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LEAN SERVICE CREATION

THE HANDBOOK



The Handbook
for LSC canvasses (ver 1.4.)
www.futurice.com/LSC

Version 1.4
15.5.2016



DEAR READER

In 2013 one of our clients asked us to teach them the way we work. Mari and Risto put together a set of tools based on commonly accepted best practices and what we at Futurice had found useful. Then few other companies got interested and wanted to learn as well. The problem worth solving was that these companies wanted to create successful services, but they did not know where to start because there were design tools, business thinking, agile tools, service design methods etc.

Based on our first training programs and our company's 15+ years of experience, Hanno put together the first set of Lean Service Creation (LSC) canvasses. It proved to be an awesome idea. In the past few years hundreds of people have learned to use them, and new services, such as a solar power plant and a time machine (!), are out there.

The canvasses are our best shot at combining all the relevant steps, tools, and thinking when you want to create innovative digital services in the lean and agile way. We humbly re-use and adapt ideas from existing schools of thought, such as, design thinking, the Lean Startup, and agile development. We also are huge fans of Strategyzer, the company behind the Business Model Canvas and the Value Proposition canvas.

After having a few hundred people take these tools into use, we noticed that they require some guidance next to them. Therefore, this handbook. We also decided to give everything for free to anyone interested, because we have learned so much from others who have done the same.

We actually have many more canvasses that we use, but this set is the one that has been proved and used in tens of projects and workshops. So think of these as the "official release" and then ask for the beta releases of new canvasses and new versions. However, www.futurice.com/LSC will always have the latest official and tested version of the set.

Have fun and create awesomeness!

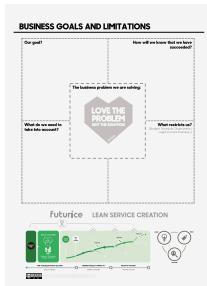
Risto, Hanno, and Juha

P.S. Any feedback is highly valued and we always send you a reward if you tell us how you have used the canvasses: lsc@futurice.com

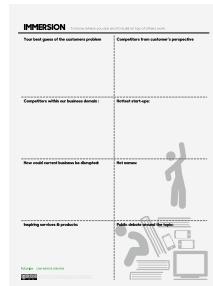
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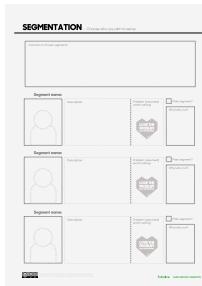
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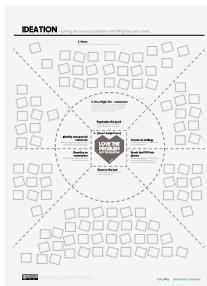
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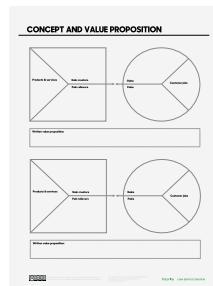
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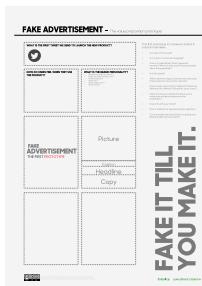
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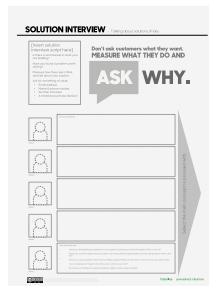
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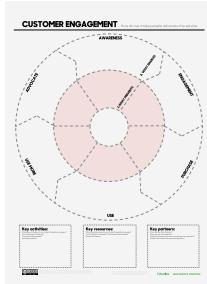
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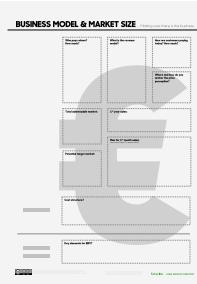
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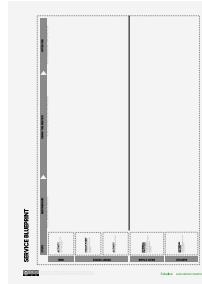
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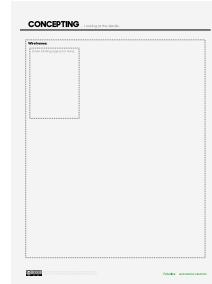
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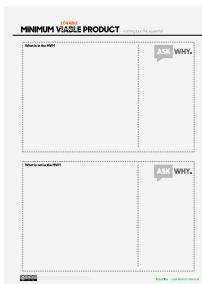
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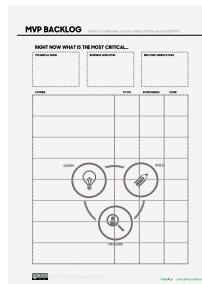
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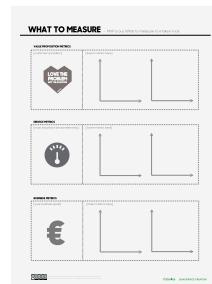
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FOR WHOM? HOW? WHY?

The canvas set is for anyone who wants ask the right questions about a new business, service or a product. This handbook is to help you to take the canvasses into use and adapt them to work best for you.

WHO HAVE USED THE CANVAS SET AND HOW?

- Experienced service designers use the set to remind them of business questions and more technical issues.
- Business people use it to operationalize a customer-centric core into their work.
- Engineers use the canvasses to integrate design thinking into their agile work methods and architecture planning.
- Start-ups use it to communicate their ideas and to see where to go next.
- R&D organizations use it to form a shared language and an agile & customer-centric way of working.

THE CANVASSES WORK BEST AS:

- A comprehensive checklist that you have look at your service from all angles.
- A simple step-by-step process to introduce into a multi-disciplinary team to create a shared language and a common methodology.
- A visible, fast, and easy way of communicating your work to other people and encouraging them to give quality feedback.

- An easy toolbox to adapt and apply to different types of services and different existing work cultures.
- A proven tool to create new innovative services fast, efficiently, and holistically.
- A step-by-step way to introduce and teach how new business is created in the digital era.

WHAT IS NEEDED TO GET STARTED?

- Some basic knowledge of product and service development. The more experienced you are, the faster you adapt the canvasses to work best for you.
- A creative and result-oriented mindset. The tools will never create awesomeness by themselves. At the end of the day, you and your team have to create the success.
- A humble attitude. You must be ready to throw away your darling ideas. You have to be able to listen to your customers and colleagues. You have to be ready to accept irrelevant and sometimes stupid feedback. Be humble and ask yourself: are you building a new business or building your ego?
- Pens of different color. Lots of different size sticky notes of different colors and sizes. Tape, scissors, paper, empty walls, rulers, glue, and a room where all this comes together. Basically, go visit a kindergarten and see what they have there :)



BUSINESS GOALS AND LIMITATIONS

Start here. This is the first step: why is your company doing this? What business problem are you solving by building a service? Needless to say: this canvas will give you focus, help you make decisions without asking your boss, and help you know how your success will be measured. "But shouldn't we focus on our users and customers first?" No. You need to remind yourselves and write down your starting point. If your business is building diesel engines, then finding out that your customers really like vanilla ice cream... well, that insight might not be very useful for you.

A. BUSINESS PROBLEM

Which business goal of your company are you solving? This should be a problem that can be solved in many ways, and the service you create is one possibility.

B. OUR GOAL?

What is the goal of your company? New group of customers? New business domain? New market? That some big search engine company will buy you?

C. HOW WE WILL KNOW THAT WE HAVE SUCCEEDED

Imagine yourself two years or months from now. How do you know that you succeeded in achieving your business goal? Number of customers? Euros? Fame? A medal from the king of Sweden?

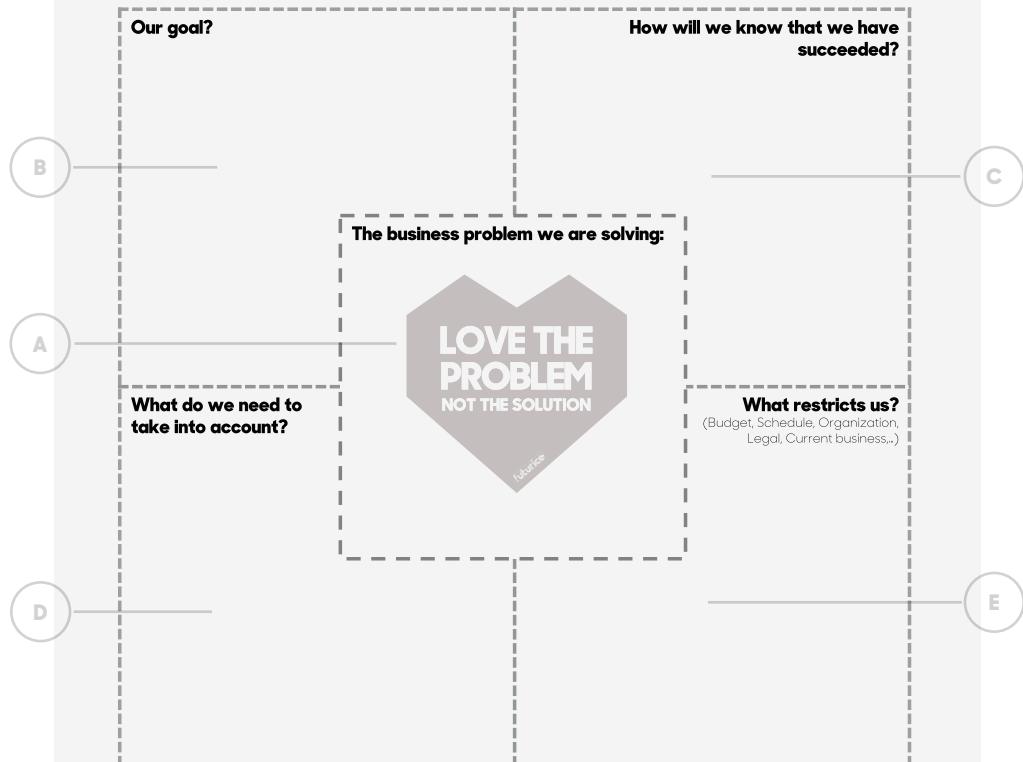
D. WHAT DO YOU NEED TO TAKE INTO ACCOUNT?

You already know something about the domain that might help or hinder you. Or perhaps you know that your team lacks certain skills. Write here any opportunity or risk you find relevant to take into account at this stage.

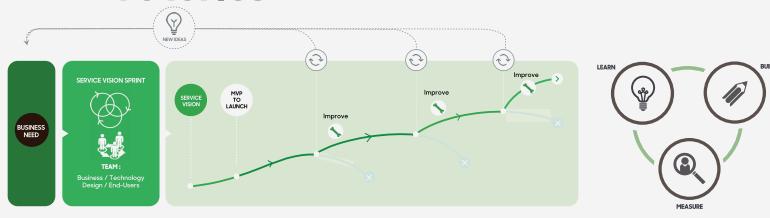
E. WHAT RESTRICTS US?

A limited budget? Your huge corporate bureaucracy? Too many internal stakeholders? Legal restrictions on selling your grandma to cover costs? Only two months time to get this running? Your current business is doing too well to support risk-taking?

BUSINESS GOALS AND LIMITATIONS



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IMMERSION

This is the canvas that helps you do your homework before taking a deep dive into creating new business. Filling these boxes and actually looking more into the answers you give will save you weeks of time later. Yes, it pays off to do your homework.

A. OUR BEST GUESS OF THE CUSTOMER'S PROBLEM

At this stage, what is your best guess of the problem that is worth solving for your customer. Don't worry if you are unsure, just write down your educated guess. Btw, this also your best guess of who your customers are ;)

B. COMPETITORS FROM THE CUSTOMER'S PERSPECTIVE

Your business competitors are not often the only alternatives the customer has in solving his/her problem. You might be competing for the customer's time and attention. The competition might be the customer's friends and a good bottle of wine. Or even better: often a viable alternative to your solutions is for the customer to do jack shit. Try beating that! Beat Mr. Jack Shit!

C. COMPETITORS WITHIN OUR BUSINESS DOMAIN

These are the companies and organizations you compete with head-to-head. These are the businesses that are similar to you and you keep an eye on. Grrrr....

D. HOTTEST START-UPS

Behind every start-up is a new idea that no one else has executed, yet. Sometimes they are very clever. List here the ones that are relevant to you. Watch their YouTube videos and subscribe to their newsletter. Invite them over. Then copy their good ideas (don't break any laws, though) and improve them. Saves you a lot of time when you don't have to re-invent the wheel. Or perhaps just buy the start-up and save even more time and money.

E. HOW COULD YOUR CURRENT BUSINESS BE DISRUPTED?

If you are an established company, you can bet there are ideas around how to undermine your position. Ask yourself: is it better that you know how your business can be disrupted, or is ignorance bliss? Not convinced? Ever heard of Kodak? Thought so...

F. HOT NAMES

There are people out there that can help you. A scientist who has studied the domain for years can tell you in two hours more than you can ever google in two weeks. Perhaps there is a blogger out there with 500k followers who are your potential customers. Or perhaps there are some thought-leaders in your domain that you should talk to.

G. INSPIRING SERVICES & PRODUCTS

When was the last time you were inspired by a cool new service? In your work? In your private life? This is the box where you list the awesome stuff that inspires you. It might have nothing to do with the service you are working on, but hell, you love it, therefore, it is important!

H. PUBLIC DEBATE AROUND THE TOPIC

What do the papers write about your topic? What about social media? The conferences in your business? This is a great way to understand the problems, feelings and current issues surrounding your topic. Also, your service should aim to bring something new to this debate: a solution everyone is craving for.

IMMERSION

- To know where you are and to build on top of others work.

Your best guess of the customers problem

Competitors from customer's perspective

A

B

C

D

E

F

G

H

Competitors within our business domain :

Hottest start-ups:

How could current business be disrupted:

Hot names:

Inspiring services & products:

Public debate around the topic:

SEGMENTATION

This is the canvas for your customer segments. Remember, you can't get it right the first time. Refining and re-drawing your segments based on what you learn is the secret to success. Start with one segment, unless it is bloody obvious that there are two clearly different ones. As you learn more about your customers and their problems, you probably find rationale to split the segment. Oh, and defining your segments by basic demographics is simply lazy. Different segments have different problems worth solving. Love the problem!

A. COMMON IN ALL USER SEGMENTS

You can start with this box or fill it last. The point is that your segments might have different problems, but nevertheless, there could be common things among them. If they are common enough, perhaps they can all become your customers.

B. SEGMENT NAME

Yup. You better name your segment. Write it on a sticky note, you will change it many times later on. And while you're at it, draw a picture that represents your segment. Or why not print a descriptive photo. Have fun with it.

C. DESCRIPTION

Write down three bullet points that describe a person that fits your segment. Think it like this: if a person walks up to you, what are the three most important things so that you know whether this person is in your segment or not.

D. PROBLEM (ASSUMED) WORTH SOLVING:

From the customer's perspective (a customer who fits into this segment, of course) what is the problem s/he has that is worth solving. And if you haven't yet talked to any real person in this segment, write down your assumption.

E. MAIN SEGMENT? WHY/WHY NOT?

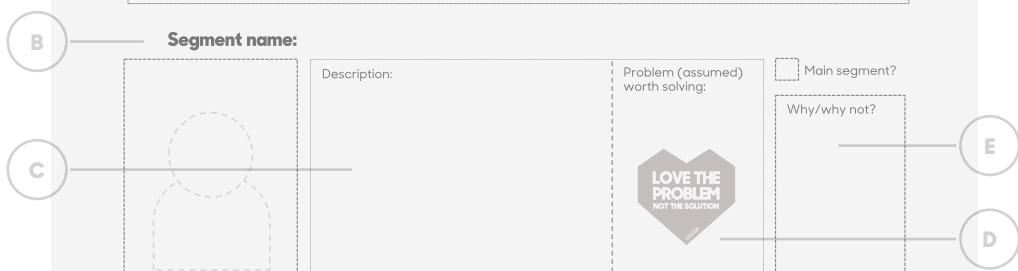
The thing that is bound to happen is that you will have more than one segment. Unless you have rock solid reasons for working with several segments at the same time, choose one as your main segment. Then write down your rationale: why is this the main segment and why the others are not. Keep in mind, you can come back to this canvas anytime and make a new decision. (Unless you ordered the "LSC Canvases Stone Slab Special Edition". In that case your decisions might be... well... carved in stone. :P)

SEGMENTATION

- Choose who you aim to serve.

Common in all user segments:

A



Segment name:

Description:

Problem (assumed) worth solving:

Main segment?
Why/why not?



Segment name:

Description:

Problem (assumed) worth solving:

Main segment?
Why/why not?



INSIGHT

Get out of your office and meet some real people! This canvas helps you in planning what to ask your customers and how to analyze what they say. What you are looking for are insights about your customers (segment) and to find a problem worth solving. That's why your first interviews are so-called "problem interviews": you are doing your best to see the world from their perspective and to find a problem that you might solve for them. Do not, I repeat, DO NOT talk or ask about your solutions or ideas for a service. The gods of ethnography shall smite you if you present a solution at the problem interview stage!

See also the end of this booklet. There we have added a special cheat sheet for doing good interviews.

A. INSERT PROBLEM INTERVIEW SCRIPT HERE

Here is a rough template for your interview script. The key is to make the interviewees comfortable and to make them tell you honestly what they think and feel. Also, plan beforehand what are the themes and questions you would like to know more about. Ask for facts and examples, ask them to draw a picture if need be. Ask why, ask why again, and then ask why once more. Then ask why. They should talk 80% of the time, you just softly guide them and ask for clarifications if need be. Immediately after each interview, write down three most important findings. How many should you interview? Start with five.

B. INSERT PHOTO HERE

Did you ever want one of those funky instant photography cameras? Go and get one! Charge it on your company, because you need it to insert a photo of your interviewee here. Why a photo? To remind you that your customers are, at the end of the day, real people and not just segments on sticky notes. And write their first name here as well.

C. NEEDS + OTHER KEY FINDINGS:

What did this person really need? Give an example? What do you think they actually needed? Maybe they said they need coffee, but you think they actually need something to wake them up in the morning. Write here a good quote of what they actually said. Also, write here any key findings you think are relevant.

D. THINKS AND FEELS

Every successful service resonates on an emotional level. Therefore, you need to understand how people think and feel about the topics related to the problem domain. What, you didn't ask them how they felt about things? Call them back. Now! And don't forget to do that for the next interview.

E. SURPRISED US

What did you learn? What unexpected you learned? This is pure gold: this is you learning about your customers! Eric Ries gives you a high-five!

INSIGHT

– deep understanding of the customer's motivations that unlocks a business opportunity.

Insert problem interview script here

Introduction

Setting the atmosphere

The actual data gathering

Ending

Immediate thoughts

Example 'Problem interview' script

Welcome (2min)
Short intro what you are doing. Make the person comfortable.

Essential demographics

Motivations and big picture
Without talking about the solution get the person to talk about the problem or situation. Ask the person to describe when did she last time have an IT problem? What did she do to fix it? What were the pain points? Why did she do as she did? (Follow contradictions...)

Ask the person to evaluate the problems associated to the topics:
Priority 1-3?
How important?
How big problem?
How is it solved currently?

Thank you!

ASK WHY.

A



Name:

Needs + other key findings:

Thinks and feels:

Surprised us:

B



Name:

Needs + other key findings:

Thinks and feels:

Surprised us:

C



Name:

Needs + other key findings:

Thinks and feels:

Surprised us:

D



Name:

Needs + other key findings:

Thinks and feels:

Surprised us:

E



Name:

Needs + other key findings:

Thinks and feels:

Surprised us:



Name:

Needs + other key findings:

Thinks and feels:

Surprised us:



Name:

Needs + other key findings:

Thinks and feels:

Surprised us:



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IDEATION

Business problem? Check. Customer segment? Check. Talked with several people in that segment? Check. Great!

Now you are welcome to this canvas, where you finally have the permission to create ideas for solutions that solve your business problem AND solve the problems worth solving for your customers.

A. INSERT INSIGHT HERE

Write here the problem worth solving for your customer segment. Something like this is perfect: "[your customer] needs to [need/want/desire/problem] because [unobvious insight]."

B. HOW MIGHT WE...? STATEMENT

Look at your customer's problem. Start turning your insight(s) into How Might We (HMW) questions. For example, "Our customer needs to entertain his kids at the airport, because he feels that his family is disturbing the other passengers". See the canvas for HMWs for this problem. Sometimes applying HMWs for the first time might feel weird. If that is the case, search for more examples and instructions

from the web. Or wait for us to write a proper full scale book about these methods :)

Write a good bunch of How might we... statements before generating ideas.

C. IDEAS

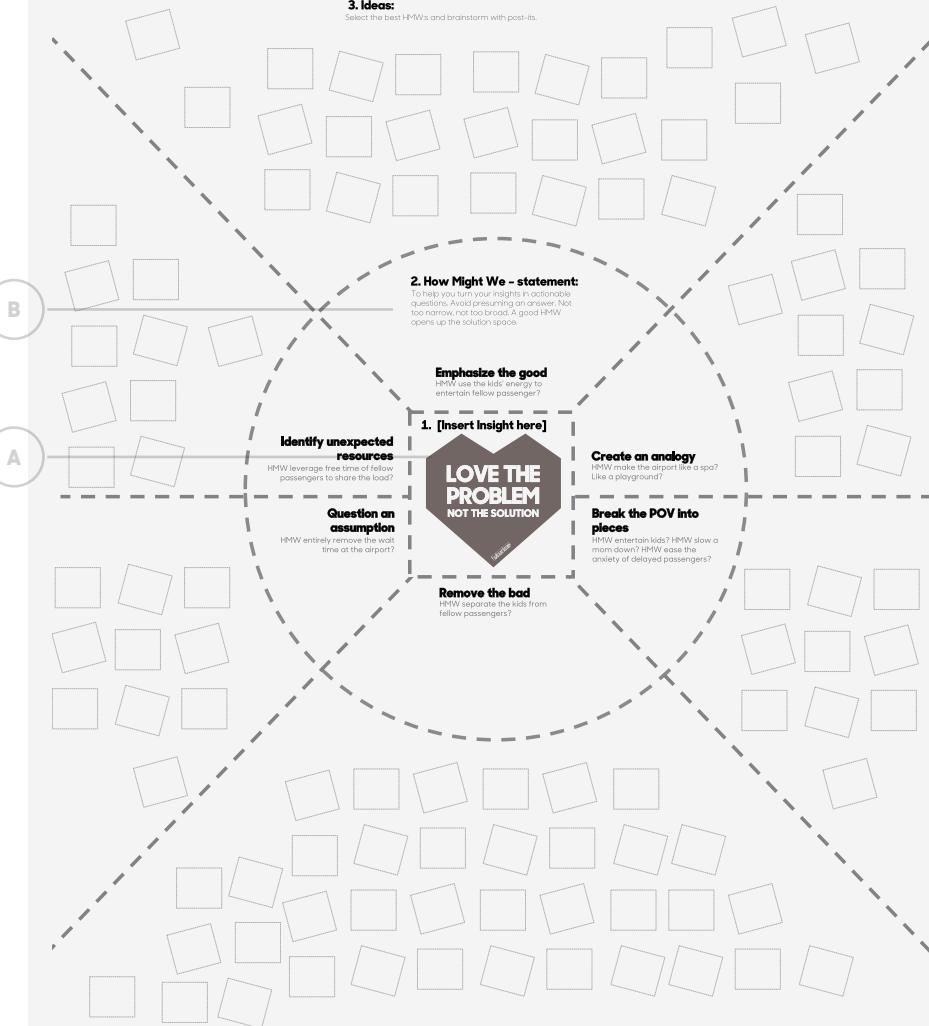
Select one or two most promising or important HMWs and start brainstorming for ideas. Remember the rules: defer judgment, encourage wild ideas, build on top of other ideas, stay focused on the HMW, one brief conversation at a time, be visual, and go for quantity (100 ideas/h is good). Oh, and don't forget to have fun (and coffee ...and wine). If you're not dancing, you're not doing it right :)

IDEATION

– solving the business problem with filling the users need.

c

3. Ideas:
Select the best HMWs and brainstorm with post-its.



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CONCEPT AND VALUE PROPOSITION

Now it is time to choose the best from your pool of ideas (see previous canvas). Vote for the best one(s) and choose maximum two. For each idea, turn them into a value proposition.

NOTE! A value proposition should be a bit clunky in the beginning. Don't even try to get a slick marketing slogan done, because that is harder than it looks.

A. CUSTOMER JOBS

Go back to your segment, and list what are the things your customer wants to get done, would like to get done, or has to get done (i.e., jobs). Bear in mind, your customer has to get these jobs done even if your service does not exist yet.

B. GAINS

These are the positive thoughts, feelings, emotions, results etc. that the customer has in getting those jobs done.

C. PAINS

These are the negative thoughts, feelings, emotions, hurdles etc. that the customer has in doing or related to those jobs. Remember, the gains and pains exist independent of your service.

D. PRODUCTS & SERVICES

Now that you have reminded yourself of what your customer's world looks like it is time to describe your service. In 3-5 bullets list what is your service/product. State the obvious. For

example, "a digital service for finding a temporary home for your dog while you're travelling."

E. GAIN CREATORS

Look at the customer's Gains on the right hand side. List here the features your service has that amplify those gains.

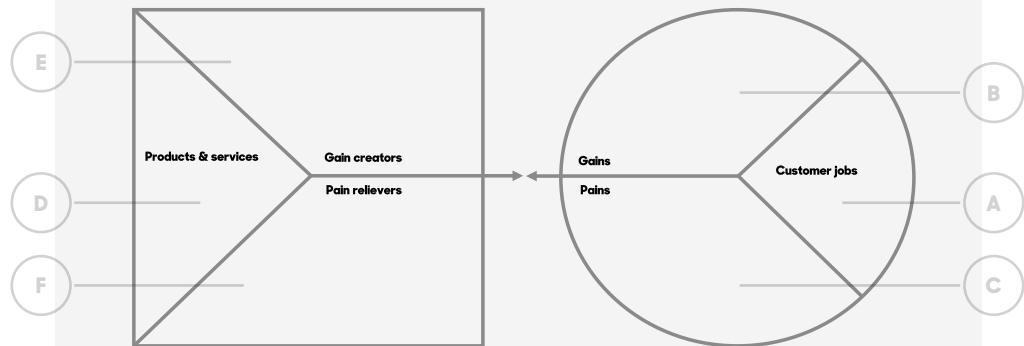
F. PAIN RELIEVERS

Look at the customer's Pains on the right hand side. List here the features that remove or alleviate those pains.

G. WRITTEN VALUE PROPOSITION

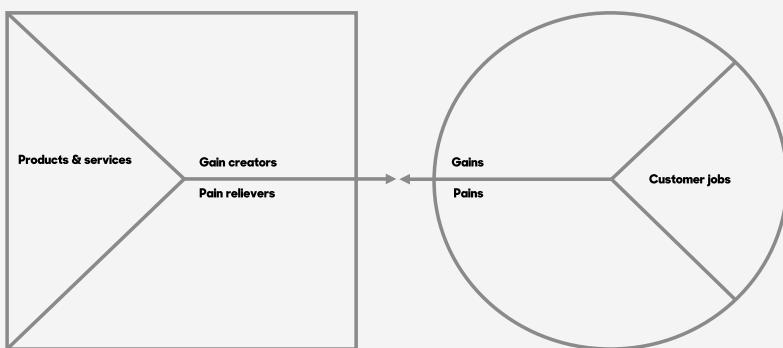
Above you have all the basic elements of a good value proposition: your customer wants certain things to be done and it involves some pains and gains. Now you offer a product or a service to get those things done, and it is especially attractive because it addresses the exact pains and gains involved. Now write it in plain language in 2-3 sentences. Give it to an outsider and see if they understand it. Don't fall into the trap of "oh, we all know what we mean here, so there is no point writing it down".

CONCEPT AND VALUE PROPOSITION



Written value proposition:

G



Written value proposition:



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FAKE ADVERTISEMENT

What is the very first thing your customers will see about your service? The UI? The landing page? The backend database? Probably not. It is an advertisement that makes them aware of your service's existence: a banner on a website, a flyer from an event, a poster on a bus stop, a tweet on the net, and so on. On the other hand, what is the thing you most probably should test at this stage? The UI? The landing page? The backend database? Nope. It is the value proposition you just put together.

A. WHAT IS THE FIRST TWEET?

One way to focus your value proposition is to write the very first tweet about your product/service. This forces you to really polish one clear point out of your whole value proposition. And it is quite easy to test as well: just tweet it and see what happens!

B. HOW DO USERS FEEL WHEN THEY USE THE PRODUCT?

They say that first impressions are important. Hell yes, they are! And much of the impression comes from the feelings people have. What is the feeling your customers have when they use the product? What should it be? Power? Love? Control? Friendship? Kinship? Relaxed? Trust? Joy?

C. WHAT IS THE BRAND PERSONALITY?

A brand is a relationship between you and your customers. Think it as a relationship between people: what kind of a person is your product/service? If it was a car, what

make? What restaurant? If you were the customer's relative, would you be an old auntie or the bright young cousin? And so on...

D. THE FAKE ADVERTISEMENT

The fake advertisement is your first prototype to take to your customers. It is a perfect prototype to test your value proposition. Use the template given to design a print ad that could be in a newspaper or a bus stop. Choose a picture that is informative and relays the feeling and relationship you want. Remember, most people only look at the picture. Brainstorm a good headline that attracts the right customer to read more. Reserve some time for writing the copy. Write it as a letter to another person (see your brand personality above). Finally, go over the checklist on the right side of the canvas. Then, depending on your time, finalize your advertisement with pen & paper or design tools and proper brand guidelines. Try out few different approaches and see how customers understand them. Spend maximum one day doing the ad. We usually spend 30 minutes.

FAKE ADVERTISEMENT

— The value proposition prototype

A

WHAT IS THE FIRST TWEET WE SEND TO LAUNCH THE NEW PRODUCT?



B

HOW DO USERS FEEL WHEN THEY USE THE PRODUCT?

C

WHAT IS THE BRAND PERSONALITY?

- Describe yourself as a person?
- What car make would you be?
- Who's your mentor?
- What city?
- What singer/actor?
- What animal?

The first prototype to measure actions in solution interviews.

- Is it clear and focused?
- Is it written in consumer language?
- How is it inspirational? Does it generate emotion? What is it that would motivate people about this proposition?
- Is it fact based?
- Will it make the target consumer react because it has touched a nerve and is relevant?
- Does it really stand out? Is it different? What key elements are different? (Simplicity, price, looks...)
- What are the proof points that back up the value prop and give substance to the proposition?
- Does it fit with your brand?
- Does it address the agreed business objective?
- Is it actionable and does it lead to inspiring and differentiated communication?

D

FAKE
ADVERTISEMENT

THE FIRST PROTOTYPE

Picture

Caption

Headline

Copy

FAKE IT TILL YOU MAKE IT



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SOLUTION INTERVIEW

Now you have a solution: a value proposition that consists of your best guess of the customer's problem (customer jobs) and your solution for solving that problem (a product or a service). This means that your mindset changes a little. No longer are you focusing on the customer's world as it is, but you are focusing on seeing the customer's world with your solution in it.

In other words, you want to know if your solution is crap or not.

Your solution can be a fake ad, a landing page, a clickable prototype or an MVP. The best way to know if your solution is crap, is to get the customers give you something of value. Will they pay real money to get it? Really hand you over 10€, not just say that they would? Or perhaps they agree to a pilot study? Or they give you their contact information to take part in further interviews? However, often at an early stage it is enough to see whether the customer understands your solution at all :)

AFTER EACH INTERVIEW

The basic rules of interviewing apply here as well (see the Insights canvas). Make them comfortable and encourage them to be honest. Sometimes it helps if the person interviewing is not the person who has designed the solution, because it is easier for people to criticize things if the mother/father of it is not present. At least, don't advertise the fact that this is your own little darling you would like them to be critical about. After each interview, go back to your segment, insight, and value proposition. See if you need to update any of them. You probably do.

SOLUTION INTERVIEW

- Talking about solutions, finally..

[Insert solution interview script here]

Is there a real interest in what you are building?

Have you found a problem worth solving?

Measure how they react, think, and talk about your solution.

Ask for something of value:

- Email address
- Name & phone number
- Another interview
- A tentative purchase decision

**Don't ask customers what they want.
MEASURE WHAT THEY DO AND**

ASK WHY.



Name:

[Insert notes here]



Name:



Name:



Name:



Name:

Select the main concept to proceed with.

After each interview:

- Check your distinguishing characteristics for your segment. Did the person fit into the segment? Why or why not?
- Check your customer insight sentence, problem worth solving. Did the insight/problem resonate with the person? Why or why not?
- Check your value proposition. Was the person willing to give something of value? Why or why not? Was your method valid?
- Your own feelings and thought: what did you learn, what is in your mind?
- Summarize your findings and update all: segment, insight, concept, value proposition.



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futurece LEAN SERVICE CREATION

CUSTOMER ENGAGEMENT

A product is much more than just interaction between the user and the interface. Consider yourself lucky if your customers like your value proposition so much that they go through the effort of getting your UI in front of their faces. A good service is a continuous cycle of getting new customers and turning them into happy customers. A successful service is such that succeeds in helping customers take the next step in the cycle. To keep that cycle turning (and not churning) you need to define what you must do (activities), what you rely on (resources) and who else should be involved (partners).

A. AWARENESS

Where are your customers? Where do they go to when the problem worth solving rises? Do they call their niece or nephew? Do they search for an answer from Google? Do they pick up a manual? Ask from Facebook friends? Whatever the answer, you should be there where your customers are, and when they are in the right mindset. That is when they should become aware of your service. Write down 2-3 most important places and how you catch their attention.

B. ENGAGEMENT

Now they've heard about your service. Great. But you need to get them to engage with the service, to do something so that they understand what your service is all about and how it is the perfect solution. Is it free consultation, a brochure, a landing page with valuable information, a free trial, a discount coupon, or a personal visit from you?

C. PURCHASE

The customer should by now have a good idea of the value you are proposing for them. How do you make them buy your service? What are they thinking at this stage and what are their alternatives? How can you help them make a purchase decision? Remember, sometimes

there is no money moving at this stage (e.g., your service is free of charge, or free to download). This is really about the decision to acquire the service and the decision to start using it.

D. USE

Yay! They did the purchase and you are on the right track. However, it doesn't end here. Now you need to deliver the promises you have made in the value prop. To put it simply, you need to get them to use your service! Write here what happens the very first time they use it. First impressions are important.

E. USE MORE

They say that a huge majority of mobile apps are used only once. So how do you get them to use your service more? How to get them to actually make your service an integral part of their work/life/thoughts/actions? What makes them return to your service?

F. ADVOCATE

How to change the customer to your sales person? If the customer really loves your service, she is probably willing to share and recommend it to other people. Save your marketing costs and find a strategy to really make it viral!

G. WHAT PREVENTS?

You can look at the customer journey as a circle with two tracks. The first track is listing the obstacles that currently make it difficult for your customer to move from one phase to another. They can be thoughts, feelings, prejudice as well as physical obstacles, missing touchpoints or lack of functionality.

H. WHAT ENABLES?

This is the second track of the circle. List here how you will make it easy for the customer to go from one step (phase) to another. These are your answers to the problems identified in the "What prevents?" track.

I. KEY ACTIVITIES?

At this stage you have a good idea of how your customer journey (ideally) goes from one step to another. Look at the journey and now identify the most important activities you need to do to keep that circle rolling. Actively monitoring search keywords in Google? Service desk at the brick-and-mortar office? Delivering the product to the

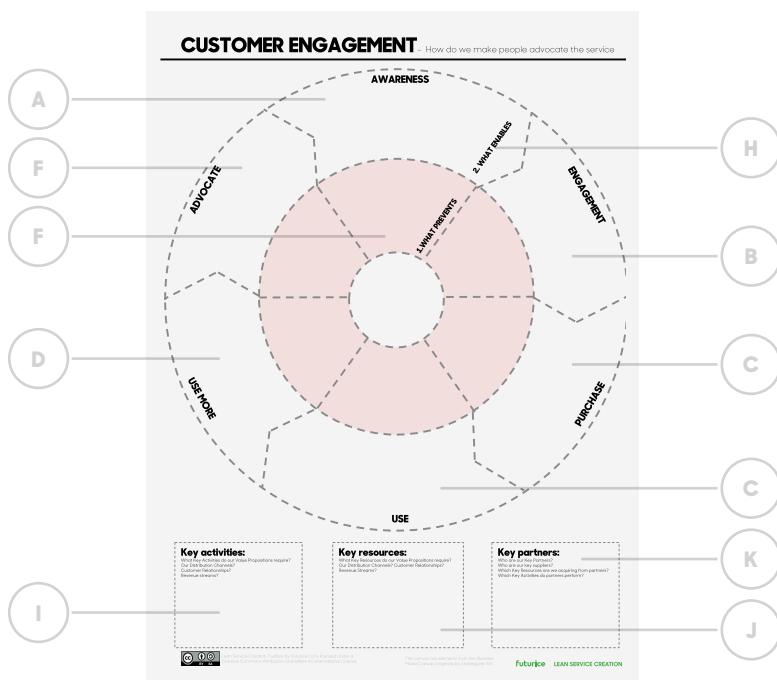
customer's home? Getting credit-card payments for your service? It is usually good to separate the activities to keep the service working, and the activities to build the service in the first place.

J. KEY RESOURCES?

What are the most important resources you need to have (or already have) to keep the circle rolling? Your existing customer base in your CRM system? Data on actual use? A trusted brand? A working distribution channel? A working billing/invoicing relationship with the customers?

K. KEY PARTNERS?

Wouldn't it be nice if you could do everything? Well, often you can't and more often you shouldn't. Maybe there is an existing business that does not compete with you but has a working delivery channel or a fantastic customer relationship, or just the perfect brand. Or maybe they are your suppliers that provide you with the gadgets or raw materials. Whatever the case, list here the partners plus the key activities and resources they bring to your customer journey circle.



BUSINESS MODEL & MARKET SIZE

This is the canvas for seeing if this makes any sense from the perspective of costs and revenue. Sometimes people like to jump into these questions earlier than this. However, we believe that there lies a danger of calculating the business without having a good enough understanding of your customers and the actual thing you should build for them. Like all the questions in these canvasses, some answers might require lot of work. Therefore, you have to use your judgment in balancing between "best guess" and "accurate data". Start with your best guesses and then dig deeper only on the most critical ones.

A. WHO PAYS WHOM? HOW MUCH?

Yes, as simple as that. How much do your customers pay and to whom? Maybe they pay your partner and not you directly? Maybe your service is free? Maybe there are different prices for premium and basic levels?

B. WHAT IS THE REVENUE MODEL?

Where do you get your money? Directly from the paying customers or from your partners in a revenue sharing model? Or perhaps your service boosts the sales of your other services and your revenue is indirect? And what is the model of getting that revenue: monthly subscription, one-time fee, pay-per-use...?

C. HOW ARE CUSTOMERS PAYING TODAY? HOW MUCH?

If you have found a problem worth solving, then people are already solving it somehow (seriously, if your customers are doing nothing to solve the problem, then maybe it is not a problem worth solving). Anyway, often they already pay something to someone at some stage of the current solution. To whom they pay and how much?

D. WHERE AND HOW DO YOU ANCHOR THE PRICE PERCEPTION?

When Apple introduced the iPad, did they say that it was like a smartphone but bigger and more expensive? Or did they say that it was like a laptop, but lighter and less expensive? You get the point, eh? To do this, you should have a good idea of the existing solutions that people have and the price perceptions they have about related services. Netflix 8€/mo. Spotify 9.99€/mo. Smartphone apps <5€. Social networking tools 0€. Strategic business leadership design unicorn disruption digitalization: priceless.

E. TOTAL ADDRESSABLE MARKET?

So how much are there people who fall into your segment? Three, 3 000 or 3 million? Total addressable market is absolutely everyone who could buy this. What is your market? Local, national, global?

F. POTENTIAL TARGET MARKET?

To be honest, not everyone will buy your service or product. They might get the competitor's product, they might not have the money at the moment, or whatever. This is your educated guess of how many customers you actually could get, if all goes well. Yes, it is tricky to estimate, but just do it.

G. 1ST YEAR SALES:

The first year, how much will you sell? How many customers and how much revenue? What is realistic? Can you commit to this?

H. PLAN FOR 1ST MONTH SALES

Where do you go first? Who are the first customers that you should sell this to? Can you start with some group of people (the ripest fruit)? Does the time of the year matter (e.g., hockey fans have a different emotional mindset off-season and on-season)? How many customers and how much revenue?

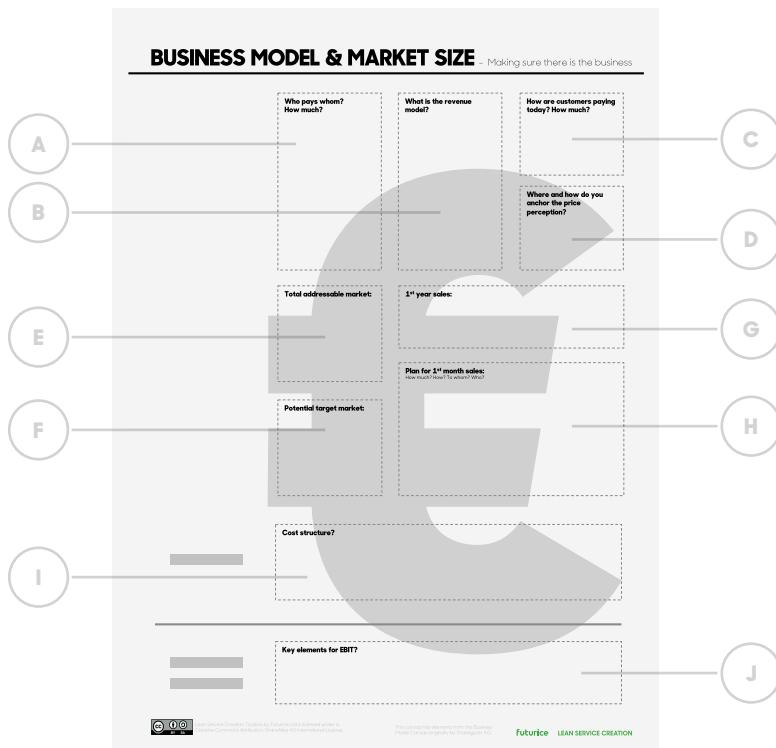
I. COST STRUCTURE?

Best things in life are free, but running a service is not one of them. What are most important costs (people's salaries, advertising, fuel for

trucks, service and upkeep of your backend, royalties for IPR owners...)? It is usually good to separate development costs and the running costs to see how much it takes to make it happen and how much it takes to keep it running. Again, start with your guesstimates and then dig deeper when needed.

J. KEY ELEMENTS OF EBIT?

EBIT is earnings before interests and taxes. In other words, your profit, which is revenue minus costs. Simple, isn't it. However, there are sometimes key elements that influence the EBIT more than others. Is there some cost that changes depending on, for example, the weather? Is there a revenue stream that has better margins than others? Is there some element that you should optimize more than others?



SERVICE BLUEPRINT

Service Blueprint is the more rigorous cousin of the customer journey. It can handle things like servers and invoicing systems, if need be. It is a great tool when you need to figure out all the important interconnections between all the parts of a service; and from a step-by-step perspective (i.e., not a static architecture diagram). At its best, it connects the customer's steps with your touchpoints and with your backend and with external processes (partners). In our experience, you end up drawing several versions of the blueprint to find the right level of granularity. In other words, you need to do few sketches to know how detailed vs. how abstract are the steps you want to document.

A. ACTIVITY

On this lane write the user's (customer's) actions. Sometimes the activity triggers some actions in the service touch points and sometimes it doesn't. All in all, on this lane, from left to right, you can read the process from the user's perspective.

B. FRONT OFFICE: TOUCH POINT & ACTIVITY

This is the channel or interface between the user activity and the front office activity (i.e., the front office is a label for all the stuff the user sees about your service). Let's say that the user picks up her smartphone and uses your application to check the weather. The touch point here is the mobile app and it probably triggers an activity on your side. In this example it might trigger a request to the weather database. On the other hand, the touch point might be a face-to-face request at a physical office, and it might trigger something else.

C. BACK STAGE: INTERNAL PROCESS

The activity in the front office often triggers activity in the back stage. The back stage is a label for the stuff that happens but is hidden from the user: servers, databases, delivery services, invoicing system, cooking the food in a restaurant etc. In the weather example, this might be the weather database that delivers the weather data to the client app that requested it.

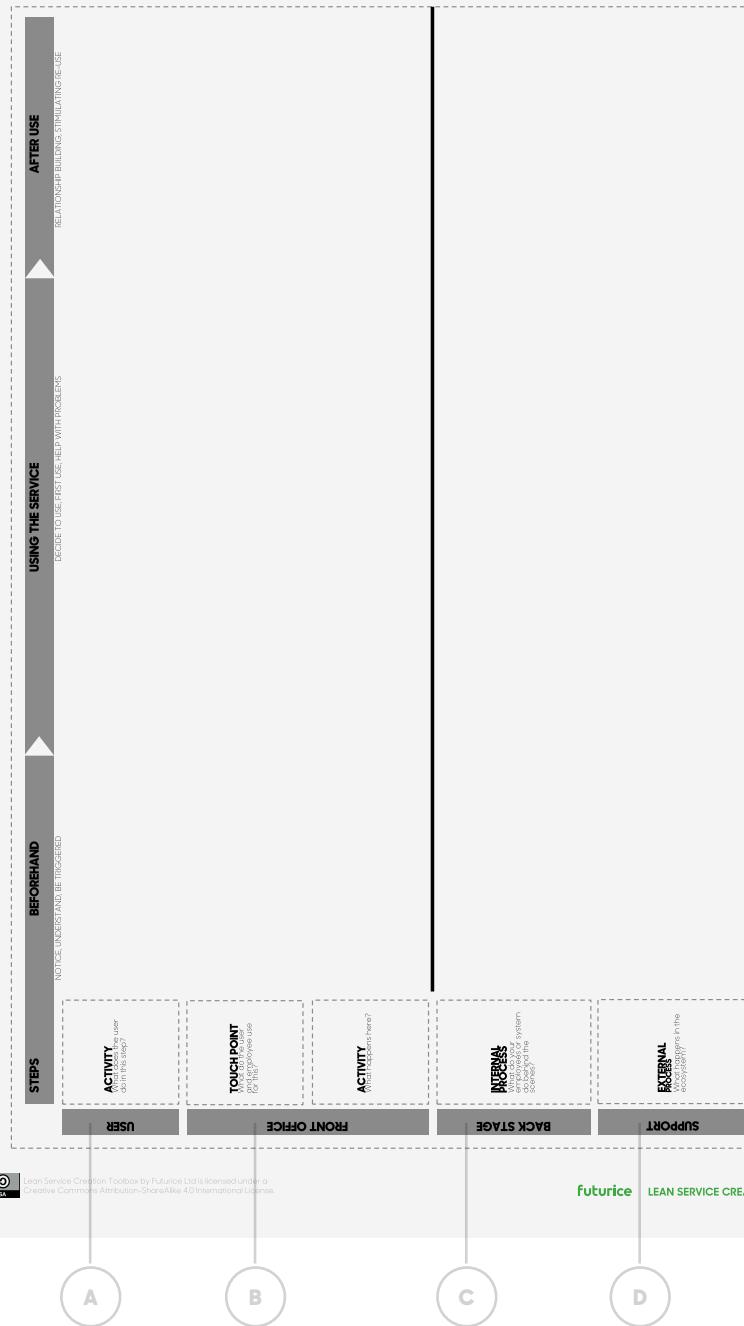
D. SUPPORT: EXTERNAL PROCESS

Your service might use partners or external services. An activity in the front office or in the back stage might call the help of an external process. The weather app might request an advertisement banner from a totally external service to present to the end user. Or perhaps the restaurant uses a third party service to deliver the food to the user's home. This is the lane where you bring the external parties into the... well... party ;)

SERVICE BLUEPRINT



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CONCEPTING

This is simply the space for drawing your first wireframes for your user interface. What does the landing page look like? What about the UIs for using the service? Who is it actually who lands at the landing page? And how does the user interaction flow from one screen to another? How does it flow from one touchpoint to another? Start sketching the most important part of the UI, and having a look at your customer journey might give you good ideas for deciding the most important part of the UI.

CONCEPTING

- Looking at the details..

Wireframes:

[Insert landing page proto here]



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EXPERIMENTING

This canvas looks simple, it is simple, and using it is simple. But don't let that fool you: it is often the most critical step between feet-off-the-ground design and hands-dirty building. This canvas will help you decide what to do next, i.e., to build your backlog and to prioritize the tasks in your backlog. And here's the most important point: this canvas will make you focus on what is meaningful and critical in getting your business up & running. This is the antidote for idiotic corporate culture where you should follow the official process steps no matter what. "According to our Corporate Innovation Process we should build a prototype, because we are in phase B3... although we all can see from this canvas that the most critical thing is to test the value proposition." All in all: you should be doing what is important, not what is in a process.

A. OUR MAIN ASSUMPTIONS

At this stage of Lean Service Creation you have made lot of educated guesses and assumptions. Time to have a look at all those places where you had to move on rather than spend days figuring out the right answer. This is how it goes: gather your team around this canvas. Each person lists one or two critical assumptions on a sticky note. A critical assumption is such that if it is wrong, the whole service vision fails. The assumption can be about technology, business, customer, the project itself, your organization... it can be whatever is critical for your success at this moment. Also, often the assumptions are obvious, so writing them down is even more important. Put all the sticky notes on this first column. Talk them over briefly. Then vote on which ones you think are most critical.

B. HOW TO EXPERIMENT

You can do this step with all the assumptions or just the most critical ones. However, it is better to write down all the assumptions before planning the experiments. An experiment is a simple, fast, and inexpensive way to get maximal knowledge (learning) about your assumption. A good experiment needs some creativity: it is so easy to fall into traditional methods that are often too cumbersome or heavy. For example, "We assume that our client organisations are willing to install new wi-fi to their venues." Slow and heavy

experiment: "Let's have a marketing research agency conduct a study about it." Fast and inexpensive experiment: "Hey, we know the venue managers. I'll pick up my phone and call three of them right now to see what they think about it."

C. SUCCESS CRITERIA

The problem with assumptions is that they are your own assumptions. It is extremely important to define the success criteria before doing the experiment, because often the results from the experiment require some interpretation, and... well... we humans love to interpret so that it looks like we were right in the very beginning. .

D. KEY FINDINGS

This is where the most valuable knowledge is gathered. This is where you write down the things you learned from the experiment. You will, of course, learn whether you met the success criteria or not. And you will learn lots of other things as well: e.g., about communicating your value proposition, about technological choices in building the experiment, about your customers when recruiting them to participate in the experiment, and so on. Note, that sometimes you might want to build the MVP (or MLP, see below) to tackle the most critical assumptions. Therefore, you might step to the next canvasses before getting the key findings.

EXPERIMENTING

- Finding the answers before building it..

DO YOU THINK? DO YOU KNOW? DID YOU **CHECK?**



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MINIMUM VIABLE LOVABLE PRODUCT

"WTF? Why have you replaced 'viable' with 'lovable'? Everyone and their uncle is talking about MVPs and you don't use the same word?"

Yes, precisely. We have spent hours in debating what an MVP is and should be. Is anything built for an experiment an MVP or does MVP have to be "bigger" than an experiment? To put it simply, we simply re-named it to bypass the interesting but sometimes less fruitful discourses :)

But really, we want to emphasize that the MLP should focus on building the minimum that your customers will fall in love with.

After working with the Experimenting canvas you have a set of experiments and the success criteria for each. Use your own judgment whether to bundle the experiments into an MLP or whether the experiments are so light and fast, that there is no need to build anything yet (e.g., making few phone calls or interviewing people does not need any building).

A. WHAT IS IN THE MLP?

This is simple and powerful. Write the features of the MLP/MVP onto sticky notes, and then decide what is required for the minimum lovable product. In other words, only the bare bones that make your customer fall in love with the product or service. On the right side you write the rationale behind the decision: why you chose to include this.

"creep" happens very easily, and therefore, this box can be even more important than the one above. And if you have a boss who pays attention to your work only sporadically, it might be really important to have a tool explaining why this MLP does not have any colors, does not integrate with the legacy backend, and does not actually look like a polished product at all.

B. WHAT IS NOT IN THE MLP?

...and into this box you stick all the features that were left out (and why). So-called "feature

LOVABLE
MINIMUM VISIBLE PRODUCT – nothing but the essential

What is in the MVP?

ASK WHY.

A

What is not in the MVP?

ASK WHY.

B



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MVP BACKLOG

This canvas is the tool to move from planning to really doing. You have your assumptions in the Experimenting canvas and you have the features for the MLP (i.e., MVP). So let's list them into an actionable backlog (i.e., a fancy todo list). This canvas is the antidote for endless planning and analysis: you simply list the things to be done to get the MVP out there. Note! This is not a technical backlog for building stuff. Here you list all required actions, and they might include asking for more budget, contacting potential partners etc.

A. TECHNICAL ISSUE

Look at the Experimenting board, and transfer from that board the most burning technical issue (assumption) at the moment. What technical assumption is both most important and most probably the trickiest to implement or the biggest question mark?

B. BUSINESS QUESTION

Again, look at the Experimenting board, and transfer from that board the most burning business question (assumption) at the moment. It might be about your company's business (we do not have funding), or it might be about the business model of your service (we have no idea what people would actually pay for this). Or perhaps the business question is about your competitors.

C. END USER VERIFICATION

Do you have the segment right? Are these really the people that you will target first? Have

you validated your value proposition enough? Are you talking the customer's language?

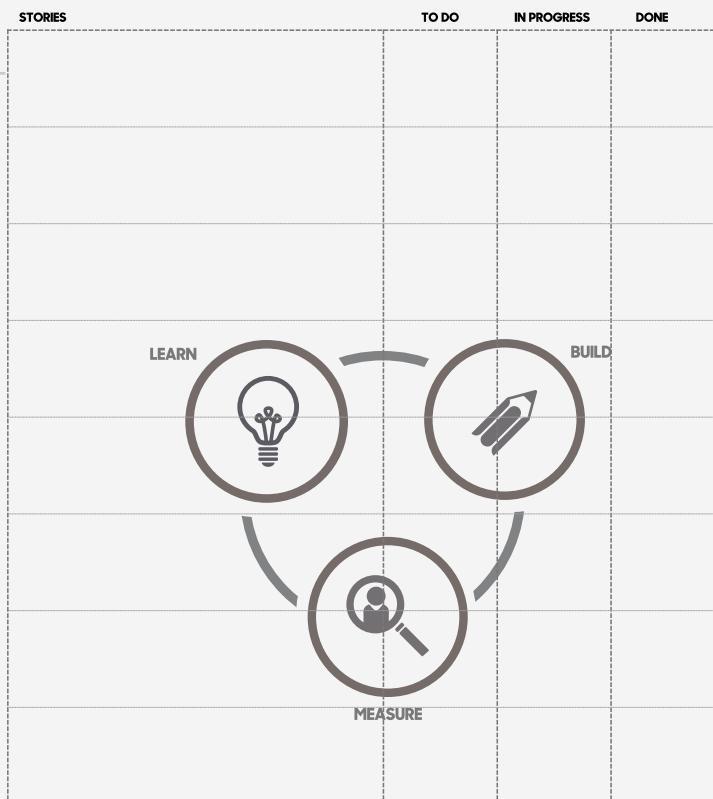
D. THE BACKLOG

The most important thing about a backlog is not how it is structured. The most important thing is that it is actually followed and things get done. Here is your first backlog to get you started. List here the tasks (or user stories) to be implemented in your MVP. Then in the To Do part list the name of the person who is going to do the task. When the person starts doing it, move it to the In Progress column, and when it is done, move it to the last one. This helps the team to see who is doing what, and it helps the individual to see what needs to be done. It is good practice to have a limit on how many tasks one person can have "in progress" at the same time. Otherwise you lose focus and nothing gets done. In the long run, your backlog probably grows and you need to build a new one that is bigger and takes up a whole wall. However, do this and you have a running start.

MVP BACKLOG

- What is in between current state and the launched MVP

RIGHT NOW WHAT IS THE MOST CRITICAL...



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WHAT TO MEASURE

You can use this canvas in the very beginning or here at the end. The point is to make you define the metrics of your work, and give you clarity and focus.

A. VALUE PROPOSITION METRICS

Re-write here the problem worth solving you have identified for your customers. Your value proposition should address this problem. In other words, what should you measure to make sure your value proposition is understood and speaks to your customers? Or even better, that they accept or buy your value proposition? Sometimes it might be measuring the recommendations (e.g., net promoter score), a survey every week, or regularly interviewing a handful of customers.

B. SERVICE METRICS

Start by writing here most important part of your service. Have a look at the Customer Engagement

canvas. Have a look at the Most Lovable Product canvas. What is the most important element at this stage, and how do you measure it? Awareness and clicks on your web ads? The amount of downloads? Purchase decisions? Simple uptime? The recommendation tool you built?

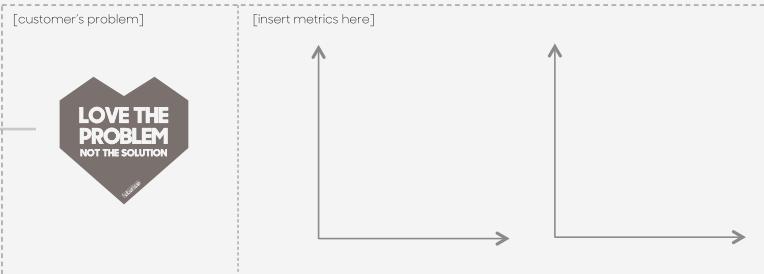
C. BUSINESS METRICS

Go back to the Business Goals and Limitations canvas. What is the business problem you are solving and how will you know that you have succeeded? Should you measure revenue, profit or costs? Is your business goal to acquire new customers? Or perhaps your business goal is to raise the profit margin of the core service of your company?

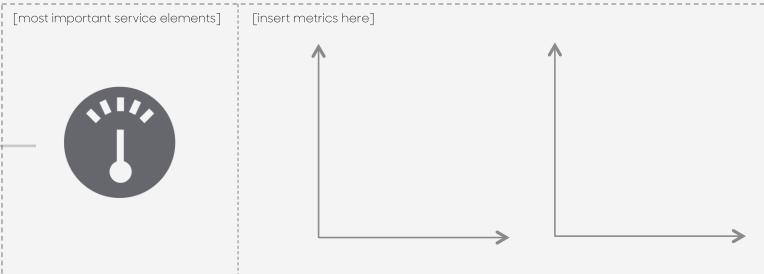
WHAT TO MEASURE

- MVP is out. What to measure to make it rock.

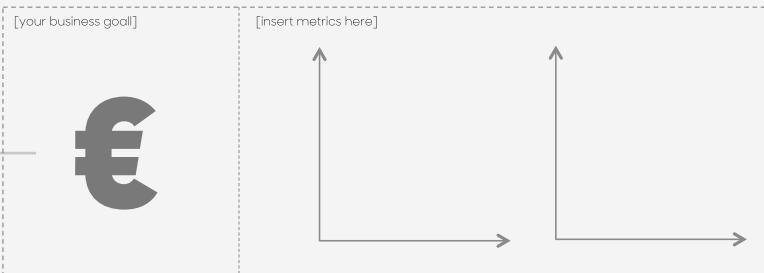
VALUE PROPOSITION METRICS



SERVICE METRICS

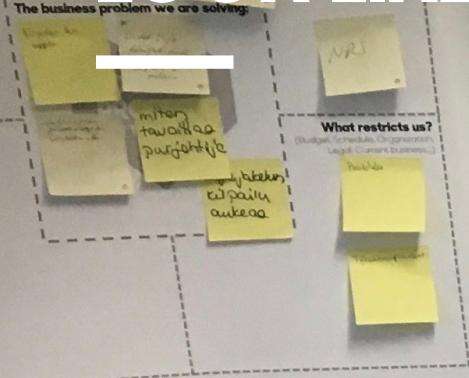


BUSINESS METRICS

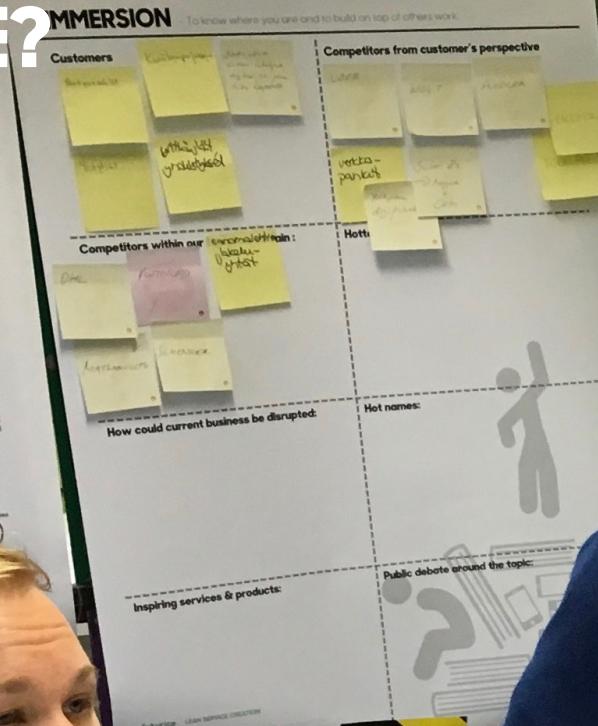


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WHAT DOES IT ACTUALLY LOOK LIKE?



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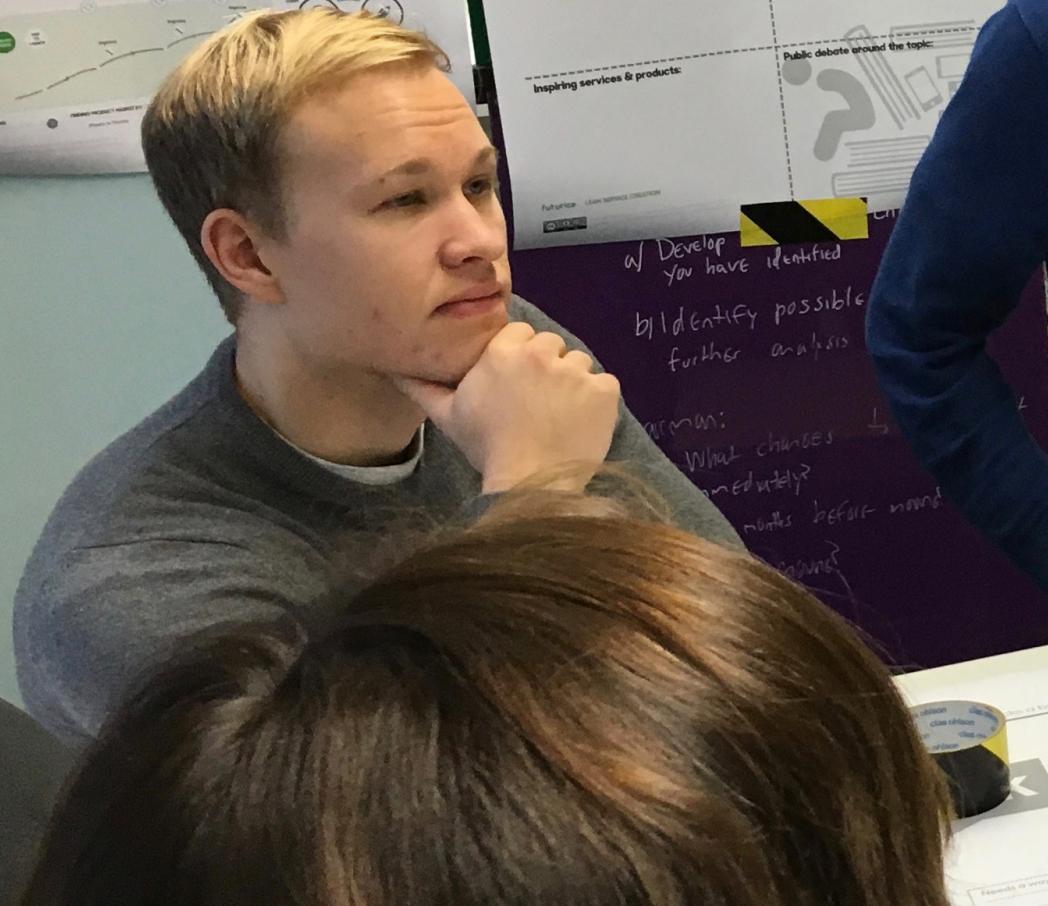
w Develop
you have identified

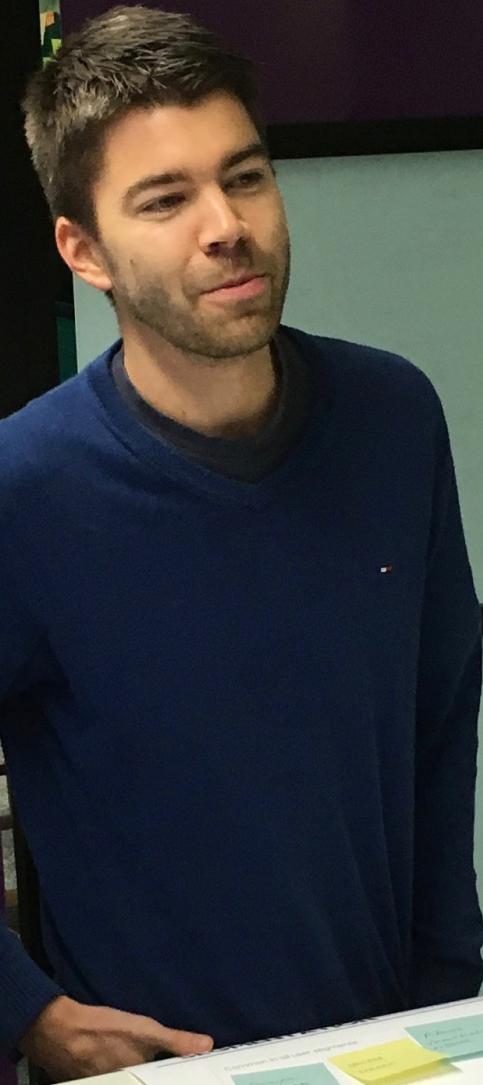
b Identify possible
further analysis

airman:

What changes
immediately?

months before now?
now?







The whole canvas set, fake ads, and extra brainstorming boards from the Time Machine project with Helsinki City Museum. Lovely colors and lots and lots of knowledge :)

BUSINESS IDEAS AND LIMITATIONS

Our goal?

2-3
TESTATTU
KONSEPTTIA

OPPIA
LISI TAPA
TYÖSKENELÄ

LYHTY
BTTF
21.10.15

What do we need to take into account?

MITEN
PÄIVITTÄIN
PYÖRITERÄÄN
?

VISIO
&
MAALI

TEKNIKAN
ROADMAP

PYSTYH
SYVENTY-
MAAIL

THINK
BIG

SAMAINSU-
MISEN
HALU

PROP-
SEJA

RANDOM
FUTURE

INSPIRE



FIND A PROBLEM WORTH SOLVING

Days to Weeks

KOKKRETIA

MYYNTI-
DEKKI

MIN HEN
ETÄ MUUT
HAUVAVAT
KOPIOIDA

YLÄKOUUT
&
LUKIOT
(UAPÄÄHTÖISÖSIT)

How will we know that we have succeeded?

MUUT
MUSEOT
IHASTELLEE

PUHUMASSA
TÄSTÄ
MAILMALLA

VUODEU
KULTTUURI-
TEKO

MEDIA
PUHUU
VIENTI-
TUOTTEENA

LUOKKA-
RETKI-
KOHDE
KÄVIJÄ
VUODESSA

What restricts us?

(Budget, Schedule, Organization, Legal, Current business...)

UUDEN KPNSGIL
MUSEOON
PÄÄNÄHTÄVYYS

MUSEOON YLLÄTÄHME
KÄSITE ITSEMME
VUOKSI. → USKO
ITSEEMME.

VOLVAT
RAKASTUA
HELSINKIIIN

"POPPIA
VOITTAJA.
FIILIKSEN"

VUODENVAAT
UHKA
JAI
MÄÄRÄLLISUS

SELLINEU
WOW!
AMMUTAATKUUS

MINUT
MAAILMASSA
!

AISTIT
&
TUNTEET

ENNAKKO-
LULLOT
MUSEOSTA.

Yllätyskesä-
myyrys

* SISÄÖ
PITÄÄ
VAIHTAA

RAHOITUS
JÄRHÄT

ITRIINIT

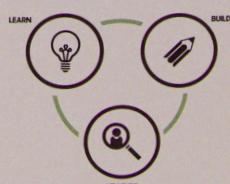
EI SUUR-
MIEHIA VAA
PIENIÄ
IHMISSÄ

SIÄSÄ

TILA &
TEKUUKKIA

IN SERVICE CREATION

LYHIY



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CREDITS

The canvasses have been put together and iterated by Hanno Nevanlinna, Juha Pesonen, Risto Sarvas, Mari Piirainen, Yrjö-Kari Koskinen, Anna Kolehmainen, Mirkka Länsisalo, Oleg Grenrus, Oskar Ehnström, Heli Ihämäki, Sebi Tauciuc, and tens of other Futurice experts who have contributed in making these better. You know who you are <3

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APPENDIX 1

LSC Interviewing Cheat Sheet

WARM-UP

A good interview is a discussion, not an interrogation. Build trust by having a relaxed and friendly atmosphere.

- Introduce yourself and other interviewers, and their role in the interview.
- Tell the reason and theme of the interview on a broad level.
- Tell what will happen to the answers: who will see them, how will you use them etc.
- Remind that all answers and comments are important, especially criticism.
- Remind that you are there to learn from the interviewed person, that s/he is the expert here. Remind also that there are no right or wrong answers.
- Start with questions that are easy to answer so that you get the conversation flowing. For example, age, job title, job, where do they live, in what kind of a house

SECRETS OF SUCCESS

The goal of the interview is to see the world from his/her perspective, and to understand what problems, needs, desires, wants etc. there might be. Be prepared to dig deeper than the first obvious answer. Try to figure out their motives and rationale for thinking, doing or feeling in a certain way. What are their underlying goals & motives?

- Ask for concrete examples: "Tell me about the last time you..."
- Avoid questions that can be answered simply yes or no. Ask open-ended questions, such as "Why do you... What did you think when... How did you then...?"

- Use a lot the words why, how, and what.
- Let them speak! Roughly 20% of you talking and 80% the interviewed.

LOOK OUT, IT'S A TRAP!

People are friendly and you're a nice person. Therefore, they want to please you with their answers, and tell you what they think you want to hear. Humans, can't live with them, can't live without them. Nevertheless, here are few tricks:

- Don't show your cards. Don't tell them what you assume or what you think is a good solution for their problems (the "solution interview" is for that).
- Avoid questions that reveal what would be the answer you are looking for.
- Don't generalize, be specific.
- Leave few seconds of silence between their answer and your next question. They might continue with interesting stuff to fill the silence.
- Act stupid. Ask them "why?".

FINALLY

- Remember to thank them for their time and valuable comments.
- Use the opportunity: ask them a permission to interview again and if they know anyone that you could interview.
- Immediately after the interview: write down three things that you found interesting or popped into your mind during the interview.

ABOUT THE AUTHORS

RISTO SARVAS

Risto lives a double life. Most of his waking hours he helps large corporations engineer their work culture in this blissful age of digitalisation. Once a week he is a professor at Aalto University where he constantly learns from his clever students. Risto has lead a research group and a design team, he has won teaching and design awards, and he has created international art exhibitions as well as radical business innovations.

HANNO NEVANLINNA

Hanno is one of Futurice's founders and has been an integral part of steering the agency

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JUHA PESONEN

A humanist by heart and inclination, Juha has worked on hundreds of innovative and demanding B2C and B2B projects, putting his concept and UX design know-how to use in helping major European companies thrive in a rapidly changing business environment and weather the disruptive storms of mobile technology and digitalisation.