Lean Start Up101

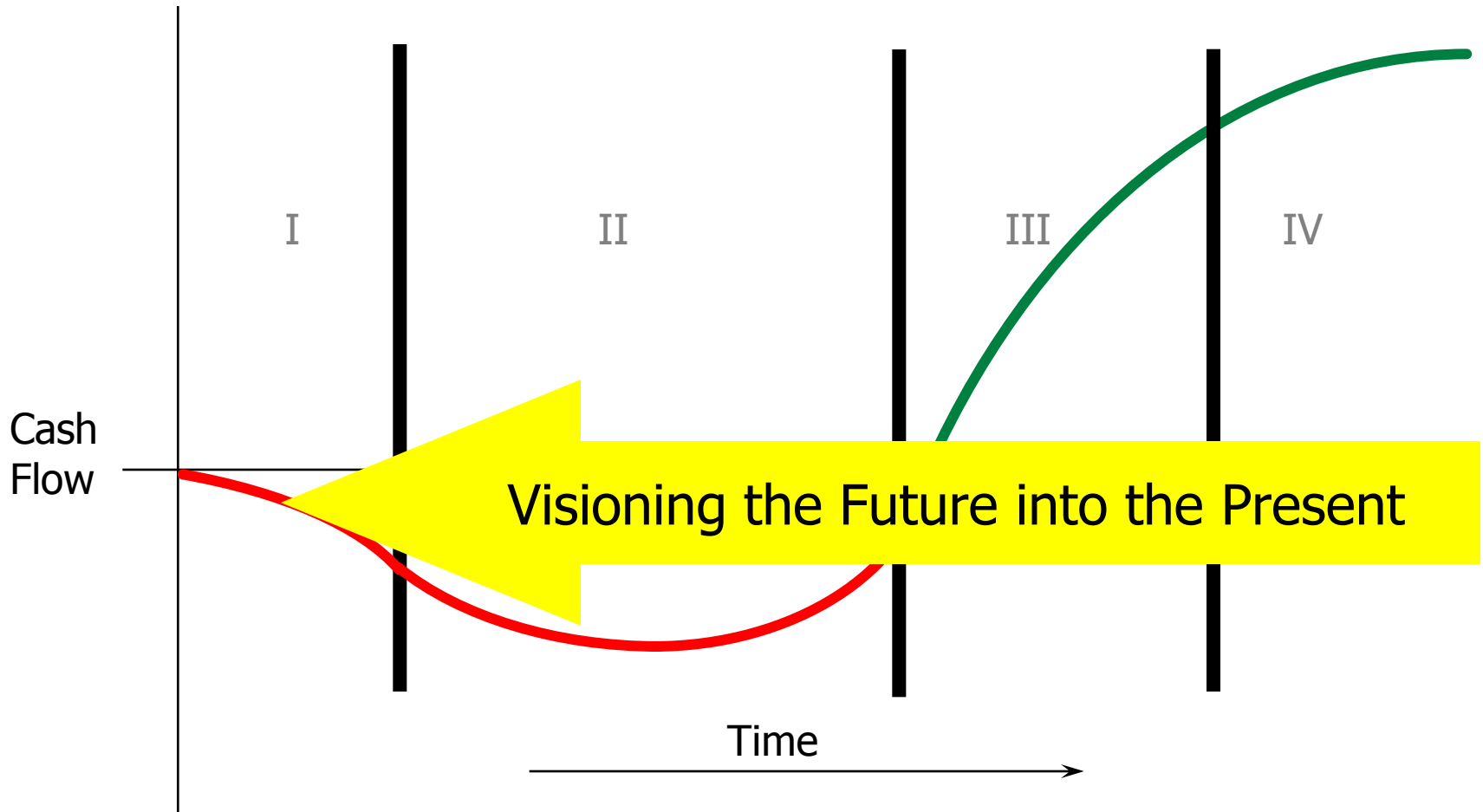| Ivo Vasilev | name | Evelin Velev |
| 26 | age | 26 |
| | background | |

WHO ARE YOU?

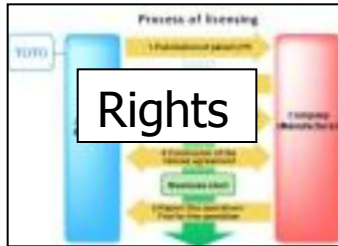# Entrepreneurship?

Start Up?

How to start up?

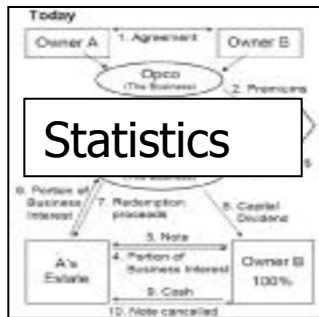# The old business
plan model

The Entrepreneur's Challenge

. . . on the way to glory!

Rights

- IP: patents, licenses, copyrights, trademarks
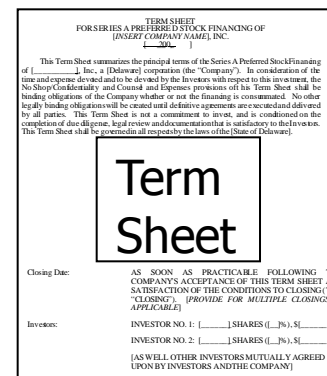- Name registrations

Term Sheet

- Valuation
- Shareholder rights
- Board representation
- Major transaction approvals
- Governance
- Other

IDEA

Contracts, etc., etc.

- Leases
- Vendor contracts
- Banking
- Employment/HR
- Etc.

Statistics

- Market data
- customer segments
- Entry strategy
- Market trends

Legal Formation

- Entity
- Governance
- Etc.

1st Team Agreement
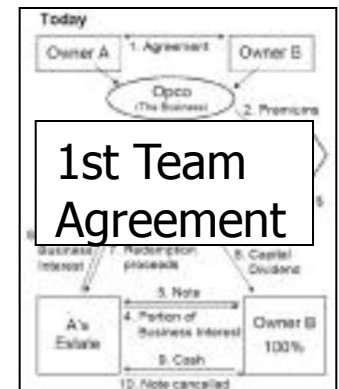
- Dividing the pie
- Founders' Rights
- Buy-Sell
- Employment agreements
- Other
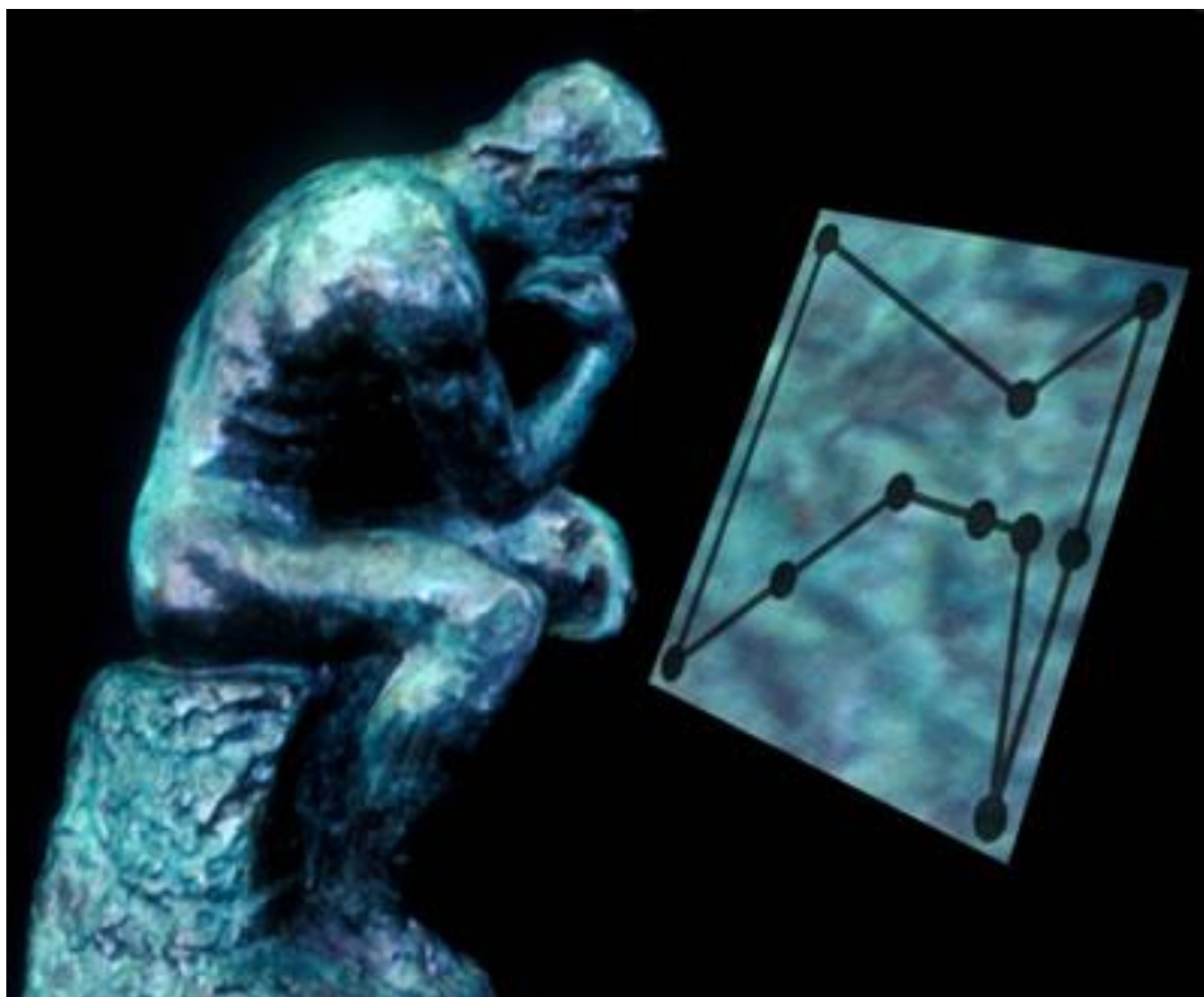
The Planning Model was Broken

and hundreds more…

Incremental
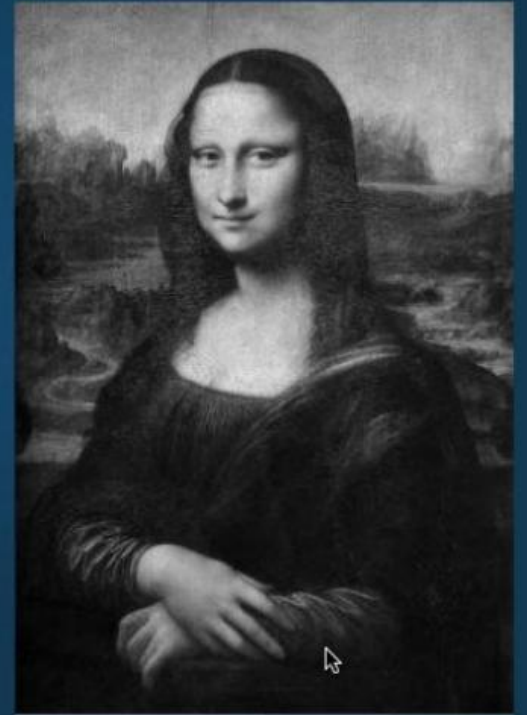
Iterative
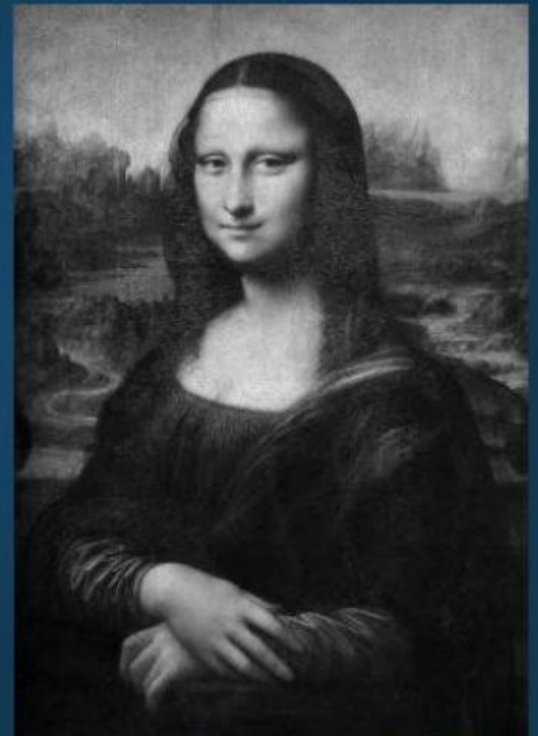
Lean Start up

" Everyone will love this "

" Everyone will use/buy this "

Test

Better to do just in time than just in case

The Problem:
Management was Focused on Planning

Design

- Processes
- Positions
- Pathways

Learning

- Sensing
- Seizing
- Managing

Steps of Lean Start Up

- Opportunity Recognition

- Customer Development

- Agile Product Development

- Business Model Development

- Bootstrapping / Creative Financing

Experimental Mindset & Design Thinking

Opportunity
Recognition

Opportunity Recognition

	Attractiveness	
	Try	Don't do it
Customers	Accessible	Distant, difficult
Experimentation	Cheap	Expensive
Community	Buildable / capturable	Fractured
Management team	Can build MVP	Not passionate
Competition	Lessons to be learned	Recently funded and in your way

Customer
Development

Lean is about eliminating waste

The biggest waste is building something that nobody wants

Key Challenges by Stage

Legend:
- business model
- customer acquisition
- funding
- product market fit
- problem solution fit
- teambuilding
- over capacity
- mvp
- product

X-axis: Discovery, Validation, Efficiency, Scale

Y-axis: 0.00%, 10.00%, 20.00%, 30.00%, 40.00%, 50.00%, 60.00%, 70.00%, 80.00%

startupgenome.cc
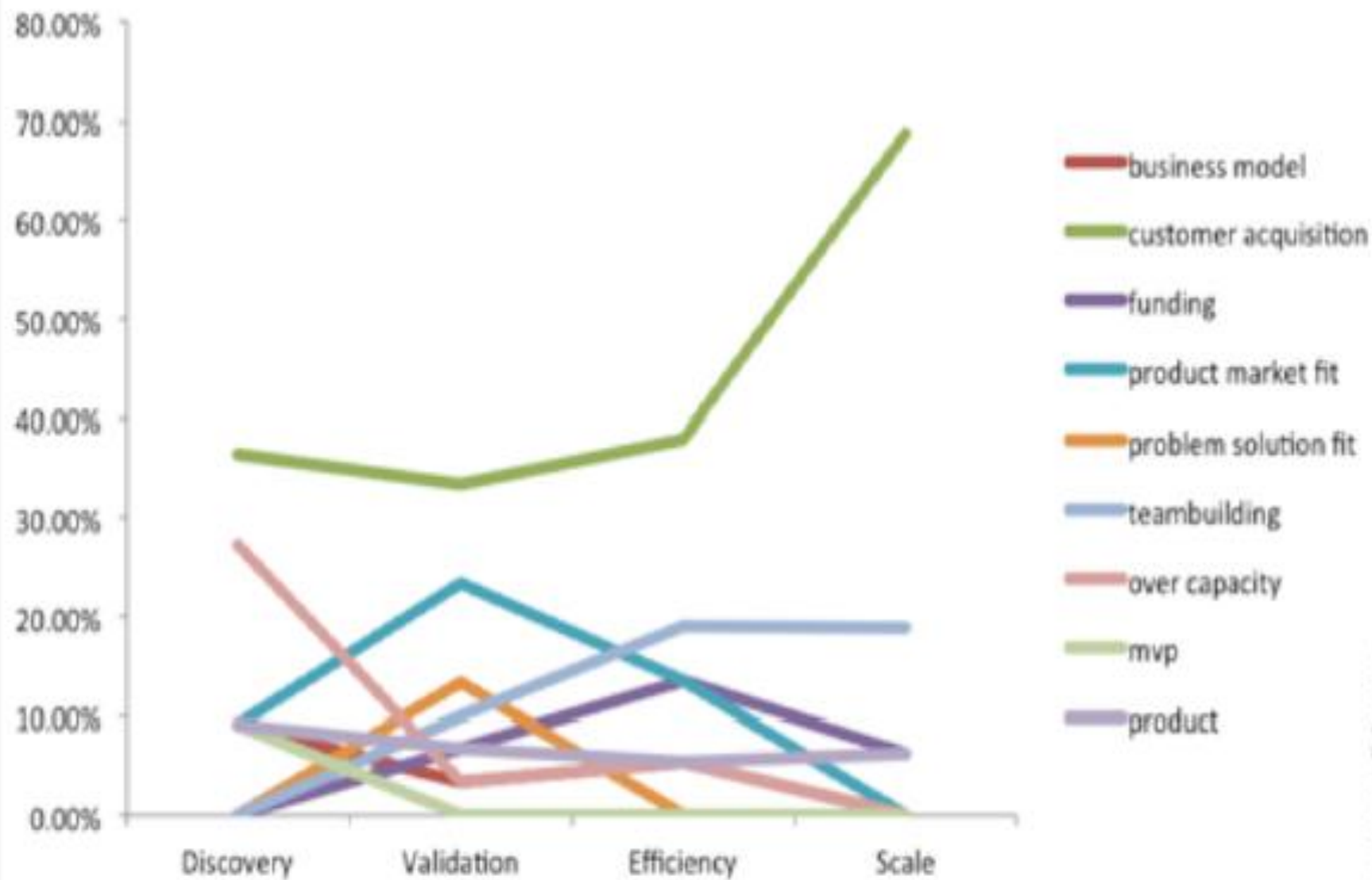
Customer development helps in 2 ways
1. If you're building the wrong thing, it helps you learn that sooner
2. Once you're building the correct thing, it helps you find customers before you launch
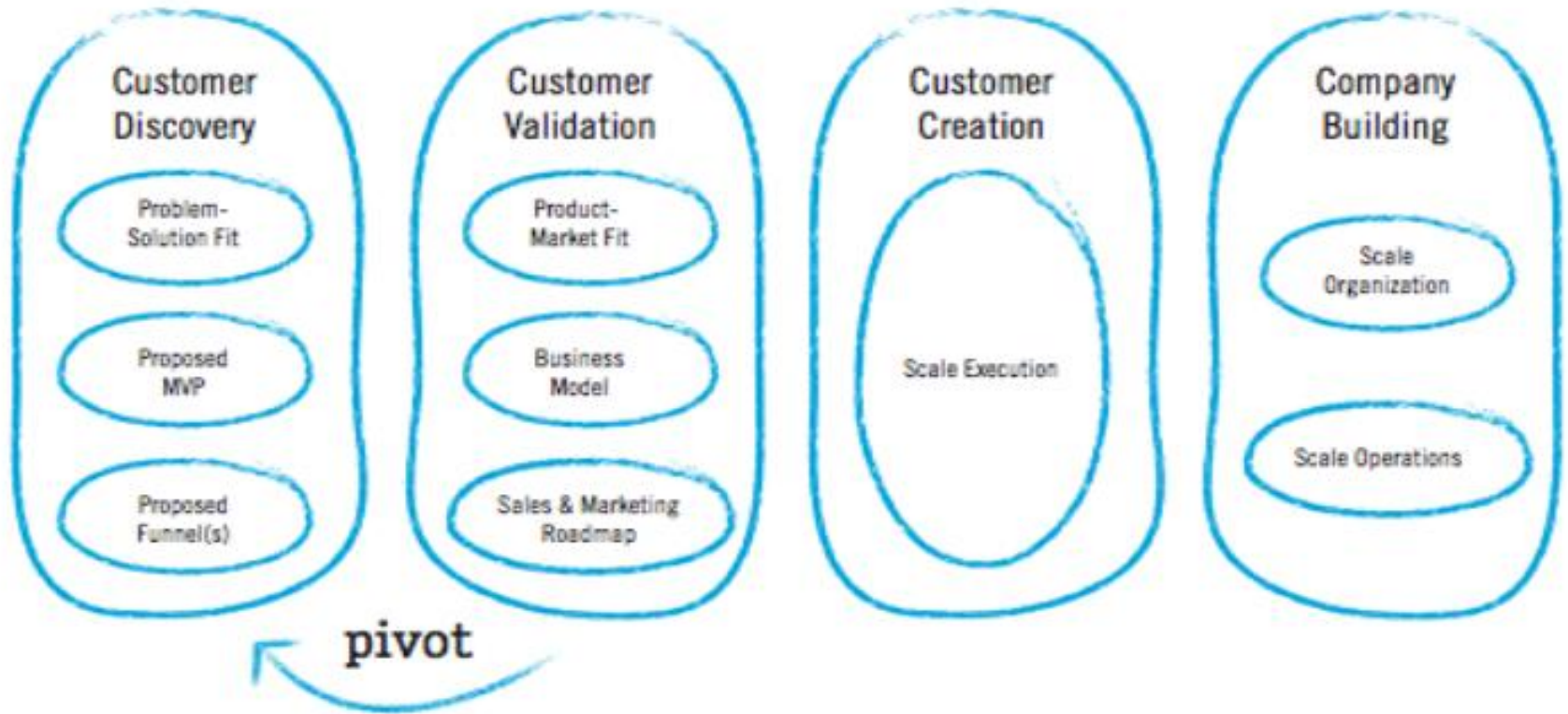
It's very simple

1. Talk to lots of customers
2. Deeply understand their needs
3. Write down what you learn

But it is not sales!

It's about learning

There are lots of possible ways to learn what your customers want

Customer Testing Model

Customer Discovery
- Problem-Solution Fit
- Proposed MVP
- Proposed Funnel(s)

Customer Validation
- Product-Market Fit
- Business Model
- Sales & Marketing Roadmap

Customer Creation
- Scale Execution

Company Building
- Scale Organization
- Scale Operations

pivot

Agile Development

Extreme Programming

- Customer Hypothesis
- Minimally Viable Products (MVPs)
- Small teams
- Iterative Customer Acceptance Cycles
- Small/Fast releases
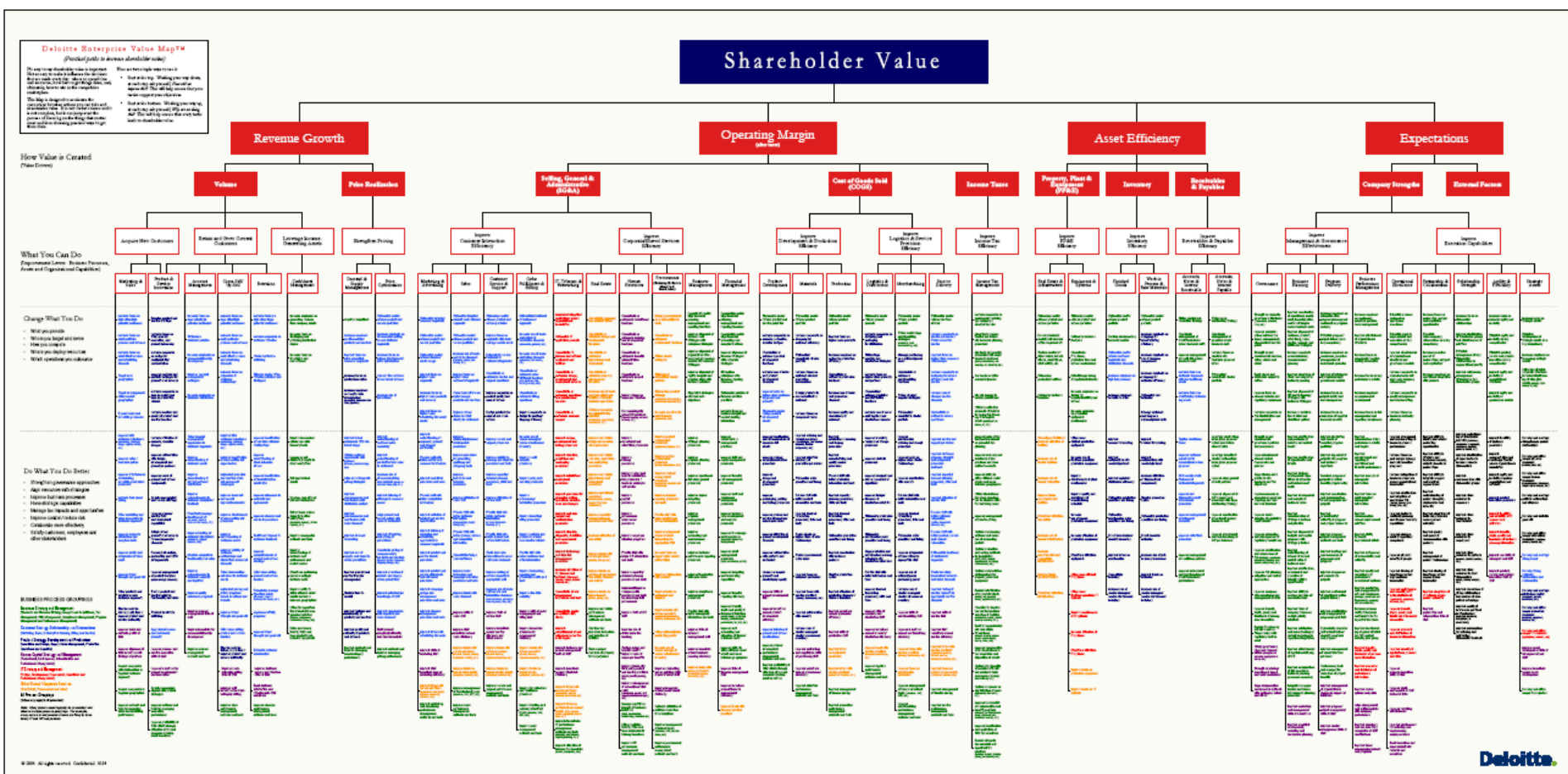- Integration into Customer Development
- SCRUM

NOW LETS PLAY A GAME!

Business Model Generation

This is what you want…

This is what you get if you aren't careful

This is your Frame

The Business Model Canvas

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

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

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

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?

Customer Segments

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

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

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 (leanest 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	Volume dependent	
Licensing		
Brokerage fees		
Advertising		

C TESTS LAYER

B HYPOTHESES LAYER

A BUSINESS MODEL LAYER

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Production				
	Key Resources		Channels	
	Faster production			

Cost Structure	Revenue Streams

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Production	**Faster production** (under Key Resources)			**Clothing labels & distributors**
	Key Resources		Channels	

Cost Structure	Revenue Streams

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Production		Faster to market		Clothing labels & distributors
	Key Resources		Channels	
	Faster production			

Cost Structure	Revenue Streams

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Production		Faster to market		Clothing labels & distributors
	Key Resources		Channels	
	Faster production			

Cost Structure	Revenue Streams
	Production fees

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
	Key Resources		Channels	

Cost Structure	Revenue Streams

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Production				
	Key Resources		Channels	
	Faster production			

Cost Structure	Revenue Streams

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Production	**Faster production**			**Designers** **Consumers** **Fan Base**

Key Resources		Channels

Cost Structure	Revenue Streams
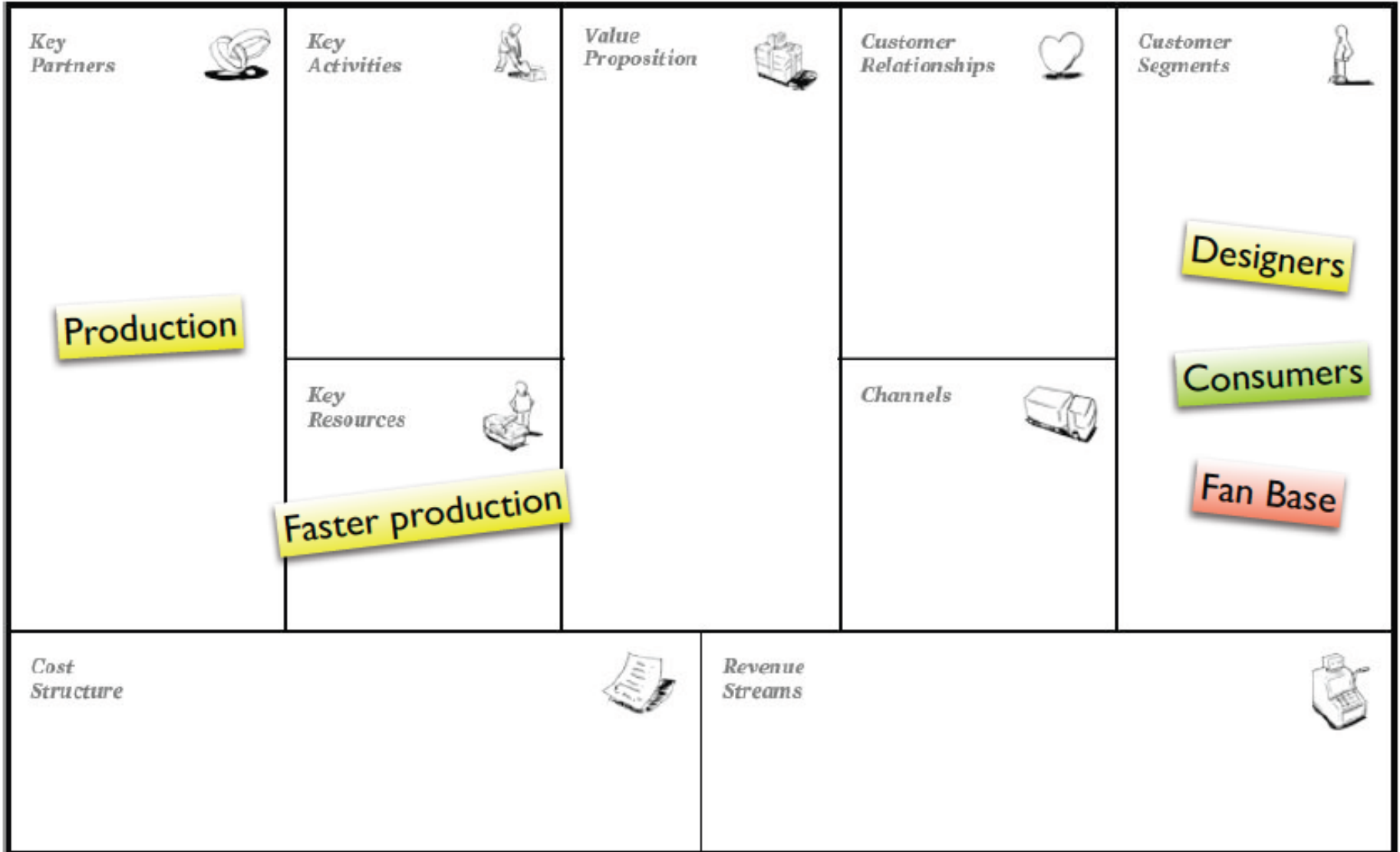
Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Production		You design - we do the rest.		Designers
	Key Resources	Pool of talent	Channels	Consumers
	Faster production			Fan Base

Cost Structure	Revenue Streams

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Production		You design - we do the rest.	Online tools	Designers
	Key Resources	Pool of talent	**Channels**	Consumers
	Faster production			Fan Base

Cost Structure	Revenue Streams

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Production		You design - we do the rest.	Personal support Online tools	Designers
	Key Resources Faster production	Pool of talent	Channels	Consumers Fan Base

Cost Structure	Revenue Streams

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Production		You design - we do the rest.	Personal support Online tools	Designers
	Key Resources	Pool of talent	Channels	Consumers
	Faster production		Facebook Facebook	Fan Base

Cost Structure	Revenue Streams
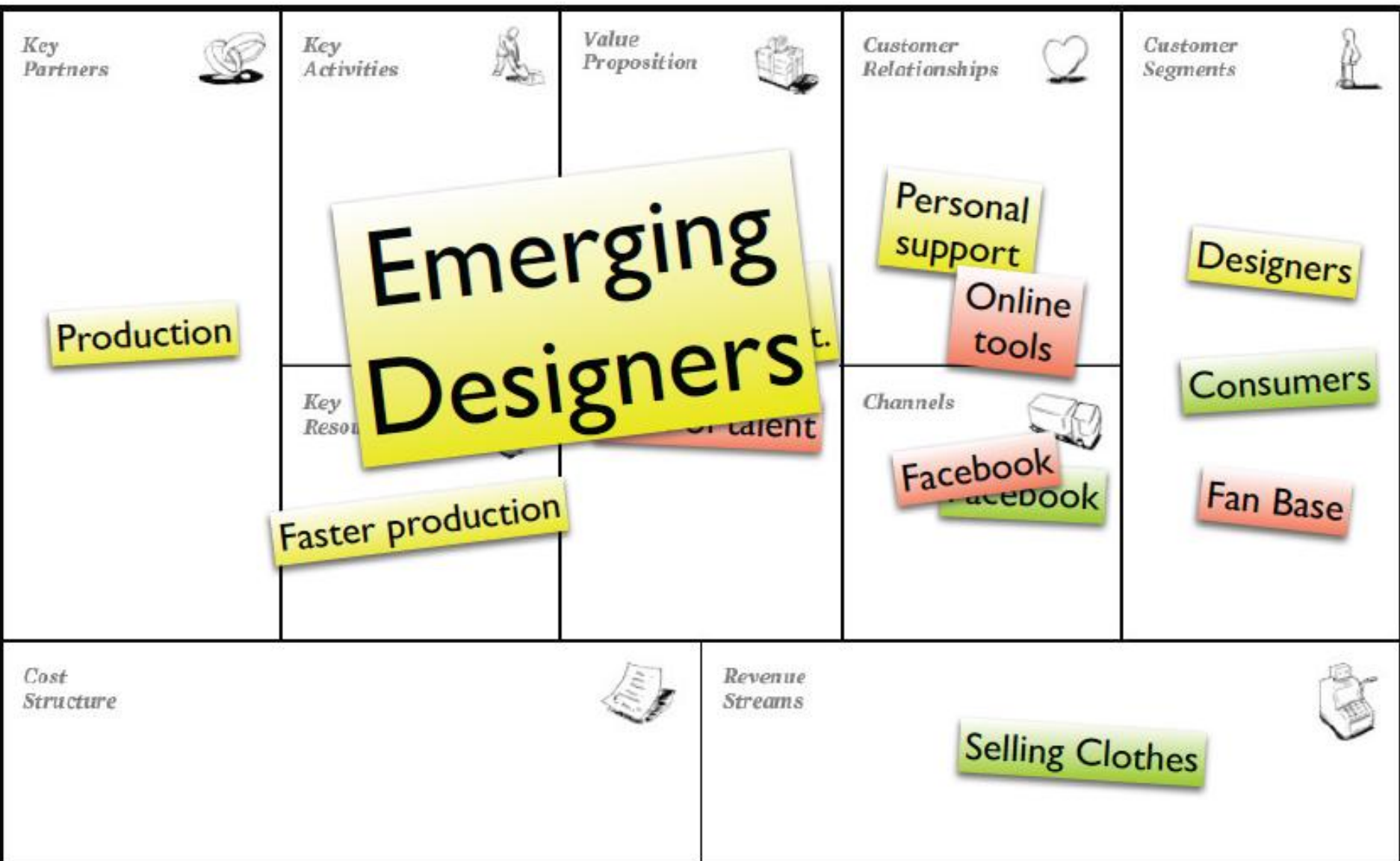
Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Production		You design - we do the rest.	Personal support	Designers
	Key Resources	Pool of talent	Online tools	Consumers
	Faster production		Channels	Fan Base
			Facebook	

Cost Structure	Revenue Streams
	Selling Clothes

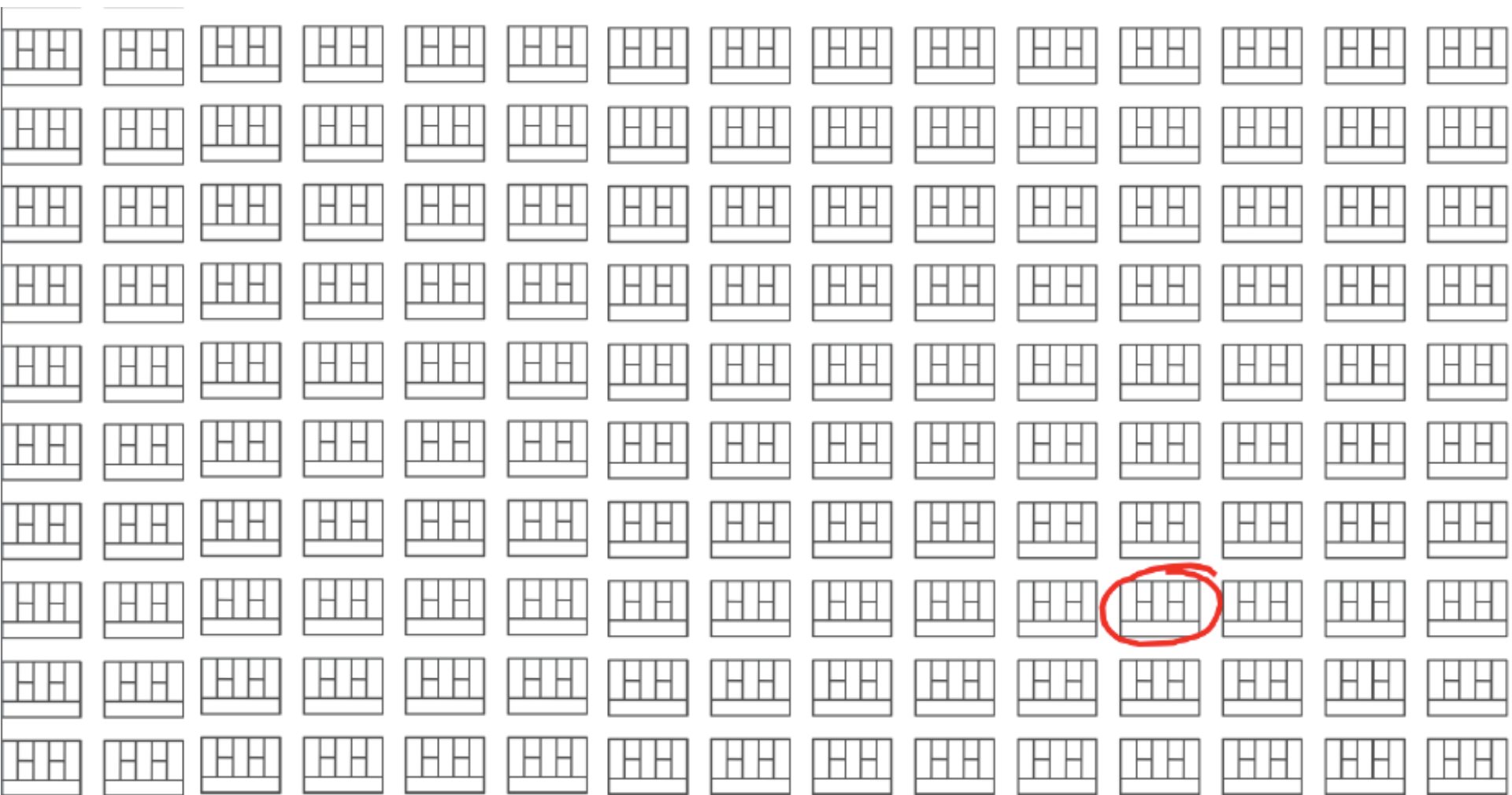| Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Production	Key Resou... / Faster production	Emerging Designers ...t. ...of talent	Personal support / Online tools	Designers / Consumers / Fan Base
			Channels: Facebook / Facebook	

Cost Structure	Revenue Streams
	Selling Clothes

Mass Custimisation

SaaS

Value-based Pricing

Franchise

Freemium

Unbundled

App sales

Event Supported

Multisided Market

Advertising Supported

Crowdsource

Licencing

Network

Platform

Bootstrapping & Creative Financing

The Affects of the Change

- The Business "Plan" is dead!
- Entrepreneurs have more opportunity, but lots more risk
- Social networks taking the place of informal networks
- Exuberance!
- Venture Capital is responding cautiously

New Financing Models

AngelList

Experimental Mindset & Design Thinking

A process not an event

Thank you!