
LEAN
STARTUP
From the idea
to the market
Antonis Livieratos
Ass. Prof. NKUA

Classic approach

"Go research, write a good business plan so you know everything possible, raise funding and start executing"

Underlying assumption:

Startups are smaller versions of large companies

"No plan survives first contact with customers"

Steve Blank

(2010)

"The largest source of waste in a startup, is building a product that no one will find useful"

Lean startup

"No plan survives first contact with customers"
Steve Blank (2010)

"The largest source of waste in a startup, is building a product that no one will find useful"

Lean startup

Business model

before

business plan

"The largest source of waste in a startup, is building a product that no one will find useful"

Lean startup

The **aim** is to start interacting with potential customers from an early stage

Business model

before

business plan

Minimum Viable Product (MVP)

before

new product development

Idea → Minimum Viable Product (MVP) → Final Product

1. Founding team formation

2. Define the problem, set the hypotheses, generate the business model

3. Contact with potential customers aimimg to gain feedback

4. Financial needs analysis and efforts to raise capital

5. Incorporation and contacts with early adopters

Idea → Minimum Viable Product (MVP) → Final Product

1. Founding team formation

Entrepreneurial team

The team

1. Founding team formation

2. Define the problem, set the hypotheses, generate the business model

3 similar offerings

DONE!

STEAL LIKE
AN ARTIST.

Steal …Unique Selling Propositions (USP), pricing models, business models, functionalities, promotion, operations, processes AND anything else could be useful…

Define problem

Products as solutions to "problems"

Define problem

Try to **define** the **magnitude** of the problem:

- **define use cases that you can later generalize**
  - *e.g. an apartment of 50m2 in Paris is spending a lot for heating per year, Cheryl is a real estate agent who is reluctant/scared to show empty country houses to men as several assaults have been reported*
- **give related numbers**
  - *e.g. number of people having heart attack every year, cost of fuel for airplanes conducting regional flights*

Competition

	Price	Characteristic 1	Characteristic 2	Characteristic 3	Characteristic 4
Competitor 1 (*E.g. IKEA*)					
Competitor 2 (*E.g. small furniture shops*)					
Competitor 3 (*E.g. Do it yourself*)					
Competitor 4 …….					
My startup					

Key Partners

WHO HELPS YOU

Key Activities

WHAT YOU DO

Key Resources

WHO YOU ARE AND WHAT YOU HAVE

Value Provided

HOW YOU HELP

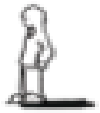
Customer Relationships

HOW YOU INTERACT

Channels

HOW THEY KNOW YOU AND HOW YOU DELIVER

Customers



WHO YOU HELP

Costs

WHAT YOU GIVE

Revenue and Benefits

WHAT YOU GET

1. Founding team formation

3. Contact with potential customers aimimg to gain feedback

2. Define the problem, set the hypotheses, generate the business model

YOU ASSUME THERE ARE CUSTOMERS...

Market Segmenta-tion

Your target market consists of a set of buyers who share common needs, values or characteristics *(e.g. age, sex, educational back-ground, monthly income, traditions, desires, etc.).*

Market Analysis

Beachhead market

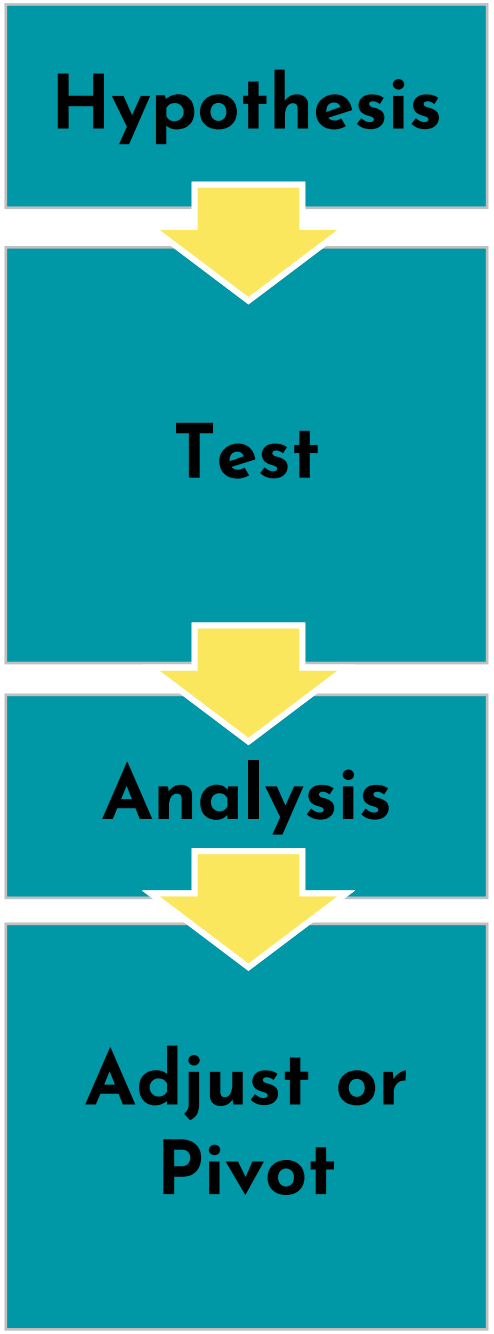
All possible target groups are judged on the basis of 6 criteria:

- **Access to the target group**
- Purchasing power
- How important is the "problem*" (nice to have or must have)?*
- Can we deliver the solution (with or without partners)
- Competition
- If successful, can we leverage additional segments?

Start with the target group that meets most criteria

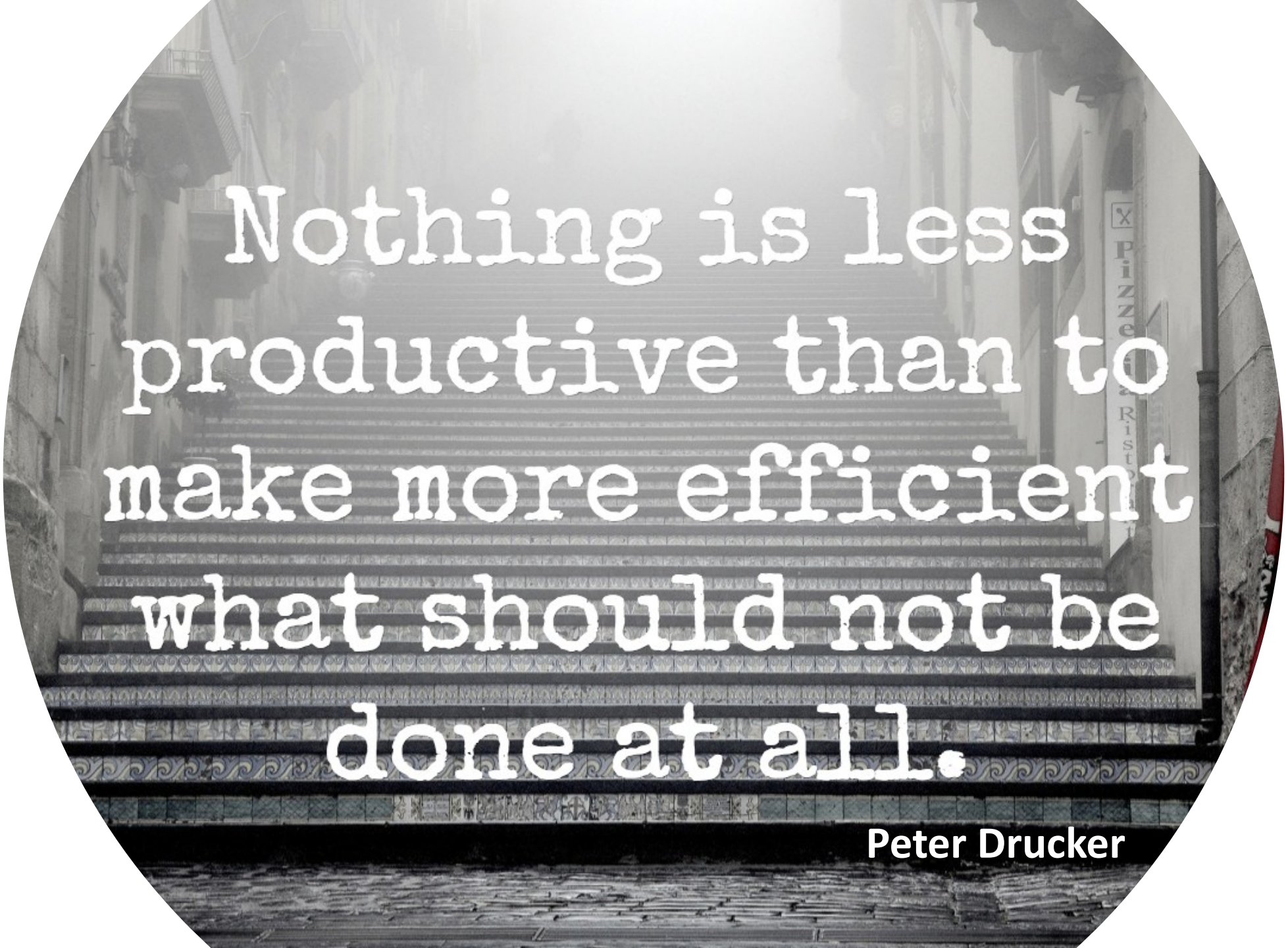
	Access	Purchasing power	How big is the problem?	Can you deliver?	Competition	Leverage to new segments
Target Group 1	✓		✓	✓	✓	
Target Group 2		✓	✓	✓	✓	
Target Group 3		✓	✓			
Target Group 4	✓	✓	✓	✓	✓	
Target Group 5	✓	✓	✓	✓	✓	
Target Group 6			✓	✓		✓

Market Analysis



make an educated guess how your business model works

meet with potential customers and industry participants to
- **verify the problem**


Nothing is less
productive than to
make more efficient
what should not be
done at all.
Peter Drucker

The problem interview

A typical order in a 'problem interview' would be:

1) *It seems that some people/firms (like yourself) have trouble with….. (state the problem). Is this also your case?*
2) *How important is the problem for you (it cost you money, time, makes you nervous, unsecure…)*
3) *What are you currently doing in order to solve this problem?*
4) *How do you imagine the ideal solution to this problem would be?*
5) *Are you willing to pay for a solution to this problem?*

Verify problem

"**problem recognition scale**" to arrange the answers you got:

- **no problem...**
- **latent problem**: *customers have a problem but don't know it*
- **passive problem**: *customers know the problem but aren't motivated to seek the opportunity to solve it*

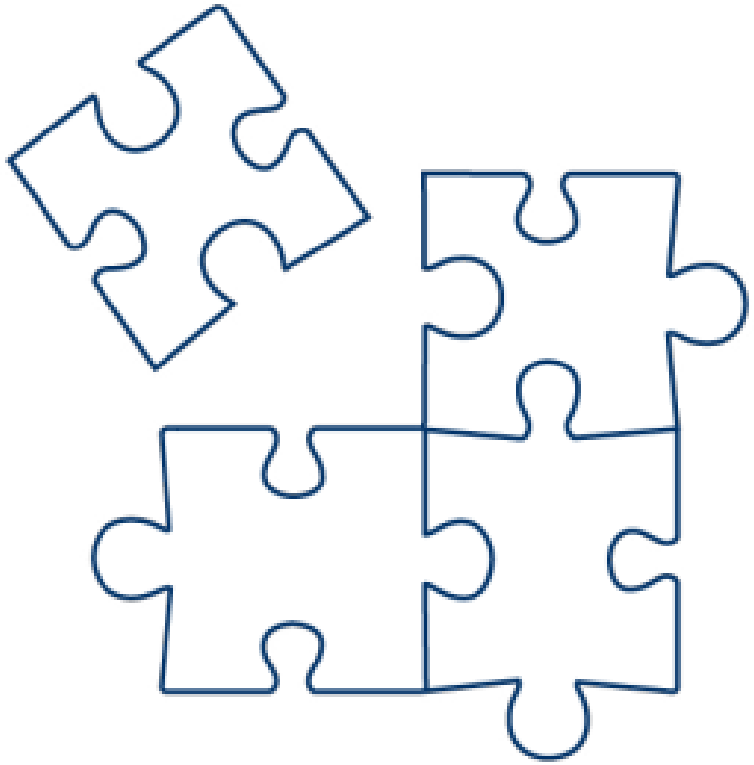
- **active (or urgent) problem**: *customers recognize a problem or passion and are searching for a solution but haven't done any serious work to solve the problem*
- **vision**: *customers have an idea for solving the problem and even have cobbled together a home-grown solution, but they are prepared to pay for a better one.*


All-Bran
Adwork
Tech

Market Analysis

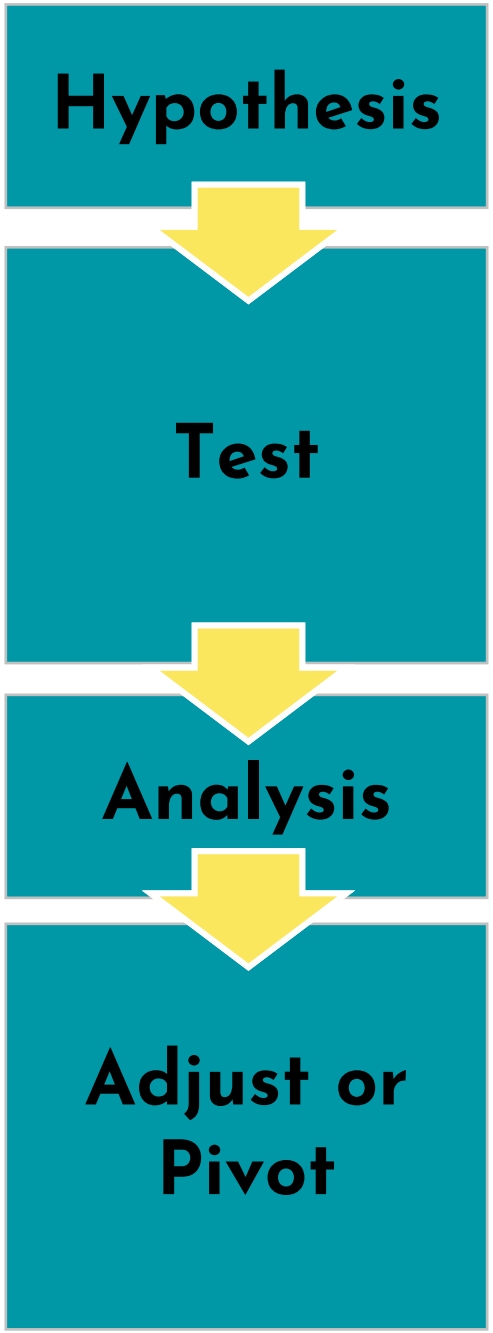
TOP 20 REASONS STARTUPS FAIL

#1: No market need



CBINSIGHTS

Market Analysis

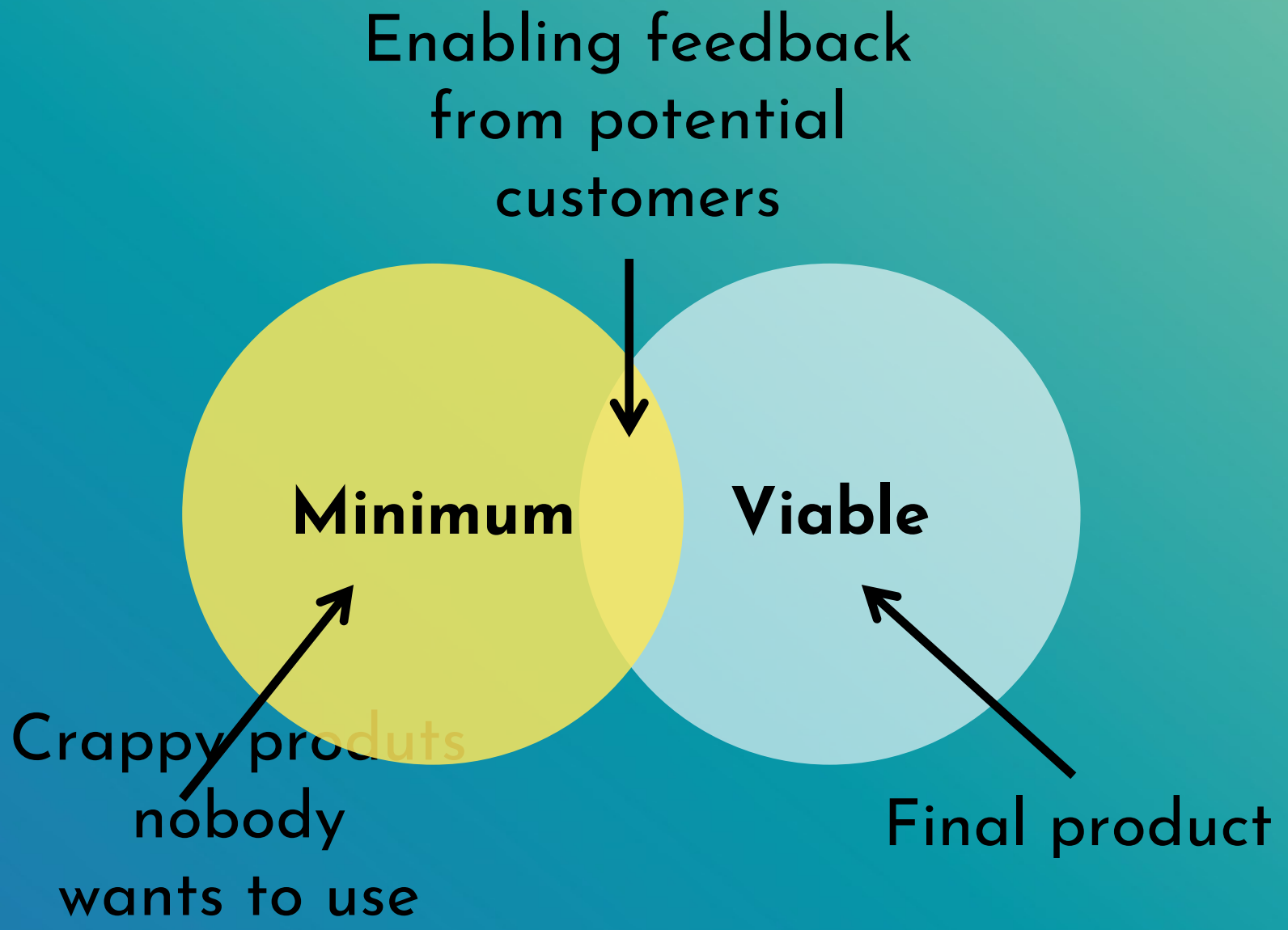


make an educated guess how your business model works

meet with potential customers and industry participants to
- verify the problem
- **test the solution**

Testing the solution

Minimum Viable Product (MVP)

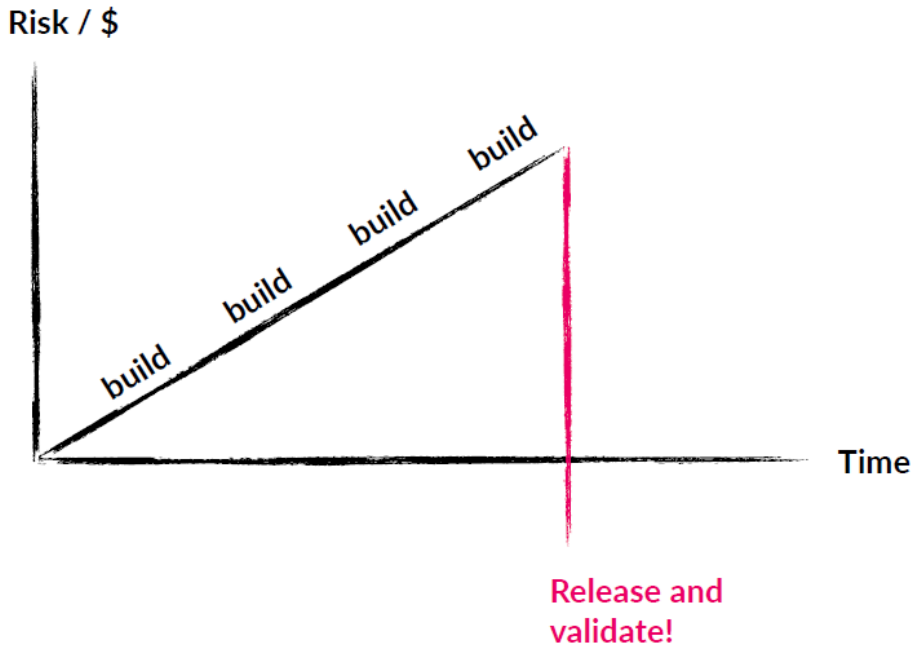


Real life experiments

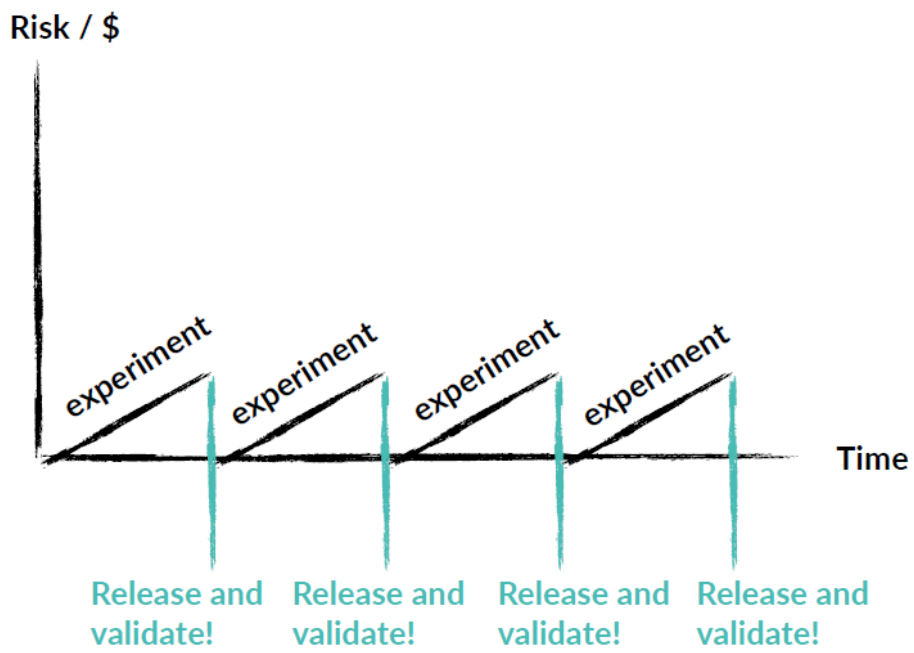
AirBed& Breakfast™
idsa connecting '07

If you're heading out to the ICSID/IDSA World Congress/Connecting '07 event in San Francisco next week and have yet to make accommodations, well, consider networking in your jam-jams. That's right. For "an affordable alternative to hotels in the city," imagine yourself in a fellow design industry person's home, fresh awake from a snooze on the ol' air mattress, chatting about the day's upcoming events over Pop Tarts and OJ.

Why MVPs?

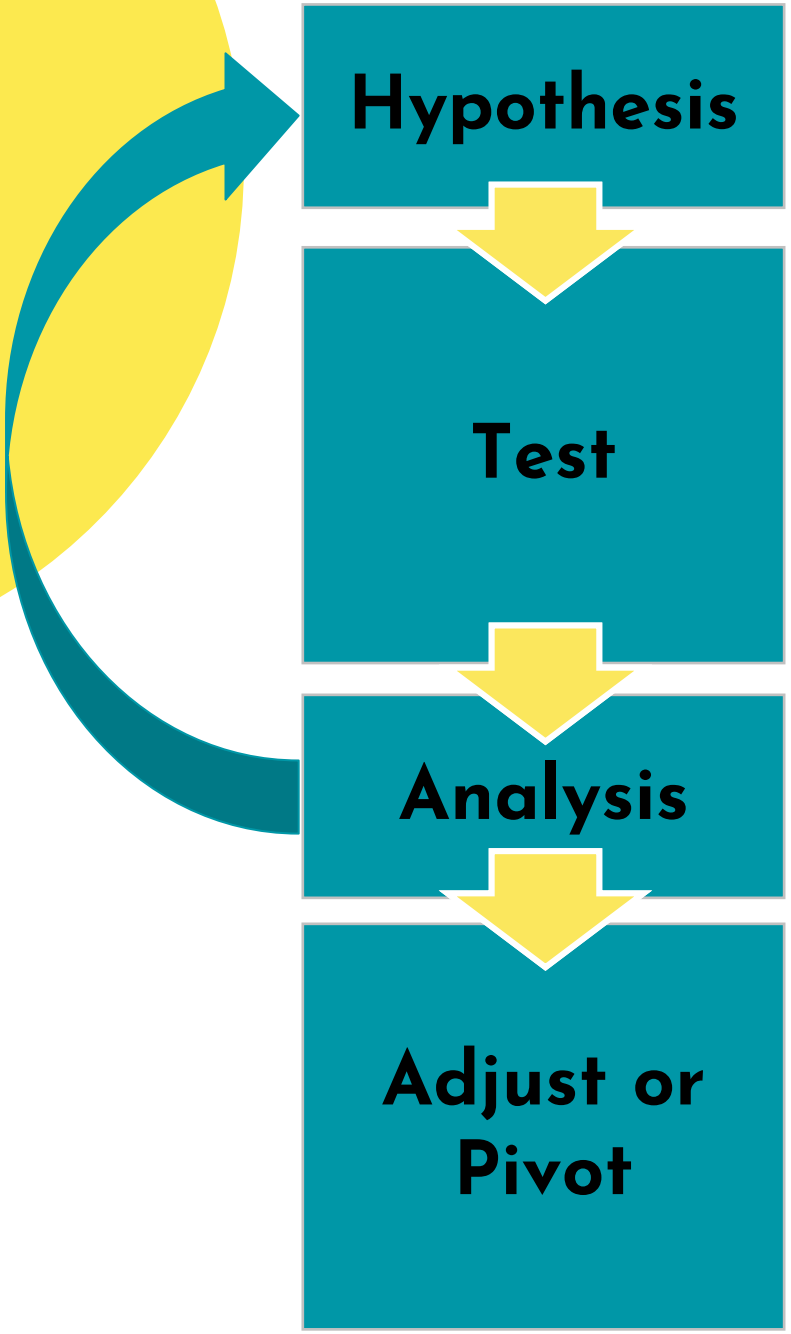


Waterfall approach



Lean approach

Market Analysis



make an educated guess how your business model works

meet with potential customers and industry participants to
- verify the problem
- test the solution

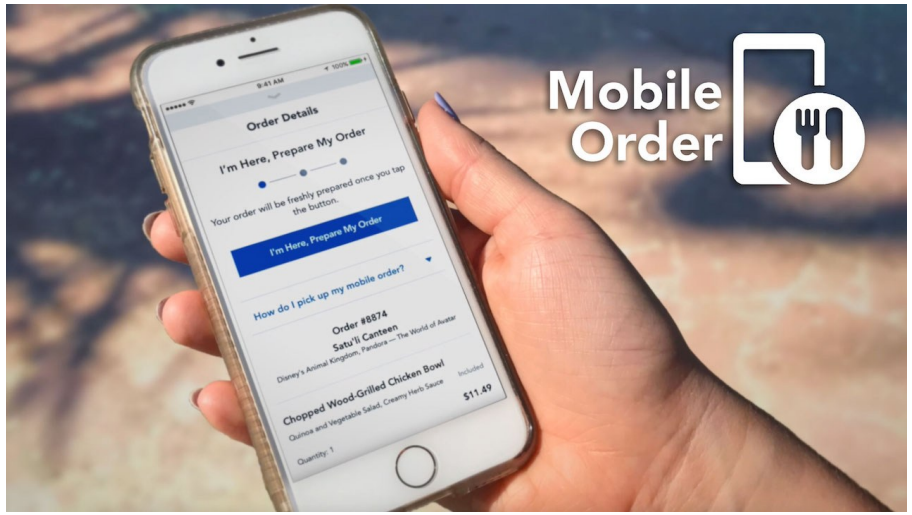
understand what you've learned and the effects on your business model

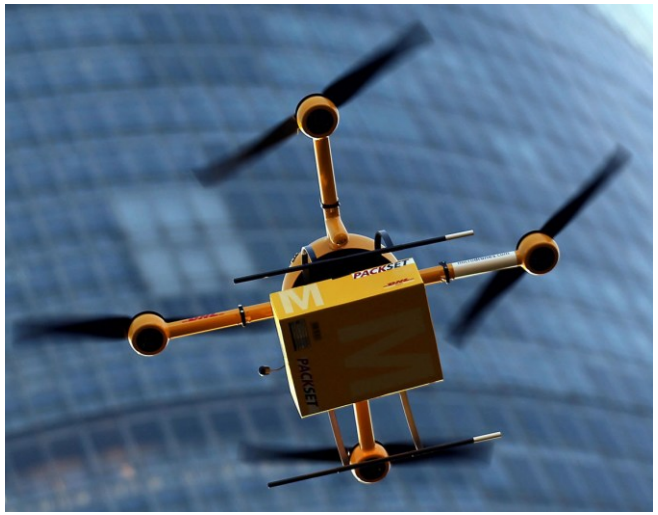
Adjust: incrementaly change your model to improve its fidelity

Pivot: dramatically change your model to improve its effectiveness

Example

bitcoin





Example

Assumptions:

1. customers **desire** artisanal/handmade lemonade
2. customers **will pay** a premium for organic, locally-sourced lemonade ingredients
3. **on-demand** ordering increases customers' lemonade consumption.
4. customers are **willing to pay** a premium for drone delivery.
5. customers **are** in drone-accessible locations
6. customers **prefer** to pay with bitcoin

Example

MVP 1. Street corner stand

MVP 2. Landing page enabling on-demand ordering and delivery by humans

MVP 3. Website and app enabling on-demand ordering and delivery by 1-2 drones at Providencia neighborhood

Final product. Website and app enabling on-demand ordering and delivery by a fleet of drones anywhere in the Metropolitan region of Santiago

Assumptions	MVP 1 Stand	MVP 2 Landing page	MVP 3 Drone for Providencia neighborhood	Final product
artisanal/hand-made lemonade	✓	✓	✓	
Organic, locally-source ingredients	✓	✓		
On-line can increase cons/tion		✓	✓	
			✓	
Premium for drone delivery			✓	
Drone-accessible locations		✓	✓	

	MVP 1 Stand	MVP 2 Landing page	MVP 3 Drone for Providencia neighborhood	Final product
COST	250	1.500	25.000	350.000
TIME	1 week	1 month	6 months	18 months

Validated learning is the aim when moving from one experiment to the next.

Experiments must be:

- **actionable** (leading to decisions)
- **accessible** (all members of the team must understand them in order to make use of the results)
- **auditable** (data has to be credible, «*garbage in, garbage out*»)

Idea → Minimum Viable Product (MVP) → Final Product

1. Founding team formation

3. Contact with potential customers aimimg to gain feedback

2. Define the problem, set the hypotheses, generate the business model

4. Financial needs analysis and efforts to raise capital

Planning Financing

Once you have come-up with a valid business model, write your business plan!!!

- helps you identify the amount of capital you need
- a tool to sell your idea to third parties (investors etc.)

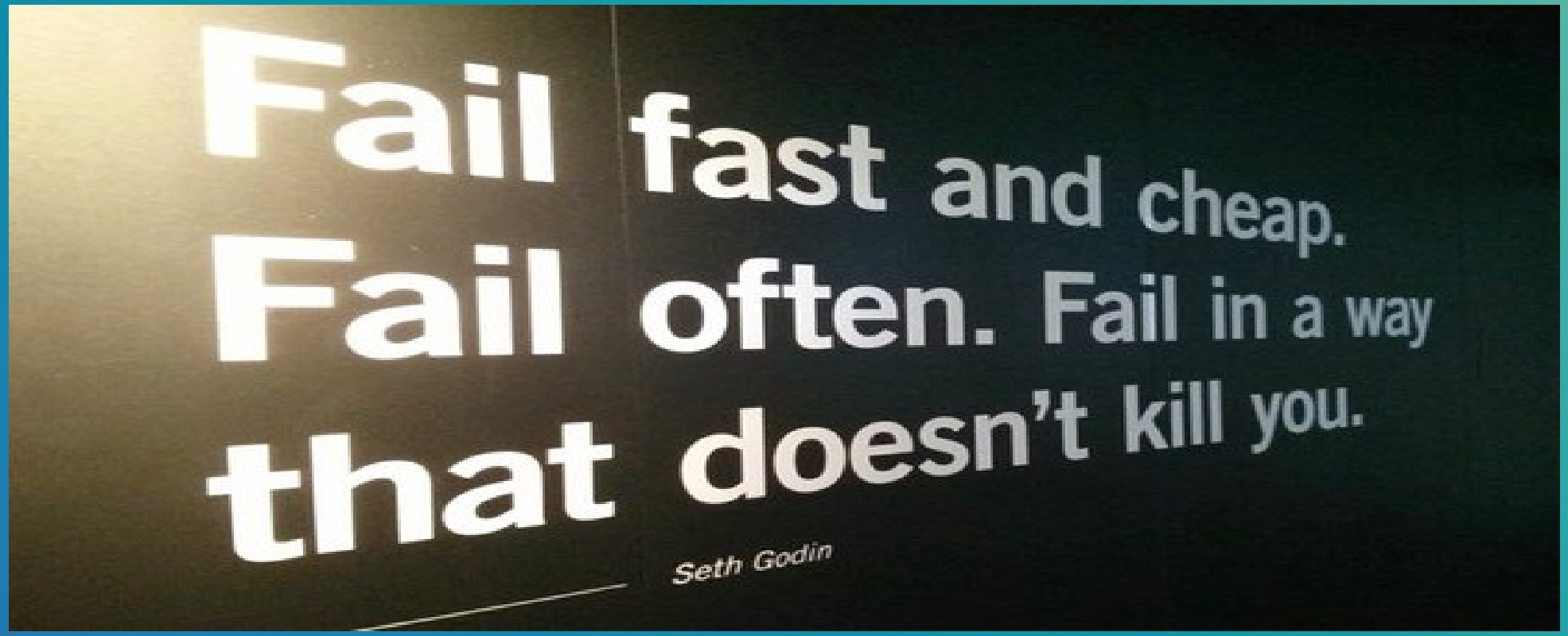
1. Founding team formation

2. Define the problem, set the hypotheses, generate the business model

3. Contact with potential customers aimimg to gain feedback

4. Financial needs analysis and efforts to raise capital

5. Incorporation and contacts with early adopters


Fail fast and cheap.
Fail often. Fail in a way
that doesn't kill you.
Seth Godin

THANK YOU...

Antonis Livieratos