
Which Key Resources are most expensive?  
Which Key Activities are most expensive?

**IS YOUR BUSINESS MORE**  
Cost Driven (lowest cost structure, low price value proposition, maximum automation, extensive outsourcing)  
Value Driven (focused on value creation, premium value proposition)

**SAMPLE CHARACTERISTICS**  
Fixed Costs (salaries, rents, utilities)  
Variable costs  
Economies of scale  
Economies of scope

## Revenue Streams



For what value are our customers really willing to pay?  
For what do they currently pay?  
How are they currently paying?  
How would they prefer to pay?  
How much does each Revenue Stream contribute to overall revenues?

TYPES	FIXED PRICING	DYNAMIC PRICING
Asset sale	List Price	Negotiation (bargaining)
Usage fee	Product feature dependent	Yield Management
Subscription fees	Customer segment dependent	Real-time-Market
Lending/Renting/Leasing	dependent	
Licensing	Volume dependent	
Brokerage fees		
Advertising		

Topic	Timeline
Intros and Ice breakers	9:00-9:20
Lean methodology / Business Model Canvas overview	9:20-9:50
Brainstorm a business	9:50-9:55
Customers / Beneficiaries and value prop	9:55-10:25
Break	10:25-10:45
MVP, market sizing	10:45-11:00
Interviews: Outreach / Interview guide / Interview tools	11:00-11:30
Work time: identify customers / beneficiaries and interview questions	11:30-12:00
Lunch	12:00-12:40
Review your work from pre-lunch	12:40-1:10
Product Market Fit	1:10-1:20
Feasibility - product / service and financial	1:20-1:50
Break	1:50-2:00
Q&A - discussion on competitive advantage and operational feasibility	2:00-2:30

What's your favorite Hawaiian food?

Topic	Timeline
Intros and Ice breakers	9:00-9:20
Lean methodology / Business Model Canvas overview	9:20-9:50
Brainstorm a business	9:50-9:55
Customers / Beneficiaries and value prop	9:55-10:25
Break	10:25-10:45
MVP, market sizing	10:45-11:00
Interviews: Outreach / Interview guide / Interview tools	11:00-11:30
Work time: identify customers / beneficiaries and interview questions	11:30-12:00
Lunch	12:00-12:40
Review your work from pre-lunch	12:40-1:10
Product Market Fit	1:10-1:20
Feasibility - product / service and financial	1:20-1:50
Break	1:50-2:00
Q&A - discussion on competitive advantage and operational feasibility	2:00-2:30

Who will be using our solution, benefitting from our solution, or impacted by our solution? What is their role?

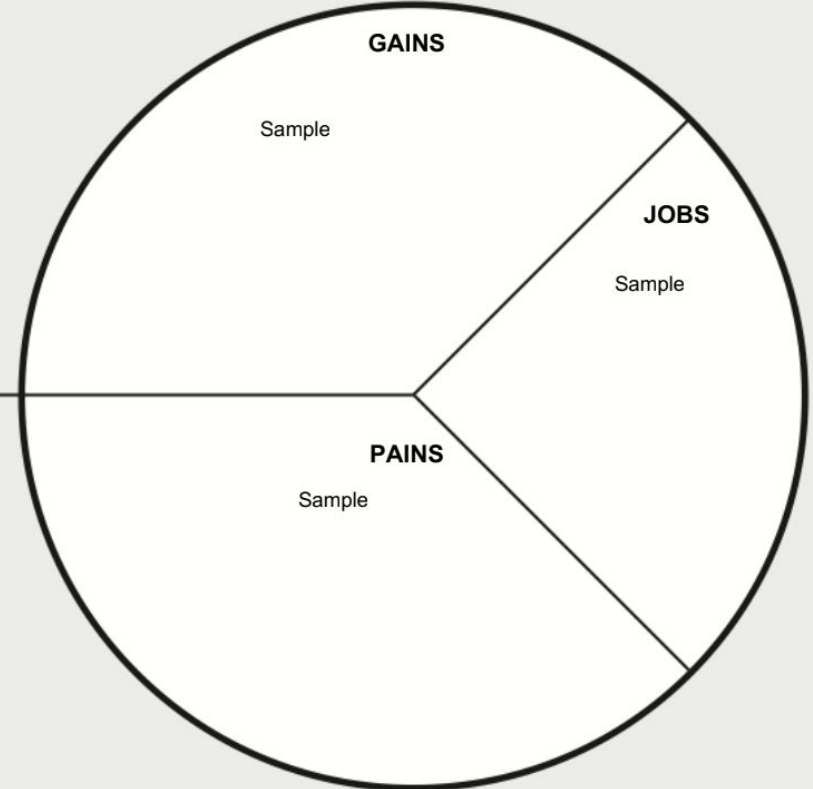
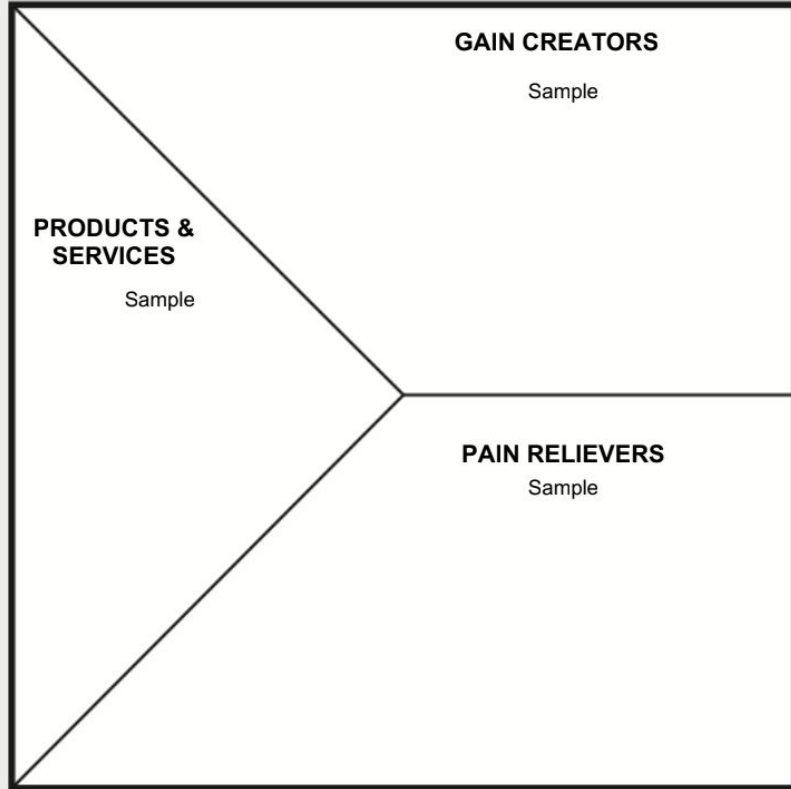


# The Value Proposition Canvas



Value Proposition

Customer Segment





## Products & Services

List all the products and services your value proposition is built around:

Which products and services do you offer that help your customer get either a functional, social, or emotional job done, or help him/her satisfy basic needs?  
Which ancillary products and services help your customer perform the roles of:

**Buyer**  
(e.g. products and services that help customers compare offers, decide, buy, take delivery of a product or service, ...)

**Co-creator**  
(e.g. products and services that help customers co-design solutions, otherwise contribute value to the solution, ...)

**Transferer**  
(e.g. products and services that help customers dispose of a product, transfer it to others, or resell, ...)

Products and services may either be tangible (e.g. manufactured goods, face-to-face customer service, digital/virtual e.g. downloads, online recommendations), intangible (e.g. copyrights, quality assurance), or financial (e.g. investment funds, financing services).

Rank all products and services according to their importance to your customer.  
Are they crucial or trivial to your customer?

Copy or outperform current solutions that delight your customer?  
(e.g. regarding specific features, performance, quality, ...)

**Make your customer's job or life easier?**  
(e.g. flatter learning curve, usability, accessibility, more services, lower cost of ownership, ...)

**Create positive social consequences that your customer desires?**  
(e.g. makes them look good, produces an increase in power, status, ...)

**Do something customers are looking for?**  
(e.g. good design, guarantees, specific or more features, ...)

**Fulfill something customers are dreaming about?**  
(e.g. help big achievements, produce big relief, ...)

**Produce positive outcomes matching your customers success and failure criteria?**  
(e.g. better performance, lower cost, ...)

**Help make adoption easier?**  
(e.g. lower cost, less investments, lower risk, better quality, performance, design, ...)

**Rank each gain your products and services create according to its relevance to your customer. Is it substantial or insignificant?**  
For each gain indicate how often it occurs.

## Gain Creators



Describe how your products and services create customer gains.

How do they create benefits your customer expects, desires or would be surprised by, including functional utility, social gains, positive emotions, and cost savings?

**Do they...**  
**Create savings that make your customer happy?**  
(e.g. in terms of time, money and effort, ...)

**Produce outcomes your customer expects or that go beyond their expectations?**  
(e.g. better quality levels, more of something, less of something, ...)

## Pain Relievers



Describe how your products and services alleviate customer pains. How do they eliminate or reduce negative emotions, undesired costs and situations, and risks your customer experiences or could experience before, during, and after getting the job done?

**Do they...**  
**Produce savings?**  
(e.g. in terms of time, money, or efforts, ...)

**Make your customers feel better?**  
(e.g. kills frustrations, annoyances, things that give them a headache, ...)

**Fix under-performing solutions?**  
(e.g. new features, better performance, better quality, ...)

**Put an end to difficulties and challenges your customers encounter?**  
(e.g. make things easier, helping them get done, eliminate resistance, ...)

**Wipe out negative social consequences your customers encounter or fear?**  
(e.g. loss of face, power, trust, or status, ...)

**Eliminate risks your customers fear?**  
(e.g. financial, social, technical risks, or what could go awfully wrong, ...)

## Gains



Describe the benefits your customer expects, desires or would be surprised by. This includes functional utility, social gains, positive emotions, and cost savings.

**Which savings would make your customer happy?**  
(e.g. in terms of time, money and effort, ...)

**What outcomes does your customer expect and what would go beyond his/her expectations?**  
(e.g. quality level, more of something, less of something, ...)

**How do current solutions delight your customer?**  
(e.g. specific features, performance, quality, ...)

## Pains



Describe negative emotions, undesired costs and situations, and risks that your customer experiences or could experience before, during, and after getting the job done.

**What does your customer find too costly?**  
(e.g. takes a lot of time, costs too much money, requires substantial efforts, ...)

**What makes your customer feel bad?**  
(e.g. frustrations, annoyances, things that give them a headache, ...)

**What would make your customer's job or life easier?**  
(e.g. flatter learning curve, more services, lower cost of ownership, ...)

**What positive social consequences does your customer desire?**  
(e.g. makes them look good, increase in power, status, ...)

**What are customers looking for?**  
(e.g. good design, guarantees, specific or more features, ...)

**What do customers dream about?**  
(e.g. big achievements, big relief, ...)

**How does your customer measure success and failure?**  
(e.g. performance, cost, ...)

**What would increase the likelihood of adopting a solution?**  
(e.g. lower cost, less investments, lower risk, better quality, performance, design, ...)

**Rank each gain according to its relevance to your customer. Is it substantial or is it insignificant?** For each gain indicate how often it occurs.

## Customer Job(s)



Describe what a specific customer segment is trying to get done. It could be the tasks they are trying to perform and complete, the problems they are trying to solve, or the needs they are trying to satisfy.

**What functional jobs are you helping your customer get done?** (e.g. perform or complete a specific task, solve a specific problem, ...)

**What social jobs are you helping your customer get done?** (e.g. trying to look good, gain power or status, ...)

**What emotional jobs are you helping your customer get done?** (e.g. esthetics, feel good, security, ...)

**What basic needs are you helping your customer satisfy?** (e.g. communication, sex, ...)

Besides trying to get a core job done, your customer performs ancillary jobs in different roles. Describe the jobs your customer is trying to get done as:

**Buyer** (e.g. trying to look good, gain power or status, ...)

**Co-creator** (e.g. esthetics, feel good, security, ...)

**Transferer** (e.g. products and services that help customers dispose of a product, transfer it to others, or resell, ...)

Rank each job according to its significance to your customer. Is it crucial or is it trivial? For each job indicate how often it occurs.  
Outline in which specific context a job is done, because that may impose constraints or limitations.  
(e.g. while driving, outside, ...)

**How are current solutions under-performing for your customer?**  
(e.g. lack of features, performance, malfunctioning, ...)

**What are the main difficulties and challenges your customer encounters?**  
(e.g. understanding how things work, difficulties getting things done, resistance, ...)

**What negative social consequences does your customer encounter or fear?**  
(e.g. loss of face, power, trust, or status, ...)

**What risks does your customer fear?**  
(e.g. financial, social, technical risks, or what could go awfully wrong, ...)

**What's keeping your customer awake at night?**  
(e.g. big issues, concerns, worries, ...)

**What common mistakes does your customer make?**  
(e.g. usage mistakes, ...)

**What barriers are keeping your customer from adopting solutions?**  
(e.g. upfront investment costs, learning curve, resistance to change, ...)

**Rank each pain according to its intensity it represents for your customer. Is it very intense or is it very light?**

For each pain indicate how often it occurs.

# IT'S ALL ABOUT YOUR CUSTOMERS' PROBLEM



Topic	Timeline
Intros and Ice breakers	9:00-9:20
Lean methodology / Business Model Canvas overview	9:20-9:50
Brainstorm a business	9:50-9:55
Customers / Beneficiaries and value prop	9:55-10:25
Break	10:25-10:45
MVP, market sizing	10:45-11:00
Interviews: Outreach / Interview guide / Interview tools	11:00-11:30
Work time: identify customers / beneficiaries and interview questions	11:30-12:00
Lunch	12:00-12:40
Review your work from pre-lunch	12:40-1:10
Product Market Fit	1:10-1:20
Feasibility - product / service and financial	1:20-1:50
Break	1:50-2:00
Q&A - discussion on competitive advantage and operational feasibility	2:00-2:30

# MVPs!

## How to Plan an MVP

by Michael Seibel

 Startup School



# How to Plan an MVP

by Michael Seibel



Startup School



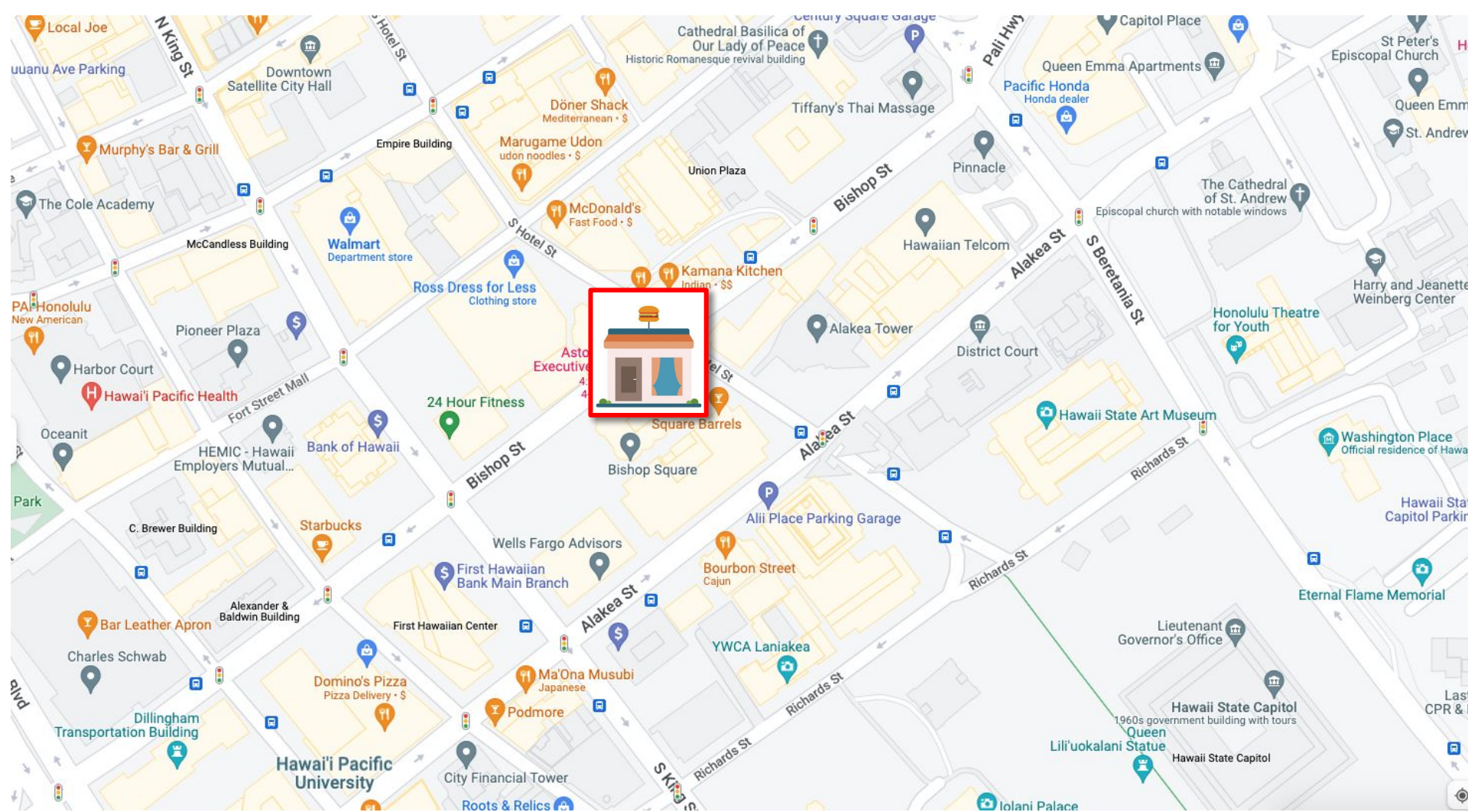
# Total Addressable Market

... is the total market demand for a product or service

... if every single person who could potentially find value in a product or solution purchased/started using it (i.e. 100% market share), how big would that market be?

... is the overall revenue opportunity available or foreseen for a specific product or service, taking into account the future expansion scenarios.





# How would you define the total addressable market for this business?

1. People who live in Oahu
2. People who live in Honolulu
3. People who work in the downtown area
4. People who work within 3 blocks of the restaurant
5. People who work within 1 block of the restaurant
6. People who work upstairs from the restaurant

Topic	Timeline
Intros and Ice breakers	9:00-9:20
Lean methodology / Business Model Canvas overview	9:20-9:50
Brainstorm a business	9:50-9:55
Customers / Beneficiaries and value prop	9:55-10:25
Break	10:25-10:45
MVP, market sizing	10:45-11:00
Interviews: Outreach / Interview guide / Interview tools	11:00-11:30
Work time: identify customers / beneficiaries and interview questions	11:30-12:00
Lunch	12:00-12:40
Review your work from pre-lunch	12:40-1:10
Product Market Fit	1:10-1:20
Feasibility - product / service and financial	1:20-1:50
Break	1:50-2:00
Q&A - discussion on competitive advantage and operational feasibility	2:00-2:30

# Create an interview guide to start your initial interviews

1. Identify different types of interviewees (e.g., beneficiary, subject matter expert, decision maker)
2. Create a list of themes you want to research:
  - Break down the problem into smaller Sub-Problems
  - Examples: Previous experience with the problem, current solution, alternative solutions from private sector, how to get approvals
  - Themes can align to your BMC for now
  - Themes will mix and match with your different types of interviewees
  - Each theme should start with at least 5 questions
3. For each theme create a list of questions
  - Questions should be OPEN ENDED
  - Questions will often build off of each other

## Tips:

- Over time your interview guide should evolve and be updated: at first it will be very broad, but it should get more specific as you progress through the semester.
- V1 of your interview guide should be at least 20 questions
- It will be hard to get started; just start putting words on a page and keep improving the guide

# Templates

Topic	Timeline
Intros and Ice breakers	9:00-9:20
Lean methodology / Business Model Canvas overview	9:20-9:50
Brainstorm a business	9:50-9:55
Customers / Beneficiaries and value prop	9:55-10:25
Break	10:25-10:45
MVP, market sizing	10:45-11:00
Interviews: Outreach / Interview guide / Interview tools	11:00-11:30
Work time: identify customers / beneficiaries and interview questions	11:30-12:00
Lunch	12:00-12:40
Review your work from pre-lunch	12:40-1:10
Product Market Fit	1:10-1:20
Feasibility - product / service and financial	1:20-1:50
Break	1:50-2:00
Q&A - discussion on competitive advantage and operational feasibility	2:00-2:30

# Words of encouragement...

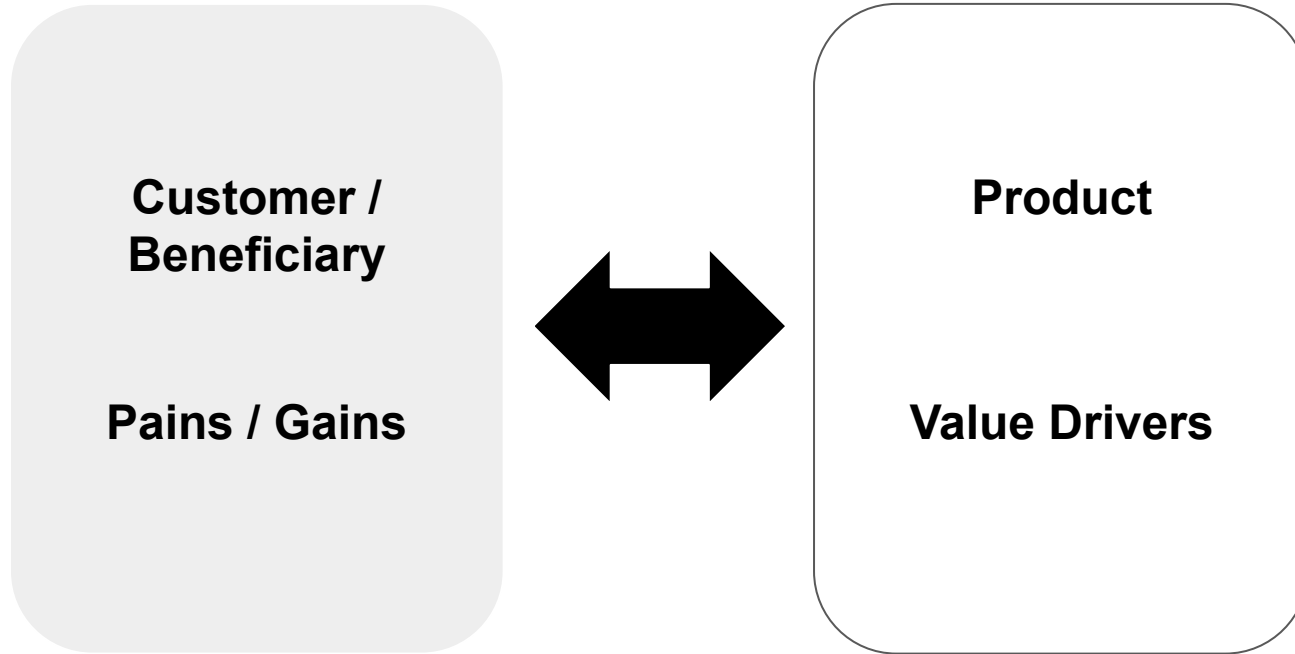


<https://www.youtube.com/watch?v=zKTf0LmDgKI&list=RDLVkYfNvmF0Bqw&index=5>

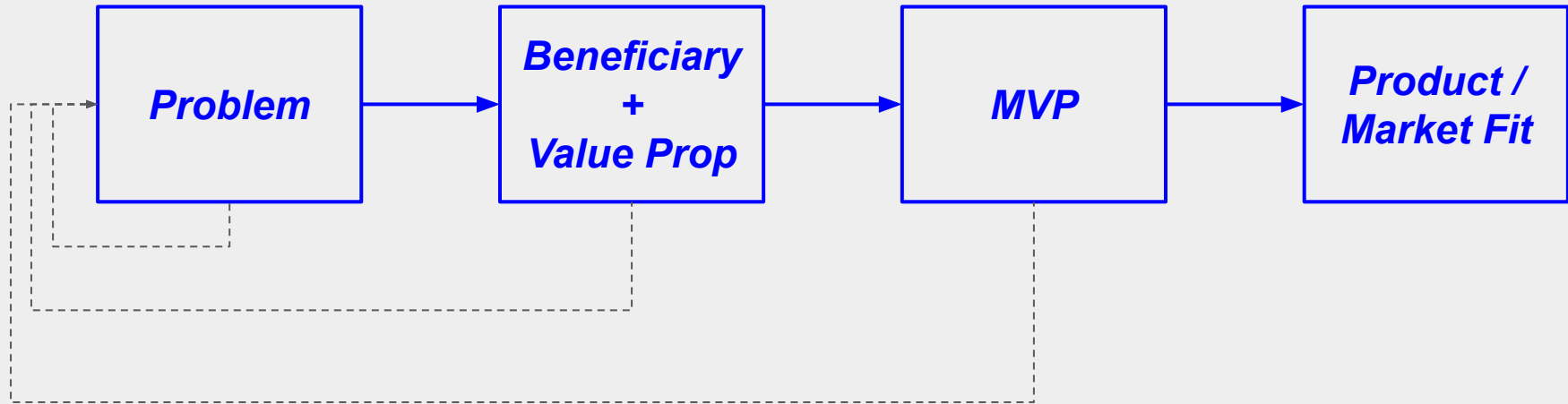


Topic	Timeline
Intros and Ice breakers	9:00-9:20
Lean methodology / Business Model Canvas overview	9:20-9:50
Brainstorm a business	9:50-9:55
Customers / Beneficiaries and value prop	9:55-10:25
Break	10:25-10:45
MVP, market sizing	10:45-11:00
Interviews: Outreach / Interview guide / Interview tools	11:00-11:30
Work time: identify customers / beneficiaries and interview questions	11:30-12:00
Lunch	12:00-12:40
Review your work from pre-lunch	12:40-1:10
Product Market Fit	1:10-1:20
Feasibility - product / service and financial	1:20-1:50
Break	1:50-2:00
Q&A - discussion on competitive advantage and operational feasibility	2:00-2:30

# What is product - market fit?



# Taking a step back: The Lean Startup Process



**The process is essentially a series of “guesses” which we try to turn into facts:**

- If we lack sufficient evidence to support our “guesses”, we must keep digging or re-evaluate
- When stakeholders / beneficiaries validate our guesses, we have confidence to move forward

Topic	Timeline
Intros and Ice breakers	9:00-9:20
Lean methodology / Business Model Canvas overview	9:20-9:50
Brainstorm a business	9:50-9:55
Customers / Beneficiaries and value prop	9:55-10:25
Break	10:25-10:45
MVP, market sizing	10:45-11:00
Interviews: Outreach / Interview guide / Interview tools	11:00-11:30
Work time: identify customers / beneficiaries and interview questions	11:30-12:00
Lunch	12:00-12:40
Review your work from pre-lunch	12:40-1:10
Product Market Fit	1:10-1:20
Feasibility - product / service and financial	1:20-1:50
Break	1:50-2:00
Q&A - discussion on competitive advantage and operational feasibility	2:00-2:30

# What are our costs...

Line item	Revenue / Expense / Profit	Amount
Price of Lunch	Revenue	\$10
Cost of food and labor	Expense	-\$6
Taxes	Expense	-\$2
	<b>Profit per lunch sold</b>	<b>\$2</b>

Monthly expense	Amount
Rent	\$5,000
Salaries	\$10,000
Insurance, advertising, etc	\$5,000
<b>Total monthly expenses</b>	<b>\$20,000</b>

... and why do they matter

Line item	Revenue / Expense / Profit	Amount
Price of Lunch	Revenue	\$10
Cost of food	Expense	-\$6
Taxes	Expense	-\$2
	<b>Profit per lunch sold</b>	<b>\$2</b>

How many lunches  
do you need to sell  
to break even every  
month?

Monthly expense	Amount
Rent	\$5,000
Salaries	\$10,000
Insurance, advertising, etc	\$5,000
<b>Total monthly expenses</b>	<b>\$20,000</b>

What about if you  
want to make  
\$10,000 in profit /  
month

# What is the total addressable market

Population	Size	% who buy lunch	Lunches per month per person	Total monthly lunches
People who live in Oahu	1,000,000	25%	20	5,000,000
People who live in Honolulu	500,000	25%	20	2,500,000
People who work in the downtown area	100,000	25%	20	500,000
People who work within 3 blocks of the restaurant	25,000	25%	20	125,000
People who work within 1 block of the restaurant	5,000	25%	20	25,000
People who work upstairs from the restaurant	1,000	25%	20	5,000





Problem



Beneficiaries



Market size



Value prop



Now what

## SUBMISSION PROMPTS

1. **VALUE PROPOSITION:** Describe the problem the business solves. What does the business do to solve the problem? What makes the business's solution attractive to its customers?
2. **MARKET OPPORTUNITY:** Describe the existing market. Explain how the company fits into the market and the company's ability to capture part or all of the market.
3. **CUSTOMER DISCOVERY AND SEGMENTS:** Describe the business's customer(s) and how the business will discover customers.
4. **PRODUCT MARKET FIT:** Describe how the business knows that it has successfully identified the target market for its product/service. Describe insights gained from customer validation activities (e.g., interviews). Would customers pay for the business's product or service to meet their needs?
5. **COMPETITIVE ADVANTAGE:** Describe how the business knows that it has successfully identified the target market for its product/service. Describe insights gained from customer validation activities (e.g., interviews). Would customers pay for the business's product or service to meet their needs?
6. **PRODUCT OR SERVICE DEVELOPMENT FEASIBILITY:** Describe the current state of development of the product or service and how the company knows that the product or service is viable.
7. **FINANCIAL FEASIBILITY:** Describe the company's business model and plans to take its product or service to market.
8. **OPERATIONAL VIABILITY:** Describe how the company's team members' skillsets enables it to execute all of the above and how the company will respond to challenges.