

# Business Modeling and Customer Development

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**CEO Zerynth**

# What you will learn today

- **Thinking** as the customer, **acting** for the customer
- **Designing** your business model through iterations and testing



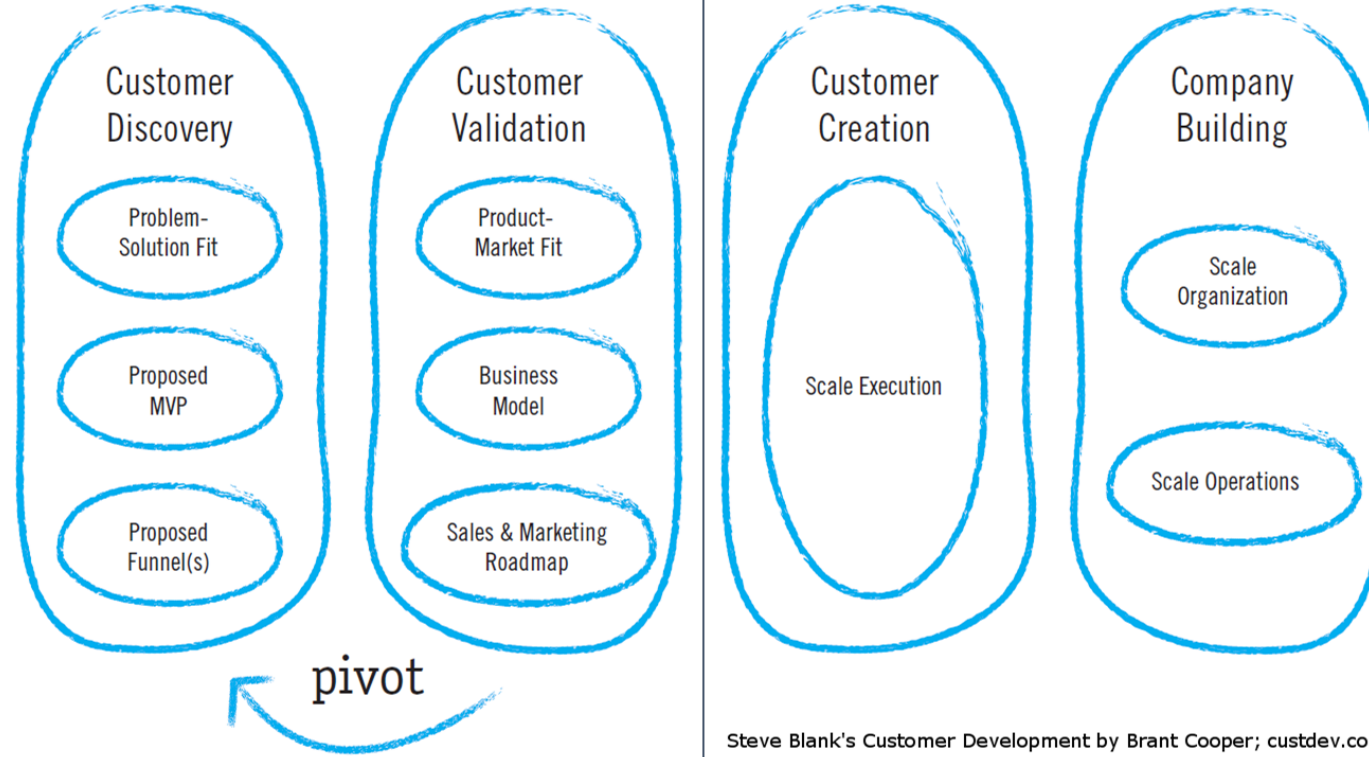
# Introduction

# Steve Blanks' Lean Startup Manifesto

A **Startup** Is a Temporary Organization Designed to Search for a **Repeatable** and **Scalable Business Model**

1. **There Are No Facts Inside Your Building, So Get Outside**
2. Pair Customer Development with Agile Development
3. **Failure is an Integral Part of the Search for the Business Model**
4. If You're Afraid to Fail You're Destined to Do So
5. **Iterations and Pivots are Driven by Insight**
6. **Validate Your Hypotheses with Experiments**
7. Success Begins with Buy-In from Investors and Co-Founders
8. **No Business Plan Survives First Contact with Customers**
9. Not All Startups Are Alike
10. Startup Metrics are Different from Existing Companies
11. Agree on Market Type – It Changes Everything
12. Fast, Fearless Decision-Making, Cycle Time, Speed and Tempo
13. If it's not About Passion, You're Dead the Day You Opened your Doors
14. Startup Titles and Functions Are Very Different from a Company's
15. Preserve Cash While Searching. After It's Found, Spend
16. Communicate and Share Learning
17. Startups Demand Comfort with Chaos and Uncertainty

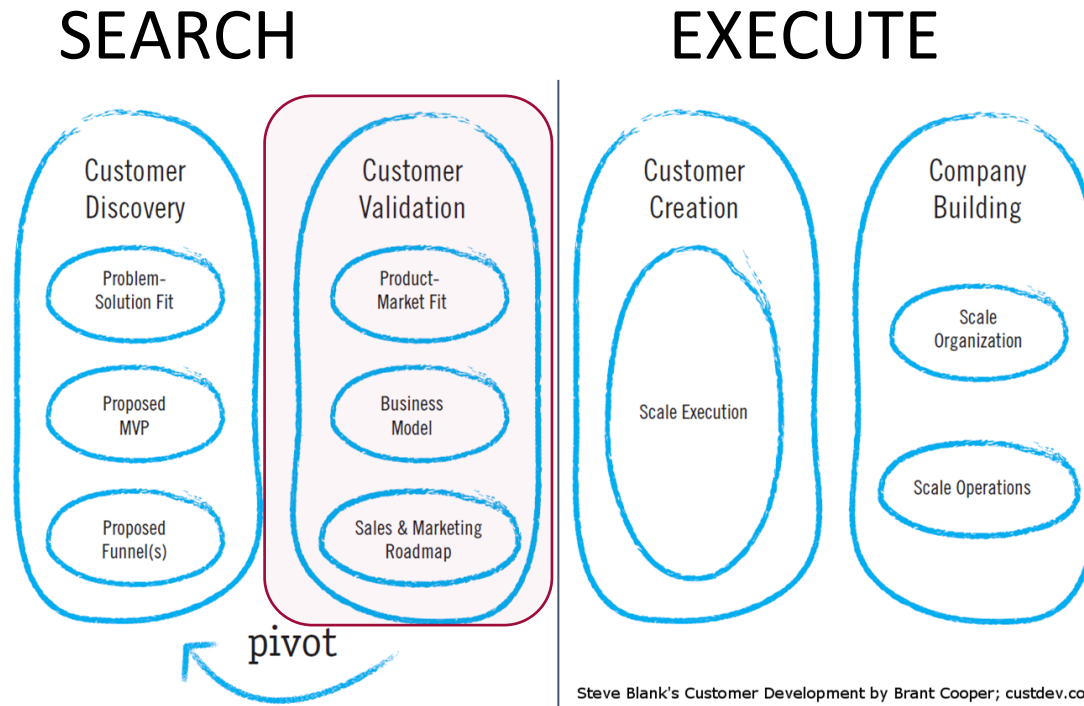
# Customer Development Process



**Focus:** Validated Learning  
**Experiments:** Pivots  
**Terrain:** Qualitative

**Focus:** Growth  
**Experiments:** Optimizations  
**Terrain:** Quantitative

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# Minimum Viable Product

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## LEARN

Maximize information and learning about customers as soon as possible

## ELIMINATE RISK

Avoid developing products that customers do not



# Minimum Viable Product

The minimum amount of functions needed to provide speedy feedback to determine the viability of a product (Rob Kelly)

## Minimum

There is usually just one or two core problems that excellent products are trying to solve.

- iPod: store a bunch of your music and play it on the go;
- Facebook: find friends and share information with them;
- eBay: sell used stuff or buy used stuff;
- Google: find information on the Web.

## Viable

- Will people use it?
- Will someone pay for it?

## Product

- A commercial product
- A service
- An entire business
- Any organism that generates value



Source: Rob Kelly <http://robdkelly.com/blog/entrepreneurship/minimum-viable-product-mvp/>

# Minimum Viable Product

HOW **NOT TO BUILD** A MINIMUM VIABLE PRODUCT



1



2



3



4

ALSO HOW **NOT TO BUILD** A MINIMUM VIABLE PRODUCT



1



2



3



4

HOW **TO BUILD** A MINIMUM VIABLE PRODUCT



1



2



3



4

FRED VOORHORST

WWW.EXPRESSIVEPRODUCTDESIGN.COM

# MVP Case Study - AirBnB

Aspiring entrepreneurs Brian Chesky and Joe Gebbia created **a simple website to advertise their loft** as a cheaper accommodation for people going to San Francisco.

## Results

- 3 paying customers going to San Francisco for a conference
- People willing to pay to stay in someone else's home rather than a hotel
- The idea would be interesting for different kinds of people regardless the age
- 80 millions nights booked in 2015



# MVP Case Study – Google Glass

In 2012 Google announced development of Google Glass opening the field to smart eyewear



# MVP Case Study – Google Glass

## Google Glass is back with hardware focused on the enterprise

Darrell Etherington @etherington / Jul 18, 2017

 Comment



# The Lean Canvas and how to test it

# Lean Canvas

Based on the first customers – focus on early stage

Begins with the customer and the problem

**Is built up of hypotheses: "I think that ...."**

The hypotheses need to be tested and "proved" – validated (market, channel and pricing)

New hypotheses and insights lead to new business models

Prioritize - which are the most critical ones to your business?

<b>PROBLEM</b> List your top 1–3 problems  <b>2</b>	<b>SOLUTION</b> Outline a possible solution for each problem  <b>4</b>	<b>UNIQUE VALUE PROPOSITION</b> Single, clear, compelling message that turns an unaware visitor into an interested prospect  <b>3</b>	<b>UNFAIR ADVANTAGE</b> Something that can't be easily copied or bought  <b>9</b>	<b>CUSTOMER SEGMENTS</b> List your target customers and users  <b>1</b>
<b>EXISTING ALTERNATIVES</b> List how these problems are solved today	<b>KEY METRICS</b> List the key numbers that tell you how your business is doing  <b>8</b>		<b>CHANNELS</b> List your path to customers  <b>5</b>	<b>EARLY ADOPTERS</b> List the characteristics of your ideal customers
<b>COST STRUCTURE</b> List your fixed and variable costs  <b>7</b>			<b>REVENUE STREAMS</b> List your sources of revenue  <b>6</b>	

Lean Canvas is adapted from The Business Model Canvas (BusinessModelGeneration.com) and is licensed under the Creative Commons Attribution-Share Alike 3.0 Un-ported License.

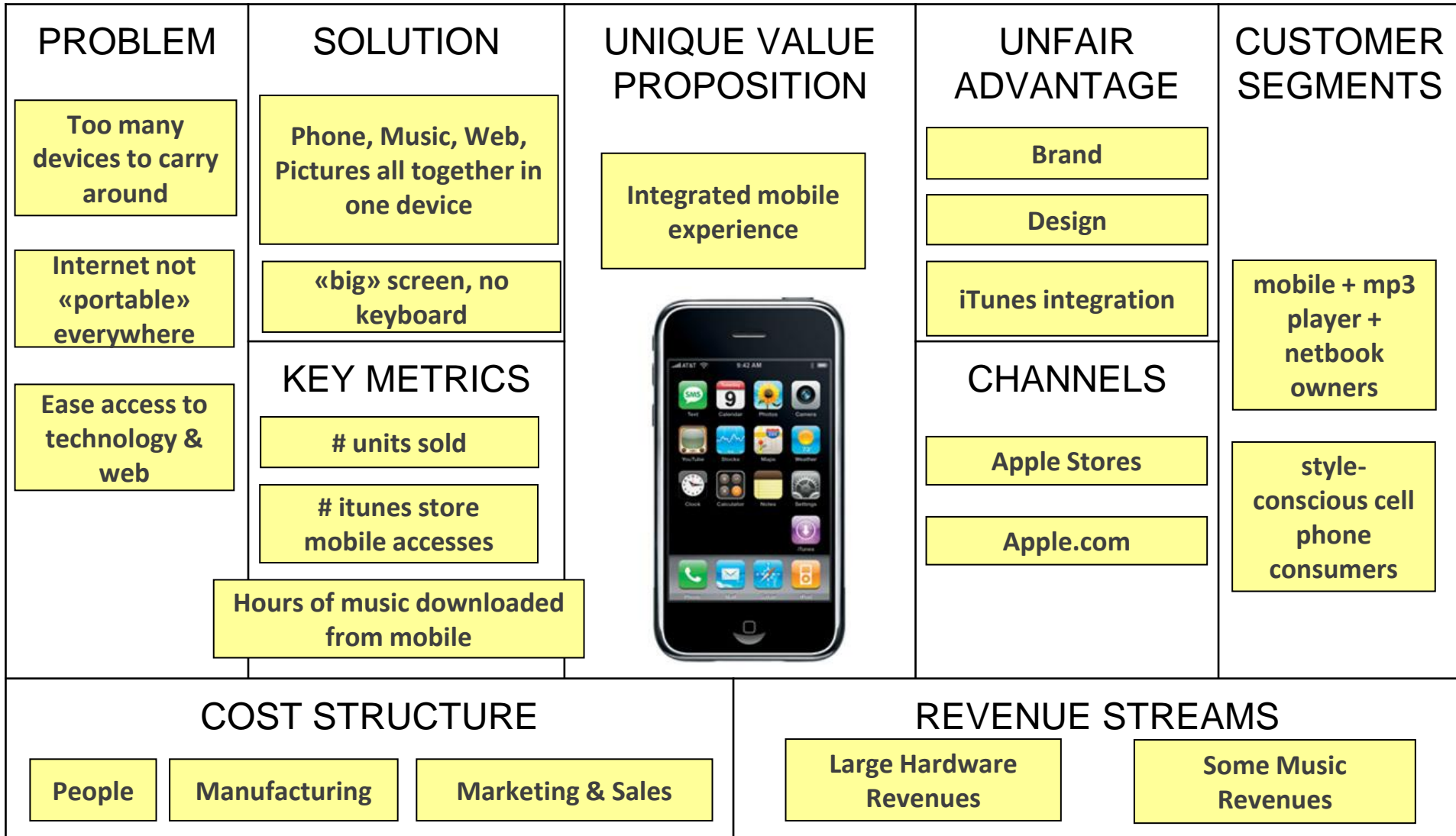


# Lean Canvas

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# Lean Canvas



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# Remember Lean Startup Manifesto?

“There are no facts inside your building”

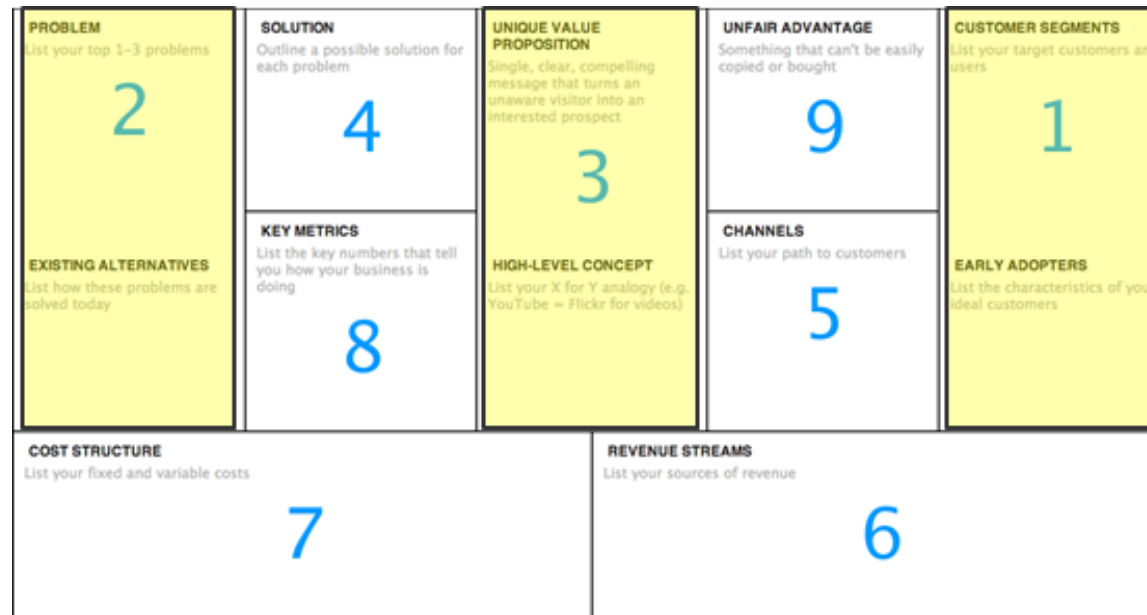
“Iterations/pivots are driven by insights from continuous pass/fail tests”

“No business plan survives first contact with customers”

# Customer Development Process



# Let's set up the test



ASSUMPTION (Presupposto) 1

ASSUMPTION 2

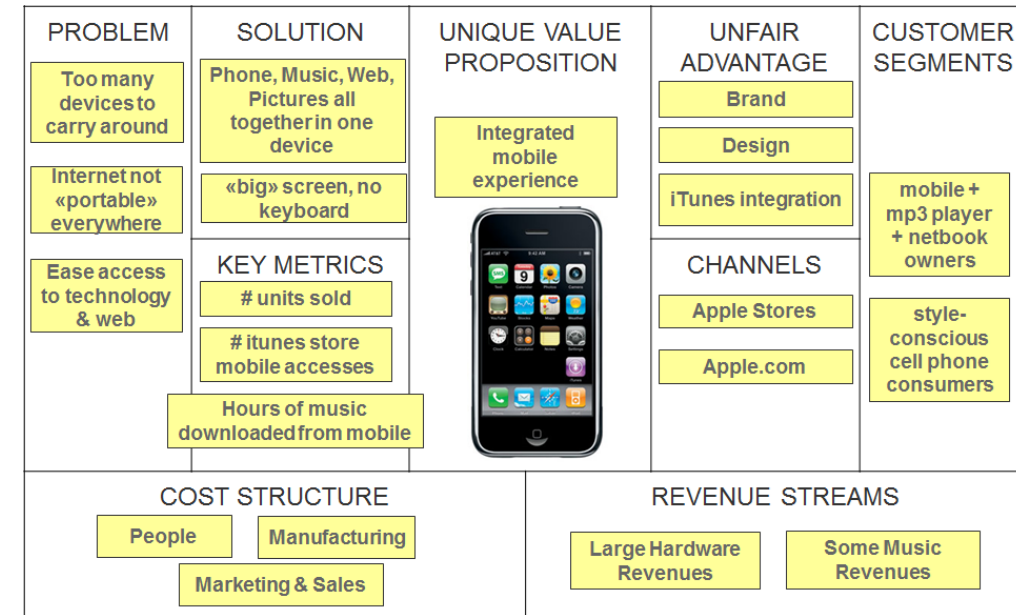
ASSUMPTION 3


...

ASSUMPTION n

KEY ASSUMPTIONS	LEAN CANVAS ELEMENTS	PRIORITY (1 - 2- 3)	HYPOTHESIS	TESTING METHOD and GOAL	VALIDATION
Assumption belonging to one or more elements of your business model	List numbers of elements of the lean canvas	3 High priority ... 1 Low priority	Precise hypothesis provable with a precise test with a YES/NO result	Methodology(es) and plan to test the related hypotheses	Outcome from the test

# Validation Dashboard



KEY ASSUMPTIONS (PRESUPPOSTI)	LEAN CANVAS ELEMENT	PRIORITY (1 - 2- 3)	HYPOTHESIS	TESTING METHOD	VALIDATION
1) People don't want to carry around too many devices	PROBLEM	1	90% of netbook owners had at least one experience of not bringing the PC with them for space/battery reasons	50 Interviews asking personal stories on use on netbook use on the go	
			75% of Mac and iPod owners would like to use just one portable device when commuting	100 interviews in the store with specific customers sample	
2) Integrated mobile experience	VALUE PROPOSITION SOLUTION	1	50% potential users have positive reaction on ergonomics and usage on the go of a 3,5" device for music and reading	Pretotype it! Case Study (A. Savoia) "If I had a Pilot, would I actually carry it with me and use it?" 	

# Exercise: create your Lean Canvas

- Start from the Business Model canvas you have done
- Be CONCISE and SPECIFIC
- Start from the 3 key elements, fill the rest if you have time
- Each element has to be a demonstrated FACT or an ASSUMPTION to be tested

<b>PROBLEM</b> List your top 1–3 problems <div style="text-align: center; font-size: 2em; color: blue;">2</div>  <b>EXISTING ALTERNATIVES</b> List how these problems are solved today	<b>SOLUTION</b> Outline a possible solution for each problem <div style="text-align: center; font-size: 2em; color: blue;">4</div>	<b>UNIQUE VALUE PROPOSITION</b> Single, clear, compelling message that turns an unaware visitor into an interested prospect <div style="text-align: center; font-size: 2em; color: blue;">3</div>  <b>HIGH-LEVEL CONCEPT</b> List your X for Y analogy (e.g. YouTube = Flickr for videos)	<b>UNFAIR ADVANTAGE</b> Something that can't be easily copied or bought <div style="text-align: center; font-size: 2em; color: blue;">9</div>	<b>CUSTOMER SEGMENTS</b> List your target customers and users <div style="text-align: center; font-size: 2em; color: blue;">1</div>  <b>EARLY ADOPTERS</b> List the characteristics of your ideal customers	
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# 6 Techniques to gain customer insights

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## The **data detective**

Does research with secondary data eg customer data; analytics; industry reports



1. Google Trends
2. Google Keyword Planner
3. Google Analytics
4. Patent Databases
5. Third party research reports
6. Social Media Analytics
7. CRM system

Source: Value Proposition Design: How to Create Products and Services  
Customers Want Di Alexander Osterwalder, Yves Pigneur, Gregory  
Bernarda, Alan Smith



# 6 Techniques to gain customer insights

## The **impersonator**

Step in the shoes of your customer



Source: Value Proposition Design: How to Create Products and Services Customers Want by Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith



Bike Lanes by Casey Neistat

# 6 Techniques to gain customer insights

## The **anthropologist**

Observational studies; diary studies

1. (B2C) Stay/live with the family, participate in daily routines, learn about what drives people
2. (B2B) Work alongside, observe, what keeps these people awake at night?
3. (B2C) Observe shopping behaviour
4. (B2C) Shadow customer for one day

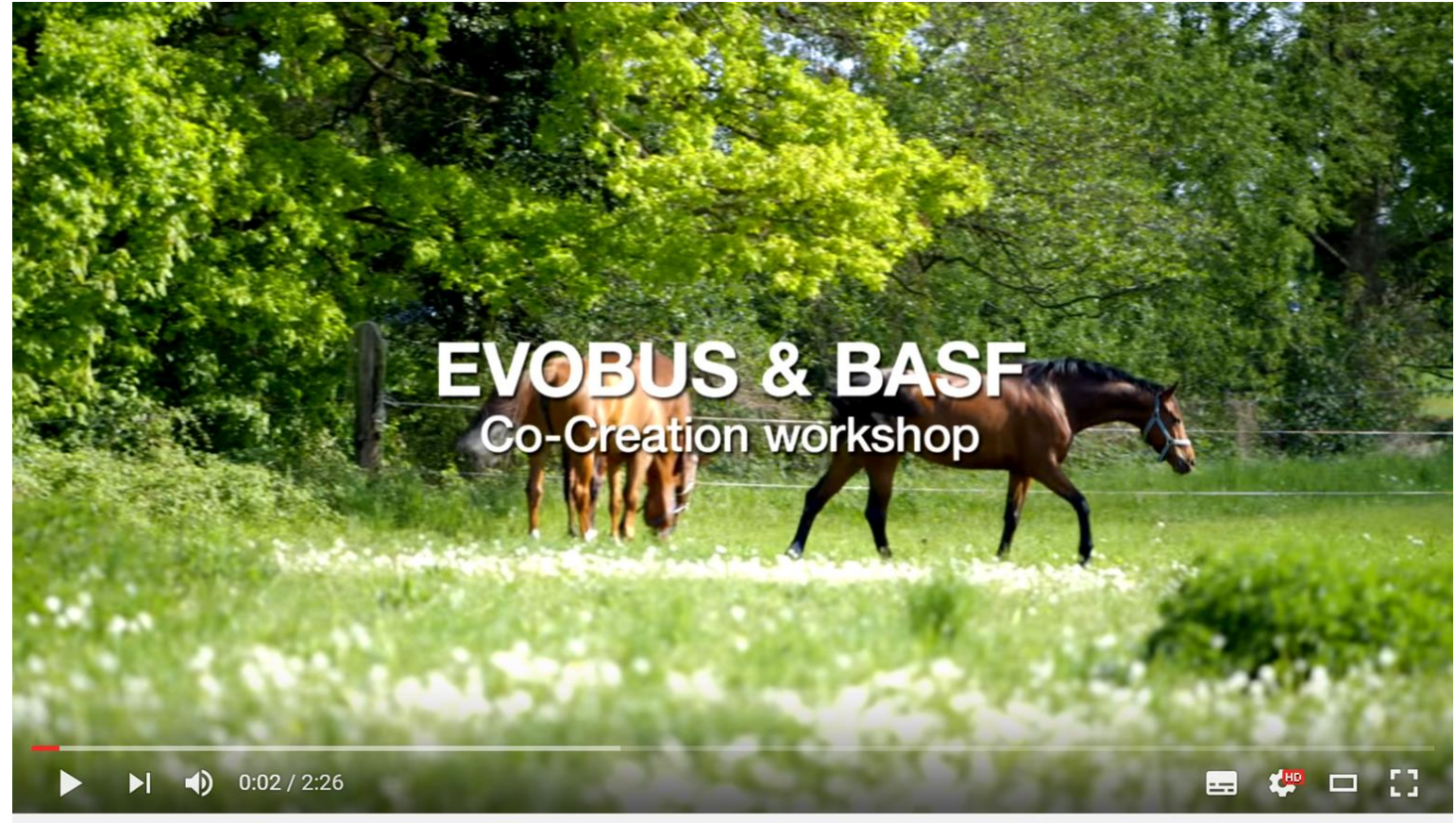


Source: Value Proposition Design: How to Create Products and Services  
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# 6 Techniques to gain customer insights

## The **cocreator**



Source: Value Proposition Design: How to Create Products and Services Customers Want Di Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

New formats create new ideas — Customer Co-Creation with Daimler Buses

# 6 Techniques to gain customer insights

## The **scientist**

The Lab is everywhere



The World's Deepest Trash Bin (Fun Theory)

Source: Value Proposition Design: How to Create Products and Services Customers Want Di Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith



# 6 Techniques to gain customer insights

## The **journalist**

Conversations/Interviews with customers 1:1 or even in focus groups



1. What's the hardest part about \_\_\_\_\_ [problem context]?
2. Can you tell me about the last time that happened?
3. Why was that hard?
4. What, if anything, have you done to solve that problem?
5. What don't you love about the solutions you've tried?



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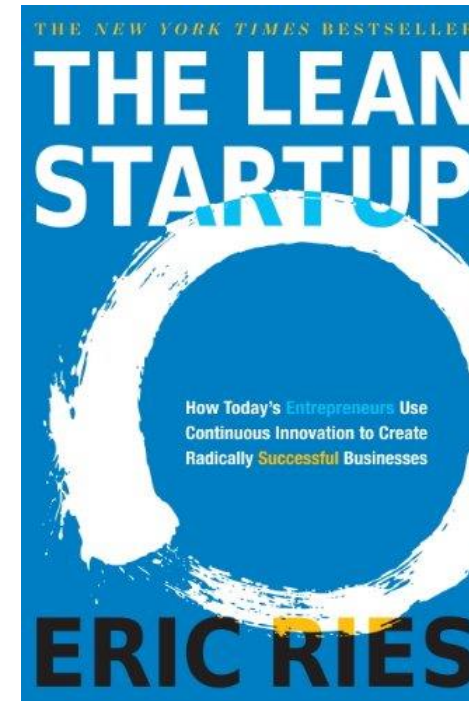
# Exercise: build your validation dashboard

Pick one hypothesis to be tested with an interview and write your short interview:

1. What's the hardest part about \_\_\_\_\_ [problem context]?
2. Can you tell me about the last time that happened?
3. Why was that hard?
4. What, if anything, have you done to solve that problem?
5. What don't you love about the solutions you've tried?

# What (I hope) you learned today

- **Thinking** as the customer, **acting** for the customer
- **Designing** your business model through iterations and testing



# Grazie!

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