BE ENTREPRENEURIAL!

A workshop with an undesirable side effect
# Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Topics</th>
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<tbody>
<tr>
<td>9:00-9:30</td>
<td>Welcome, get in touch</td>
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<td>9:30-12:00</td>
<td>Input:</td>
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<tr>
<td></td>
<td>• Innovation and Entrepreneurship</td>
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<td></td>
<td>• Business Design</td>
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<td>• The Value Proposition Canvas approach</td>
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<td>Lunch Break</td>
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<tr>
<td>13:00-14:00</td>
<td>Interactive Session I:</td>
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<tr>
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<td>• Elaboration of Value Proposition Canvas in teams</td>
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<tr>
<td>Break</td>
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<tr>
<td>14:30-15:15</td>
<td>Interactive Session II:</td>
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<td>• Presentations and feedback</td>
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<tr>
<td>Break</td>
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<td>15:30-17:00</td>
<td>Entrepreneurs’ insights</td>
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<td>• Dr. Jakob Hermann</td>
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<tr>
<td>17:00-17:15</td>
<td>Closing</td>
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Harald Jenull

UnternehmerTUM GmbH
» Manager Technology Transfer

Professional Experience
» Consultant for Technology Transfer at Austrian Institute of Technology
» Lecturer university of Graz
» Project Leader at a Medtech cluster in Austria

Academic Training
» MSc. in Environmental Science, University Graz and Graz University of Technology
» Patent engineer (univ.), University of Jena
UnternehmerTUM and TU Munich combine all important building blocks of a startup ecosystem under one roof
The diversity and the systematic approach of UnternehmerTUM offerings are unique and the achieved results are benchmark in Europe.
UnternehmerTUM distinguishes itself from other innovation and incubation centers through its outstanding network.
Innovation and entrepreneurship
What different types of innovation do you know?

Product innovation

Service innovation

Process innovation

Business model innovation
“Superior technology ≠ innovation”
Five misconceptions about “Innovation”

An innovation is always something brand new.
Five misconceptions about “Innovation”

The most important thing about an innovation is its idea.
Five misconceptions about “Innovation”

An innovation is always based on a customer need.
Five misconceptions about “Innovation”

An innovation is always a high-tech product.
Five misconceptions about “Innovation”

The success of an innovation is predictable.
What is Entrepreneurship?

“Entrepreneurship is the art of taking the next step.”

S. Sarasvathy, University of Virginia
Entrepreneurship is about value creation

Value creation
Offer customers products and services with a value they are willing to pay for.
Entrepreneurship is about opportunities and actors

„Entrepreneurship is the pursuit of opportunities beyond the resources one currently has under control.”

H. Stevenson, Harvard University
Five misconceptions about “Entrepreneurship”

You either have an idea – or not.
Five misconceptions about “Entrepreneurship”

The tedious process of developing a business concept is overrated.
Five misconceptions about “Entrepreneurship”

A business idea is born all in one chunk.
Five misconceptions about “Entrepreneurship”

Products are better than services.
Business Design
Approach for Innovation and Start-up projects
Business Design

is the holistic recognition, development and implementation of sustainable future businesses by applying proven tools and methods out of Design and Management
Business Design principles

- Interdisciplinary cooperation
- Human-centeredness
- Contextual observation
- Iterative approach
- Social prototyping
- Holistic perspective
Challenge:
Development of a strong understanding for customer needs!
What does your customer really want?
“Human-Centeredness“

Put the human being in the center
Goals and benefits of Human-Centeredness

- Development of an understanding for real customer needs
- Recognition of hidden expectations and wishes
- Development of empathy for the user/customer
- Understanding motivation and drivers
- Respect ecosystems and value system during development
- Aligning solution and user/customer and increase usability/availability of the solution

Understand the „Jobs to be done“

„With few exceptions, every job people need or want to do has a social, a functional, and an emotional dimension. If marketers understand each of these dimensions, then they can design a product that’s precisely targeted to the job. In other words, the job not the customer, is the fundamental unit of analysis for a marketer, who hopes to develop products that customers will buy.“

Understand your customer ...

- Qualitative interviews
- Online surveys
- Netnography
  http://www.hyve.de/netnography.php
- Co-Creation und Online competitions
  http://www.innovation-myideanet.com/de/Home/
- ...

But...
Contextual observation

- Understand others by walking in their shoes
- Understand others by spending time with them
- Understand others by listening to what they say, watching what they do, and interpreting through data and intuition

slip into their shoes

share time with them

listen and watch

interpret
Surprising and unexpected behavior
Self-experiments
“No, because customers don’t know what they want until we’ve shown them.”

Steve Jobs, 1982,
Answering the question if he includes customer wishes, out of market research into the product development of the Macintosh.
exercise
# Customer Persona

## Profile

**Name:** [Name]

**Age:** [Age]

**Gender:** [Gender]

**Marital status:** [Marital status]

**Education:** [Education]

## Tasks

- Domestic tasks
- Tasks for and with the family
- Fitness/health
- Routine tasks at work
- Challenging tasks at work
- Training/personal development

## Pains

- What are the challenges, problems of daily life?
- What physical, psychological symptoms is she/he facing?
- What annoys her/him regularly?
- Is she/he socially isolated?
- What current goals/wishes (job, apartment) are unsatisfied?
- What are the risks she/he fears?
- What gives her/him sleepless nights?
- What typical mistakes does she/he make?
- What barriers prevent her/him from changing her/himself, solving current problems, achieving targeted goals?
- What can she/he not afford (financial constraints)?

## Gains

- What would make life easier for her/him?
- What improvements would she/he want and what would thrill her/him?
- What solutions would be particularly appreciated?
- What is the social status she/he would want to achieve?
- What does she/he long for?
- What does she/he dream of?
- What wishes would she/he like to come true?
- How does she/he think and feel about failure and success?
- How could change be requested?
- What ideas motivate her/him?
- What financial improvements would delight her/him in particular?

## Brief description

- Children, other family members
- Hobbies/social engagement
- Social environment and status
- Values/education

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Challenge:
Holistic development of a business model
Look at business ideas from a holistic perspective
Holistic development and evaluation of the business

Desirability: distinct use for the customer
Feasibility: attractive offering is realizable
Profitableness: existing market volume and profit chance
Suitability: fit the competences and experiences
Sustainability: economical, ecological and social responsible

Go to: go.utum.de/opportunityassessment
Challenge:
Communication and validation of the business idea
I’ve an idea!
Mental model „Coffee house 2.0“

Communication

Prototype

Quelle: Massey/Wallace (1996), Doll (2009)
Develop and communicate a business idea via Social Prototyping
What is a prototyp?

- a first version of a future **product, service, process, business model** or a hole **organisation**

- **Form and function** are dependent on the question that needs to be answered
Products…

… as a simple sketch
… from Post-It´s
… as a CAD-Modell
... as a 1:1-Modell
Services

... from LEGO

Siehe: go.utum.de/legoseriousplay
... as a video
Processes

... on Brown Paper
... as a diagramm
... as a Customer Journey

Siehe: go.utum.de/customerjourneymap
Business model

... as a Business Model Canvas

Source: https://myownfortune.wordpress.com, Go to: go.utum.de/businessmodelcanvas
Further Prototyping-Tools

- **Microsoft Powerpoint**: flexible tool for the creation of different visualizations
- **eMachineShop.com**: customer specific CNC components ordered online (Waterjet, Plasma, laser cutter, etc.)
- **MakerBot Industries**: 3D Printing
- **Fab@Home**: Open Source 3D Printing
- **Ponoko.com**: Design and realization of own products
- **Phidgets.com**: cheap Plug & Play components
- **NI LabView**: visual development environment for electronic systems
- **Protoshare.com**: Websites Wireframing / Prototyping
- **Balsamiq.com**: Fast Wireframing and Mockups for websites and apps
- **Axure**: Interactive HTML Prototyping
- **Microsoft Visio**: clickable Web-Demos
- **Prototypes**: Development of fully functional Click-Dummies for tablets and smartphones
- **DjangoProject.com**: Web-Framework for the creation of functional Web-Platforms
- **Node.js**: I/O System for the creation of scalable Server-Software
- **jQuery**: User-Interface library for Web-Applications
- **UserVoice.com**: Online user feedback system
A value proposition is a clear and distinctive statement about promises to the customer

**Core beliefs**

1. To be successful you have to be **famous for something to the customer**

2. A strong customer value proposition can be **truly distinctive** in only **one or two dimensions**

3. However, **minimum competitive standards** (especially in performance) must be achieved and clearly positioned (hygiene factors)

**A value proposition**

- **Is a unique statement** about the value that a company consistently delivers to its customers
- **Is a promise to the customer**
- Encompasses a **limited** set of attributes and benefits of the product that are:
  - Differentiating
  - Relevant
  - Understandable
Who is your customer?

Customers pay!  Users use!
Customer needs

A product or service will only be a success if the customers buy it. And they will only do so if the product or service solves a severe problem they have and are aware of.

» Put yourself in the shoes of your customer!
» Understand in depth their problems and needs!
» Create sustainable solutions.
Customer benefit describes and quantifies the different advantages to the customer

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<thead>
<tr>
<th>Potential customer benefits B2C</th>
<th>Potential customer benefits B2B</th>
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<tbody>
<tr>
<td>Price</td>
<td>Quality</td>
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<tr>
<td>Gaining fun or satisfaction through buying or using the product/service</td>
<td>Improving the ability to act quicker on the market,</td>
</tr>
<tr>
<td>Design, Convenience, Gaming experience</td>
<td>Improving position on a market, e.g., exclusivity</td>
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<tr>
<td><strong>getting a job done</strong></td>
<td><strong>getting a job done</strong></td>
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Problem severity

Type of problem solved by product or service

» Situation worth of improvement

» Problem, but not recognised as such

» Problem not recognized as such, but expectation that recognition of a real problem will soon become evident

» Problem generally known to be very disturbing and customer willing to invest in a solution
Iterative approach for the best solution
Customer Development

Customer Discovery
- Problem-Solution Fit
- Proposed MVP
- Proposed Funnel(s)

Customer Validation
- Product-Market Fit
- Business Model
- Sales & Marketing Roadmap

Customer Creation
- Scale Execution

Company Building
- Scale Organization
- Scale Operations

pivot

Lean Startup
(Build-Measure-Learn-Cycle nach Eric Ries)

The fundamental activity of a startup or corporate innovator is to turn ideas into products and services, to measure how customers respond and then to learn what works and what doesn’t. This may eventually lead to a pivot of your strategy or to preserve elements of your future model that have been proven right. All successful innovation processes should be geared to accelerate that feedback loop.

Phase 1
“Customer discovery”
Problem & solution fit

Phase 2
“Customer validation”
Product & Market fit

Phase 3
“Customer creation”
Growth

Lean Startup Principle

• “Nail it then scale it”
• Quick testing of your assumptions regarding market, customer, pricing, etc.
• MVP (Minimum viable product)
• Small use of resources via clever design (no scaling without sales)
• Fairs, iterative approach, agile development
• Learn fast! – Fail fast!

Quelle: Ries (2012)
Recommended literature 1/2

Business Model Generation, Value Proposition Design  
Alexander Osterwalder & Yves Pigneur

You're holding a handbook for visionaries, game changers, and challengers striving to defy outdated business models and design tomorrow's enterprises. It's a book for the...

Business Model Generation

Written by Alexander Osterwalder & Yves Pigneur
Co-created by an amazing crowd of 420 thinkers from 41 countries
Designed by Alan Smith

Die Fortsetzung des Bestsellers Business Model Generation!

Entwickeln Sie Produkte und Services, die Ihre Kunden wirklich wollen, mit

Value Proposition Design

strategyzer.com/vpd

Alexander Osterwalder, Yves Pigneur, Greg Bernarda, Alan Smith

Design: Trish Papadakos
Recommended literature 2/2

The Innovator's Dilemma
Clayton M. Christensen

The Mom Test
Rob Fitzpatrick

The Art of the start
Guy Kawasaki
Value Proposition Canvas

Quelle: Osterwalder
Value Proposition Canvas

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Value Proposition Canvas

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Value Proposition Canvas

Quelle: Osterwalder
Value Proposition Canvas

Quelle: Osterwalder
The Value Proposition Canvas

Step 1: describe problem
Is it a real problem?
Who has this problem?
Would he pay for the solution?

Step 2: describe solution
Is the offer a solution for a problem?
Does the customer understand it?
Would he pay for it?
exercise

Value Proposition
Value Proposition Canvas

- Choose a segment of Nespresso customers based on your Persona
- Describe the „Jobs to be done“
- Use 2 colors (facts/hypothesis)
- Apply the same approach to the corresponding „gains“ and „pains“
- Describe your product/service
- And how they help to create „gains“ or to relieve „pains“
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