



BOISE STATE UNIVERSITY

# Lean Launch

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## Agenda for Today

- Introduction to the business model canvas and lean launch method
- How to use it to start or improve your business
- Where you can learn more

# Business Model Canvas

- It's just a tool
- Get away from the traditional business plan, look at your business model
- Helps you to organize your information

# Business Model Canvas

## Structure

- Nine separate areas to be considered
- Reinforces notion that if you alter one, other parts of your business can be effected

# Business Model Canvas

- Based on hypothesis testing
- Multiple sets of small experiments
- Reiterate, reiterate, reiterate

This is helping you define how your company creates value for itself while delivering products or services for customers.



# Business Model Canvas

## Customer Segments (Beneficiaries)

For whom are you creating value?

- How do you describe your customer/user?

# Business Model Canvas

## Value Propositions

- Bundles of products and services you are creating for your customers
- What are you offering that is going to relieve your customers' pain?

# Business Model Canvas

## Channels

Touchpoints through which you reach customers and deliver value, like:

- Store
- Online
- Direct mail
- B2B marketing
- Licensing agreements



# Business Model Canvas

## Customer Relationships

The kinds of relationship you are establishing with customers, like:

- Direct
- Licensing
- Customization

# Business Model Canvas

## Customer Relationships

What your relationship is like depends on:

- the method of customer acquisition (SEO, analytics, content marketing, etc.),
- strategy for customer retention (reducing pain points, invoke the customer's ego, standing for something, etc.), and
- how you upsell to your customer.

# Business Model Canvas

**All of this really boils down to knowing your customers really well.**

**Be obsessed over your customers, not your competitors.**

# Business Model Canvas

## Revenue Streams

Clarifies how and through which pricing models you are bringing in revenue to the company, such as:

- Subscription
- Flat fee
- Per service charge
- Hourly charge

# Business Model Canvas

## Key Resources

What assets are indispensable to create value?

(Ex.:) Certain facilities? IP? People?



# Business Model Canvas

## Key Activities

What things do you need to be able to do to perform well?

(Ex.:) Production? Problem solving?  
Supply chain management?

# Business Model Canvas

## Key Partnerships

What external entities are in the network that will make your business model work?

(Ex.:) Vendors? Producers? Joint venture partners? Regulators?

# Business Model Canvas

## Cost Structure

What are all of the costs embedded in your business model?

Think of all the start up and ongoing costs that will be incurred, such as marketing, legal, prototyping, R&D, office supplies, rent, etc.

# Business Model Canvas

## The Crux of the Matter: Iteration

- All based on the notion that you need to question, prototype and pivot **QUICKLY**
- World and industries are changing  
are you really (or still) bringing value to your customers?

# Business Model Canvas

## Prototyping

- Setting up small “experiments” to help you test the value of your business model – quick, cheap and rough
- Helps you figure out desirability, feasibility and viability
- Which alternatives have legs and are interesting? What could be?



# Business Model Canvas

## Prototyping

- **Don't fall in love with your first idea!**
- Keep pushing and testing, don't refine until you have really looked at as many alternatives as you can think about

# Business Model Canvas

## Prototyping

- Explore constraints and set yourself free. Let yourself explore what might seem at first to be totally nuts!

# Business Model Canvas

## Prototyping

- This is the conversation you have with your ideas
- Shifting your mindset to being more like a designer
- Make yourself nervous – explore!
- Should take just 5-10 minutes to sketch out

# Business Model Canvas

## Prototyping Exercise

- Design alternatives, dream of what could be
  - Don't say "no" too early, but don't get attached too early, either
- "I begin with an idea, and then it comes something else." ~ Picasso

# Business Model Canvas

## Prototyping Exercise!

- You get two imaginary Key Resources – a bicycle and \$1,000
- Five minutes
- Think of a business model arising from just these two resources



# Value Proposition Canvas

The Value Proposition Canvas helps you to really drill down into how your customer measures success.

# Value Proposition Canvas

## Customer Profile

**Customer Jobs:** What is your customer trying to get done? Could be functional, social or emotional.

**Customer Pains:** Negative outcomes customers hope to avoid – obstacles or frustrations

# Value Proposition Canvas

## Customer Profile

**Customer Gains:** Positive outcomes customers hope to achieve – concrete results or aspirations

## Value Proposition Canvas

For each element of the Customer Profile, try to get your focus group customers to rank them for what is a “need” as opposed to a “want.”

And then focus more on the needs!

# Value Proposition Canvas

## Value Proposition

**Products and Services:** What are you proposing to offer?

**Pain Relievers:** How do you help your customer overcome one of the pains?

**Gain Creators:** How do you produce or increase positive outcomes?



# Value Proposition Canvas

## Fit

- You get the best fit when you can connect each pain reliever with a true pain, gain creator with a true gain
- You need to talk with your customers to verify your assumptions!!

# Business Model Canvas

## Minimum Viable Product

- Develop a prototype of what you're thinking of doing just to test general reception.
- Often (but not always) smaller or cheaper than anticipated final product.

# Strength of Your Business Model

## Seven Questions to Test Your Model

- 1) What are the costs for your customers to switch to another company?

# Strength of Your Business Model

## Seven Questions to Test Your Model

2) Is every sale a new effort to sell, or does it result in follow-up sales and revenues?

# Strength of Your Business Model

## Seven Questions to Test Your Model

3) Are you earning money before you are spending it?



# Strength of Your Business Model

## Seven Questions to Test Your Model

4) Is your cost structure substantially different from your competitors?

# Strength of Your Business Model

## Seven Questions to Test Your Model

5) How much does your business model get customers or third parties to create value for you?

# Strength of Your Business Model

## Seven Questions to Test Your Model

6) How rapidly can you grow your business model without hitting roadblocks? (Scalability)

# Strength of Your Business Model

## Seven Questions to Test Your Model

7) How much does your business model protect from competition? How easy is it for someone to come into your market and take over?

# Testing Your Business Model

## Test Interest and Relevance

Do potential customers show interest in your ideas?

- Quick social media poll
- Quick survey at your place of business
- Ask people to sign up via email to learn about launch of the product/service
- Measure clicks on your social media pages or webpages where you talk about potential



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# Testing Your Business Model

## Test Willingness and Ability to Pay

Are potential customers interested enough in the features of your product/service to buy it?

- “Fake” online sale
- Pre-sales (Kickstarter)

# Testing Your Business Model

## Test Preferences and Priorities

What features of your product/service do customers prefer? What do they value? What do they prioritize?

- Split testing

# Business Planning and Strategy

## Business Model Canvas

For more in-depth information on the Business Model Canvas,

- visit [www.strategyzer.com](http://www.strategyzer.com)
- search YouTube or through your browser for “Steve Blank” or “Lean Launch”



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**THANK YOU**