Lean Startup Principles

Innovation for researchers

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About the speaker

Sebastian Adolphy teaches Entrepreneurship and Innovation Management at Humboldt-Universität zu Berlin.
As educational program manager at the startup incubator he enables students and researchers to develop their business ideas and guides their journey in starting companies.
Outline

• Recap: What is a business model?
• Lean Startup Principles
• From Business Model Canvas to Lean Canvas
• Outlook
• Q&A
What is a business model?
Business model - Basic elements & relations

- Company
  - Activities
  - Resources
  - Solution

- Market
  - Problem
  - Need
  - Customer segments

- Customer relationships
  - Revenue
  - Value
  - Goods & services
  - Channels

- Competitors
  - Resources
  - Solution
Need more info on basics of business models?

Watch our webinar on Business Development for Researchers!
Lean Startup Principles
Make it lean!
Lean Startup - Focus on uniqueness & speed

- **Company**: UVP
- **Solution**: MVP
- **Channels**: Revenue
- **Market**: Problem
- **Customer Segments**
- **Competitors**: Solutions
Lean Startup - Three big ideas

MVP → Test → Pivot

- MVP (Minimal Viable Product)
- Test
- Pivot
Build-Measure-Learn feedback-loop by E. Ries

Minimum viable product (p69)
Concierge: start with one customer (p100)
Simulate with people (p105)

Build
Turn ideas into products

Experiment to move numbers closer to plan (p114)
Go and see for yourself (p69)

Measure
See how customers respond
Split-test to find cause and effect (p136)

Learn
Pivot or persevere
Which activities create value?
Which are waste? (p182)

The Five Whys:
Find and fix root causes (p234)
Pivots (p172)

(c) 2012 Sacha Chua, LivingAnAwesomeLife.com
Scientific method by Francis Bacon (1620)
From Business Model Canvas to Lean Canvas
From Business Model Canvas to Lean Canvas

Image source: Business Model Generation by A. Osterwalder
Lean Canvas by Ash Maurya

1. Problem
   Top 3 problems

2. Customer Segments
   Target customers

3. Channels
   Path to customers

4. Solution
   Top 3 features

5. Unfair Advantage
   Can’t be easily copied or bought

6. Revenue Streams
   Revenue Model

7. Cost Structure
   Customer Acquisition Costs
   Distributing Costs
   Hosting
   People, etc.

8. Key Metrics
   Key activities you measure

9. Lifetime Value
   Revenue
   Gross Margin

Image source: Running Lean by A. Maurya
Lean Canvas by Ash Maurya

- **Problem**: List your customers' top 3 problems.
- **Solution**: Outline possible solution for each problem.
- **Unique Value Proposition**: Single, clear, compelling message that turns an unaware visitor into an interested prospect.
- **Unfair Advantage**: Something that can’t be easily copied or bought.
- **Customer Segments**: List your target customers and users.
- **Existing Alternatives**: List how these problems are solved today.
- **Key Metrics**: List key numbers telling how your business is doing today.
- **High-Level Concept**: List your X for Y analogy (e.g., YouTube = Flickr for videos).
- **Channels**: List your path to customers.
- **Early Adopters**: List characteristics of your ideal customer.
- **Cost Structure**: List your fixed and variable costs.
- **Revenue Streams**: List your sources of revenue.

Image source: Running Lean by A. Maurya
**Lean Canvas - Example**

**Google!**

<table>
<thead>
<tr>
<th>PROBLEM</th>
<th>SOLUTION</th>
<th>UNIQUE VALUE PROPOSITION</th>
<th>UNFAIR ADVANTAGE</th>
<th>CUSTOMER SEGMENTS</th>
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<td>- Irrelevant search results of existing search engines</td>
<td>Develop a technology that would allow users to search and find relevant content</td>
<td>- Users can truly find what they’re looking for (unlike with the competitors)</td>
<td>Innovation. Google PageRank technology (combined citation-ranking system)</td>
<td>All web users</td>
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<th>EXISTING ALTERNATIVES</th>
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<th>CHANNELS</th>
<th>EARLY ADOPTERS</th>
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<td>- Number of search requests</td>
<td>Fast web search based on the relevancy of web pages</td>
<td>- User references</td>
<td>Stanford students</td>
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<td>Yahoo</td>
<td>- Percentage of users who end their search on the first page</td>
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<td>Excite</td>
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<th>COST STRUCTURE</th>
<th>REVENUE STREAMS</th>
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<td>Hosting Development</td>
<td>- Investment</td>
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<td>Development</td>
<td>- Advertising revenue</td>
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**Year of foundation:** 1998  
**Venue:** Menlo Park, CA  
**Original name:** Googol  
**Founded by:** Larry Page and Sergey Brin  
**Total funding amount:** $36.1 million (last funding in 2000)  
**IPO:** raised $1.7 billion in 2004
Working with the Lean Canvas

Document your Plan A → Identify riskiest parts of your plan → Systematically test your plan

- Understand Problem
- Define Solution
- Validate Qualitatively
- Verify Quantitatively

Time

Image after: Running lean by A. Maurya
Outlook

No business idea yet?

Watch our webinar on Design Thinking!
References & further reading

**The Lean Startup**
by Eric Ries
- How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses

**Running Lean**
by Ash Maurya
- Iterate from Plan A to a Plan That Works

[Images of book covers]
Thank you.

Ask your questions on:

Researcher Academy Mendeley group
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