

Identify The Solution

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Difference Maker Program

On Day One, a startup is a faith-based initiative built on the founders **vision** . . .

- it is based on guesses (hypotheses) of what a customer wants
- it is based on guesses (hypotheses) of who the customers will be
- founders need to gather first-hand feedback from customers (test vision)
- failure and adjustments (**'pivots'**) are integral to future success

So Far, You Have...

- Defined the Problem your Team is Solving
 - Problem Statement
 - Who is affected by problem?
 - How are they affected by problem?
 - Why is it important to solve this problem?
- Assessed the Opportunity
 - Who currently addresses this problem?
 - How is the current solution delivered?
 - How effective is the current solution?
 - What can be improved? Alternative approach?

Now We Discuss Value

- Customer Value
 - Including patients, clients, customers
 - The groups who are affected by the problem
- Business Value
 - How you will operationalize your solution
 - How you will support/sustain your solution

Question Addressed Today

- What part of the problem are you trying to solve?
- What value do you deliver to the affected group?
- What are the costs / revenues associated with your solution?
- How will you sustain your solution?

It Takes A Community . . .

You must build a sustainable organization to help solve real-world problems and provide value to constituents (customers) over time.

What Is A Business Model?

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

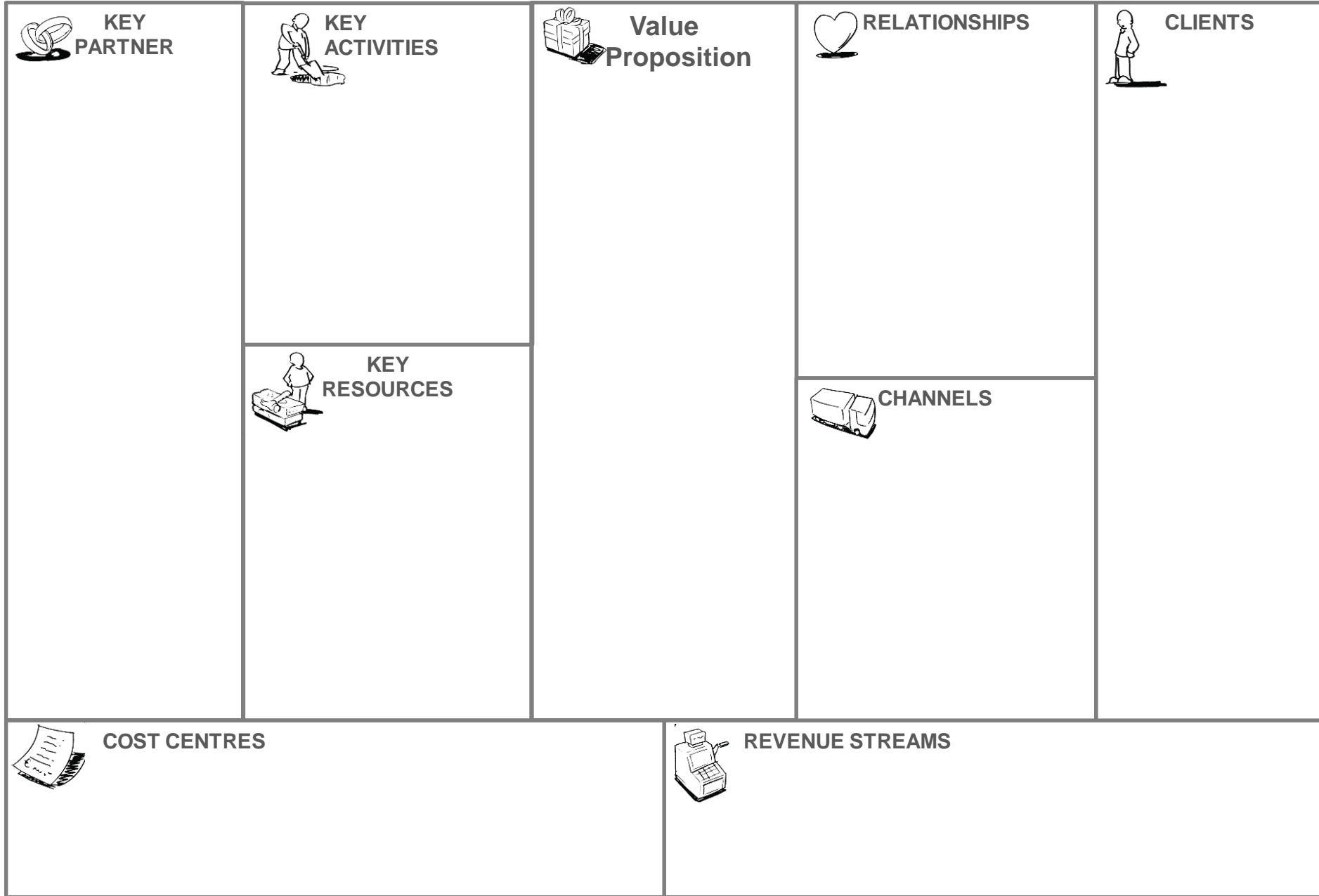
The Business Model

Let's go to the movies . . .

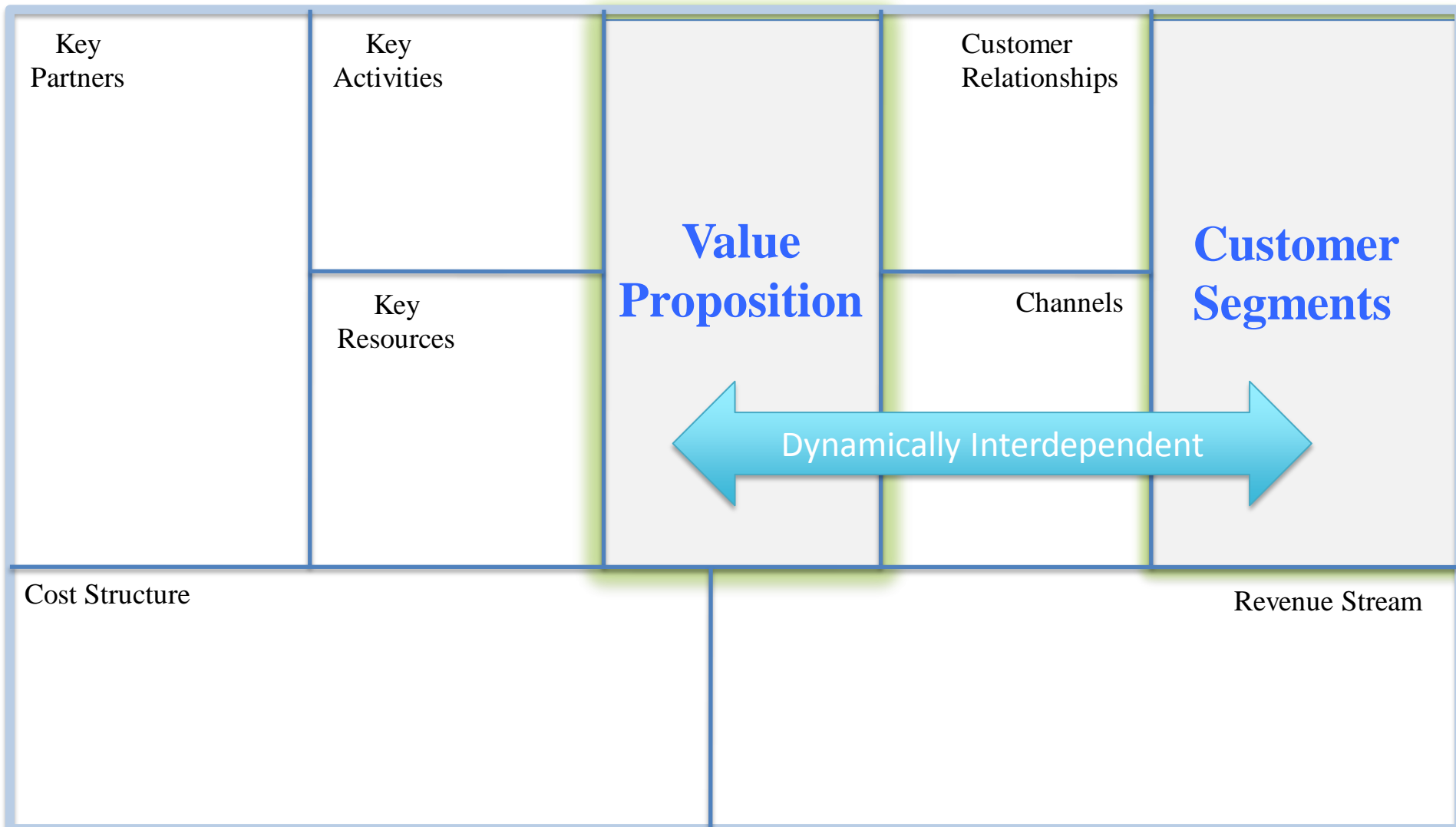
- <http://ecorner.stanford.edu/author/MaterialInfo.html;jsessionid=C88A82434C120C7FE39B9D5ABDD0494A?mid=2877>

(Video Sections 3/4/6)

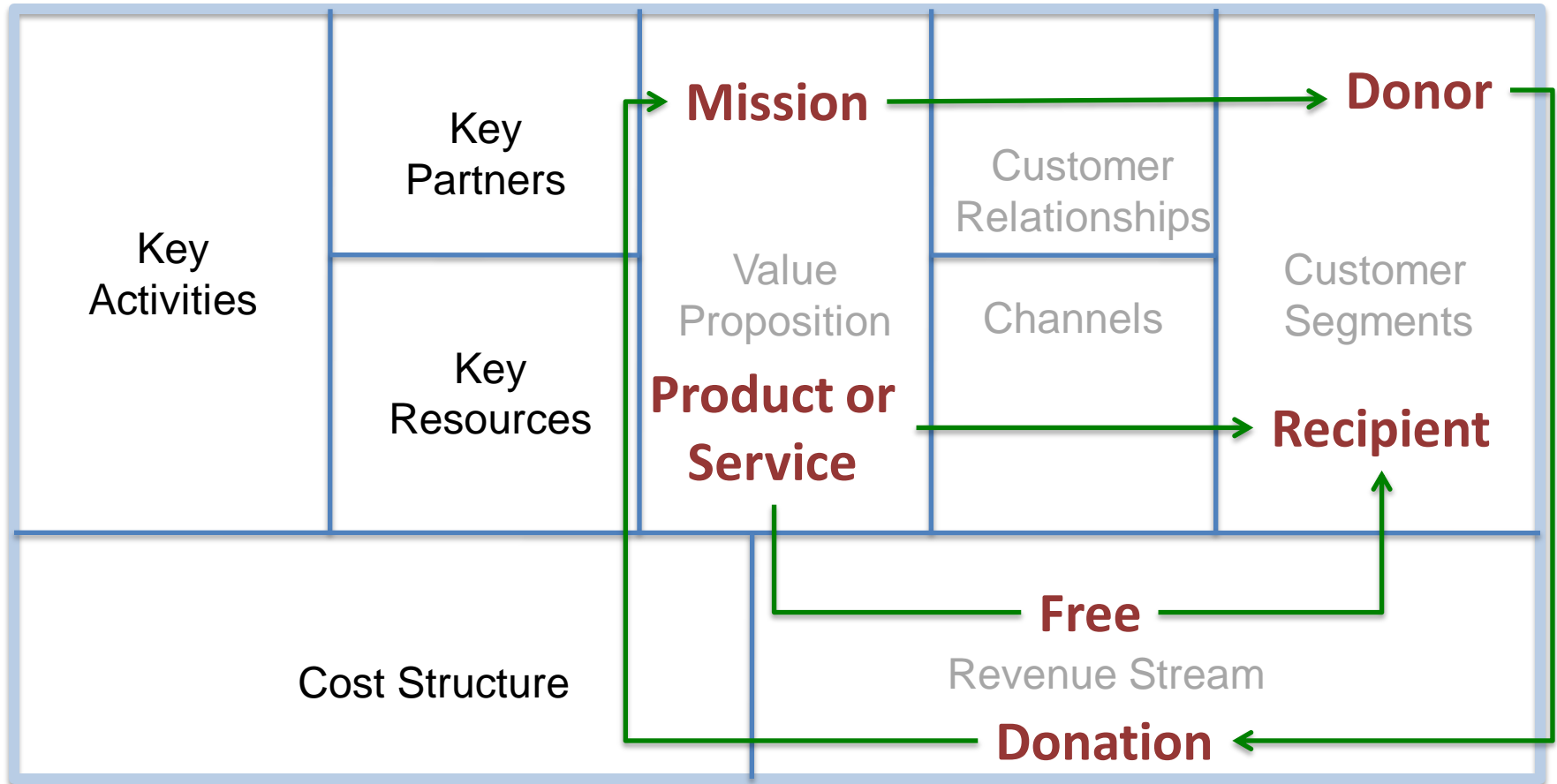
Business Model



Our Focus Today



Not-For Profit Model

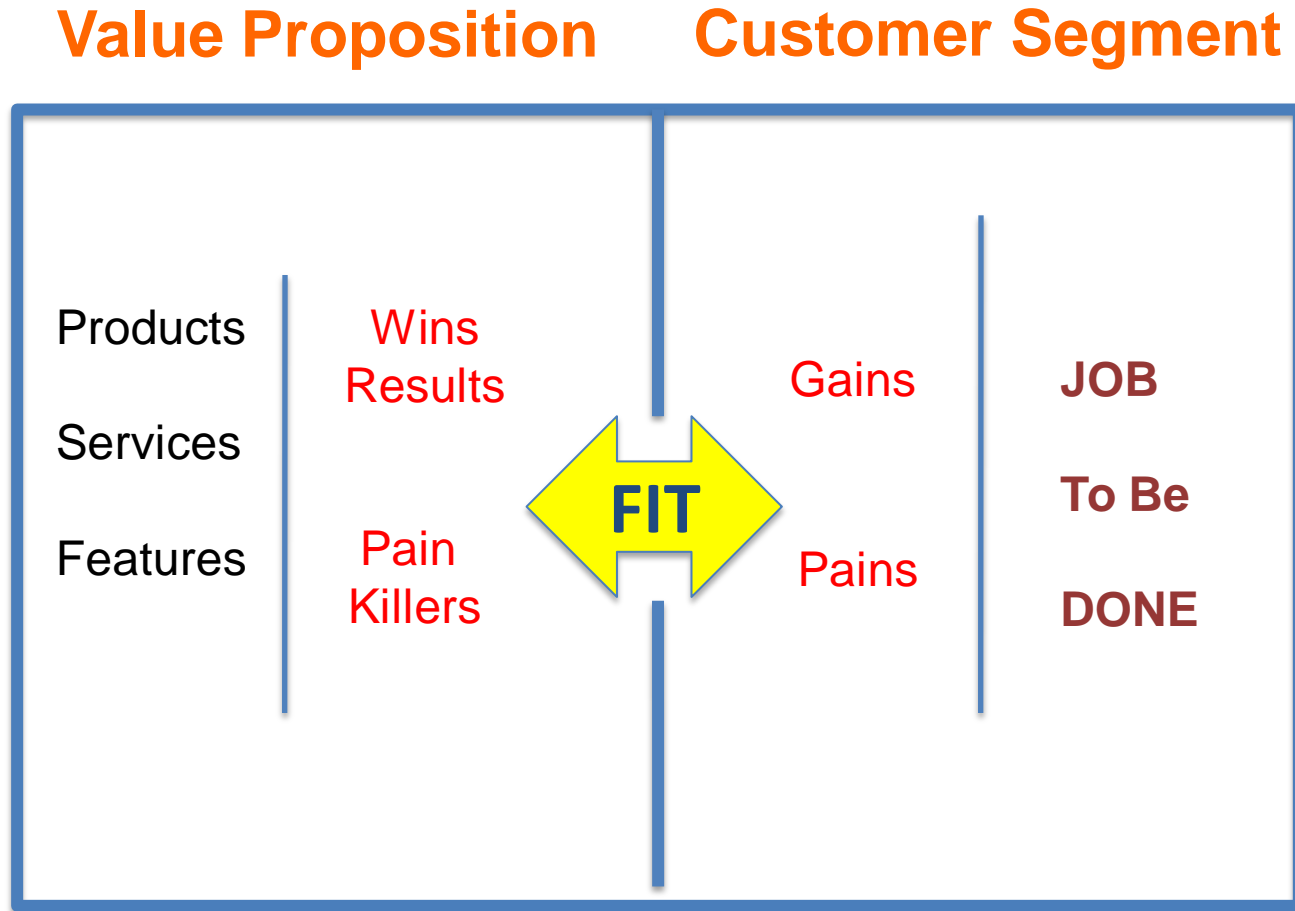


WHAT IS A VALUE PROPOSITION?

Let's Go Back to The Movies

<http://ecorner.stanford.edu/authorMaterialInfo.html;jsessionid=C88A82434C120C7FE39B9D5ABDD0494A?mid=2877>

Map Customer to Value Proposition



Getting The Customer Value Proposition Right Is Critical To Success

Job To Be Done

http://www.youtube.com/watch?v=s9nbTB33hbg&feature=player_embedded

Explore Customer Pain

What does your customer find too costly?

(e.g., too much time, too much money, requires substantial effort, ...)

What makes your customer feel bad?

(e.g., frustrations, annoyances, . . .)

How are current solutions underperforming for your customer?

(e.g., lack of features, performance, malfunctioning, accuracy...)

What negative social consequences does your customer encounter or fear?

(e.g., loss of face, trust, power, status . . .)

What's keeping your customer awake at night?

(e.g., big issues, concerns, worries . . .)

What common mistakes does your customer make?

(e.g., usage mistakes, inappropriate priorities . . .)

What barriers are keeping your customers from adopting solutions?

(e.g., upfront investment, learning curve, resistance to change . . .)

Exercise

A Day In The Life Of Your Customers

Question	Customer 1 _____	Customer n _____
1. How Is Your Customer Currently Dealing With This Task/Problem?		
2. What Are They Trying To Accomplish? Desired Outcome? Wish They Could Do?		
3. What Approach Are They Attempting		
4. What Are The Interfering Factors?		
5. What Are The Economic Consequences? –Costs?		

A Day In The Life . . .

Question	Customer 1_____	Customer n_____
6. Your New Approach . . .		
7. Enabling Factors?		
8 Economic Rewards?		
9. Is Our Price Consistent With Budget? – Problem Solved?		

Do This For About 20 Customers!

For Each Customer . . .

- Are They Just Like Another Customer?
 - Basis for Segmentation
 - Who Has Similar / Different 'Jobs to Be Done'!
- How Many Customers Like This?
- How Much Would They Buy?
- This Is The Start of your Marketing Plan!

How Are You Going To Test This?

- Experiments
 - [Example from Lean Startup Contest](#) (uTube)
- Field Interviews

Successful Businesses Plan To Continually Experiment & Discover

**How can I find customers before I've
even built a product?**

How were you planning on finding them
after you've built a product?

Finding People . . .

- AdWords / Facebook Ads /Tweets
 - Summarize your idea – get it on search engines
- Twitter Search
 - Search for people who discussed _____
 - @username Would love yr feedback on [product/problem/solution] – shd only take 2mins [URL] thanks!
- Google Alerts
 - Monitor the web for product/problem/solution
 - I read your [post/comment] about [product/problem/solution]. I'm currently trying to validate a related idea and I think your opinion would be very valuable to me – could you take 2 minutes and check out [URL]? Thank you – I'd be happy to return the favor any time.
- LinkedIn to ask for Introductions

Revenue Streams

- Where does your revenue come from?
 - One source?
 - Multiple sources?
- How sustainable are our revenue streams?
- How diversified are our revenue streams?
- Are we dependent on too few revenue sources (e.g. from some big clients or one single business)?
- How well do we price our value proposition?

Your Solution

- Must be designed to address the real and perceived needs of your client, customer or patient
- Must provide additional value over existing solutions
- Must be sustainable over time

Resource / Capability Issues Next Workshop

Communication and Distribution Channels

- Do we have a well thought-through communication and distribution channel design?
- How well do we reach our clients?
- Do we know how successful our channels are in terms of customer acquisition?
- How well are our different channels integrated?
- Do we know how cost efficient are our channels are?
- Do we use the right channels for the right clients (e.g. in terms of profitability)?

Customer Relationships

- Do we have a customer relationship strategy?
- How good are our relationships with our best customers?
- Do we spend too much time and money in relationships with unprofitable clients?
- How well are we doing in managing our customer relationships (e.g. follow-up, etc.)

Key Resources

- Do we have an 'unfair' advantage based on our resources and capabilities?
 - Intellectual Property?
 - Unique access to information?
 - etc.
- Do we have the right resources to compete in the future?
- Do we invest in of the right key resources in terms of quality and quantity?

Key Activities

- How efficient are we in performing our activities?
- Do we perform too many activities ourselves, leading to a lack of focus?
- Are there activities we would be better off outsourcing to partners?
- Are our activities adapted perfectly to our value proposition?

Partner Network

- Do we use partners enough?
- How well do we work with our existing partners and suppliers?
- How dependent are we on our existing partners and suppliers?
- Which partners could help us complement our value proposition?
- Which suppliers could help us streamline our business model?

Cost Structure

- Is our cost structure appropriate (e.g. low cost business model = low cost structure)?
- Do we clearly understand which parts of our business model have the highest costs?
- How lean is our cost structure?
- Are there ways we could reduce our cost structure?

Go
Build Your
Initial
Business Model

(But Expect To Revise It Often
As You Learn and Grow)