Doing it for real - Workshop @ Innov8rs Sydney

How to get focus and avoid obstacles when running a startup in a large company

fh firmhouse

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firmhouse.com **firmhouse**

What makes tech companies succeed?

Technology companies enable teams to run experiments & capture real customer commitment at scale.

High learning & experiment velocity.

Actionable outcomes

Capture real commitment.

Operate as entrepreneurs.

Your company today.

Stage 1

Spot and select a few new opportunities.

- ✓Act on new ideas
- ✓Manual approach
- ✓Build mindset of teams
- ✓Provide right expertise
- ✓Risk is managed on a per experiment basis with existing business

Stage 2

Scale amount of teams using dedicated processes & systems

- ✓Teams encounter less blockers on daily basis
- ✓Speed & quality of the output from teams increases
- ✓Teams can take an idea and turn it into a real business
- ✓Clear process defined
- ✓Governance and risk models in place
- ✓First dedicated systems put in place

Stage 3

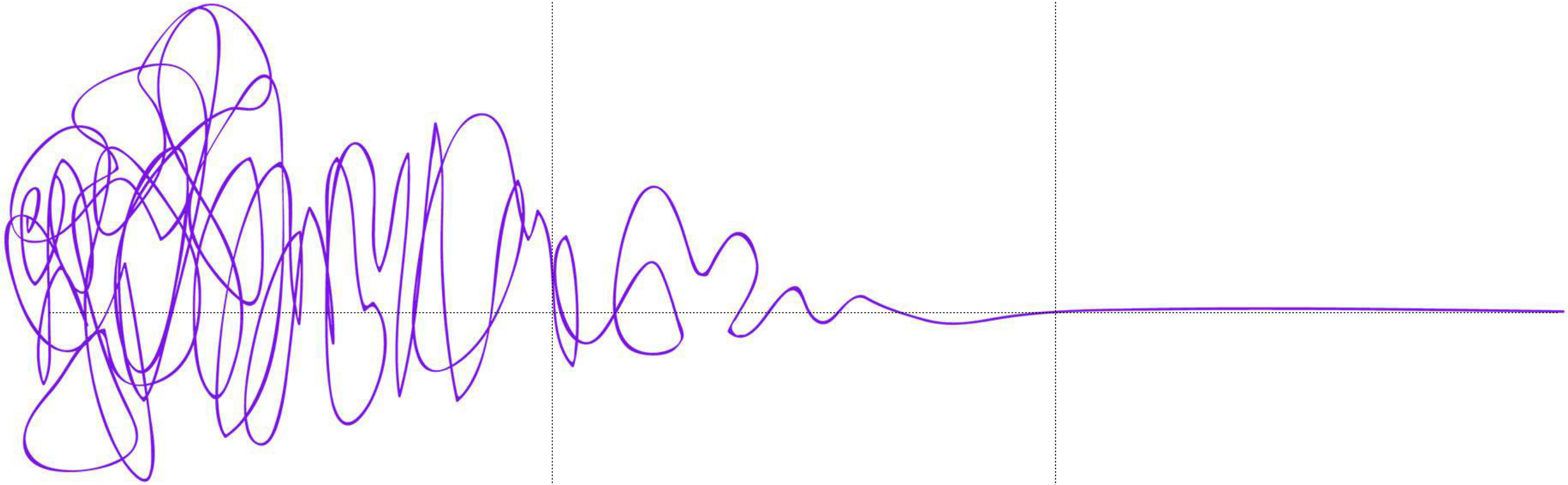
Standardise & create autonomy for teams.

- ✓Teams autonomously can pursue new business opportunities
- ✓Full set of systems in place that enable teams to learn fast
- ✓New models & principles are part of the day-to-day operations in the business
- ✓New compensation models for innovators that created a great outcome

New opportunities in your business environment.

New entrants are actively pursuing new opportunities. It's time to make your company future proof and go after these opportunities at the same speed.

We take your teams from signal to evidence

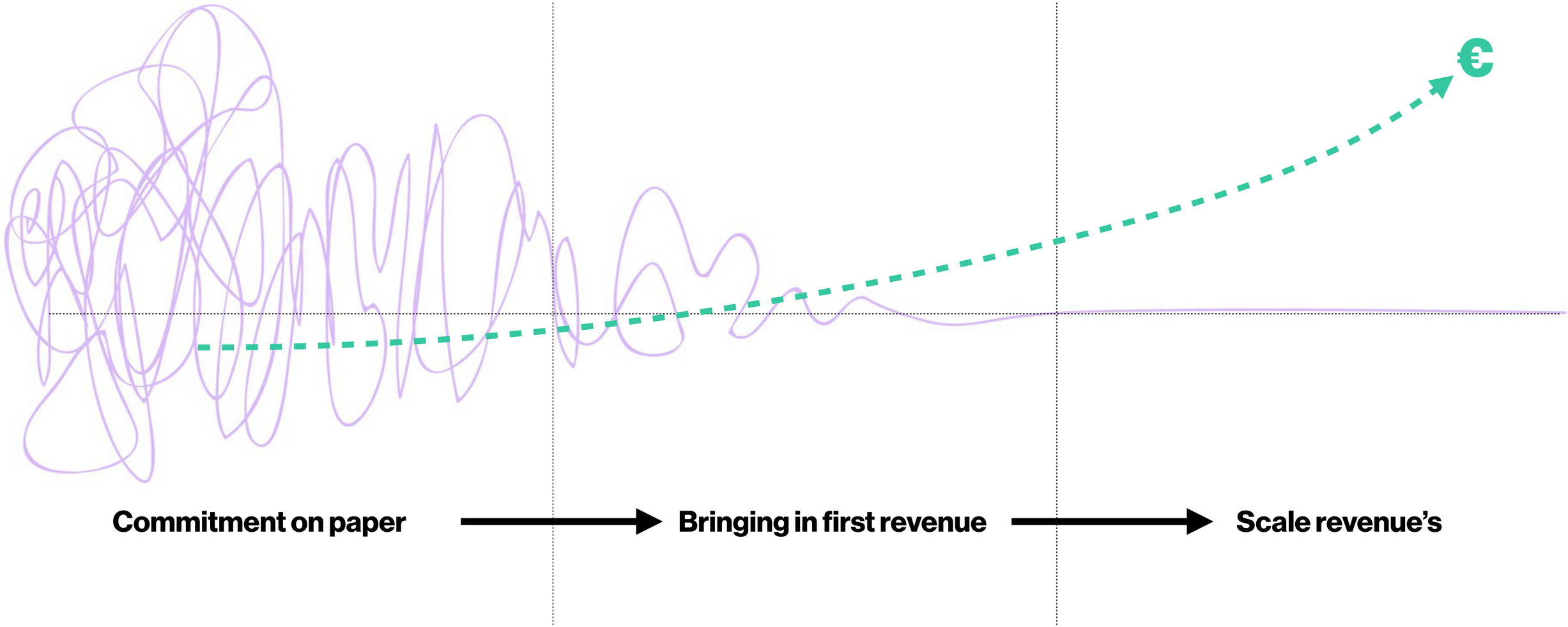


- Many unknowns
- Qualitative research
- Calibration on market

- Clear understanding of risk
- Active experimentation
- Proof via customer behaviour

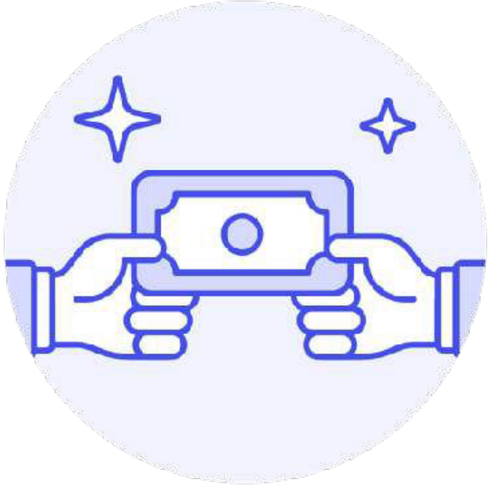
- Customer commitment
- Growth experiments
- Building a business

Paying customers & working business model is the real evidence



The foundation to make ideas last

High velocity experimentation & learning



Working business model backed by paying customers.

Dispatch

Run the right experiment at the right time.

Getting the right data starts with running the right experiment. Dispatch helps you to design your experiments the right way and track your results.

Airstrip

Launch your online experiments fast.

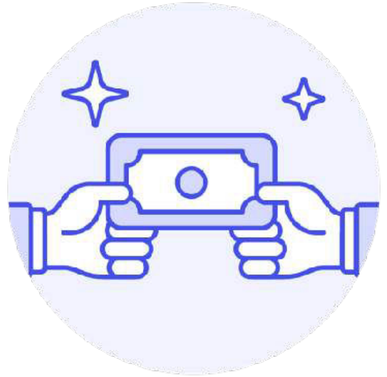
Airstrip helps you to go live fast and get the data you need by taking away blockers. From getting compliant to nailing the design, we got you covered.

GoMonthly

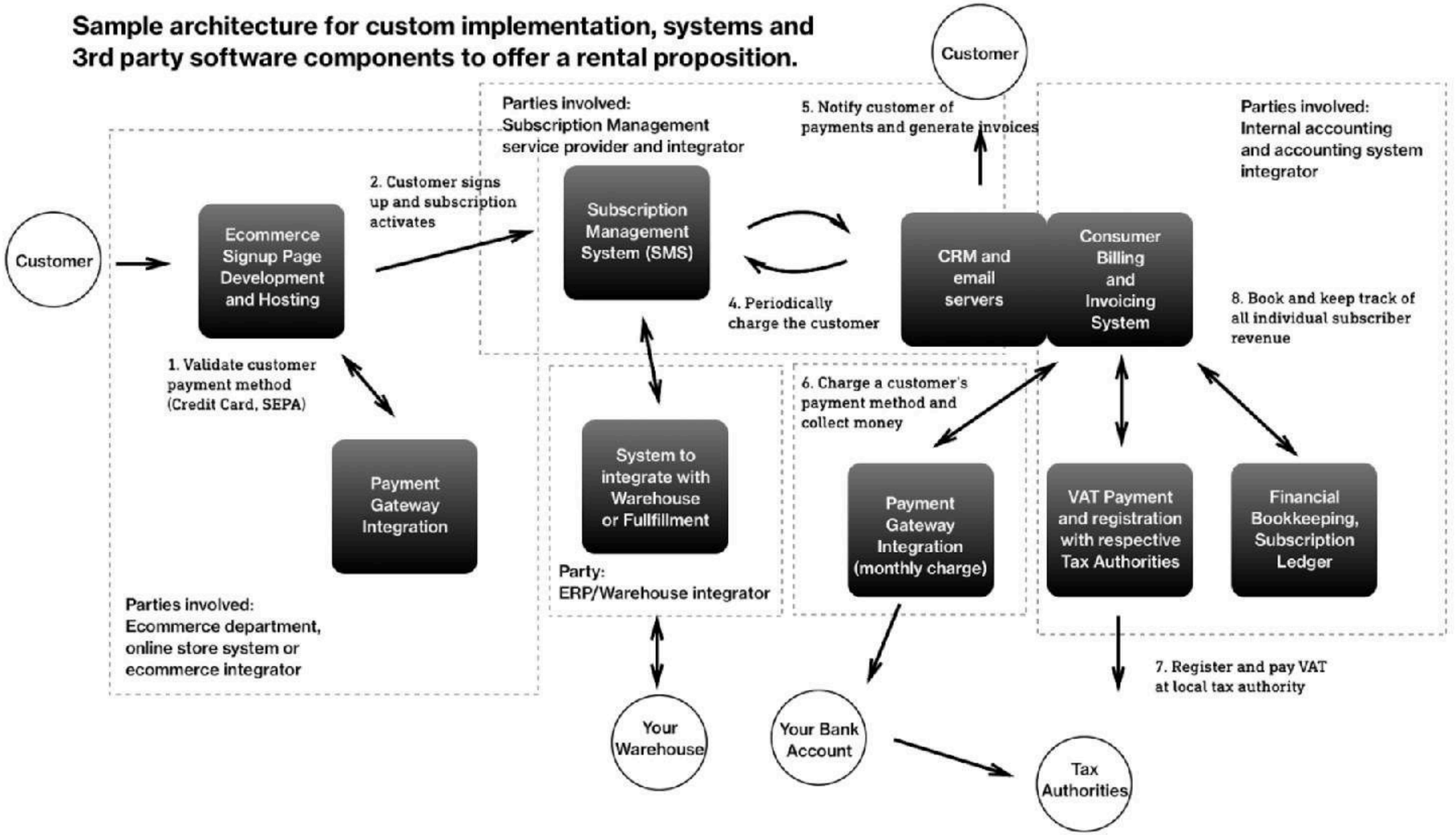
Join the subscription economy.

Start renting out your products and sell directly to your customers. Test a subscription model when your internal departments cannot offer it yet.

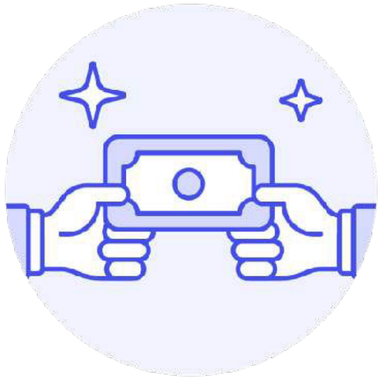
Introducing subscriptions is hard



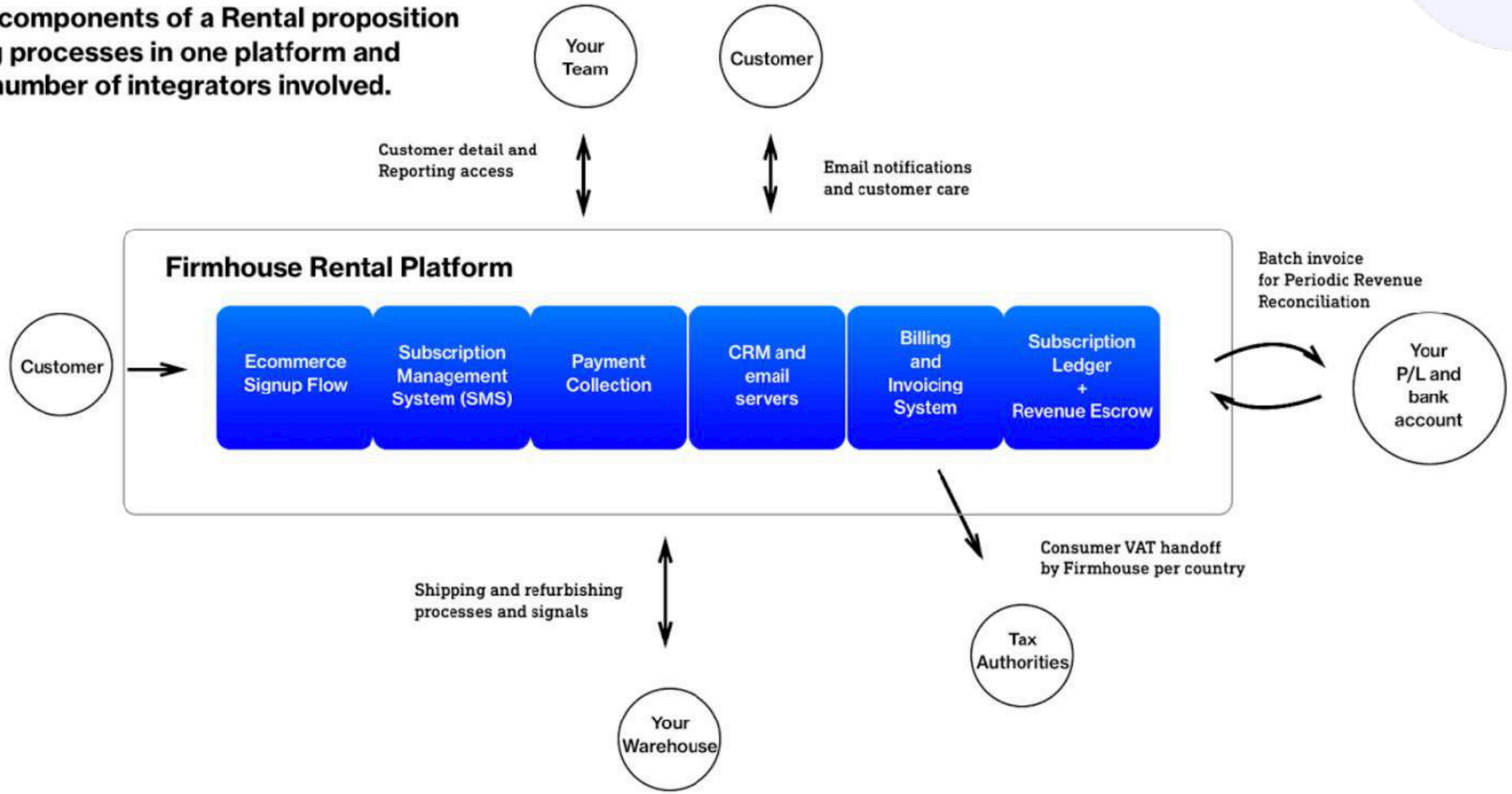
Sample architecture for custom implementation, systems and 3rd party software components to offer a rental proposition.



Firmhouse circumvented this



Firmhouse Rental Platform combines all crucial components of a Rental proposition combining processes in one platform and reducing number of integrators involved.



Some of our customers

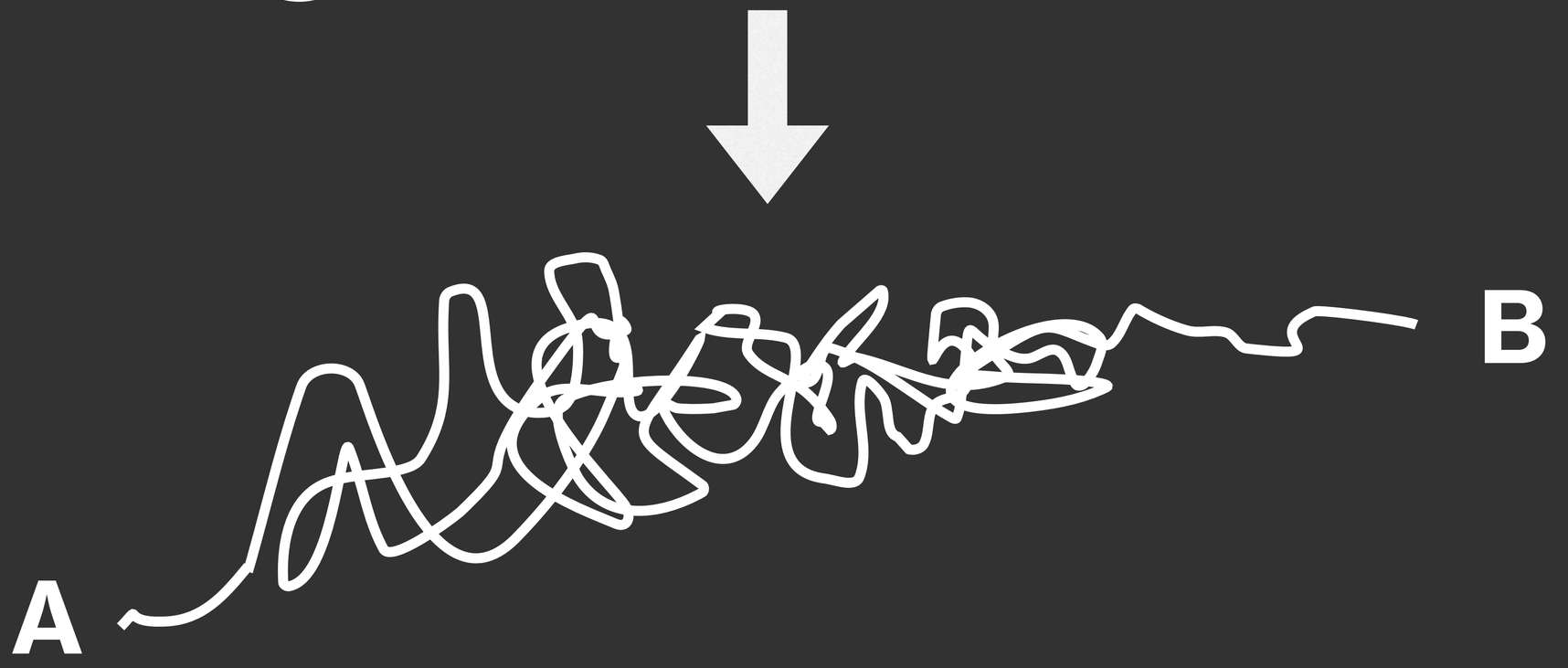
Entrepreneurs as risk seekers, is a misconception.

Minimize risks!


Risk is relative.

What reaching your goals looks like

A B



Core principle

Entrepreneurship is Management

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Purpose of a startup

Startups are of temporary nature (turn them into a business!)

The purpose is to search for a validated business model

Startups need to try things in the real world to be able to succeed


A pivot is a change in direction without a change in vision.
Eric Ries, author of The Lean Startup.
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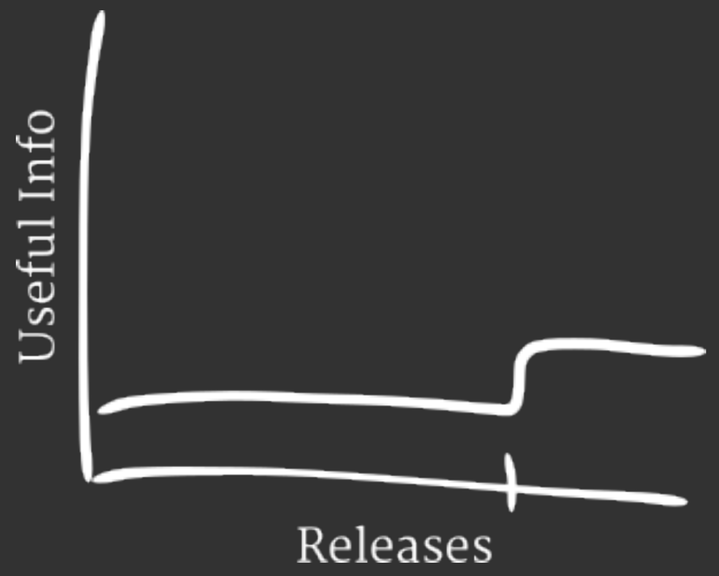
Your decisions are only as good as your information.



When you wait too long to launch, you only learn a bit and by then it's too late.

Example failures

Juicero, the juicing machine that inspired mockery and outrage for raising $120 million to sell a $400 juicer with juice packs you can easily squeeze with your bare hands, has become a symbol of Silicon Valley's arrogance and disconnect.

"In other words, the Juicero is a well-engineered solution to a problem that no one really has."

From Uproxx: http://uproxx.com/technology/over-engineering/

Launch fast and improve in cycles.

When you launch fast, think in small bets, you can try many options in a short time frame.

Let’s take a look at your favourite startup’s starting point

It’s probably different than you think.

Example success

WhatsApp started out as an app which allowed you to set and see statuses of other people

Jan Koum would launch a feature with a push notification if someone changed his status.

- His users we're using the feature to send messages
- He observed this and adding a messaging feature which caused a spike in downloads of +250.000

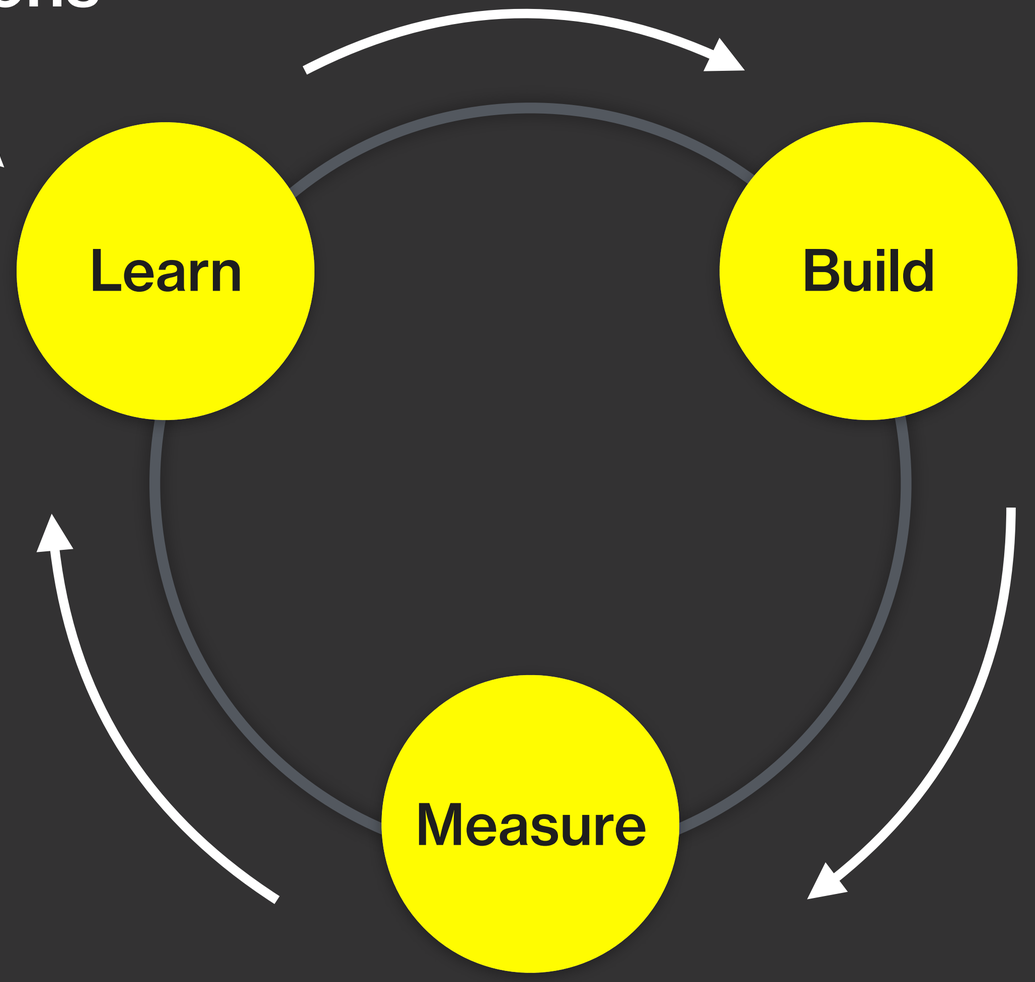
Wikipedia: https://en.wikipedia.org/wiki/WhatsApp

Core principle

Build - Measure - Learn

Build Measure Learn (BML)

Every loop consists of one or more experiments



1 What to test?

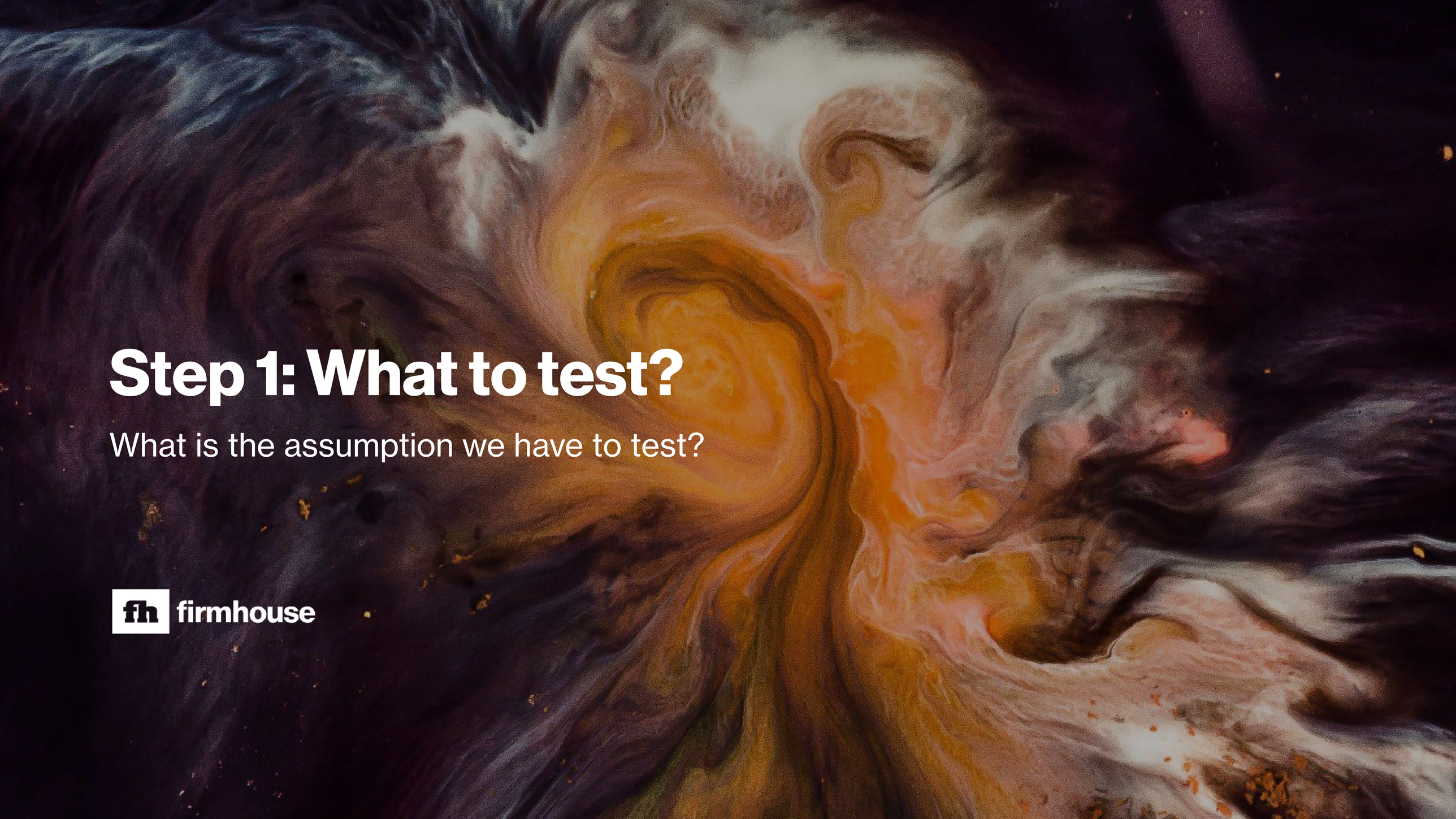
- ★ Identify assumptions
- ★ Prioritise assumptions

2 How to test?

- ★ Which learning type?
- ★ Brainstorm experiments
- ★ Plan + run experiment

3 Decide next step

- ★ Analyse results
- ★ Decide next steps



Step 1: What to test?

What is the assumption we have to test?

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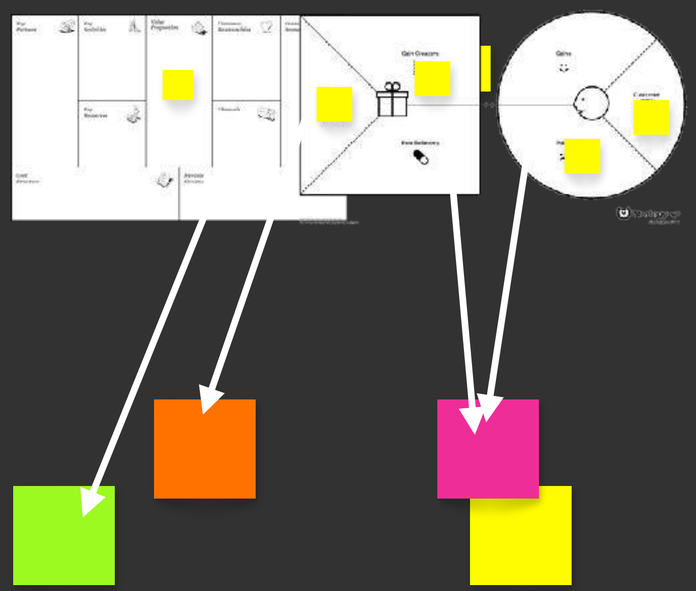
Exercises are short:

Time is valuable! Experienced entrepreneurs know how to make good decisions as they go. You'll learn this today.

So we'll use time limits to learn pace and rhythm.

1 What to test?

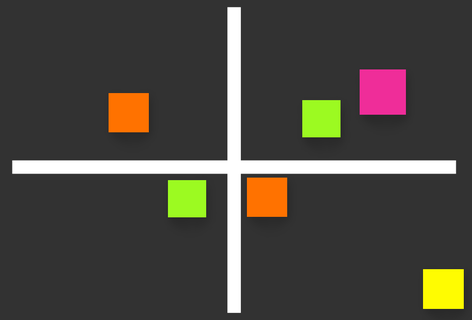


Brainstorm plan A.

Use your tool of choice to discover assumptions in your plan A.

Identify hypothesis

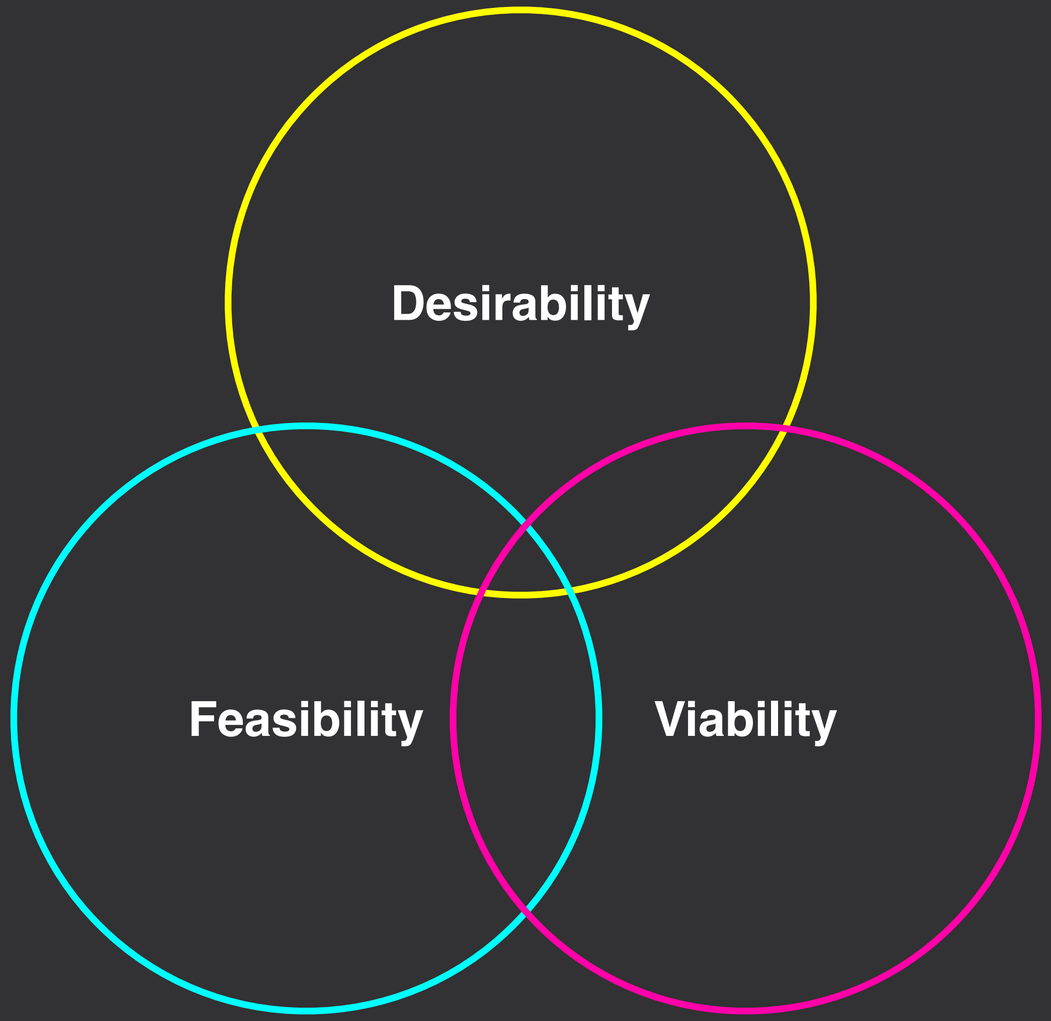
Go over your plan A and gather all hypothesis that, if untrue, will kill the business.



Prioritise hypothesis

Order your hypothesis based on their risk to the business model.

Business Model Canvas
Value Proposition Map
(or whatever floats your boat)


Desirability
Feasibility
Viability

The Business Model Canvas

Designed for:

Designed by:

On:

Iteration:

Key Partners

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

Key Activities

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

Key Resources

What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?

Value Propositions

What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

Customer Relationships

What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

Channels

Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

Customer Segments

For whom are we creating value?
Who are our most important customers?

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

Revenue Streams

For what value are our customers really willing to pay?
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 overall revenues?

www.businessmodelgeneration.com

The Business Model Canvas

Designed for:

Designed by:

Date:

Iteration:

Key Partners

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
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Feasibility

Desirability

Viability

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Two types of assumptions

Assumptions about your Value Proposition

Assumptions about Growth

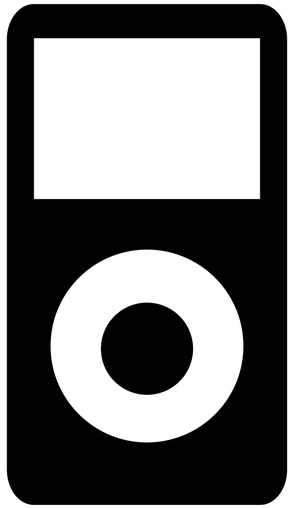
Don’t re-invent the wheel

Analogs

*"Competition or offering **successful** in the market you are trying to conquer."*

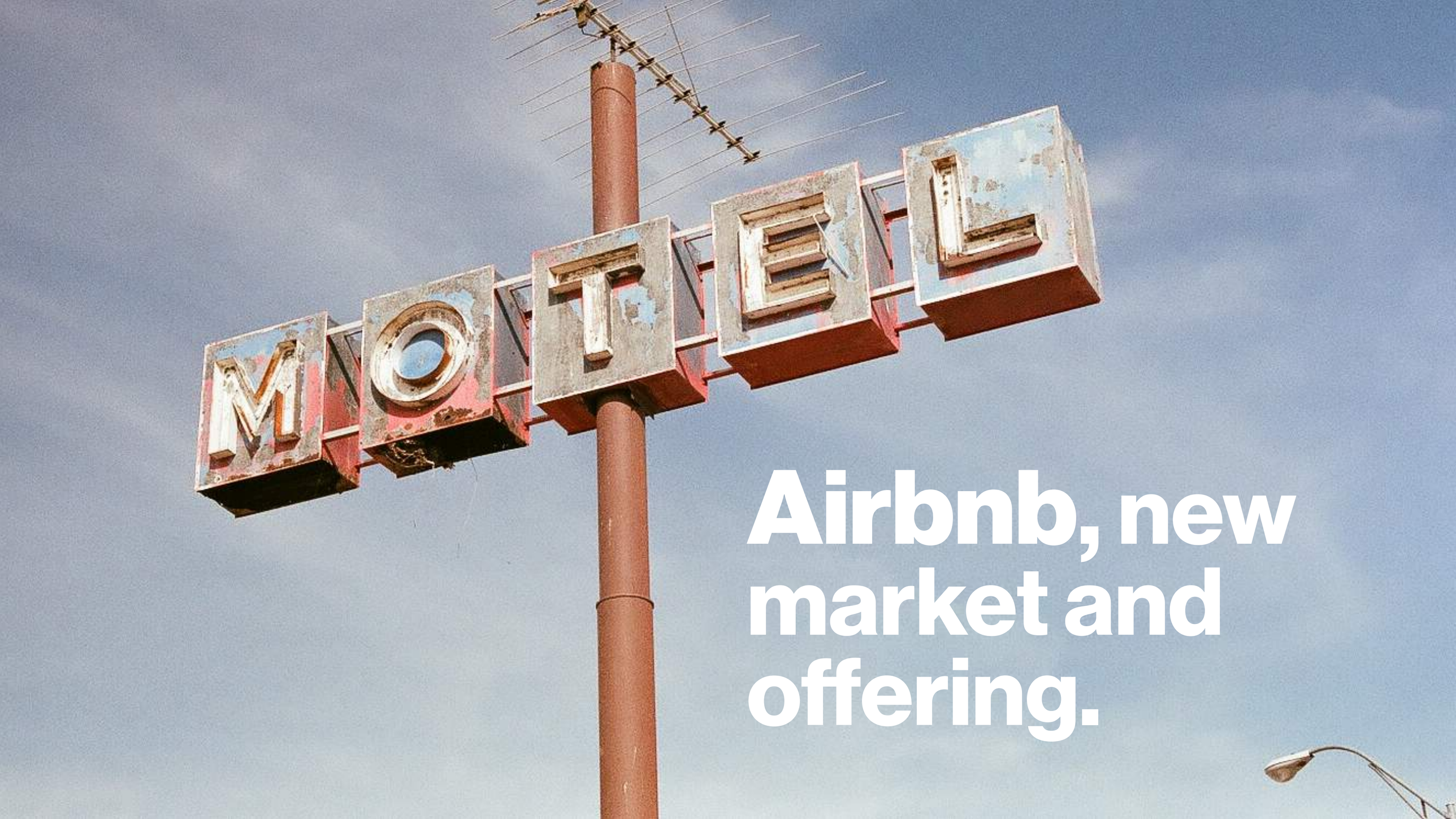
Antilogs

*"Competition or offering that **failed** at building the company that you're aiming to build."*



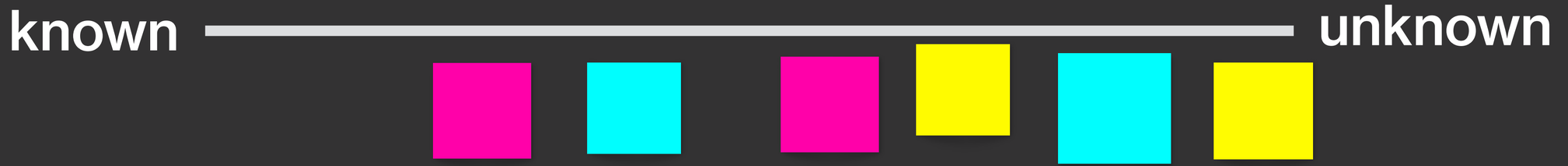

Stop
ignoring
markets &
competition.

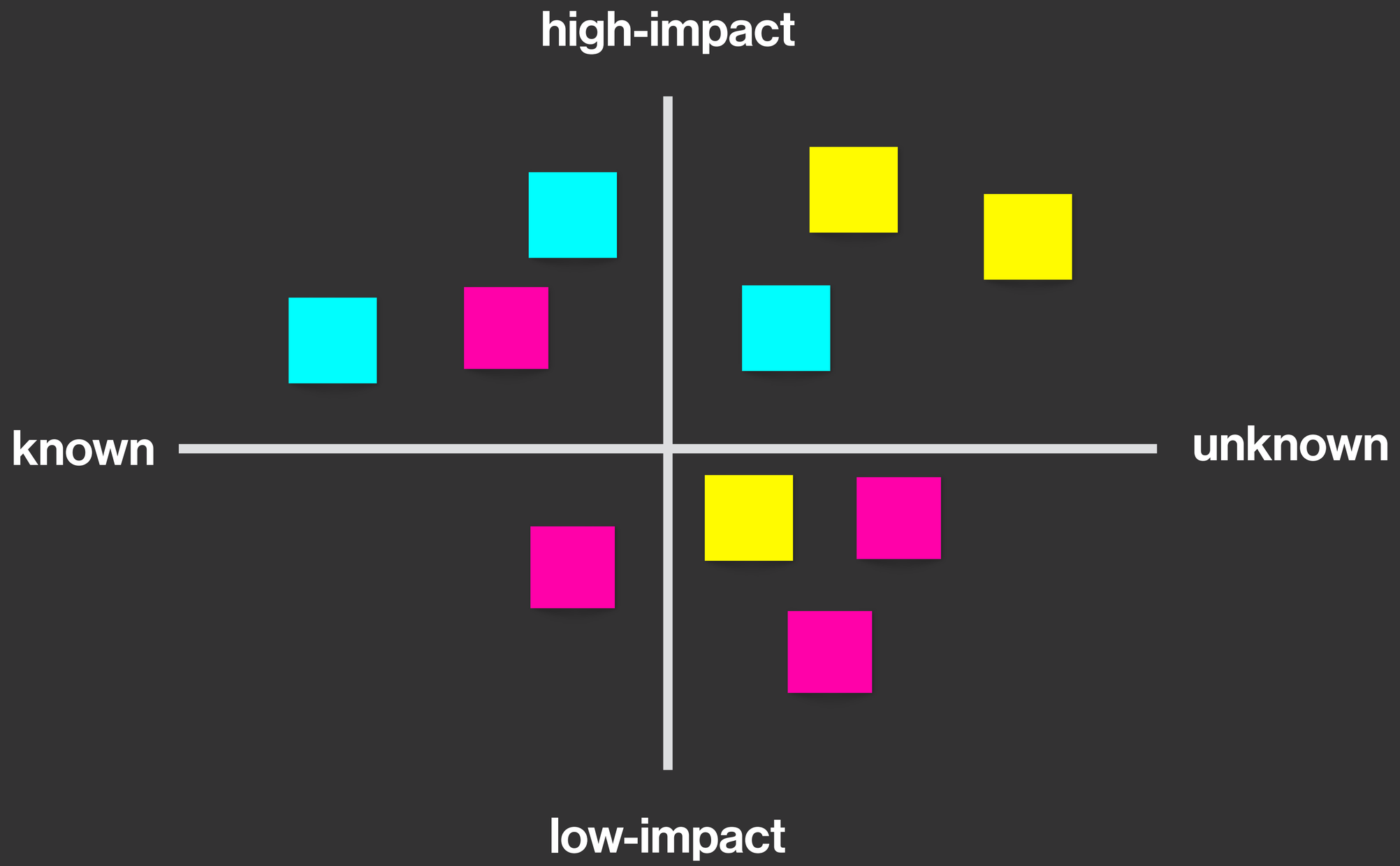

Uber entered an
existing market.

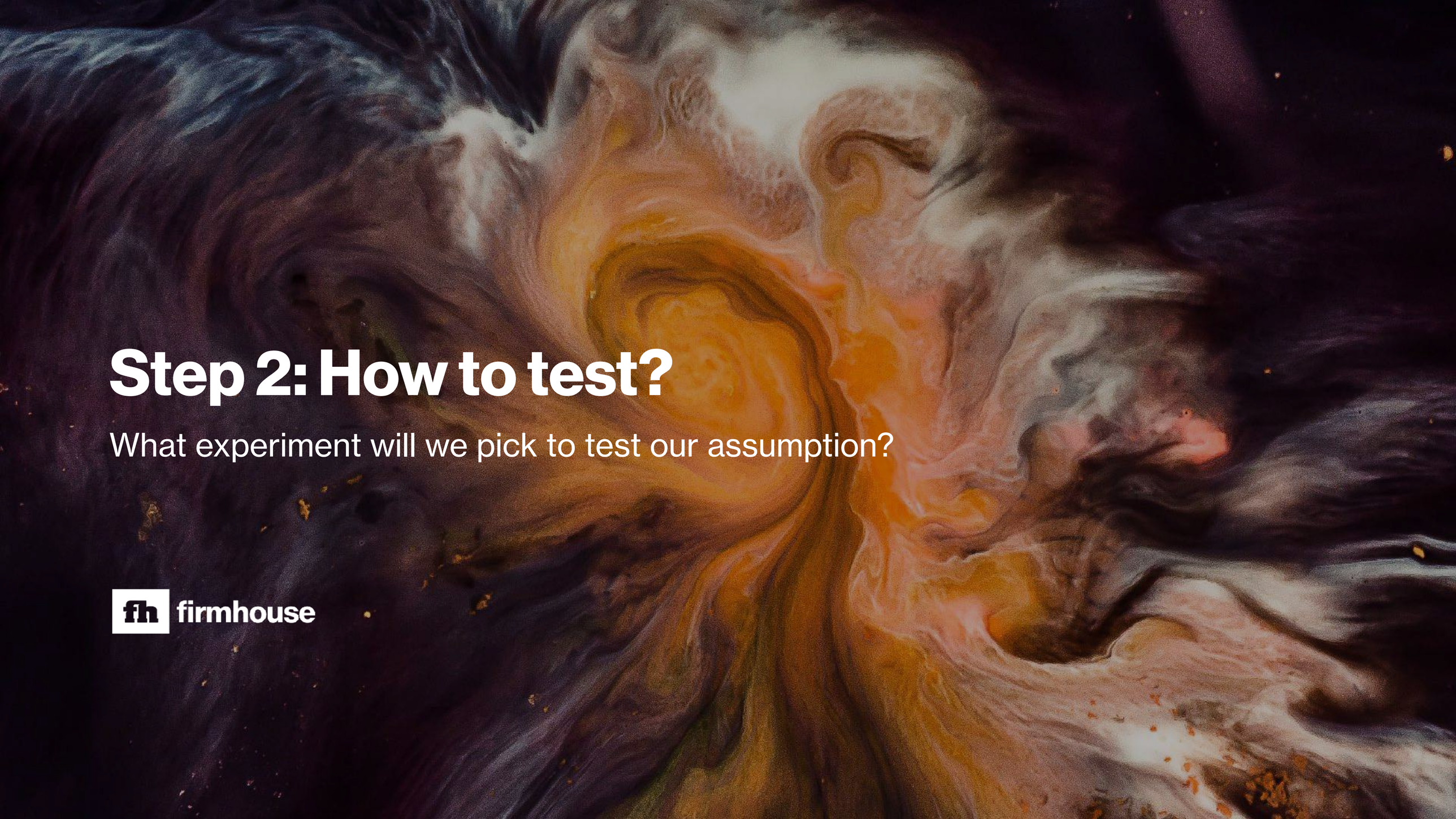


Airbnb, new market and offering.

iPhone, re-segmented the mobile industry


known
unknown





Step 2: How to test?

What experiment will we pick to test our assumption?

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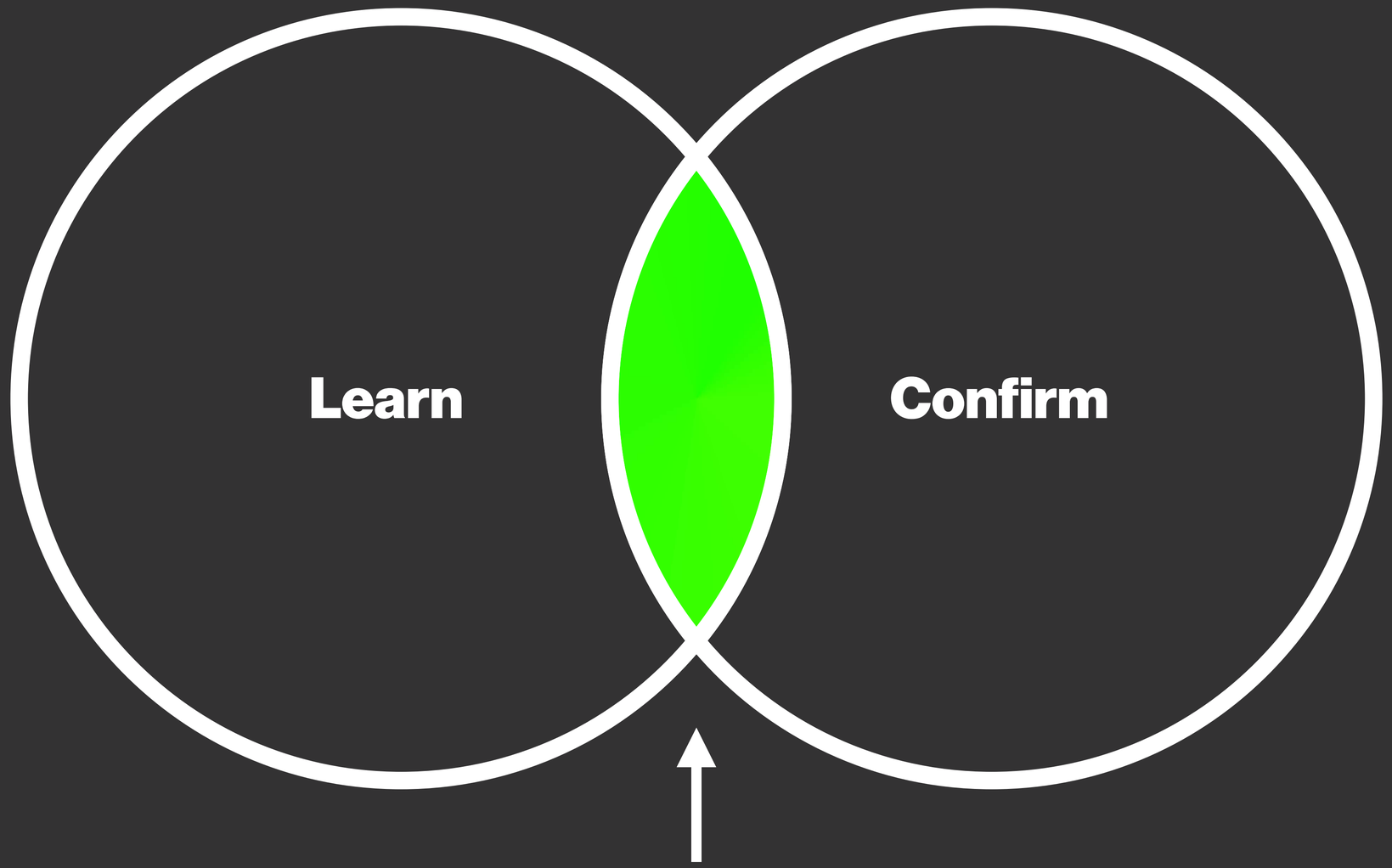
Core principle

Validated Learning

Your core goal and job as an entrepreneur is to de-risk your plan. Not only do we have to learn, we have to prove that it can work.


Learn
Confirm
Validated Learning

2 How to test?

Brainstorm experiments

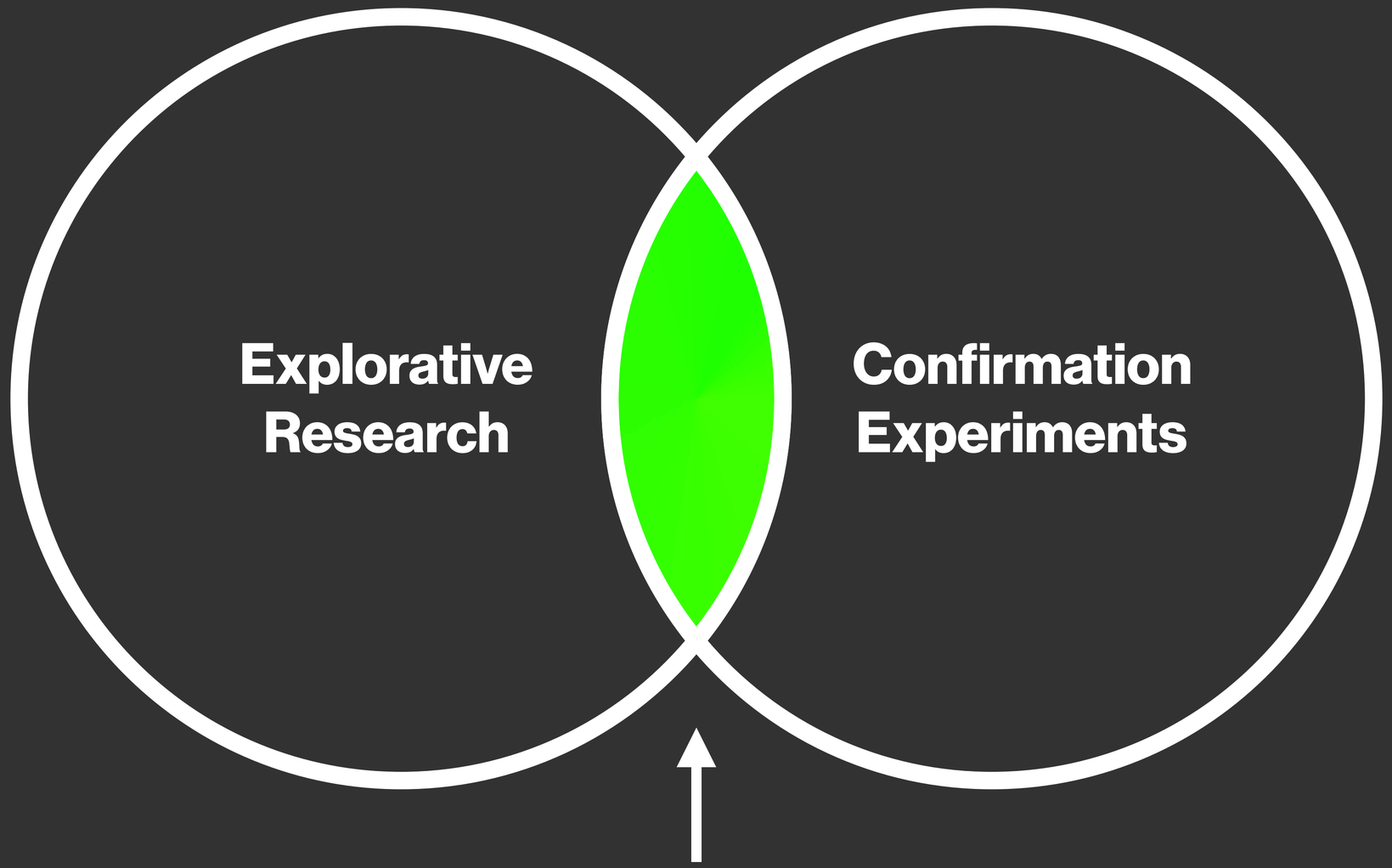
Define your need for the type of information and explore different experiments you can run.

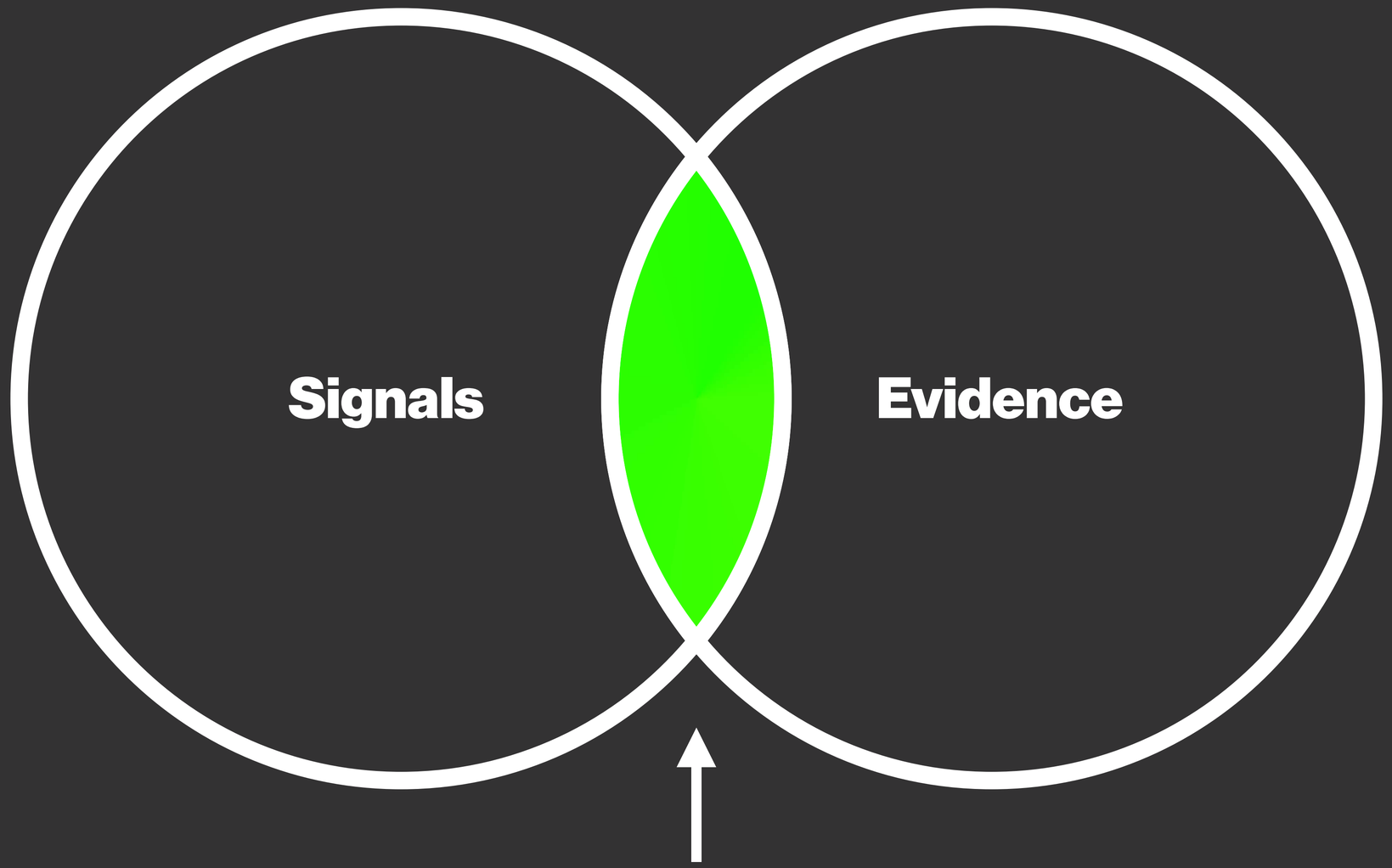
Design experiments

Design the most promising experiments from the brainstorm and rate them on cost, time and data quality.

Gather the results

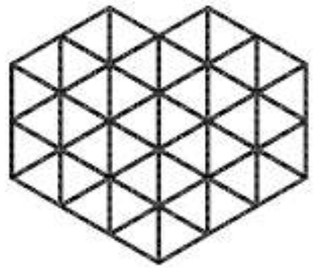
Execute the experiments and gather all the data, get ready for analysing these results.


Explorative
Research
Confirmation
Experiments
Validated learning


Signals
Evidence
Validated Learning

Wizard of Oz

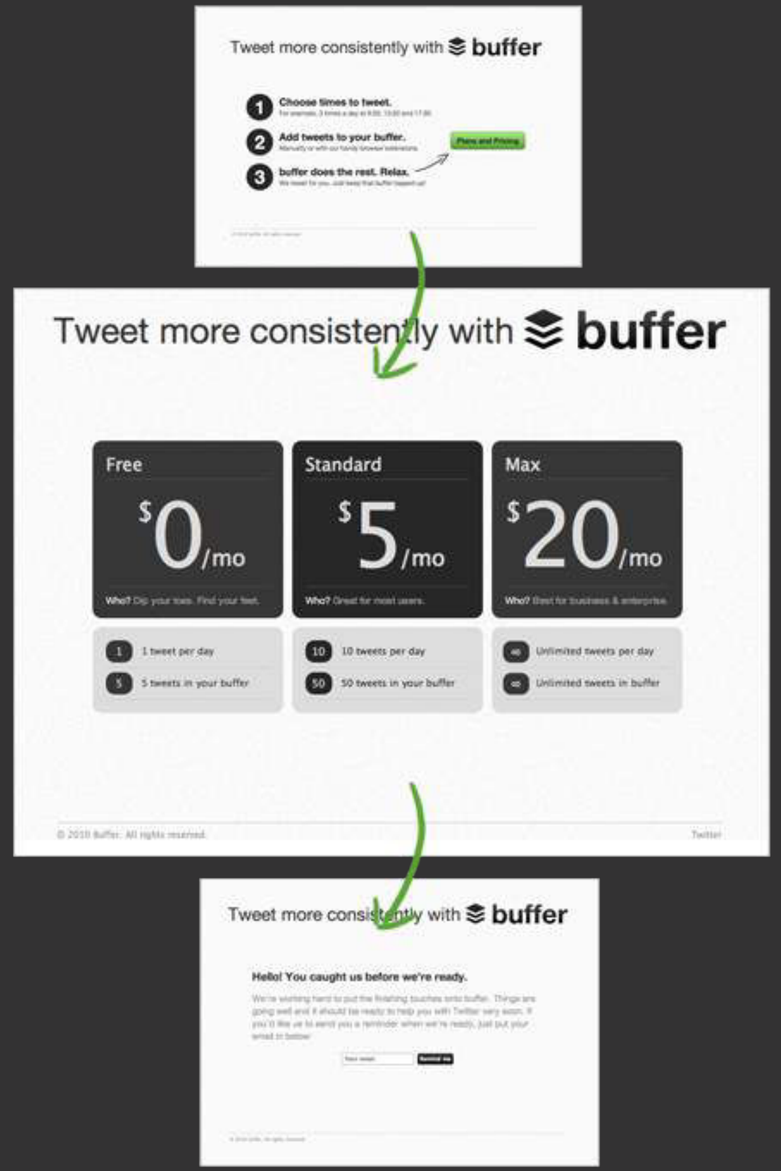
Main purpose is to prove demand and build deep understanding of your customers' needs.



Concierge service

A version of your product where manual work is involved, however your user is not aware that behind the scenes something is not automated.

buffer



Basic experiment setup.

Goal:
What are we trying to achieve?

Method:
How are we planning to achieve that? How can we test?

Metric:
What will we observe or measure?

Condition:
What is our target?

End-date:
When do we evaluate the results?

Buffer example.

Goal:
Test if people sign-up and are willing to pay for the product.

Method:
online proposition test, track if and what people are willing to pay

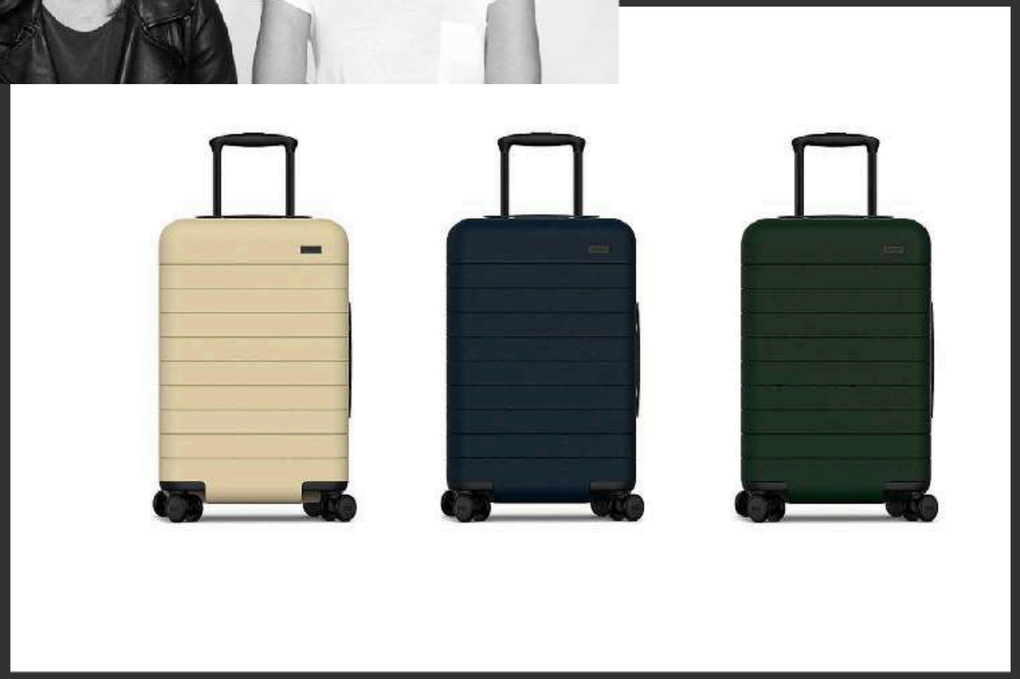
Metric:
amount of people that pick a paid plan over the free plan

Condition:
40% out of sign-ups have picked a paid plan.

End-date:
two weeks after the start

	Market	Product
Explorative research	· Customer Discovery interviews · Data mining · Surveys (open ended!) · Industry expert interview	· Customer Solution interviews · Demo pitch · Concierge test / consulting · Competitor Usability · Picnic in the graveyard
Confirmation experiments	· 5 second tests · Comprehension · Data mining · Surveys (close ended) · Smoke tests (video, event etc)	· Paper prototypes · Clickable prototypes · Usability · Live · Wizard of Oz · Analytics / dashboards · Surveys (NPS / PM-fit)

Example



Away Travel is a company which sells suitcases which are sturdy and serve the tech savvy millennial

Jen and Stephanie:

- Interviewed over 800 people
- Sold first units via preorders
- Now sold over 100.000 suitcases

Example MVP

	Signature Edition	Early Bird Edition
	25	75
	1 t/m 25	26 t/m 100
		✓
em	✓	✗
uddy Seat	✓	✗
Two Color Double Stitched Hand Grips	✓	✗
Red brake calipers	✓	✗
Signature Matt Black	✓	✗
Early Bird Red	✓	✓
Matt Black Wheels	✓	✓
Delivery estimate	Spring 2016	Summer 2016
Price	~~€ 2995~~	~~€ 2495~~
Pre-order deposit	€ 290	€ 40
Bolt Mobility Plan	€ 29 / month	€ 29 / month

Bolt Mobility sold the first units on preorder and asked for 10% downpayment

Martijn and Bart optimised for sales before anything else:

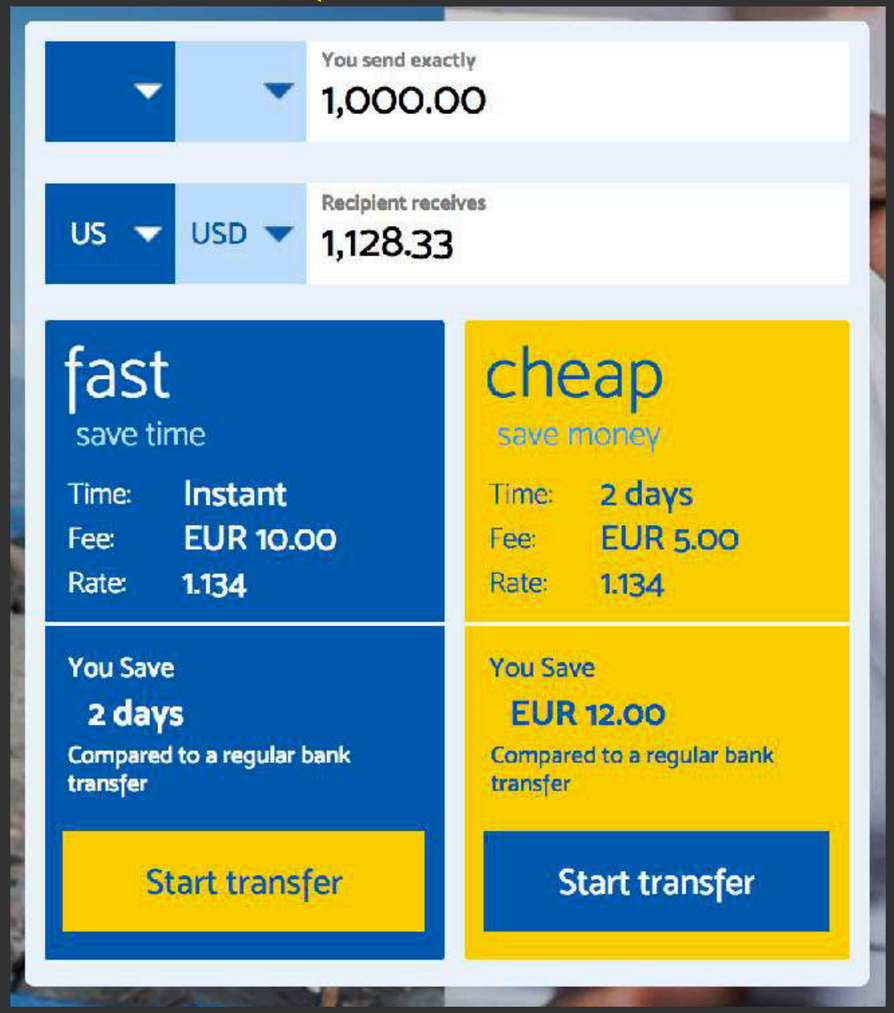
- **Attempted to sell the scooter based on mock-ups**
- **Collected and validated feedback by cross checking with other observations and data sources**
- **In this way they made the sales funnel work before anything else**

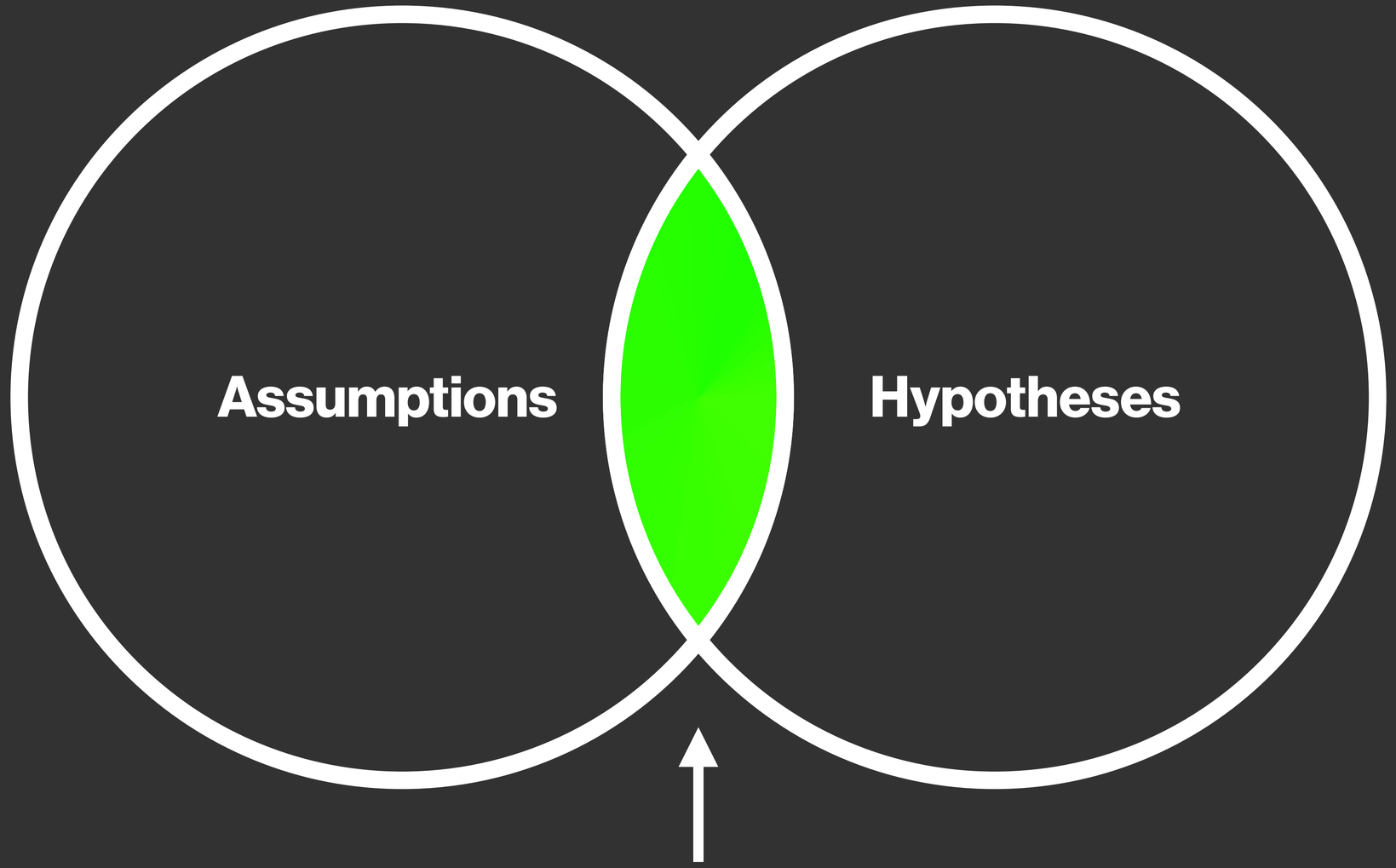
That moment you realize

You've been paying too much for international transfers the whole time

Here's how to avoid it

MoneyTransferrer

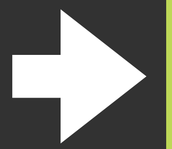



Assumptions
Hypotheses
Validated learning

We believe that [target group]
are [showing behaviour / display interest in x],
[for this reason].

"One hundred percent of American parents between the ages of 25 and 30 who have an annual income over $100K will want to share photos with their parents and siblings, because they lack the time to visit them often. "

Edited example from Eric Ries' The Leader's Guide community



Test Card

Strategyzer

Test Name | *Deadline*

Assigned to | *Duration*

STEP 1: HYPOTHESIS

We believe that

Critical:

STEP 2: TEST

To verify that, we will

Test Cost: Data Reliability:

STEP 3: METRIC

And measure

Time Required:

STEP 4: CRITERIA

We are right if

The makers of Business Model Generation and Strategyzer

Here's mine:

We believe that innovators in large companies are finding it hard to focus on their innovation projects, because lots of stakeholders interfere.

Test Card

Strategyzer

Test Name | *Deadline*

Assigned to | *Duration*

STEP 1: HYPOTHESIS

We believe that

Critical:

STEP 2: TEST

To verify that, we will

Test Cost: Data Reliability:

STEP 3: METRIC

And measure

Time Required:

STEP 4: CRITERIA

We are right if

The makers of Business Model Generation and Strategyzer

5:00

Success criteria

Test Card

Strategyzer

Test Name | *Deadline*

Assigned to | *Duration*

STEP 1: HYPOTHESIS

We believe that

Critical:

STEP 2: TEST

To verify that, we will

Test Cost: Data Reliability:

STEP 3: METRIC

And measure

Time Required:

STEP 4: CRITERIA

We are right if

The makers of Business Model Generation and Strategyzer

Timeboxing

Test Card

Strategyzer

Test Name | *Deadline*

Assigned to | *Duration*

STEP 1: HYPOTHESIS

We believe that

Critical:

STEP 2: TEST

To verify that, we will

Test Cost: Data Reliability:

STEP 3: METRIC

And measure

Time Required:

STEP 4: CRITERIA

We are right if

The makers of Business Model Generation and Strategyzer

Test Card

Strategyzer

Test Name Initial proposition test	*Deadline*
Assigned to Robbert	*Duration* 3 days

STEP 1: HYPOTHESIS

We believe that

innovators in large companies
are finding it hard to focus on their innovation projects,because lots of stakeholders interfere

Critical:

STEP 2: TEST

To verify that, we will

Demo Dispatch and Airstrip during the workshop

Test Cost:

Data Reliability:

STEP 3: METRIC

And measure

Number of participants who will take a trial account afterwards

Time Required:

STEP 4: CRITERIA

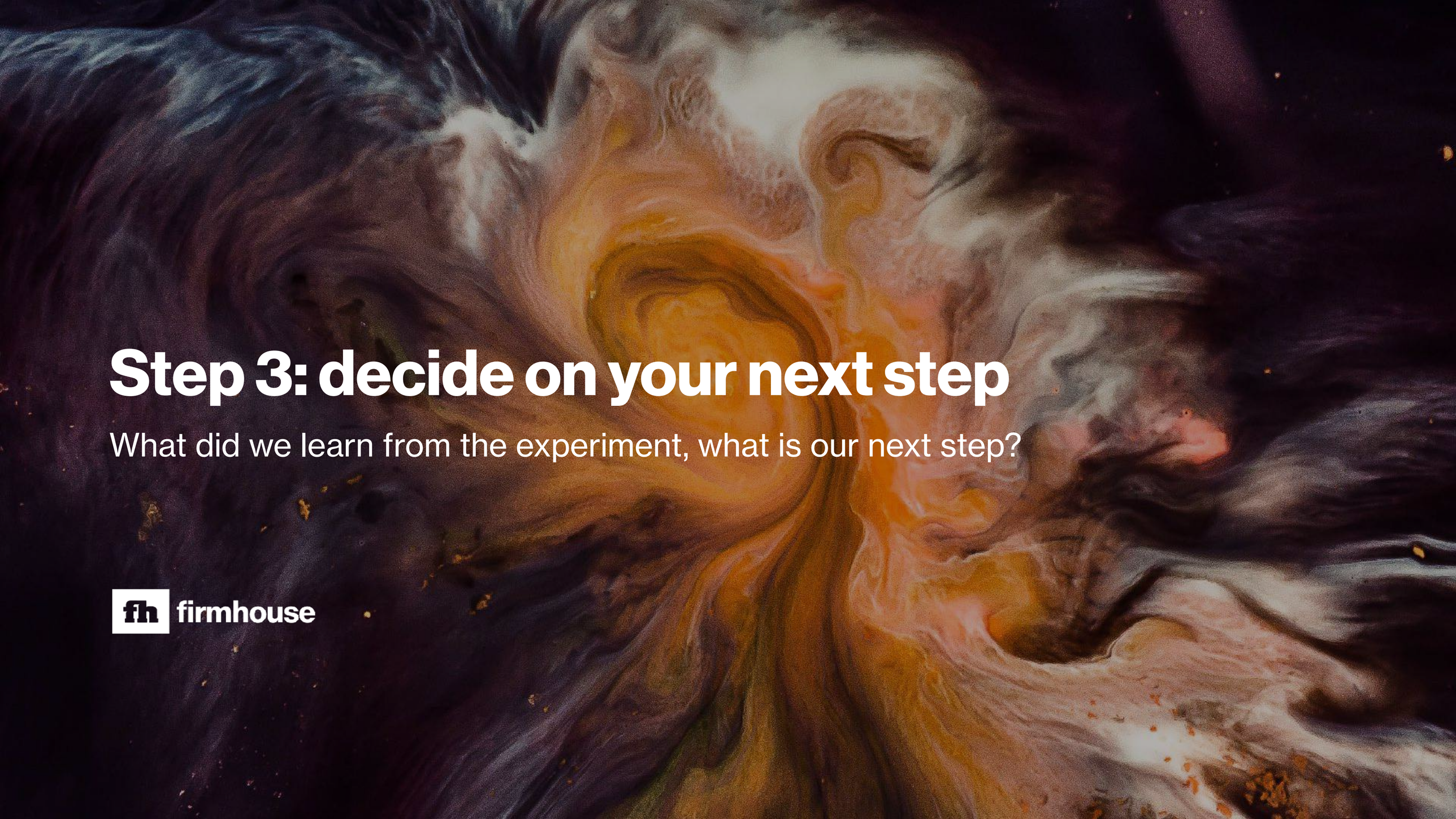
We are right if

50% of the participants take a trial account

The makers of Business Model Generation and Strategyzer

Demo - 5 minutes

Add your assumption to Dispatch and build an experiment in Airstrip.



Step 3: decide on your next step

What did we learn from the experiment, what is our next step?

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Core principle

Innovation Accounting

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3 Decide on next steps

Assess quality of data

Let’s assess if the data we got back is actually providing us with results we can trust.

Experiment conclusion

What happened during the experiment? Did we reach clear validation or invalidation. Or do we need to learn more?

Decide on next step

Now what is the next step after analysing this experiment. Go to the next hypothesis or should we retest this in different form?

False positive trap.

False negative trap.

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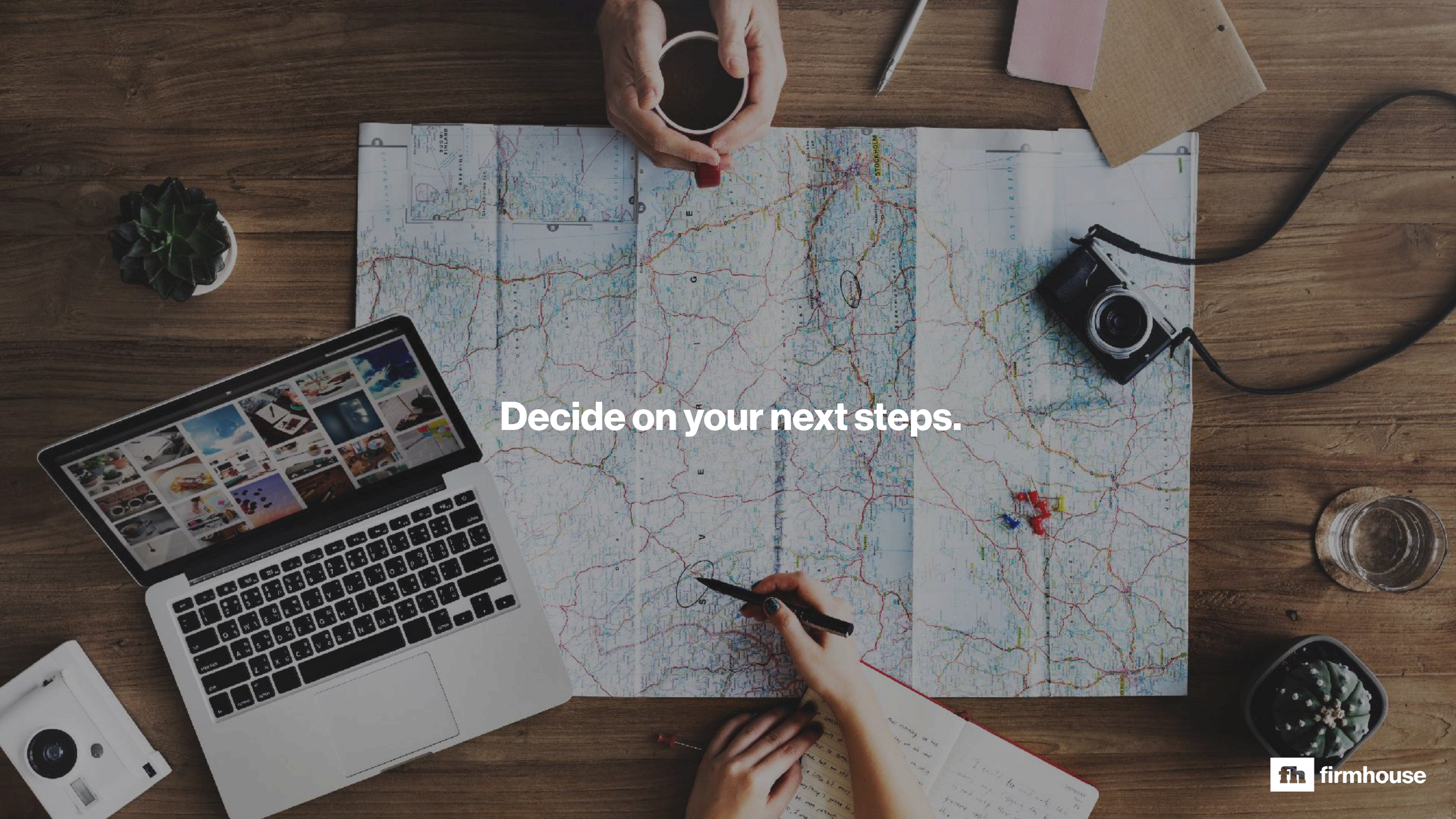

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Validated.

Invalidated.

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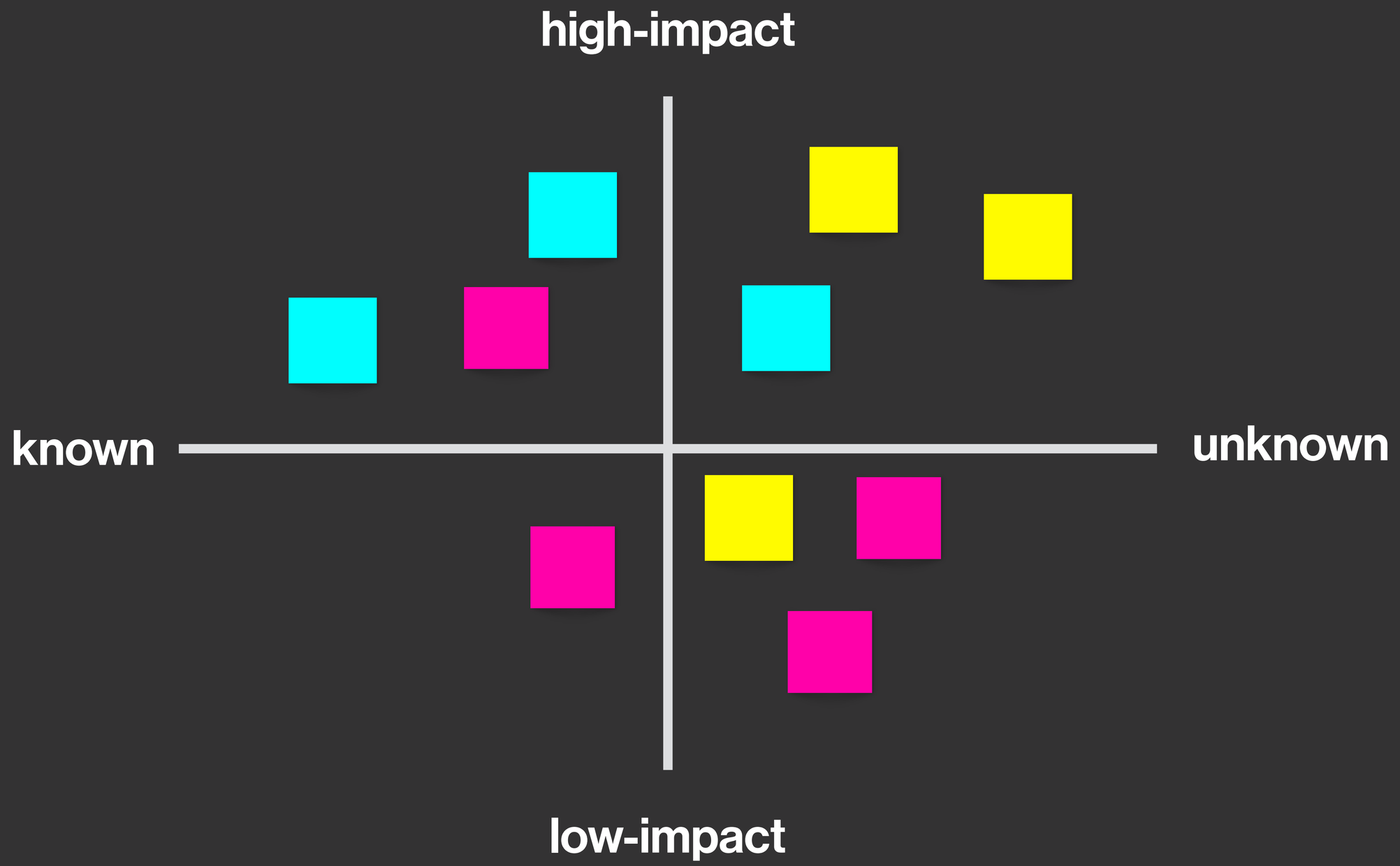
Reprioritise on your analysis

How do our learnings change our views of our assumptions
on the level of risk and impact?



Concluding

Short recap of today.

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Don’t re-invent the wheel

Startups win because of their speed of experimentation and learning.

Post down: status of learning goals?


You can’t learn kung-fu by watching Bruce Lee movies...
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Thanks for participating!

eBook - From Signal To Evidence:

https://gum.co/evidence

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