

# Business and Career Development

Becoming an Entrepreneur

# C1:Identify Opportunity: Entrepreneurship

Entrepreneurship is a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach, and leadership balanced for the purpose of value creation and capture

A startup is a human institution designed to create a new product or service under conditions of extreme uncertainty



# C1: Identify Opportunity: Financial Sustainability

- An entrepreneurial venture in long term needs to be financially sustainable
- For a product development it needs to
  - $Q(P-C) \geq F$  where  $Q$  is the quantity sold,  $P$  price,  $C$  is cost of the product,  $F$  is fixed cost.
- For a service provider it needs to
  - $CLV \geq CAC$  where  $CLV$  is the average customer lifetime value and  $CAC$  is the customer acquisition cost.

# C1:Identify Opportunity: Two Major Types

- Technology Entrepreneurship
  - Capitalizes the opportunity created by technological change or technological advancement
  - Focused on single bottom line, i.e., profit
  - Mostly backed by venture capitals
- Social Entrepreneurship
  - Focused on creating meaningful impact on life
  - Non-profit with a focus on multiple bottom lines such as Triple Bottom Line
    - Profit, Social, Environment
  - Typical areas includes education, health, sanitation, energy etc.



# C1: Identify Opportunity: Source of Innovation

- Market Pull as the source of Innovation
  - There is a need but no service or product available to address the need, or,
  - Existing products or services are substandard and incapable to meet the needs, or,
  - Existing product or service is focused on different market segment
  - e.g., minute clinic to address the quick and simple medical needs
- Pushing new Innovation to the Customers
  - Innovator develops the technology prior to identifying market needs
  - Then identifies a market where the innovation will create value and pushes the Innovation
  - e.g., Segway technology was first developed, then the market of Segway is found such as utility for police



# C1:Identify Opportunity: Finding it

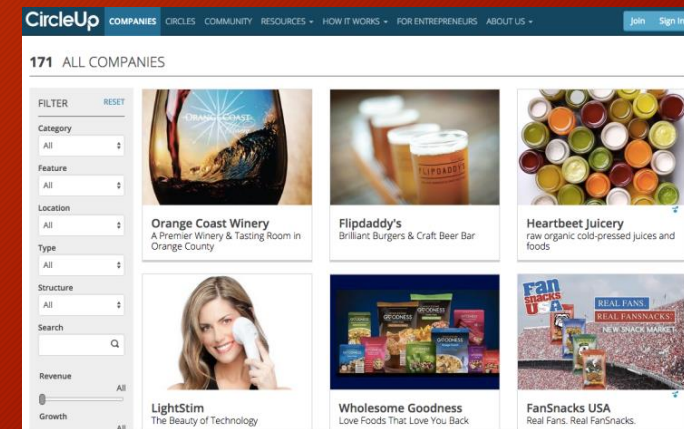
- Characteristics of an good opportunity
  - Creates significant value for customers (solving a significant problem or filling a significant unmet need)
  - Offers significant profit potential considering the uncertainty and risk associated
  - Represents a good fit with the capabilities of the founder and team
  - Profits will persist over a reasonable length of time (not a short term opportunity)
  - Has good potential to lure finance
- Places to look for opportunity
  - New technology/technological change (e.g., mobile technology)
  - Social issues and failure of existing system (e.g., security issue)
  - Change is peoples taste (e.g., organic foods)
  - Convenient solutions (e.g., Food Panda)
  - Under the radar (e.g., bottom of the market where big enterprises are not focusing)

# C1:Identify Opportunity: Evaluate it

- The value created by an entrepreneurial venture depends on,
  - Merit of the idea (is there a genuine opportunity)
  - Development of product or services (performance of the TEAM)
  - External environmental factors (Economy, Competition etc.)
- Opportunity Evaluation
  - Research user needs (collect data and evaluate, ask stakeholder)
  - Assess the resources and capabilities will be needed to capitalize the opportunity (you need a capable TEAM)
  - Analyze the competitive arena and identify a judo strategy which will help to avoid incumbent's retaliation (e.g., disruptive innovation)
  - Assess the profit formula/underlying economics of the opportunity

# C1:Identify Opportunity: Example

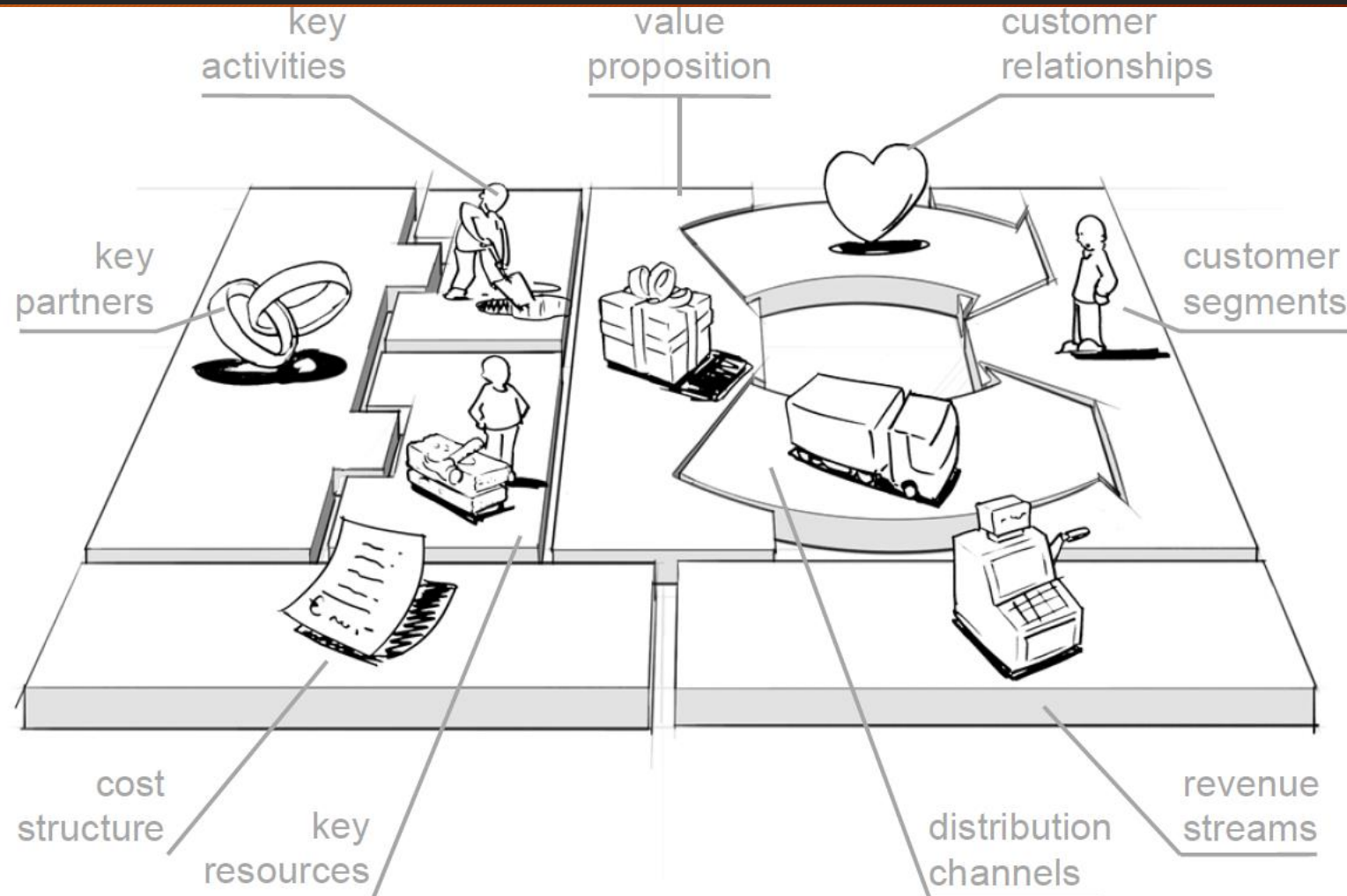
- CircleUp is an equity crowdfunding site based in San Francisco. It allows investors to receive equity in return for their investment
- Technology entrepreneurship using AI based website for provide investment banking service
- Targets the small companies and investors with small capital who can't afford to get service from big investment banks
- The team includes experts from both business and engineering area
- Profit generates as service fee from the transactions



# C2:Developing Business Model: Business Model

- A business model describes the rationale of how an organization creates, delivers, and captures value
- It is an abstract conceptual model that represents the business and money earning logic of a company
- A business model can best be described through nine basic building blocks within a canvas which covers the four main areas of a business: customers, offer, infrastructure, and financial viability

# C2: Developing Business Model: Business Canvas



# C2:Developing Business Model: Business Canvas



CS

## 1 Customer Segments

*An organization serves one or several Customer Segments.*



VP

## 2 Value Propositions

*It seeks to solve customer problems and satisfy customer needs with value propositions.*



CH

## 3 Channels

*Value propositions are delivered to customers through communication, distribution, and sales Channels.*



CR

## 4 Customer Relationships

*Customer relationships are established and maintained with each Customer Segment.*

# C2:Developing Business Model: Business Canvas



R\$

## 5 Revenue Streams

*Revenue streams result from value propositions successfully offered to customers.*



KR

## 6 Key Resources

*Key resources are the assets required to offer and deliver the previously described elements...*



KA

## 7 Key Activities

*...by performing a number of Key Activities.*



KP

## 8 Key Partnerships

*Some activities are outsourced and some resources are acquired outside the enterprise.*



C\$

## 9 Cost Structure

*The business model elements result in the cost structure.*

# C2: Developing Business Model: Differences

09/378.54.75  
info@defrierie.be

**De** WAARSCHOOT  
**FRIETERIE**

OPENINGSTIJDEN

MA	Gesloten	Gesloten
DI	Gesloten	Gesloten
WO	11u30 - 14u00	17u00 - 23u00
DO	11u30 - 14u00	17u00 - 23u00
VR	11u30 - 14u00	17u00 - 24u00
ZA	11u30 - 14u00	17u00 - 24u00
ZO	11u30 - 14u00	17u00 - 23u00

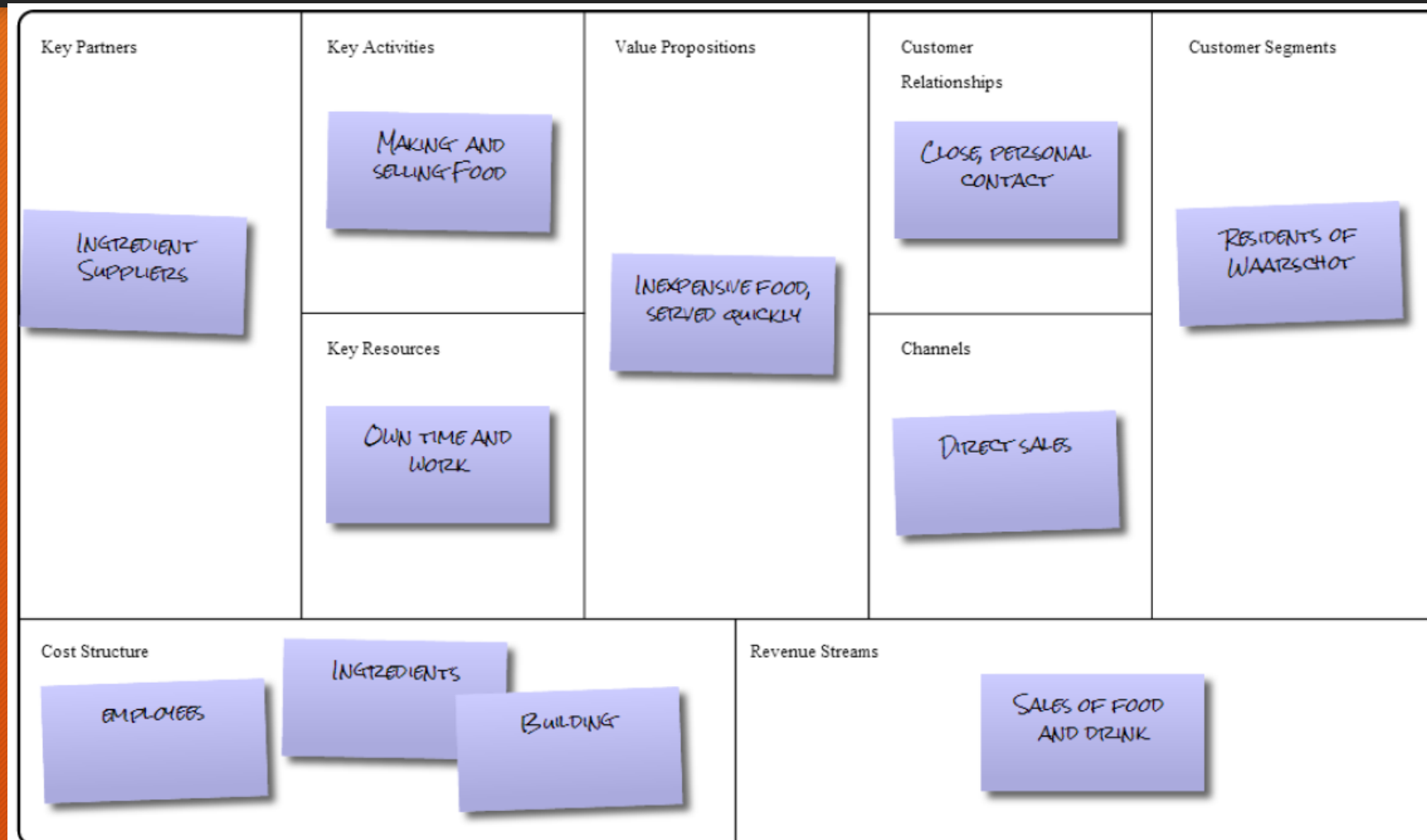
Bij Peter & Nathalie

The business card features a large image of french fries, several circular inset photos of various food items like burgers, sandwiches, and salads, and a row of five polaroid-style photos at the bottom showing the restaurant's exterior, interior, and food preparation.

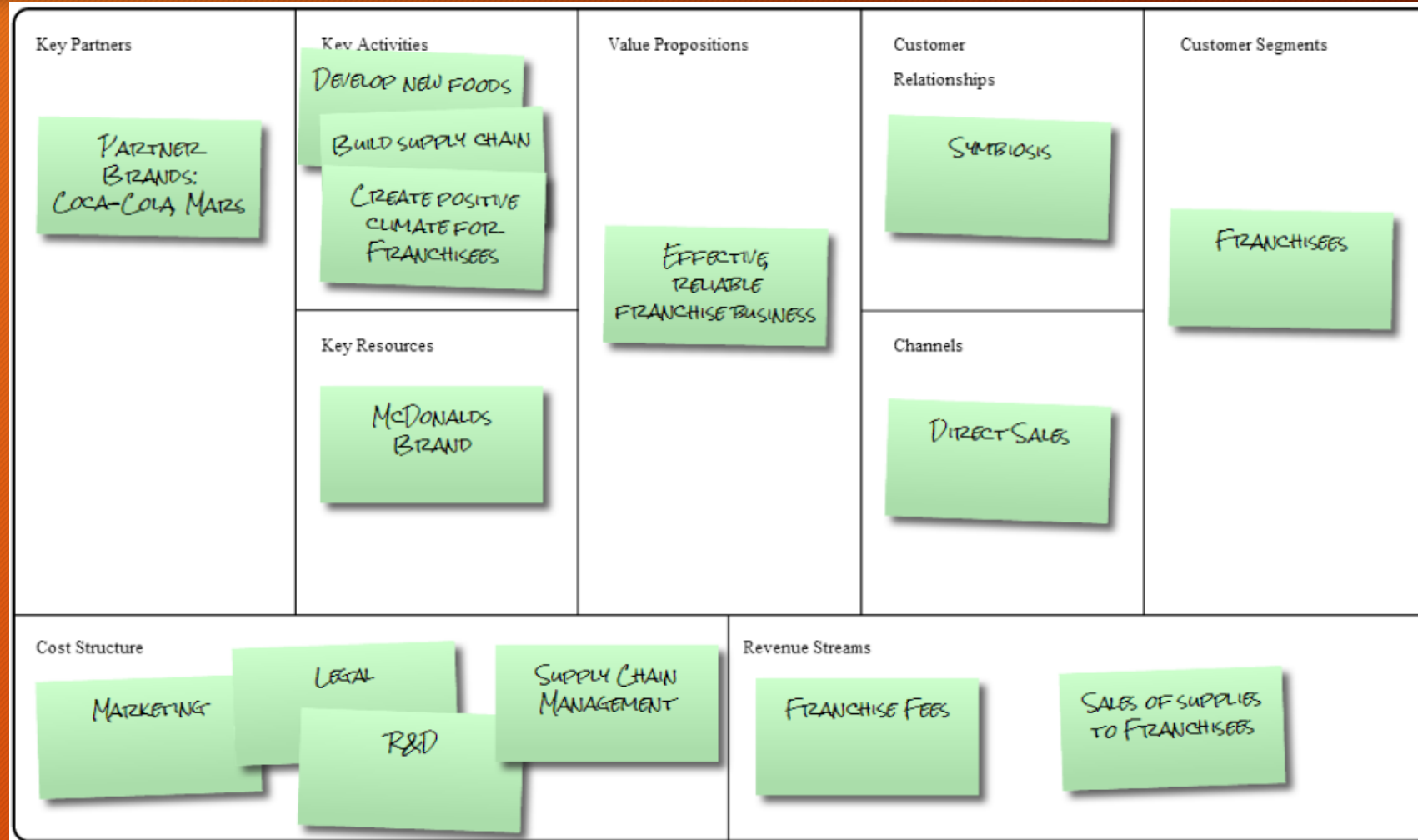
VS



# C2: Developing Business Model: *Defrieterie*



# C2: Developing Business Model: *McDonalds*

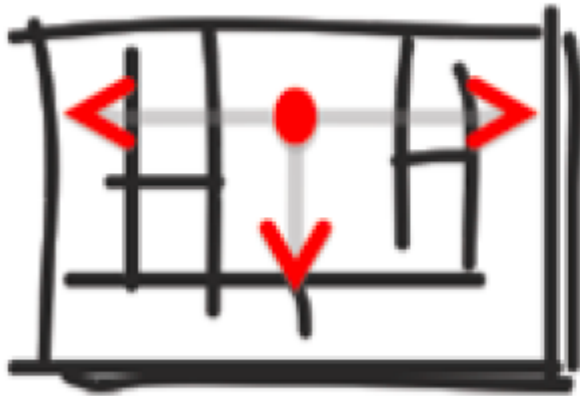


## C2:Developing Business Model: Ways to start your Canvas

Specific resources, some  
specific competences, a  
license (IP),  
a specific know-how, ...



## C2:Developing Business Model: Ways to start your Canvas



A specific Value Proposition  
... a well-defined offer : you  
have a solution looking for a  
problem to solve, or a  
customer to satisfy.

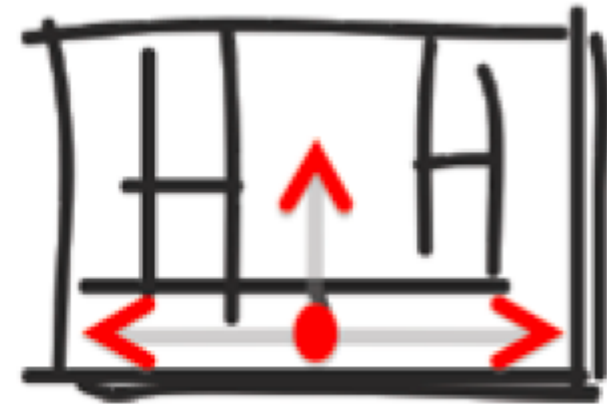
## C2: Developing Business Model: Ways to start your Canvas



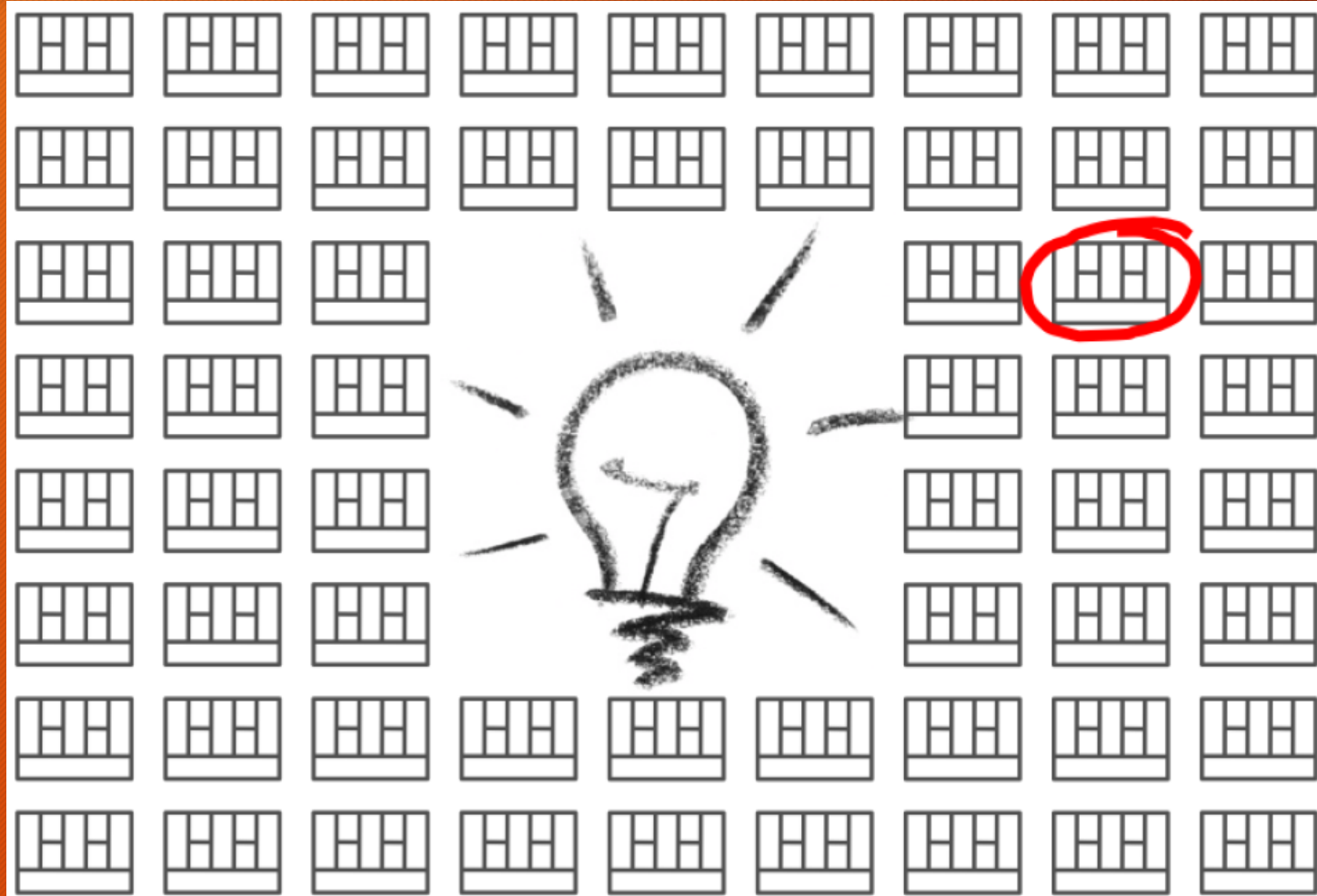
A well-defined segment of customer having a problem you intend to satisfy

## C2: Developing Business Model: Ways to start your Canvas

A low-cost model where more customer can access a product or a service



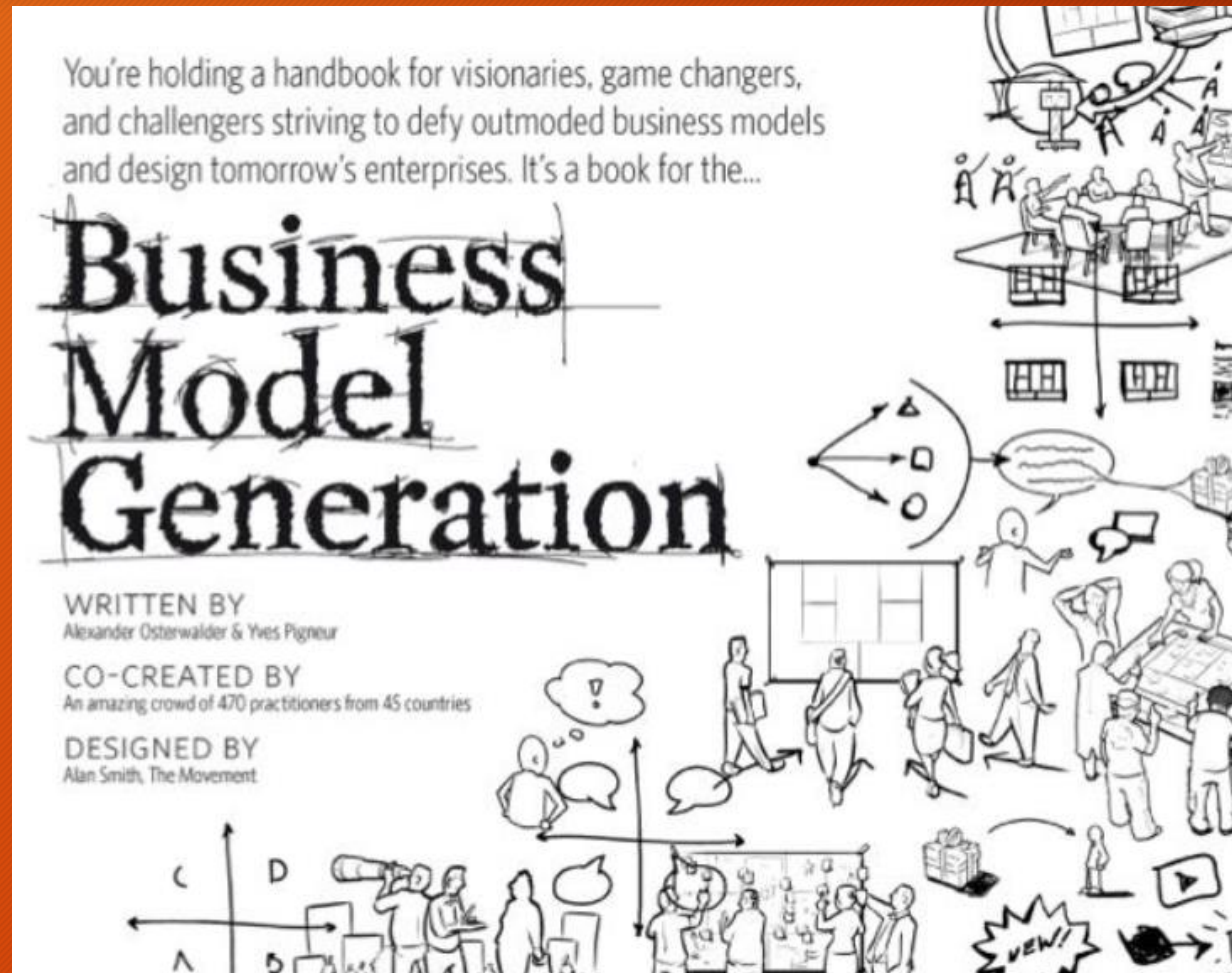
# C2:Developing Business Model: Choose one that sounds reasonable



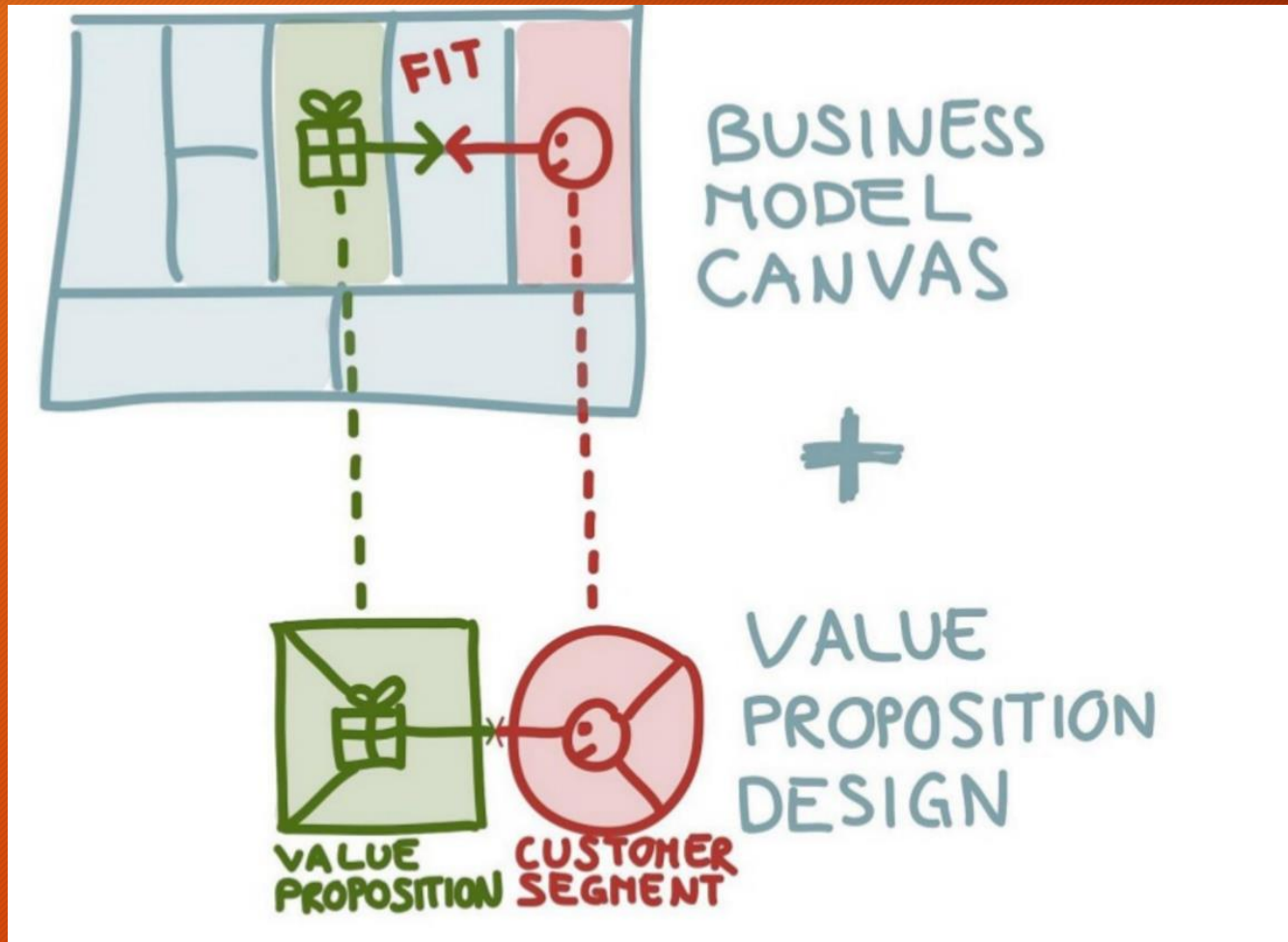
# C2: Developing Business Model: Questions to be asked

<p><b>KEY PARTNERS</b></p> <p>Who are our key partners? Who are our key suppliers? Which key resources are we acquiring from our partners? Which key activities do partners perform?</p>	<p><b>KEY ACTIVITIES</b></p> <p>What key activities do our value propositions require? Our distribution channels? Customer relationships? Revenue streams?</p>	<p><b>VALUE PROPOSITIONS</b></p> <p>What value do we deliver to the customer? Which one of our customers' problems are we helping to solve? What bundles of products and services are we offering to each segment? Which customer needs are we satisfying? What is the minimum viable product?</p>	<p><b>CUSTOMER RELATIONSHIPS</b></p> <p>How do we get, keep, and grow customers? Which customer relationships have we established? How are they integrated with the rest of our business model? How costly are they?</p>	<p><b>CUSTOMER SEGMENTS</b></p> <p>For whom are we creating value? Who are our most important customers? What are the customer archetypes?</p>
<p><b>COST STRUCTURE</b></p> <p>What are the most important costs inherent to our business model? Which key resources are most expensive? Which key activities are most expensive?</p>	<p><b>KEY RESOURCES</b></p> <p>What key resources do our value propositions require? Our distribution channels? Customer relationships? Revenue streams?</p>		<p><b>CHANNELS</b></p> <p>Through which channels do our customer segments want to be reached? How do other companies reach them now? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p>	
	<p><b>COST STRUCTURE</b></p> <p>What are the most important costs inherent to our business model? Which key resources are most expensive? Which key activities are most expensive?</p>		<p><b>REVENUE STREAMS</b></p> <p>For what value are our customers really willing to pay? For what do they currently pay? What is the revenue model? What are the pricing tactics?</p>	

# C2:Developing Business Model: Book describes the Canvas



# C3: Designing Value Proposition: Relationship with Business Model Canvas

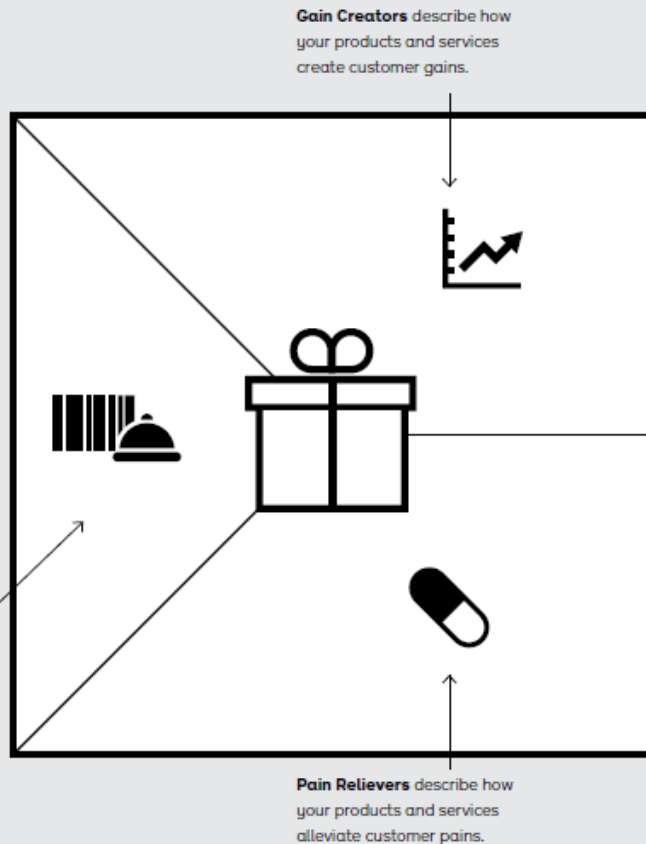


# C3: Designing Value Proposition: Value Proposition Canvas

## Value Map

The Value (Proposition) Map describes the features of a specific value proposition in your business model in a more structured and detailed way. It breaks your value proposition down into products and services, pain relievers, and gain creators.

This is a list of all the **Products and Services** a value proposition is built around.



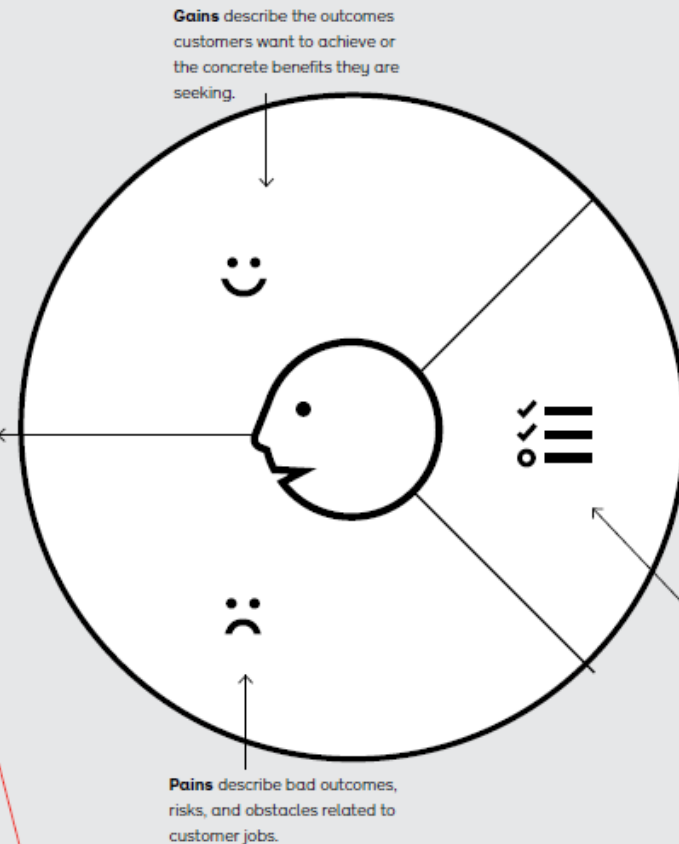
**Gain Creators** describe how your products and services create customer gains.

**Pain Relievers** describe how your products and services alleviate customer pains.

**Fit**

## Customer Profile

The Customer (Segment) Profile describes a specific customer segment in your business model in a more structured and detailed way. It breaks the customer down into its jobs, pains, and gains.



**Gains** describe the outcomes customers want to achieve or the concrete benefits they are seeking.

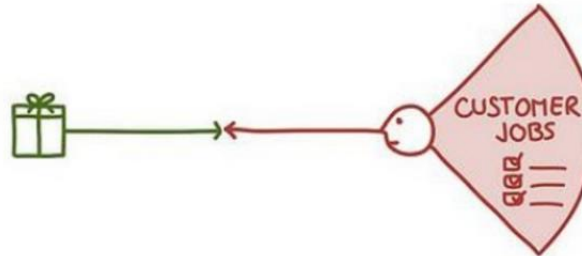
**Pains** describe bad outcomes, risks, and obstacles related to customer jobs.

**Customer Jobs** describe what customers are trying to get done in their work and in their lives, as expressed in their own words.

You achieve **Fit** when your value map meets your customer profile — when your products and services produce pain relievers and gain creators that match one or more of the jobs, pains, and gains that are important to your customer.

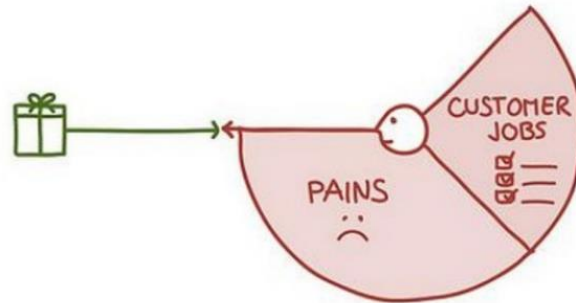
# C3: Designing Value Proposition: Customer Profile

What jobs is she trying to get done?  
(functional, social, emotional etc...)



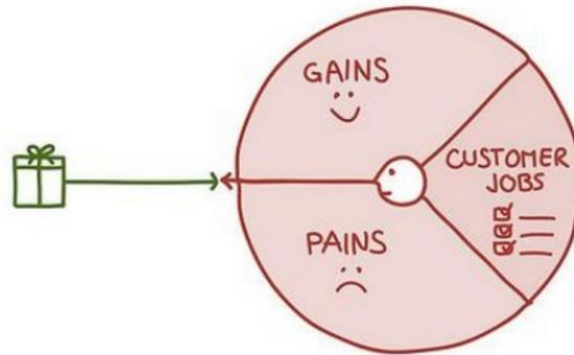
# C3: Designing Value Proposition: Customer Profile

What pains does she have?  
(Emotions, cost, situations, risks...)

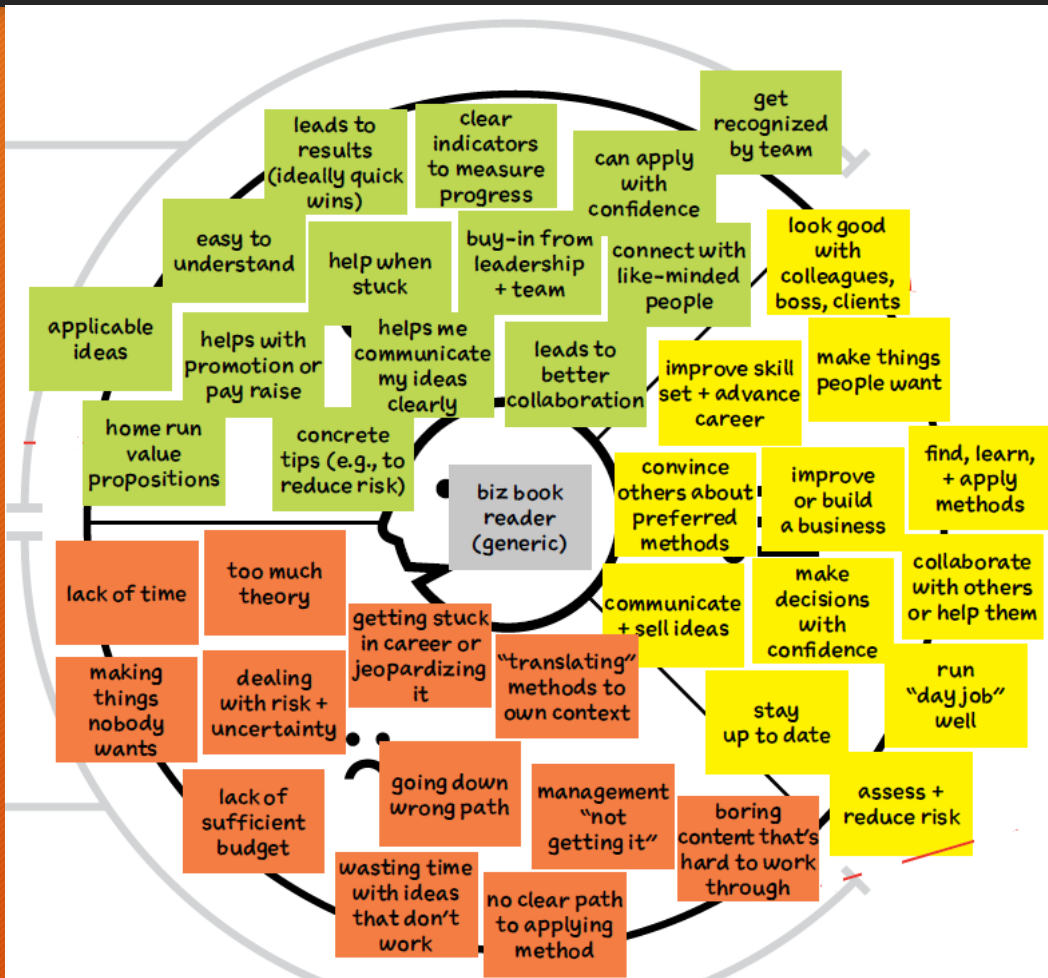


# C3: Designing Value Proposition: Customer Profile

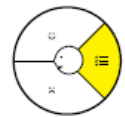
What gains is she hoping for?  
(functional, social, emotional, costs etc...)



# C3: Designing Value Proposition: Customer Profile - Business Book Reader



# C3: Designing Value Proposition: Customer Profile - Business Book Reader



## Job importance

Rank jobs according to their importance to customers.



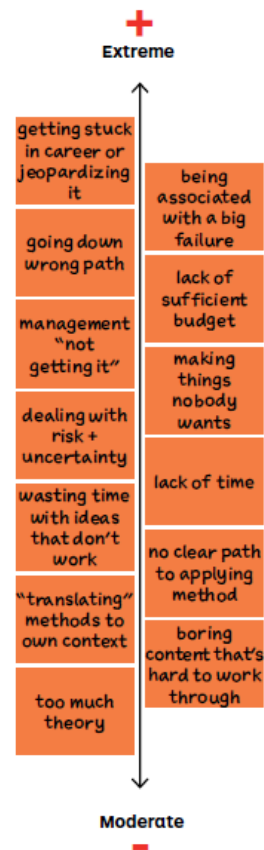
## Pain severity

Rank pains according to how extreme they are in the customers' eyes.



## Gain relevance

Rank gains according to how essential they are in the customers' eyes.



# C3: Designing Value Proposition: Customer Profile - Steps



**1**

Select customer segment



**2**

Identify customer jobs



**3**

Identify customer pains



**4**

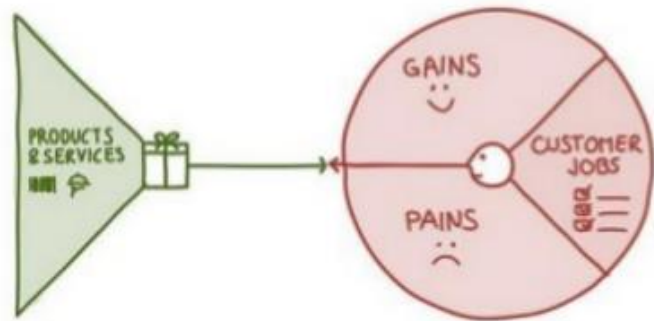
Identify customer gains



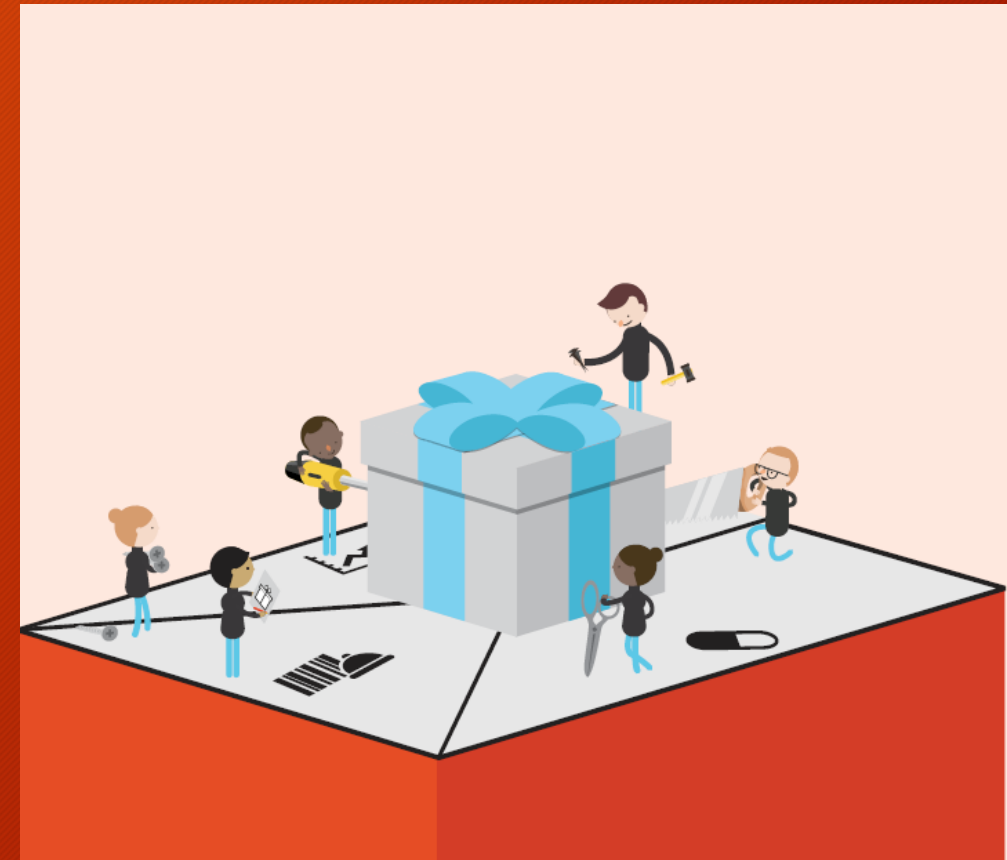
**5**

Prioritize jobs, pains and gains

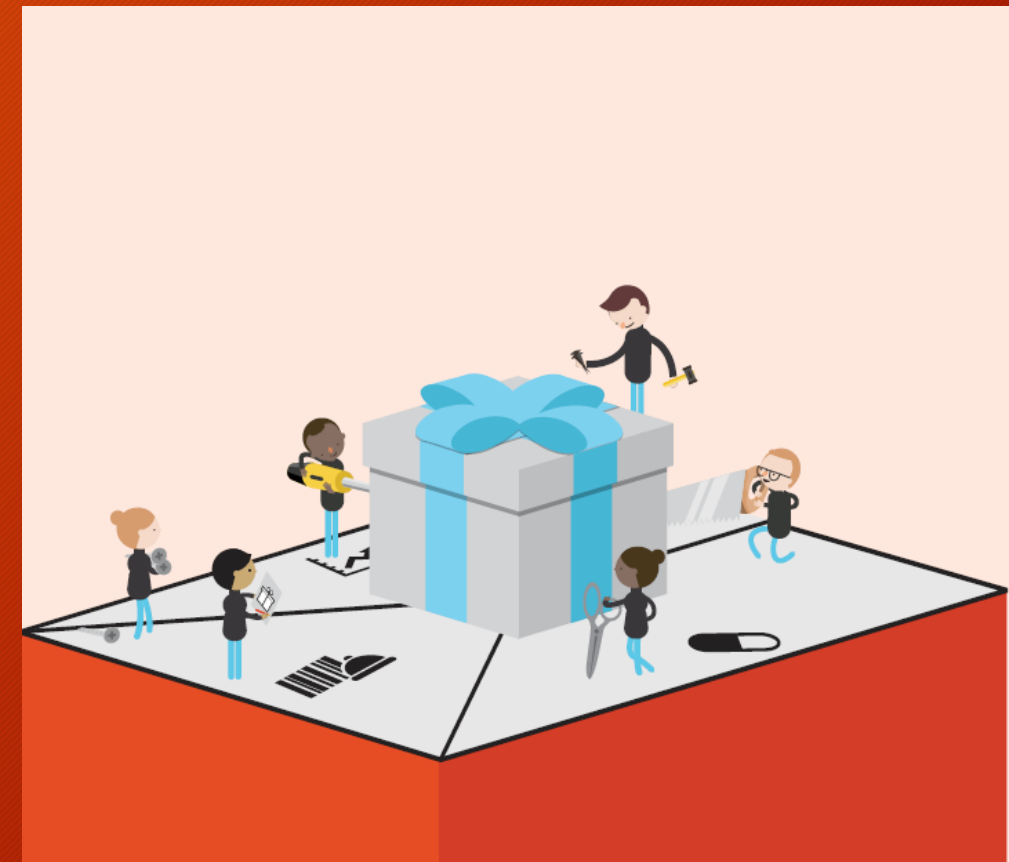
# C3: Designing Value Proposition: Value Map



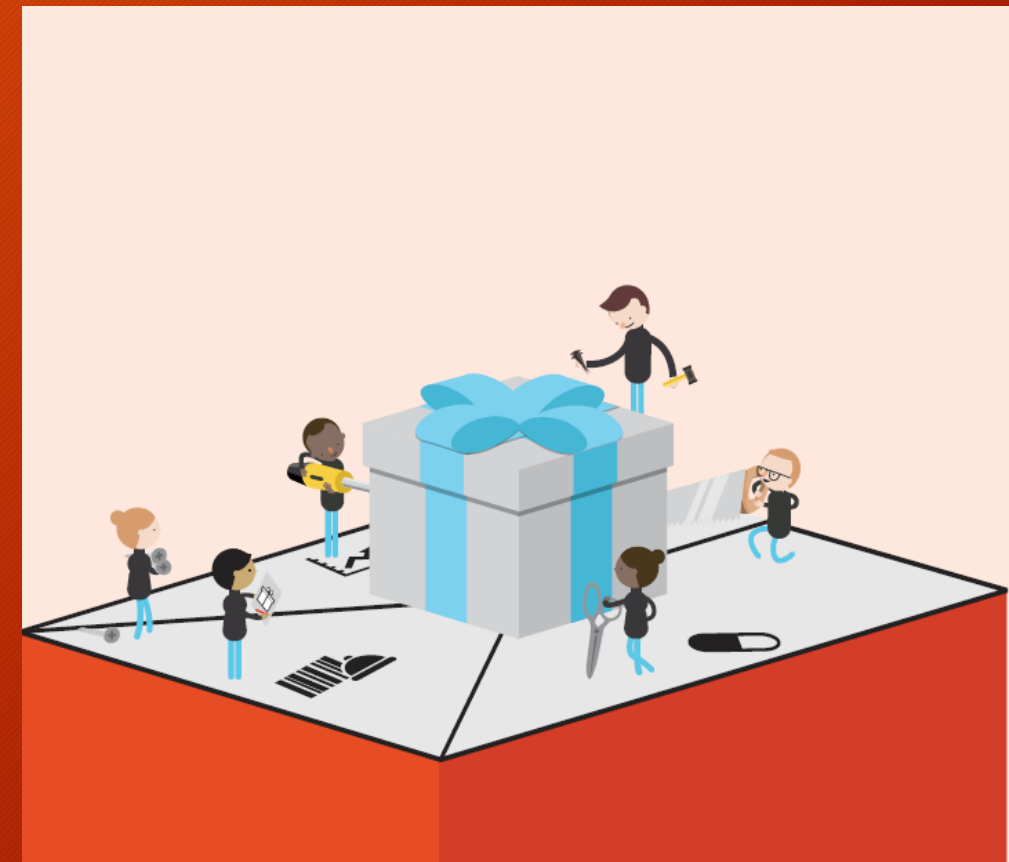
On which products/  
services is your VP based?  
(in-/tangible, digital/virtual, financial, ...)



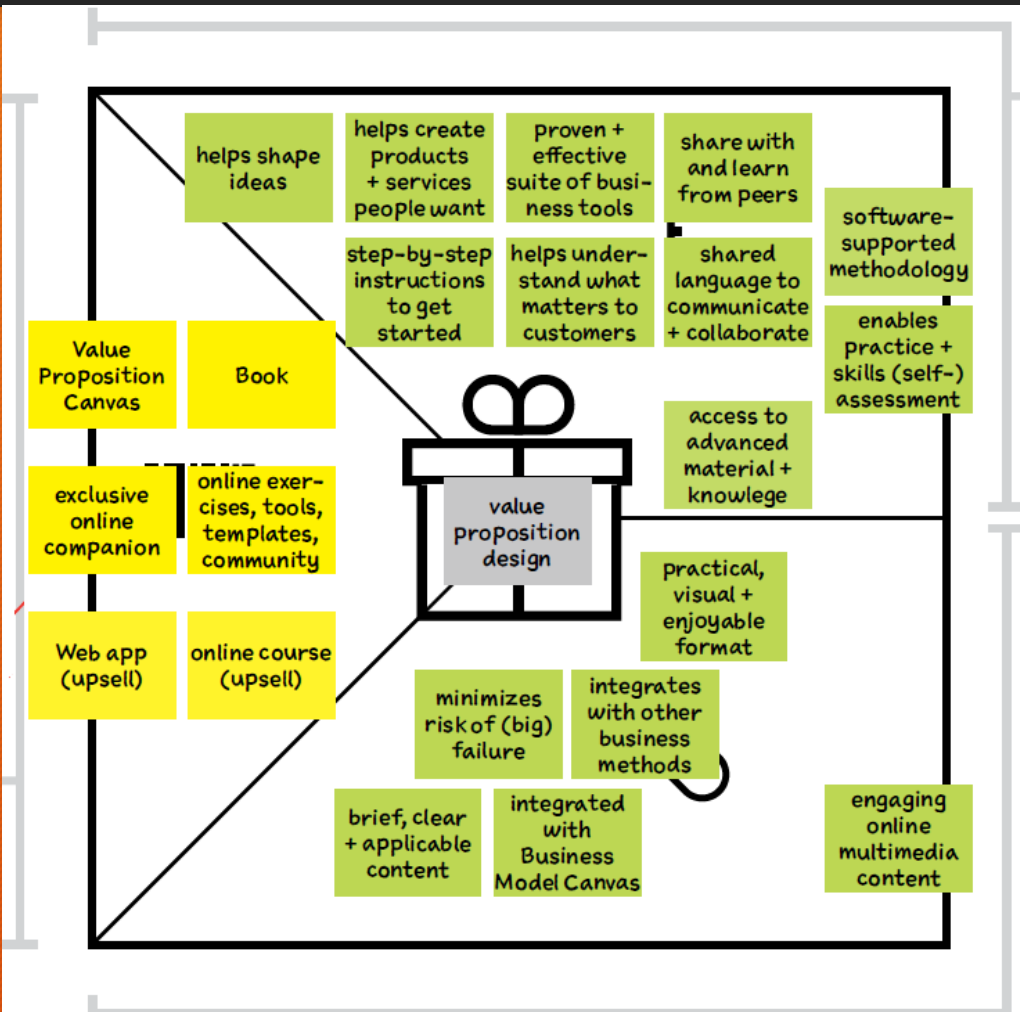
# C3: Designing Value Proposition: Value Map



# C3: Designing Value Proposition: Value Map



# C3: Designing Value Proposition: Value Map - Business Book Publisher



How to create products and services customers want. Get started with...

## Value Proposition Design

[strategyzer.com/vpd](http://strategyzer.com/vpd)

Written by  
Alex Osterwalder  
Yves Pigneur  
Greg Bernarda  
Alan Smith

Designed by  
Trish Papadakos

WILEY



# C3: Designing Value Proposition: Value Map - Steps



**1**

List products and services



**2**

Outline pain relievers



**3**

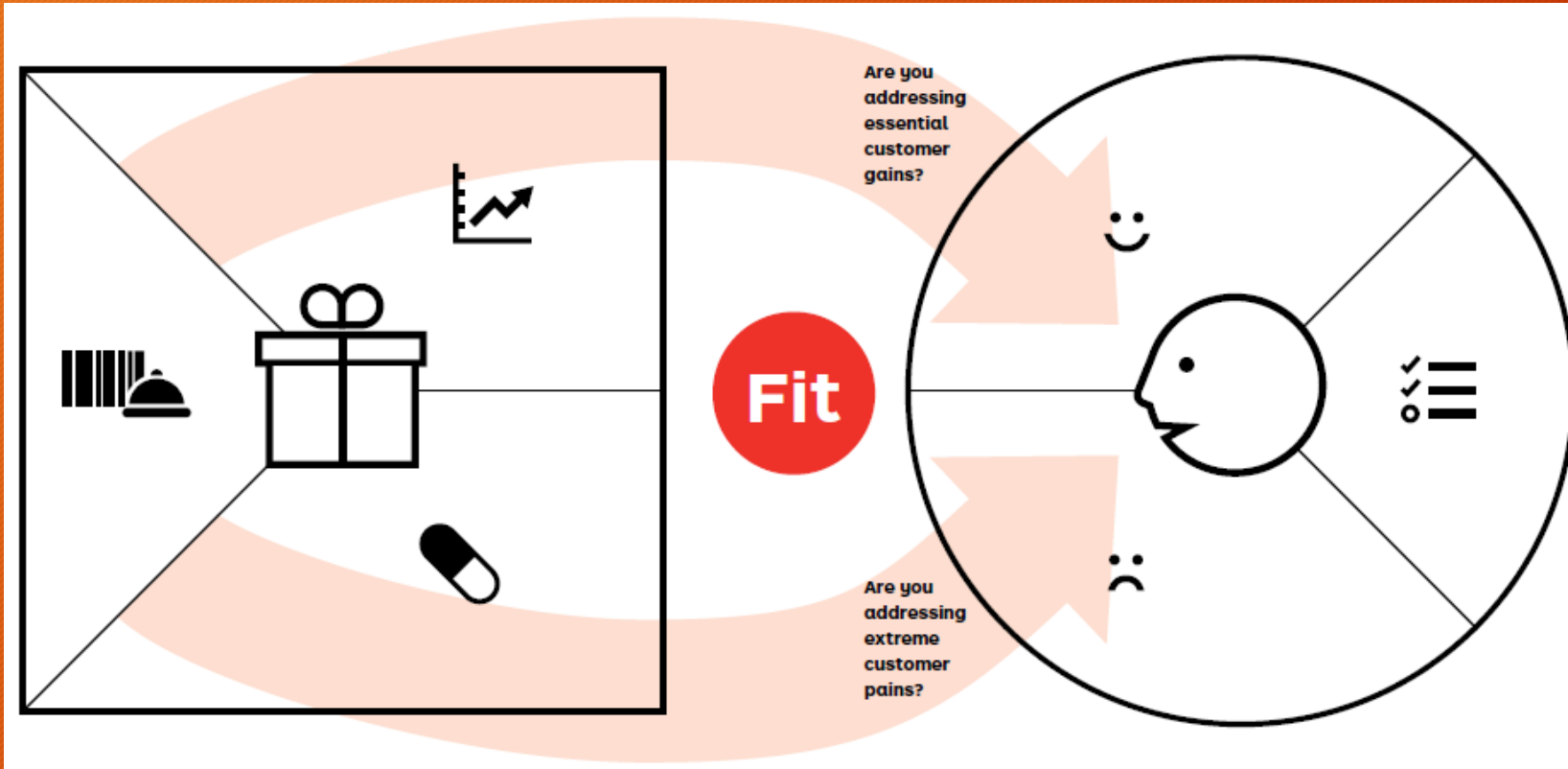
Outline gain creators



**4**

Rank by order of Importance

# C3: Designing Value Proposition: Fit





# C3: Designing Value Proposition: Fit - Three Types



On Paper →

## 1. Problem-Solution Fit

Problem-solution fit takes place when you

- Have evidence that customers care about certain jobs, pains, and gains.
- Designed a value proposition that addresses those jobs, pains and gains.



In the Market →

## 2. Product-Market Fit

Product-market fit takes place when you

- Have evidence that your products and services, pain relievers, and gain creators are actually creating customer value and getting traction in the market.



In the Bank →

## 3. Business Model Fit

Business model fit takes place when you

- Have evidence that your value proposition can be embedded in a profitable and scalable business model.

# C3: Designing Value Proposition: Book describes the Value Proposition Design

How to create products and services customers want.  
Get started with...

## Value Proposition Design

[strategyzer.com/vpd](http://strategyzer.com/vpd)

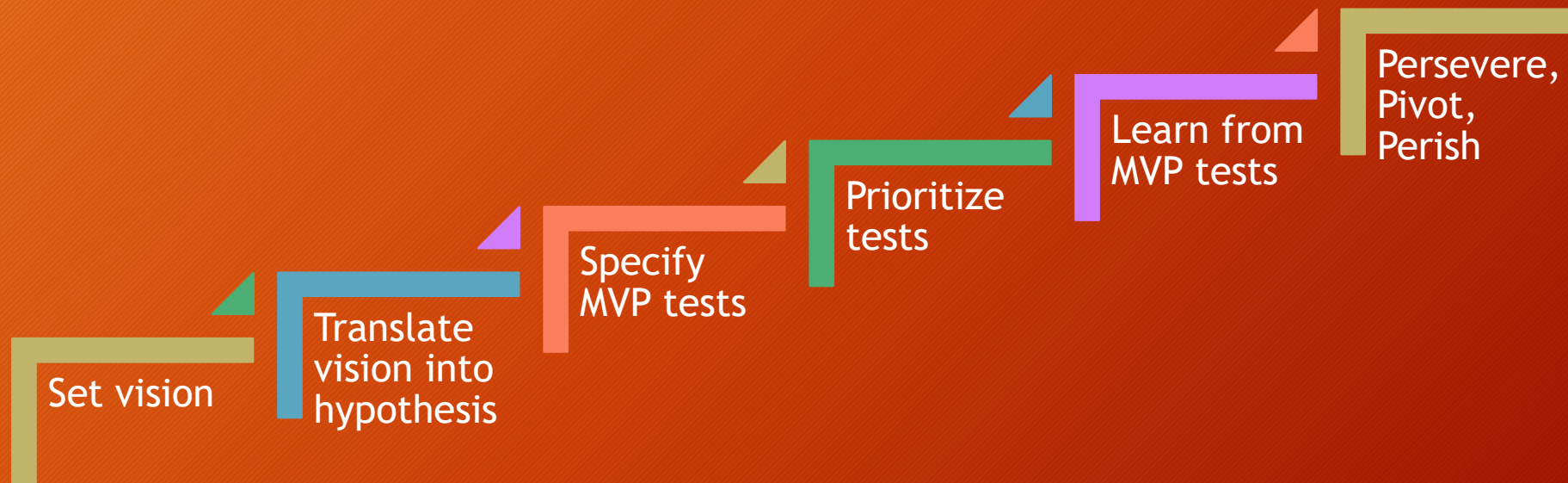
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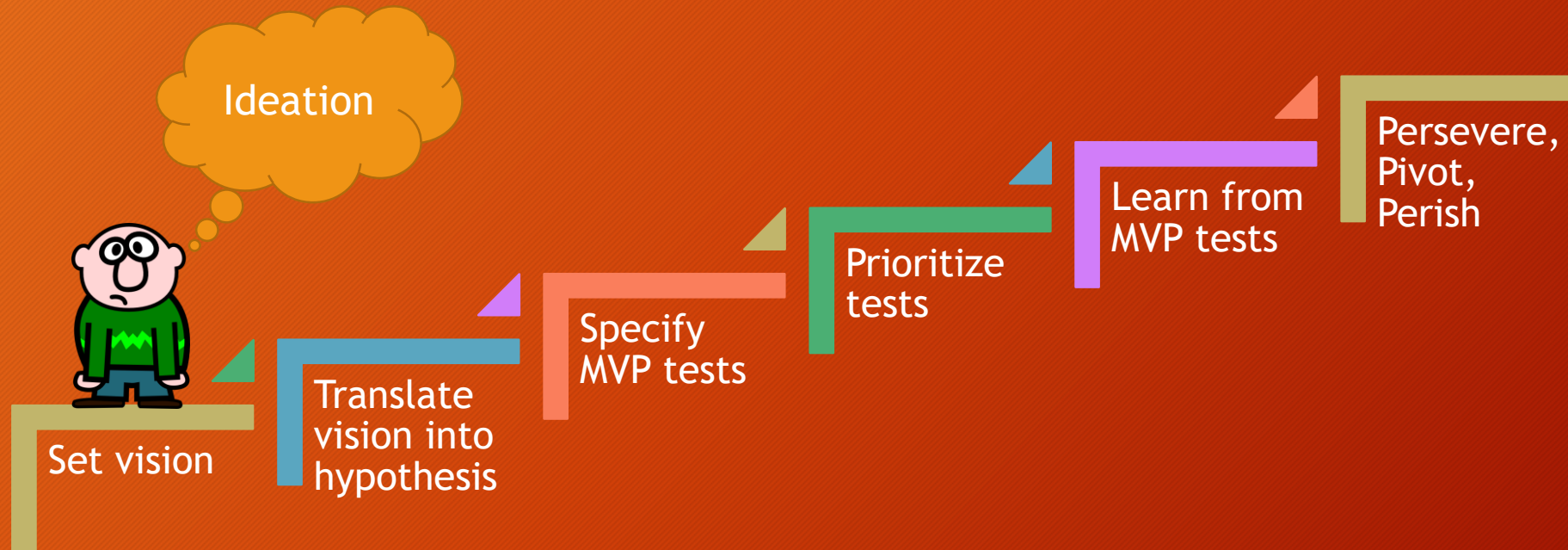
# C4:Lean Startups & Hypothesis Testing as You Grow: 6 steps




# C4:Lean Startups & Hypothesis Testing as You Grow: Why???

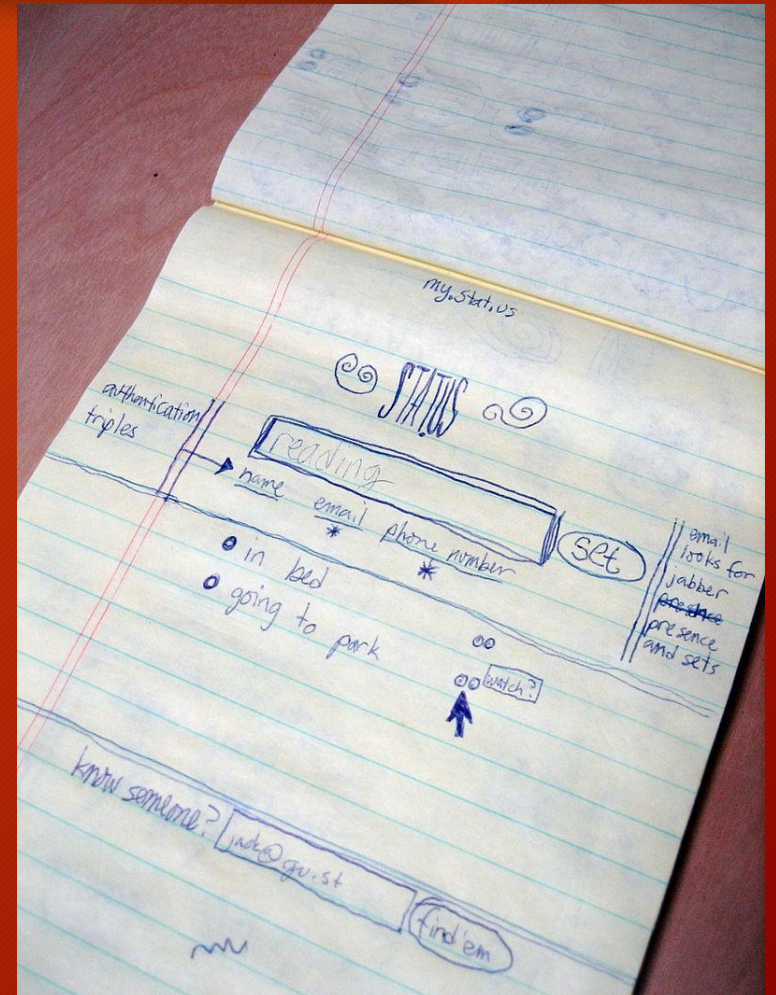
- Compared with established businesses, the entrepreneurs of an startup has only control on their own human, social, and financial capital.
- They faces great uncertainty about capability of mobilizing additional resource and controlling future demand as they can't vertically integrate to acquire resources or consolidate the industry to reduce rivalry. They can't even reduce risk by diversifying their product portfolio.
- But they can employ three alternative techniques - experimentation, staging and sharing risk to partners.
- The main objective of a lean startup is not about how to grow but about to learn how to build a sustainable business.

# C4:Lean Startups & Hypothesis Testing as You Grow: Set vision

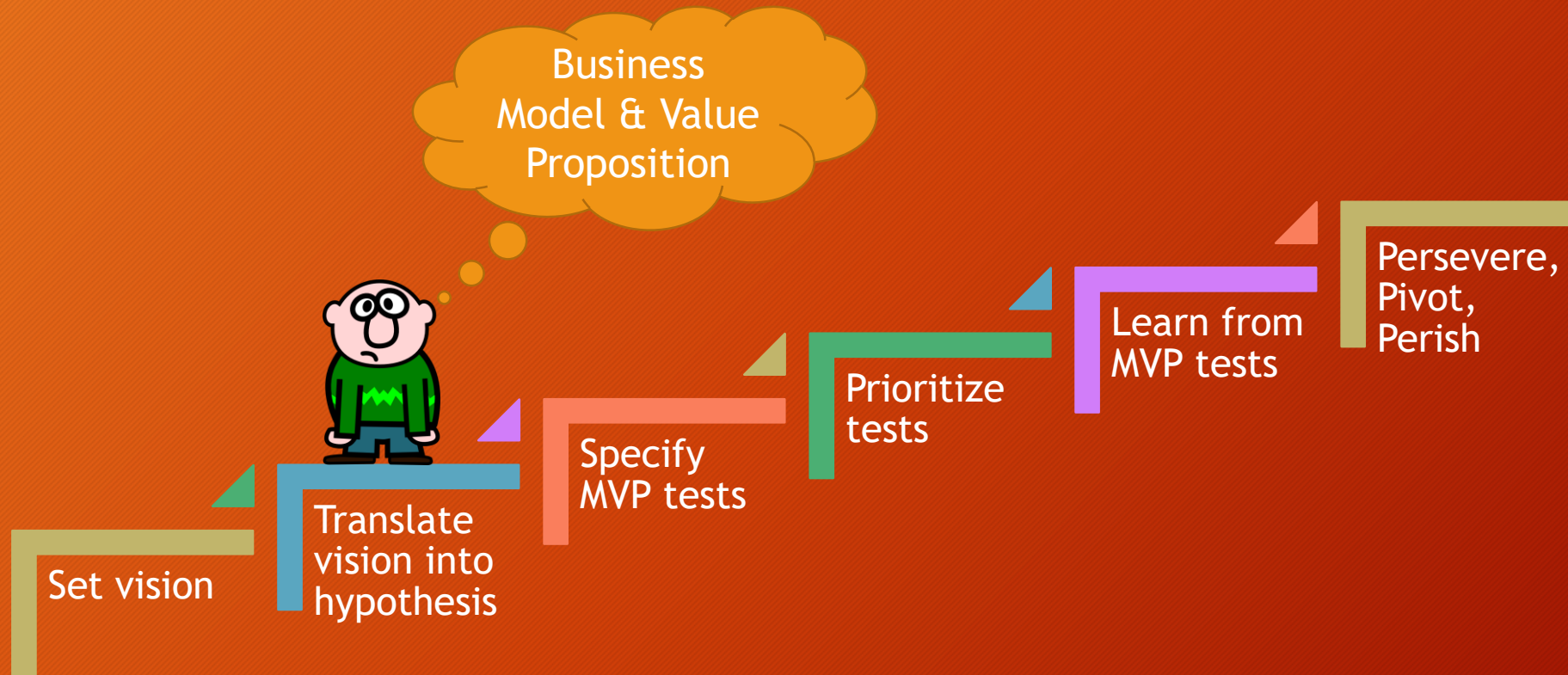


# C4:Lean Startups & Hypothesis Testing as You Grow: Set vision - Example

- Jack Dorsey, then an undergraduate student at New York University, introduced the idea of an individual using an SMS service to communicate with a small group.
- A blueprint sketch, by Jack Dorsey, envisioning an SMS-based social network shown here 
- Now we know it as Twitter!!!



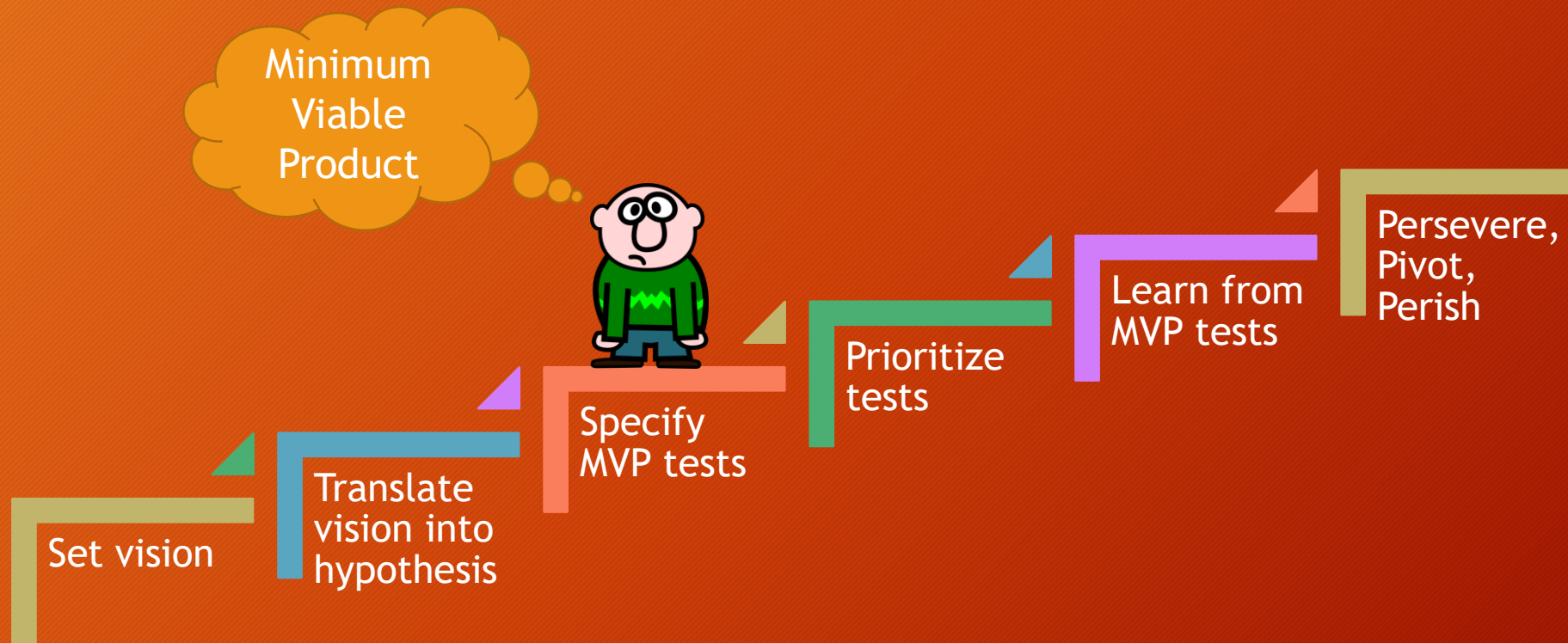
# C4:Lean Startups & Hypothesis Testing as You Grow: Translate vision into hypothesis



# C4:Lean Startups & Hypothesis Testing as You Grow: Translate vision into hypothesis - Example

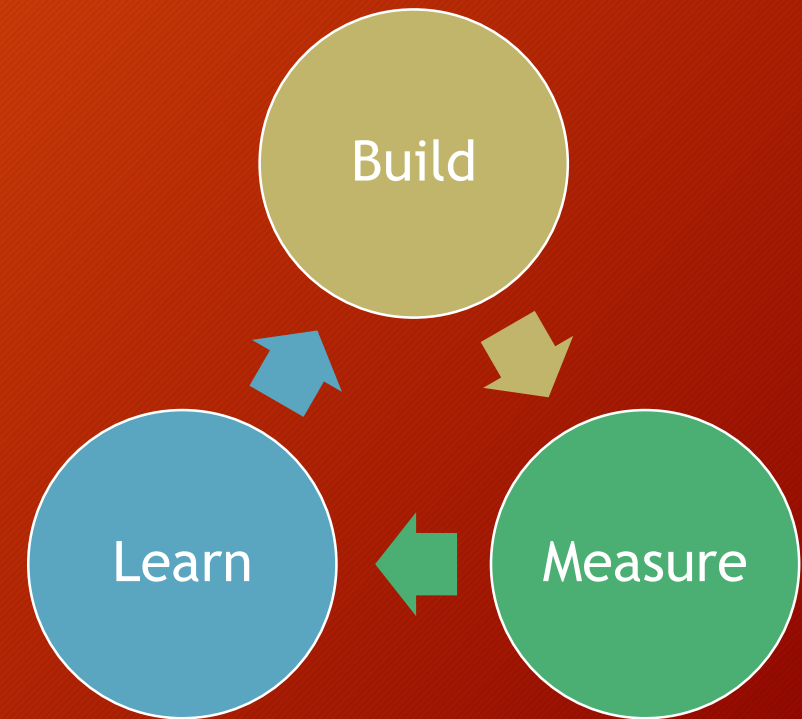


# C4:Lean Startups & Hypothesis Testing as You Grow: Specify MVP Tests



# C4:Lean Startups & Hypothesis Testing as You Grow: MVP

- The smallest set of features and/or activities needed to complete the “build-learn-measure” cycle and thereby test a business model hypothesis.
- MVP tests have following features,
  - Constrained functionality - test customer experience less than 100%
  - Constrained operations - the technology used to deliver MVP functionality is often temporary (e.g. use human operator instead of final computer code)
  - Constrained customer set - test MVP with greatly reduced customer set
  - Use a series of MVPs to test all hypothesis.



# C4:Lean Startups & Hypothesis Testing as You Grow: How to build MVP

## HOW NOT TO BUILD A MINIMUM VIABLE PRODUCT



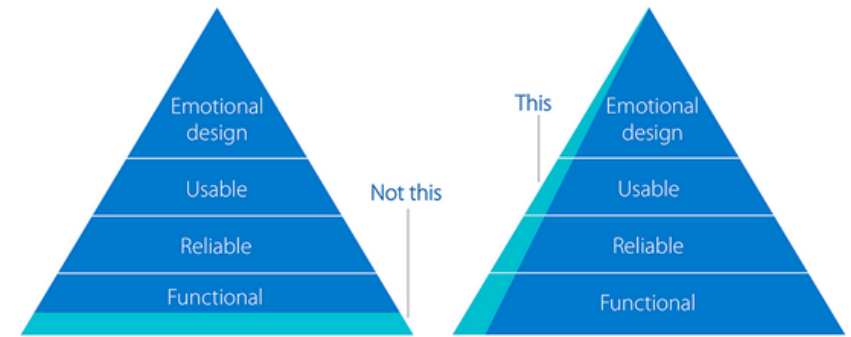
## ALSO HOW NOT TO BUILD A MINIMUM VIABLE PRODUCT



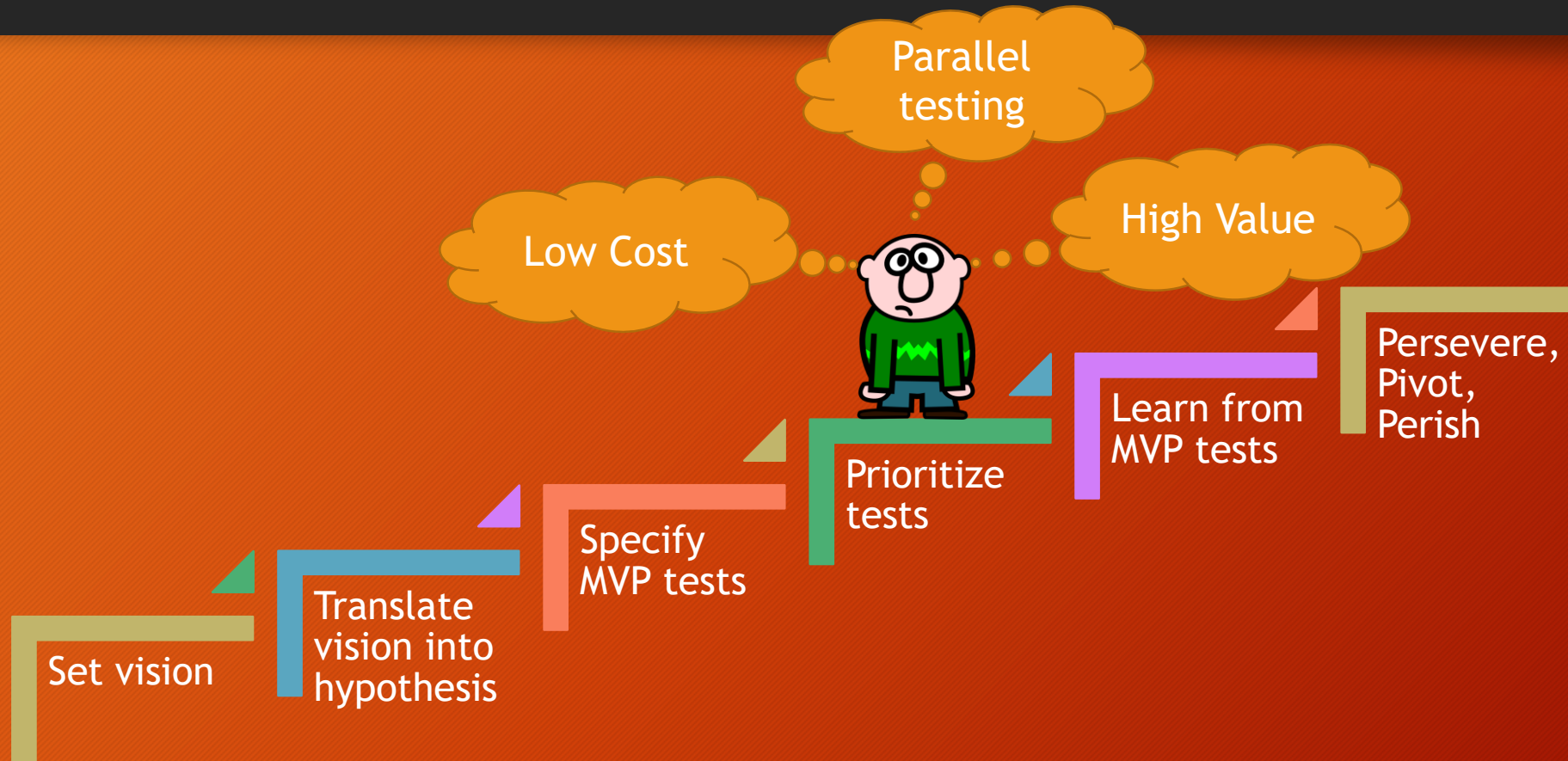
## HOW TO BUILD A MINIMUM VIABLE PRODUCT



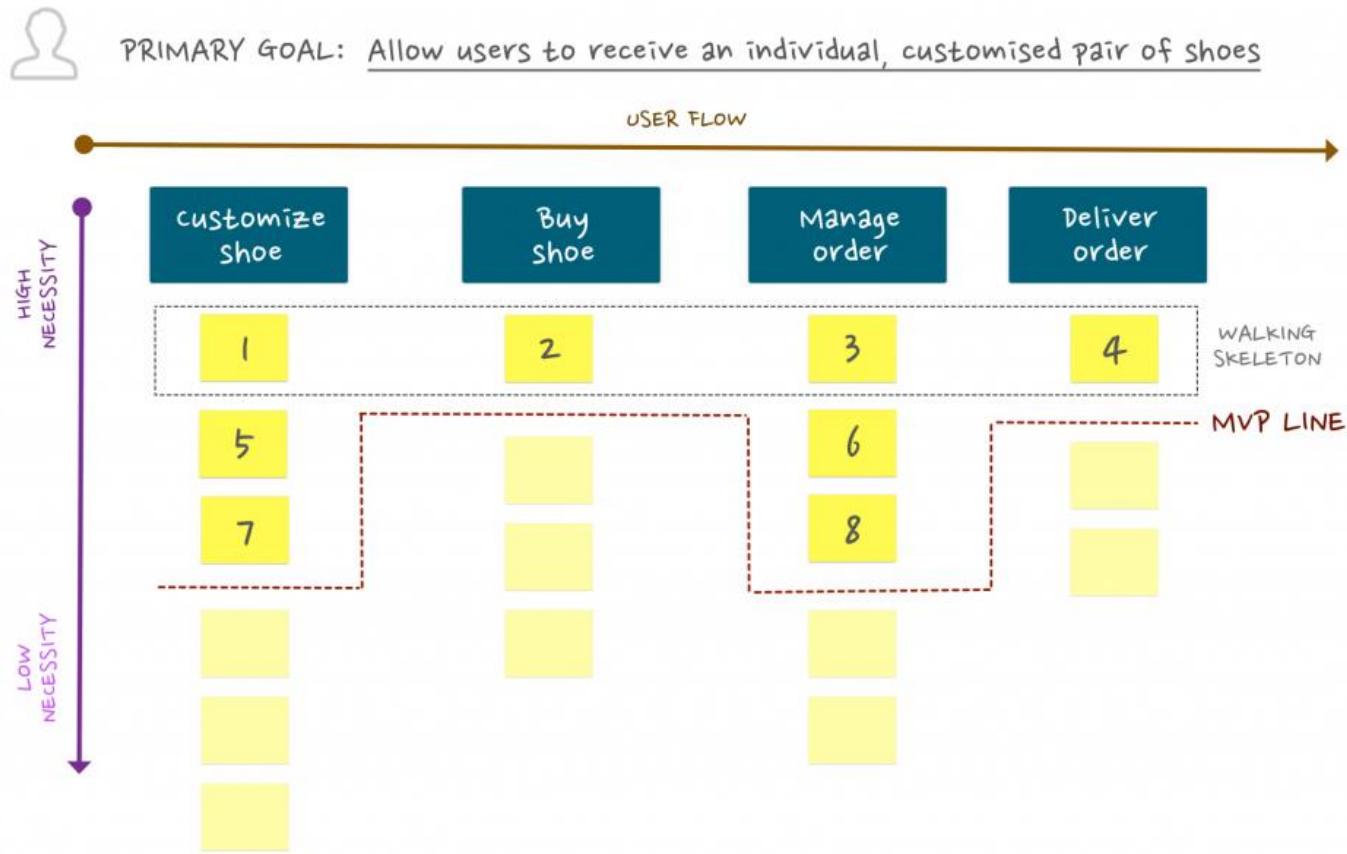
## Minimum Viable Product



# C4:Lean Startups & Hypothesis Testing as You Grow: Prioritize Tests



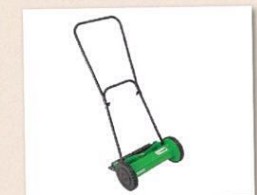
# C4:Lean Startups & Hypothesis Testing as You Grow: Prioritize Tests - Example



MVP 1



MVP 2



MVP 3



MVP 4



MVP 5



MVP 6



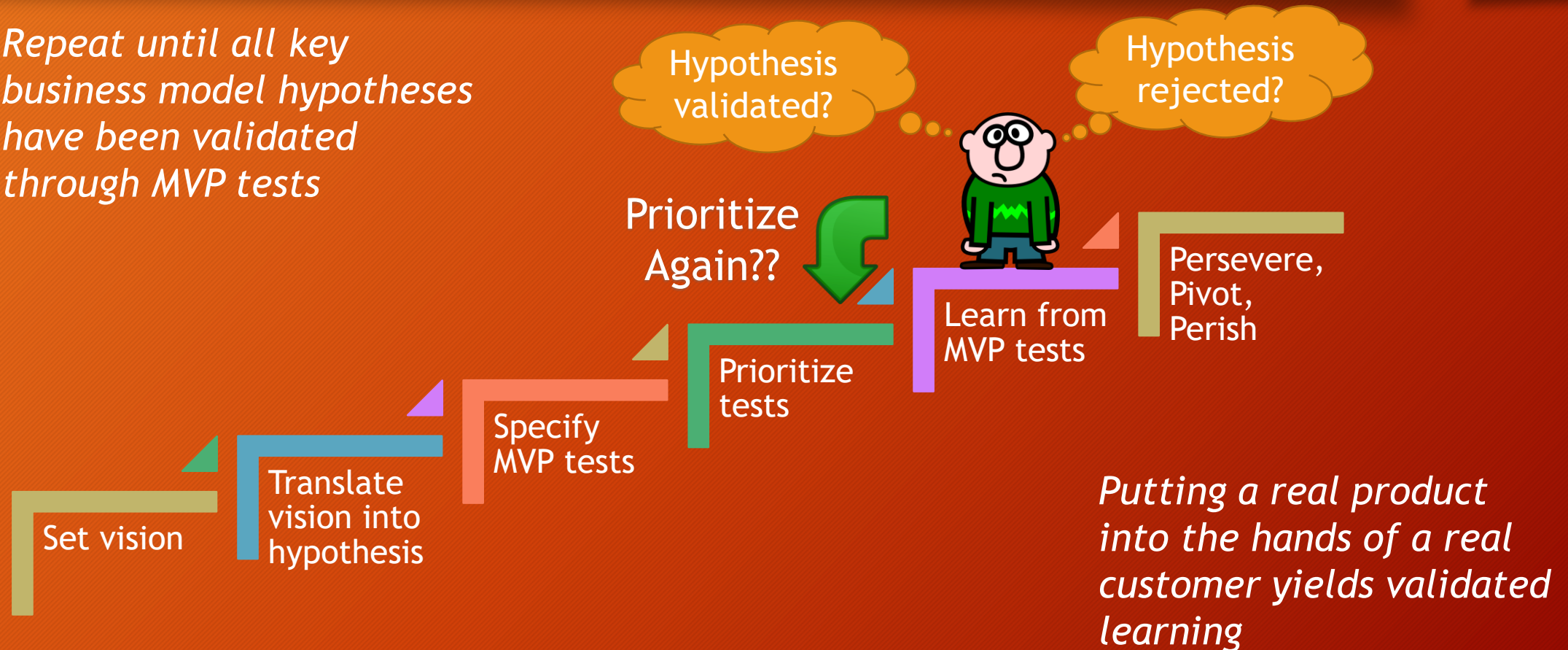
MVP 7



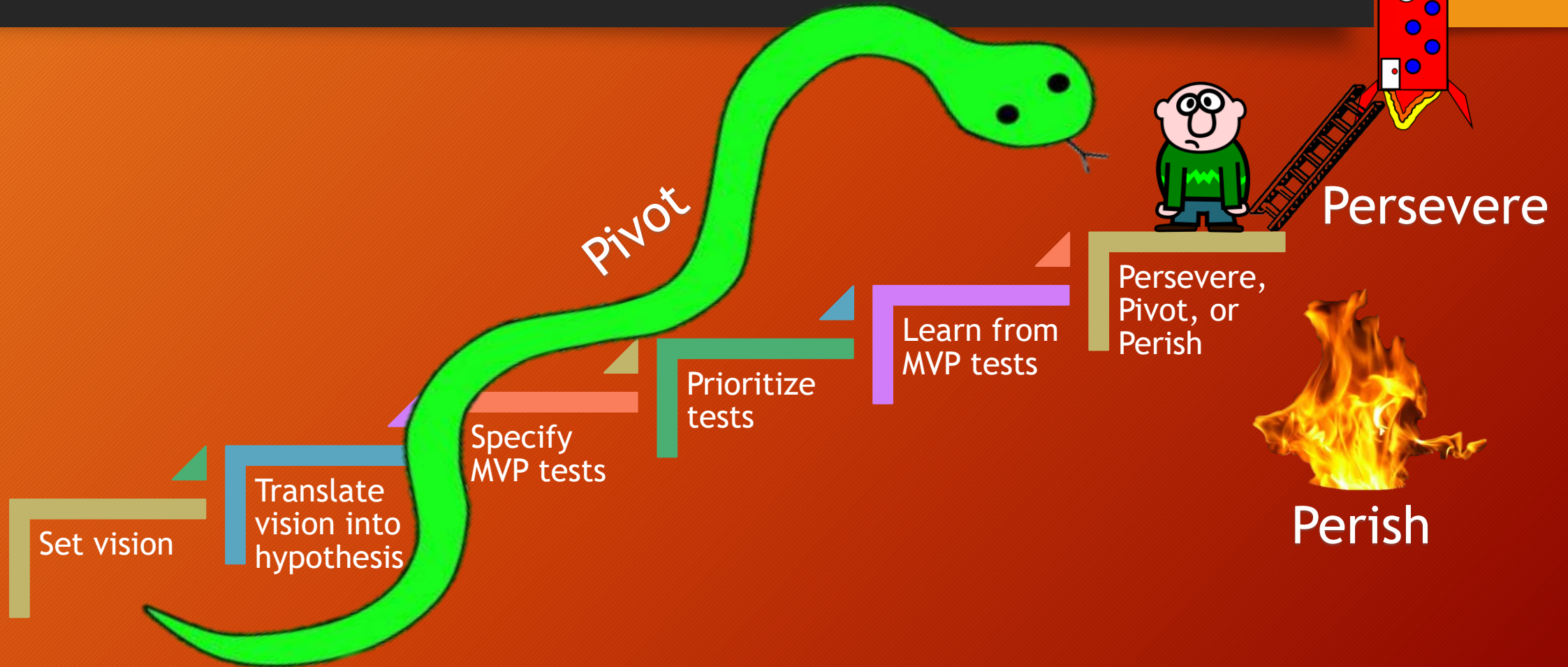
MVP 8

# C4:Lean Startups & Hypothesis Testing as You Grow: Learn from MVP tests

*Repeat until all key business model hypotheses have been validated through MVP tests*



# C4:Lean Startups & Hypothesis Testing as You Grow: Persevere, Pivot or Perish

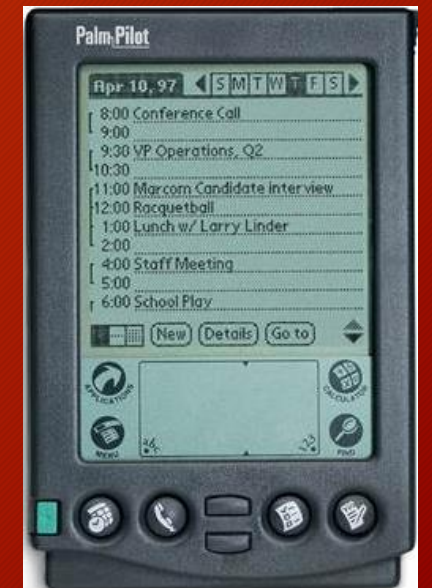


# C4:Lean Startups & Hypothesis Testing as You Grow: Persevere, Pivot or Perish

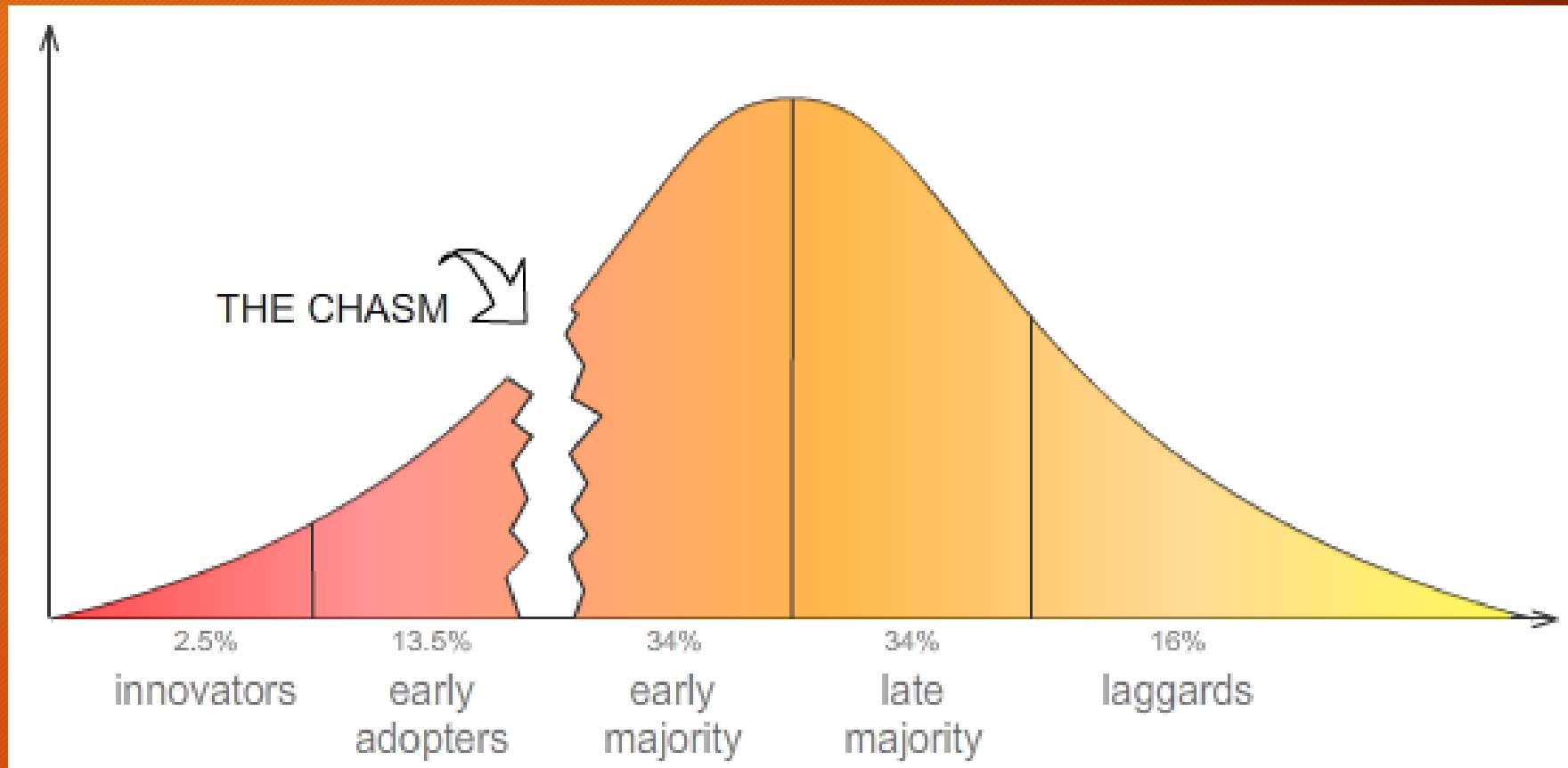
- **Persevere** - when all hypothesis are validated, prepare to scale
- **Pivot** - if the MVP tests rejects the business model hypothesis or if it validates the hypothesis but often feedback indicates that greater opportunity lies elsewhere

e.g. Though Paypal was initially designed to allow Palm Pilot users to transfer money electronically, the demonstration website became popular quickly and Paypal abandoned the Palm Pilot application

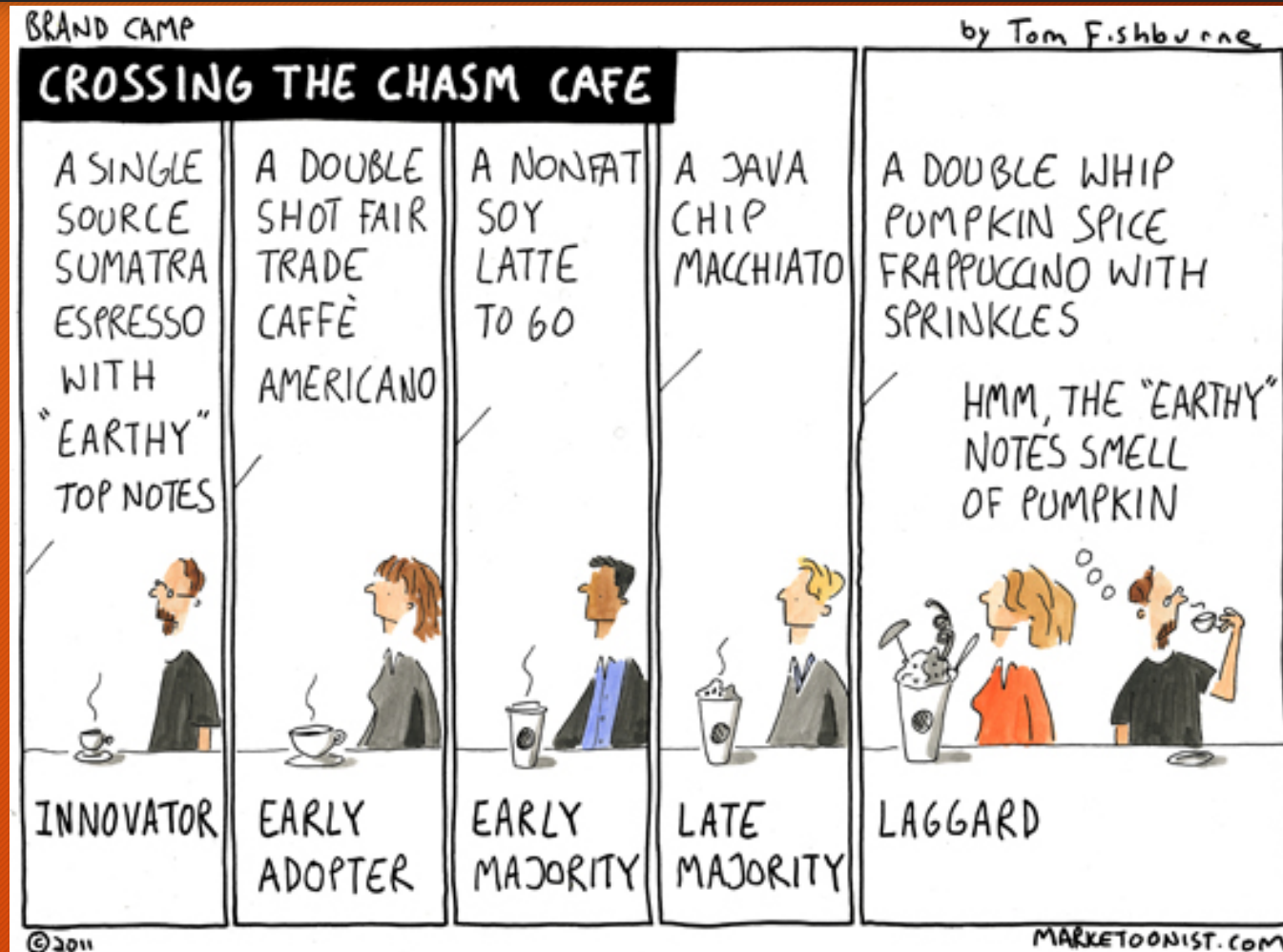
- **Perish** - if MVP tests decisively rejects a crucial hypothesis and any possible pivot cannot be found.

The image shows the PayPal logo in its classic blue, italicized font with a trademark symbol.

# C4: Sales and Marketing: Technology adoption and the Chasm

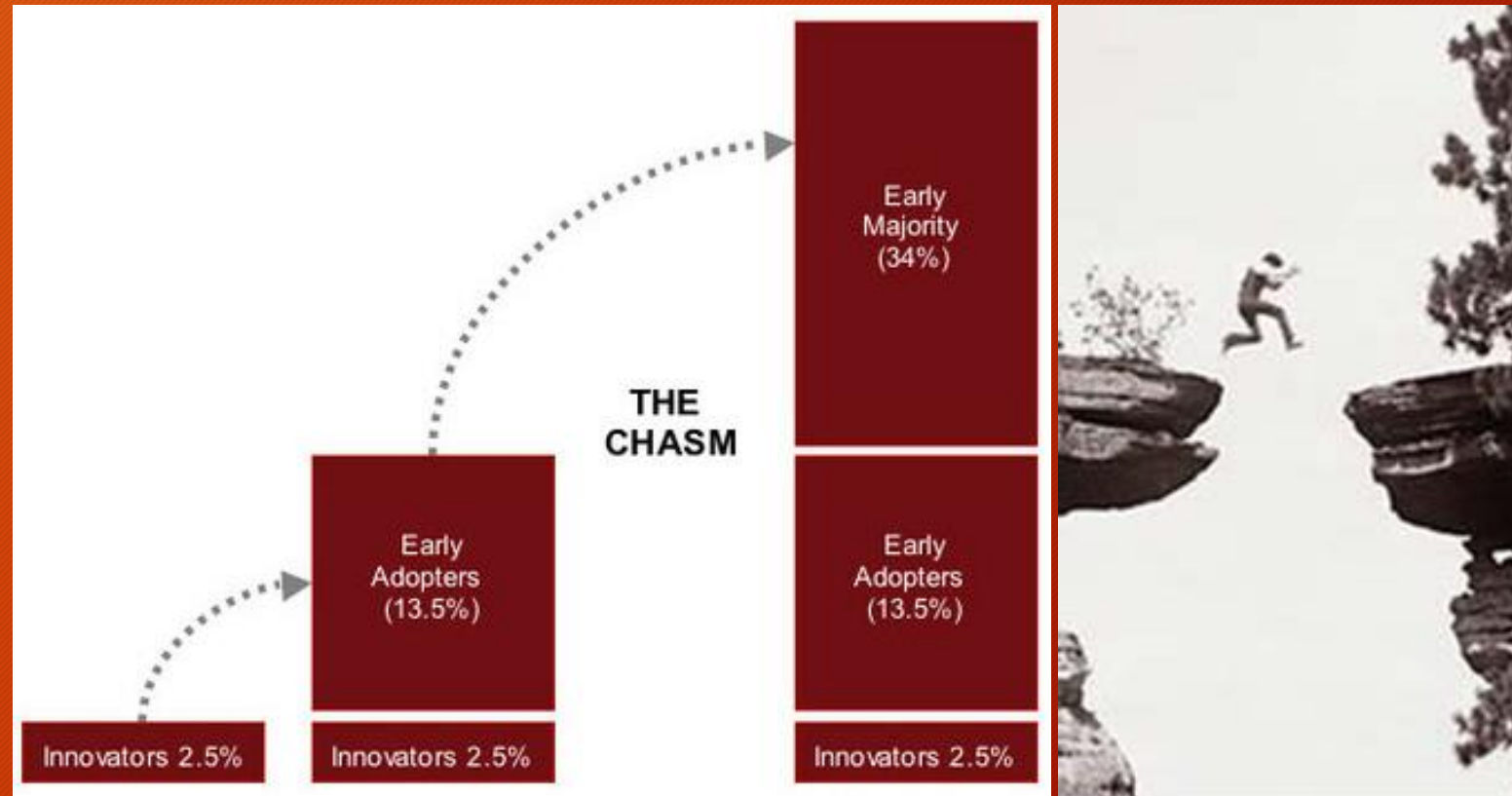


# C4: Sales and Marketing: Customer Characteristics



# C4: Sales and Marketing: Crossing the Chasm

- Steps to cross the chasm
  - Target the point of attack
  - Assemble an invasion force
  - Define the battle
  - Launch the invasion



# C4: Sales and Marketing: Target the point of attack

- A specific market niche upon which your firm must focus all of its resources
- You must achieve the dominant leadership position in that segment
- Identify the primary market identifiers
  - Target customer
  - Compelling reason to buy
  - Whole product
  - Competition
- Also: partners/allies, distribution, pricing, positioning, and target customer

# C4: Sales and Marketing: Assemble an invasion force

- Create the WHOLE PRODUCT
  - Think through your customers' problems - and solutions - in their entirety
  - Core product PLUS everything else you need to achieve your compelling goals
  - Additional software, hardware, systems integration, installation, debugging, training and support, procedures
- May be provided by you or a partner

# C4: Sales and Marketing: Define the battle

- Create competition
  - Identify competitor's weakness
- Define positioning
- Develop the elevator pitch
  - A two-sentence formula
- Build all of this into your marketing and signaling communications
- Focus the competitive posturing around your key strengths and build those competencies
- Demonstrate the validity of your claim

# C4: Sales and Marketing: Launch the invasion

- Distribution and pricing
  - The direct sales force is optimized for creating demand
  - Consultative salesperson who works with the clients in needs analysis
  - Supported by application technology specialists who develop solutions
  - Additional interaction with the customer is built in; competitive pricing b/c of lifetime value
- This is a very expensive way to sell, but this is how you can “CROSS THE CHASM”

# C4: Sales and Marketing: Example

- Ipod targeted the niche market of music enthusiast
- Apple made deals with the music industries to develop the Whole Product
- Clearly identified the competitors such as Sony Discman, CD players etc.
- Created a big marketing hype

