

STARTUP 101 & THE LEAN STARTUP

Eric Hartman

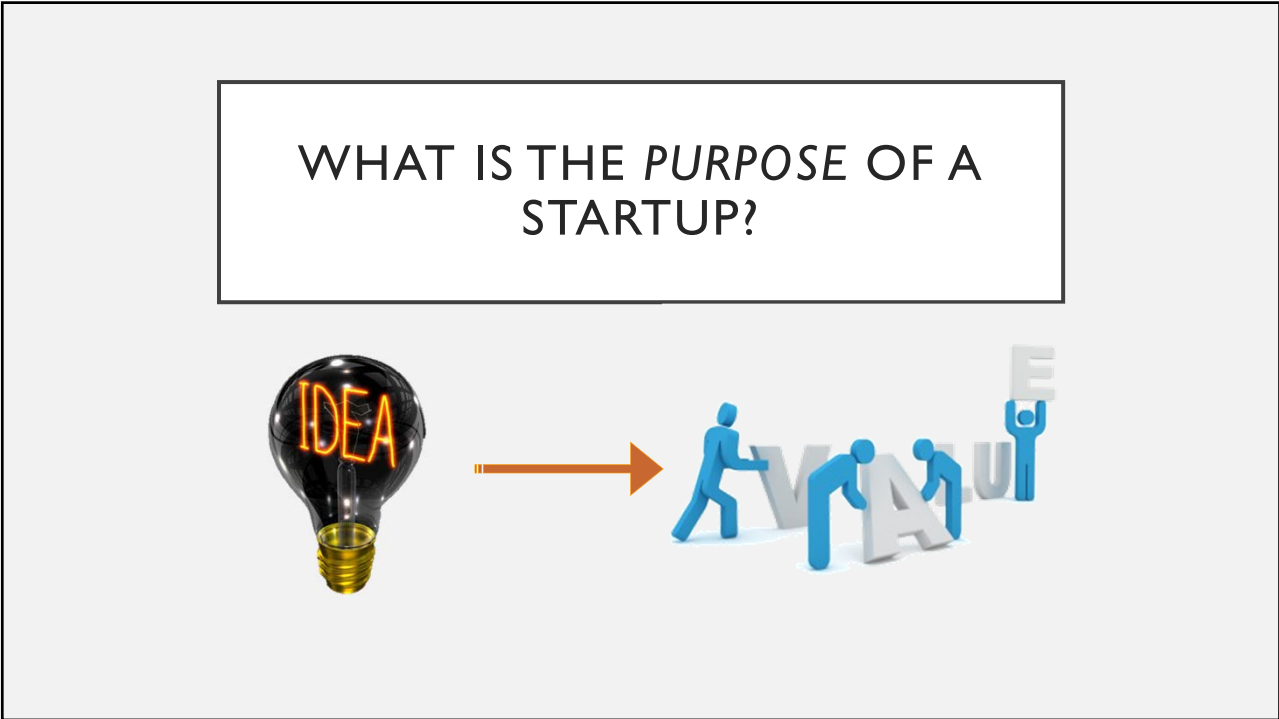
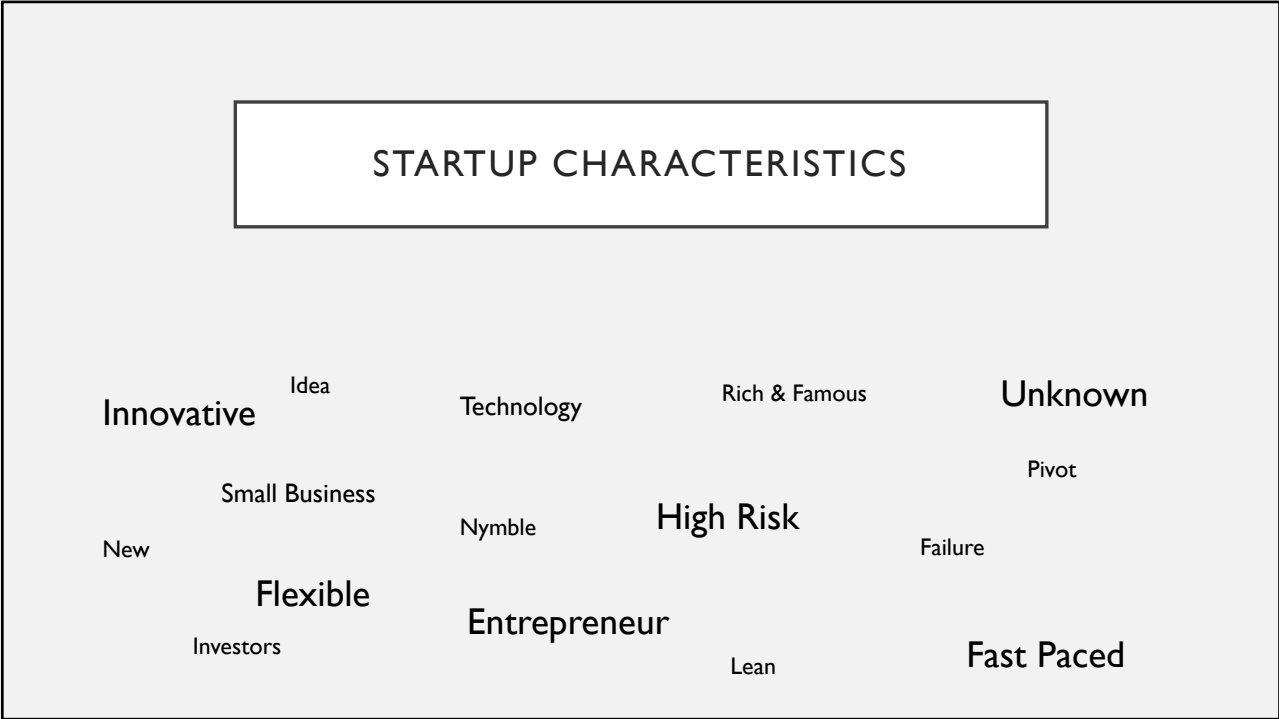
Director, Lexington Office, Kentucky Innovation Network

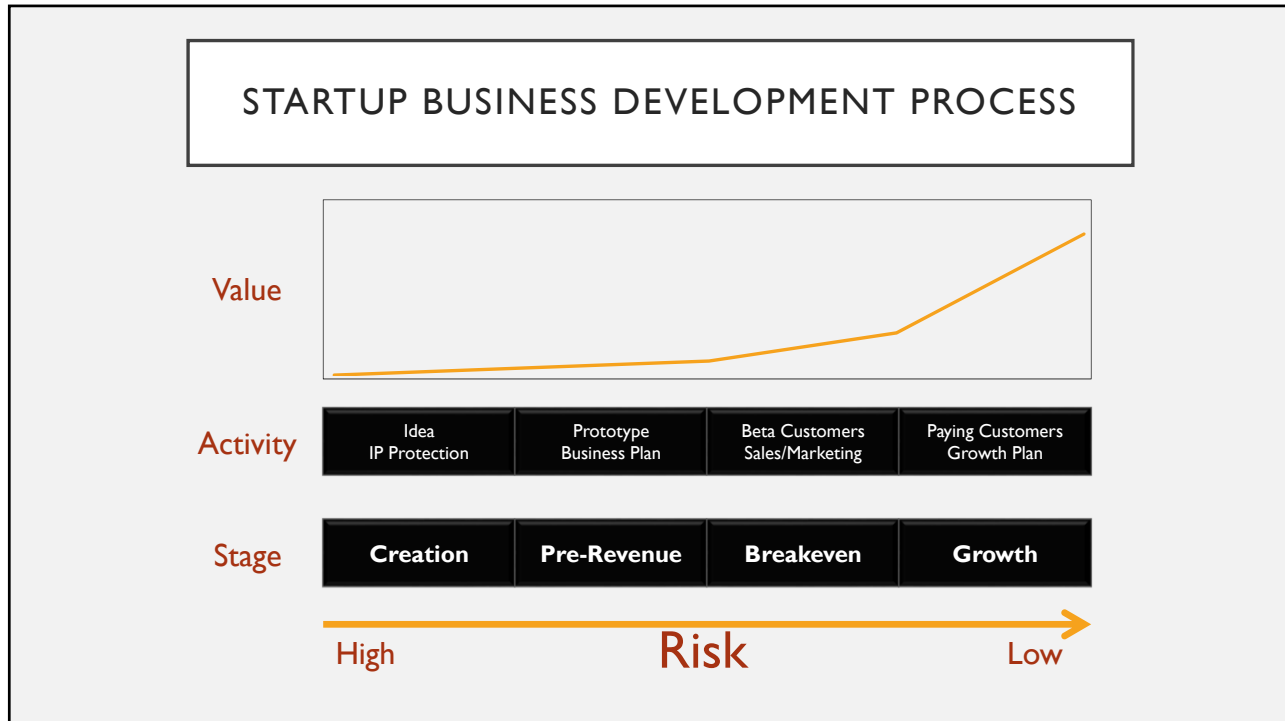


WHAT IS A STARTUP?

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

Eric Ries
The Lean Startup





VALUE CREATION
 IS DIRECTLY PROPORTIONAL
 TO
RISK REDUCTION

STARTUP RISK QUESTIONS

Do we understand our value proposition? Who is our customer?

Is there a need in the marketplace? Do we understand the customer's problem?

Will customers like our product? How much will customers pay?

How do they want to buy? What features does the product need?

How will we make money? Will customers tell their friends?

Will customers buy? Will anyone use the product?

Is our product better than the competition? Are customers willing to change?

How will we sell our product? How will we make our product?

LEAN STARTUP PRINCIPLES

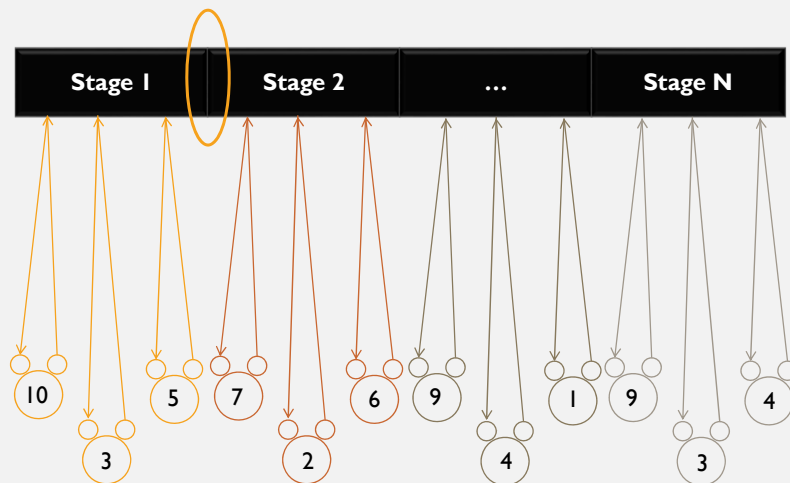
- Identify **Leap of Faith Assumptions** ('risk')
- Run **experiments** to test assumptions
 - Collect data to answer questions
 - Design and development work [only] to support experiments
- **Adjust** business plan based on experimental results ('pivot')
- **Track progress** ('innovation accounting')

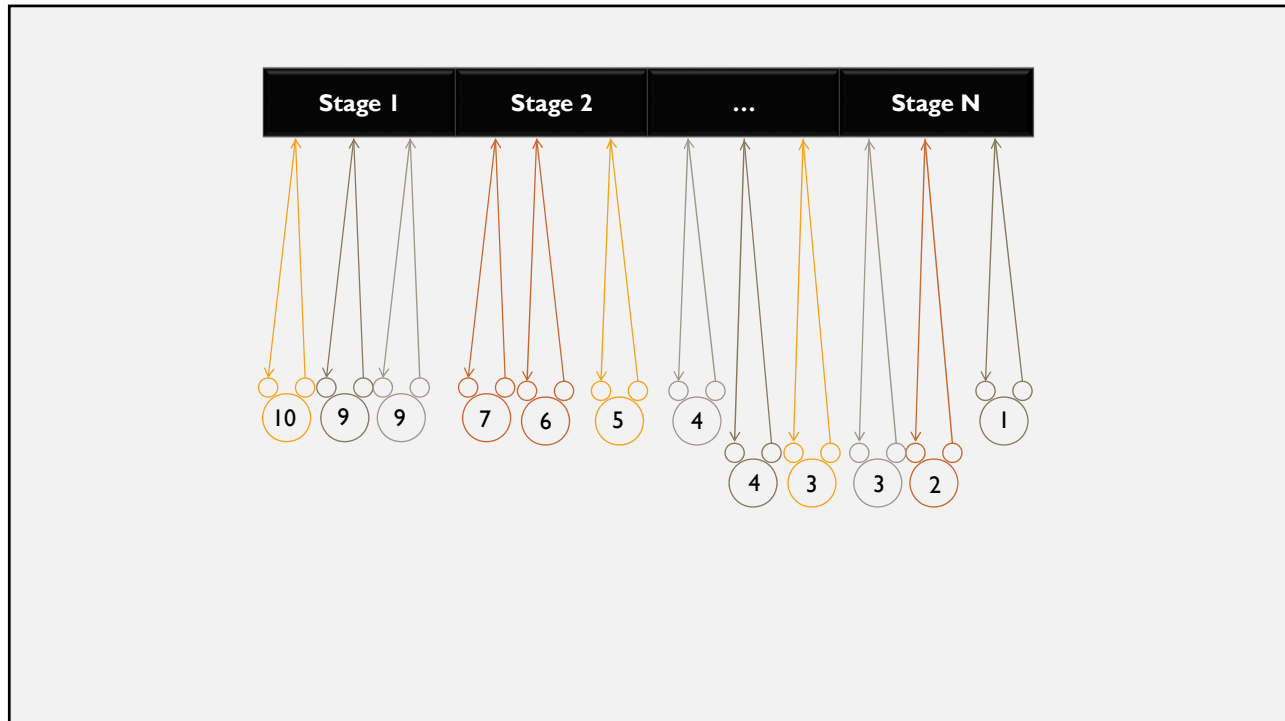
ROI RATIO

- Assess Degree of Risk Reduction ($\Delta Risk$)
- Budget ($Cost$)
- Calculate Return on Investment – ROI Ratio

$$ROI\ Ratio = \frac{\Delta Risk}{Cost}$$

- Prioritize by Ratio
 - If High Ratio (High ROI), Execute ASAP
 - If Low Ratio (Low ROI), Delay to later stage

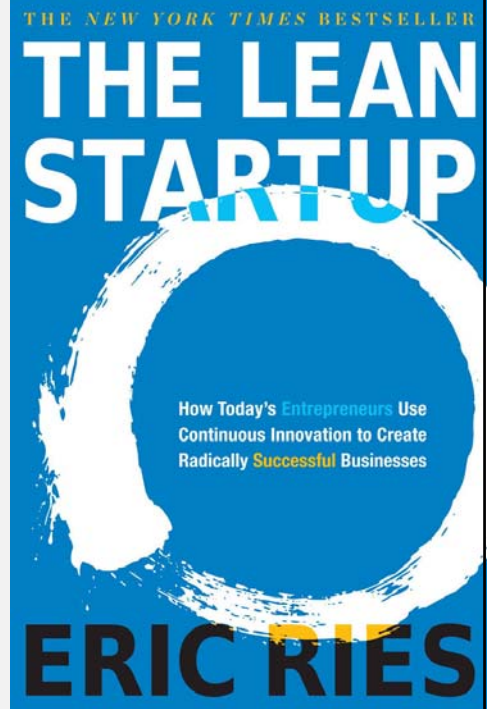




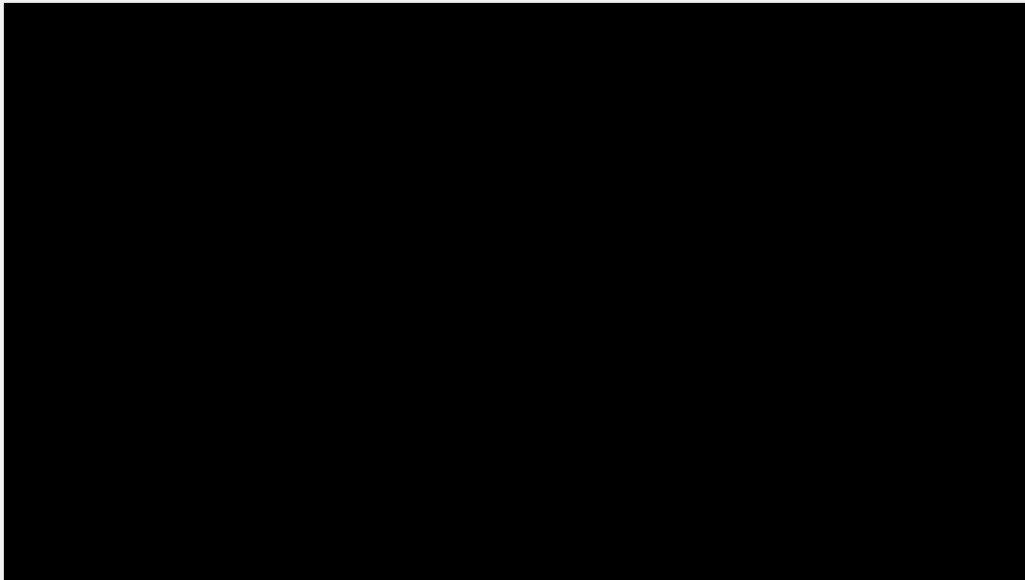
STARTUP ENTREPRENEUR'S CHARGE

Identify and mitigate risks - quickly, efficiently - thereby creating value.

THE LEAN STARTUP



"The Lean Startup" by Eric Ries - BOOK SUMMARY



<https://youtu.be/sobxOzRjAGg>

LEAP OF FAITH ASSUMPTIONS

- “An Entrepreneur’s Super Power”
- What assumptions?
 - Value Hypothesis
 - Growth Hypothesis



BUILD – MEASURE – LEARN

- Kaizen - Continuous and incremental improvement
- Small Batch Approach
- Steer the Ship

BUILD – MEASURE – LEARN



MINIMUM VIABLE PRODUCT - MVP

- Types of MVP
 - Video MVP (looks like)
 - Concierge MVP (works like)
- **START!!!**

MVP RESTAURANT EXAMPLE



MVP²



MVP



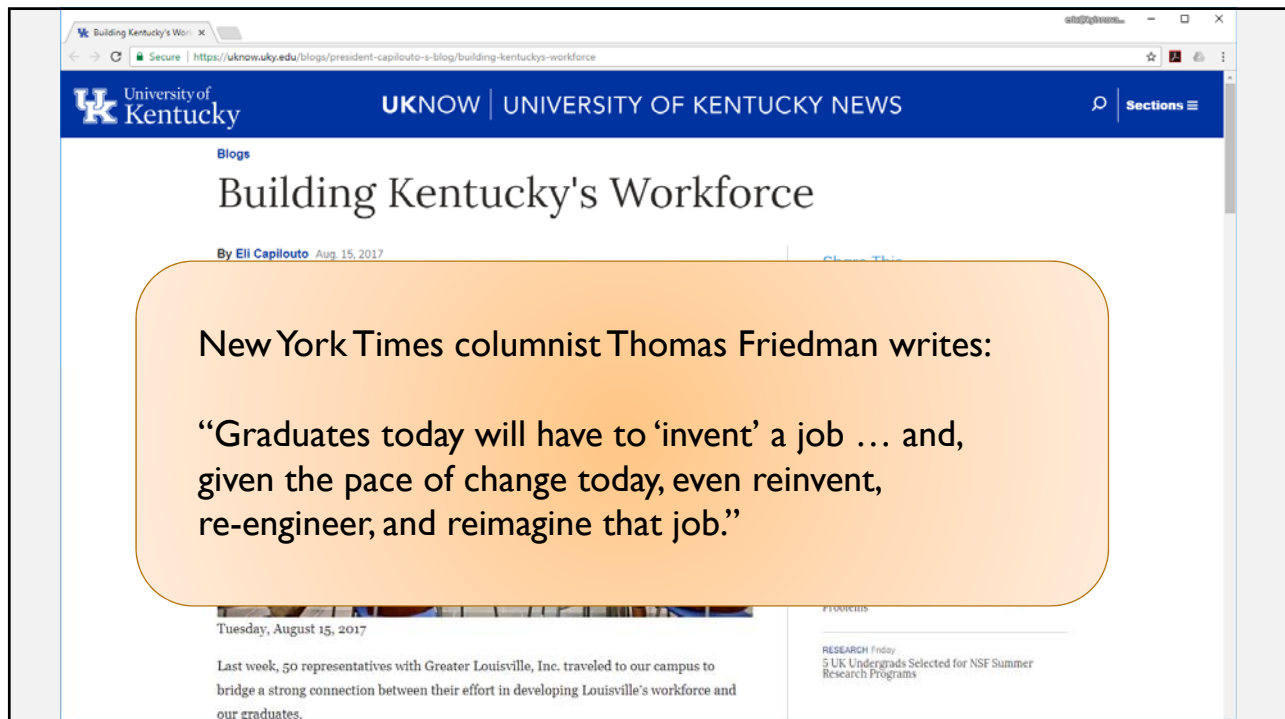
End Goal

THINK LEAN CHALLENGE

- Can we answer the question Cheaper?
- Can we answer the question Faster?
- Can we take it to the customer Sooner?
- Do we really need to do this / build this?
- How does this mitigate risk?

There is nothing so useless as doing efficiently that which should not be done at all. – Peter Drucker

WHY ENTREPRENEURSHIP?



The screenshot shows a web browser window displaying a news article from the University of Kentucky. The browser's address bar shows the URL: <https://uknow.uky.edu/blogs/president-capilouto-s-blog/building-kentuckys-workforce>. The page header includes the University of Kentucky logo and the text "UKNOW | UNIVERSITY OF KENTUCKY NEWS". Below the header, the article title "Building Kentucky's Workforce" is displayed, followed by the author "By Eli Capilouto" and the date "Aug 15, 2017". A large orange callout box contains the text: "New York Times columnist Thomas Friedman writes: 'Graduates today will have to 'invent' a job ... and, given the pace of change today, even reinvent, re-engineer, and reimagine that job.'". Below the callout, the article text begins with "Tuesday, August 15, 2017" and "Last week, 50 representatives with Greater Louisville, Inc. traveled to our campus to bridge a strong connection between their effort in developing Louisville's workforce and our graduates." A sidebar on the right contains a "RESEARCH Friday" section with the text "5 UK Undergrads Selected for NSF Summer Research Programs".

Building Kentucky's Workforce

By Eli Capilouto Aug 15, 2017

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RESEARCH Friday
5 UK Undergrads Selected for NSF Summer Research Programs



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