

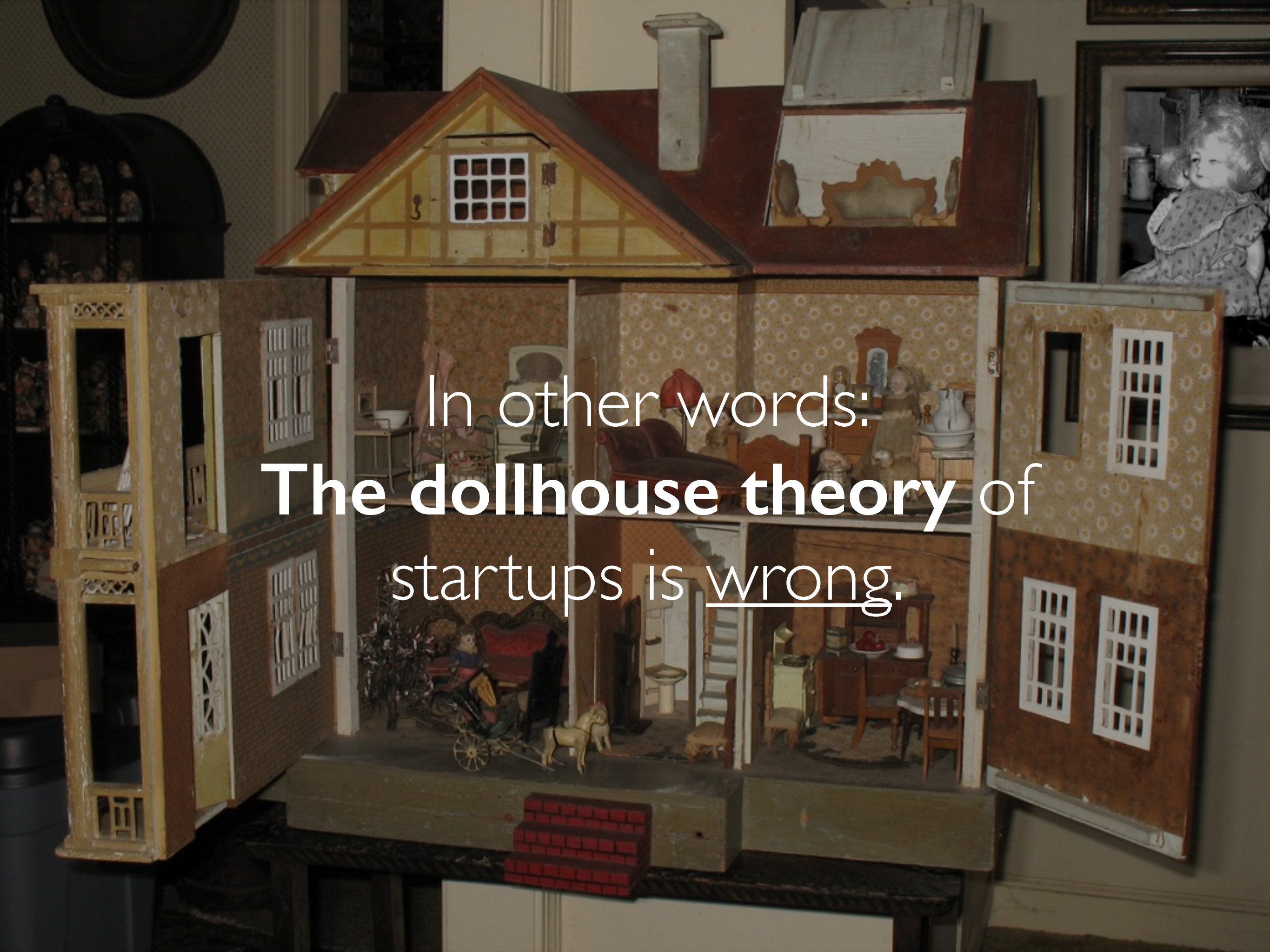
# LEAN STARTUP IN A NUTSHELL

IN719 - LIDERAZGO Y EMPRENDIMIENTO

# **THE STARTUP AS AN EXPERIMENT**

A startup is not a small version of a larger company. It is an entirely different kind of organization, driven by different goals and different needs.



A detailed dollhouse is shown with a cutaway section revealing its interior. The dollhouse has a brown roof with a white chimney and a yellow gable end with a white window. The interior is furnished with miniature furniture, including a dining table, chairs, a sofa, and a bed. A doll is visible in the upper right corner. The dollhouse is placed on a wooden surface with a red brick pattern.

In other words:  
**The dollhouse theory** of  
startups is wrong.

Neither does a startup need the same departments – engineering, marketing, QA, finance, support, etc. –, nor should it follow the same product development methodology as its hypothetical larger counterpart.

**STARTUP ≠ LARGE COMPANY**

**search** for a repeatable and scalable  
business model  
(*is essentially an experiment*)



**STARTUP ≠ LARGE COMPANY**

**executing** and scaling a proven model

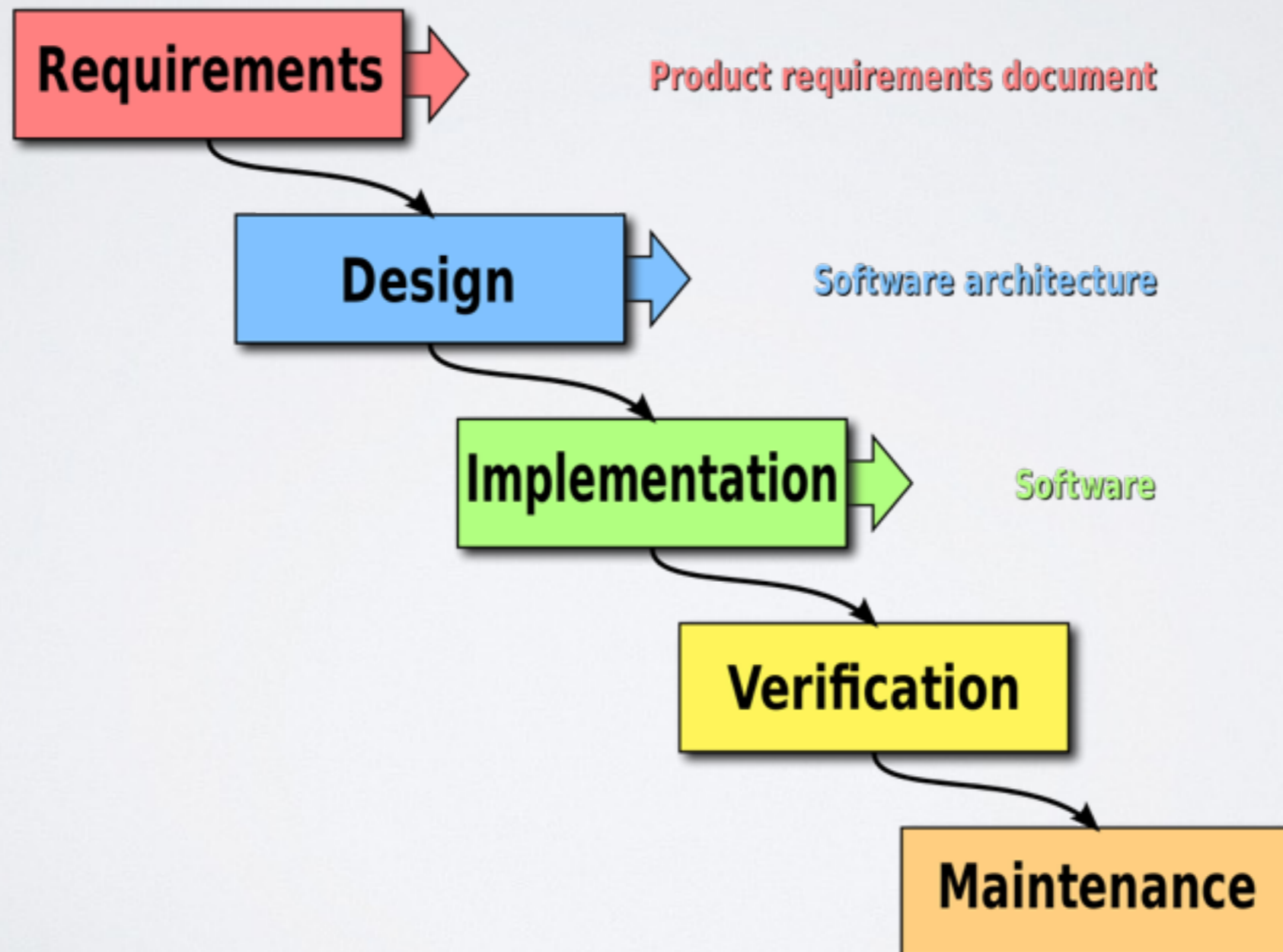




# **THE PRODUCT DEVELOPMENT METHODOLOGIES**

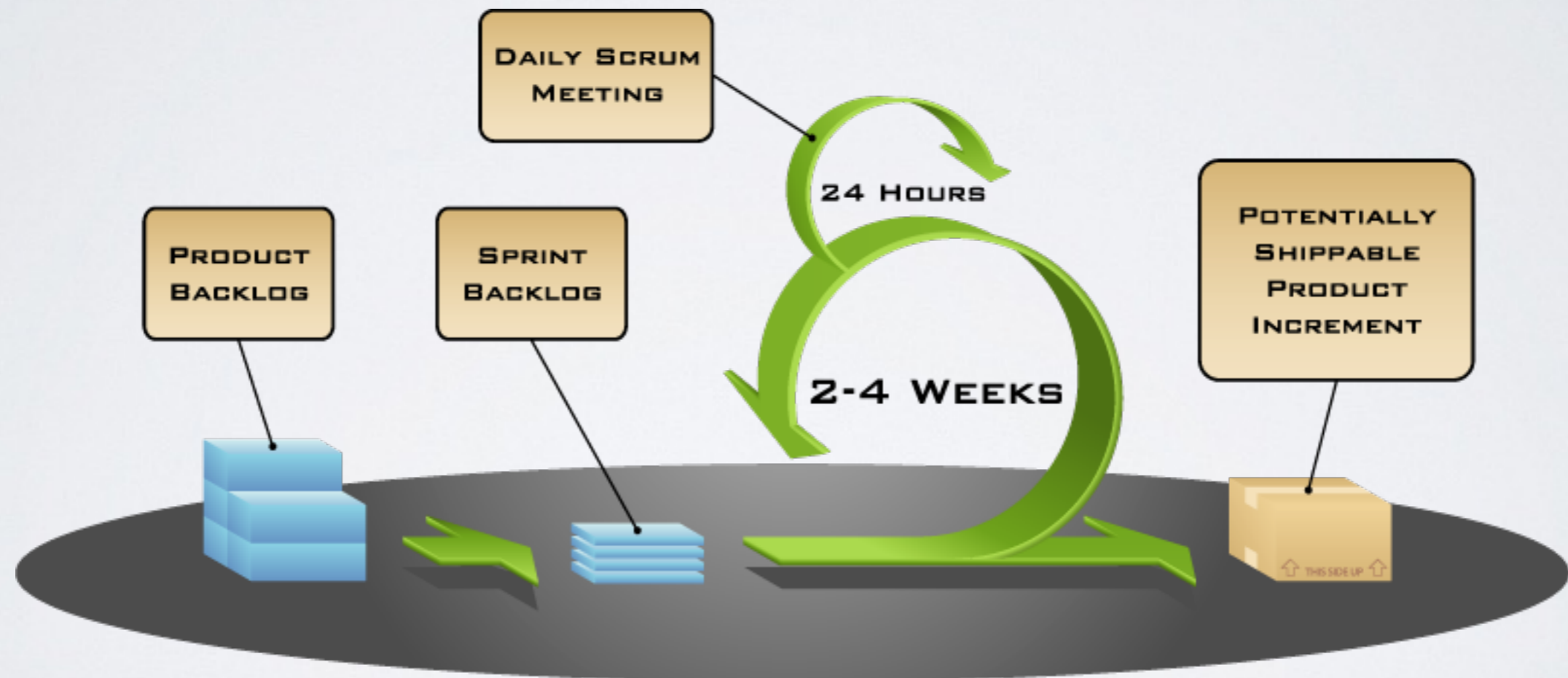
# WATERFALL METHODOLOGY

*(known problem, known solution)*



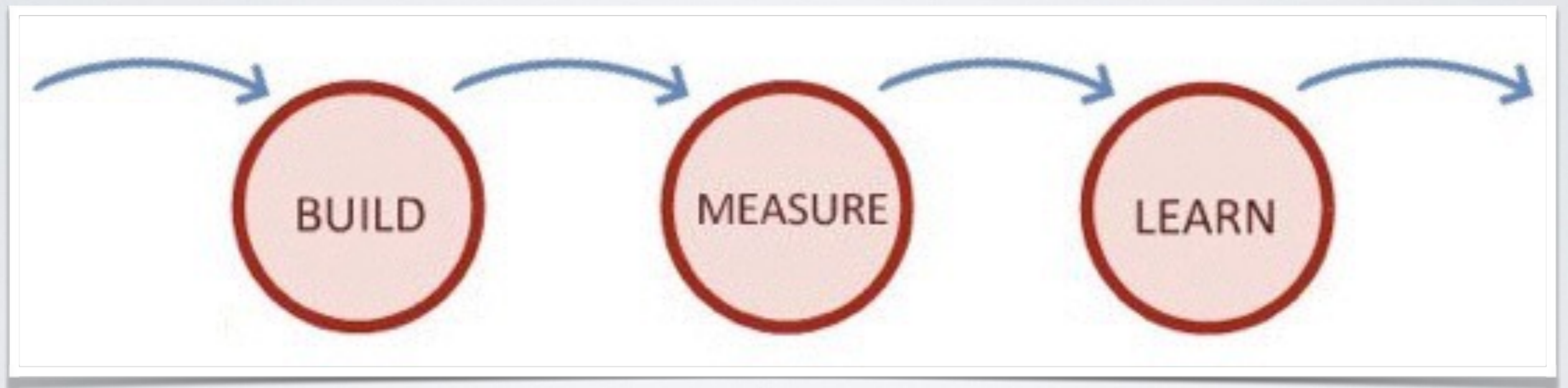
# AGILE DEVELOPMENT METHODOLOGY

*(known problem, unknown solution)*



# BUILD-MEASURE-LEARN FEEDBACK LOOP

*(unknown problem, unknown solution)*



# **PIVOTS AND INNOVATION ACCOUNTING**

A startup consists of a **vision** and a **strategy** (a business model, i.e. a collection of hypotheses) designed to turn that vision into a real-world business that is creating sustainable value.

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A change in strategy is called a **pivot**, and it represents the most fundamental concept of the Lean Startup

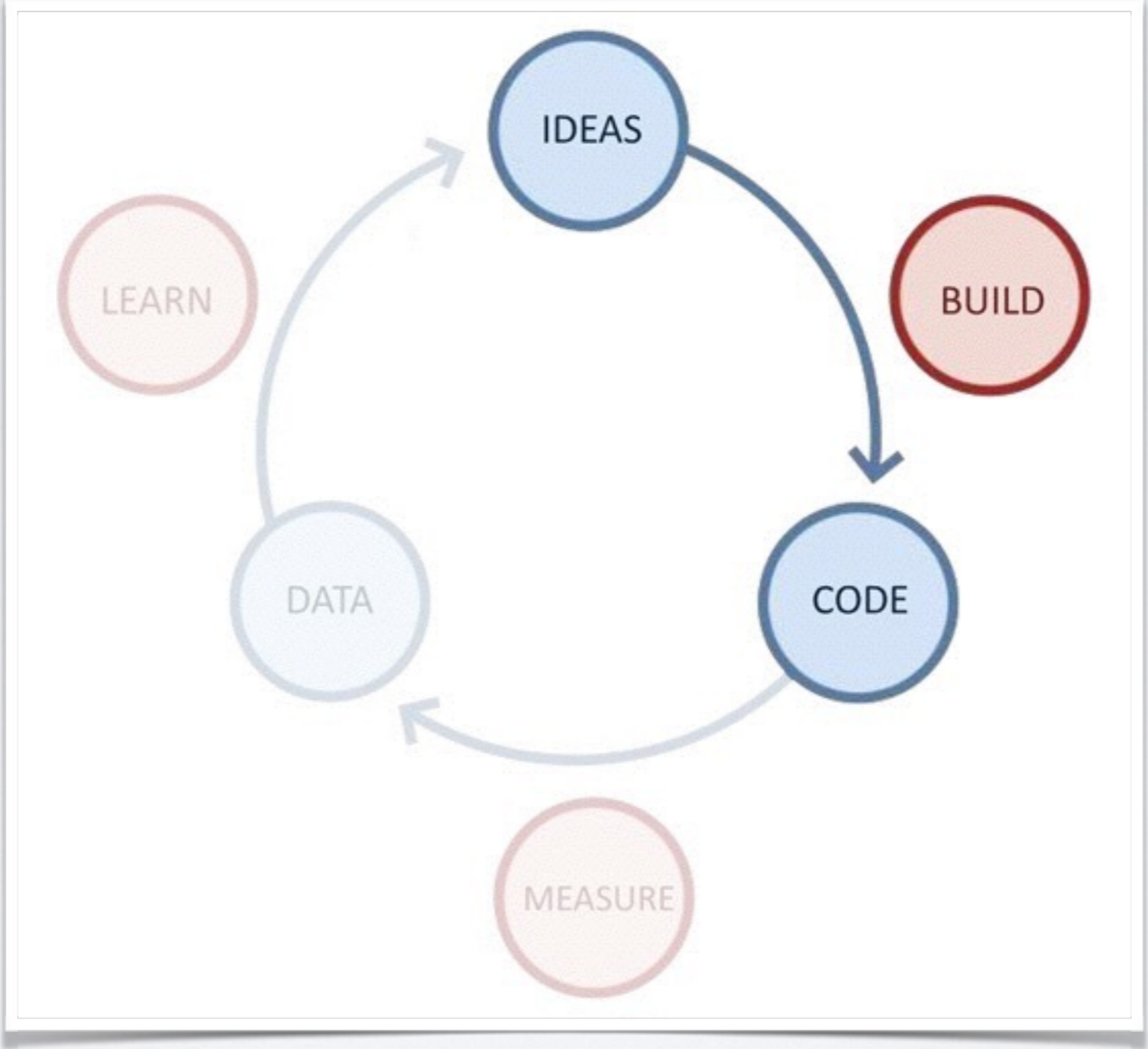
# INNOVATION ACCOUNTING

Innovation accounting consists of formulating and testing a set of key metrics – quantitative assumptions – by working backwards through the feedback loop:

1. What are we trying to **learn** next?
2. What do we need to **measure** in order to learn that?
3. What do we have to **build** to be able to measure that?



**BUILD**



MINIMUM VIABLE PRODUCT

AGILE DEVELOPMENT

CONTINUOUS DEPLOYMENT

OPEN-SOURCE COMPONENTS

THE CLOUD

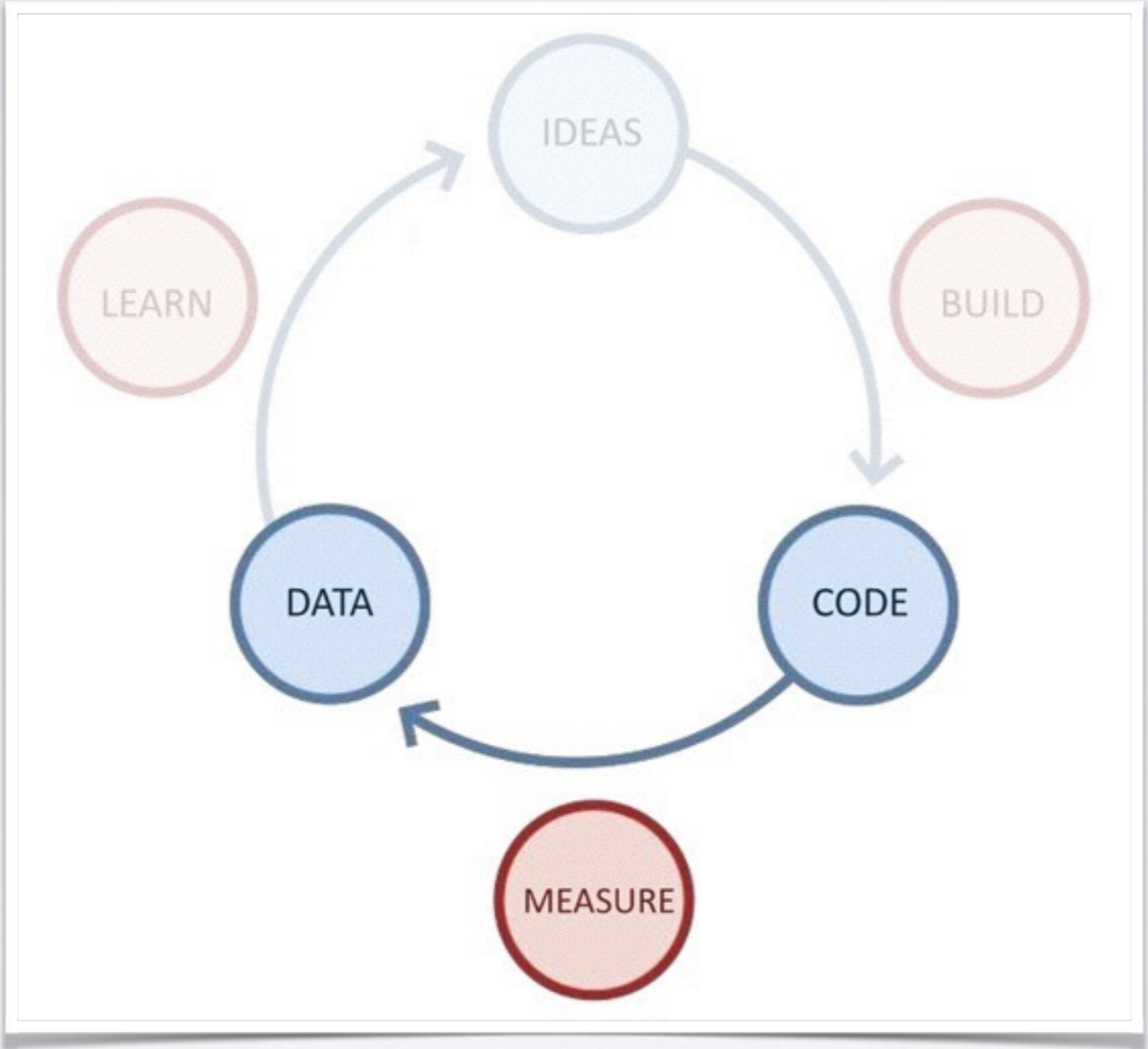
CLUSTER IMMUNE SYSTEM

# BUILD: CONCLUSIONS

Building products in a Lean Startup requires **technology and methodologies** which enable the development team to **iterate as rapidly as possible** while remaining as flexible as possible at the same time.

**Making mistakes is vital in a Lean Startup.** Design the development environment so that mistakes can never have disastrous consequences.

**MEASURE**



SPLIT TEST

COHORT ANALYSIS

CONVERSION FUNNELS

NET PROMOTER SCORE AND  
PRODUCT/MARKET FIT

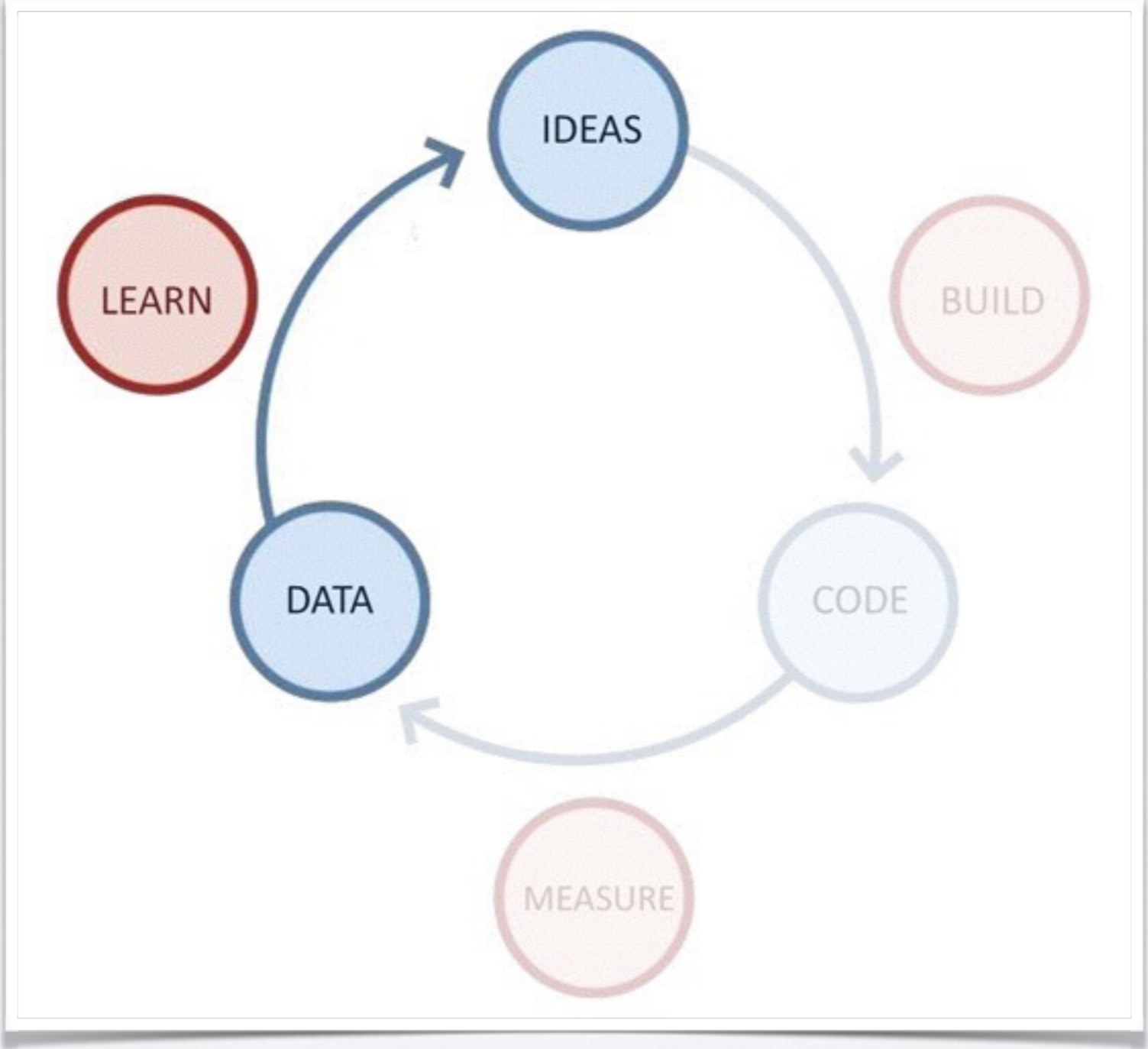
USER TESTING

# MEASURE: CONCLUSIONS

Good measurement relies on **good and reasonable metrics**. It requires an actual understanding of what constitutes progress and how to document it. It puts science ahead of vanity. And it recognizes that **metrics are people, too**.



**LEARN**



CUSTOMER INTERVIEWS

CUSTOMER SEGMENTATION

CUSTOMER ADVISORY  
BOARD

FIVE WHYS

# LEARN: CONCLUSIONS

Learning in a Lean Startup is the hardest part. It takes a commitment to objective standards and scientific methods to break through the reality distortion field. Learning creates anxiety for the founder's ego. Setting up processes designed for continuous learning are thus indispensable for a thriving startup whose **success is not based on mere luck, but on method.**

IDEAS

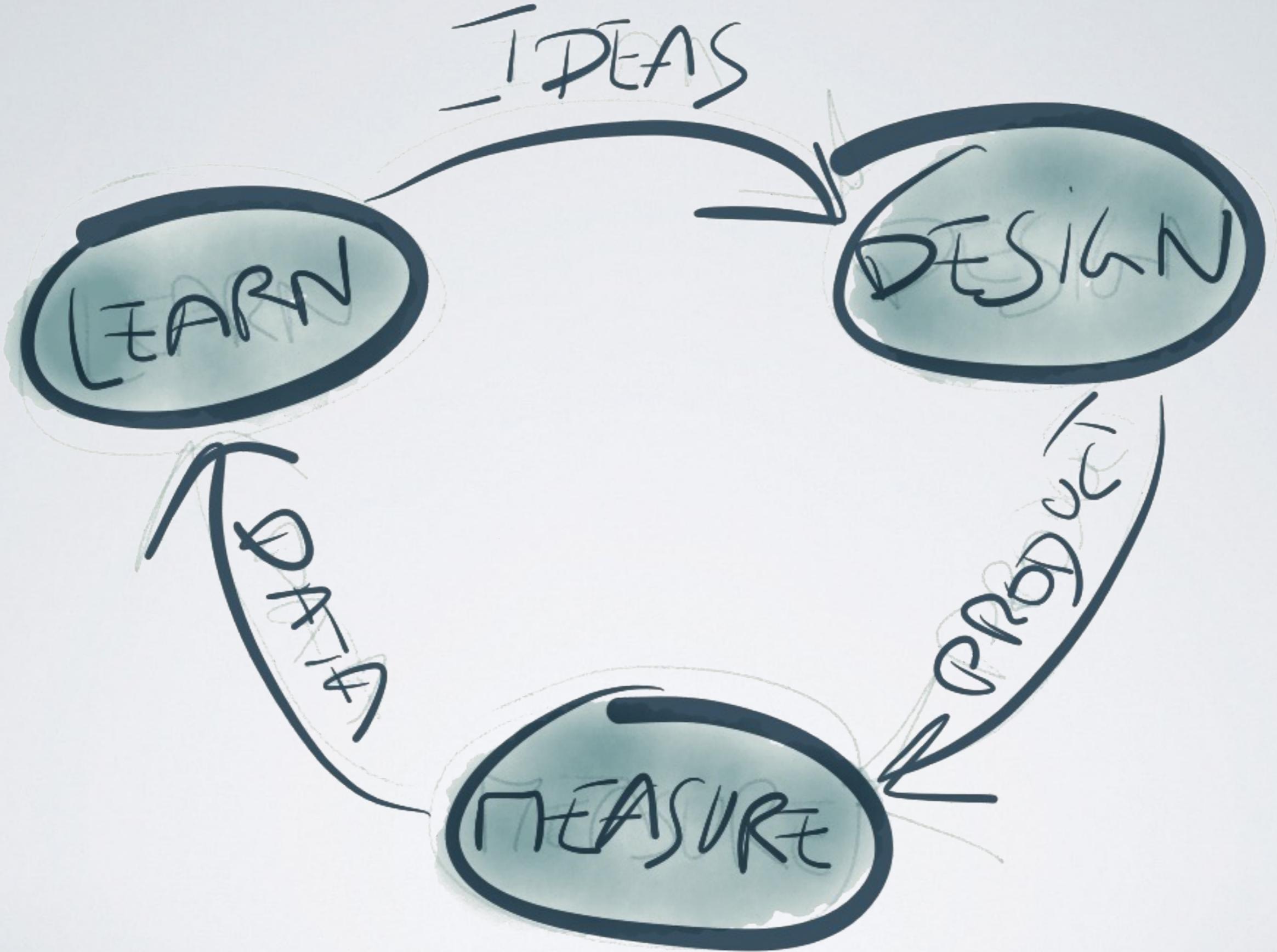
LEARN

DESIGN

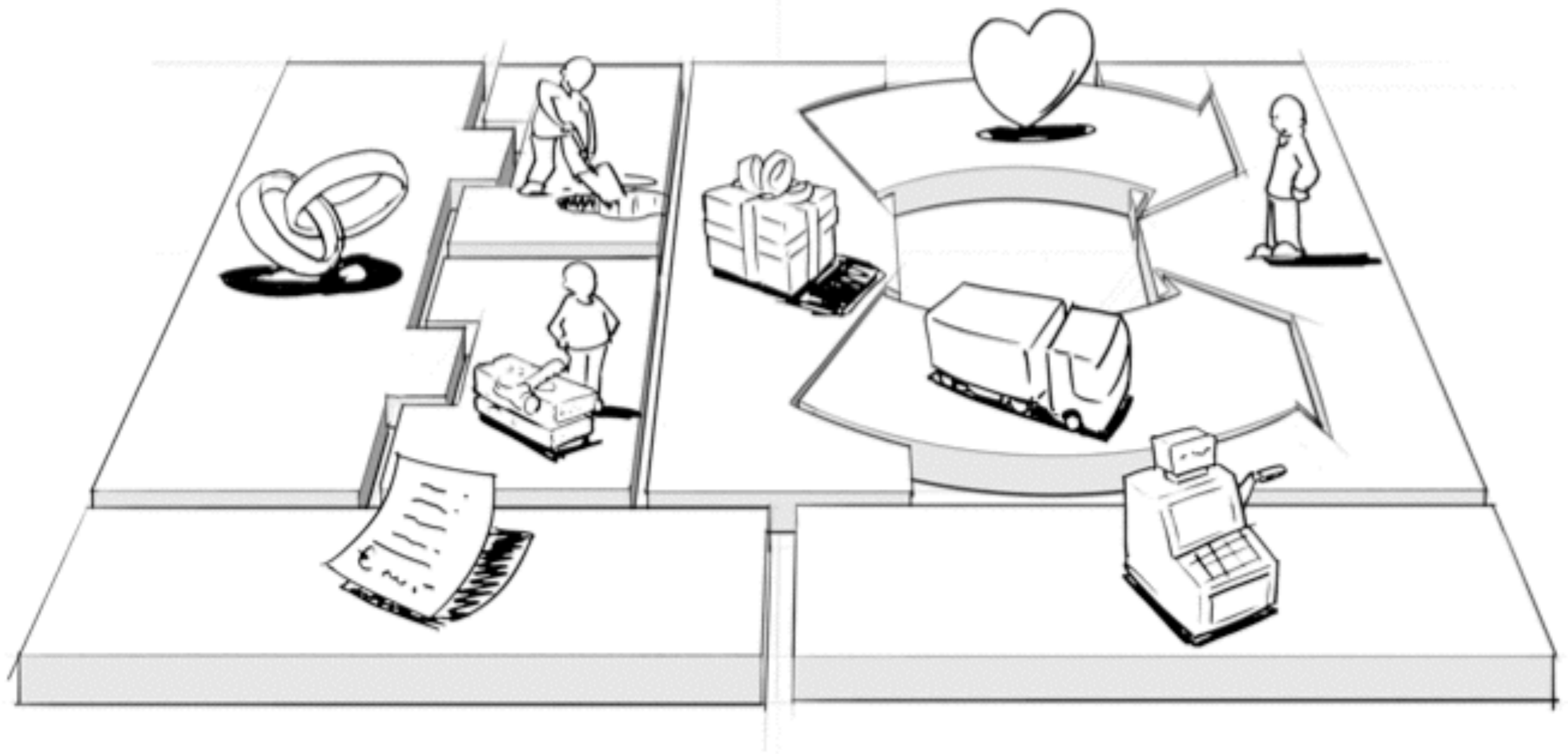
VALIDATE

MEASURE

PRODUCE







# The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

<h3>Key Partners</h3>  <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p><b>OPTIMIZATIONS FOR PARTNERSHIPS</b> Optimization and economy Reduction of risk and uncertainty Acquisition of particular resources and activities</p>	<h3>Key Activities</h3>  <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p><b>EXAMPLES</b> Production Problem Solving Platform/Network</p>	<h3>Value Propositions</h3>  <p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p><b>CHARACTERISTICS</b> Newness Performance Customization "Getting the Job Done" Design Brand/Status Price Cost Reduction Risk Reduction Accessibility Convenience/Usability</p>	<h3>Customer Relationships</h3>  <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?</p> <p><b>EXAMPLES</b> Personal assistance Dedicated Personal Assistance Self Service Automated Services Communities Co-creation</p>	<h3>Customer Segments</h3>  <p>For whom are we creating value? Who are our most important customers?</p> <p>Mass Market Niche Market Segmented Democratized Multi-sided Platform</p>			
	<h3>Key Resources</h3>  <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p><b>TYPES OF RESOURCES</b> Physical Intellectual (brand, patents, copyrights, data) Human Financial</p>		<h3>Channels</h3>  <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p> <p><b>CHANNEL PHASES</b> 1. Awareness How do we raise awareness about our company's products and services? 2. Evaluation How do we help customers evaluate our organization's Value Proposition? 3. Purchase How do we allow customers to purchase specific products and services? 4. Delivery How do we deliver a Value Proposition to customers? 5. After sales How do we provide post-purchase customer support?</p>				
<h3>Cost Structure</h3>  <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p><b>IS YOUR BUSINESS MODEL</b> Cost Driven (lowest cost structure, low price value proposition, maximum automation, extensive outsourcing) Value Driven (focused on value creation, premium value proposition)</p> <p><b>SAMPLE CHARACTERISTICS</b> Fixed Costs (salaries, rents, utilities) Variable costs Economies of scale Economies of scope</p>		<h3>Revenue Streams</h3>  <p>For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> <table border="0"> <tr> <td><b>FIXED PRICES</b> Asset sale Usage fee Subscription Fee Lending/Renting/Leasing Licensing Strategic fees Advertising</td> <td><b>ADDED PRICES</b> List Price Product feature dependent Customer segment dependent Volume dependent</td> <td><b>DYNAMIC PRICES</b> Negotiation/Bargaining Yield Management Real-time Market</td> </tr> </table>			<b>FIXED PRICES</b> Asset sale Usage fee Subscription Fee Lending/Renting/Leasing Licensing Strategic fees Advertising	<b>ADDED PRICES</b> List Price Product feature dependent Customer segment dependent Volume dependent	<b>DYNAMIC PRICES</b> Negotiation/Bargaining Yield Management Real-time Market
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DESIGNED BY: Business Model Foundry AG  
The makers of Business Model Generation and Strategyzer

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**NESPRESSO®**

STRATEGIC  
PARTNERS

KEY  
ACTIVITIES

VALUE  
PROPOSITION

CUSTOMER  
RELATIONSHIP

CUSTOMER  
SEGMENT

KEY  
RESOURCES

DISTRIBUTION  
CHANNELS

COST

REVENUES

STRATEGIC PARTNERS



KEY ACTIVITIES



VALUE PROPOSITION



CUSTOMER RELATIONSHIP



CUSTOMER SEGMENT



KEY RESOURCES



DISTRIBUTION CHANNELS

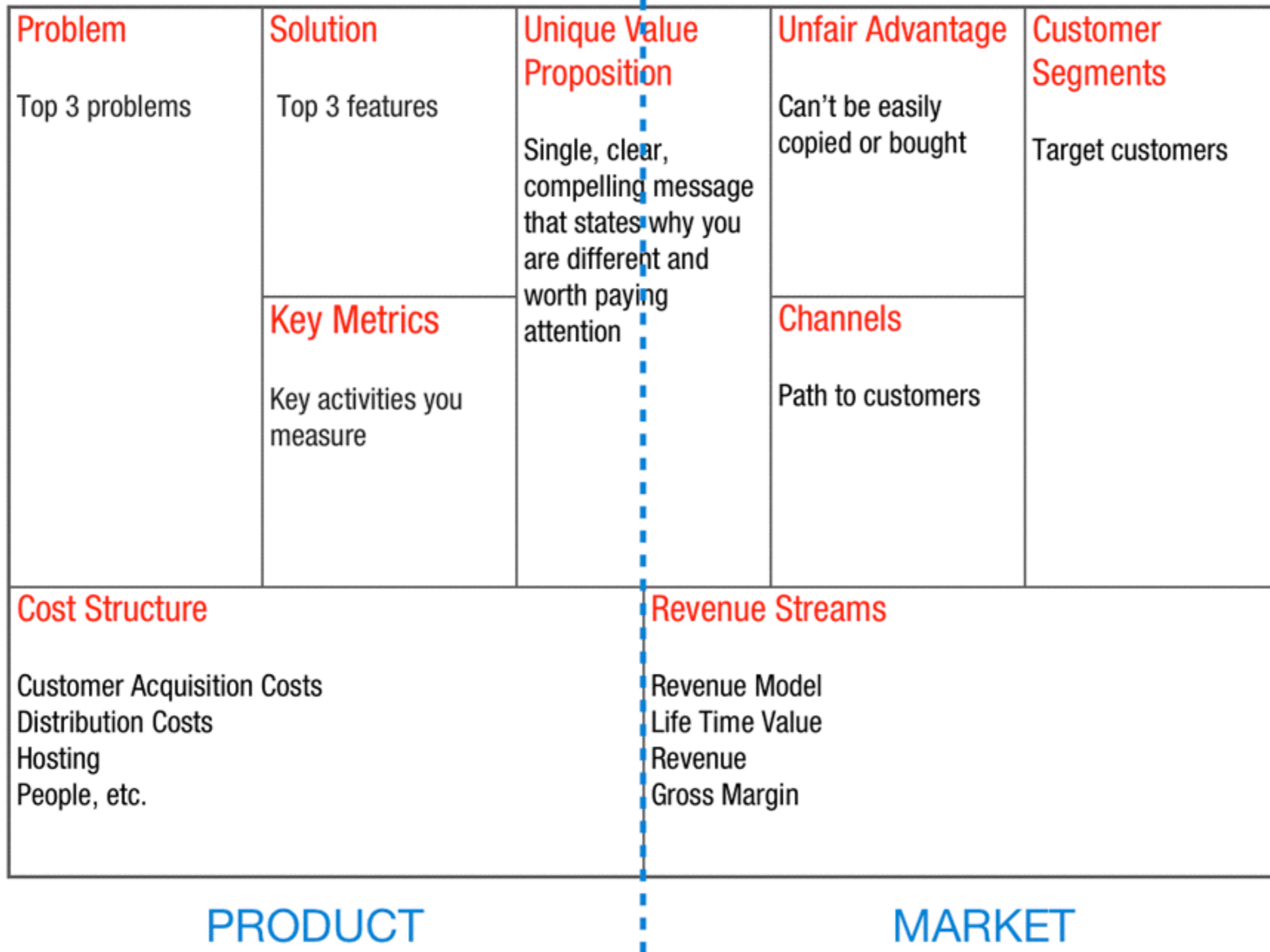


COST



REVENUES





Problema

Solución

Proposición  
de valor  
única

Ventaja  
especial

Segmentos  
de clientes

(Alternativas)

Métricas  
clave

Canales

(Early adopters)

Estructura de costes

Flujos de ingresos



### Problema



### Solución



### Propuesta Unica de Valor



### Ventaja Injusta



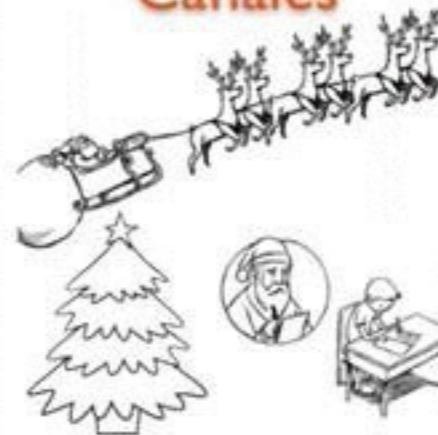
### Segmentos de mercado



haha!



### Canales



adoptadores tempranos



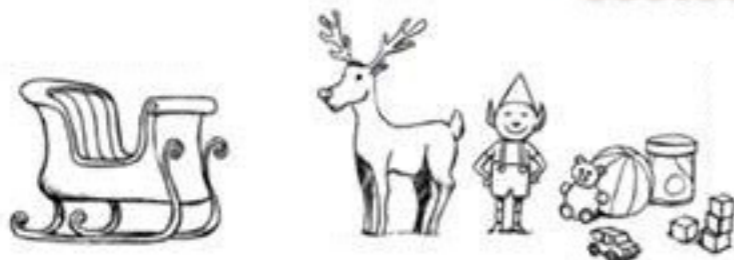
alternativas existentes



### Métricas



### Estructura de costos



### Fuente de ingresos





**Asociaciones clave**



**Actividades clave**



**Propuesta de valor**



**Relaciones con los clientes**



**Recursos clave**



**Canales**



**Estructura de costes**



**Fuentes de ingresos**

