

# Business Models for Becoming Better Advisors

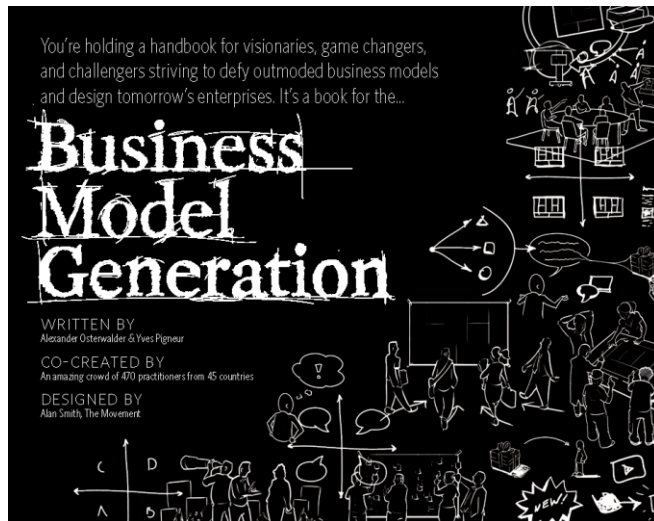


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@growthwheel

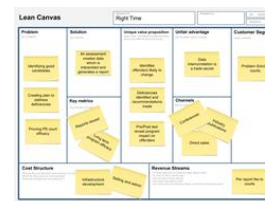
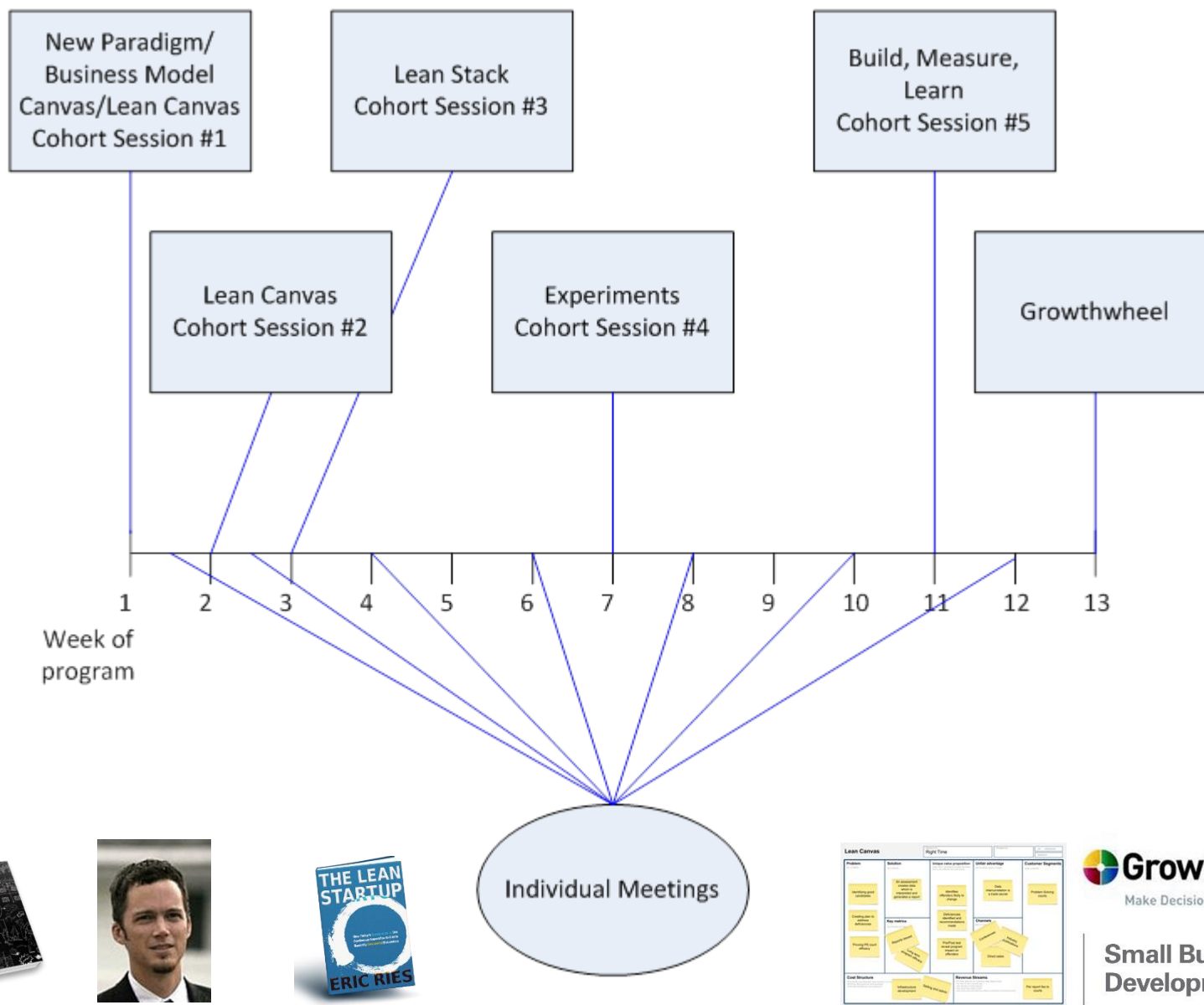
# Customizing a group and individual experience

## Osterwalder-Blank-Maurya-Reis-Thomas



Utilizing methodologies developed by **Alexander Osterwalder, Steve Blank, Eric Reis, Ash Maurya**, and others, **Barrett Thomas** has developed a process for a start-up business to test its assumptions and put serious effort into determining the feasibility of the business and its product.

# The 90 day pre-incubation program at Braintree



Small Business  
Development Centers

# Business Model Canvas Lean Stack

Braintree's pre-incubation program is based more than anything else on customer validation

Barrett Thomas and Alex Osterwalder  
September 2014 Providence, USA



# Entrepreneurial Paradigm Shift

More startups fail from a lack of customers than from a failure of product development

-Ash Maurya

## What we used to do:

- “Build it and they will come”
- Written business plans with 5 year financial projections

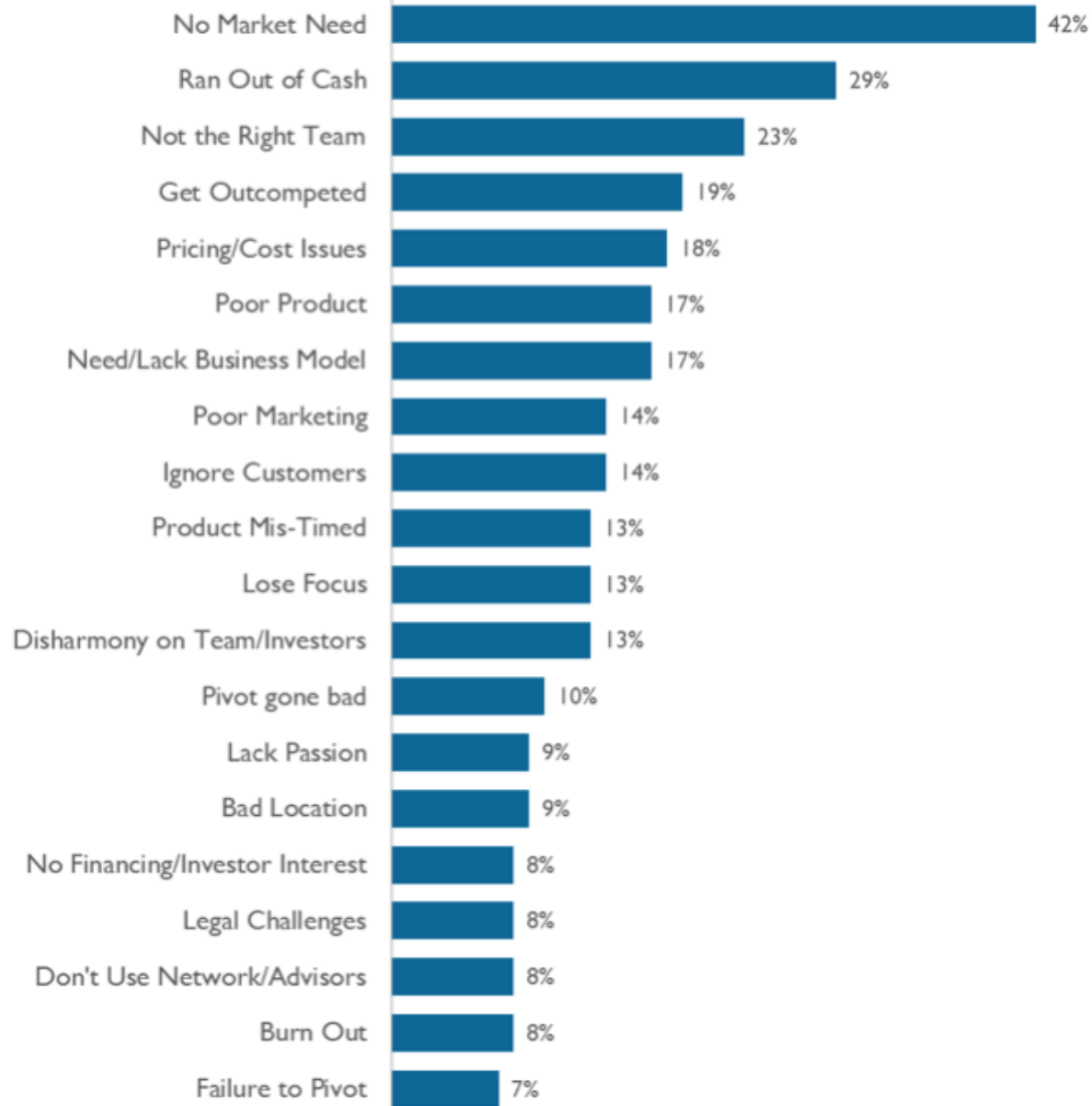
## What we do now:

- Customer testing to validate the business solves actual problems that customers care about.
- Develop a Minimum Viable Product (MVP)
- Fail fast

Our goal: To find a business model that works before running out of resources

# Top 20 Reasons Startups Fail

Based on an Analysis of 101 Startup Post-Mortems





# Steve Blank tells how it all came together

The screenshot shows a web browser window displaying an article on the Inc. website. The browser's address bar shows the URL: <http://www.inc.com/graham-winfrey/steve-blank-on-the-future-of-lean-startups.html>. The Inc. logo is visible in the top navigation bar. The article is titled "Steve Blank on What's Next for Lean Startups" and is by Graham Winfrey. The text below the title reads: "The lean startup evangelist explains why the movement is still just getting started." To the right of the title is a video thumbnail of Steve Blank speaking, with the text "VIDEO | THE PLAYBOOK" below it. Below the article title are social media sharing icons for Facebook, Twitter, Google+, LinkedIn, Pinterest, and Email, along with a "224 SHARES" count. A "Sponsored by" section for Ink by Chase is also visible. At the bottom left is a large photo of Steve Blank, and at the bottom right is a Chase advertisement for "5X EARN REWARDS" on internet, phone services, and office supply stores.

IDEA LAB

## Steve Blank on What's Next for Lean Startups

BY GRAHAM WINFREY @GRAHAMWINFREY

The lean startup evangelist explains why the movement is still just getting started.

224 SHARES

Sponsored by **ink** from CHASE

VIDEO | THE PLAYBOOK

**The Smart Way to Finance Your Business**

**CHASE**

**EARN 5X REWARDS**

ON INTERNET, PHONE SERVICES AND AT OFFICE SUPPLY STORES

- Redeem for cash back, gift cards & more
- Rewards will not expire

# Business Model Canvas

## The Business Model Canvas

For:  By:  Date:  Iteration:

www.businessmodelgeneration.com

The world's leading authority on the Business Model Canvas is Alexander Osterwalder, co-author of the book Business Model Generation, which is the world's leading authority on the Business Model Canvas.

<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>KEY RESOURCES:</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>CUSTOMERS:</b> Producers Problem Solving Platforms/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? <b>What bundles of products and services are we offering</b> to each Customer Segment? Which customer needs are we satisfying?</p> <p><b>CHANNELS:</b> Awareness Performance Customization Selling the idea down Design Brand/Style Price Cost Reduction Risk Reduction Availability 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 customer Dedicated Personal Customer Self-Service Automated Services Communities Co-creation</p>	<h3>Customer Segments &amp; Their Big Wants</h3> <p>For whom are we creating value? Who are our most important customers?</p> <p><b>Also Market:</b> New Market Segmented Global Multi-Sector Platform</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>KEY BUSINESS MODEL:</b> Cost Drivers (Internal and external, low price value proposition, maximum cost reduction, extensive self-sourcing) Value Driver (Internal and external, premium value proposition) <b>KEY COST STRUCTURES:</b> Fixed Costs (salaries, rent, utilities) Variable costs Examples of usage</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>	<p><b>CHANNEL PRICES:</b> 1. Awareness - How do we reach customers without our own sales? 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> <p><b>TYPE:</b> Asset sale Usage fee Subscription fee Licensing Advertising</p>	<p><b>LISTED PRICES:</b> List Price Product features dependent Customer segment dependent Volume dependent</p> <p><b>DYNAMIC PRICES:</b> Regulation/legislation Field Management Real-time market</p>



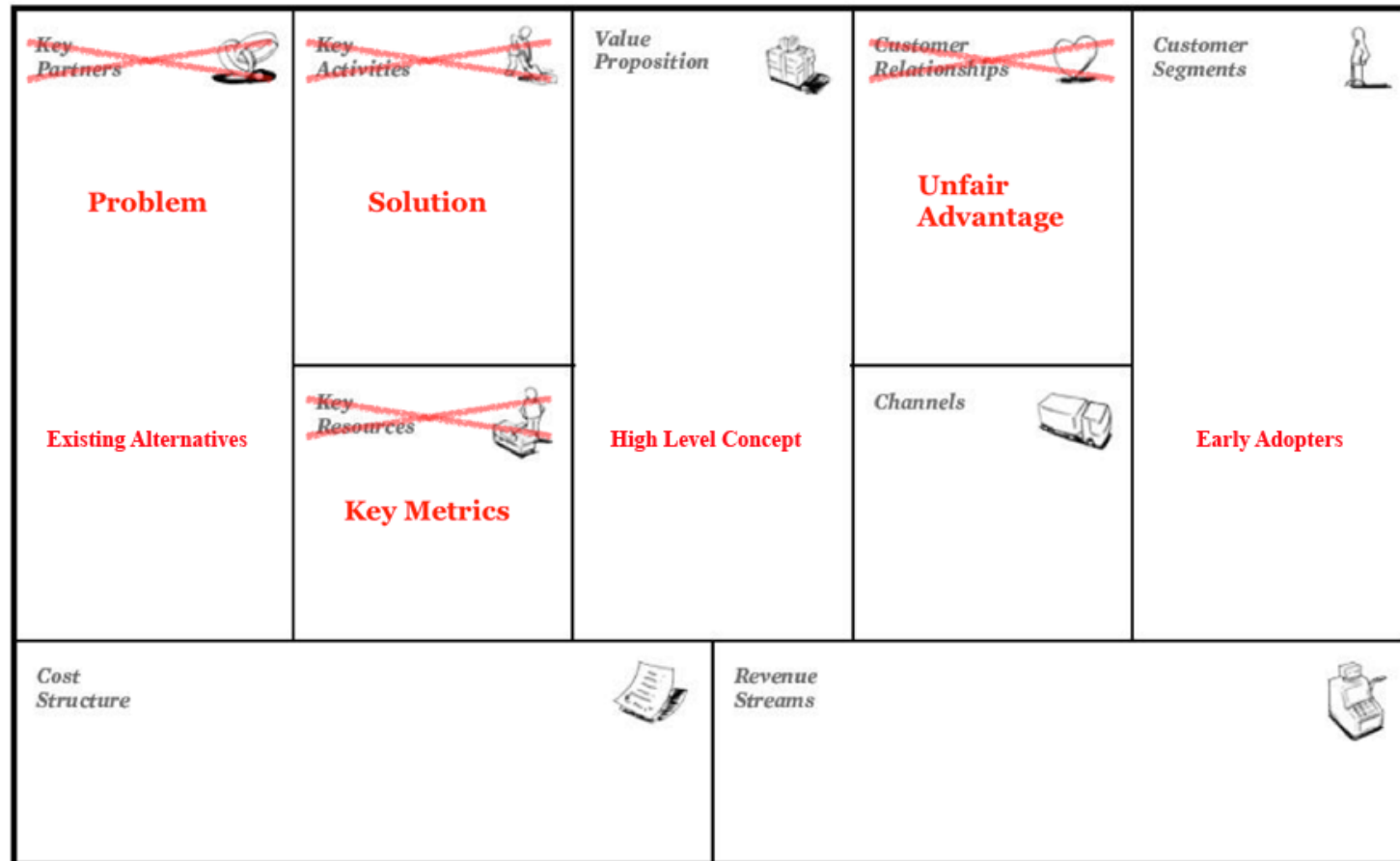


## A tale of two canvases

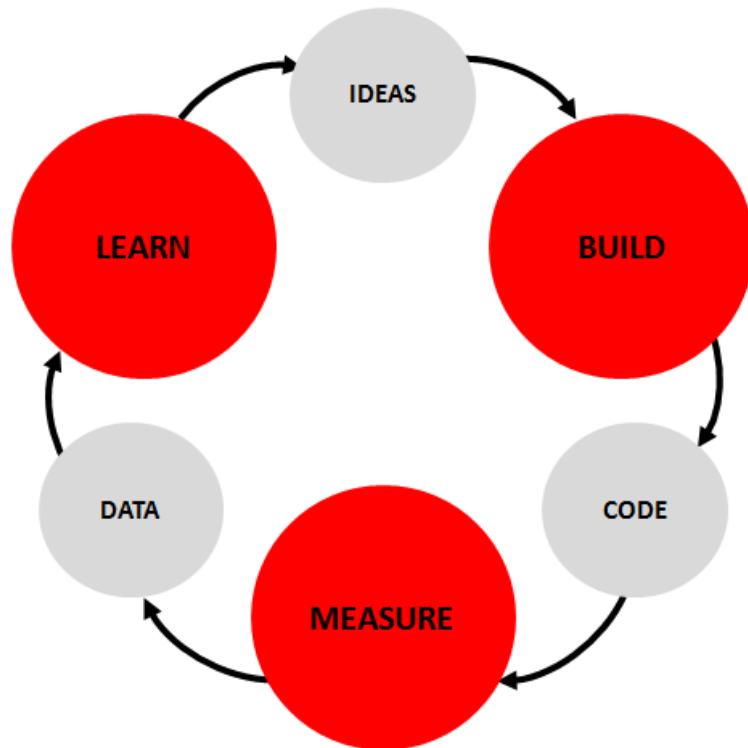


According to Ash Murya, the business model canvas was great for existing businesses. His lean canvas is specifically for startups

# Business Model Canvas vs Lean Canvas



# Lean Startup Process: Build, Measure, Learn



This is how to test hypotheses...

Favored testing process

- Build specifically to measure customer feedback
- Measure customer interaction in reference to the hypotheses
- Sift through all the data to find the real answers (maybe unspoken)
- Let the learning guide what is built next

# Lean Canvas

Designed for:  
**Right Time**

Designed by:

On: dd/mm/yyyy

Iteration #

## Problem

top 3 problems

Identifying good candidates

Creating plan to address deficiencies

Proving PS court efficacy

## Solution

top 3 features

An assessment creates data which is interpreted and generates a report

## Key metrics

key activities you measure

Reports issued

Long term program efficacy

## Unique value proposition

single, clean, compelling message that states why you are different and worth buying

Identifies offenders likely to change

Deficiencies identified and recommendations made

Pre/Post test reveal program impact on offenders

## Unfair advantage

can't be easily copied or bought

Data intercorrelation is a trade secret

## Channels

path to customers

Conferences

Industry publications

Direct sales

## Customer Segments

target customers

Problem Solving courts

## Cost Structure

What are the most important costs inherent in our business?  
Which Key Resources are most expensive?  
Which Key Activities are most expensive?

Infrastructure development

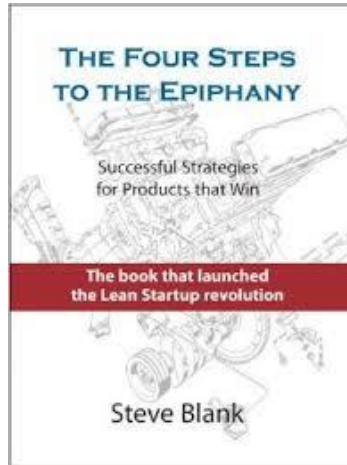
Selling and admin

## Revenue Streams

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?

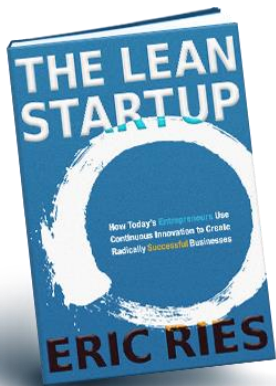
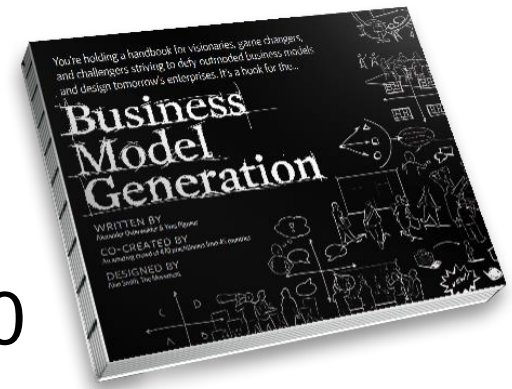
Per report fee to courts

# A reading list



Steve Blank, 2003

Alex Osterwalder, 2010

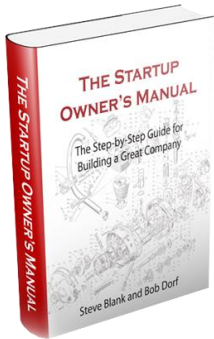


Eric Ries, 2011

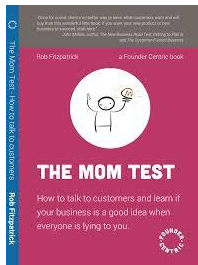
Ash Murya, 2012



## Other useful books



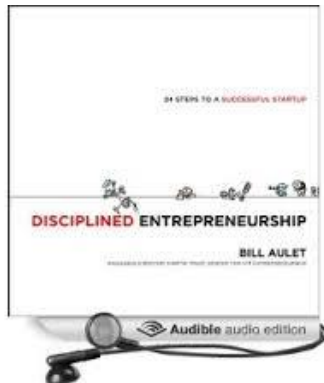
Steve Blank and Bob Dorf, 2012



The Mom Test, 2013



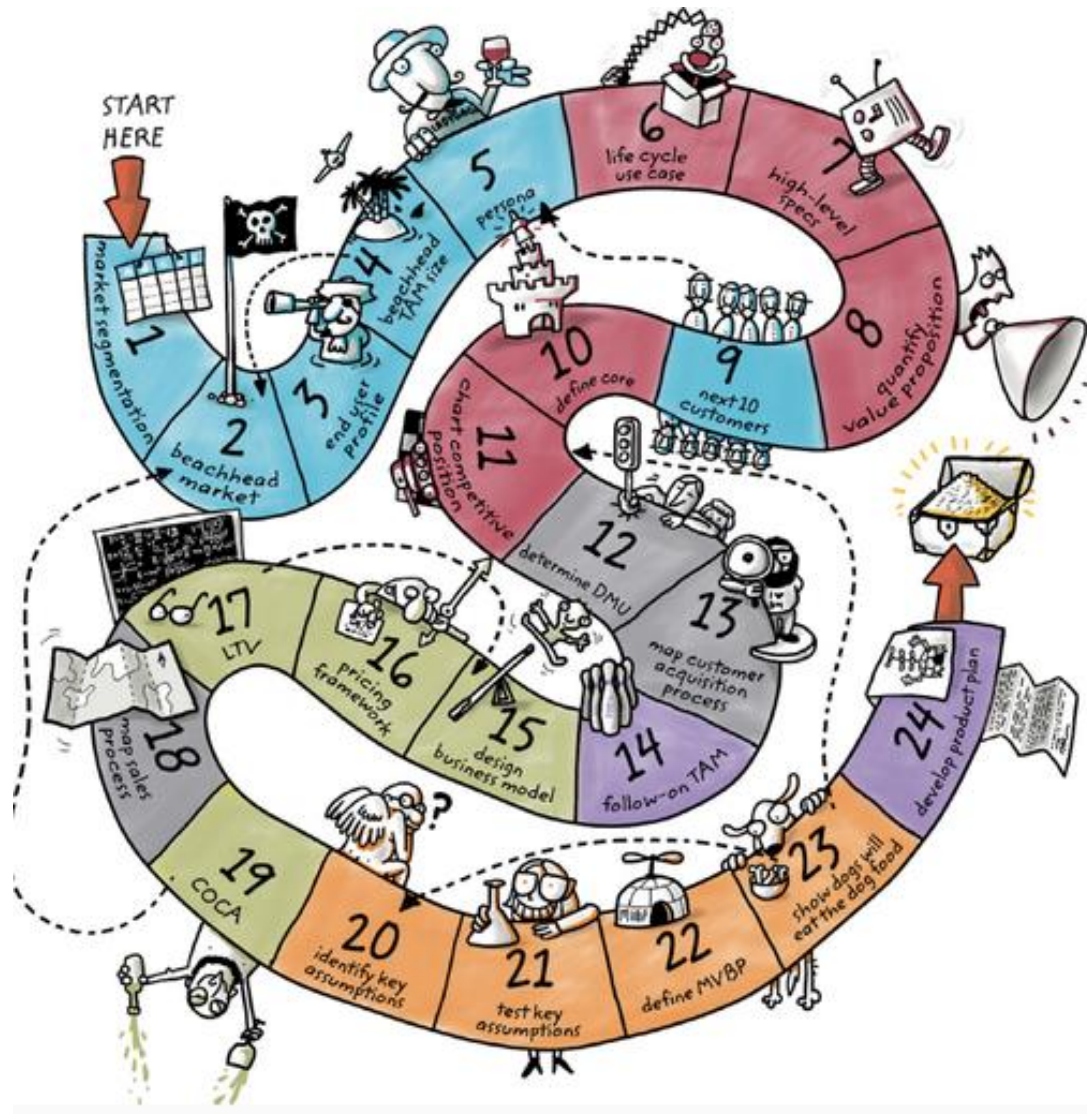
Value Proposition Design, 2014  
(last week!)



Bill Aulet, 2013



# 24 steps to a successful startup



**Wki helps organizations find the business value in science and technology ideas, concepts and projects.**



## **Use Idea Scoping Tools to:**

### **EXPLORE**

Discover potential avenues of commercial value.

### **FOCUS**

Hone in on what the customer will value.

### **TAKE ACTION**

Generate specific outputs that contribute to the business value delivery process.

### **SKETCH**

Share and collaborate on different ideas and points of view about potential value propositions.

### **ALIGN**

Bring teams together on the value proposition.

### **CHALLENGE ASSUMPTIONS**

Explore alternative applications, markets and business models beyond the originals.

## **Use Opportunity Validation Tools to:**

### **VALIDATE**

Confirm and refine the value proposition hypothesis.

### **COLLABORATE**

Both reviewers and innovators can collaborate to populate these tools.

### **QUANTIFY**

The tools are driven by real numbers from conversations with customers, markets and partners.

### **ASSESS RISK**

Assess risk in four areas: technology, market, customer and financial.

### **STREAMLINE**

Accelerate assessment of an opportunity with a streamlined due-diligence process.

Randy Goldsmith-Investor in Residence-Texas Technology Development Center  
San Antonio, Texas

## How To Value A Start-Up



### Questions:

- **How does your Entrepreneurial Readiness Level compare with other entrepreneurs?**
- **What are your entrepreneurial strength and weaknesses?**
- **Do you demonstrate the entrepreneurial characteristics investors require?**

**Description:** The [Entrepreneurial Readiness Survey](#) provides a self-assessment tool for individuals interested in evaluating their readiness level as an entrepreneur. This non-scientific tool is designed from an investor's perspective. The scoring is weighted according to the factors investors hold most important in evaluating entrepreneurial traits and characteristics. The scoring is based upon the author's 20 years of experience in working with hundreds of early-stage entrepreneurs.

# **incuTrack™**

See how incuTrack can help your incubator  
incuTrack saves time, saves money, and helps clients, staff, and mentors collaborate and coordinate so goals are achieved and exceeded.

## **Client Relationship Management (CRM)**

Instead of a collection of disparate online and offline systems, you may now have all your client information in one readily accessible database.

## **Custom Reporting**

The system improves the presentation of your operations with the ability to report information in the most usable form for your organization and management style.

## **Online Forms**

Put away your pdfs. The system provides online inquiry, prospect, application forms, and more...

## **Mentoring Support**

Coaching & mentoring modules are provided to help incubator staff address the business and development needs of each client.

## **Economic Impact Data**

Company revenues, jobs created, employment data, and any other data you choose can be tracked and reported.

## **And many more features...**

Review the many [features of incuTrack](http://www.incutrack.com) and contact us for a demonstration.

<http://www.incutrack.com>



**GrowthWheel**

**All business decisions in one single toolkit**