

Types of New Ventures

- **Salary Substitute Firms**

- In this kind of entrepreneurship, the entrepreneur is seeking to create a career for themselves. They generally want to create a business at which they intend to work for many years. They may not intend to sell the business unless they are planning to retire and do not have a family member to hand this down to.
- Examples include: Restaurants, convenience stores, dry cleaners, doctor's offices, service stations, etc.

- **Life Style Firms**

- These kinds of firms are created when a person wants to indulge their passion, their hobby or their desire for a particular lifestyle.
- Examples might include: artists and galleries, custom jewelry makers, pet services, sporting goods and services, and others.
- A marina owner I met in Tortola was a former Wall Street Executive

- **Entrepreneurial Firms**

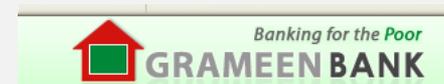
- Details on the next page.

Types of New Ventures –Entrepreneurial Firms

- **Entrepreneurial Firms**
 - These kinds of firms are generally created by individuals that feel that they have a potential business from which they can profit handsomely.
 - In many cases, the entrepreneur is planning to start the firm, but then find a way to sell the firm, go public, or otherwise profit from the value that their hard work has created.
 - Many of our best known examples of recent entrepreneurship fall in this category.
 - Examples include Facebook, Amazon, Google(Now Alphabet), Instagram.
- Often they begin as private firms, but eventually most of them “go public” through some kind of “exit strategy.”
 - Going public refers to being able to sell shares of the company in one of the public market places or stock exchanges.
- An exit strategy is some way that the founders and early investors are able to cash out on the value they have created.
 - One exit strategy is to sell the company to a larger company. The early investors are then paid for their shares and take the profit. This is termed “being acquired.”
 - Another way to exit is to do an Initial Public Offering (IPO).
 - In an IPO, the company registers their shares on a stock exchange and offers them for sale to the public. This is a very formal and highly regulated process.

Different types of Entrepreneurship

- **Technology Entrepreneurship**
 - A firm built on the application of some technology to a business problem.
 - Google, Yahoo, Facebook, Microsoft, Apple, Twitter, Instagram, Tinder, Amazon, etc.
- **Small Business Entrepreneurship**
 - Often an example of a salary substitute firm
 - Restaurants, laundry, small grocery stores,
- **Corporate Entrepreneurship**
 - Entrepreneurial activity in a very large firm
 - Can be by investing in smaller firms and spin-offs, or
 - Projects can be set up in “sandboxes” inside the larger firm and protected from the corporate bureaucracy in order to let them innovate.
- **Social Entrepreneurship**
 - The primary driver is a focus on a social mission.
 - They can be EITHER non-profit or for-profit.
 - They do not need to be non-profit.
 - They are often set up to make a profit in order to make the firm self sustaining.
 - Examples include the case we will study this week, [SELCO and Harish Hande](#) as well as the Grameen Banks founded by Noble Prize winner [Muhammad Yunas](#) or another firm, [d-Light](#).

The logo for Yahoo!, featuring the word "YAHOO!" in a bold, red, sans-serif font with a registered trademark symbol.The logo for Google, featuring the word "Google" in its characteristic multi-colored font (blue, red, yellow, blue, green, red).

The Team: ILinc LearnLinc Founders

- Degerhan Usluel, Mark Bernstein, Jack Wilson
- Sat in my basement to discuss: what kind of company did we want to build.
 - We all had the same answer: Become a public company by being acquired or doing an IPO.
- We founded ILinc in 1993 and sold it in 2000 as part of a triple reverse merger.
- Software Company
- Sold in 2000 to Gilat Communications for \$52 million
- Resulting Company \$500 million by March 2000.



- <http://www.jackmwilson.net/ILincLearnLincStory-text.htm>
- <http://www.jackmwilson.net/Entrepreneurship/Cases/Case-ILINC-LearnLinc%20Case.pdf>

ILinc in Wall Street Journal

"It's great -- by using it, we've cut our travel expenses substantially," says Gary Schweikhart, a spokesman for Office Depot, an office-supply company in Delray Beach, Fla. Office Depot first took its corporate training sessions on-line in May 1996. It was one of the first customers of **Interactive Learning International Inc., or ILINC**, a Troy, N.Y., maker of distance-learning software. Since then, about 1,500 Office Depot employees have completed on-line training, on everything from how to write a business letter to how to use the company's proprietary order-taking system.

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TECHNOLOGY JOURNAL / NET INTEREST

Software Seeks to Breathe Life Into Corporate Training Classes

Workers Avoid Long Courses — And Long Trips

By REBECCA QUICK

Staff Reporter of THE WALL STREET JOURNAL

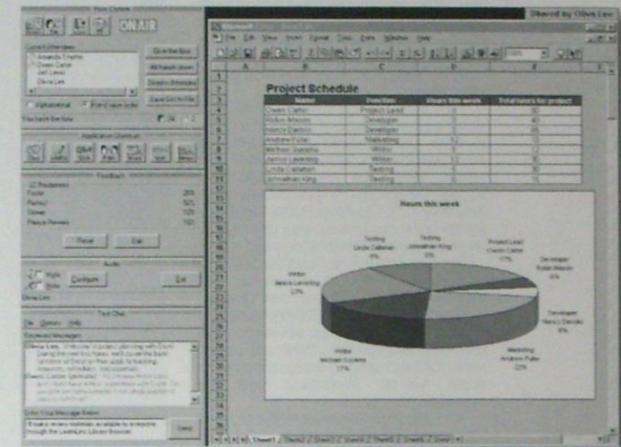
THE INTERNET promises a lot of miracles, but here's one thing even it can't do: make corporate training classes actually enjoyable.

But maybe it can make them a little less painful.

A handful of Web companies are designing software packages that allow workers, sitting at their own desks, to learn everything from basic computer skills to accounting methods from live instructors. With just a computer and an Internet connection, these software applications allow you to dial in to a virtual classroom—along with colleagues from around the globe. The instructor can call on students, lead them through a presentation or throw out a pop quiz to make sure the class is paying attention.

For businesses, the biggest advantage is that cyberspace training cuts out the expense of getting the instructor and students in the same place. It also means that training classes can be pared into shorter sessions and spread out over a number of days or weeks—meaning you don't lose an employee for entire days at a time. Even better, instructors can train employees in multiple locations at one time, allowing for rapid deployments of, say, new software being rolled out to a corporate empire.

The no-travel-required aspect may also be the biggest benefit for the folks who actually have to endure corporate training classes. That means more time at home and less on the road—no more trips to headquarters to learn how to make a spreadsheet. Shorter training sessions are also a plus for



Here is what an instructor using ILinc software sees. The left side displays a list of students logged on, command buttons for turning the floor over to a student, and a dialog box for typing messages to an individual student. The right side is where the teacher guides the students through presentations via an application like a browser.

students: Studies show that retention levels drop (and doodling, no doubt, rises) significantly after two hours.

Of course, some things can't readily be learned over the Internet. Teaching presentation skills, for example, is largely about eye contact, voice projection and body language, skills that don't translate well in the digital realm. And some critics argue that on-line training will never replace the good old-fashioned way of learning.

Still, demand is clearly growing. One interactive-software supplier, Centra Software Inc. of Lexington, Mass., says its revenue has doubled each quarter for the past year. And earlier this year, International Business Machines Corp. acquired Data-

Beam Corp., a Lexington, Ky., firm that sells distance-learning software.

Here's how the software packages work: Students go to a special Web site, on either the Internet or a corporate intranet, and sign in. Once on-line, their screens split in two: On the left side are a set of controls for communicating with the instructor and other students, while the right side shows an application such as a browser, whiteboard or word processor.

Anything the instructor does on the right side of the screen automatically appears on the right side of the students' screens. So, if the instructor, say, moves to a Web site, the entire class is automatically dragged along. Speakers and microphones on the computers

(over please)

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Corporate Entrepreneurship

- Recent business history is replete with companies who have either gone to the corporate graveyard (e.g., **Digital Equipment Corporation**; **Wang**; Siemens-Nixdorf) or are now sadly diminished (e.g., **Polaroid**; Kodak) because of the reluctance of senior management to embrace necessary change (a classical yet apocalyptic example was the collapse of the Swiss watch industry in the 1970s and early 1980s where companies refused to accept the digital threat to their analog dominance).
 - Philip Dover, Babson College and Udo Dierk, Paderborn
- There are also great examples of companies that have re-invented themselves many times over many decades –even centuries.
 - IBM was founded in 1911 to sell tabulating and time recording machines, was named International Business Machines (IBM) in 1924, and managed to evolve over the decades into Selectric typewriters, mainframe computers, IBM PC's, Software, Services, and Cloud Computing.
 - General Electric was founded in 1892 in a merger that included the original Edison Electric. Over the next century GE made and sold various products including light bulbs, appliances, jet engines, radios, televisions, power plants, nuclear reactors, and medical devices, as well as helping to create the entertainment industry and such stalwart names as RCA and NBC. Today they are also a major financial (GE Capital), medical and service industry.
 - Both IBM and GE have prided themselves on their research and have had scientist win the Nobel Prize as well as being prodigious producers of patented intellectual property.

Social Entrepreneurs -"No margin? No mission!"

- Social Entrepreneurs use many of the same techniques as the other forms.
- The key difference is that their primary goal is to meet social needs rather than financial profit.
- However, they do need to make the enterprise financially sustainable and thus they have to attend to revenues, expenses and profits like anyone else.
 - If there is no margin (profit or surplus), then there is no mission.
- They can organize as a non-profit and support the enterprise, at least in part, through charitable donations to the mission. Mother Teresa organized her enterprise in this way.
- They can also organize as a for-profit as did Harish Hande, Muhammad Yunas, and d-Light.

Large Corporations

- Large Corporations will often become involved in some kinds of Social Enterprise.
- They often do this through a sense of corporate responsibility toward the communities in which they operate.
- Corporate Social Responsibility (CSR) has become an important part of their operation and is often required by communities as part of their license to operate.
- The **triple bottom line** encourages companies to focus on more than the bottom line of profits. It includes
 - 1. Social,
 - 2. Environmental, and
 - 3) Financial results.
- Engaging with the community can sometimes be challenging. In many cases the company may be engaging with individuals who are leading bitter protests towards the company.
- All of this is a part of creating sustainable enterprises and sustainable communities. They are linked.

Public Sector

- There is also a need for entrepreneurship in the public sector.
- How can the government deliver better services and do so economically.
- Each year the University Of Massachusetts Lowell sponsors the [Deshpande Symposium on Innovation & Entrepreneurship in Higher Ed.](#)
 - The goal is to
 - 1. teach many US (and international) universities to be more entrepreneurial, and
 - 2. provide educational opportunities for the students to encourage them to be more entrepreneurial.

Motivations

- The primary motivation for most entrepreneurs is “to change the world” or to “make a difference.” Even entrepreneurs who are motivated financially demonstrate strong desires to do these things.
- People feel more satisfied when they are “making a difference.”
- Some research has shown that motivations can be organized in three categories:
 - Darwinians –focused on competition and business success.
 - Communitarians focused on social identity and the community, and
 - Missionaries –who have the strongest desire to change the world.
 - http://www.bsl-lausanne.ch/wp-content/uploads/FauchartGruberAMJ_Oct2011.pdf
- Organizational Motivations –social innovation as
 - Securing a license to operate
 - Community and government pressure to be socially responsible
 - Aligning values
 - Creates an esprit d ’corps and excitement around the mission.
 - Creating a learning laboratory.
 - Involvement in social challenges can yield insights into innovative ways of doing things in difficult conditions.

Entrepreneurship is more of an Art than a Science

–from business plan competitions to the lean launch pad.

Entrepreneurship today is in a state of flux as the field has recoiled from the prescriptive approach of the last decade in which the business plan, and business plan competitions, defined the science of entrepreneurship. The annoying fact that many, if not most, new businesses simply did not use business plans was viewed as something undesirable and needing to be corrected.

As scholars looked at start-ups in a systematic fashion, they also observed that even those that did have business plans rarely executed those business plans in a linear fashion. In fact, most successful new businesses ended up on a trajectory that was not envisioned in the original plan. The ability of a new venture to change its business model dramatically in mid-course has come to be known as a ***pivot***. This has led to many scholars abandoning the idea of the business plan altogether.

An Alternative Viewpoint: Effectual Entrepreneurship

In 2010 Saras Sarasvathy, the University of Virginia, developed and introduced the concepts of effectual entrepreneurship after interviewing 27 expert entrepreneurs. She has criticized the causal process as much too deterministic. Life is simply not that orderly! She and others have proposed an alternative formulation that she terms “the effectual entrepreneur.” In her formulation there are five major principles:

Bird in Hand – Who are you? What do you know? Who do you know? What do you have?

Affordable Loss – Limit risk by focusing on the downside and knowing what you can afford to lose when you go after the upside.

Lemonade – Use your lemons to make lemonade. Use the bad news as a clue to what might work in new markets.

Patchwork Quilt – Form partnerships. Working together can increase the probability of success through co-creation of new markets.

Pilot in the Plane – Control rather than predict. The future is created rather than found or predicted.

- <http://www.effectuation.org/sites/default/files/documents/what-makes-entrepreneurs-entrepreneurial-sarasvathy.pdf>
- <http://www.effectuation.org/sites/default/files/documents/effectuation-3-pager.pdf>
- <http://www.imd.org/news/Creating-entrepreneurs-that-create-opportunities-the-Effectual-Entrepreneurship-textbook.cfm>
- see also “Effectual Entrepreneurship”, by Stuart Read, Saras Sarasvathy, Nick Dew, Robert Wiltbank and Anne-Valérie Ohlsson Routledge Publishing; NY, NT (2010).

The Lean Launchpad

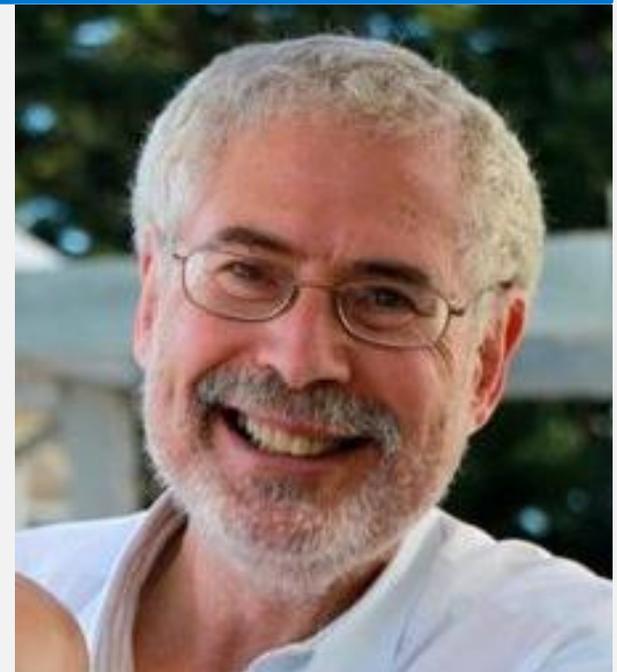
- In this chapter we will introduce the concept of the lean launchpad, as it is used in the National Science Foundation iCorp Program to encourage scientists and engineers to move their research into the market place through entrepreneurship.
 - http://www.nsf.gov/news/special_reports/i-corps/resources.jsp
- You will no doubt notice the similarities to the approach and the conclusions that Steve Blank reached in the development of the lean launchpad.
 - <https://hbr.org/2013/05/why-the-lean-start-up-changes-everything>
- Sarasvathy is a scholar who has done a careful study and published her work in peer reviewed journals to be evaluated and perhaps substantiated (or refuted) by her peers. She refers to her model as “Effectual Entrepreneurship.”
- Blank is a serial entrepreneur of some success who draw on his personal experiences and is a consumer of research rather than a producer. His formidable marketing skills have made the lean launchpad a hot topic around the world.
 - <http://www.forbes.com/sites/steveblank/2013/06/18/the-lean-launchpad-educators-course/#df15d0d43a74>

Steve Blank

Steve Blank became the leading apostle of business plan rejection about five years ago. In 2009 he wrote that *“In the real world, most business plans don’t survive the first few months of customer contact. And even if they did – customers don’t ask to see your business plan.”*

Steve advocated for the supremacy of business models and he enshrined the concept of the pivot as part of his mantra of the **“Customer Development Process”** with the concepts of

- *“minimum viable product (MVP),”*
- *“iterate and pivot”,*
- *“get out of the building,”* and
- *“no business plan survives first contact with customers.”*



- <https://hbr.org/2013/05/why-the-lean-start-up-changes-everything>
- <http://www.forbes.com/sites/steveblank/2013/06/18/the-lean-launchpad-educators-course/#df15d0d43a74>
- <http://steveblank.com/about/>
- <http://steveblank.com/2009/05/07/business-plan-competitions-2/>
- <http://www.businessinsider.com/the-lean-launchpad--teaching-entrepreneurship-as-a-management-science-2011-3>
- <https://www.udacity.com/course/how-to-build-a-startup--ep245>
- <http://www.entrepreneur.com/article/219772>
- <http://nciia.org/sites/default/files/u7/Educators%20Guide%20Jan%202014.pdf>

Steve Blank says:

- After decades of watching thousands of startups follow this standard regimen, we've now learned at least three things:
 1. As business plans are **full of untested assumptions**, they rarely survive first contact with customers. As the boxer Mike Tyson once said about his opponents' prefight strategies: "Everybody has a plan until they get punched in the mouth."
 2. No one, aside from venture capitalists and the former Soviet Union, requires **five-year plans** to forecast a series of unknowns. These plans are generally fiction, and conceiving them is almost always a waste of time.
 3. Startups are **not smaller versions** of large companies. They do not unfold in accordance with master plans. Those that ultimately succeed go quickly from failure to failure, all the while adapting, testing new iterations, and improving their initial ideas as they continually learn from customers.
 - Existing companies execute a business model, startups search for one.
 - This distinction is at the heart of the Lean Startup approach. It shapes the lean definition of a startup:
 - **a temporary organization designed to search for a repeatable and scalable business model.**
- <http://nciia.org/sites/default/files/u7/Educators%20Guide%20Jan%202014.pdf>

The Lean Startup –The Search for a Viable Business Model

- Lean start-ups, in contrast, begin by searching for a business model. They test, revise, and discard hypotheses, continually gathering customer feedback and rapidly iterating on and reengineering their products.
- This strategy greatly reduces the chances that start-ups will spend a lot of time and money launching products that no one actually will pay for.
- The Business Model:
 - How a company uses its resources, structures its relationships, interfaces with customers, creates value, and returns revenues and profits.
 - Looking at the business model tells you how a company can become self sustaining.
 - (<http://www.jackmwilson.net/Entrepreneurship/Principles/3-BusinessModels.pdf>):

Components of the Business Model

1. The value proposition: what innovation, service, or feature makes the enterprise valuable and attractive to the customer?
2. The target market: what market, and segment of that market, is willing to pay for this? (Market segmentation)
3. Who would be the suppliers to the enterprise?
4. What activities would the organization engage in and how would they conduct those activities?
5. What kind of value and how much value might be created by the organization?

The lean method has three key principles:

1. Rather than engaging in months of planning and research, entrepreneurs accept that all they have on day one is a series of untested hypotheses—basically, good guesses. So instead of writing an intricate business plan, founders summarize their hypotheses in a framework called a **business model canvas**. Essentially, this is a diagram of how a company creates value for itself and its customers.
2. Lean start-ups use a “get out of the building” approach called **customer development** to test their hypotheses. They go out and ask potential users, purchasers, and partners for feedback on all elements of the business model, including product features, pricing, distribution channels, and affordable customer acquisition strategies. The emphasis is on nimbleness and speed: New ventures rapidly assemble minimum viable products and immediately elicit customer feedback. Then, using customers’ input to revise their assumptions, they start the cycle over again, testing redesigned offerings and making further small adjustments (**iterations**) or more substantive ones (**pivots**) to ideas that aren’t working.
3. Lean start-ups practice something called **agile development**, which originated in the software industry. Agile development works hand-in-hand with customer development. Unlike typical yearlong product development cycles that presuppose knowledge of customers’ problems and product needs, agile development eliminates wasted time and resources by developing the product iteratively and incrementally. It’s the process by which start-ups create the **minimum viable products** they test.

<https://hbr.org/2013/05/why-the-lean-start-up-changes-everything>

Putting the controversy in context

To be fair to many others in the field, his insights into the shortcomings of the business plan were not entirely new, and were probably more a reaction to the way the business plan had become unexamined enshrined dogma that hampered development rather than helped. The problem was not that doing a business plan was bad, but that too many people actually believed that the business plan was an actual “plan” in the sense that large companies create plans. Most of those who taught entrepreneurship already knew that the business plan was something that required regular testing and revision.

I often told my students that the last step in the development of ANY plan was to step back and ask yourself what you were going to do when the plan did not go as planned.

Blank made the significant contribution of pulling together the alternate approaches, rebranding it, and marketing it into key constituencies –with one of his students, **Eric Reis**. Their Lean-Launchpad model of entrepreneurship now bills itself as the “evidence based entrepreneurship” model and Blank has even trademarked the latter term.

NSF and the iCore Program

- The **National Science Foundation** embraced Blank's and Reis' formulation of new venture development when they launched their **iCore** program a couple of years ago. In many ways they viewed it as a more scientific approach to venture creation that used the method of hypothesis formation, quick testing, revision, further testing, and continuous refinement. Fields as disparate as science and creative writing would perceive this process as the continuous refinement of drafts while writing. It is indeed the way the world works. We build new models of anything we study as we find out more and more detail through research. And so it is with entrepreneurship.
- http://www.nsf.gov/news/special_reports/i-corps/
- In the new model, the business model canvas, originally proposed by **Alexander Osterwalder** becomes the starting point. (See an example below)
- <http://businessmodelgeneration.com/canvas>

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- This transition continues to play out in entrepreneurship education programs across the country –as well as at UMass. The most used textbooks are built under the old paradigm. Business plan competitions continue to be held in spite of Steve Blank’s pronouncement that “*I hate business plan competitions.*”
 - Just as physicists teach Newton’s Laws and the Einstein Theory of Relativity –which extends and alters Newton’s laws, entrepreneurship education needs to introduce students to the process of business planning as well as the limitations and the alternative formulations, like Blank’s, that have emerged.
 - We also need to alert students to the danger of allowing any model (including Blank’s) to morph into a dogma that could constrain innovation.

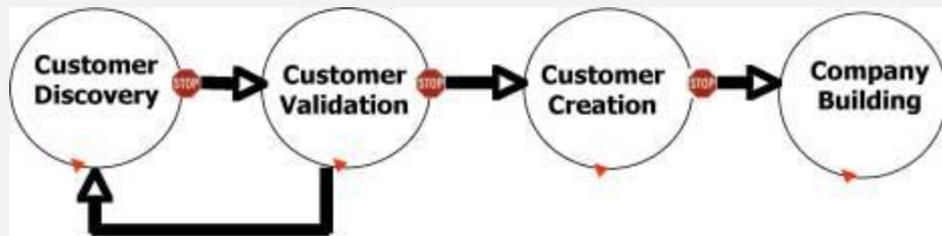
Customer Discovery

- Customer versus Product Development

Steve Blank:

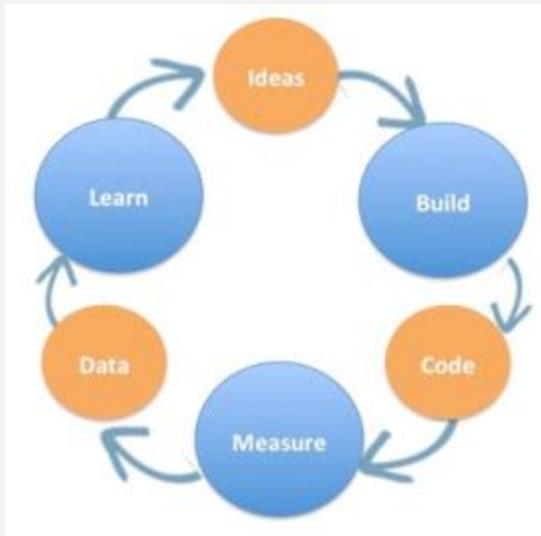
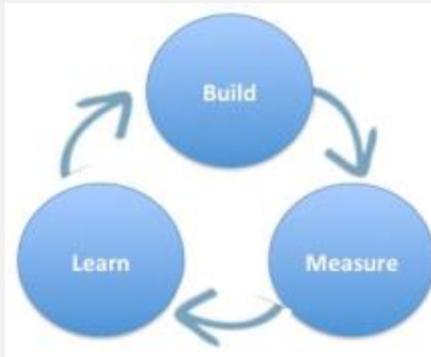
- Get out of the building (physically or virtually)
 - Talk to customers, ask them questions, and listen.
- Sales calls aren't your IQ test or PhD defense
- Stop talking and listen to the customers problem
- Hire a sales team at the Customer Validation step
- Match the sales team to market type
 - <http://steveblank.com/tag/customer-discovery/>

From Customer Discovery to Company Building

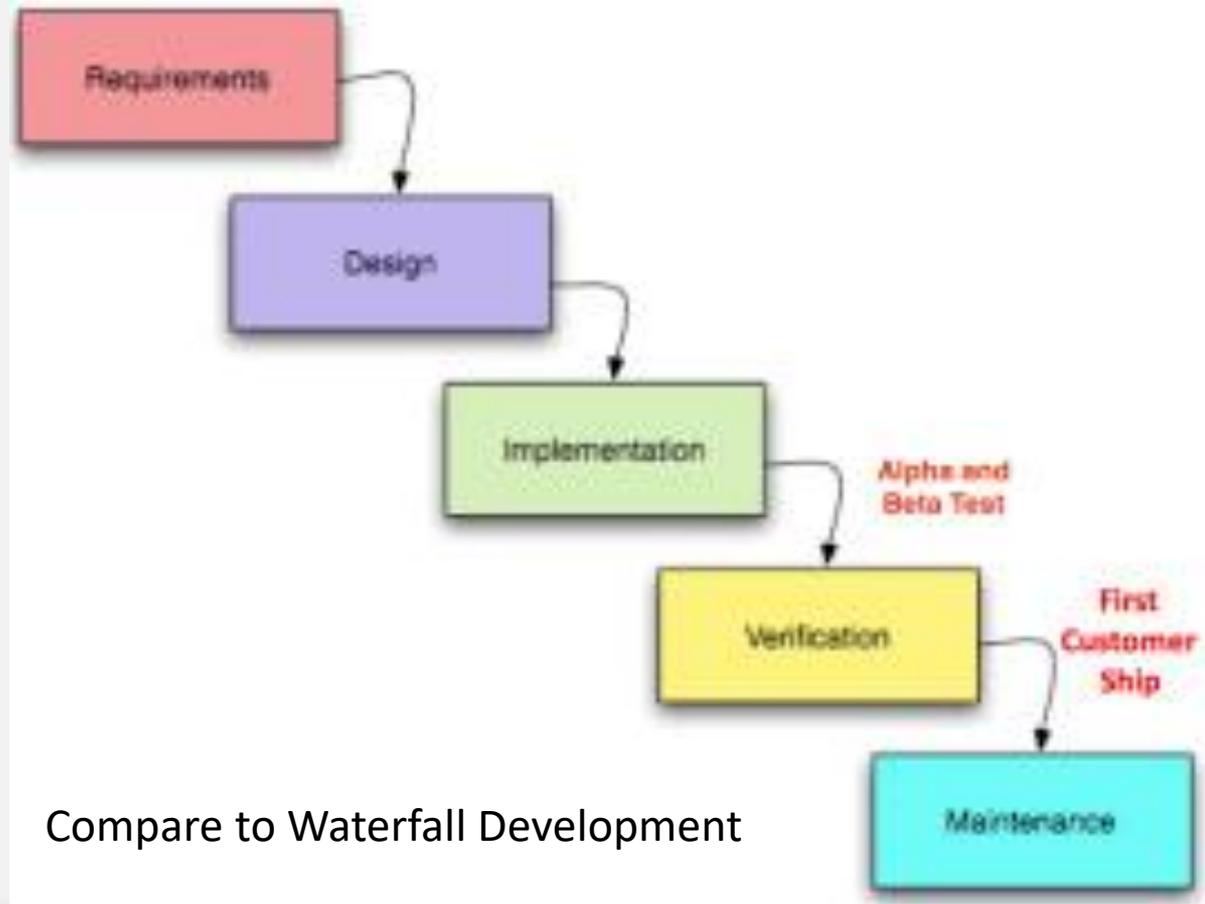


- **Customer Discovery** first captures the founders' vision and turns it into a series of business model hypotheses. Then it develops a plan to test customer reactions to those hypotheses and turn them into facts.
- **Customer Validation** tests whether the resulting business model is repeatable and scalable. If not, the team returns to Customer Discovery.
- **Customer Creation** is the beginning of execution. It builds end-user demand and drives it into the sales channel to scale the business.
- **Company-building** transitions the organization from a startup to a company focused on executing a validated model.

Build, Measure, Learn (repeat)



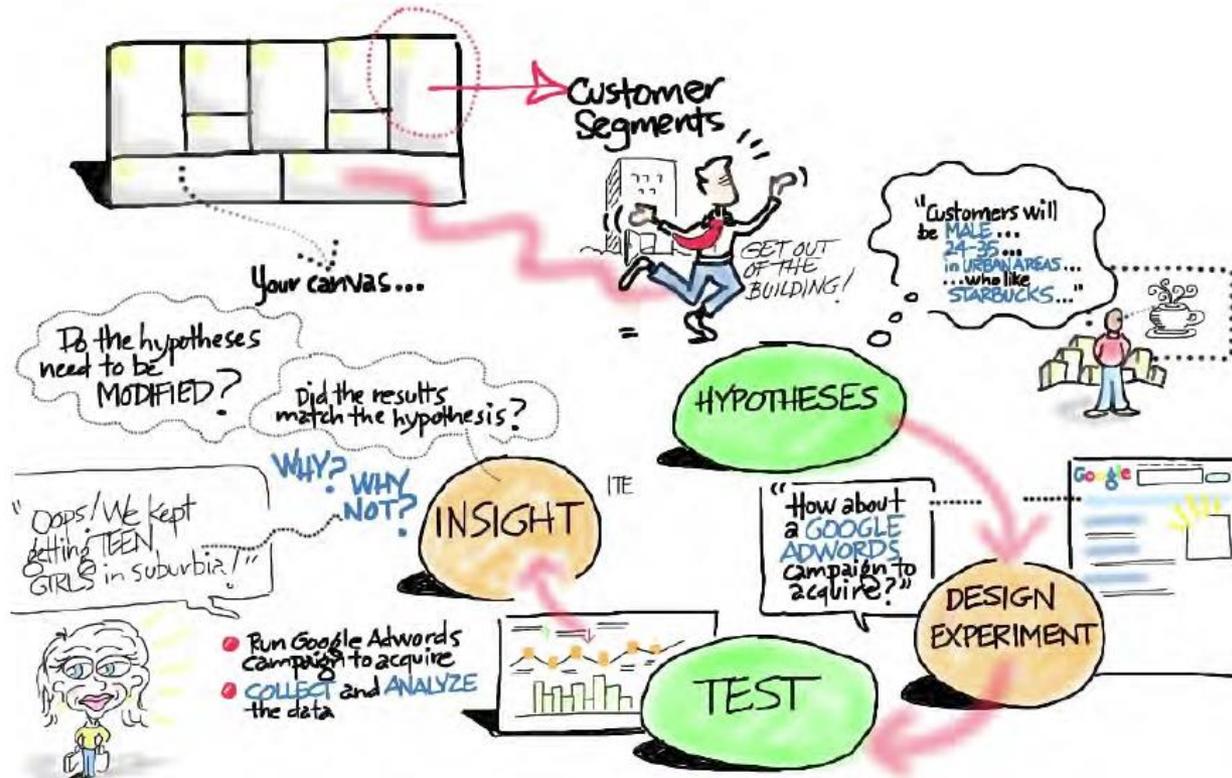
Agile Development



Compare to Waterfall Development

Agile Process

Class 1



Ensure students understand the hypothesis>design>test>insight loop.

MVP- Minimum Viable Product

- In product development, the minimum viable product (MVP) is the product with the **highest return on investment versus risk**.
 - The term was coined and defined by Frank Robinson, and popularized by Steve Blank, and Eric Ries
 - An MVP is not a minimal product, it is a strategy and process directed toward making and selling a product to customers.
 - It is an iterative process of idea generation, prototyping, presentation, data collection, analysis and learning.
 - One seeks to minimize the total time spent on an iteration.
 - The process is iterated until a desirable product/market fit is obtained, or until the product is deemed to be non-viable.
- <http://steveblank.com/2013/07/22/an-mvp-is-not-a-cheaper-product-its-about-smart-learning/>

Pivot

- What you learn in the customer development process or in the build-measure-learn process will **OFTEN** cause you to change direction.
- The Pivot
 - This is not a sign of failure.
 - It is a sign of success.

-
- Many teams believe “a company is all about my **invention.**” Your goal is to teach them “it’s all about the business model.”
 - The MVP, pivots, and Customer Development conserve cash,
 - and can accelerate the time it takes to discover a viable product-market fit.

Blank Business Model Canvas

<p>Key Partners </p> <p>Who are our Key partners? Who are our key suppliers? Which Key Resources are we getting from suppliers? What key activities do partners perform?</p>	<p>Key Activities </p> <p>What key activities are required by</p> <ol style="list-style-type: none"> 1. our value propositions? 2. our distribution channels? 3. our customer relationships? 4. our revenue streams? 	<p>Value Proposition </p> <p>What value do we deliver to the customer? What problem(s) are we solving for our customers? What bundles of products and services are we offering to each customer segment? What customer needs are we satisfying?</p>	<p>Customer Relationships </p> <p>What type of relationships do customers expect? Which ones are already established? How do those relationships fit with our business model? What is the cost of maintaining those relationships?</p>	<p>Customer Segments </p> <p>What customers do we create value for? Who are our most important customers?</p>
<p>Cost Structure </p> <p>What are the most important costs in our business model? What key resources are most expensive? What key activities are most expensive? Is this business more cost driven or value driven? Fixed versus variable expenses? Are there economies of scale?</p>	<p>Key Resources </p> <p>What key resources do we need for:</p> <ol style="list-style-type: none"> 1. our value propositions? 2. our distribution channels? 3. our customer relationships? 4. our revenue streams? 		<p>Channels </p> <p>Through which channels do our customers wish to be reached? How do we reach them now? How do those channels fit together? Which work best? Which are most cost efficient? How do we fit them into customer routines</p>	
	<p>Cost Structure </p> <p>What are the most important costs in our business model? What key resources are most expensive? What key activities are most expensive? Is this business more cost driven or value driven? Fixed versus variable expenses? Are there economies of scale?</p>		<p>Revenue Streams </p> <p>What value are our customers ready to pay for? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each revenue stream contribute to the overall revenue?</p>	

The business model canvas (Nine Sections)

- **Value Proposition** – *What value does the company bring to the customers?*
- **Customer Segments** – *What market segment(s) are being targeted by the company?*
- **Channels** – *How do they reach the customers –go to market (market, deliver, support)?*
- **Customer Relationships** – *How does the business develop and retain the customer relationships?*
- **Key Activities** – *What activities need to occur to make the company successful?*
- **Key Resources** – *How does the company get its resources?*
- **Key Partners** – *Who are the key partners?*
- **Revenue Streams** – *How does the company generate its revenues?*
- **Cost Structure** – *What costs does the business incur?*
 - http://en.wikipedia.org/wiki/Business_Model_Canvas

ILinc Business Model Canvas

<p>Key Partners </p> <p>Microsoft – Early OS Intel – ProShare Video and Capital AT&T – Early OEM Customer CISCO – Router software</p>	<p>Key Activities </p> <p>Create multi-cast video and audio conferencing to large #s Screen sharing Training Development tools Market to Fortune 500</p>	<p>Value Proposition </p> <p>Allow customer to provide “just in time training to large numbers of employees at a very low cost. Reduce employee down time (cost) for training. Improve quality and quantity of training. Reduce cost of training programs by eliminating travel and ending large corporate training centers.</p>	<p>Customer Relationships </p> <p>Close partnerships with companies that want our software and are willing to help development. Early relationships with AT&T, IBM, Intel, News Corp. Business model is sales and customization of software for Fortune 500</p>	<p>Customer Segments </p> <p>Our most important customers are Fortune 500 companies with large training needs, large training expenses, and a recognition that success required the deployment of new technologies.</p>
	<p>Key Resources </p> <p>Early access to new hardware and software tech. Solving the video multicast problem. Deployment of networks with sufficient bandwidth. Customers who buy and test and fund early products.</p>		<p>Channels: Direct sales to Fortune 500. First addressed the Corporate training dept. Pivot: Sell to CEO/COO/CFO Use Wilson’s extensive corporate contacts to gain an audience. Presentations at large conferences like ComDex, Educom, etc.</p>	
<p>Cost Structure: Costs are primarily personnel costs for a development team, a quality assurance team, and a sales/marketing team. Smaller expenses for leased office space, tech. acquisition (some provided by partners for free) Business is primarily value driven. Costs small in comparison to the saving of corporate expense. Because we have very low variable expenses, the ability to achieve scale will quickly lead to profits. Building ten thousand units of software is only marginally more expensive than building ten.</p>		<p>Revenue Streams: Sales of software in the form of corporate licenses to Fortune 500 firms. Software costs are small in comparison to training costs. Want revenue now in return for software later. A challenge in selling to trainers since this sidelined them and reduced their budget. Qui Bono? Executives with bottom line responsibility.</p>		

Example- Zynga's Business Model Canvas

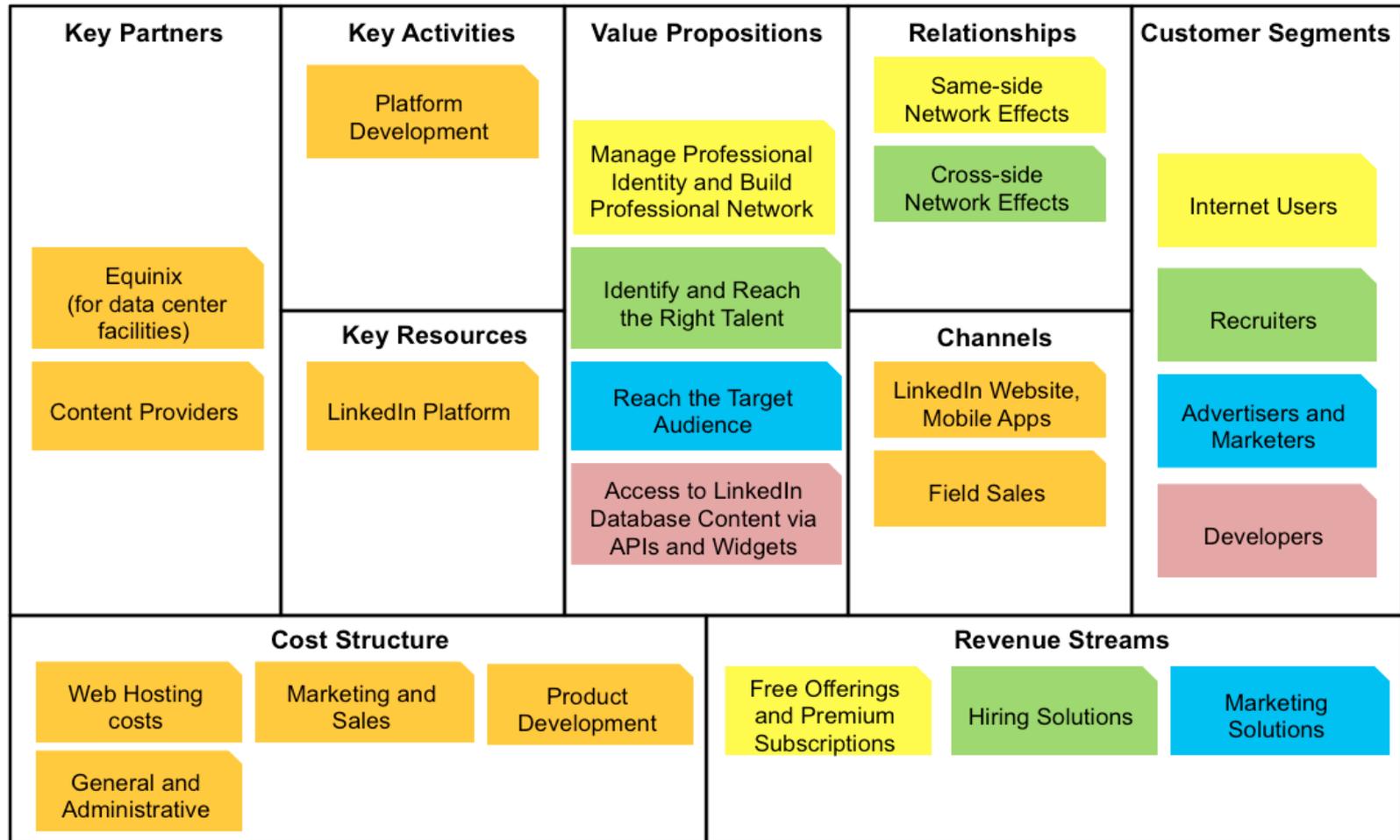
- http://freethinkingbrian.files.wordpress.com/2013/09/zynga_business_model_canvas.jpg

The Business Model Canvas

<p><i>Key Partners</i></p>  <p>Facebook</p> <p>PayPal</p> <p>Amex</p> <p>Zazzle</p> <p>SVNetwork</p> <p>Advertisers (Bing, McDonalds, General Mills etc..)</p> <p>7-Eleven</p> <p>Target</p> <p>Best Buy</p> <p>GameStop</p> <p>InComm</p>	<p><i>Key Activities</i></p>  <p>Game Creation Processes</p> <p>Customer Support</p> <p>Maintaining existing games</p> <hr/> <p><i>Key Resources</i></p>  <p>Game Designers / Artists / Developers / Testers</p> <p>Sales & Marketing teams</p> <p>Existing Games for Cross Promotion</p>	<p><i>Value Propositions</i></p>  <p>Free To Play</p> <p>Mindless Entertainment</p> <p>Social Interaction</p>	<p><i>Customer Relationships</i></p>  <p>Customer Support and Forums on Zynga.com</p> <p>Zynga's facebook page</p> <hr/> <p><i>Channels</i></p>  <p>Facebook</p> <p>Zynga Live (Coming soon)</p>	<p><i>Customer Segments</i></p>  <p>Casual Gamers (60% Female & 40% Male according to CNN Tech)</p> <p>Advertisers</p>
<p><i>Cost Structure</i></p> <p>Usual cost of operating a business (Rent, Salaries etc..)</p> <p>R&D on new Game Ideas</p> <p>Maintenance</p> <p>Acquisition of competitors</p> <p>Generating fresh content for existing games</p> <p>Promotional Events (Fan Meetups etc..)</p>		<p><i>Revenue Streams</i></p>  <p>Traditional Advertising Revenues</p> <p>Revenue from Advertiser sponsored offers (Lead Generation)</p> <p>In-app Virtual Goods sales</p>		

LinkedIn Business Model Canvas - <http://bmimatters.com/>

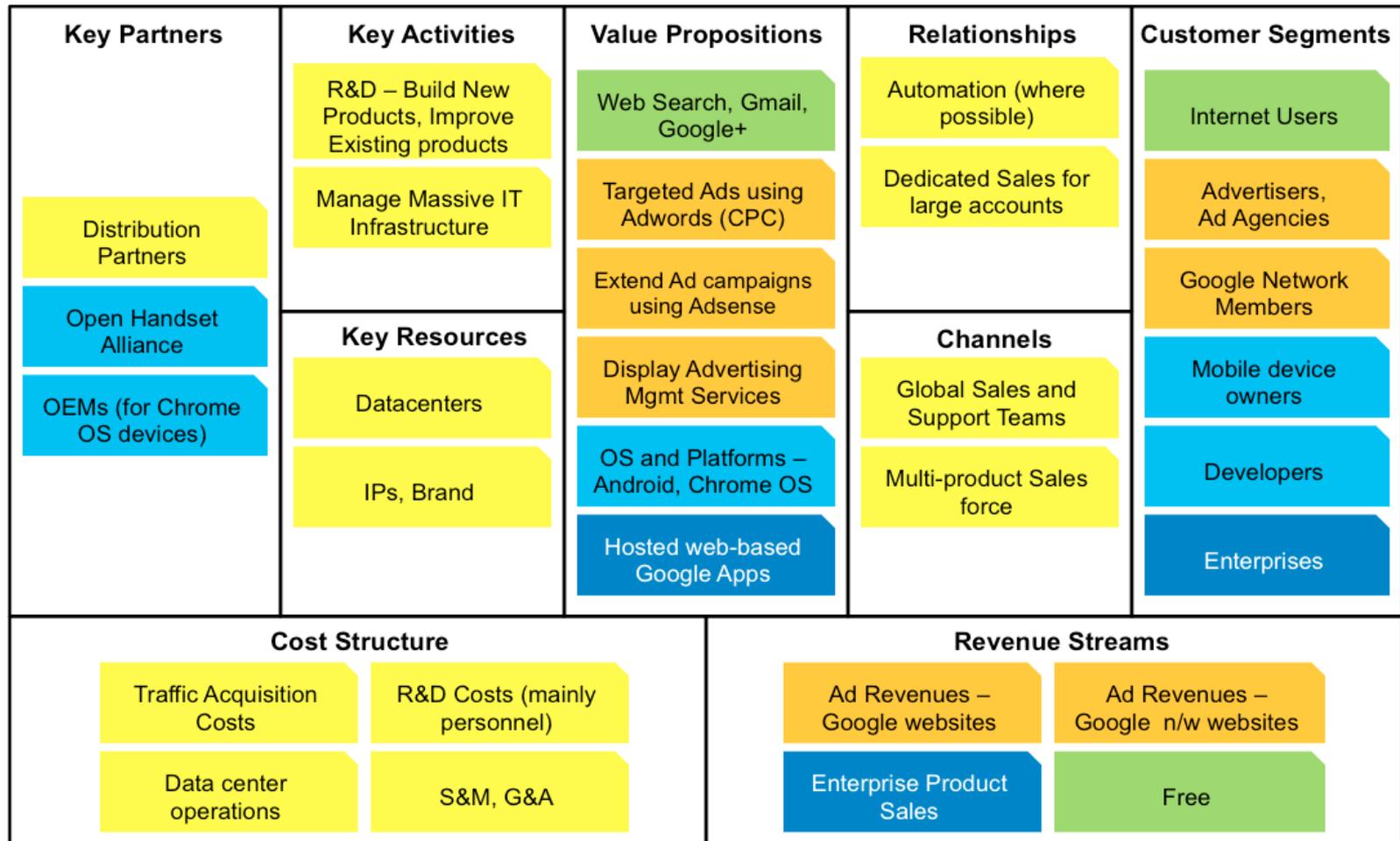
LinkedIn – World’s Largest Professional Network



www.businessmodelgeneration.com

Google Business Model Canvas - <http://bmimatters.com/>

Google Business Model



www.businessmodelgeneration.com

Privo

- Now let us take a look at a company that was founded and is led by Manijeh Nazari Goldberg, who took two degrees (engineering and computer science) from Umass Lowell and then one each from Harvard and MIT.
- Privo Technologies was formed to commercialize a discovery made in Robert Langer's laboratory at MIT that allowed the delivery of various drugs through encapsulation using nan-technology
 - Privo was a winner of the MIT 100 K Business Plan Competition
 - Their original idea was Nano delivery of insulin by chewing gum
 - Nano Drug Delivery
- In a very tough area of raising money to commercialize. It can take a billion dollars to bring a new drug to market.
- The next page will show their initial business plan canvas.



Early Business Model Canvas

<p>Key Partners</p> <ul style="list-style-type: none"> • NSF, NIH • Mass Life Sciences • Universities • Academic Centers • Venture Capital • Philanthropy 	<p>Key Activities</p> <ul style="list-style-type: none"> • Diabetes Research • Developing trans-mucosal delivery techniques • Fund Raising • Grant Writing 	<p>VALUE PROPOSITIONS</p> <p>Oral mucosal drug delivery</p> <ul style="list-style-type: none"> • Improve patient quality of life • Improve compliance relative injections • Minimize side effects • Reduce hospital Stay • Reduce overall cost of healthcare 	<p>Customer Relationship</p> <ul style="list-style-type: none"> • Endocrinologists as advisors 	<p>CUSTOMER SEGMENTS</p> <ul style="list-style-type: none"> • Type II diabetic patients Patients who need to inject insulin • Mucositis Patients that have gone through radiation therapy • Oral cancer Patients with the cancer in their mouth
<p>Cost Structure</p> <ul style="list-style-type: none"> • Salaries • Lab space • Lab equipment • Materials & Supplies • Fund Raising • IP License & Development • Legal 	<p>Key Resources</p> <ul style="list-style-type: none"> • Scientists • Mass Life Science 		<p>Channels</p> <ul style="list-style-type: none"> • Large Pharma as partner or purchaser 	
		<p>Revenue Stream</p> <ul style="list-style-type: none"> • Commercial Licensing • Sale of the company • Royalties 		

Privo: Learn and Pivot

- As they moved forward they learned both from their successes and their mistakes –and got lots of advice along the way.
- They Interviewed
 - 20 Physicians
 - 40 Scientists
 - 12 Attorneys
 - 6 Multinational Pharmaceutical Co.
- They wrote many Grants (that were peer reviewed) for
 - NCI (National Cancer Institute)
 - NIH (National Institute of Health)
 - MLSC (Mass Life Science Center)
 - NSF (National Science Foundation)
 - Next (Rare Disease services)
 - NCL (Nano Characterization)
 - Deshpande –MIT
- They met with the governments of 7 other countries

Pivot

- When an entrepreneurial venture learns from their customers, experience, mistakes, and other sources that they need to take a significantly new direction.
- At that point we say they **Pivot**.
- Research shows that this is very typical of a new venture and is not actually either rare or a fatal flaw.
- You have learned something new about the market -from the market.
- If you are walking down a hall looking for the exit door and you open a door and find that it is a closet, what would you do?
 - Close the closet door and open another door.
- When we compared Effectual Entrepreneurship (EE) to Causal Entrepreneurship (CE) we saw that they (EE) rejected set goals in favor of constant iteration.
- This is also an element of the Lean Launchpad.

Business Model after pivot (as of 2014)



Current Business Model Canvas

<p>Key Partners</p> <ul style="list-style-type: none"> • NSF, NIH, NCI • Mass Life Sciences • Universities • Academic Centers • Angel Investors • Venture Capital • New England Hospitals • Global Hospitals • CRO's for manufacturing, preclinical and 	<p>Key Activities</p> <ul style="list-style-type: none"> • Fund Raising • Grant Writing • Optimize Formulation • Build Partnerships • Mfg NP's • Pre-clinical trials • Phase 1 Clinical Trials 	<p>VALUE PROPOSITIONS</p> <p>Replacing existing intravenous Oral Cancer chemotherapy</p> <ul style="list-style-type: none"> • Much Higher efficacy • Better quality of life • Vastly lower toxicity • Ease of use • Lower Total Cost <p>Other applications</p> <ul style="list-style-type: none"> • Deliver other drugs through buccal tissue using NP permeation • Use NP loaded Chemo-Wafer (CW) to deliver drugs to target other cancers 	<p>Customer Relationship</p> <ul style="list-style-type: none"> • Oncologists as advisors • Pharma as advisors/mentors • Oncology radiologists 	<p>CUSTOMER SEGMENTS</p> <p>Chemo-Wafer Patients</p> <ul style="list-style-type: none"> • Age 62+ at diagnosis • Early Stage OC patients • Later Stage OC patients • HPV Patients (male age 40-59) • Oncology surgery patients <p>Head & Neck Oncologists Surgeons</p> <ul style="list-style-type: none"> • Maxillofacial and oral surgeons • General oncology surgeon <p>Large Pharma</p> <ul style="list-style-type: none"> • Licensing out
<p>Cost Structure</p> <ul style="list-style-type: none"> • Salaries • Lab space • Lab equipment • Materials & Supplies • Fund Raising • IP License & Development • Legal 		<p>Revenue Stream</p> <ul style="list-style-type: none"> • Commercial Licensing • Sale of the company • Royalties 		

Now THAT is quite a pivot!

- You can now see why effectual entrepreneurship focuses on the iterative relationship between means, goals, interactions, and commitments.
- EE is far less goal oriented and far more interested in how one can use the resources at hand to create something of value.
- The Lean Launchpad de-emphasizes detailed planning and emphasizes speed, flexibility, responsiveness (to the market), learning, and pivoting when you learn something important.