The Lean Startup Game

by Ram Srinivasan
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About me

Morgan Stanley

viacom

REDCATS

verizon

DOWJONES

Alterra

taskstream

Fareportal
SM
booker
service management platform

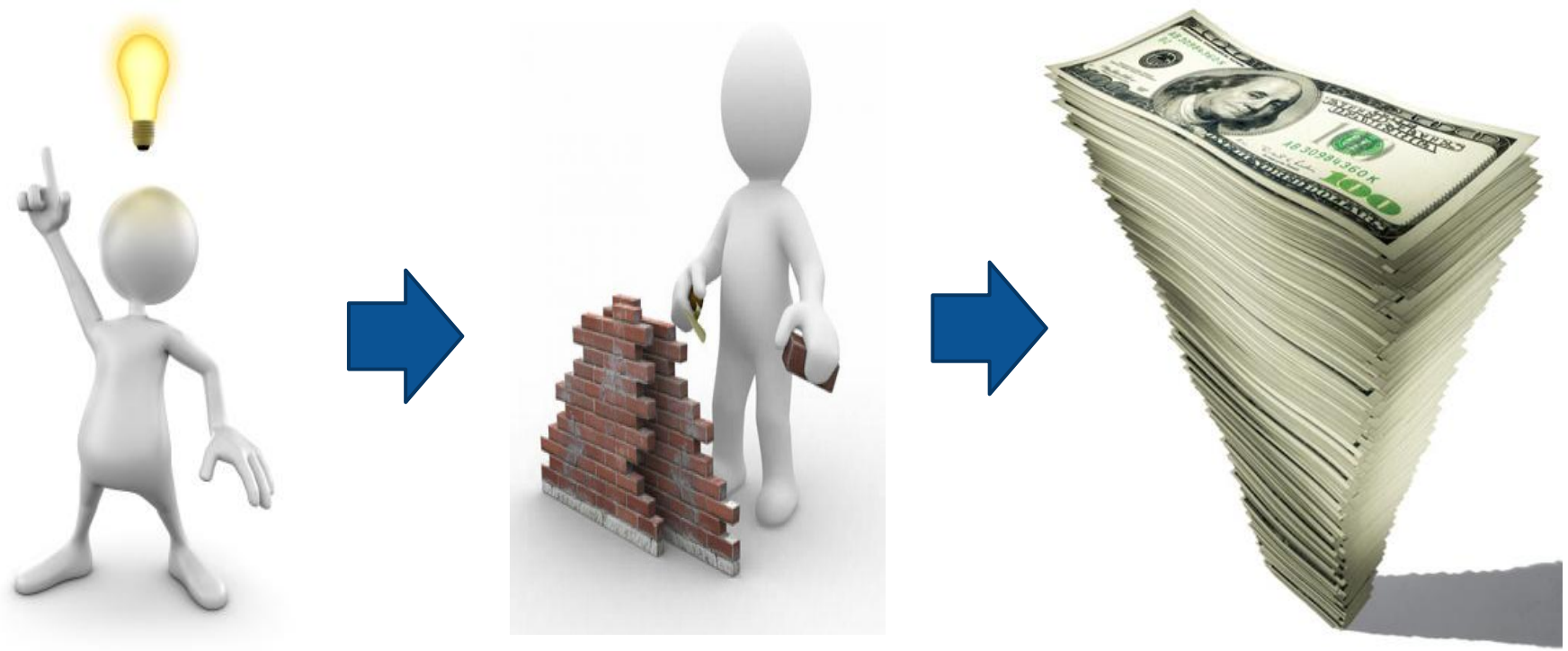
About me

Certified ICAgile Professional

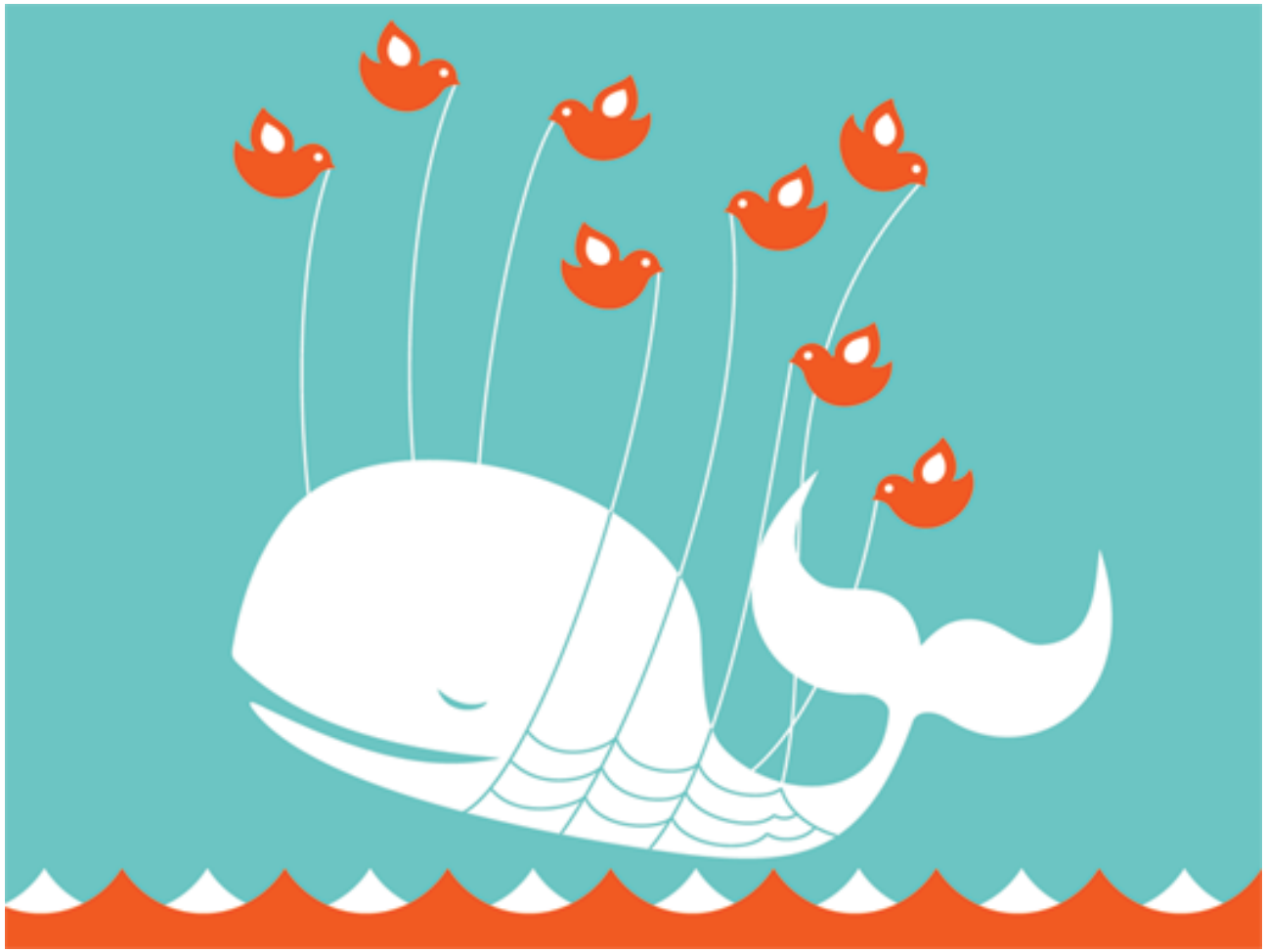
Objective of the Game

Run a profitable startup

Let's Build a Startup

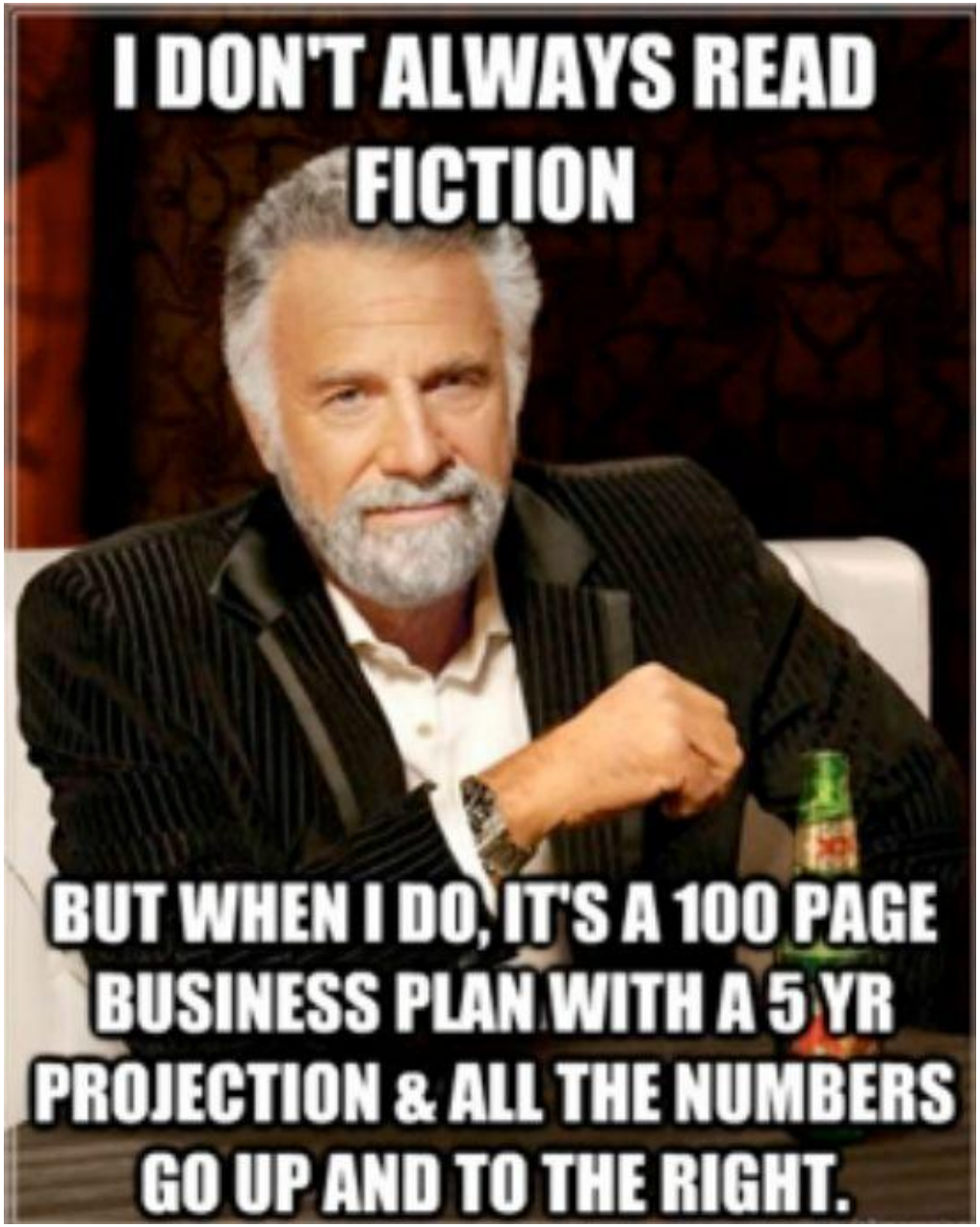


And Start Ups Fail



The 9 Deadly Sins of New Product Introduction Model

1. Assuming "I Know What the Customer Wants"
2. The "I know What Features to Build" Flaw
3. Focus on Launch Date
4. Emphasis on Execution Instead of Hypotheses, Testing, Learning and Iteration
5. Traditional Business Plans Presume No Trial and No Error
6. Confusing Traditional Job Titles with What a Startup Needs to Accomplish
7. Sales and Marketing Execute to a Plan
8. Presumption of Success Leads to Premature Scaling
9. Management by Crisis Leads to Death Spiral


I DON'T ALWAYS READ FICTION
BUT WHEN I DO, IT'S A 100 PAGE BUSINESS PLAN WITH A 5 YR PROJECTION & ALL THE NUMBERS GO UP AND TO THE RIGHT.

Re-define *Startup* ?

" ...a **Temporary** Organization designed to search for a **Scalable, Repeatable and Profitable** Business Model"

- Steve Blank

Re-define *Startup* ?

" ...a human **institution** designed to deliver a **new product or service** under conditions of **extreme uncertainty**"

-Eric Ries

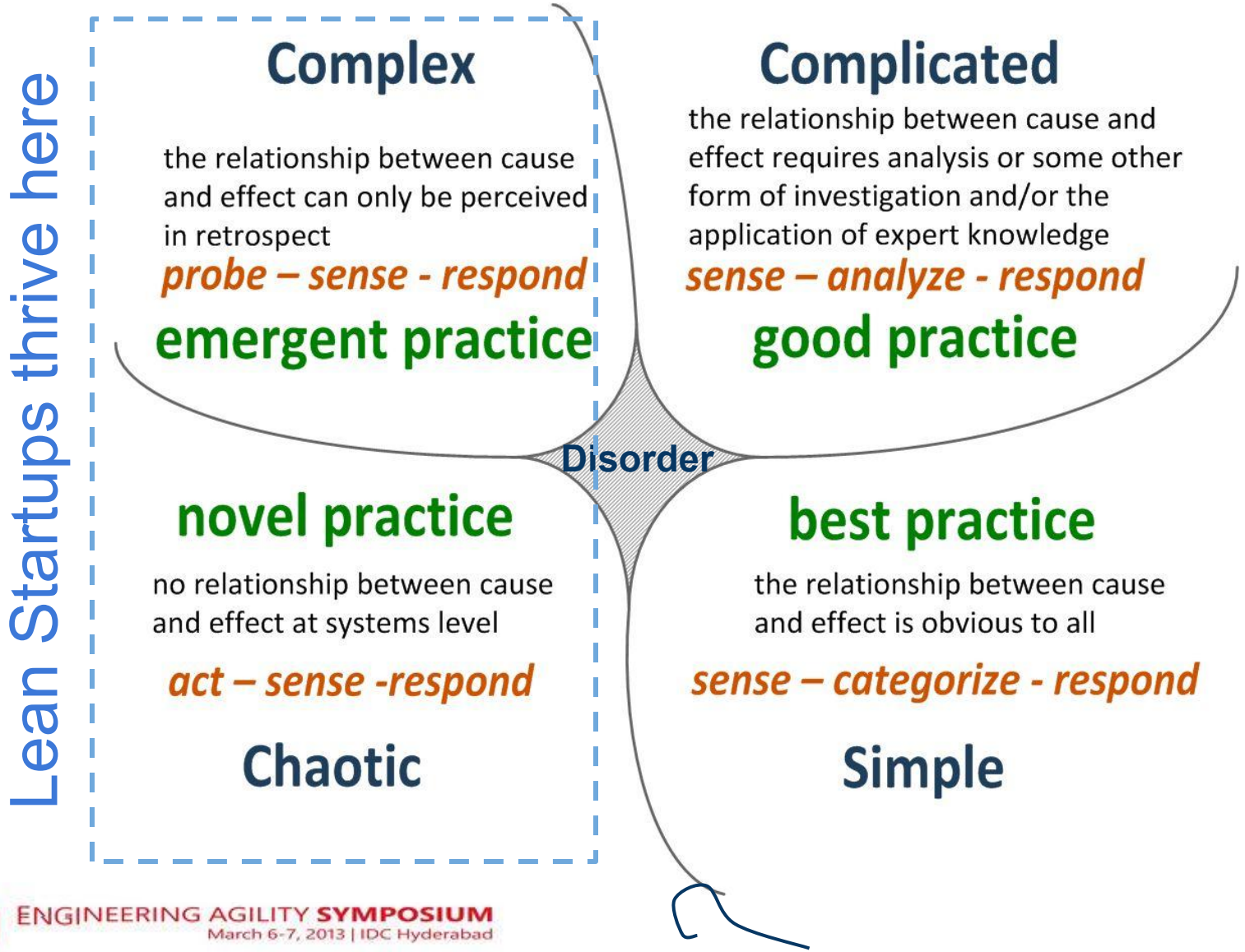
Lean-Startup

Why is a Startup Different?

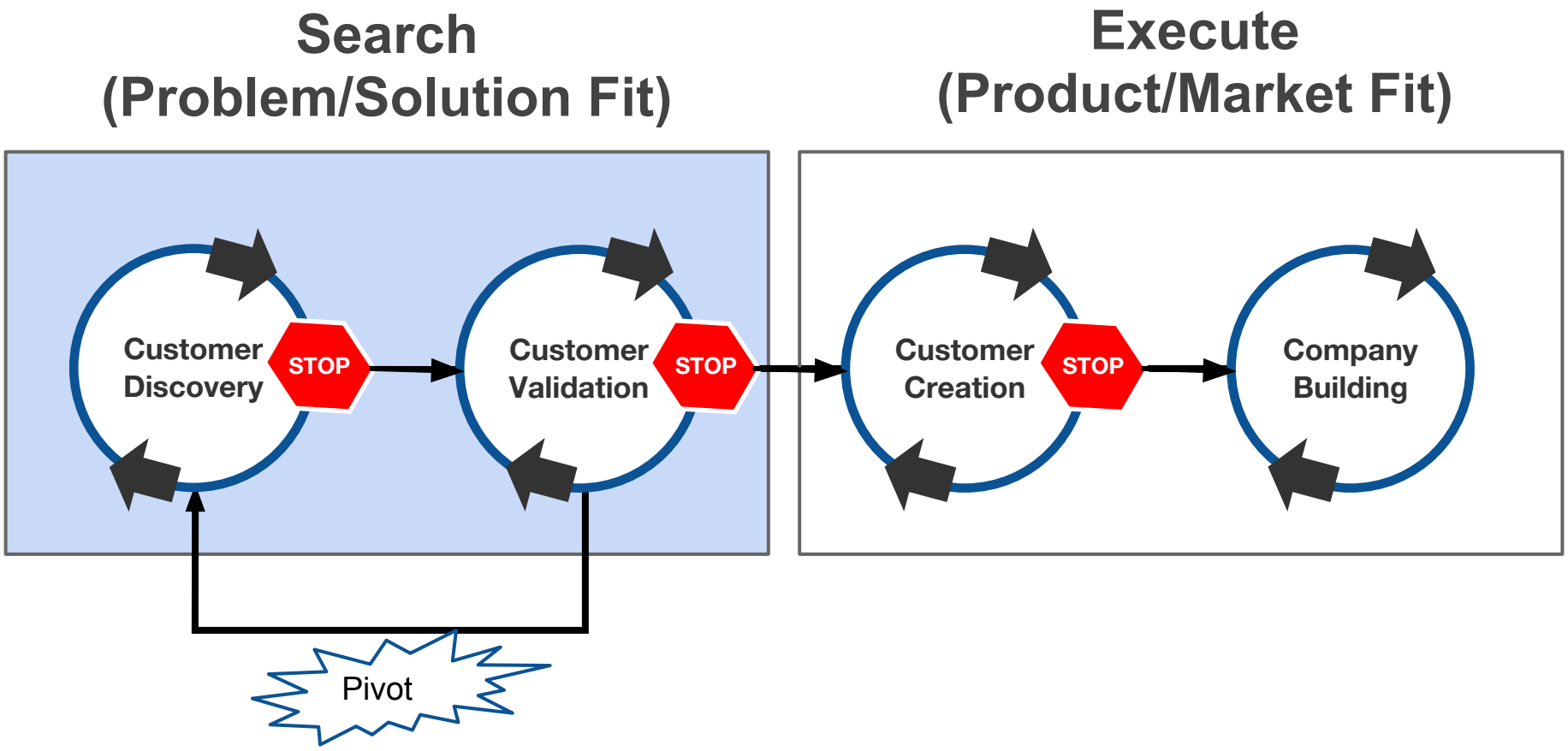
The Difference...

	Search (Lean Startup)	Execution (Large Corporation)
Strategy	***Business Model Hypothesis***	Operating Plan + Financial Model
Process	***Customer Development, Agile Development***	Product Management
Organization	***Founder Driven Customer Development Team***	Functional or Cross-functional departments
Education	***Business Model Driven, Entrepreneurial Finance, Customer Development***	Organizational Behavior, Accounting, Operations, HR, Leadership

Dave Snowden's Cynefin Framework



Customer Development Model



Customer Development Manifesto

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
4. Make Continuous Iterations and **Pivots**
5. No Business Plan Survives First Contact with Customers. So Use a **Business Model Canvas**
6. Design **Experiments** and Test to Validate your Hypotheses
7. Agree on Market Type. It Changes Everything
8. Startup **Metrics** Differ from Those in Existing Companies
9. Fast Decision Making, Cycle Time, Speed and Tempo
10. Its All About Passion
11. Startup Job Titles Are Very Different from a Large Company's
12. Preserve All Cash Until Needed. Then Spend
13. Communicate and Share Learning
14. Customer Development Success Begins With Buy-In

What is a Business Model?

A business model describes the rationale of how an organization creates, delivers and captures value

-Alexander Osterwalder

Business Model Canvas

7. Key Partners	5. Key Activities	1. Value Proposition	4. Customer Relationship	2. Customer Segment
Who are our key partners and suppliers?	Which key activities does this business model require?	What value do we deliver to the customer?	What type of relationship does each segment require of us?	For whom are we creating value?
	6. Key Resources		3. Channels	
	Which key resources does this business model require?		Through which channel does each segment want to be reached?	

9. Cost Structure	8. Revenue Stream
What are our cost drivers?	How much each segment is willing to pay and how would they pay this amount ?

All elements of BMC are Hypotheses

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The one thing you are trying to validate throughout "problem/solution fit" is...

“Is my Hypothesis Correct?”

Hypotheses

7. Key Partners	5. Key Activities	1. Value Proposition	4. Customer Relationship	2. Customer Segment
	6. Key Resources		3. Channels	
9. Cost Structure			8. Revenue Stream	

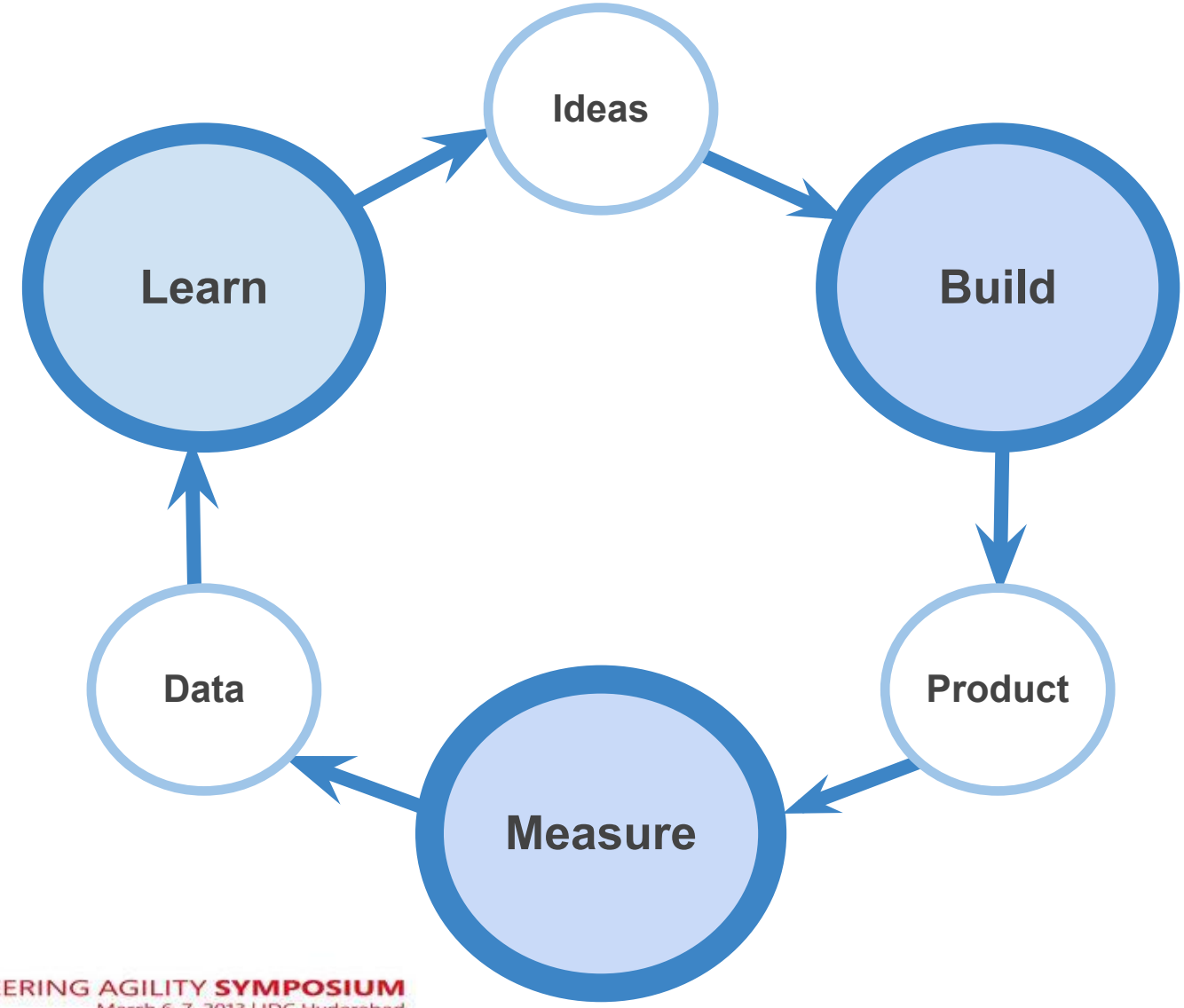
Iterating on Hypotheses

String of multiple experiments run together to *test these hypotheses* towards achieving a specific goal, such as product/market fit

Run an experiment

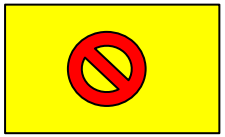
- Prototypes (lo-fi)
- Videos
- Mock websites/software
- SEO keywords
- and the most expensive way ... Build the actual feature

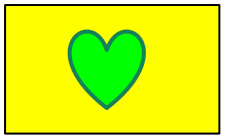
Iterating on Hypotheses



Hypotheses

7. Key Partners

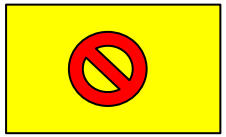


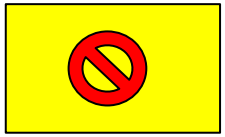


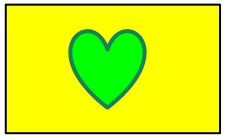
5. Key Activities

6. Key Resources

1. Value Proposition

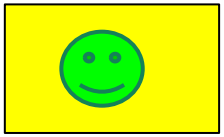


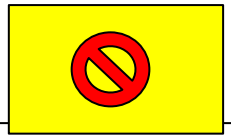




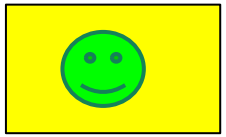
4. Customer Relationship

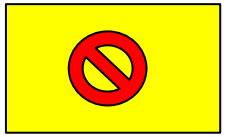
3. Channels



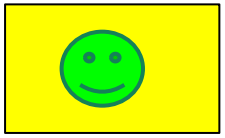


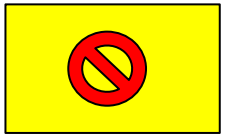
2. Customer Segment



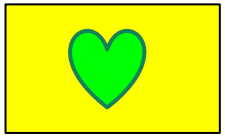


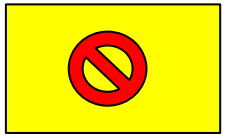
9. Cost Structure





8. Revenue Stream





Zappos
Zappos.com

BMC for Zappos.com

7. Key Partners

- UPS
- Shoe Brands

5. Key Activities

- Build Website
- Marketing

6. Key Resources

- Website
- People

1. Value Proposition

- Buy shoes online
- Free Shipping

4. Customer Relationship

- Repeat customers

3. Channels

- Email Subscriptions
- SEM

2. Customer Segment

- Mass Market

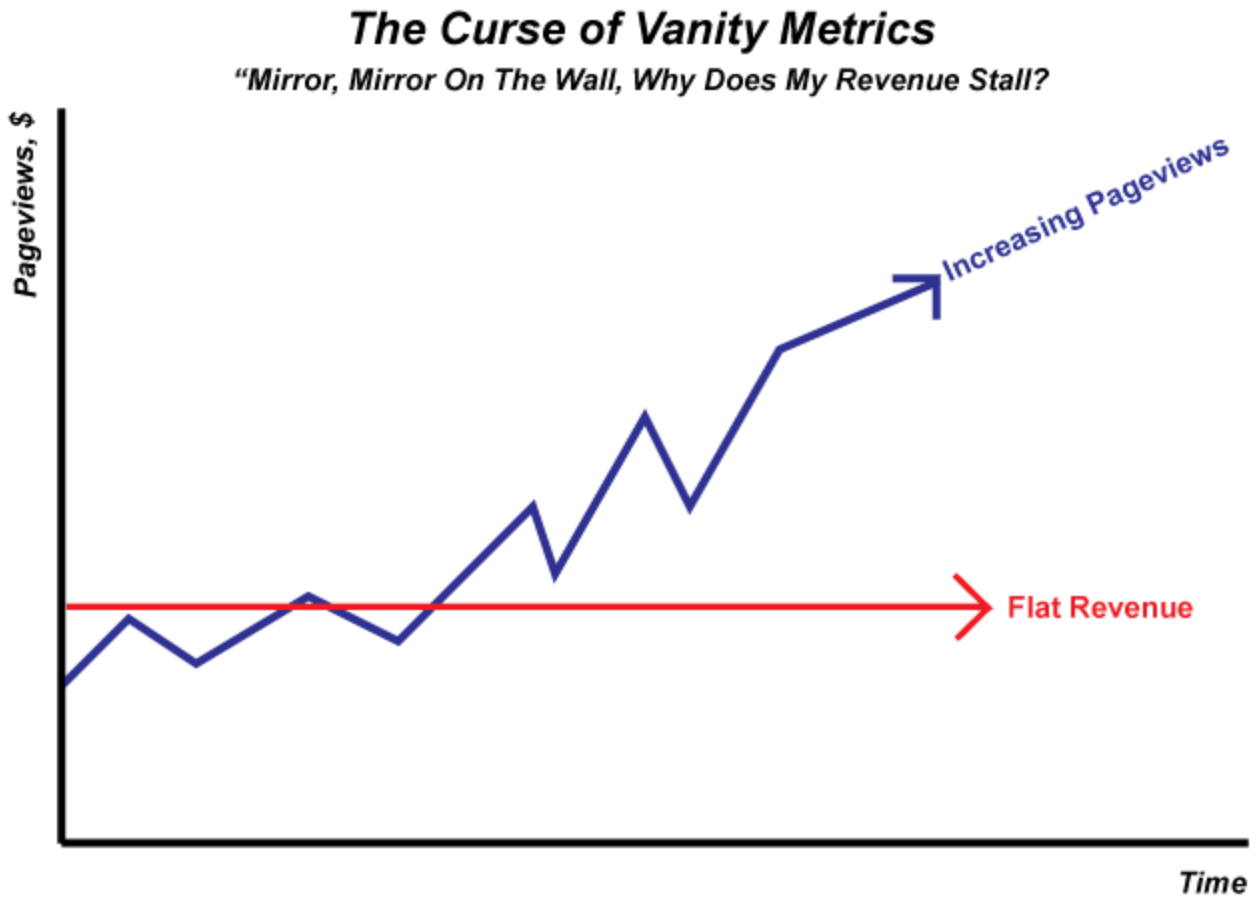
9. Cost Structure

- Distribution
- Marketing & Operations

8. Revenue Stream

- Online Sale

Vanity vs. Actionable Metrics



Dave McClure's AARRR

Acquisition	How do users find you?
Activation	Do users have a great first experience?
Retention	Do users come back?
Revenue	How do you make money?
Referral	Do users tell others?

How do you validate your learning?

- Cohort Analysis
- Multi-variate (A/B) testing
- Crowdfunding

www.kickstarter.com/discover/most-funded?ref=sidebar

s, place your bookmarks here on the bookmarks bar. Import bookmarks now...

Design

Pebble: E-Paper Watch for iPhone and Android

by Pebble Technology

Pebble is a customizable watch. Download new watchfaces, use sports and fitness apps, get notifications from your phone.

Palo Alto, CA

SUCCESSFUL!

10,266%	$10,266,845	FUNDED
FUNDED	PLEDGED	MAY 18, 2012

Elevation Dock: The Best Dock For iPhone

by Casey Hopkins

Undocking's a breeze and it works with cases. Built at a whole new level of quality with a beautifully minimal design.

Portland, OR

SUCCESSFUL!

1,952%	$1,464,706	FUNDED
FUNDED	PLEDGED	FEB 11, 2012

TikTok+LunaTik Multi-Touch Watch Kits

by Scott Wilson + MINIMAL

Transform your iPod Nano into the world's coolest multi-touch watches with TikTok + LunaTik by Scott Wilson and MINIMAL.

Chicago, IL

SUCCESSFUL!

6,283%	$942,578	FUNDED
FUNDED	PLEDGED	DEC 16, 2010

→ More in Design

Fashion

Flint and Tinder: Premium Men's Underwear

by Jake Bronstein

Luxuriously rugged yet refined Premium Men's Underwear; Sparking a revolution in American Manufacturing the old fashioned

New York, NY

SUCCESSFUL!

971%	$291,493	FUNDED
FUNDED	PLEDGED	MAY 22, 2012

The Versalette by {r}evolution apparel

by {r}evolution apparel

The Versalette is one piece of clothing that can be worn over 15 different ways -- made in the USA with 100% recycled fabric.

Austin, TX

SUCCESSFUL!

321%	$64,246	FUNDED
FUNDED	PLEDGED	DEC 22, 2011

Atheist Shoes

by Atheist / Berlin

Now atheists have soles too! Inspired by the Bauhaus & begotten of the finest materials, here's a dollop of godless love, in a

Berlin, Germany

SUCCESSFUL!

197%	$59,132	FUNDED
FUNDED	PLEDGED	APR 07, 2012

→ More in Fashion

PROJECT HOME | UPDATES 8 | BACKERS 686 | COMMENTS 20 | REMIND ME

Like 129 people like this. Tweet <> EMBED http://kck.st/J4DijY

ABOUT THIS PROJECT

We did it! We've reached our funding goal, and I'm thrilled to be able to produce this screencast. Funding remains open through June 5th, which means you can still join the 600+ people who have backed this project so far. More funding means more stuff! Here are the goals we've reached so far:

- **$12,000:** Project funded!
- **$14,750:** Professional site design! *(details in update #4)*
- **$17,000:** Three episodes per week, not two! *(details in update #6)*
- **$21,000:** Increased hosting capacity! *(details in update #6)*
- **$28,000:** Let's Play TDD distilled! *(details in update #6)*
- **$29,750:** More student registrations! *(details in update #7)*

686
BACKERS

$31,778
PLEDGED OF $12,000 GOAL

4
DAYS TO GO

THIS PROJECT WILL BE FUNDED ON TUESDAY JUN 5, 8:00PM EDT.

BACK THIS PROJECT
$1 MINIMUM PLEDGE

PLEDGE $5 OR MORE

3 BACKERS

BUY ME A BEER: You love the idea, but you don't want the videos. That's okay. I'll toast you as I drink one of Portland's fine microbrews.

Estimated Delivery: Jun 2012

PLEDGE $10 OR MORE

25 BACKERS

FIRST MONTH: Get the first 8 "Live" & "Caffeinated" episodes and the first 2 "Lessons Learned" episodes. Viewable on the web & downloadable. DRM-free. Source

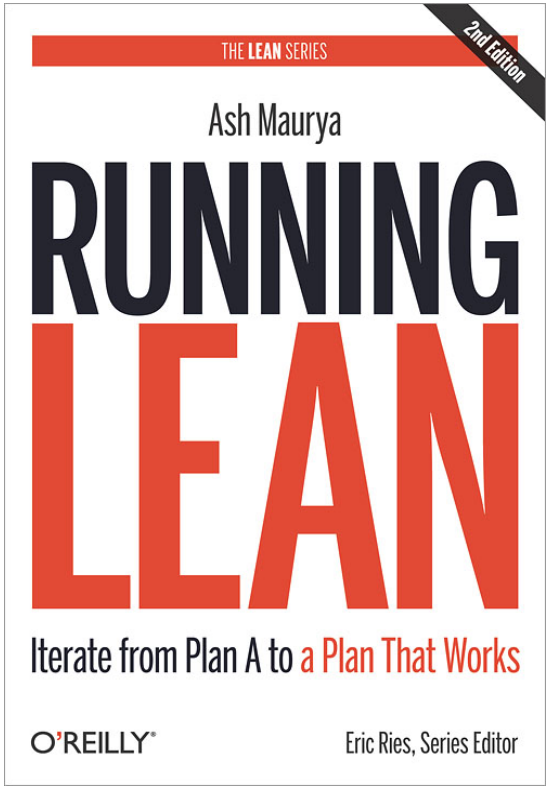
ENGINEERING AGILITY SYMPOSIUM
March 6-7, 2013 | IDC Hyderabad

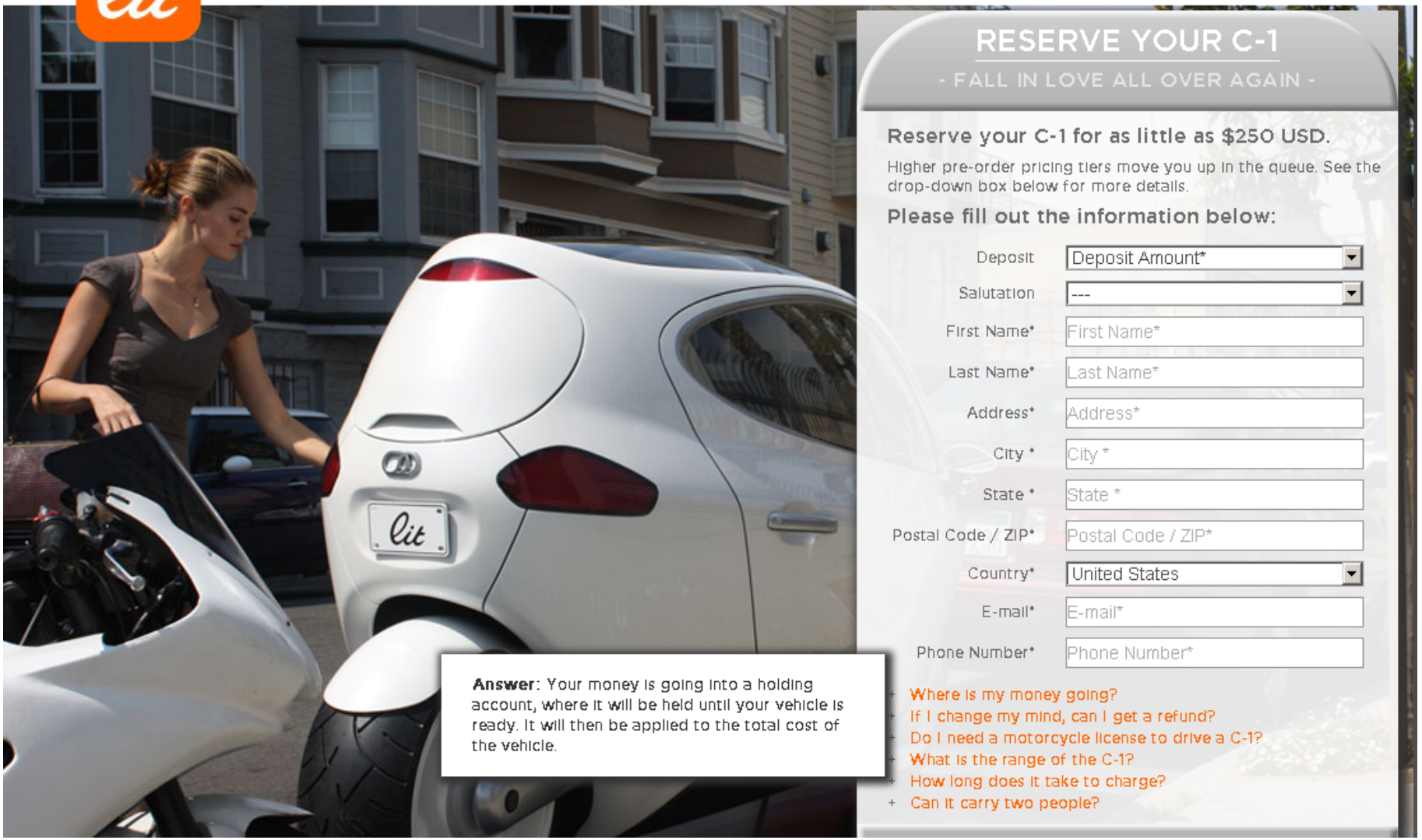
This is not just for software...

Books are “iterated” this “lean startup way” to gain traction among readers

"I’ve sold over 10,000 copies of Running Lean as a self-published e-book. A second edition is in the works which will be published by O’Reilly in early 2012."

-Ash Mayura
http://www.ashmaurya.com/about/



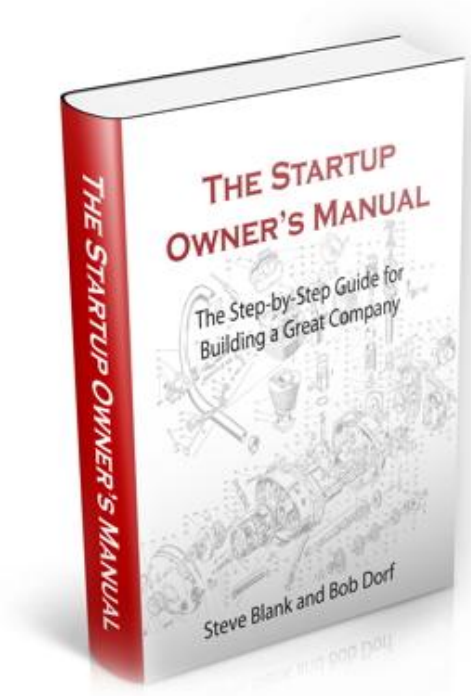

C-1
SCOOTER
ABOUT
TEAM
MEDIA
SHOP
RESERVE
CAREERS
FAQ
CONTACT
RESERVE YOUR C-1
- FALL IN LOVE ALL OVER AGAIN -
Reserve your C-1 for as little as $250 USD.
Higher pre-order pricing tiers move you up in the queue. See the drop-down box below for more details.
Please fill out the information below:
Deposit
Deposit Amount*
Salutation

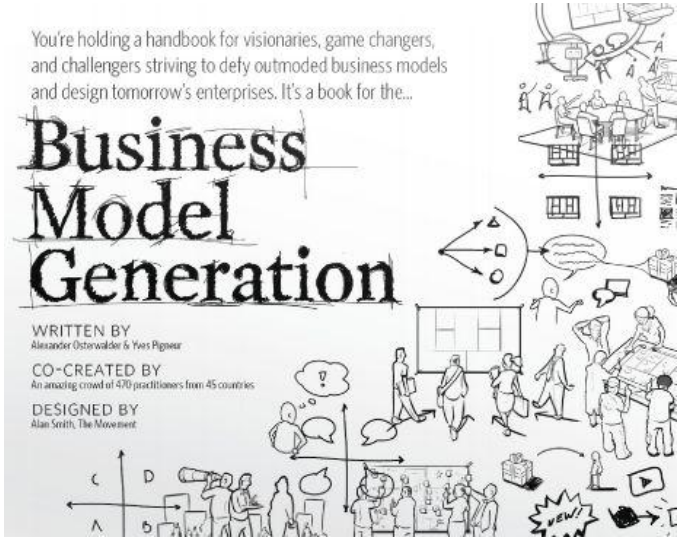
First Name*
First Name*
Last Name*
Last Name*
Address*
Address*
City *
City *
State *
State *
Postal Code / ZIP*
Postal Code / ZIP*
Country*
United States
E-mail*
E-mail*
Phone Number*
Phone Number*
Where is my money going?
If I change my mind, can I get a refund?
Do I need a motorcycle license to drive a C-1?
What is the range of the C-1?
How long does it take to charge?
Can it carry two people?
Answer: Your money is going into a holding account, where it will be held until your vehicle is ready. It will then be applied to the total cost of the vehicle.

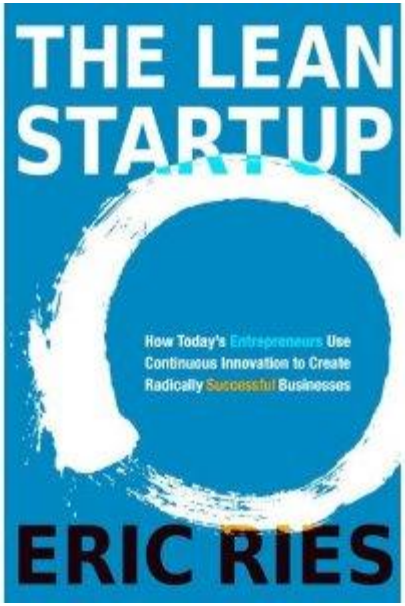
Kent Beck at Startup Lessons Learned Conference...

- Team vision and discipline over individuals and interactions
- Validated learning over working software
- Customer discovery over customer collaboration
- Initiating change over responding to change

References







Udacity.com - **How to build a Startup(EP245)**
http://www.udacity.com/overview/Course/ep245/CourseRev/1

Game: Modification of "Lean Startup Snowflakes" by André Dhondt
http://tastycupcakes.org/2012/05/lean-startup-snowflakes/

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