

How to Test a Business Idea

an EPICentre presentation
Sydney Thompson



About me

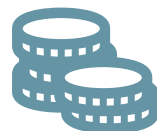
- Business graduate with a concentration in entrepreneurship
- EPICentre journey began in 2018
- Worked with well over 200 entrepreneurs, startups, and students
- So so much love for entrepreneurship
- Constantly learning and evolving
- Entrepreneurial dreamer



Benefits of being an entrepreneur



Freedom and
flexibility



Opportunity for
big earnings \$\$\$



Impact and
legacy



Control over
decision making

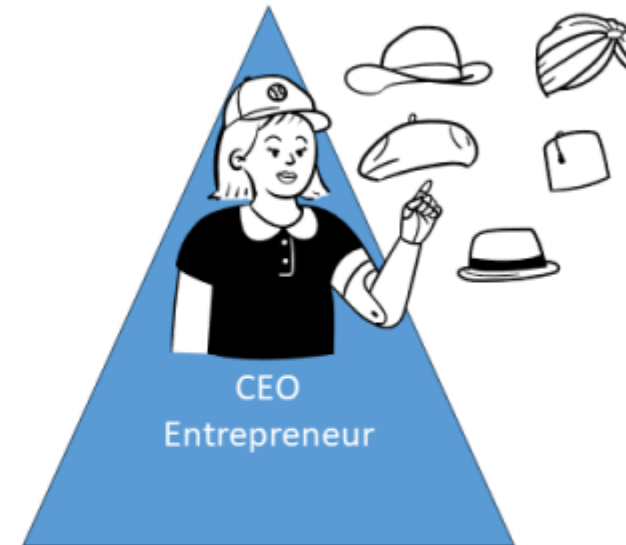


Fulfillment and
satisfaction

Functional areas of business



In larger organizations there may be a person responsible for each functional area of business with a structure as shown in this diagram.



In organizations, with only one person, the entrepreneur/owner fulfills many functions (wearing many hats) as shown in this diagram.

When you start a new business...

- There are so many unknowns
- A lot of questions you need to ask yourself
 - Is it worth your time?
 - Is it worth it financially?
 - What are my skills & talents? Should I find co-founders?
 - Will the business be successful?

Transition slide

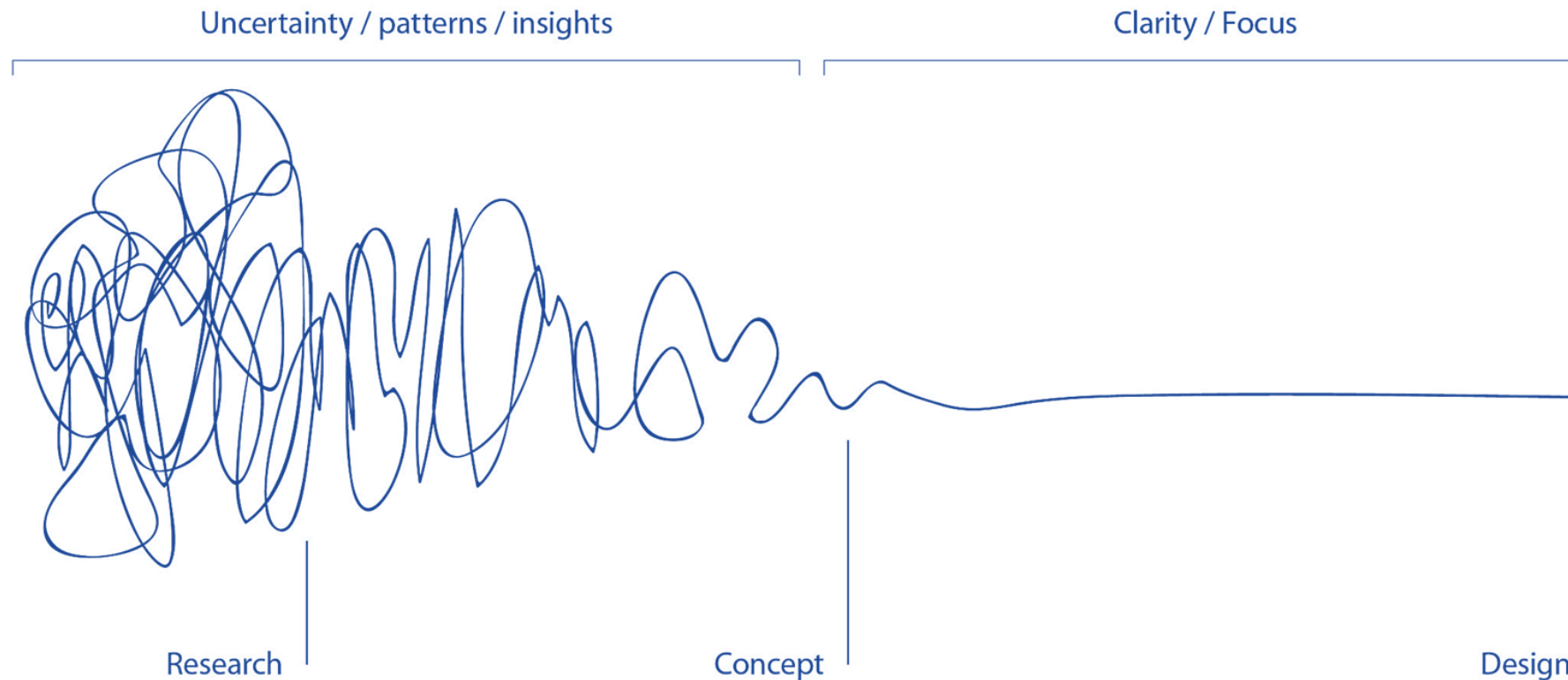
Important questions

- Do other people value your business?
- How much do they value it? How much are they willing to invest?

Therefore, you need to validate:

- The problem, need, or want of your customer
- If your proposed solution gives enough value, customers will pay for it

The Design Squiggle



The story of Swiffer

In 1994, a Director
at Proctor &
Gamble launched
Swiffer





31 responses submitted

How long did it take to invent the Swiffer?

Scan the QR or use link
to join



[https://forms.office.com/r/y
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z1Ey8StYk)

Copy link



Treemap

Bar



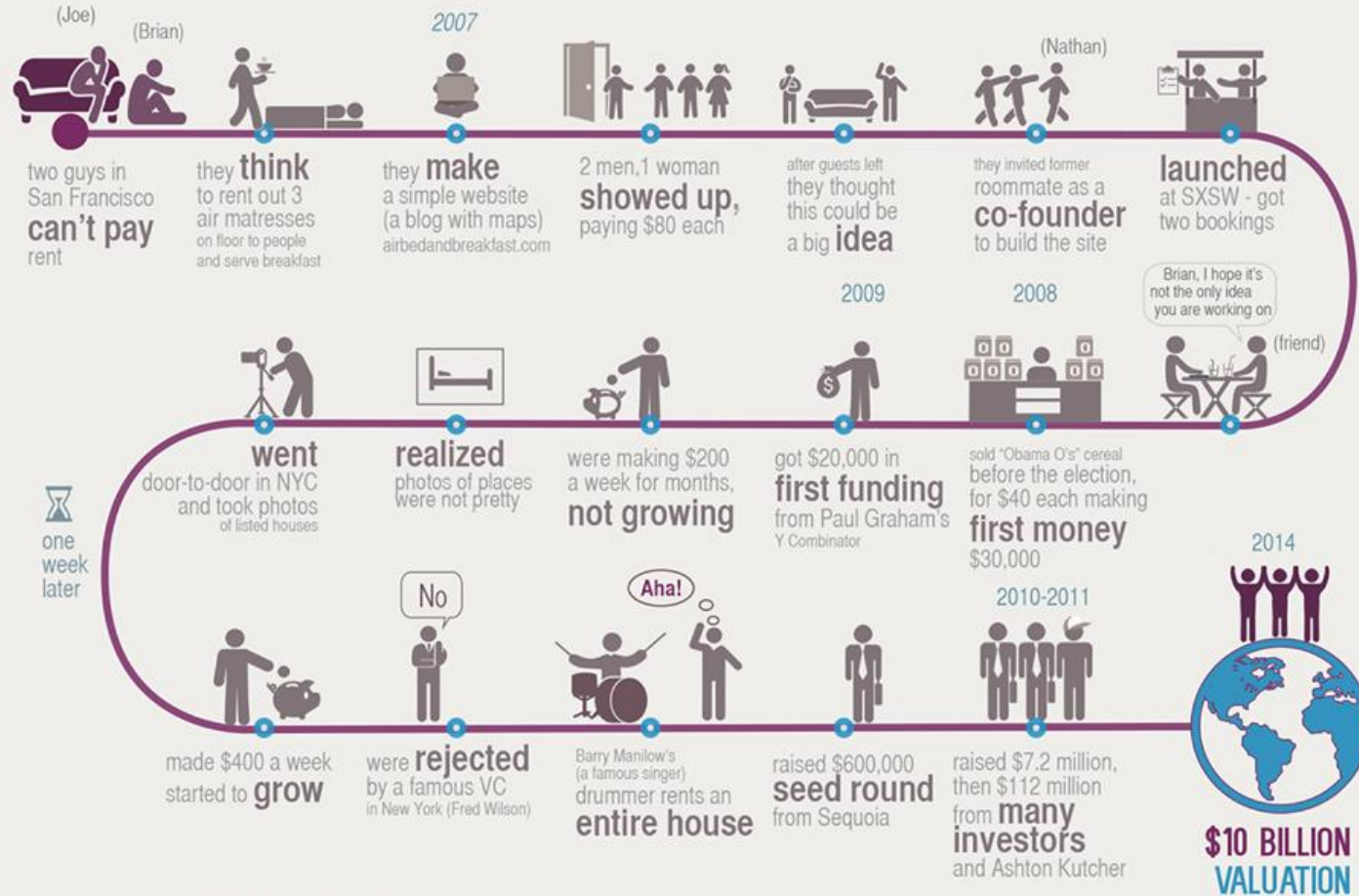
1 of 1



HOW AIRBNB STARTED

BY ANNA VITAL

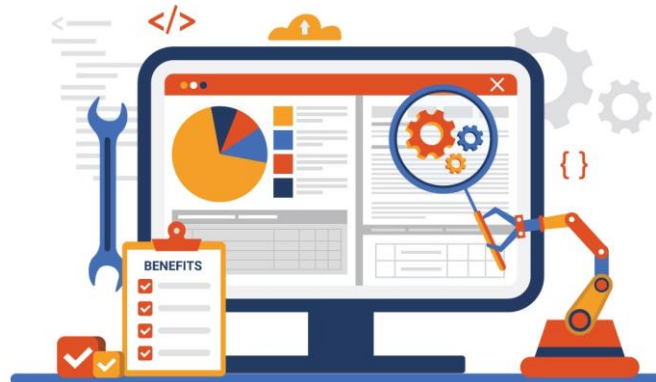
Or How 3 Guys Went From Renting Air Mattresses To A 10 Billion Dollar Company



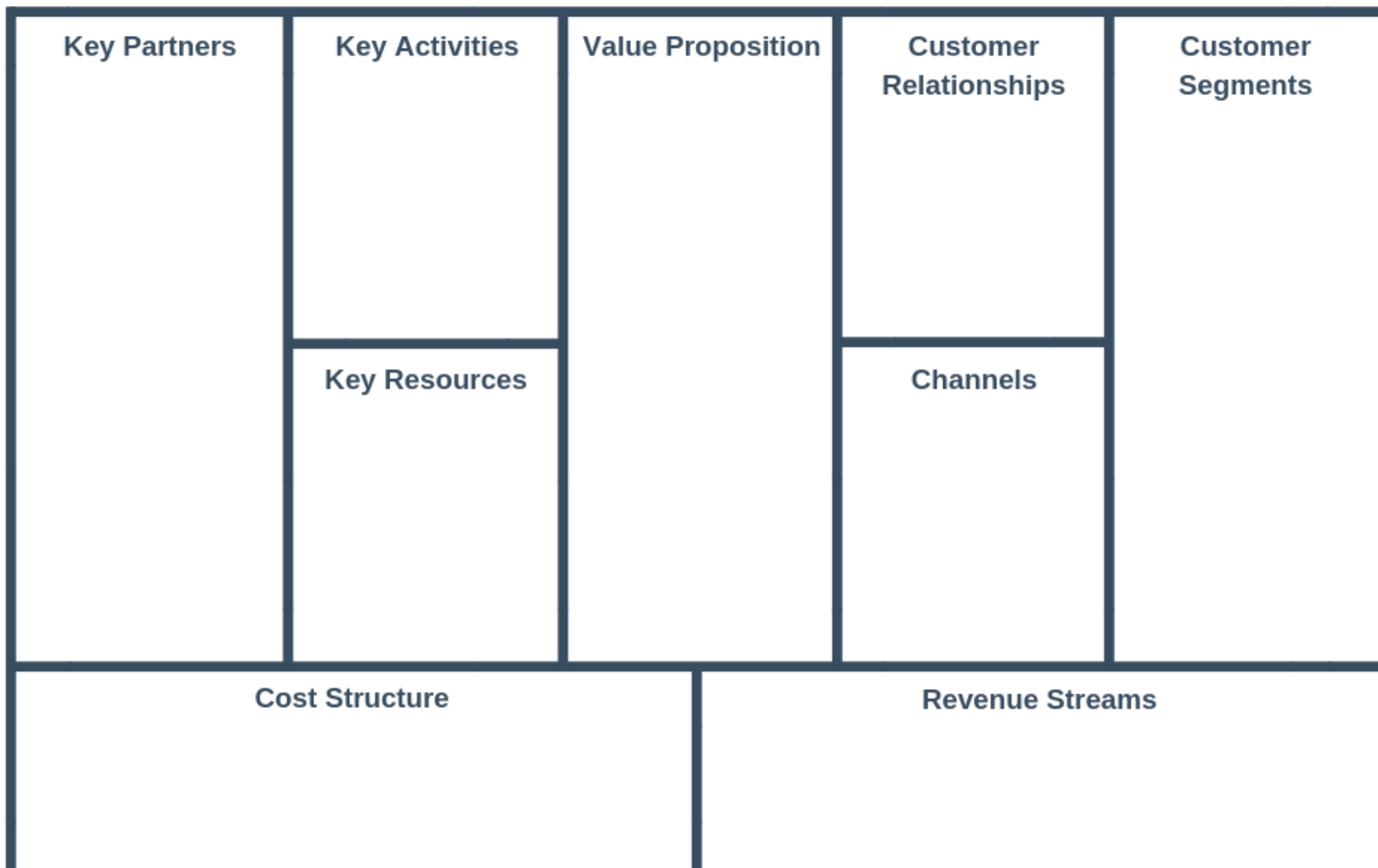
F01 Funders and Founders

based on reports in *Telegraph*, *WSJ*, and *The Atlantic*

“Unless you have tested the assumptions in your business model first, outside the building, your business plan is just creative writing.”
- Steve Blank



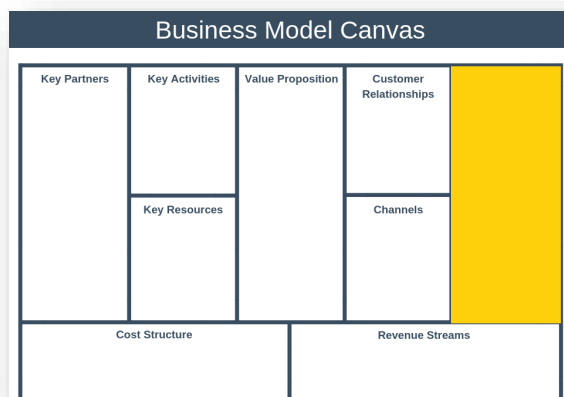
Business Model Canvas



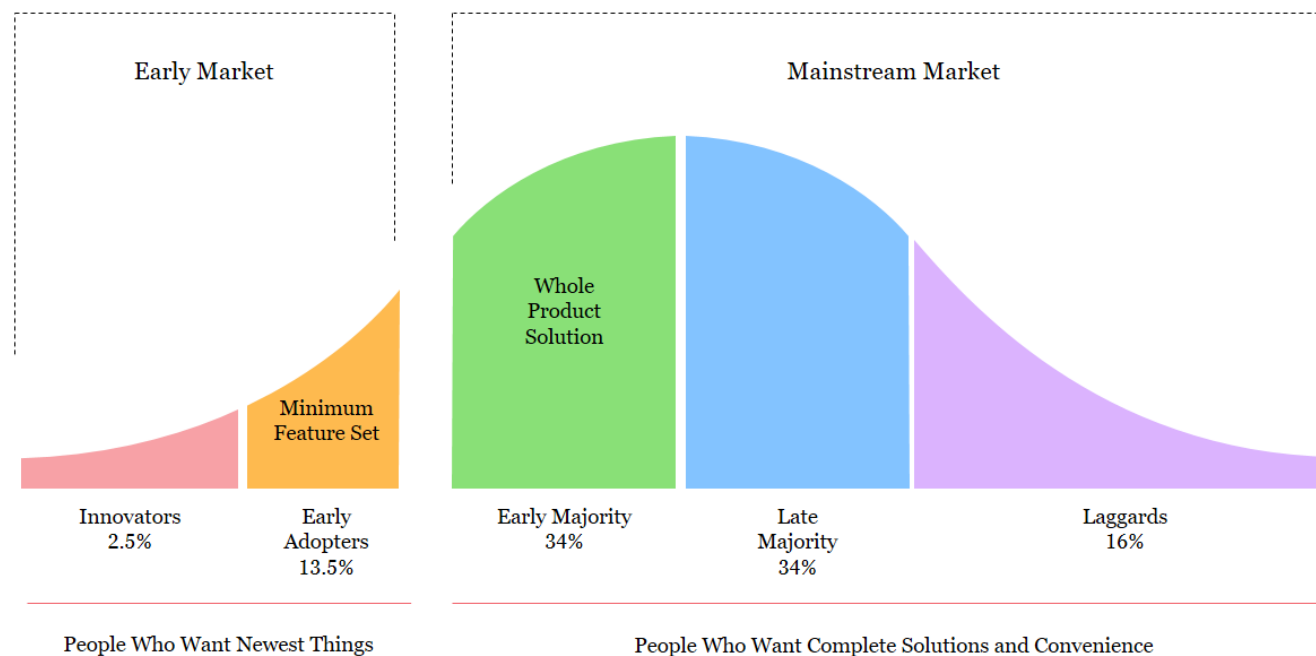


Business Model Canvas

1. Customer Segments
2. Value Propositions
3. Channels
4. Customer Relationships
5. Revenue Streams

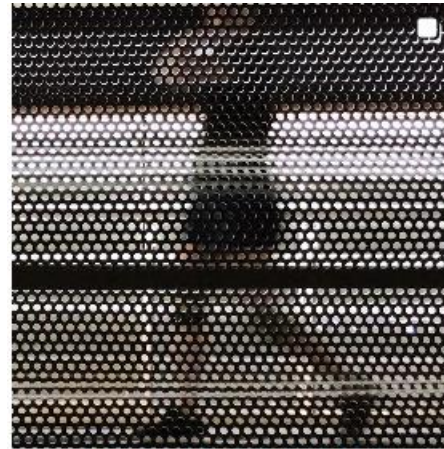


Crossing The Chasm



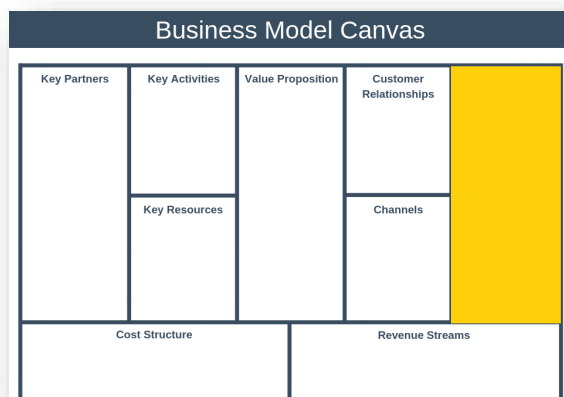
Benefits of Segmenting

- **Targeting** the right market and create effective **marketing** strategies
- Knowing the important **features** and **benefits** of your customers
- **Competitive** advantage



Business Model Canvas

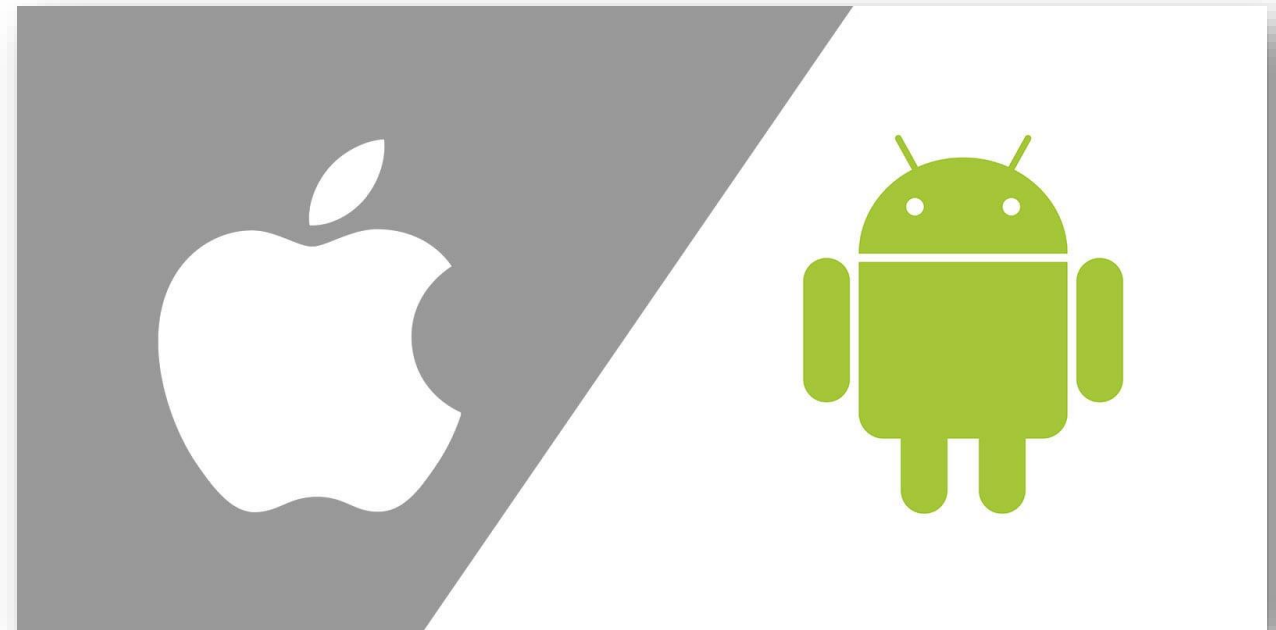
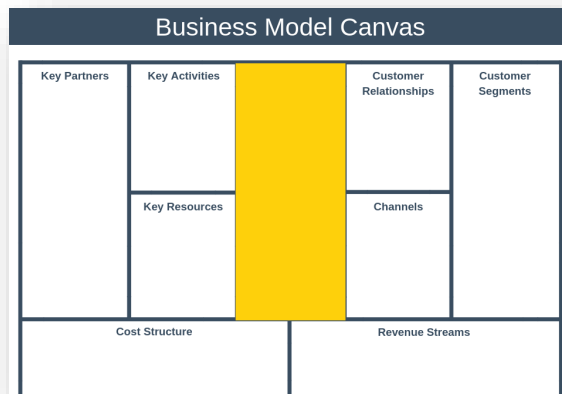
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Geographic	Demographic	Psychographic	Behavioural
Grouping customers based on defined geographical boundaries	Grouping customers based on customer personal attributes	Grouping customers according to lifestyles	Grouping customers based on actual customer behaviour
Region	Age, Gender	Lifestyle	Brand loyalty
Country	Nationality, Ethnicity	Personality	Benefits sought
Population	Occupation, Income	Values	User status
Climate	Social Class, Family Size	Attitudes	Usage rates
	Religion, Education	Opinions	Readiness to buy

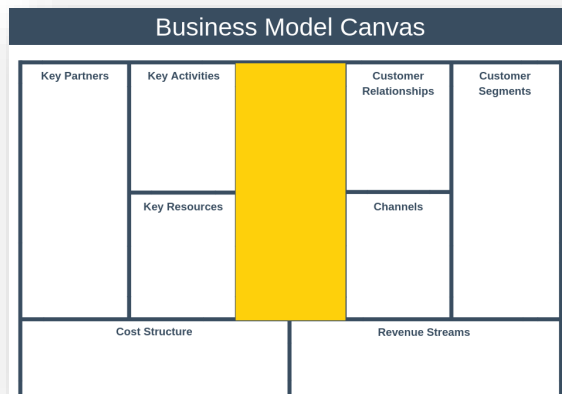
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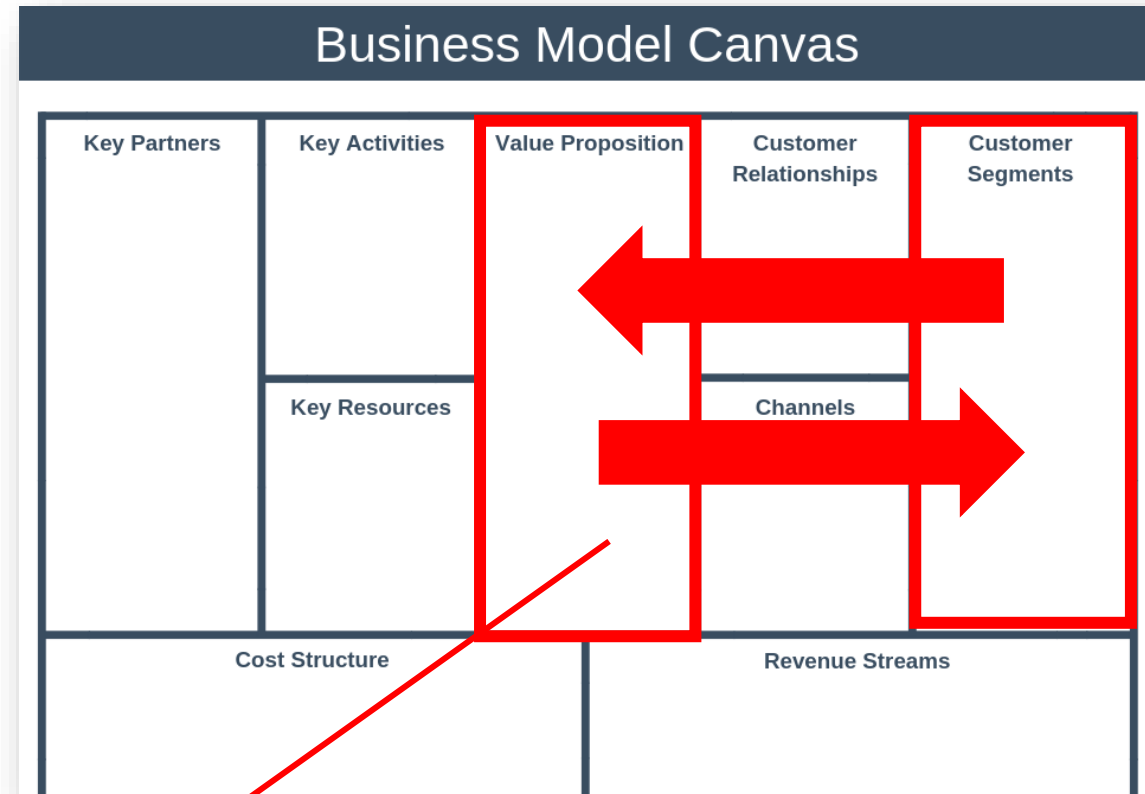
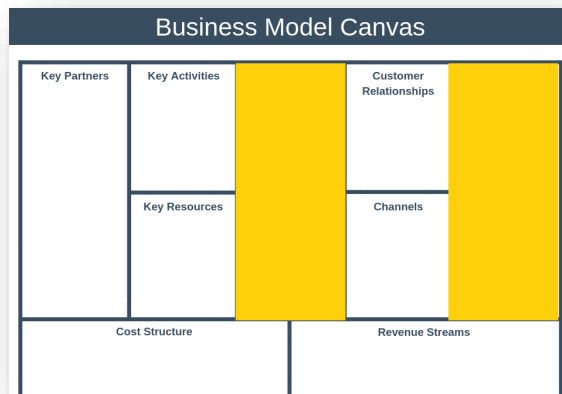


Example of elements customer might value:

- Newness, performance, customization
- Design, brand/ status, price, cost reduction
- Risk deduction, accessibility
- Convenience/ usability

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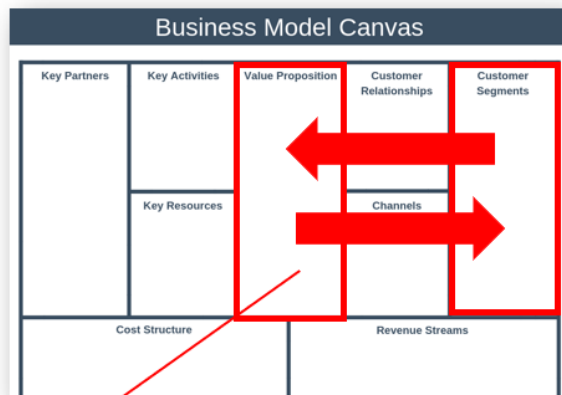


Customer Discovery Process

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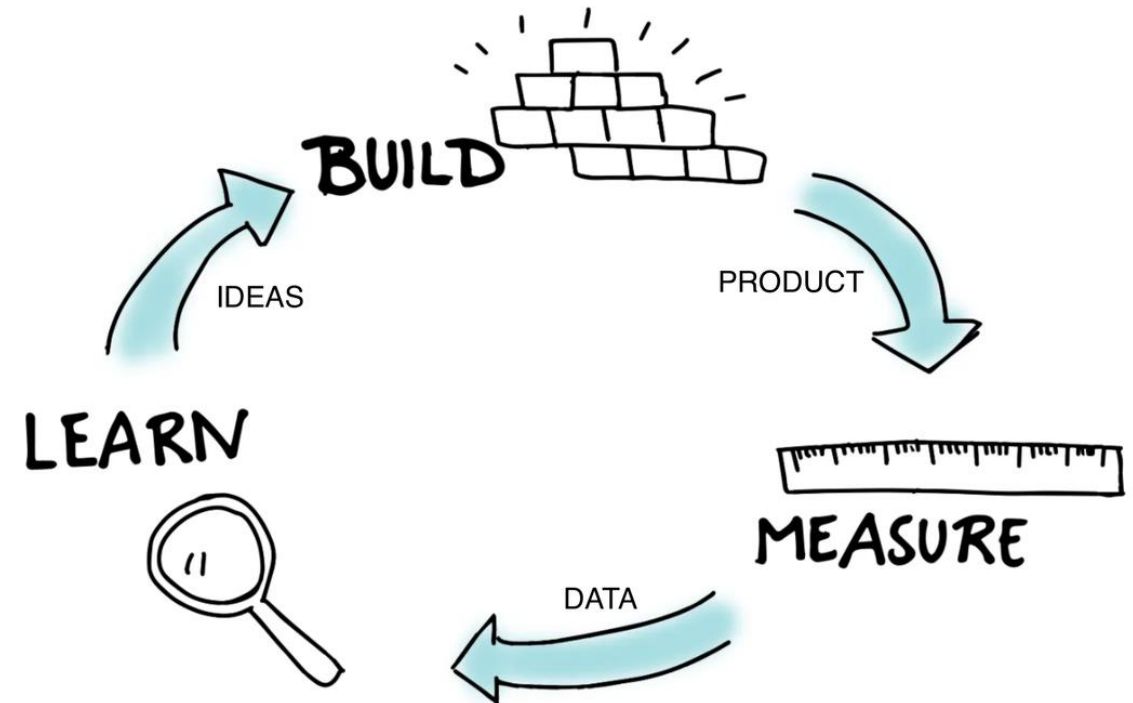
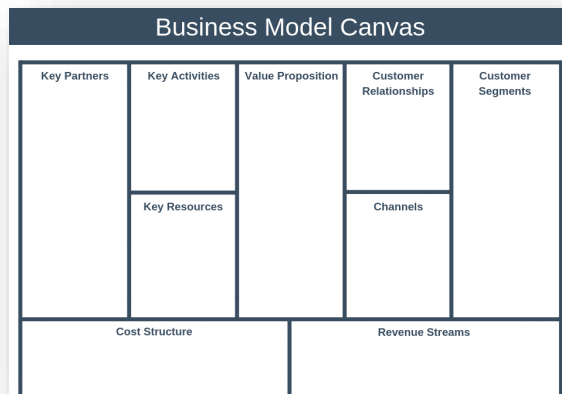
- Your job to go out and talk to people!
- Can be done via interviews, surveys, focus groups, etc.
- Get insights and feedback
- Start validating!!!



Customer Discovery Process

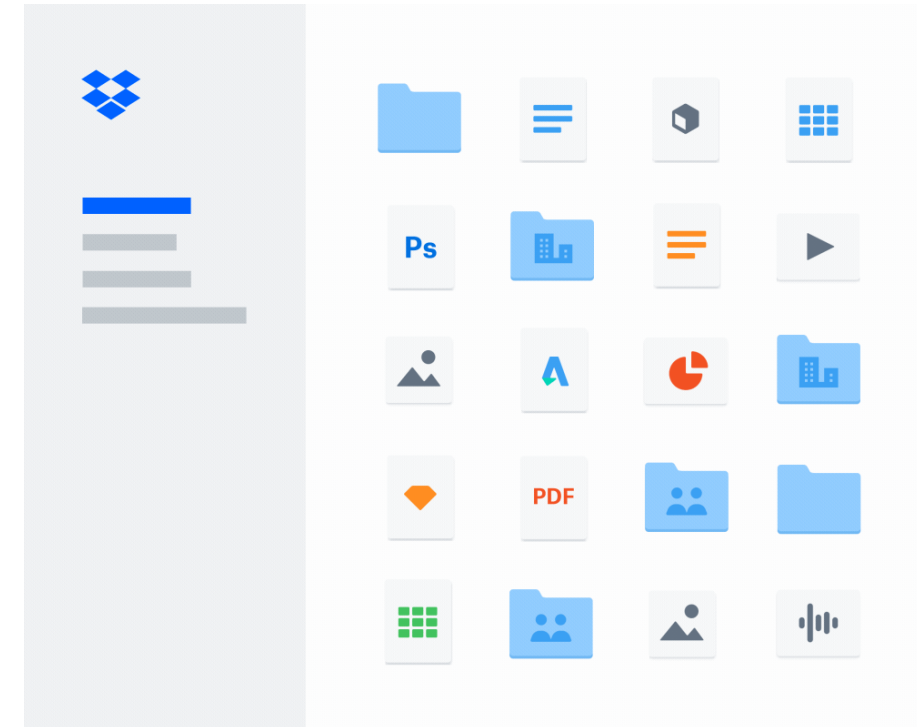
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The Story of Dropbox

- Initial MVP was **3-minute video**
- 5,000 to 75,000 in one day
- In 15 months, Dropbox went from 100,000 users to over 4,000,000



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Business Model Canvas				
Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
	Key Resources			
Cost Structure		Revenue Streams		



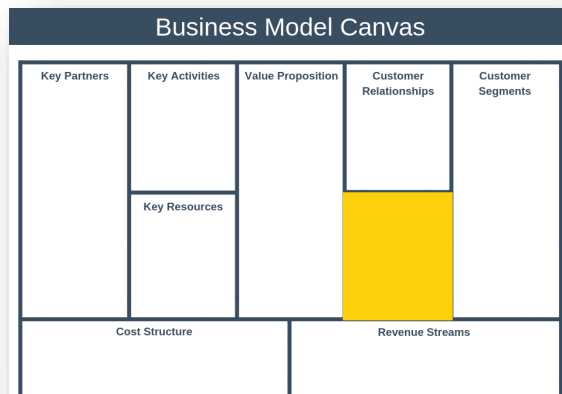
Marketing Strategies



- Content marketing
- Search engine optimization
- Social media marketing
- Email marketing
- Pay-per-click advertising
- Influencer marketing
- Events and experiential marketing
- Print advertisement
- Television

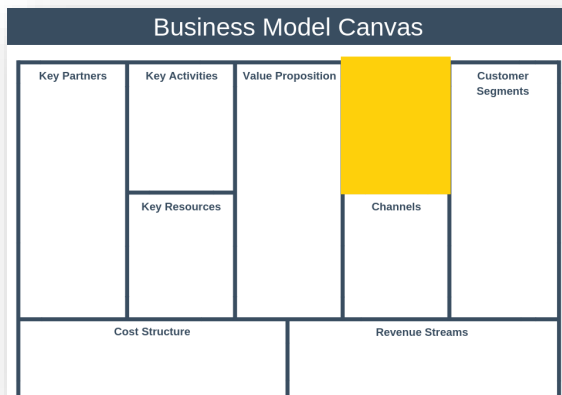
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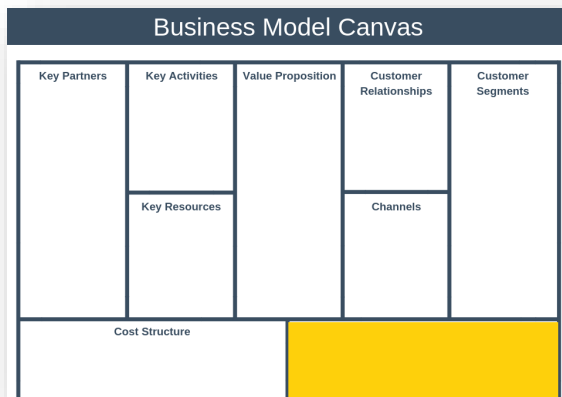


Examples include:

- Customer service and support
 - Loyalty programs
 - Personalized communication
 - Community engagement
 - Exclusive access
-
- What type of **Relationship** does each of our customer segments expect us to establish and maintain with them?
 - How costly are they?

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- What are our customers willing to pay?
- How much (monetarily) do they value it?
- How to generate revenue:
 - Product or service sale
 - Subscription models
 - Licensing
 - Freemium models
 - Transaction fee
 - Data sales

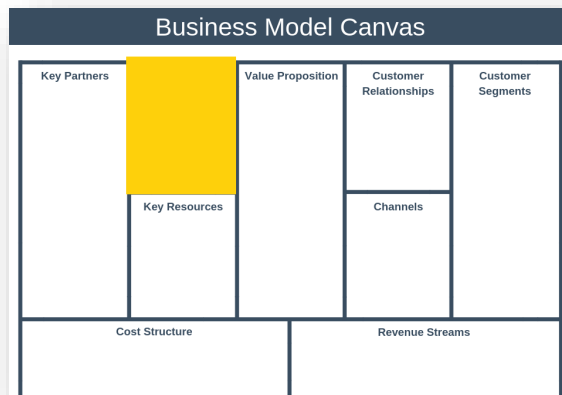
Business Model Canvas

6. Key Activities

7. Key Resources

8. Key Partnerships

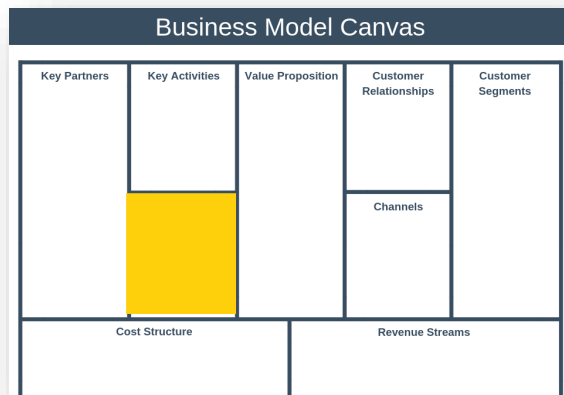
9. Cost Structure



- Product development
- Production or manufacturing
- Supply chain management
- Marketing and sales
- R&D
- Human resource management
- Quality assurance and control
- Strategic planning and management
- Corporate social responsibility

Business Model Canvas

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Resources can be categorized:

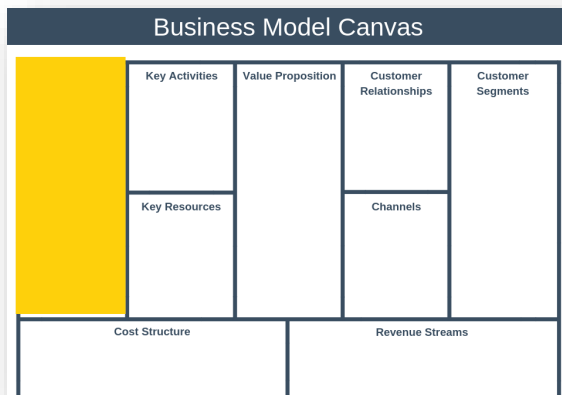
- Physical
- Financial
- Intellectual property
- Human resources

Other examples:

- Networks and partnerships
- Physical location
- Regulatory and legal compliance

Business Model Canvas

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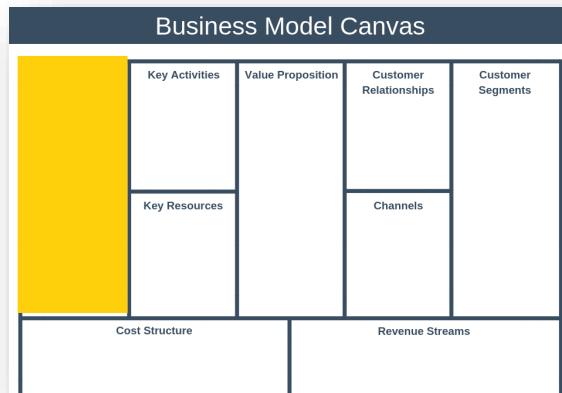


Motives for creating partnerships:

- Access to new markets
- Complementary resources
- Cost sharing and risk reduction
- Innovation and R&D
- Speed to market
- Brand enhancement

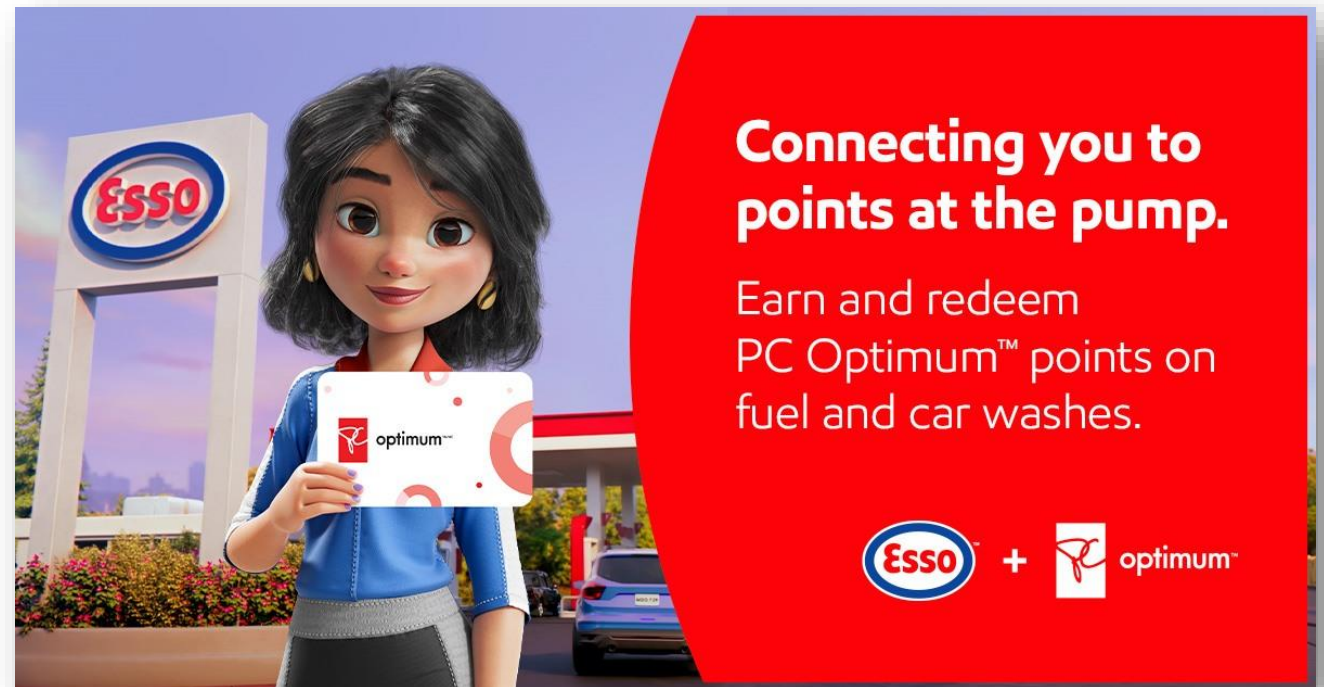
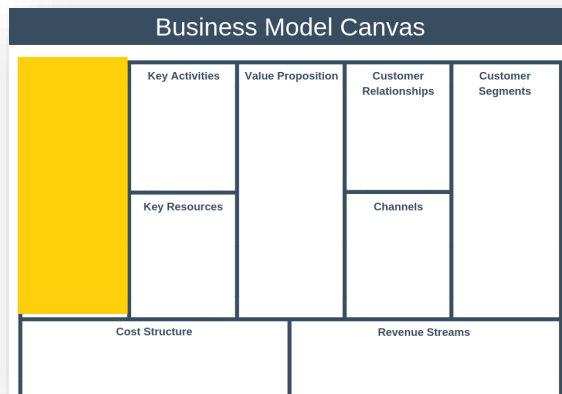
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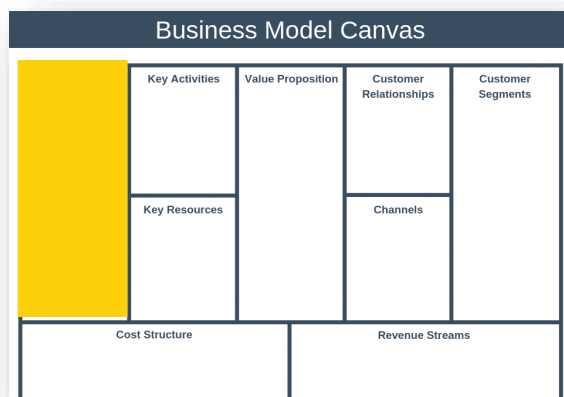
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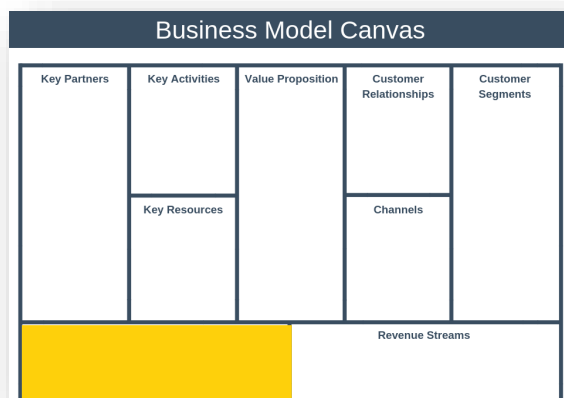
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Business Model Canvas

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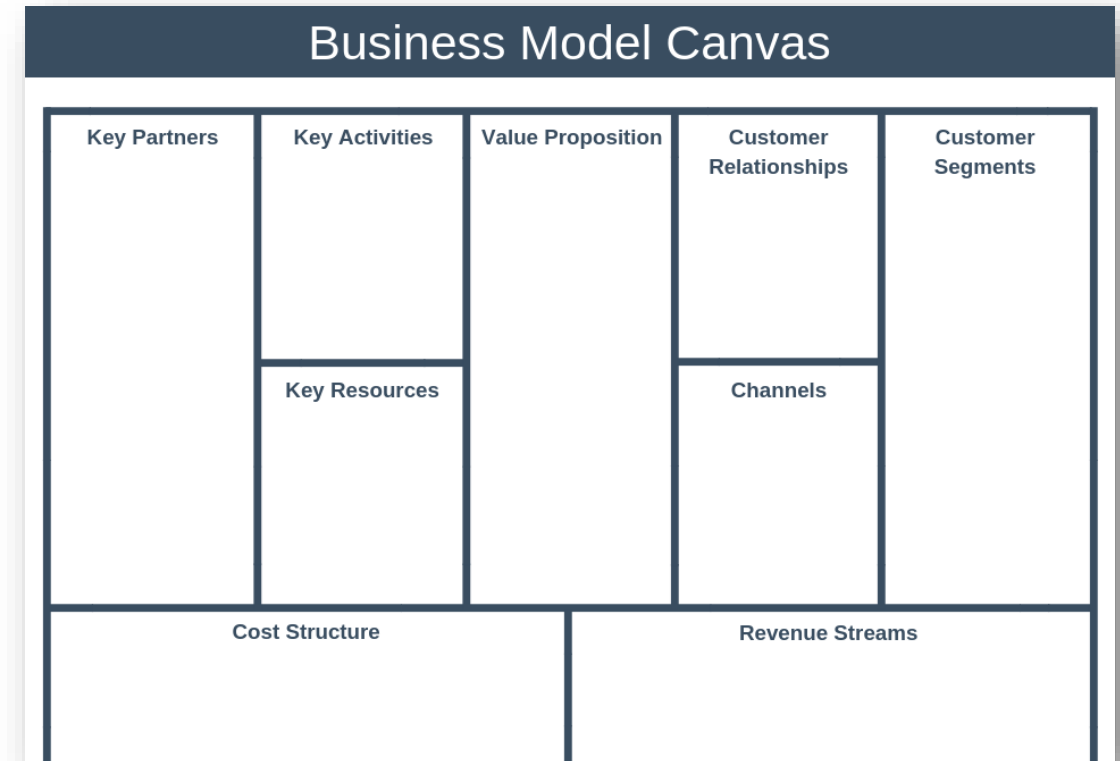


- Which key resources are most expensive?
- Which key activities are most expensive?



How to Test Your Assumptions

1. Define what you want to test
2. Design the “experiment”
3. Do the experiment and collect the data
4. Discover the insights learned
5. Decide on validation, pivot or preserve



RBC Founders Program (Summer)

Aimed to support early-stage businesses and aspiring entrepreneurs looking to build a viable business.

Program highlights

- 12-week program, full-time
- \$6,000 in funding
- Chance to win additional \$4,500
- May to August
- Applications open in April





University
of Windsor

EPICentre
Entrepreneurship + Practice + Innovation

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