Columbia B8799-035: The Lean Launch Pad

Instructors: Steve Blank, Bob Dorf, Sameer Maskey, Anne Busquet, Ashley Zwick, Jay Mehta
Credits: 3
Team Mentor: Andy Smith
TA: Nina Tandon
Days and Times: Monday – Friday 9:00 am – 5:00 pm
Location: Warren 309
Texts: The Startup Owner’s Manual Blank & Dorf
Business Model Generation Osterwalder & Pigneur,
Prerequisite: Interest/passion in discovering how an idea can become a real company.
Application: initial Business Model canvas + team member bios
Goal: an experiential learning opportunity showing how startups are built.

Pre-class Preparation

| Reading/Viewing Assignment for day 1 of the class | Watch Udacity lectures 0, 1 and 1.5
Read: Business Model Generation: pp. 14-49
Startup Owners Manual: pp. 1-84 intro to customer development
Course Strategy: http://steveblank.com/category/lean-launchpad/
Look at: presentations: www.slideshare.net/sblank/tagged/Columbia |

Before You Show Up in Class
Come to class able to answer the following questions:
• What's the difference between search and execution?
• What is a business model versus business plan?
• What is the business model canvas?
• What are the 9 components of the business model canvas?
• What is a hypothesis?
• What is Customer Development?
• What are the key tenets of Customer Development?

Assignment for Aug 26th class
• Prepare your team’s business model using the business model canvas
• Come with a customer contact/visit list that will last a week

Presentation Guidelines for Aug 26th class
Prepare a 2-slide 5-minute presentation:
Slide 1: Title Slide
Slide 2: Business Model Canvas
See for examples
Teams will find it very helpful to meet before class begins. The team can identify customer/industry contacts to target, review/discuss its business model canvas, and begin to refine their initial business model based on a review of the Udacity Lectures 0, 1 and 1.5 and reading in both texts.

**Course Description:**
This course provides real world, hands-on learning on what it's like to actually start a high-tech company. This class *is not about how to write a business plan.* It’s *not an exercise on how smart you are* in a classroom, or how well you use the research library to size markets. And the end result is *not a PowerPoint slide deck for a VC presentation.* And it is most definitely not an incubator where you come to build the “hot-idea” that you have in mind.

This is a practical class – essentially a lab, not a theory or “book” class. Our goal, within the constraints of a classroom and a limited amount of time, is to create an entrepreneurial experience for you with all of the pressures and demands of the real world in an early stage start up.

You will be getting your hands dirty talking to customers, partners, competitors, as you encounter the chaos and uncertainty of how a startup actually works. You'll work in teams learning how to turn a great *idea* into a great *company.* You'll learn how to use a *business model* to brainstorm each part of a company and *customer development* to get out of the classroom to see whether anyone other than you would want/use your product. Finally, based on the customer and market feedback you gathered, you would use *agile development* to rapidly iterate your product to build something customers would actually use and buy. Each day will be new adventure outside the classroom as you test each part of your business model and then share the hard earned knowledge with the rest of the class.
See http://steveblank.com/category/lean-launchpad/ for narrative of the class.

**The Flipped Classroom**

Unlike a traditional classroom where the instructor presents lecture material, our lectures are on-line at Udacity.com. Watching the assigned lectures is part of your daily homework. We expect you to watch the assigned lectures and we will use time in class to discuss questions about the lecture material.

**Class Culture**

Startups communicate much differently than inside a university or a large company. It is dramatically different from the university or large company culture most of you are familiar with. At times it can feel brusque and impersonal, but in reality is focused and oriented to create immediate action in time- and cash-constrained environments. We have limited time and we push, challenge, and question you in the hope you will quickly learn. We will be direct, open, and tough – just like the real world. We hope you can recognize that these comments aren’t personal, but part of the process.

We also expect you to question us, challenge our point of view if you disagree, and engage in a real dialog with the teaching team. This approach may seem harsh or abrupt, but it is all part of our wanting you to learn to challenge yourselves quickly and objectively, and to appreciate that as entrepreneurs you need to learn and evolve faster than you ever imagined possible.

**Amount of Work**

This class requires a phenomenal amount of work on your part, certainly compared to many other classes. Projects are treated as real start-ups, so the workload will be intense. Teams have reported 20 or more hours of work each per week. Getting out of the classroom is what the effort is about. You will be spending a significant amount of time in between each of the lectures outside your lab talking to customers. If you can’t commit the time to talk to customers, this class is not for you.

This class is a simulation of what startups and entrepreneurship is like in the real world: chaos, uncertainly, impossible deadlines in insufficient time, conflicting input, etc.

This class pushes many people past their comfort zone. It’s not about you, but it’s
also not about the class or the teaching team. This is what startups are like (and
the class is just small part of what it is really like.) The pace and the uncertainty
pick up as the class proceeds.

**Team Organization:** *This class is team-based.* Working and studying will be
done in teams. **You will be admitted as a team. Teams must submit a proposal
for entry before the class begins. Projects must be approved before the class.**

Team projects can be software, physical product, or service of any kind. The
teams will self-organize and establish individual roles on their own. There are no
formal CEO/VP’s. Just the constant parsing and allocating of the tasks that need
to be done.

**Suggested Projects:** While your first instinct may be a web/mobile-based
startup we suggest that you consider a subject in which you are a domain expert,
such as your research. In all cases, you should choose something for which you
have passion, enthusiasm, and hopefully some expertise. **Teams that selected a
web or mobile-based product will have to build the site for the class. Do not
select this type of project unless you are prepared to see it through.**

**Deliverables**

1. Teams building a physical product must show us a costed bill of materials
   and a prototype.
2. Teams building a web product you need to build the site, create demand,
   and have customers using it. See [http://steveblank.com/2011/09/22/how-
3. Your team will present a daily in-class PowerPoint summary of progress

**Class Roadmap**

Each day’s class is organized around:
• Student presentations on their “lessons learned” from getting out of the building and iterating or
  pivoting their business model.
• Comments and suggestions from other teams, and teaching teams, on the lessons learned.
• Discussion about the lecture on one of the 9 building blocks of a business model (see diagram
  below, taken from *Business Model Generation*).
“Genius is the ability to make the most mistakes in the shortest amount of time.”

Monday, August 26th

Time: 9:00 – 9:15 am
Introduction: **Class Introduction: Intro to the Week**
Location: Warren 309

- Teaching Team Introductions
- Class Goals
- Teaching Philosophy
- Expectations of You

Time: 9:15 – 12:30
Lecture 1: **Your Business Model Canvas**
Location: Warren 309

- Team Introductions – each of the teams will present its business model canvas

Time: 12:30 – 1:15 pm
Discussion 1: **Business Models/Customer Development** - Discussion
Location: Warren 309

*Requires you to have watched Udacity Lectures 0, 1, 1.5a and 1.5b*

Class Discussion
What’s a business model? What are the 9 parts of a business model? What are hypotheses? What is the Minimum Feature Set? What experiments are needed to run to test business model hypotheses? What’s “getting out of the building?” What is market size? How to determine whether a business model is worth doing?

Time: 1:15 – 2:00 pm
Lecture 2: **The Art of Customer Discovery**
Location: Warren 309

*Class Lecture/Role Play: How to Talk to Customers*
Understanding the problem, understand the solution. Why it’s different than selling.
Time: 2:00 pm - (start may be delayed)

Get out of the building!
We expect you to have set up meetings to talk to potential customers.

In a startup there is no “spare time.”

Deliverables for tomorrow, Tuesday, August 27th

Watch: Udacity Lectures 2 and 3
Read:
- The Startup Owner’s Manual, page 53-84, 195-199
- Business Model Generation, pp. 86-111, 135-145

You will be presenting your results tomorrow morning.

Team Presentation for tomorrow, Tuesday August 27th
- Slide 1: Cover slide (appendix A, slide 1)
- Slide 2: Current business model canvas with any changes marked
- Slide 3: Market size
- Slide 4: Type of business: IP, licensing, startup, unknown
- Proposed experiments to test customer segment, value proposition, channel and revenue model of the hypotheses:
- What constitutes a pass/fail signal for each test (e.g. at what point would you say that your hypotheses wasn’t even close to correct)?
- See examples at: http://www.slideshare.net/sblank/presentation-examples-for-class-2-mkt-size-and-hypotheses-testing

Class starts at 1:30 pm tomorrow
### Tuesday, August 27th

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<td><strong>Discussion 2:</strong></td>
<td>Value Proposition / Customer Segments</td>
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*Requires you to watch Udacity Lectures 2 and 3*

What is your product or service? How does it differ from an idea? Why will people want it? Who’s the competition and how does your customer view these competitive offerings? Where’s the market? What’s the *minimum feature set*? What’s the Market Type? What was your inspiration or impetus? What assumptions drove you to this? What unique insight do you have into the market dynamics or into a technological shift that makes this a fresh opportunity?

Who’s the customer? User? Payer? How are they different? Why do they buy? How can you reach them? How is a business customer different from a consumer? What’s a multi-sided market? What’s segmentation? What’s an archetype?

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<tr>
<td><strong>Examples:</strong></td>
<td>Business Model Canvas Examples</td>
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*Class Lecture:* **Best practice examples in the evolution of business models.**

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*Team Presentations: 10 minutes each* (all teams)
**Deliverable for Wednesday, August 28th**

**Watch:** Udacity Lectures 4 and 5  
**Read:**  
- Business Model Generation, pp. 127-133, 146-150, 161-168 and 200-211  

**Team Presentation for tomorrow, Wednesday, August 28th**  
- Get out of the building and talk to as many people as you can  
- What were your value proposition hypotheses?  
- What were your customer segment hypotheses?  
- Get out of the building and begin to talk to customers for Sept 26th  
  - What did potential customers think about your value proposition hypotheses?  
  - Follow-up with Survey Monkey (or similar service) to get more data  
- See examples at:  
  - [http://www.slideshare.net/sblank/presentation-examples-for-class-3-value-proposition](http://www.slideshare.net/sblank/presentation-examples-for-class-3-value-proposition) and  
  - [http://www.slideshare.net/sblank/presentation-examples-for-class-4-customer-segments](http://www.slideshare.net/sblank/presentation-examples-for-class-4-customer-segments)

- Slide 1: Cover slide (appendix A, slide 1)  
- Slide 2: Current business model canvas with any changes marked  
- Slide 3: Tell us about your Customer Segments  
- Slide 4: Tell us about your Value Proposition that match those Customer Segments  
- Slide 5: What are your proposed experiments to test customer segment, value proposition, channel and revenue model of the hypotheses:  
  - What constitutes a pass/fail signal for each test (e.g. at what point would you say that your hypotheses wasn’t even close to correct)?  
- Slide 6 - n: What did you learn about your value proposition from talking to your first customers?  
  - Hypothesis: Here’s What We Thought  
  - Experiments: So Here’s What We Did  
  - Results: So Here’s What We Found  
  - Iterate: So Here’s What We Are Going to Do Next

**Class starts at 1:30 pm tomorrow**
Wednesday, August 28th

Time: until 12:30 pm
Discovery
Location: Get out of the building!
We expect you to have set up meetings to talk to potential customers.

Time: 12:30 – 1:30 pm
Working Lunch
Locations: Office Hours (by assigned appointment)
Warren 209 & Warren 309

Time: 1:30 – 2:30 pm
Discussion 3: Channels / Get, Keep, Grow / Revenue
Location: Warren 309

Requires you to watch Udacity Lectures 4, 5 and 6

What’s a channel? Physical versus virtual channels. Direct channels, indirect channels, OEM. Multi-sided markets. B-to-B versus B-to-C channels and sales (business to business versus business to consumer)

How do you Get, Keep and Grow customers? How does it differ on the web versus other channels? Evangelism vs. existing need or category? General Marketing, Sales Funnel, etc. How does demand creation differ in a multi-sided market?

What’s a revenue model? What types of revenue streams are there? What are pricing tactics? How does revenue model and pricing differ on the web versus other channels? How does this differ in a multi-sided market?

Time: 2:30 – 3:00pm
Coffee Break – change classrooms

Time: 3:00 - 5:00pm
Presentations: Team Presentations
Locations: Warren 209 & Warren 309
Team Presentations: 10 minutes each (all teams)
**Deliverable for Thursday, August 29th**

**Watch:** Udacity Lectures 7 and 8  
**Read:**  
*The Startup Owner’s Manual*, pages 227-256, 277-342 

**Team Presentation for Thursday, August 29th**  
- Get out of the building and talk to 10-15 potential channel partners face-to-face (Salesmen, OEM’s distributors, etc.)  
- What were your hypotheses about who/what your channel would be? Did you learn anything different?  
- Present and explain your marketing campaign. How will you Get customers?  
- Did anything change about your Value Proposition?  
- See examples at:  
  - [http://www.slideshare.net/sblank/presentation-examples-for-class-5-distribution-channels](http://www.slideshare.net/sblank/presentation-examples-for-class-5-distribution-channels) and  
  - [http://www.slideshare.net/sblank/presentation-examples-for-class-6-customer-relationships](http://www.slideshare.net/sblank/presentation-examples-for-class-6-customer-relationships) and  
  - [http://www.slideshare.net/sblank/presentation-examples-for-class-7-revenue-models](http://www.slideshare.net/sblank/presentation-examples-for-class-7-revenue-models) 

- Slide 1: Cover slide (appendix A, slide 1)  
- Slide 2: Current business model canvas with any changes marked  
- Slide 3: Tell us about your Channels, Get Strategy and Revenue Model  
- Slide 5: What are your proposed experiments to Channels, Get Strategy and Revenue Model:  
  - What constitutes a pass/fail signal for each test (e.g. at what point would you say that your hypotheses wasn’t even close to correct)?  
- Slide 6 - n:  
  - Hypothesis: Here’s What We Thought  
  - Experiments: So Here’s What We Did  
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### Thursday, August 29th

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<td><strong>Discussion 4:</strong></td>
<td><strong>Partners, Key Resources &amp; Activities</strong></td>
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Requires you to watch Udacity Lectures 7 and 8

Who are partners? Strategic alliances, competition, joint ventures, buyer, supplier, licensees. What resources do you need to build this business? How many people? What kind? Any hardware or software you need to buy? Any IP you need to license? How much money do you need to raise? When? Why?

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*Team Presentations: 10 minutes each (all teams)*
Deliverable for Friday, August 30th

Read:
- Business Model Generation, pages 200-211
- The Startup Owner's Manual, pages 406-412

Final Team Presentation for August 30th
- Get out of the building and talk to 10-15 customers

Final presentation format:

- 2 minute YouTube video
  - examples here: http://www.slideshare.net/sblank/videos
- 8 minute presentation
  - examples here: http://www.slideshare.net/sblank/tagged/Columbia
  - and here http://www.slideshare.net/sblank/tagged/stanford
- Here's what we thought - day 1
  - Day 1 canvas
  - diagrams if you can draw any
  - Text summary if not
- Here's what we learned - days 2-4
  - Day 2-4 canvases
  - Use diagrams
- Here's where we ended - day 5
  - Use diagrams
  - Text summary
- Here's What We Are Going to Do Next

Class starts at 10:00 am tomorrow
Friday, August 30th

Time: until 10:00 am

Discovery

Location: Get out of the building!
We expect you to have set up meetings to talk to potential customers.

Time: 10am – 12:00 pm

Team Final Presentations

Locations: Warren 309

Team Presentations: maximum 8 minutes each (all teams)
  - Slide 1: Cover slide
  - Slide 2: Current business model canvas with any changes marked
  - Slide 3: What did you learn about your value proposition from talking to your first customers?
    - Hypothesis: Here’s What We Thought
    - Experiments: So Here’s What We Did
    - Results: So Here’s What We Found
    - Iterate: So Here’s What We Are Going to Do Next

Time: 12:00 – 1:00 pm

Lunch

Time: 1:00 - 1:30 pm

Discussion 5: Costs and Metrics that Matter

Location: Warren 309

Class Lecture: Importance of cash flows? When do you get paid vs. when do you pay others?

Pivot or Proceed: what data you need to assemble, and how to determine whether you have validated your business model to the point where moving forward makes sense.

Time: 1:30 – 2:00 pm

Entrepreneurship Q&A

Locations: Warren 309