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Thread: Discussion WrapUp: Lemonade **Posted Date:** September 11, 2023 12:16 PM
Post: Discussion WrapUp: Lemonade **Status:** Published
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Good commentary and engagement from the class.

The company has decided to enter the insurance industry which is dominated by powerful and resourceful players. The company believes it can be successful in this century-old business by introducing a novel business model. Another fascinating element to Lemonade's approach is how they organically integrate a social impact component into the core business model without engaging in public-relations-like campaigns.

As we discovered in the lectures, competing in mature industries as a start-up can be tricky. One of the three key questions we must answer before pursuing an idea is "*Are there positions in the industry that will avoid some of the negative attributes of the industry as a whole?*" At first blush it is not apparent that the insurance industry is a realistic place for a new venture nor does it have markets that are ripe for innovation or are underserved. This is why the feasibility analysis is so important.

Lemonade faces the same perennial questions facing most start-ups: how to compete with incumbents which usually have deep pockets, existing customers, brand recognition, and more relevant to the insurance industry, heavy regulations.

There is something common as well as unique about Lemonade's entrepreneurial strategy. The common element that stands out for most startups is they have embraced innovation wholeheartedly and capture market trends quickly.

Lessons revealed in this case:

- Unique business models can be a competitive weapon
- Challenging old assumptions can bear fruit
- Elements of social responsibility can provide an important competitive strategy
- Being nimble is an important skill for new ventures
- Creative entrepreneurs can develop competitive ventures in challenging industries
- In order to win, new ventures must embrace innovation (cost efficiency, tech savvy millennials) and have solid market understanding
- Analog models in Germany, China and the UK provide insights that help develop the business thesis

Give credit to the founders. They developed a vision, outside of the industry bias, for what they thought an insurance company should look like and how it should operate.

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