**9.2 Lean Start-up Approach**

**Reading material**

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| **Lean Start-up Approach**  Having a Vision for a business is important, but not enough. An entrepreneur or start-up founder needs to start the business (otherwise the business will remain only a dream and not become reality). |
| **If you fail to plan your business, you plan to fail.**  **Reflection/Research** What do you think …   * what should be considered when you plan a business? * how far ahead should you plan?   **Write**: Take notes in the **Text field** |
| **Animated Video Input (refer to Moodle)**: **The Lean Start-up Approach**  Watch the video and learn more about business plans and about the Lean Start-up Approach. |
| **What was said in the video?**  **t/f True or false?**   1. it is better to just start a business without a formal plan than to write a formal business plan.  * true * false |
| **What was said in the video?**  **MC** Which one of the following statements is correct?  - Traditional business plans rarely survive first contact with customers.   1. - It is quite realistic to forecast three- to five-year plans for a Start-up. 2. - Start-ups are just smaller versions of large companies. |
| **What was said in the video?**  MC: The **Lean business start-up principles** propagate a different approach, which is **iterative** and **incremental**. But what does “iterative” and “incremental” mean?  Iterative means that you offer new products with each cycle. Incremental, on the other hand, relates to the selling price of the product, which can be raised with each cycle.  Iterative means that you repeat a series of cyclical steps, improving your product with each cycle. Incremental, on the other hand, relates to an increase or addition.  Incremental means that you repeat a series of steps, improving your product with each cycle. Iterative, on the other hand, relates to an increase or addition. |
| **What was said in the video?**  t/f True or false?  A minimum viable product is a product with just enough features to attract a customer base to validate a product idea early in the development cycle of the product.   * true * false |
| **What was said in the video?**  **MC** Please choose the right option to finish the following sentence:  “In the start-up phase and during customer development, an entrepreneur searches for a business model that works. In doing so a start-up business …   * … creates customers’ needs by offering the most desirable product or service.” * … interprets customers’ needs by creating and offering a value proposition in the form of a “minimum viable” product or service.” * … satisfies customers’ needs completely by creating and offering a value proposition in the form of the perfect product or service.” |
| **What was said in the video?**  **MC** Please choose the right option to finish the following sentence:  If customer feedback reveals that the value proposition and the way it is packaged and presented is wrong, the start-up …  … usually goes bankrupt and ceases to exist.  ... either loses its customers or lowers the price for the product.  … either revises the value proposition, the way it is packaged or pivots to a new value proposition. |
| **What was said in the video?**  **MC** Which one of the following statements is correct?  start-ups summarize their untested hypotheses about their business …   * … in a framework called business model canvas. * … in a business plan. * … without any concrete plan or framework. |
| **Reflection How is MJ’s Chili Paste Business an example for a lean start-up approach?**  The stages of the lean start-up being: Build, Measure, Learn  **Write**: Take notes in the **Text field/on your notebook**. |
| **Answer/Summary**  The **Build-Phase** (of a minimum viable product):   * They started with the very small-scale production of chili paste in their kitchen. * They have a small customer base initially at the local market, then slowly expanding to new customer segments (women selling Kotas).   The **Measure-Phase**:   * After supplying the first customers with the chili paste prototype and that being well received, they expand to receive more customer feedback. * Making sure there is a large enough customer base, Jane and Michael get the feedback from the women who sell Kotas that the paste is received well and more paste is needed.   The **Learn-Phase**:   * After having received feedback, on the quality and taste of the paste and packaging itself, Michael and Jane can adapt specific aspects of the product and move forward with their business. |
| **That was it!**  **3/5**  Congratulations: You have completed the session on “**Lean Start-up approach**” |