

DoD OSBP

Lean Methodology for SBIR/STTR

Technology for the Warfighter

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What is Lean?

Simply, **lean** means creating more value for customers with fewer resources. A **lean** organization understands customer value and focuses its key processes to continuously increase it. The ultimate goal is to provide perfect value to the customer through a perfect value creation process that has zero waste.

Evidence Based Entrepreneurship

Startup manifesto elements

- Search for a repeatable and scalable Business Model
- Evidence based approach
- Iterative and agile

YOU COULD ALWAYS...

- Spend MONTHS writing a 60-page plan with 12 pages of spreadsheets.
- Collect information that justifies assumptions about the problem, opportunity, market size, solution and competitors
- Roll up a 5-year sales forecast with assumptions about the revenue model, pricing, sales, marketing, customer acquisition cost, etc.
- Create a five-year P&L statement, balance sheet, cash flow and cap table.
- Have an exquisitely crafted plan and boil it down to 15 of the prettiest slides you ever saw.

BUT...

Once you get out of the building and start talking to potential customers and users, you will realize that at least 1/2 of your key assumptions in your wonderfully well crafted plan are wrong.

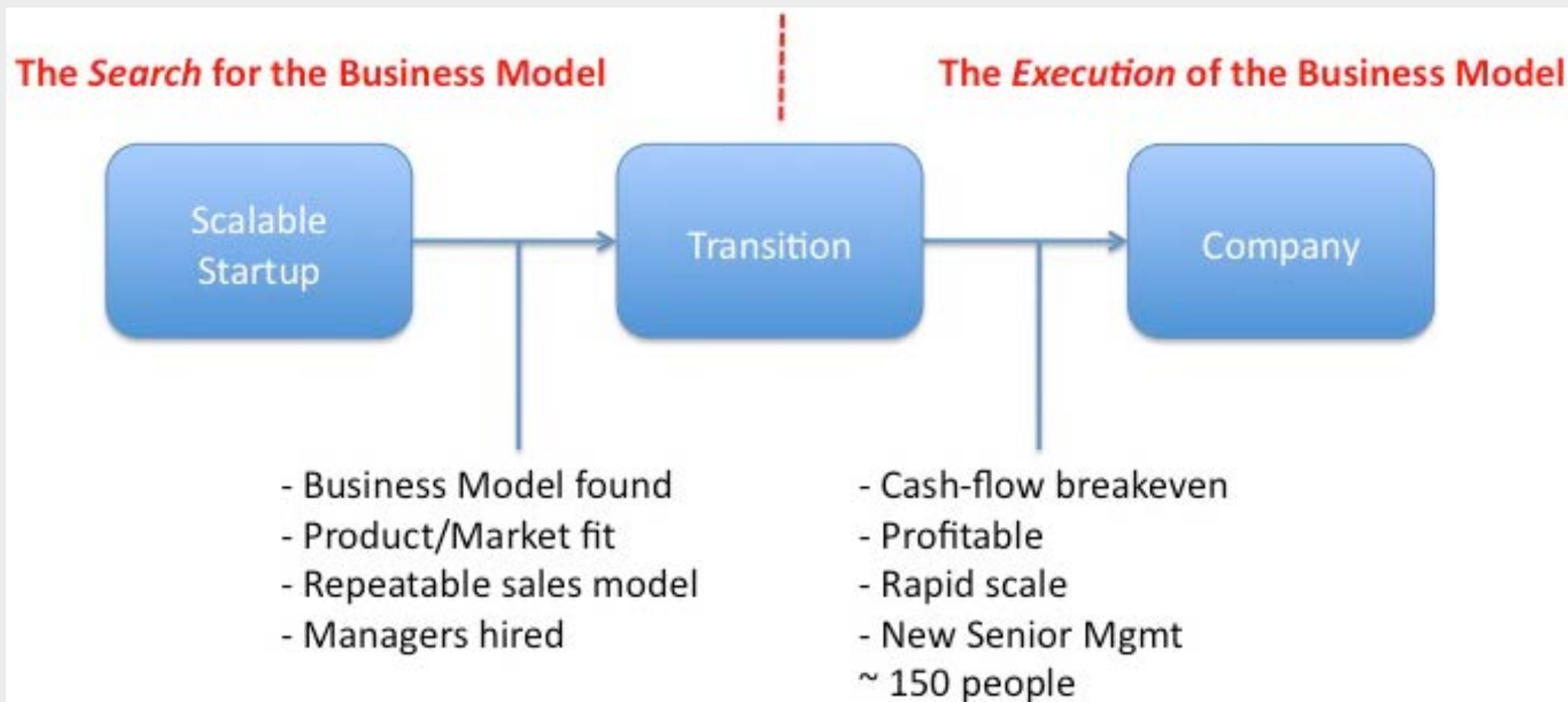
IF I WERE OUR TEENAGE
GIRL TARGET, I WOULD
LOVE OUR NEW PRODUCT.

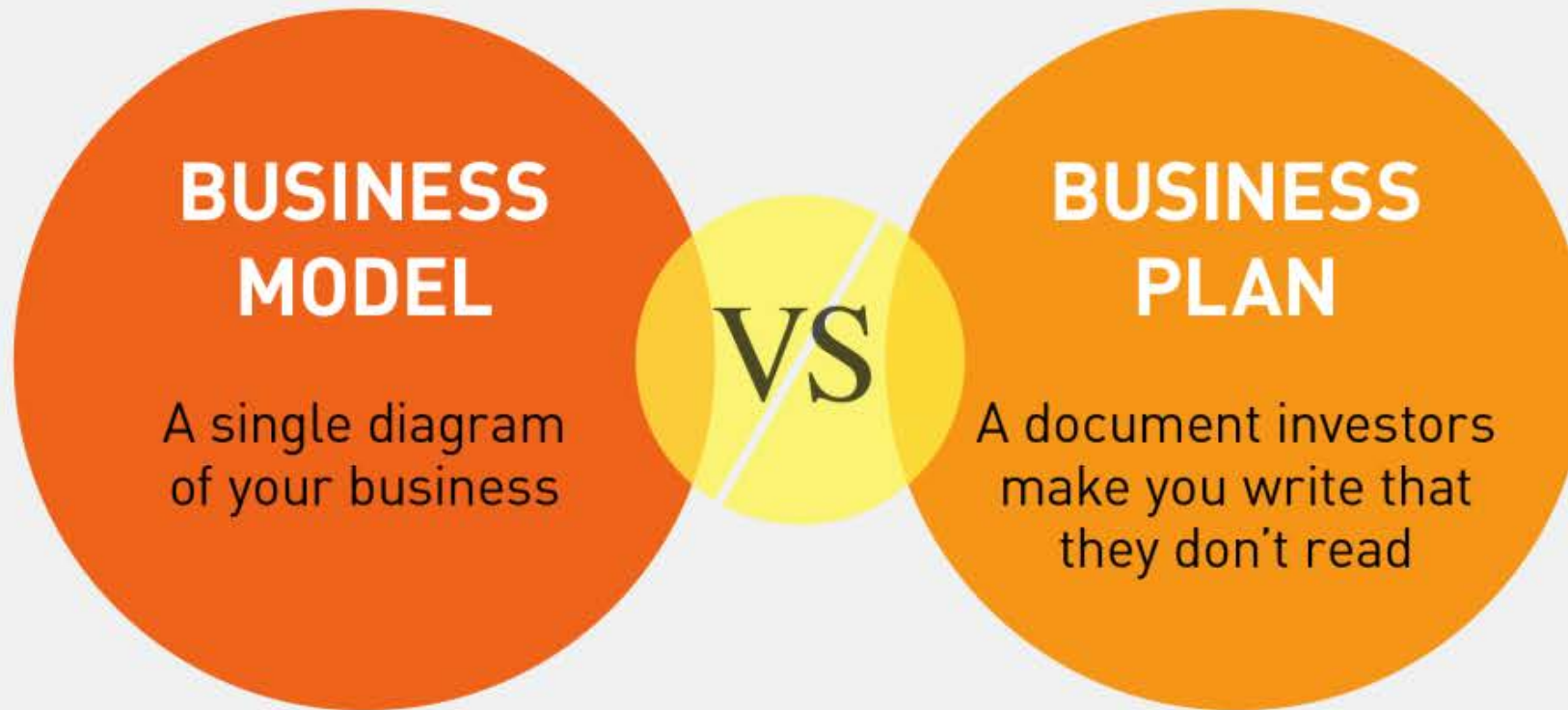
HAVE YOU ACTUALLY
TALKED TO ANYTO
MAKE SURE?

WHAT? AND
LEAVE THIS
ROOM?



There is a difference between searching for a business model and executing one...





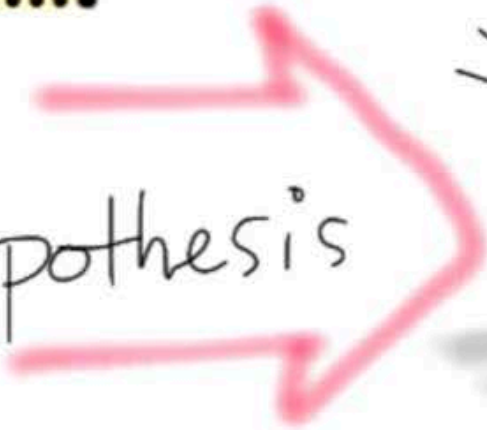
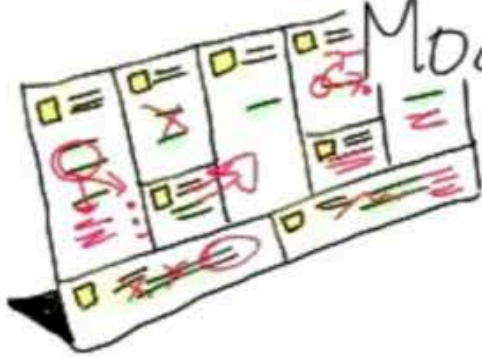
STARTUPS MODEL, COMPANIES PLAN

SEARCH

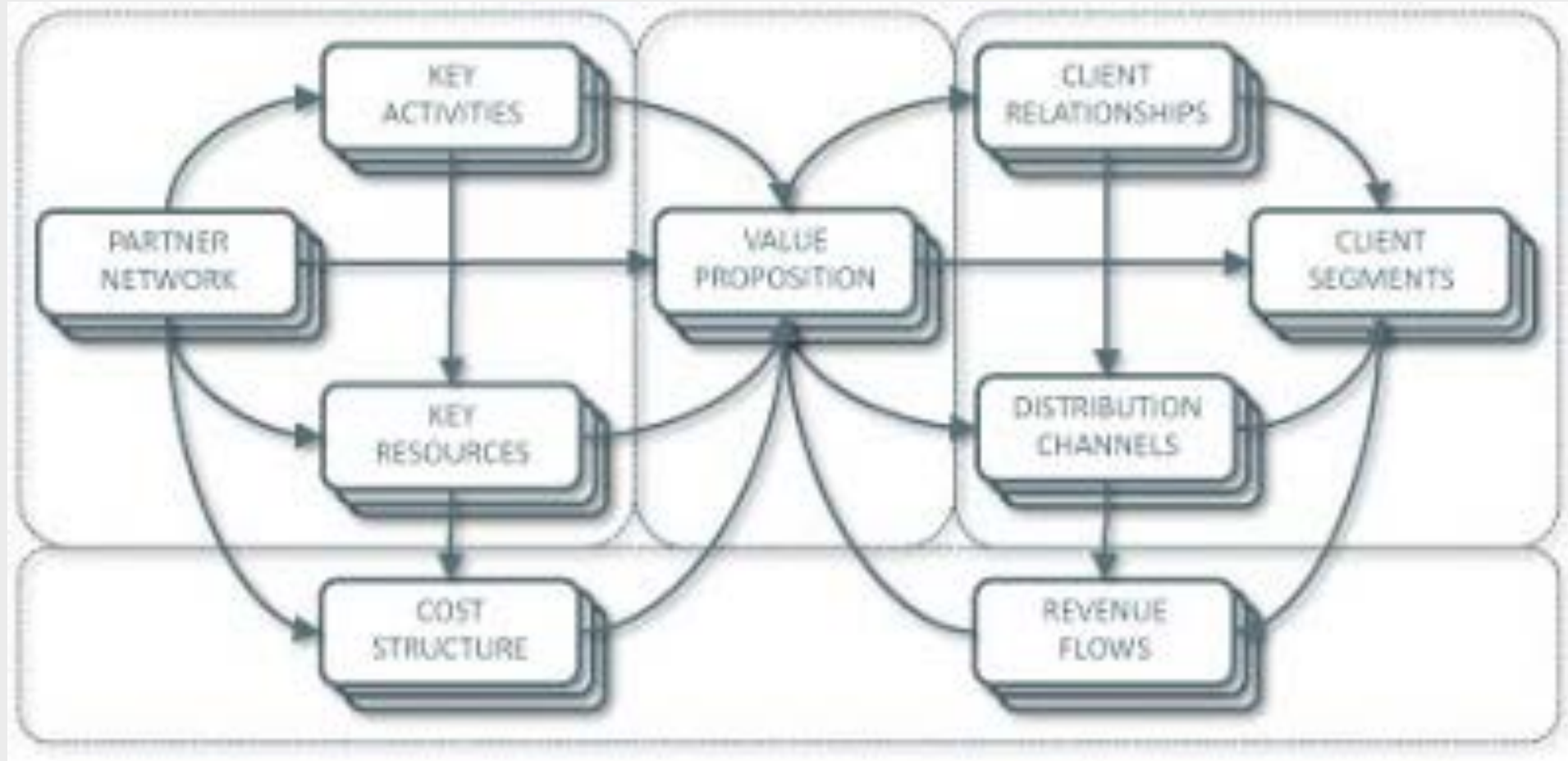
EXECUTION

● STRATEGY

Business Model Hypothesis



A business model is nothing else than a representation of how an organization makes (or intends to make) money. This can be nicely described through the 9 building blocks illustrated in the graphic below, which we call "business model canvas".



The interest in business models comes from two opposing sides:



Established companies have to find new and innovative business models to compete against growing competition and to fend off insurgents

Entrepreneurs want to find new and innovative business models to carve out their space in the marketplace

It helps executives as well as entrepreneurs increase their capacity to manage continuous change and constantly adapt to rapidly changing business environments by injecting new ideas into their business model.

9 BASIC BUILDING BLOCKS

1. The value proposition of what is offered to the market;
2. The segment(s) of clients that are addressed by the value proposition;
3. The communication and distribution channels to reach clients and offer them the value proposition;
4. The relationships established with clients;
5. The key resources needed to make the business model possible;
6. The key activities necessary to implement the business model;
7. The key partners and their motivations to participate in the business model;
8. The revenue streams generated by the business model (constituting the revenue model);
9. The cost structure resulting from the business model.

HOW THIS APPLIES

https://www.youtube.com/watch?v=Q_SCTyExElk&feature=youtu.be





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