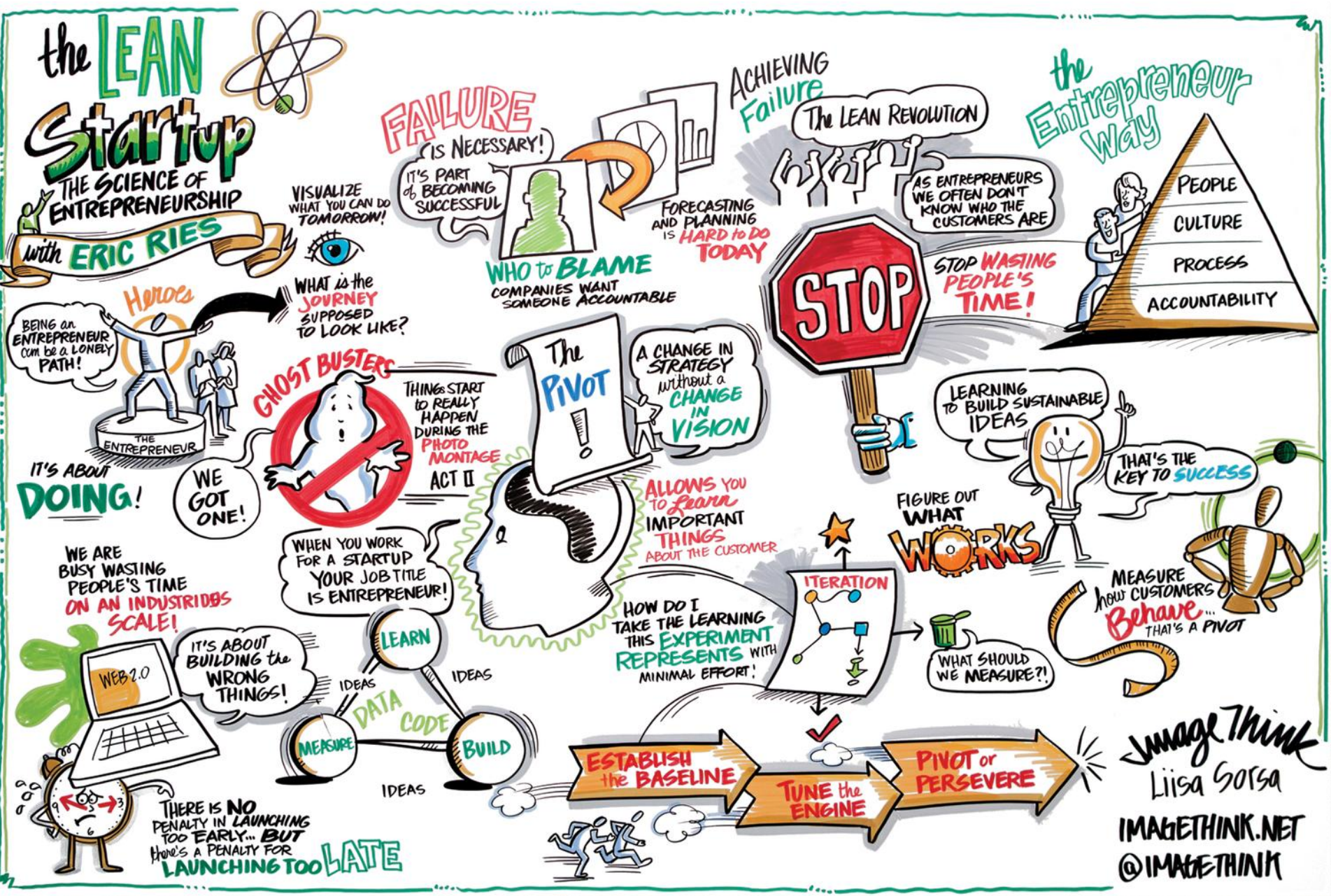

the LEAN Startup
THE SCIENCE OF ENTREPRENEURSHIP
with ERIC RIES
VISUALIZE WHAT YOU CAN DO TOMORROW!
WHAT is the JOURNEY SUPPOSED TO LOOK LIKE?
Heroes
BEING an ENTREPRENEUR can be a LONELY PATH!
THE ENTREPRENEUR
IT'S ABOUT DOING!
GHOST BUSTERS
WE GOT ONE!
THINGS START to REALLY HAPPEN DURING THE PHOTO MONTAGE
ACT II
FAILURE (IS NECESSARY!)
IT'S PART of BECOMING SUCCESSFUL
WHO to BLAME
COMPANIES WANT SOMEONE ACCOUNTABLE
FORECASTING AND PLANNING IS HARD to DO TODAY
ACHIEVING Failure
The LEAN REVOLUTION
AS ENTREPRENEURS WE OFTEN DON'T KNOW WHO THE CUSTOMERS ARE
STOP
STOP WASTING PEOPLE'S TIME!
the Entrepreneur Way
PEOPLE
CULTURE
PROCESS
ACCOUNTABILITY
The PIVOT!
A CHANGE IN STRATEGY without a CHANGE IN VISION
ALLOWS YOU to Learn IMPORTANT THINGS ABOUT THE CUSTOMER
LEARNING TO BUILD SUSTAINABLE IDEAS
THAT'S THE KEY TO SUCCESS
FIGURE OUT WHAT WORKS
WE ARE BUSY WASTING PEOPLE'S TIME ON AN INDUSTRIDBS SCALE!
WEB 2.0
IT'S ABOUT BUILDING the WRONG THINGS!
WHEN YOU WORK FOR A STARTUP YOUR JOB TITLE IS ENTREPRENEUR!
LEARN
IDEAS
IDEAS
DATA
CODE
MEASURE
BUILD
IDEAS
HOW DO I TAKE THE LEARNING THIS EXPERIMENT REPRESENTS WITH MINIMAL EFFORT!
ITERATION
WHAT SHOULD WE MEASURE?!
MEASURE how CUSTOMERS Behave... THAT'S A PIVOT
THERE IS NO PENALTY IN LAUNCHING TOO EARLY... BUT there's a PENALTY FOR LAUNCHING TOO LATE
ESTABLISH the BASELINE
TUNE the ENGINE
PIVOT or PERSEVERE
Image Think
Liisa Sorsa
IMAGETHINK.NET
@IMAGETHINK

Ogilvy

Lean Startup

How to apply it correctly and succesfully

lean start

Entrepreneur

- Founder of interAnalytics in 2009
- Founder of Karm.ly in 2013

Researcher

- 15 years in Scientific Research:
  - Computational Linguistics, Human-Computer Interaction, Data Mining, AI
- 70+ publications and 4 books
- Managed 10+ Research Projects

Coach and Mentor

- Startup Weekend
- NEXT
- Seedstars World
- Technology Entrepreneurship NovoEd
- LeanStart

ICT Expert

- PhD and MSc in Computer Science
- 25+ years as ICT Professional
- Certified Project Manager (PMP, PRINCE2, ITILv3)

Vincenzo Pallotta

Educator

- Lecturer in Adult Education since 1989
- Different positions in universities in Italy, Switzerland and United States.

What do you need to start a company?

- A good idea
- A good team
- Money
- Time
- Skills
- A good (business) plan
- Partners
- Perseverance
- Courage
- Creativity
- Foolishness

lean start

Customers

It’s all you need!

“If I asked people what they wanted

they would have said

“faster horses”

— Henry Ford

lean start

…but the problem is always: traveling faster!

Customers don’t know the solutions.
They only know their problems!

…and

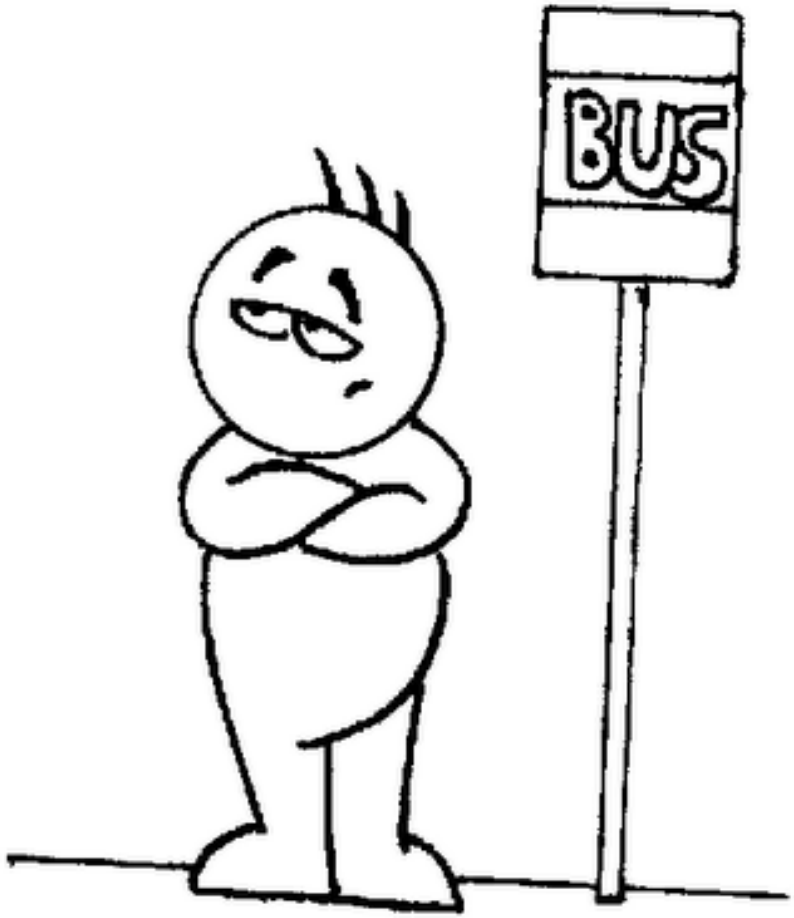
How much is worth the solution!

Entrepreneurs

Find new (better) solutions to unsolved problems!

lean start

Wait for Investors or Walk towards the Customer?



lean start

A mindset shift…

Turn this…

Lean Start

…into this

…and this

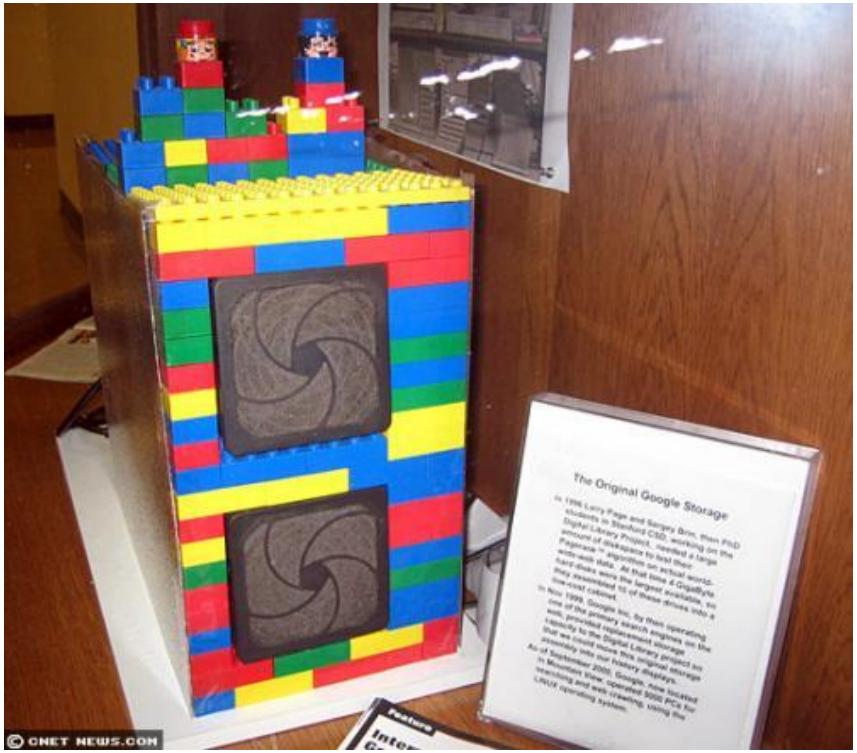
Get Out Of the Building
(and of your comfort zone)

lean start

From Quality to Utility

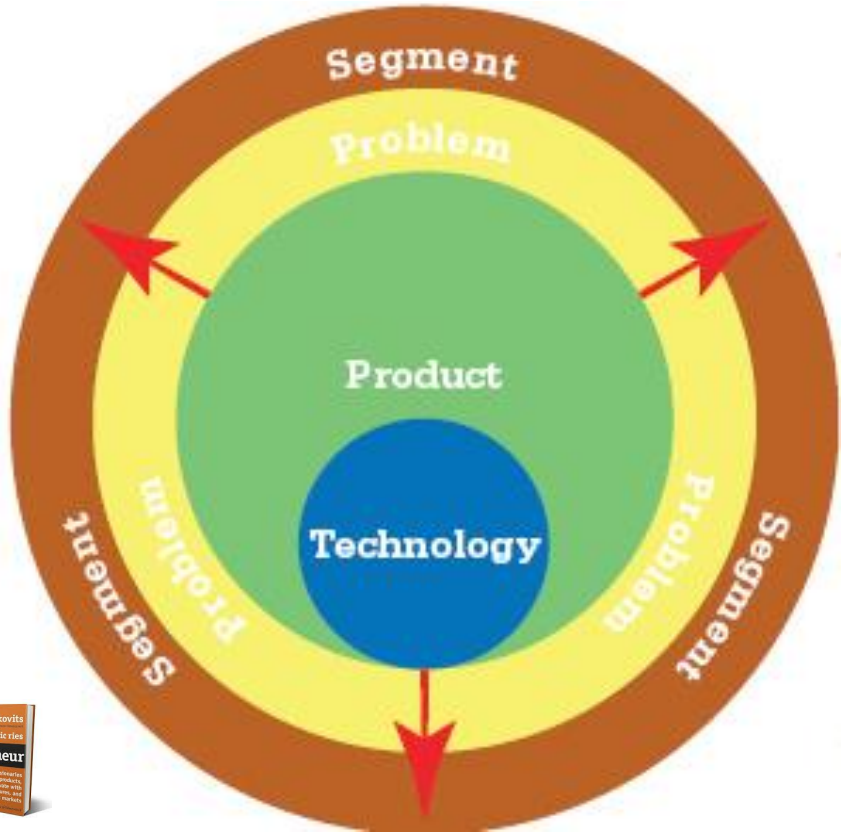
Useless perfect things

Useful imperfect things

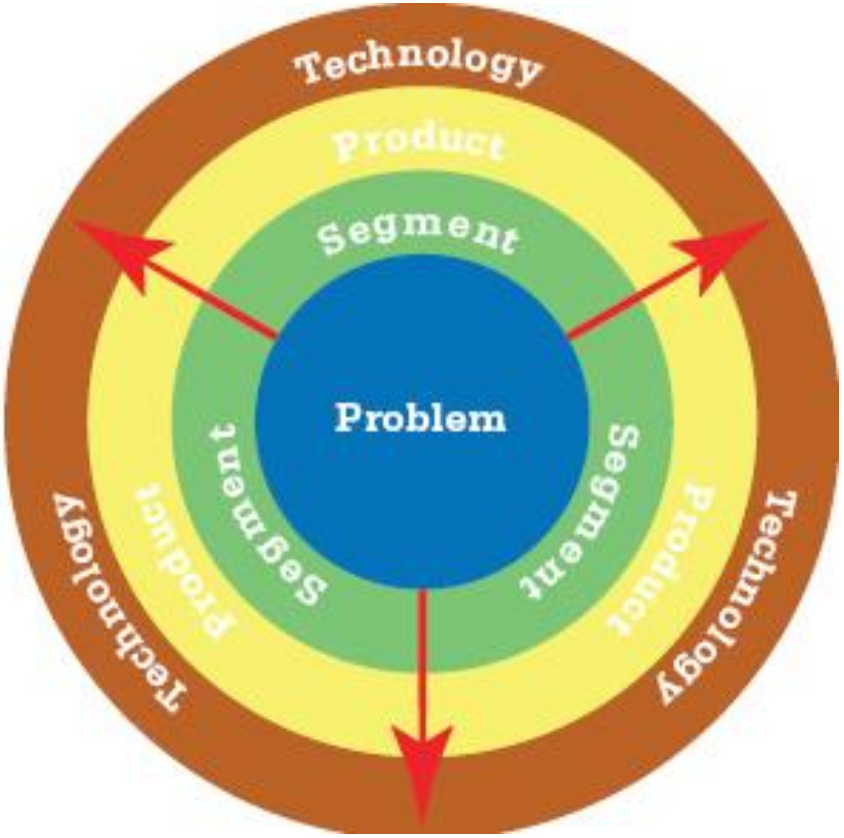


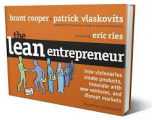
Développent du Business

Centré Solution



Centré Problème





My experience as a Lean Startup Coach

What most startups do:

Reluctance to:

- Get out of the building and listen to potential customers
- Try to sell early releases (or promises) of products
- Test the market through experiments
- Measure Metrics that Matter
- Validate BM assumptions
- Pivoting when necessary
- Work with partners (already on the market)
- Focus on Market Risk

Tendency to:

- Remain in the comfort zone and avoid customers
- Try to get external money too early
- Find excuses to justify failure in selling
- Over planning
- Believe that money bring to success
- Consider Quality as a measure of Utility
- Focus on Technical Risk

lean start

QU'EST-CE QU'UNE STARTUP?

Une Startup est une organisation à durée limité qui est à la recherche d'un modèle d'affaire profitable, répétable et qui passe à l'échelle.

Les Startups ont comme objectif de devenir des entreprises.

[Steve Blank, 2012]

The « Lean » mindset…

Minimize Waste

Minimize Risk

Lean Start

Comment éviter l'echec?

En une phrase:

Don't sell what you can make;

make what you can sell!

Nobody does it right at first attempt!

How many attempts does your bootstrap budget allows you to do?

Blocking factors

Perfectionist’s Paralysis

lean start

Startup’s enemy n. 1

lean start

What do you prefer to loose?

Reputation

Money

Les trois grand peurs des startups (dissonance cognitive)

1. Un produit imparfait pourrait tuer la marque.

Chaque jour de retard dans le lancement c'est une perte de clients potentiels. Ce sont les clients qui font le business, pas les produits.

avec plus de ressources qui sera capable de la réaliser ou la perfectionner).

No Plan Survives First Contact With Customers

- Steve Blank

Pourquoi Lean?

Eviter et Combattre le Gaspillage des Ressources:

- Temp$
- Argent$
- Experti$e

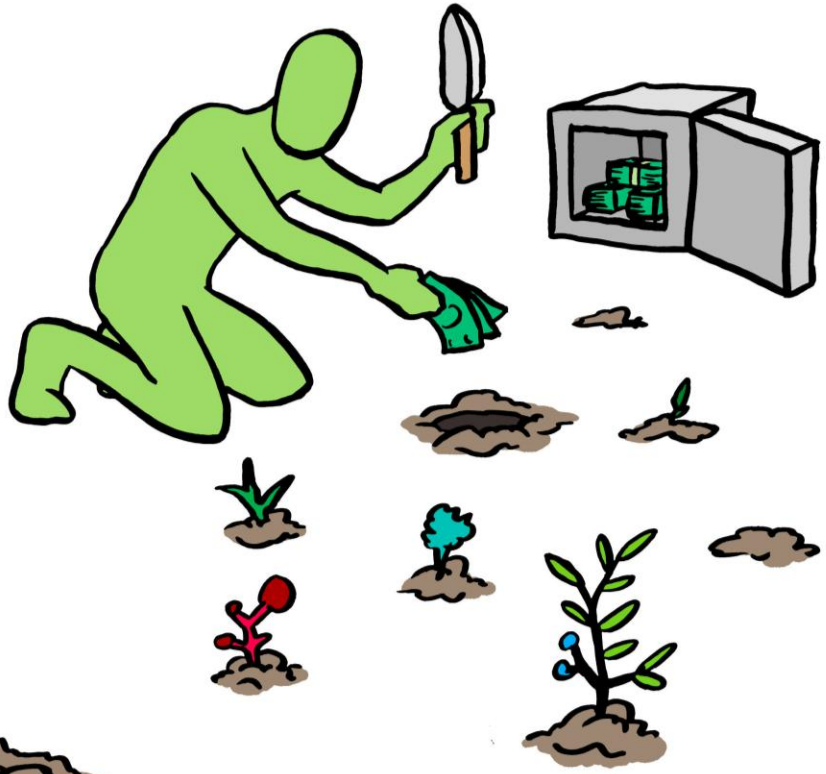
Favoriser la Vitesse:

- Du développement du produit/service
- De l'entrée dans le marché
- Du passage à l'échelle

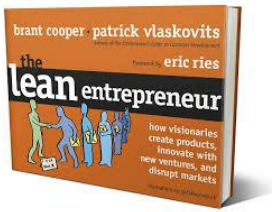
Minimiser le Risque:

- Technologique
- Du Marché
- Financier

Fat vs. Lean Startups



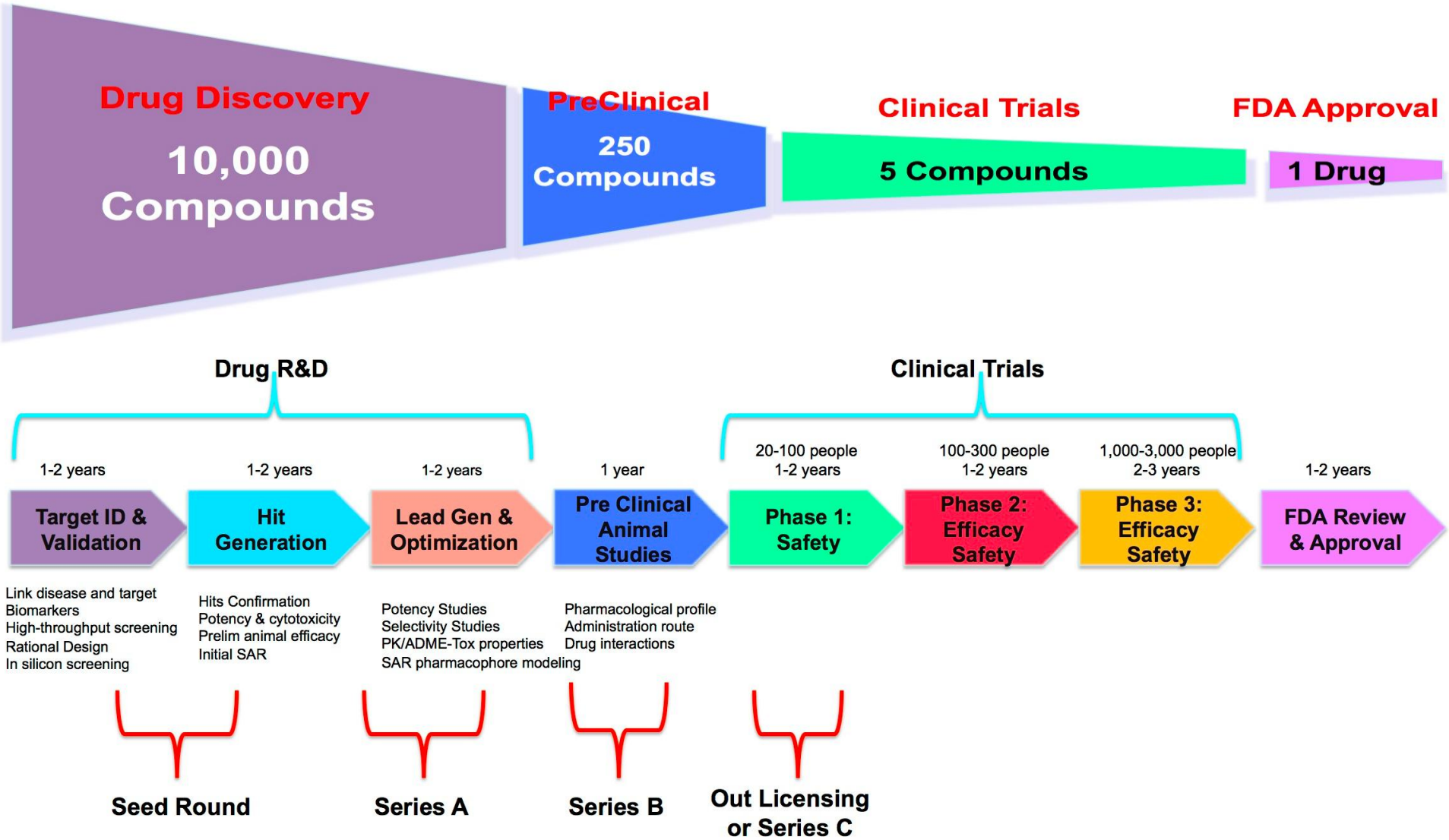
Risque du Marché



Risque Technologique

@FAKEGRIMLOCK LEANENTREPRENEUR.CO

Life-Science needs Fat Startups



Lean Startup for Life-Science Startups

- assess regulatory risk
  - before they design and build
- gather data essential to customer purchases before doing the science:
  - Clearly define the product to be built (from the customer's perspective) so that they can provide reliable feedback
- define clinical utility now, before spending millions of dollars
  - Assess the impact and competitive advantage
- identify financing vehicles before you need them
  - Secure the necessary resources through pre-product sales
  - The higher is the regulatory risk, the more you need pre-trial contracts.

Regulatory Risk

Class I devices

- low risk and have the least regulatory controls.
  - For example, dental floss, tongue depressors, arm slings, and hand-held surgical instruments
- Exempt Premarket Notification 510(k).

Class II devices

- higher risk devices and have more regulations to prove the device's safety and effectiveness.
  - For example, condoms, x-ray systems, gas analyzers, pumps, and surgical drapes
- must submit 510(k) to the FDA.
  - The 510(k) identifies your medical device and compares it to an existing medical device (which the FDA calls a "predicate" device) to demonstrate that your device is substantially equivalent and at least as safe and effective.

Class III devices

- the highest risk devices and must be approved by the FDA before they are marketed.
  - For example, implantable devices (devices made to replace/support or enhance part of your body) such as defibrillators, pacemakers, artificial hips, knees, and replacement heart valves
- high risk or novel devices for which no "predicate device" exist require clinical trials of the medical device a PMA (Pre-Market Approval).

Lean Start

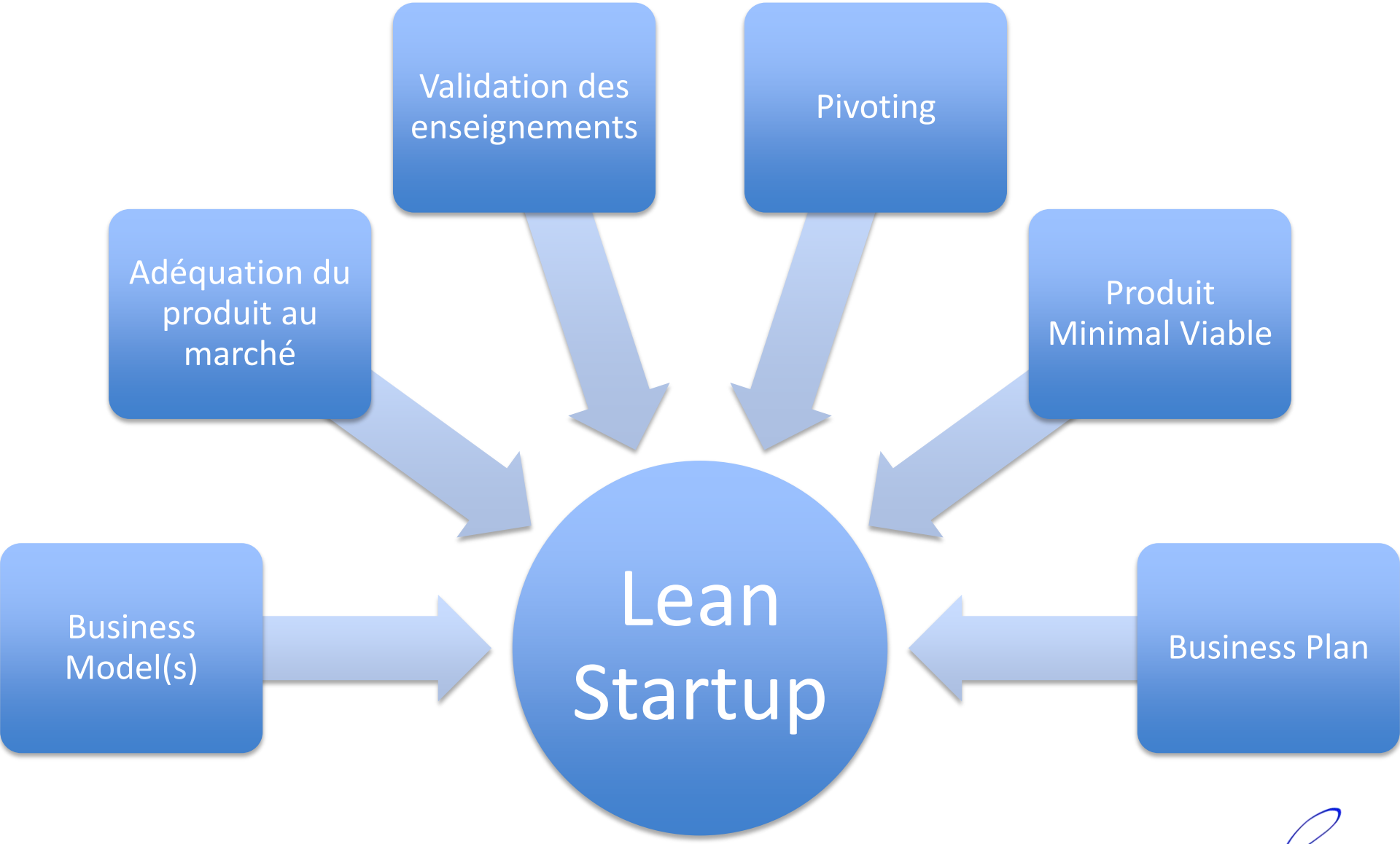
Early Pivots in Life-Science startups

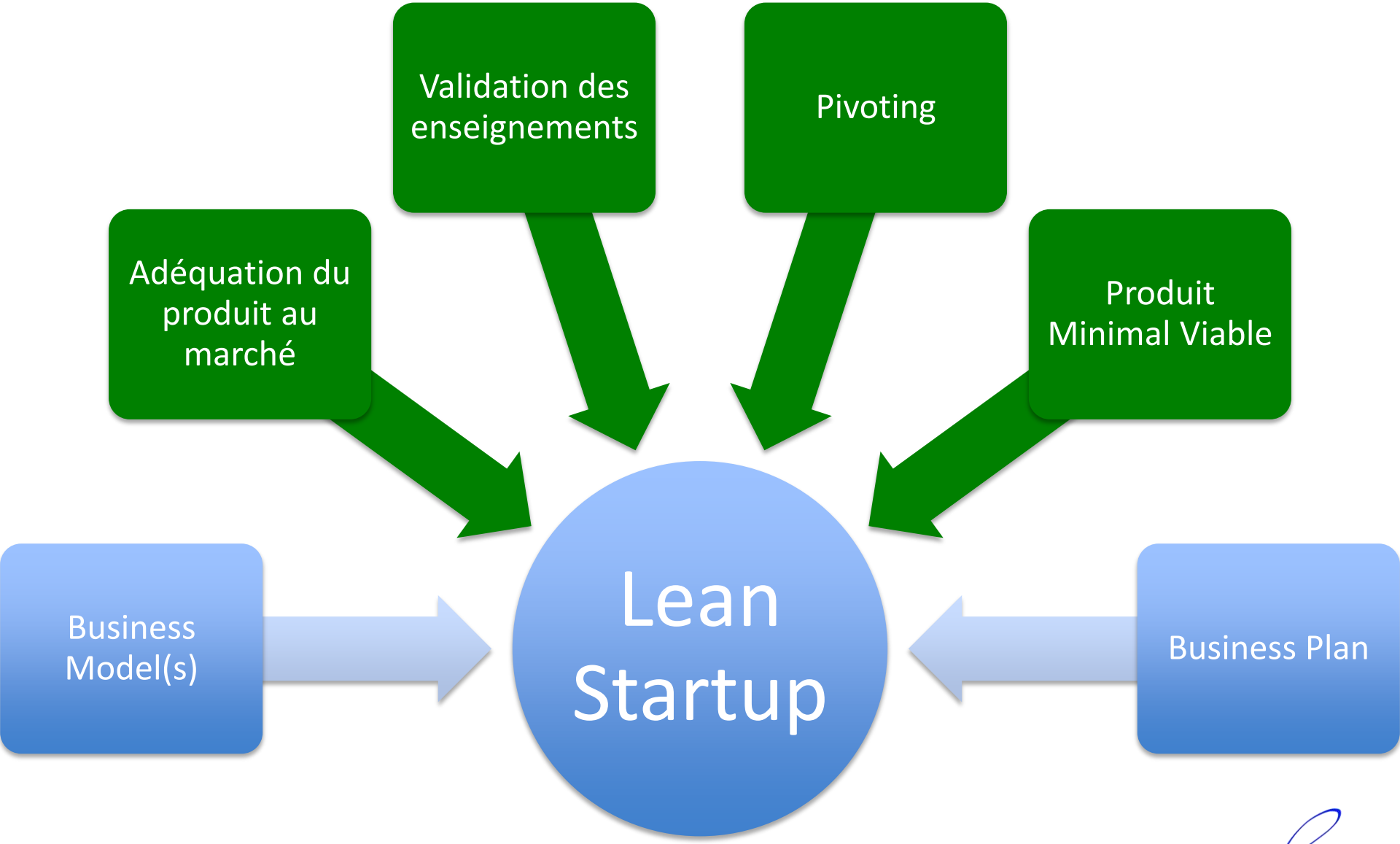
- Changing their product/service once the team had a better of understanding of customer needs:
  - moving from human to animal diseases
  - moving from a therapeutic drug to a diagnostic one
  - moving from a device that required a PMA to one that required a 510(k)
  - changed the core technology (the basis of their original idea!) used to serve those customers

- Changing their position in the value chain:
  - became an OEM supplier to hospital suppliers rather than selling to doctors directly
  - moving from a platform technology to become a product supplier

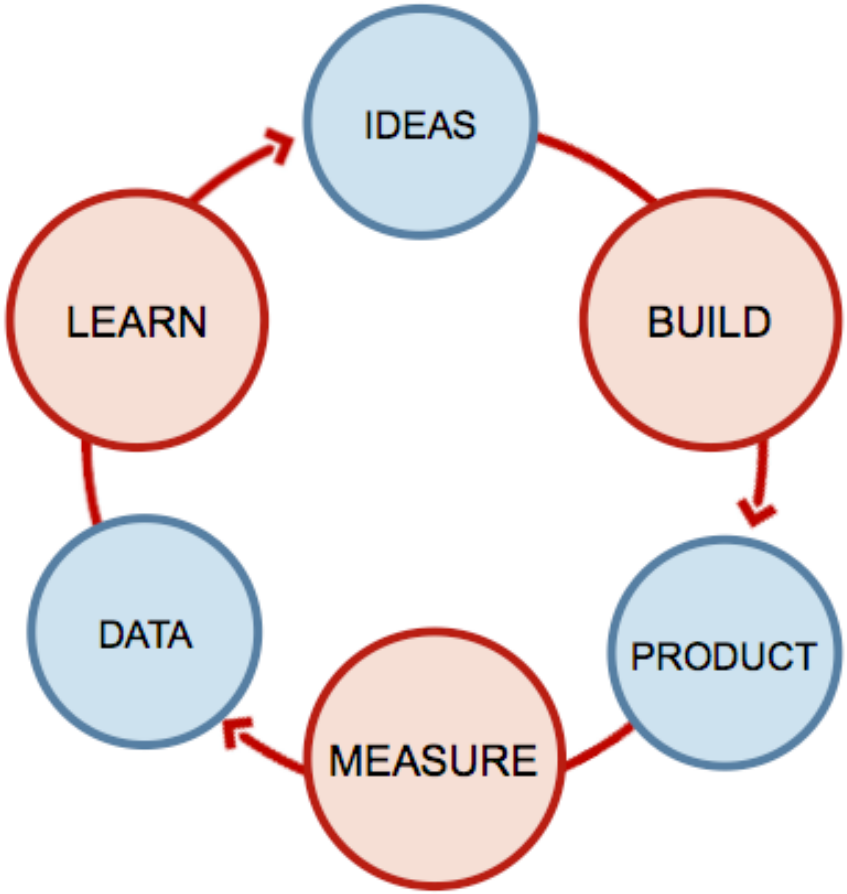
- Early pivots in Life-Science can save tons of money!

lean start


Validation des enseignements
Pivoting
Adéquation du produit au marché
Produit Minimal Viable
Business Model(s)
Lean Startup
Business Plan


Validation des enseignements
Pivoting
Adéquation du produit au marché
Produit Minimal Viable
Business Model(s)
Lean Startup
Business Plan

La Validation des Enseignements (Apprentissage par Validation)



Planning a validation experiment

- Define the hypothesis to validate
  - (and the type of experiment, e.g. A/B test, Problem-Solution Fit, Marketing campaign effectiveness)
- Set target population (type and size)
- Allocate the necessary resources
- Set a timeframe
- Define the relevant metric(s)
- Define the pass/fail signals
- Set a threshold for failure/success
- KISS

lean start

Attention!

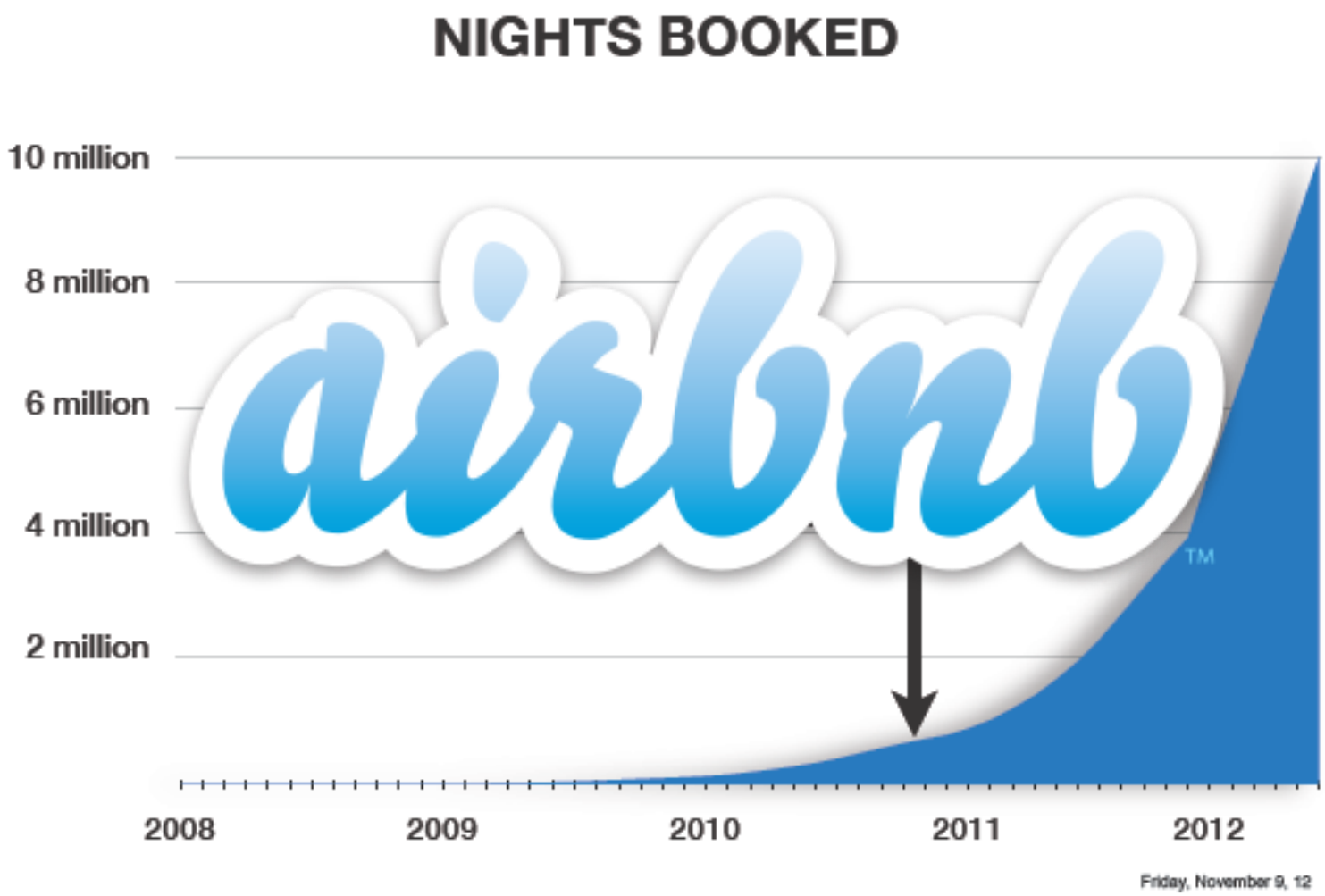
Lean Startup n’est pas une méthode
de Gestion de Projet Agile

lean start

Adequation du Produit au Marché

Traction

Traction


NIGHTS BOOKED
10 million
8 million
6 million
4 million
2 million
2008
2009
2010
2011
2012
Friday, November 9, 12

Test Early Traction: Sean Ellis survey (survey.io)

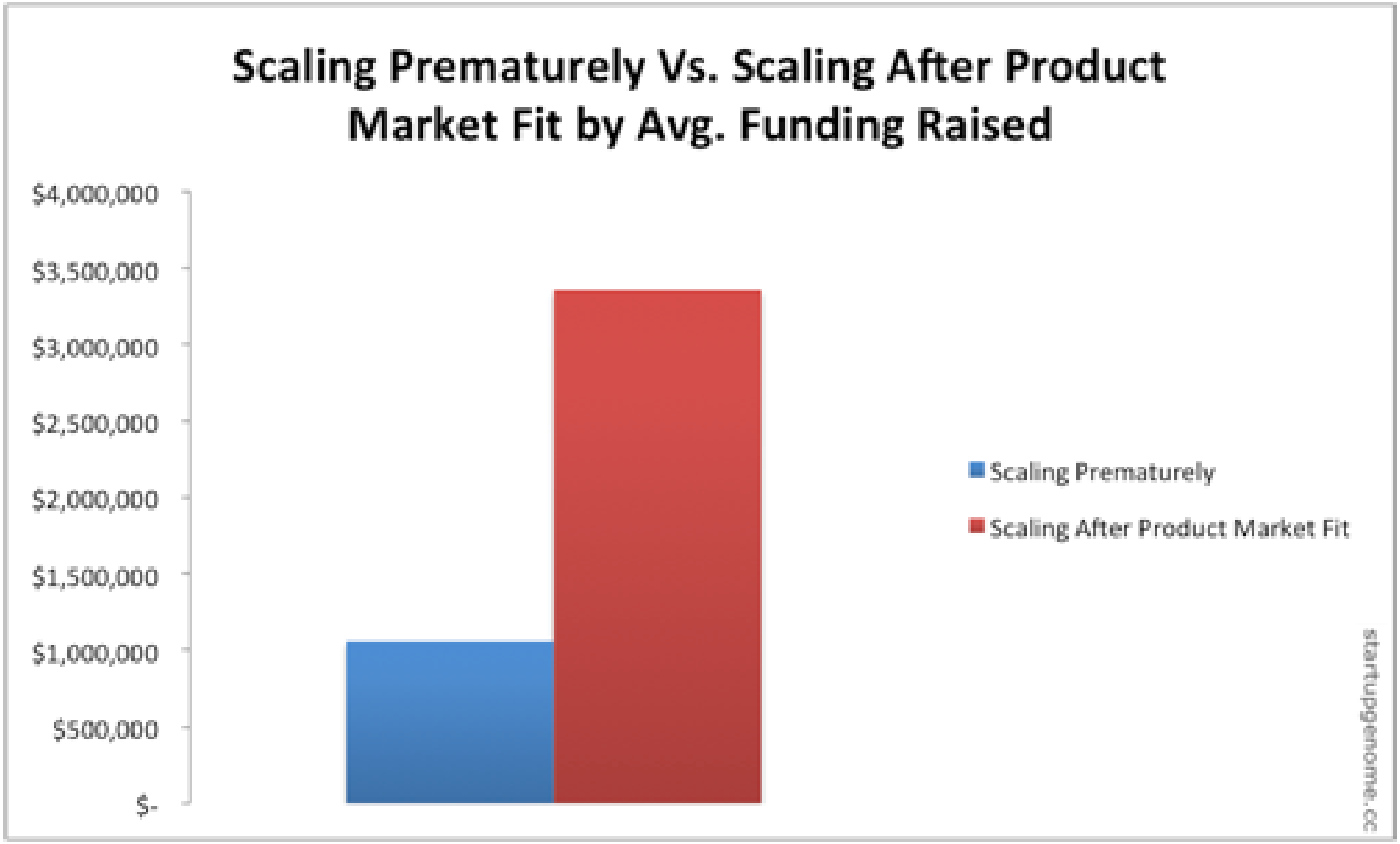
- *How would you feel if you could no longer use [product]?*
  - Very disappointed
  - Somewhat disappointed
  - Not disappointed (it isn't really that useful)
  - N/A – I no longer use [product]

- If you get more than 40% of Very Disappointed, then you have early traction.

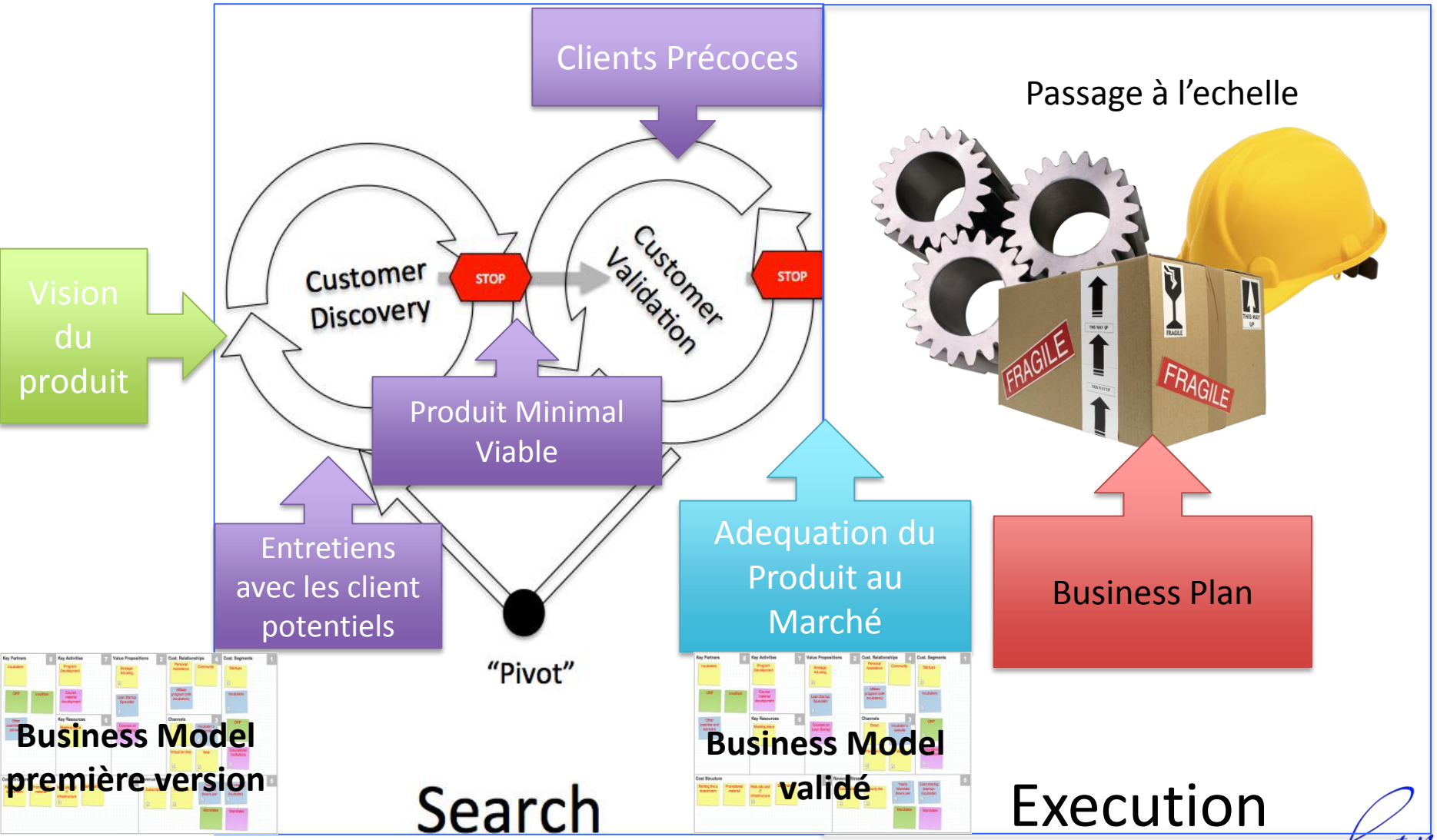
- Note:
  - *Surveys are more effective at verification than learning.*
  - *Sean's test can help determine if you have early traction, it doesn't help you achieve it.*
  - *It works on a small scale!!!*

lean start

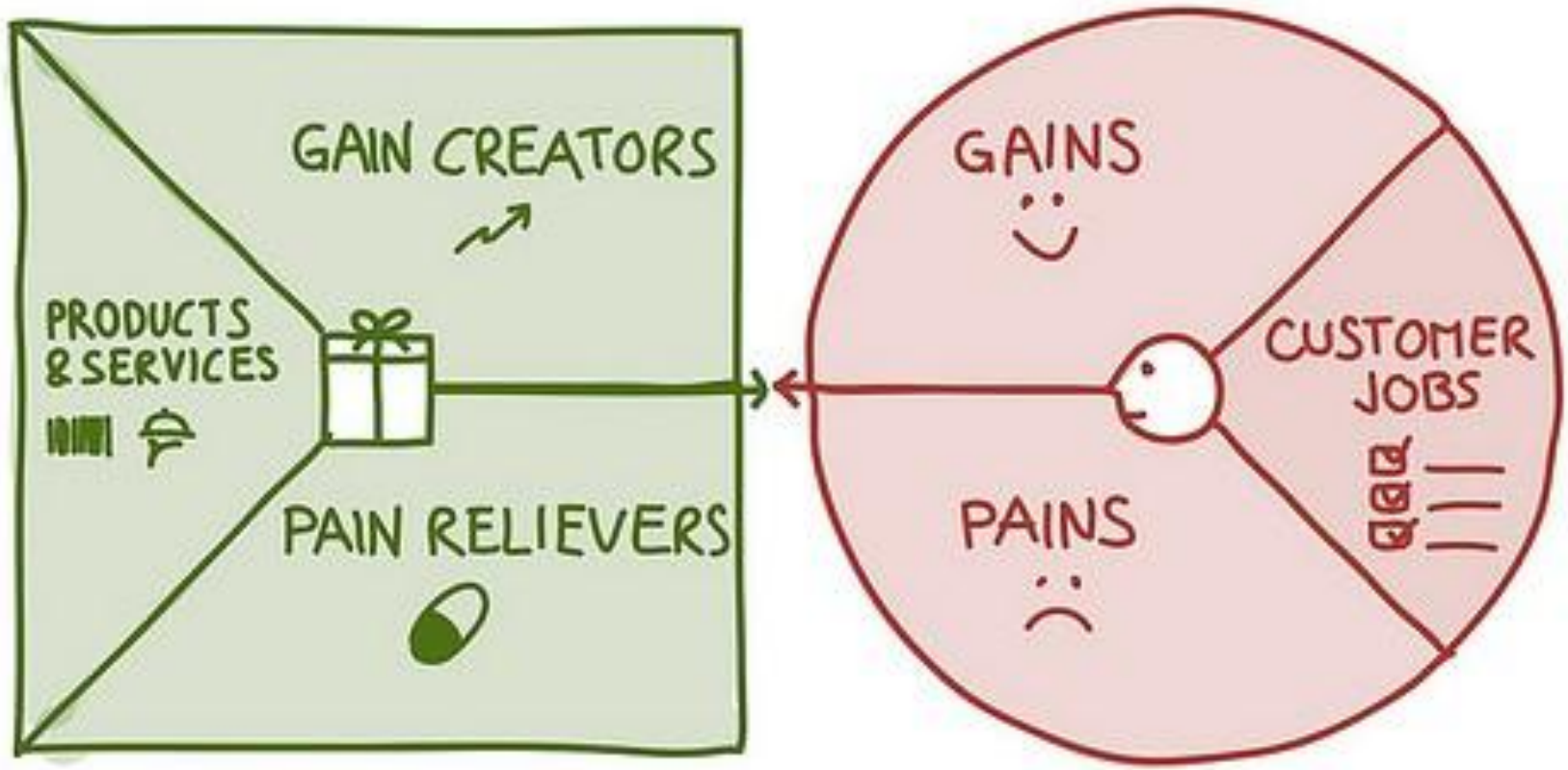
Being funded is not itself a sign of traction!



Lean Business Development



Customer Discovery



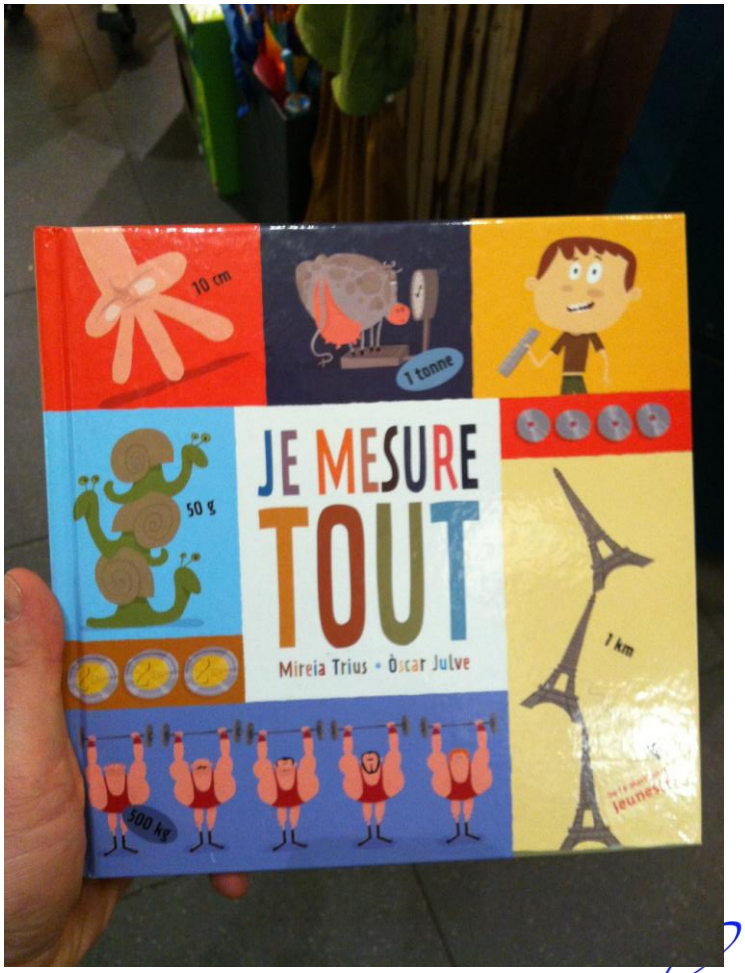
Wiktor Lisowski

Founder of Biosemic

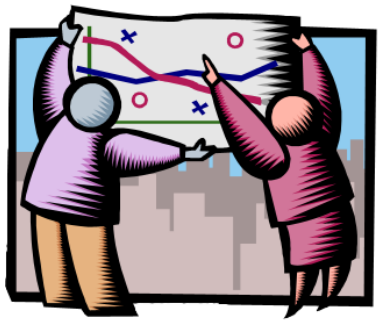
wiktor.lisowski@a3.epfl.ch

Mais quelles hypothèses tester en premier?

- Les plus risquées
- Les plus couteuses
- Les moins ambiguës
- Les mieux mesurables:
  - Si on ne peux pas les mesurer, elles sont trop ambiguës.



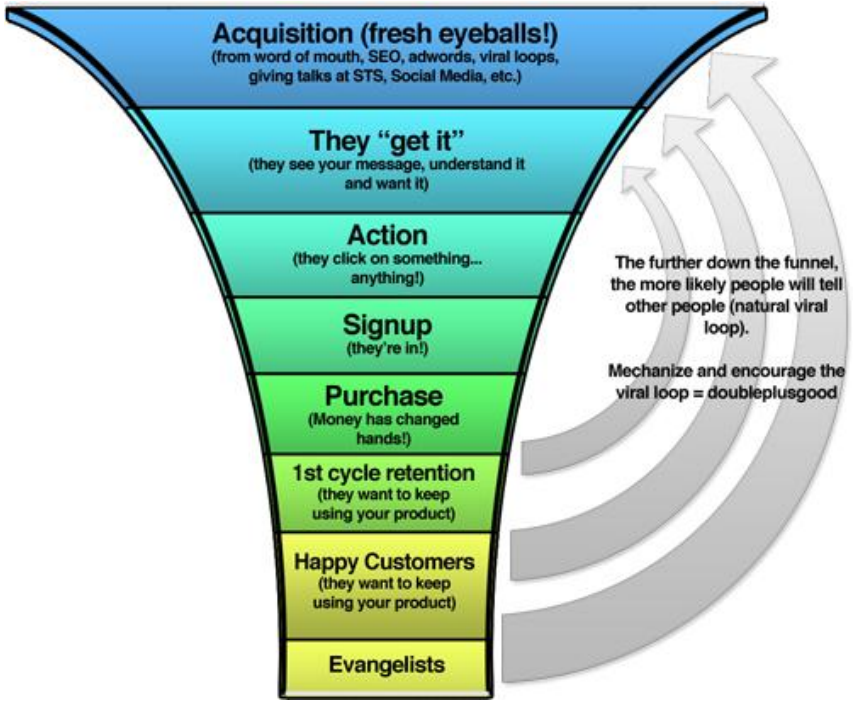
Indicateurs



Indicateurs illusoires	Indicateurs décisionnels
Micro	Macro
Tous segments du marché confondu	Cohortes
Génériques	Comparable
Corrélation	Cause-Effet
On ne sait pas quoi en faire	Déterminent un évolution du modèle d'affaire
Il faut attendre du temps pour les « comprendre »	Validation immédiate des hypothèses du modèle d'affaire

Exemples d'indicateurs

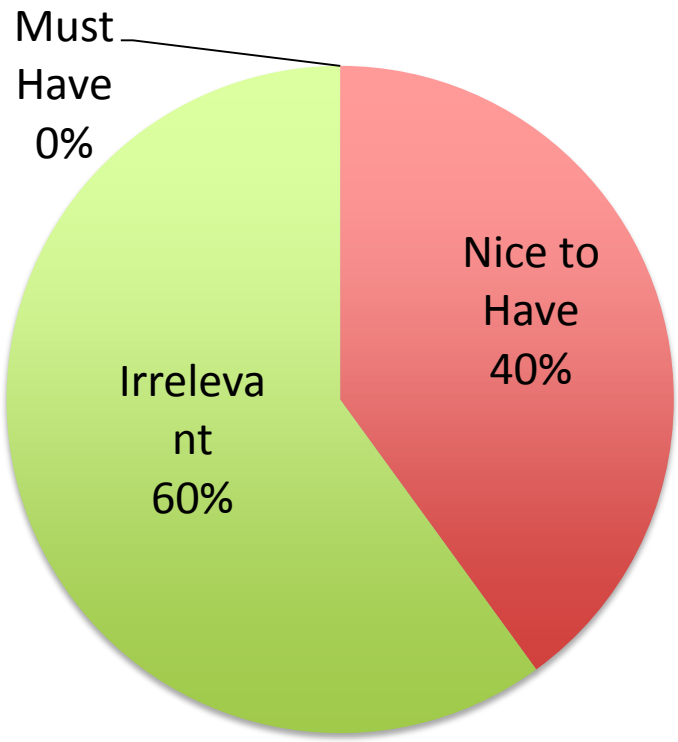
Indicateurs décisionnels



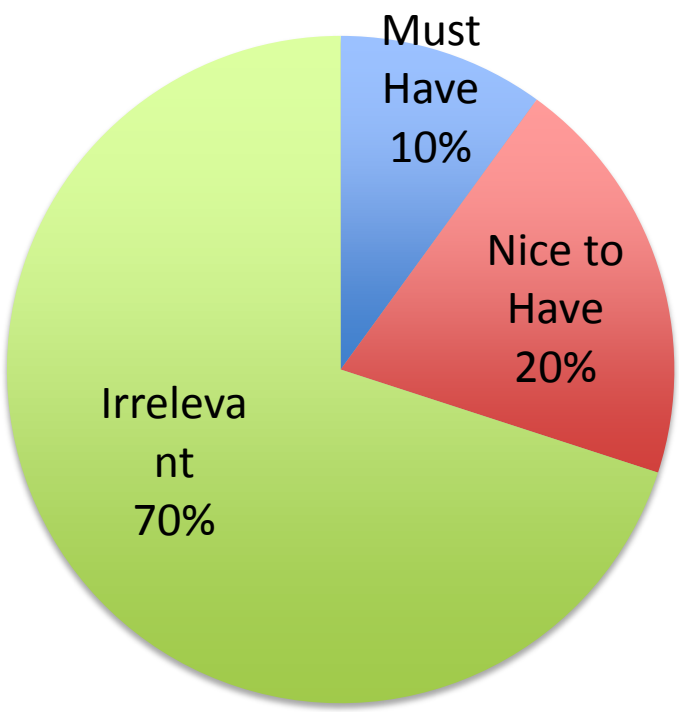
Indicateurs Illusoires

How to interpret experiments' outcomes

Wrong Value Proposition



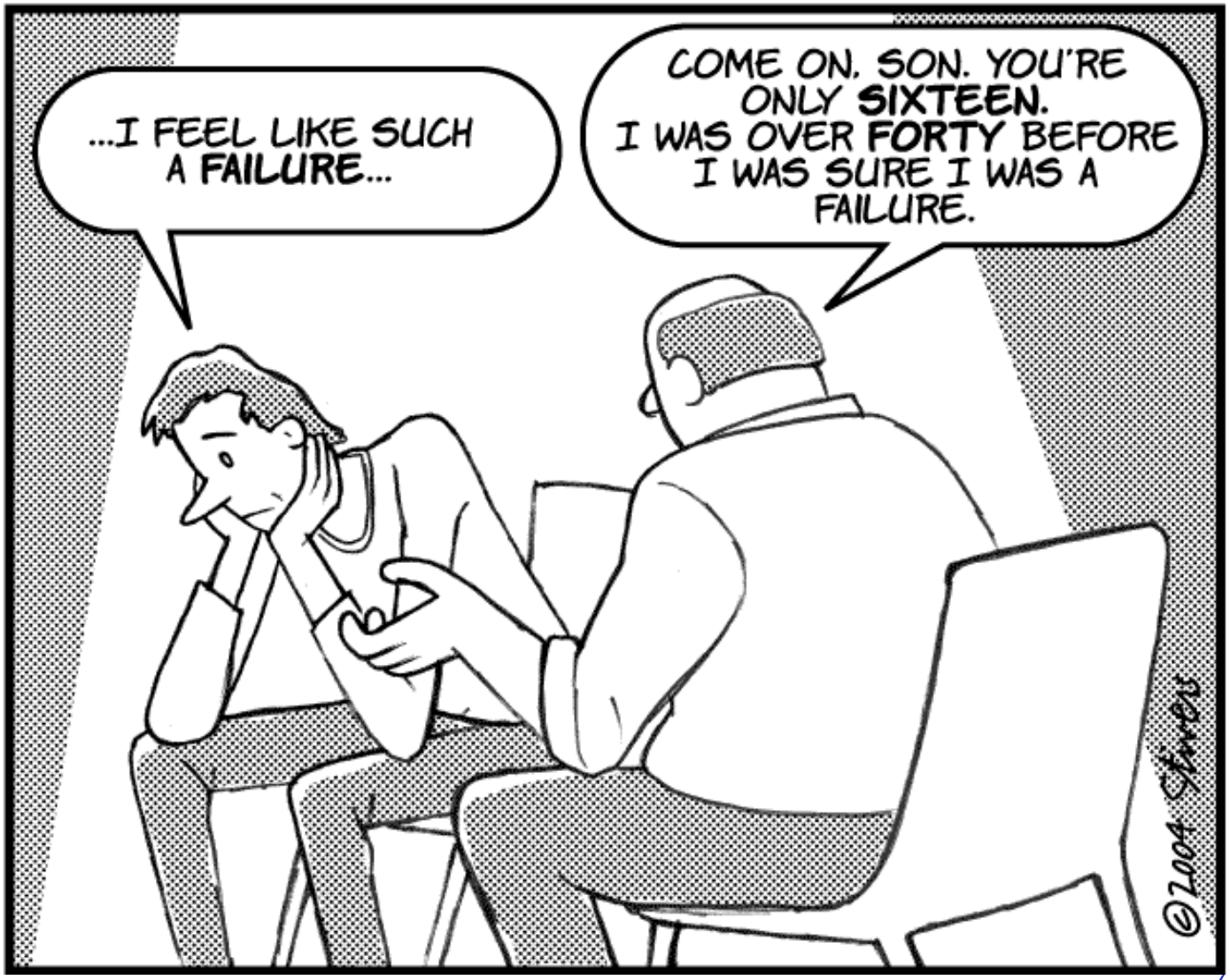
Wrong Customer Segment



lean start

Pivoting

Nobody likes failure…



Capitalize on failure…

Learn from it!

What is a pivot?

Pivot vs. Perserverance

- Pivot only when necessary:
  - When a fundamental assumption is invalidated.
- Persevere in validating the assumptions:
  - Don’t pivot unless you have a statistically significant (negative) evidence.
  - Don’t pivot because you don’t feel like to validate the hypothesis.

Le Produit Minimal Viable

Est-il un prototype?

La plus petite version du produit nécessaire pour pouvoir vendre à des clients potentiels.
[Frank Robinson]

L'ensemble minimal de fonctionnalités pour développer une clientèle.
[Steve Blank]

Produit Minimal Viable (approche Lean Startup)

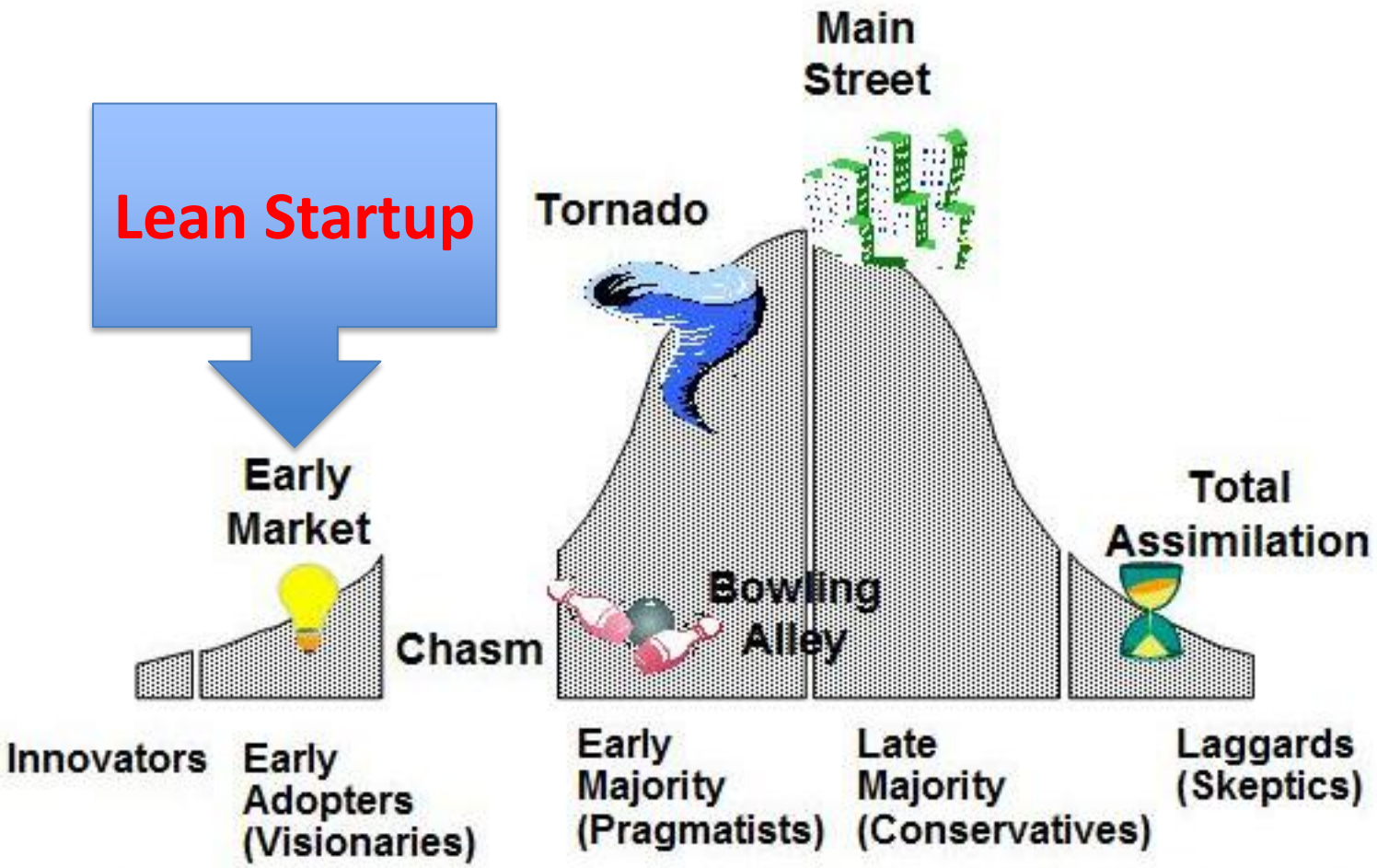
Une version d'un nouveau produit qui permets de avancer le processus de validation des enseignements et d'apprendre le plus sur les vrais besoins du client, moyennant le minimum d'effort et le plus vite possible.

- Qualité minimale
- Fonctionnalités strictement nécessaires et interchangeables
- Impact mesurable sur les indicateurs
- Facilement modifiable/adaptable

« Si ne vous êtes pas embarrassés par la première version de votre produit, ça veut dire que vous l'avez lancé sur le marché trop tard! »

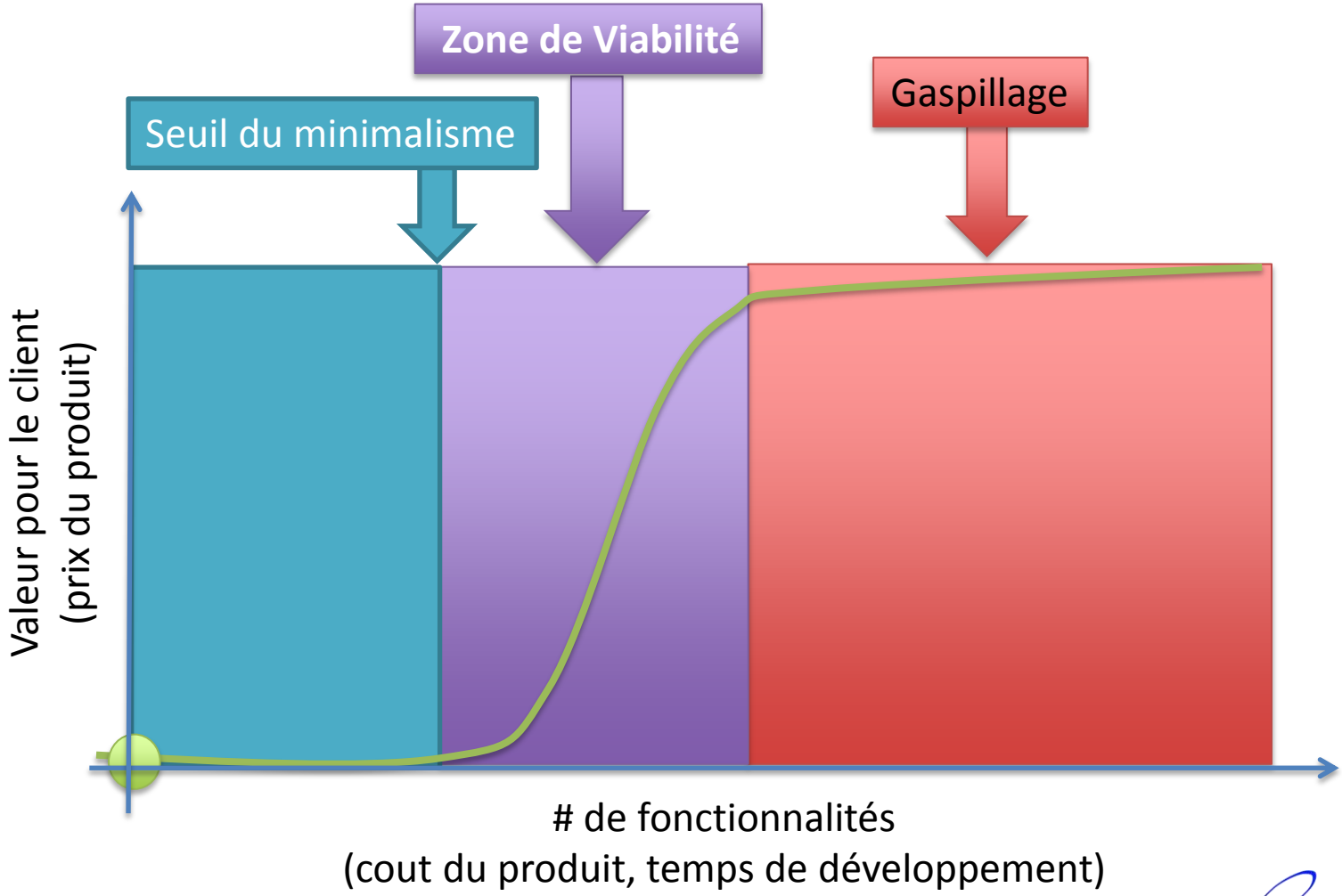
[Reid Hoffman, CEO de LinkedIn]

Clients Précoces, Pionniers et Primo-Adoptants



Source: Moore (2002), *Crossing the Chasm;* Wiefels (2002), *The Chasm Companion.*

Minimalisme et Viabilité



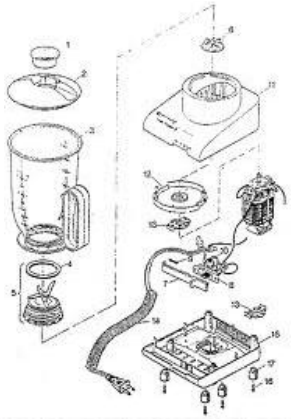
Types de MVP

- Test de fumée:
  - Vidéo illustratif
  - Landing Page
  - Promesse de produit
- Concierge:
  - Service fourni à la main (Derrière les coulisses)
  - Produit crée « artisanalement »
- 1-fonctionnalité fini (Beta)
- Multifonctionnalités non-fini (Alpha)

Types de fonctionnalités

Fonctionnalités essentielles:

- sans elles, le produit n'existe pas.

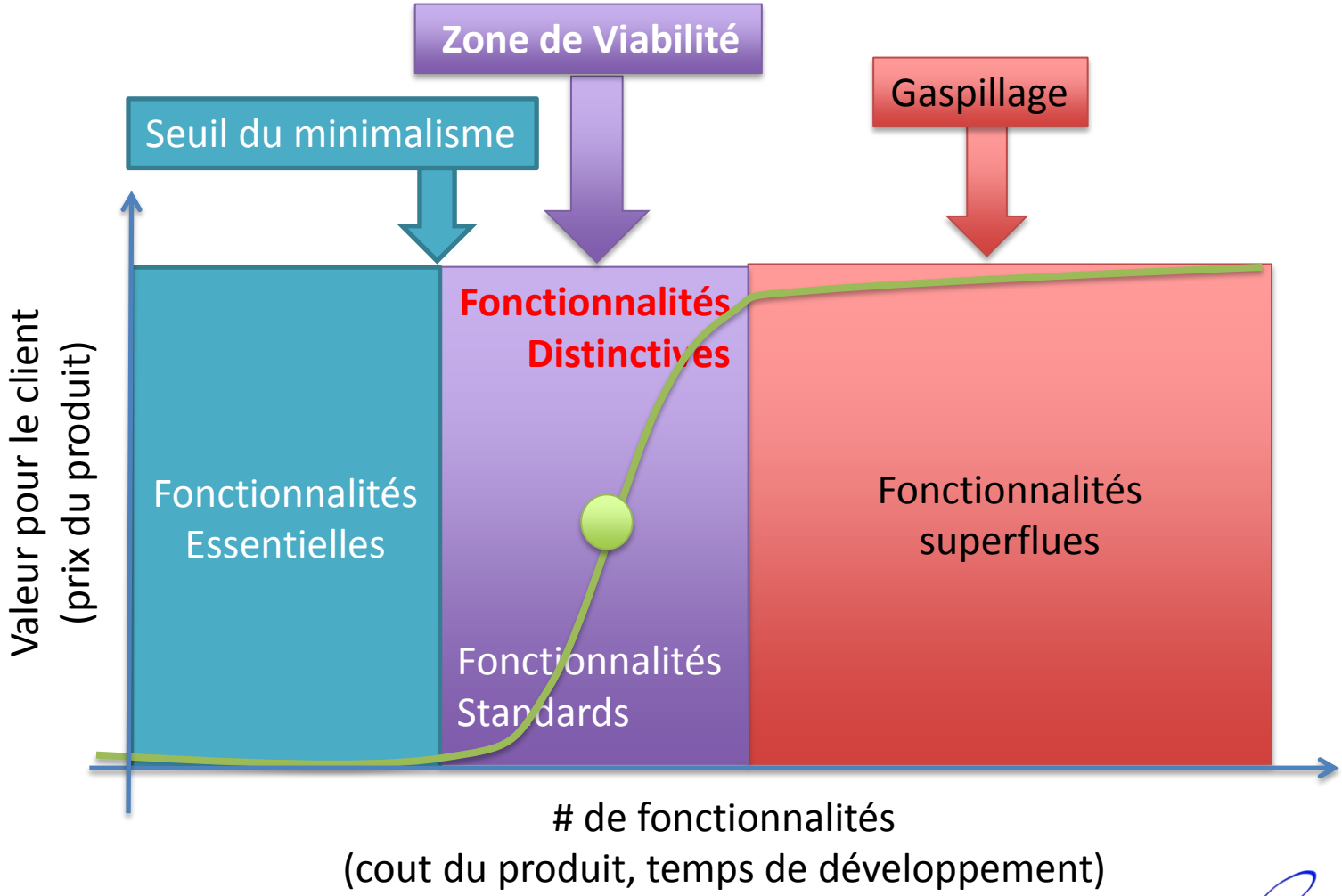


Fonctionnalités standard:

- elle sont présentes dans la plus part des produits similaires

Fonctionnalités distinctives:

- celles qui rendent votre produit « unique »!


Zone de Viabilité
Seuil du minimalisme
Gaspillage
Valeur pour le client
(prix du produit)
Fonctionnalités Essentielles
Fonctionnalités Distinctives
Fonctionnalités Standards
Fonctionnalités superflues
de fonctionnalités
(cout du produit, temps de développement)

innovation games

Achète une « Feature »

Jeux d'innovation pour définir les fonctionnalités du Produit Minimal Viable

Instructions

- Chaque participant est doté d'un budget limité: $100
- Phase 1: Présentation du produit et ses fonctionnalités
  - Décrire les fonctionnalités (max 5)
  - Prix pour chaque fonctionnalité (minimum prix: $300)
- Phase 2: Vente des Fonctionnalités
  - Négociations/Compétition/Coopération entre les acheteurs
- Phase 3: Analyse des résultats
  - Validation des hypothèses
  - Nouvelle priorisation des fonctionnalités

Startup Weekend, le succès d'un marathon entrepreneurial

18 Novembre 2013

PAR LEILA UEBERSCHLAG **Créer son entreprise en trois jours: la dixième édition suisse du Startup Weekend s'est tenue samedi et dimanche derniers à Genève. Immersion dans un univers d'innovation.**

L'équipe "Follow me".

ARTICLES EN RELATION

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L'INFO DU JOUR

Londres aura sa banque d'affaires Rothschild

FINANCE La banque genevoise va ouvrir une section banque d'affaires à Londres, en plus des activités déjà présentes.

Eveline, notre mauvaise fée

STÉPHANE BENOIT-GODET 2

Eveline, chère Eveline. J'ai tout de suite aimé ton petit air chafouin: toi, tu n'allais pas t'en laisser conter et tu serais la méchante rêvée pou...

Le Grand Prix d'Horlogerie de Genève en images

HORLOGERIE Le tout Genève se pressait vendredi 15 novembre à la cérémonie où Girard-Perregaux a été distingué pour la montre Echappement Constant. 1

LES PLUS LUS DE LA SEMAINE

MONNAIE Bitcoin franchit la barre des 400 dollars

DESIGN Comment Logitech redevient cool

ENTREPRISES 41 idées pour lancer votre business

RÉSEAU SOCIAL Comment optimiser son compte LinkedIn

Conseils

- Entre 4-8 Caractéristiques par produit (5 pour ce jeu)

- Types d'hypothèses:
  - Caractéristiques souhaités par les clients
  - Valeur perçu des caractéristiques « couteux » à réaliser
  - Must-have (plus chères) vs Nice-to-have (moins chères)

- Stratégie:
  - Priorisation par le prix:
    - Majeur le risque, plus haut le prix
  - Prix plus élevé du budget individuel:

    $\Rightarrow$ les acheteurs doivent créer des coalitions pour acheter

    $\Rightarrow$ confirme l'importance de la fonctionnalité

Types de vente

Indicateurs

Enchère:

- Chaque fonctionnalité existe en une seule instance
- Compétition sur l'achat

Quelles fonctionnalités vendues et pour quel prix

Supermarché:

- Les fonctionnalités peuvent être achetés à volonté (à leur prix)

Objectif sur le nombre de fonctionnalités vendues

CrowdFunding:

- Pour chaque fonctionnalités on comptabilise les donations (libres)

Atteinte d'un cap fixé pour chaque fonctionnalité

Show me the money!

Liste des fonctionnalités (type the vente: kickstarter)

Fonctionnalité	Cap	Resultat
1. Prise de vue aérienne manuelle (avec pilote du drone)	500	
2. Prise de vue aérienne automatique (sans pilote du drone)	800	
3. Montage vidéo de la séquence enregistrée	300	
4. Prise de vue aérienne automatique avec deux angles de vue (avec 2 drones)	400	

lean start

lean start

4 main misconceptions about Lean Startup

Lean Startup generates waste, not avoid it

- When you pivot, you throw away what you have done so far (i.e. an experiment)
- Actually, you plan validation experiments:
  - Set deadlines
  - Allocate resources
  - Determine progress and success
- Learn is never a waste
- Minimize resources / Maximize Learning

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Lean Startup is against Business Plans

- No, Lean Startup allows you to create a Solid Business Plan for scaling the business!
- Due diligence BEFORE writing the plan.
- Separate the Search for Product-Market Fit phase and the Scaling phase.
- Address the Market Risk first, and then the Technical Risk (if any).
- Trust first hand facts, not market reports.

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Lean Startup means Cheap/Small

- No, Lean Startup suggest to start on a small scale
  - (i.e. do validation experiments)
- ..and minimize waste of resources
  - (i.e. fail fast and pivot)
- Depending on your industry, you might require different types of bootstrap investments:
  - Services: low investments, only people's time
  - Hi-tech products: medium investments (prototypes)
  - Life-science: high investments (Research and Trials)

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Lean Startup leads to lack of focus

- No, the vision stays. The Business Model evolves.
- Pivoting does not mean going in several directions.
- Pivoting is a necessary measure after a fundamental hypothesis of the BM is invalidated.
- Pivot save you precious time avoiding going in the wrong direction.

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