

ITI8740/ITX8522: Software Development Team Project. 2022

# 03. Intro to Lean Startup

Martin Verrev

[martin.verrev@taltech.ee](mailto:martin.verrev@taltech.ee)

**95%** of all  
startups fail

Reason:

**Building a product that nobody wants**

**Solution:**

**The Lean Startup Methodology**

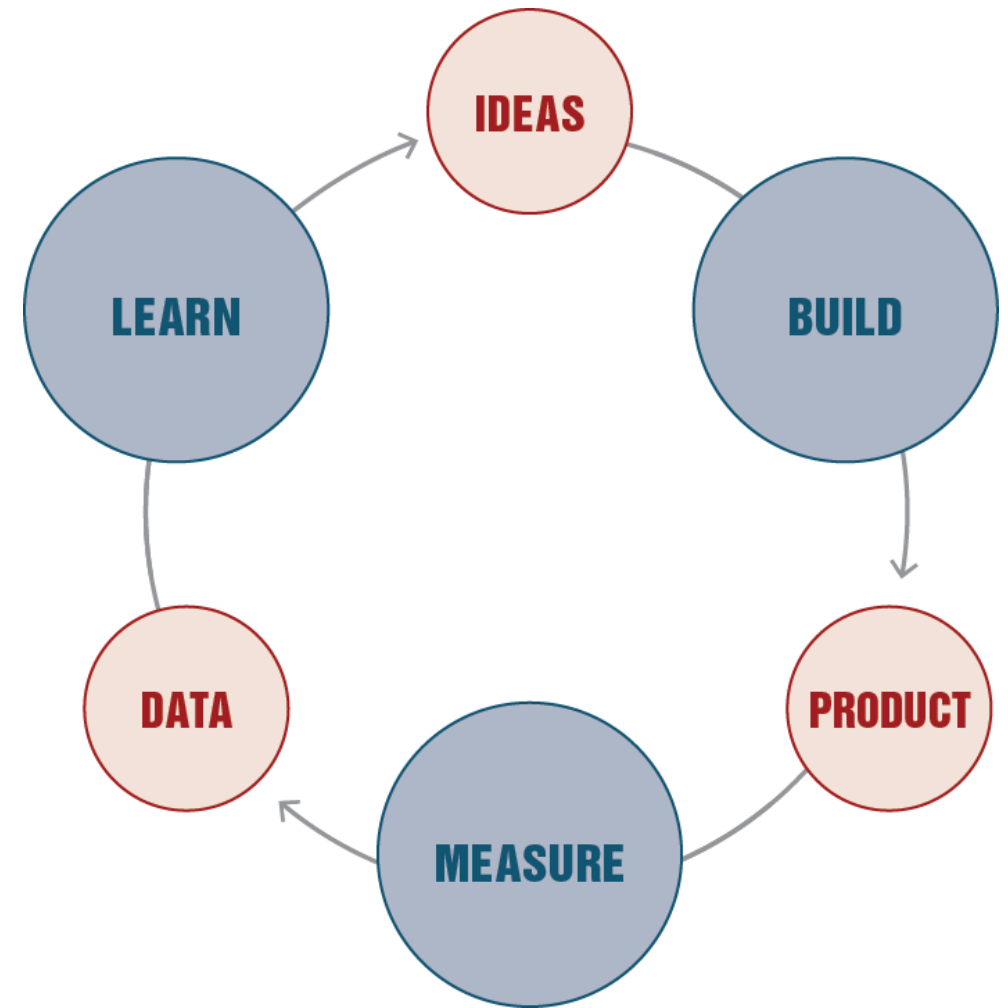
# Principles

- Entrepreneurs are everywhere.
- Entrepreneurship is management.
- Validated learning.
- Innovation Accounting.
- Build-Measure-Learn.

<https://interaction.net.au/articles/five-principles-of-lean-startups/>

# Lean Startup Meta Process

1. Document your **Plan A**
2. Identify the **riskiest** part of the plan
3. Systematically **test** your plan



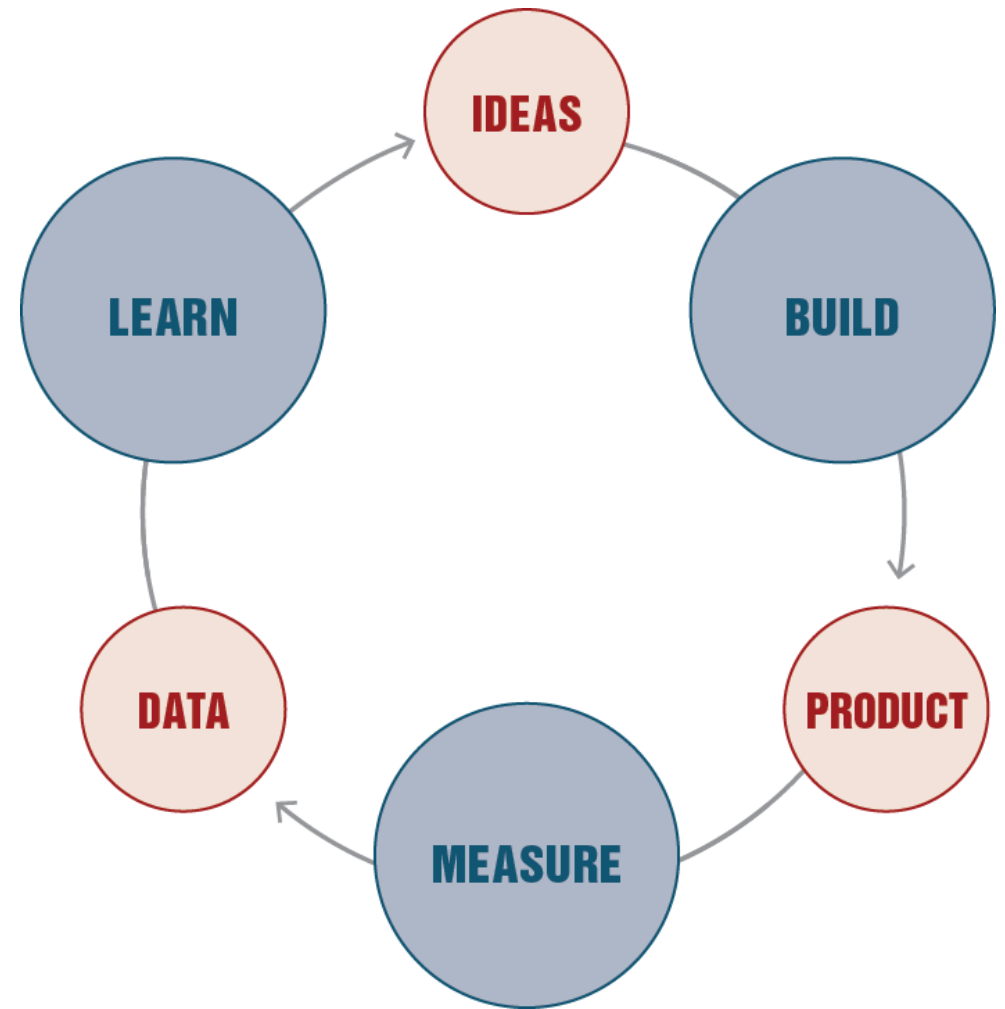
# The Lean Canvas

An one-page business plan template created by Ash Maurya that helps you deconstruct your idea into it's key assumptions.

<https://leanstack.com/>

# Lean Startup Meta Process

1. **Document your Plan A**
2. Identify the **riskiest** part of the plan
3. Systematically **test** your plan





## PROBLEM

List your top 1-3 problems.

## SOLUTION

Outline a possible solution for each problem.

## UNIQUE VALUE PROPOSITION

Single, clear, compelling message that states why you are different and worth paying attention.

## UNFAIR ADVANTAGE

Something that cannot easily be bought or copied.

## CUSTOMER SEGMENTS

List your target customers and users.

## KEY METRICS

List the key numbers that tell you how your business is doing.

## CHANNELS

List your path to customers (inbound or outbound).

## EXISTING ALTERNATIVES

List how these problems are solved today.

## HIGH-LEVEL CONCEPT

List your X for Y analogy e.g. YouTube = Flickr for videos.

## EARLY ADOPTERS

List the characteristics of your ideal customers.

## COST STRUCTURE

List your fixed and variable costs.

## REVENUE STREAMS

List your sources of revenue.

## PROBLEM

List your top 1-3 problems.

## SOLUTION

Outline a possible solution for each problem.

## UNIQUE VALUE PROPOSITION

Single, clear, compelling message that states why you are different and worth paying attention.

## UNFAIR ADVANTAGE

Something that cannot easily be bought or copied.

## CUSTOMER SEGMENTS

List your target customers and users.

## KEY METRICS

List the key numbers that tell you how your business is doing.

## CHANNELS

List your path to customers (inbound or outbound).

## EXISTING ALTERNATIVES

List how these problems are solved today.

## HIGH-LEVEL CONCEPT

List your X for Y analogy e.g. YouTube = Flickr for videos.

## EARLY ADOPTERS

List the characteristics of your ideal customers.

## COST STRUCTURE

List your fixed and variable costs.

## REVENUE STREAMS

List your sources of revenue.

# Start with Problem & Customer

Underline the main assumptions / hypotheses to be checked.

# The Problem

- Is there more than one problem?
- Match a problem statement for each segment
- Outline existing alternatives

# The Customer Segments

- Are there several segments
- Review segments - customers & users
- Early adopters

## PROBLEM

List your top 1-3 problems.

## SOLUTION

Outline a possible solution for each problem.

## UNIQUE VALUE PROPOSITION

Single, clear, compelling message that states why you are different and worth paying attention.

## UNFAIR ADVANTAGE

Something that cannot easily be bought or copied.

## CUSTOMER SEGMENTS

List your target customers and users.

## KEY METRICS

List the key numbers that tell you how your business is doing.

## CHANNELS

List your path to customers (inbound or outbound).

## EXISTING ALTERNATIVES

List how these problems are solved today.

## HIGH-LEVEL CONCEPT

List your X for Y analogy e.g. YouTube = Flickr for videos.

## EARLY ADOPTERS

List the characteristics of your ideal customers.

## COST STRUCTURE

List your fixed and variable costs.

## REVENUE STREAMS

List your sources of revenue.

# Unique Value Proposition

- What is the value you deliver?
- Primary reason, why the customer should buy from you.
- Why they should spend time with your solution?
- A Single message

What are your main **assumptions** / **hypotheses** to be checked

## PROBLEM

List your top 1-3 problems.

## SOLUTION

Outline a possible solution for each problem.

## UNIQUE VALUE PROPOSITION

Single, clear, compelling message that states why you are different and worth paying attention.

## UNFAIR ADVANTAGE

Something that cannot easily be bought or copied.

## CUSTOMER SEGMENTS

List your target customers and users.

## KEY METRICS

List the key numbers that tell you how your business is doing.

## CHANNELS

List your path to customers (inbound or outbound).

## EXISTING ALTERNATIVES

List how these problems are solved today.

## HIGH-LEVEL CONCEPT

List your X for Y analogy e.g. YouTube = Flickr for videos.

## EARLY ADOPTERS

List the characteristics of your ideal customers.

## COST STRUCTURE

List your fixed and variable costs.

## REVENUE STREAMS

List your sources of revenue.

# Solution

- Top 3 features / Minimum Viable Product scope (absolute minimum functional prototype to test the market).
- Does your solution deliver on the value proposition?
- Main dependencies to deliver the solution? For example: who are your key partners?

What are your main **assumptions** / **hypotheses** to be checked?



## PROBLEM

List your top 1-3 problems.

## SOLUTION

Outline a possible solution for each problem.

## UNIQUE VALUE PROPOSITION

Single, clear, compelling message that states why you are different and worth paying attention.

## UNFAIR ADVANTAGE

Something that cannot easily be bought or copied.

## CUSTOMER SEGMENTS

List your target customers and users.

## KEY METRICS

List the key numbers that tell you how your business is doing.

## CHANNELS

List your path to customers (inbound or outbound).

## EXISTING ALTERNATIVES

List how these problems are solved today.

## HIGH-LEVEL CONCEPT

List your X for Y analogy e.g. YouTube = Flickr for videos.

## EARLY ADOPTERS

List the characteristics of your ideal customers.

## COST STRUCTURE

List your fixed and variable costs.

## REVENUE STREAMS

List your sources of revenue.

# Channels

- What are ways for you to reach your customers?
- How do you access the market?
- What's the market you can actually reach?
- Based on that - is the problem worth solving?

What are your main **assumptions** / **hypotheses** to be checked?

## PROBLEM

List your top 1-3 problems.

## SOLUTION

Outline a possible solution for each problem.

## UNIQUE VALUE PROPOSITION

Single, clear, compelling message that states why you are different and worth paying attention.

## UNFAIR ADVANTAGE

Something that cannot easily be bought or copied.

## CUSTOMER SEGMENTS

List your target customers and users.

## KEY METRICS

List the key numbers that tell you how your business is doing.

## CHANNELS

List your path to customers (inbound or outbound).

## EXISTING ALTERNATIVES

List how these problems are solved today.

## HIGH-LEVEL CONCEPT

List your X for Y analogy e.g. YouTube = Flickr for videos.

## EARLY ADOPTERS

List the characteristics of your ideal customers.

## COST STRUCTURE

List your fixed and variable costs.

## REVENUE STREAMS

List your sources of revenue.

# Revenue Streams

- What is your revenue stream composed of?
- First guess on how many customers you'll serve after 12 months on the market.
- Monthly income

What are your main **assumptions** / **hypotheses** to be checked?

## PROBLEM

List your top 1-3 problems.

## SOLUTION

Outline a possible solution for each problem.

## UNIQUE VALUE PROPOSITION

Single, clear, compelling message that states why you are different and worth paying attention.

## UNFAIR ADVANTAGE

Something that cannot easily be bought or copied.

## CUSTOMER SEGMENTS

List your target customers and users.

## KEY METRICS

List the key numbers that tell you how your business is doing.

## CHANNELS

List your path to customers (inbound or outbound).

## EXISTING ALTERNATIVES

List how these problems are solved today.

## HIGH-LEVEL CONCEPT

List your X for Y analogy e.g. YouTube = Flickr for videos.

## EARLY ADOPTERS

List the characteristics of your ideal customers.

## COST STRUCTURE

List your fixed and variable costs.

## REVENUE STREAMS

List your sources of revenue.

# Cost Structure (& ROI)

- Initial investment to get to the market (capital investment)?
- Operational costs to stay on the market (monthly burn rate)?
- Rough - Return On Investment calculation. When will you be break even?

What are your main **assumptions** / **hypotheses** to be checked?

## PROBLEM

List your top 1-3 problems.

## SOLUTION

Outline a possible solution for each problem.

## UNIQUE VALUE PROPOSITION

Single, clear, compelling message that states why you are different and worth paying attention.

## UNFAIR ADVANTAGE

Something that cannot easily be bought or copied.

## CUSTOMER SEGMENTS

List your target customers and users.

## KEY METRICS

List the key numbers that tell you how your business is doing.

## CHANNELS

List your path to customers (inbound or outbound).

## EXISTING ALTERNATIVES

List how these problems are solved today.

## HIGH-LEVEL CONCEPT

List your X for Y analogy e.g. YouTube = Flickr for videos.

## EARLY ADOPTERS

List the characteristics of your ideal customers.

## COST STRUCTURE

List your fixed and variable costs.

## REVENUE STREAMS

List your sources of revenue.

# Key Metrics & Activities

- What are the key indicators to say - are you doing good or not so good? How well are you performing?
- What are the things **you have to do** to get the metrics up and where they need to be?



## PROBLEM

List your top 1-3 problems.

## SOLUTION

Outline a possible solution for each problem.

## UNIQUE VALUE PROPOSITION

Single, clear, compelling message that states why you are different and worth paying attention.

## UNFAIR ADVANTAGE

Something that cannot easily be bought or copied.

## CUSTOMER SEGMENTS

List your target customers and users.

## KEY METRICS

List the key numbers that tell you how your business is doing.

## CHANNELS

List your path to customers (inbound or outbound).

## EXISTING ALTERNATIVES

List how these problems are solved today.

## HIGH-LEVEL CONCEPT

List your X for Y analogy e.g. YouTube = Flickr for videos.

## EARLY ADOPTERS

List the characteristics of your ideal customers.

## COST STRUCTURE

List your fixed and variable costs.

## REVENUE STREAMS

List your sources of revenue.

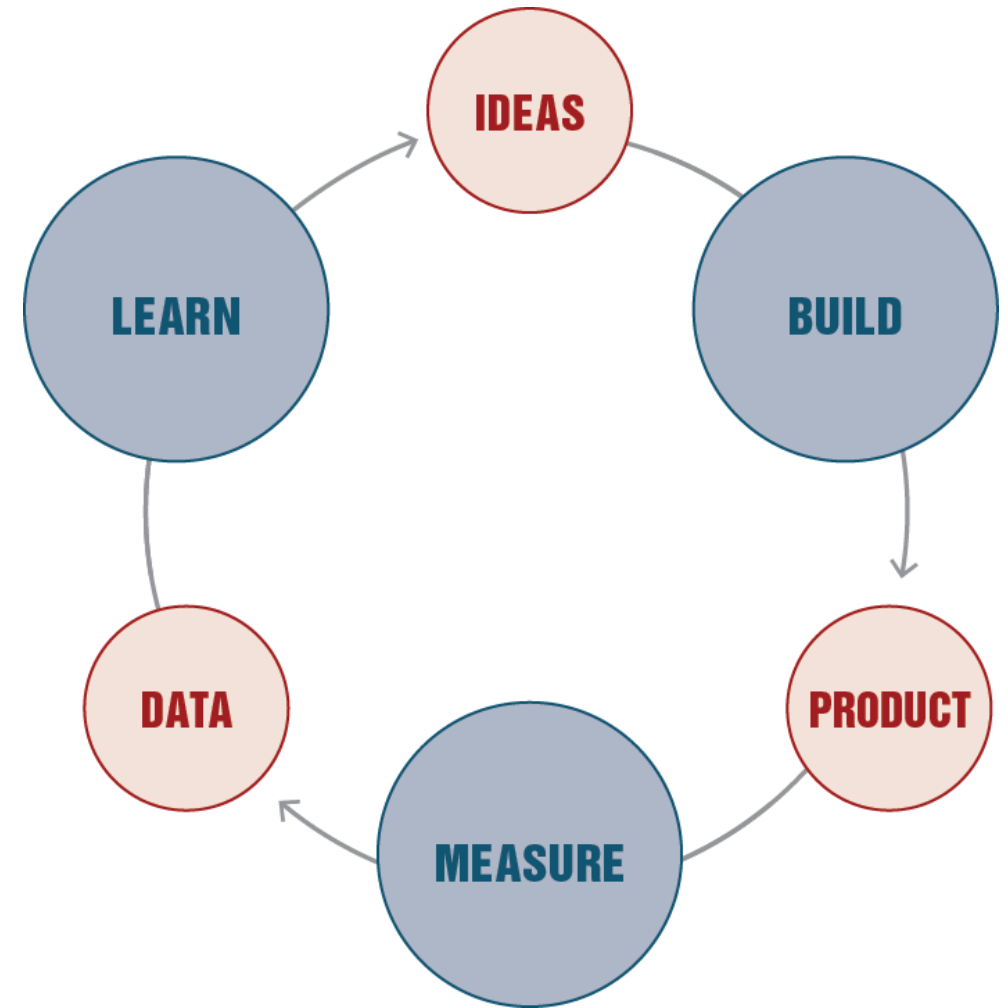
# Unfair Advantage

- It is something that is hard to copy or hard to buy.  
**Examples:** dream team, existing customers over other startups, lightning speed of execution, hard to copy technology / IP protected technology, etc.
- This is actually the hardest question to figure out :D

**Well done!**

# We have done a lot

1. Document your Plan A
2. Identify the **\_\_riskiest\_\_** part of the plan
3. Now we need to test our plan



The next step

# Minimal Viable Product

# Tools

- Canvas @Lean Stack: <https://leanstack.com/lean-canvas>
- CNVS <https://cnvs.online/>
- Canvanizer: <https://canvanizer.com/>
- Also the canvas templates from Google Drive (just Google) work really well.

# References

- Lean Canvas Examples of Multi-Billion Startups. <https://railsware.com/blog/5-lean-canvas-examples/>
- Lean Canvas - Why It's The Best Tool For Startups. <https://www.uptech.team/blog/lean-canvas>





# Reading Materials

- Lean Validation Playbook: <https://guides.co/g/the-lean-validation-playbook/60783>
- Startup Playbook <https://playbook.samaltman.com/>
- Thoughtbot Playbook <https://thoughtbot.com/playbook>
- Meta Principles I Learned from Running Lean. <https://blog.leanstack.com/meta-principles-i-learned-from-running-lean/>

**Thank you!**