„We have only started on our development of our country—we have not as yet, with all our talk of wonderful progress, done more than scratch the surface.“

Henry Ford. My Life and Work. [www.gutenberg.org EBook #7213].

Part IV.
30. The Lean Startup Process

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2015-0.12, 12/11/15
http://st.inf.tu-dresden.de/teaching/saab

Obligatory Literature

- http://theleanstartup.com/
- http://www.gruenderszene.de/lexikon/begriffe/lean-startup
- https://en.wikipedia.org/wiki/Lean_startup
- [Blank-HBR] Steve Blank. Why the Lean Start-Up Changes Everything. Harvard Business Review, May 2013. Free to read here:
  - https://hbr.org/2013/05/why-the-lean-start-up-changes-everything

Eric (Ries) dubbed the combination of customer development and agile practices the „lean start-up".

[Steve Blank in Blank-HBR]

…. 75% of all start-ups fail.

[Steve Blank in Blank-HBR]

Internet Links

- Course with videos on startup foundation
  - http://startupclass.samaltman.com/
- http://www.whiteboardmag.com/confessions-of-a-lean-startup-how-i-got-my-first-customers-without-having-a-product/

Literature

- Henry Ford. My Life and Work. [www.gutenberg.org EBook #7213].
- [Osterwalder/Pigneur] Alexander Osterwalder. Ives Pigneur. Business Model Generation. Wiley. !Fantastic!
- Ash Maurya. How to Create Your Lean Canvas. http://leanstack.com/LeanCanvas.pdf
- [Oddoy] Manuel Oddoy. Softwareentwicklung mit natürlicher Sprache (“Lean Modelling”), Belegarbeit, TU Dresden, Jan. 2014. Supervised by Christian Wende, www.devboost.de
- [Korger] Christina Korger. Organisierte Software-Startups mit kollaborativen Canvases. Großer Beleg. Technische Universität Dresden, 2014.
  - http://nbn-resolving.de/urn:nbn:de:bsz:14-qucosa-160539
- Chris Rupp. Dirk Schüpferling. Warum Sie in Interviews nie die ganze Wahrheit erfahren. Artikelreihe, http://jaxenter.de
  - https://jaxenter.de/warum-sie-in-interviews-nie-die-ganze-wahrheit-erfahren-fragen-und-antworten-3-3477

Books

- [BlankDorf] Steve Blank, Bob Dorf, Nils Högsdal, Daniel Bartel. Das Handbuch für Startups – die deutsche Ausgabe von 'The Startup Owner's Manual'. Deutsche Übersetzung von Kathrin Lichtenberg. 2014. O'Reilly.
  - http://www.daniel-bartel.de/das-handbuch-fuumlr-startups.html
- [Ries] Eric Ries. Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses. O'Reilly, 2011
- [Maurya] Ash Maurya. Running Lean. Iterate from Plan A to a Plan That Works. O'Reilly, 2012.
- Ash Maurya. How to Create Your Lean Canvas. http://leanstack.com/LeanCanvas.pdf
- [LeanAnalytics] Alistair Croll, Benjamin Yoskowitz. Lean Analytics. O'Reilly, 2013
- [LeanUX] Jeff Gothelf, Josh Seiden. Lean UX: Applying Lean Principles to Improve User Experience. O'Reilly, 2013.
- [LeanCD] Cindy Alvarez. Lean Customer Development: Building Products Your Customers Will Buy. O'Reilly, 2014
- [LeanAML] Lutz Finger, Soumitra Dutta. Ask Measure Learn. Using Social Media Analytics to Understand and Influence Customer Behavior. O'Reilly 2014
- [SW-Industry] Peter Buxmann, Heiner Diefenbach, Thomas Hess. The Software Industry. Economic Principles, Strategies, Perspectives. Springer 2012

Mentorings of Software Start-Ups

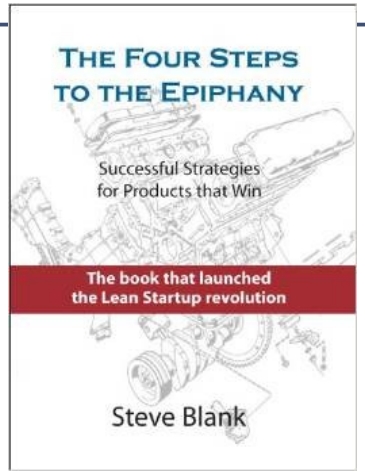
- Ubigrate 2008-2012
  - Boxes with RFID-Tags to automate logistics
- Mentalmotive (2008-today)
  - Environment for multimedia exchange
  - Www.mentalmotive.de
- DevBoost (2012-today)
  - Software quality management tools
  - Consulting
  - Domain-specific languages
  - Www.devboost.de

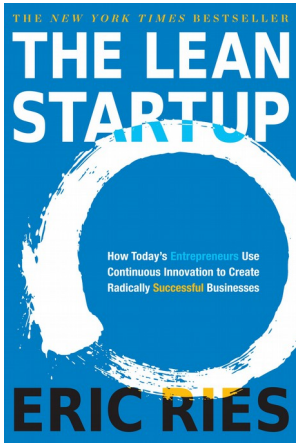
30.1 What is „Lean Startup”?

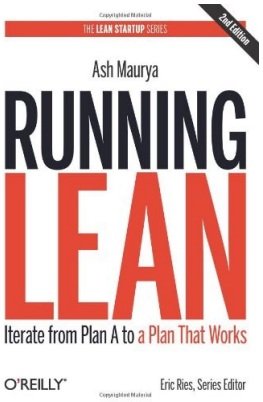
Lean Startup = Lean Customer Modeling + BMC development + Lean Software Development

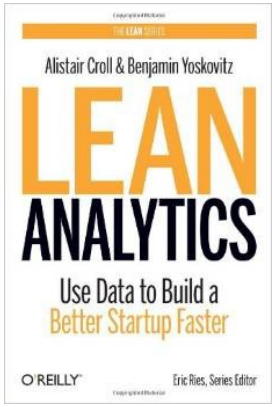
The Proponents

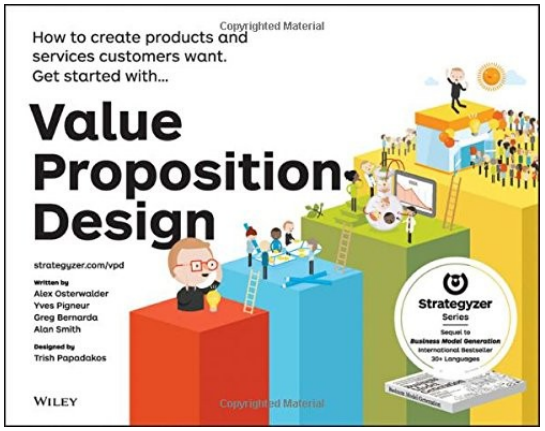
- Steve Blank http://steveblank.com/
- Eric Ries
- Ash Maurya
- Alex Osterwalder
- Ives Pigneur

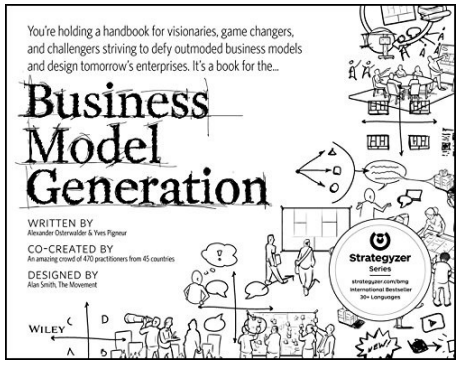












Lean Startup develops the business model of a startup with lean development techniques

Lean Startup, Lean Innovation, and Startup Maturity Level (SML)

The **Lean Innovation Process** is a stage-gate process (Phasenmodell).

The **Lean Innovation Process** measures the **innovation maturity level (IML)** of the business model **by metrics**, to take in feedback to the process (**agility**).

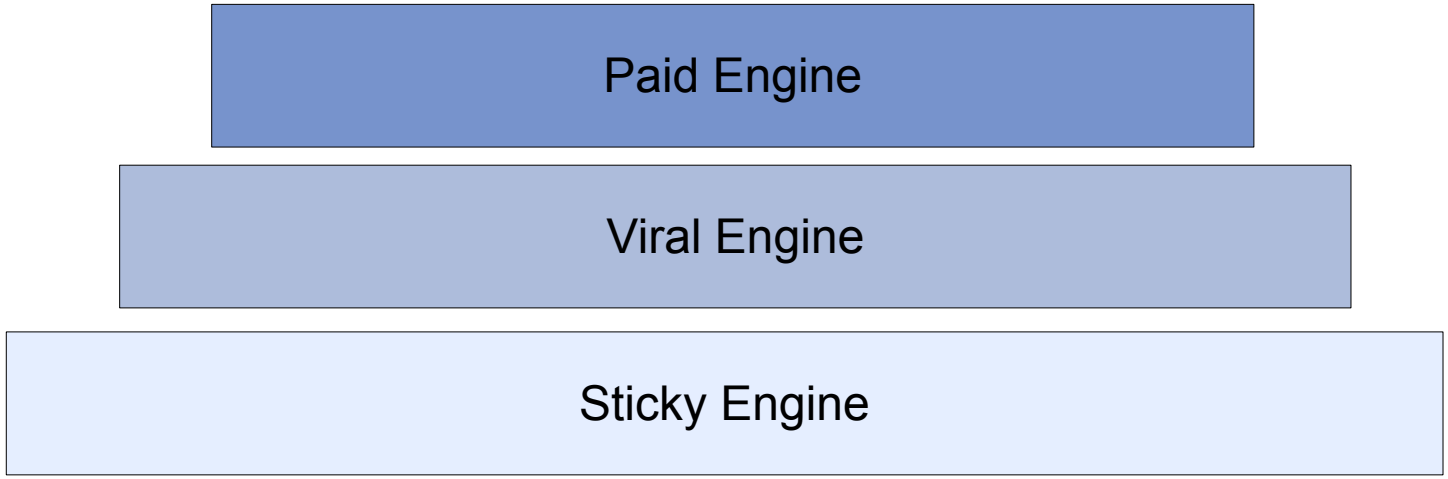
The **Lean Innovation Process** maintains a canvas cactus and improves the maturity of the canvases with **hypothesis testing** about several fits - the customer model fit, the problem-solution fit, the product-market fit and scale fit.

The **Lean Startup,** the **Lean Productization,** and the **Lean Service Definition** are lean innovation processes with
Startup Maturity Level, Product Maturity level, Service Maturity Level.

„If you can't measure it, you can't manage it.”
Peter Drucker [LeanAnalytics]

Lean Startup acc. To Ries

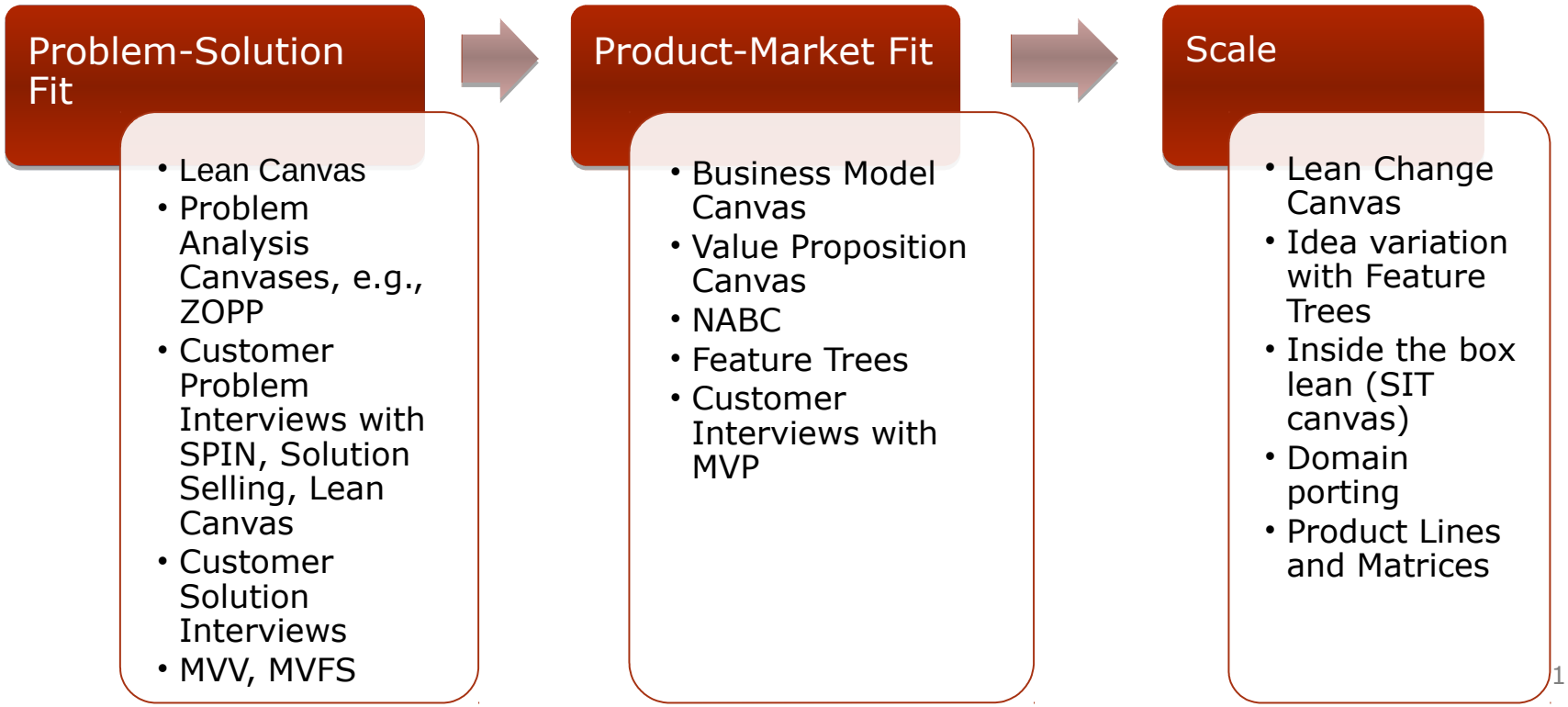
- [Ries] defined three “engines of growth” a startup can use to accelerate



http://larslofgren.com/marketingbasics/the-three-engines-of-growth-with-eric-ries

Lean Startup acc. To Maurya and its Lean Models in the Incubation Process

- Startups have to work on several flat Lean Canvases, in a canvas cactus (with evolution canvas megamodel)
- Three phases in [Maurya]



Phase 1 “Problem-Solution Fit”

- Working out a “minimal viable vision (MVV)”, i.e., a value proposition and business model in a MAPE-loop (Measure, Analyze, Predict, Evaluate)
- MVV-MAPE runs in several iterations and is driven by customer interviews
- **Input**: Cloudy idea
- **Result**: MVV - low-fidelity Business Model Canvas 0.1

Phase 2 “Product-Market Fit”

- Working out a minimal viable product (MVP) in a MAPE-loop (Measure, Analyze, Predict, Evaluate)
- MVP-MAPE loop runs in several iterations and is driven by customer MVP interviews and other metrics
- **Input**: Minimal viable vision (MVV) in form of green VPC, BMC
- **Result**: Feature Tree of Product with one configuration being implemented (MVP)
    - All other variants are postponed, but ranked

Phase 4 “Scale”

- Working out scaling business model and product or product line in a MAPE-loop
  - Work on stickiness (pressure * awareness)
  - Work on virality (pressure * awareness * UCA)
- **Input:**
  - MVP
  - Feature tree of product
- **Result:**
  - Feature Tree of Product Line
  - Business Model of Product Line
  - Horizontally ported product line

Other Stage-Gate Processes for Lean Innovation

[Dresden exist]

Customer Development, a company-centric process [Blank/Dorf] 2008

Investment Readiness Level (IRL) Process of Blank

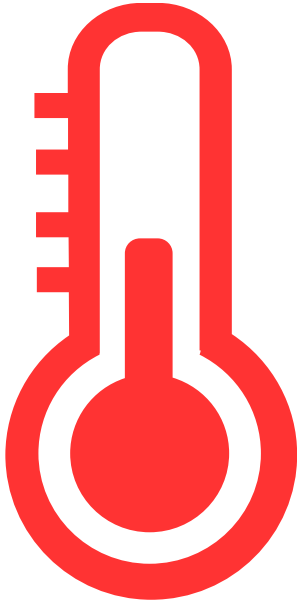
1. **First-Pass BMC (Investment Readiness Level 0.1)**

2. Market Size and Compatitive Analysis
3. Validate Problem-Solution-Fit
4. **Low Fidelity Prototype MVP (IRL 0.5)**

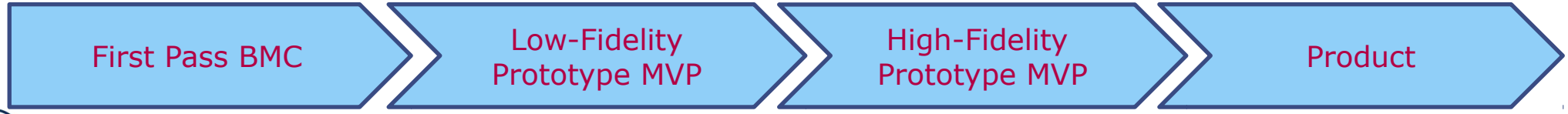
5. Validated Product-Market Fit
    1. Customer Development
6. Validated Right Side of BMC
7. **High Fidelity Prototype MVP (IRL 0.9)**

8. Validate Left Side of Canvas
9. Validate other Metrics

Investment Readiness Level

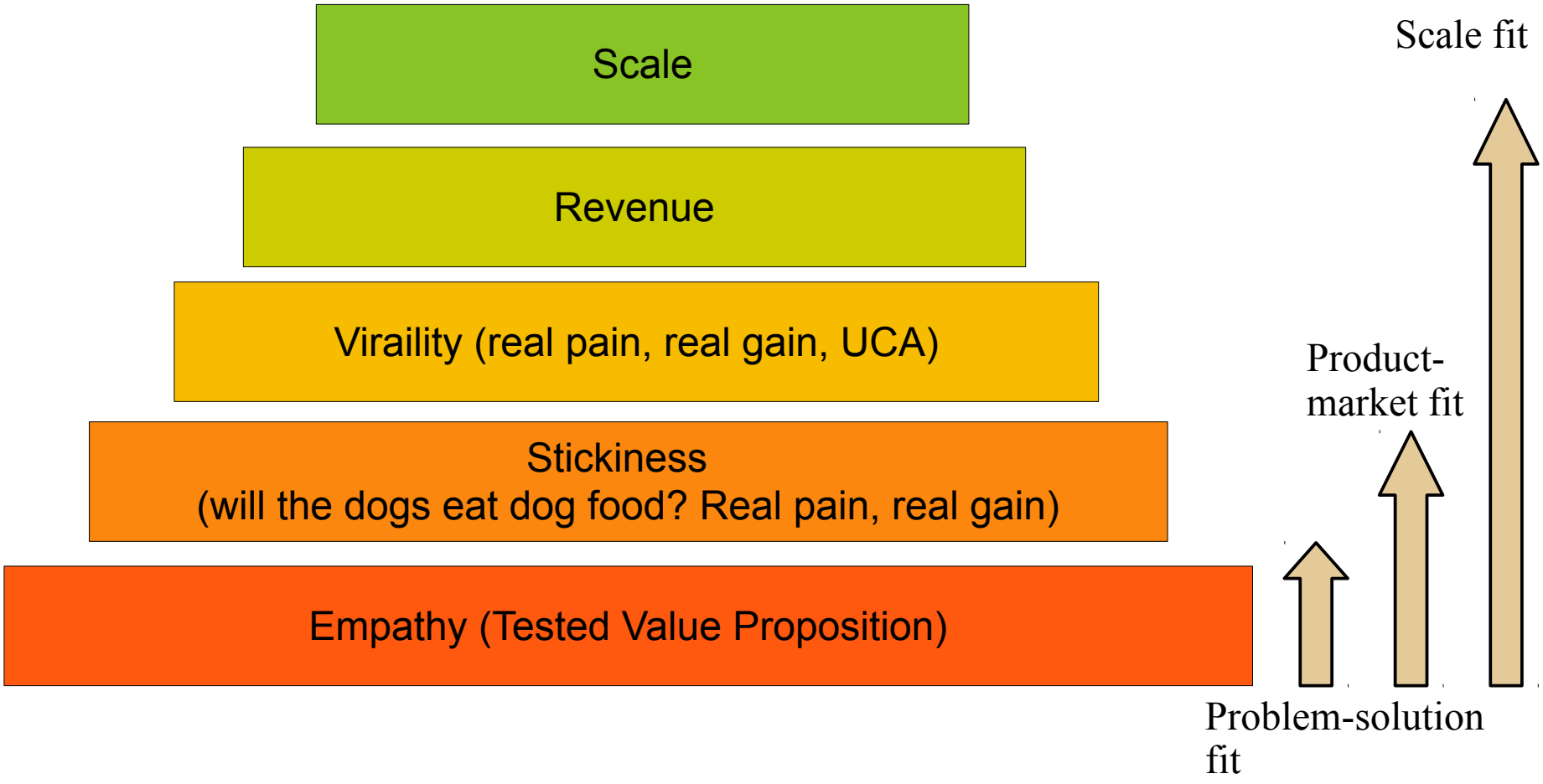


MVP Development, a company-centric process [www.steveblank.com, Nov. 2013]



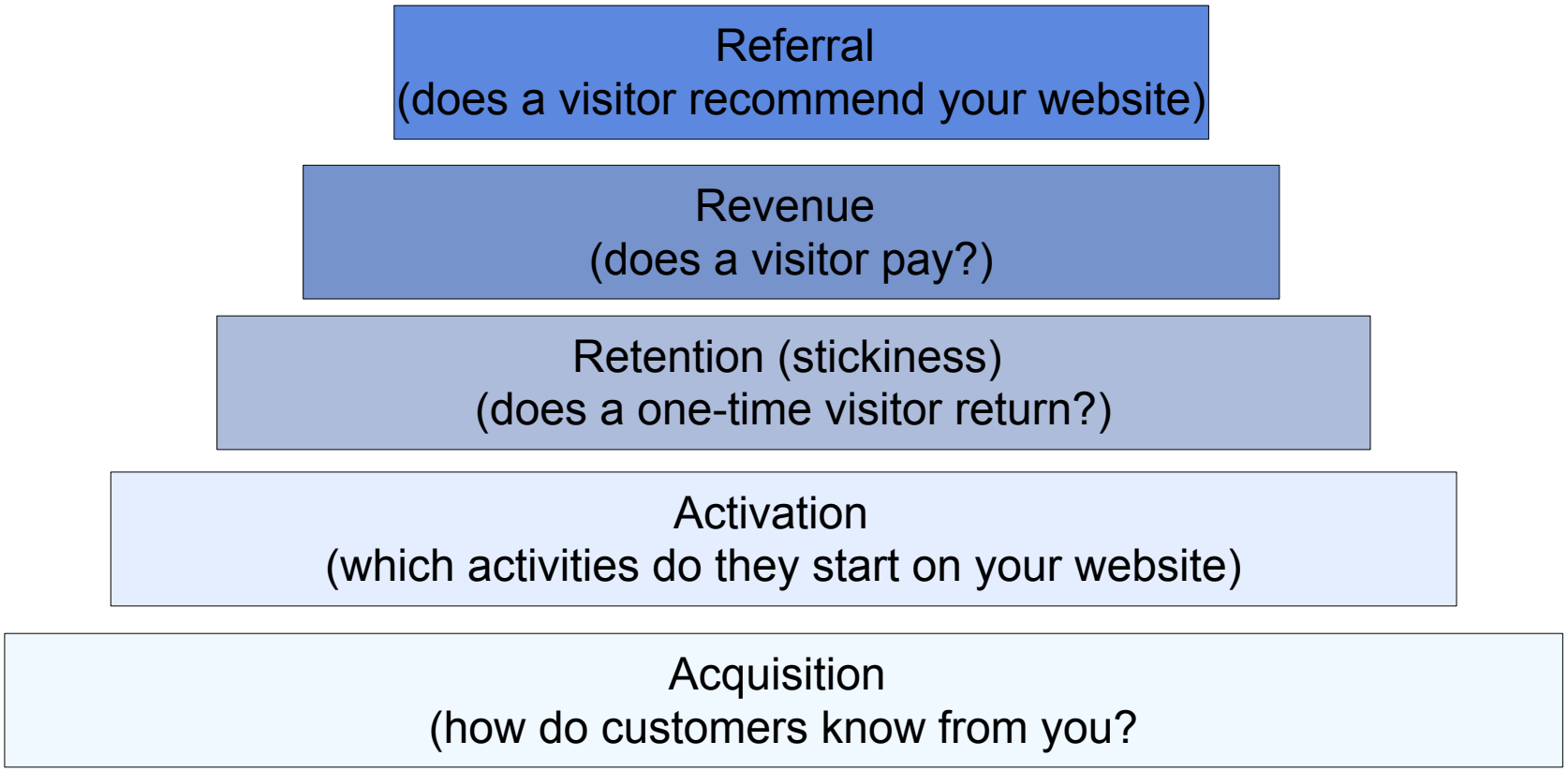
The “Lean Analytics” Stages and Their Metrics

- The Lean Analytics Stages are a simple stage system for product/service product-market fit.
- [LeanAnalytics] contains metrics for every stage



McClure Pirate Metrics can be used as Stage-Gate Process

- Stage-inconsistent startups mix activities from different stages.



[LeanAnalytics]
[Dave McClure http://www.slideshare.net/dmc500hats/startup-metrics-for-pirates-long-version]

Marmer Report Stages

Marmer Stages from the Startup Genome Report, a product-centric process [Marmer-Genome]

5-7 months	3-5 months	5-6 months	7-9 months	<<unclear>>

20-27 months

#employees

1-2 empl.	3-4 empl.	4-10 empl.	10 – … empl.

Funds raised (!USA!)

0-$500k	$500k-800k	$800k-900k	$900k-..

User growth

0-10%	10-15%	15-25%	25-50%

Max Marmer and Steve Blank in 2010

- http://steveblank.com/2011/05/29/tune-in-turn-on-drop-out-the-startup-genome-project/
- “The email closed by saying, “The project is a hybrid between academic and entrepreneurial circles and I’d really love to begin a dialogue with people in the academic world also interested in solving this problem. Your name has come up a lot in that regard. Let me know if this interests you and if you have any time to speak.”
- It was signed Max Marmer.
- I set up a meeting and at Cafe Borrone some kid who looked 18-years old came up to me and introduced himself as Max. “How old are you? I asked. “18,” he replied.
- Holy sx!t.”

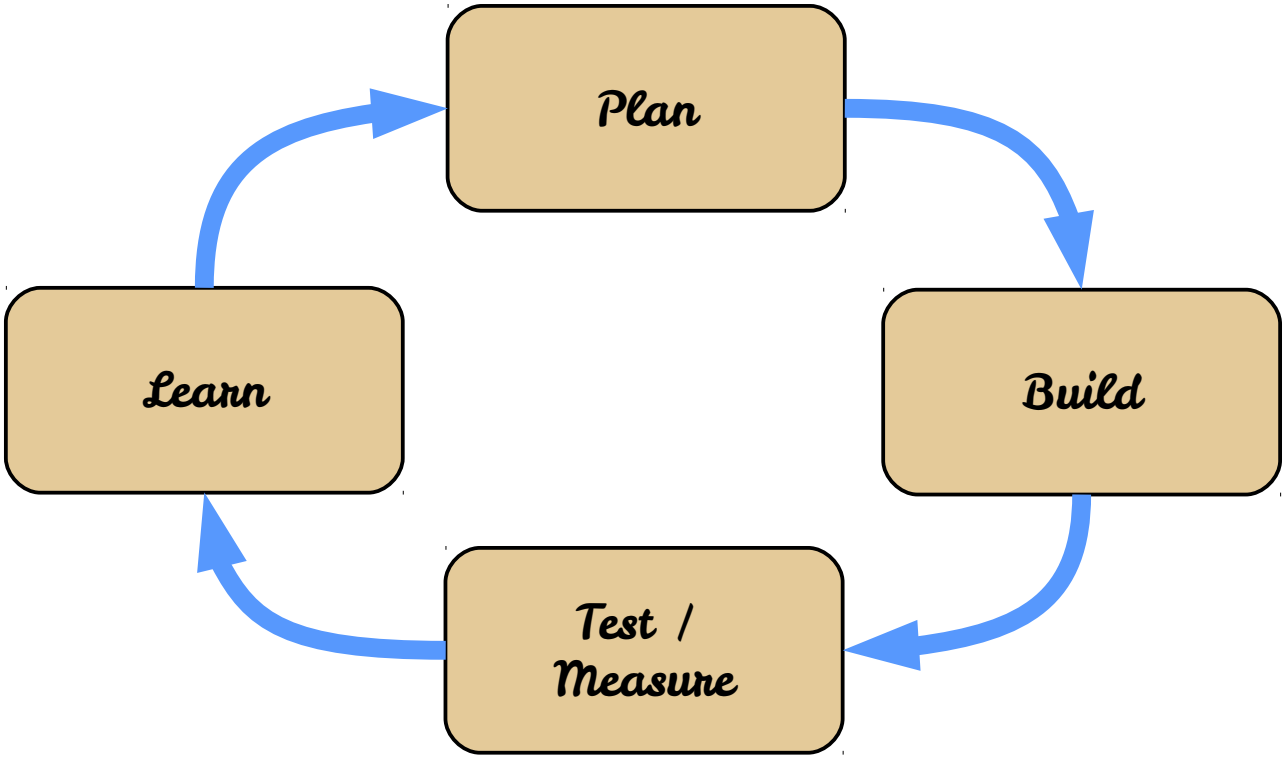
Marmer Principle of Stage-Consistency

Stage-inconsistent startups mix activities from different stages.

- Therefore, it is advised to always know exactly in which phase a startup is
- Clear milestones should mark the transition between the stages

The Lean Innovation (Startup) Spiral Model

- Instance of “Scientific Method” of Bacon and PDCA (Plan-Do-Check-Act)
- Plan - Build – Measure / Test – Learn – cycle [Maurya, Ries]
- Developing “Business Model Canvases” containing “Customer Hypotheses”



Henry Ford about Service, Fear of the Future, and That the Whole is More than the Parts

- Henry Ford. My Life and Work. [www.gutenberg.org EBook #7213].

The institution that we have erected is performing a service. That is the only reason I have for talking about it. The principles of that service are these:

1. **An absence of fear of the future and of veneration for the past.** One who fears the future, who fears failure, limits his activities. Failure is only the opportunity more intelligently to begin again. **There is no disgrace in honest failure; there is disgrace in fearing to fail.** What is past is useful only as it suggests ways and means for progress.

2. **A disregard of competition.** Whoever does a thing best ought to be the one to do it. It is criminal to try to get business away from another man—criminal because one is then trying to lower for personal gain the condition of one's fellow man—to rule by force instead of by intelligence.

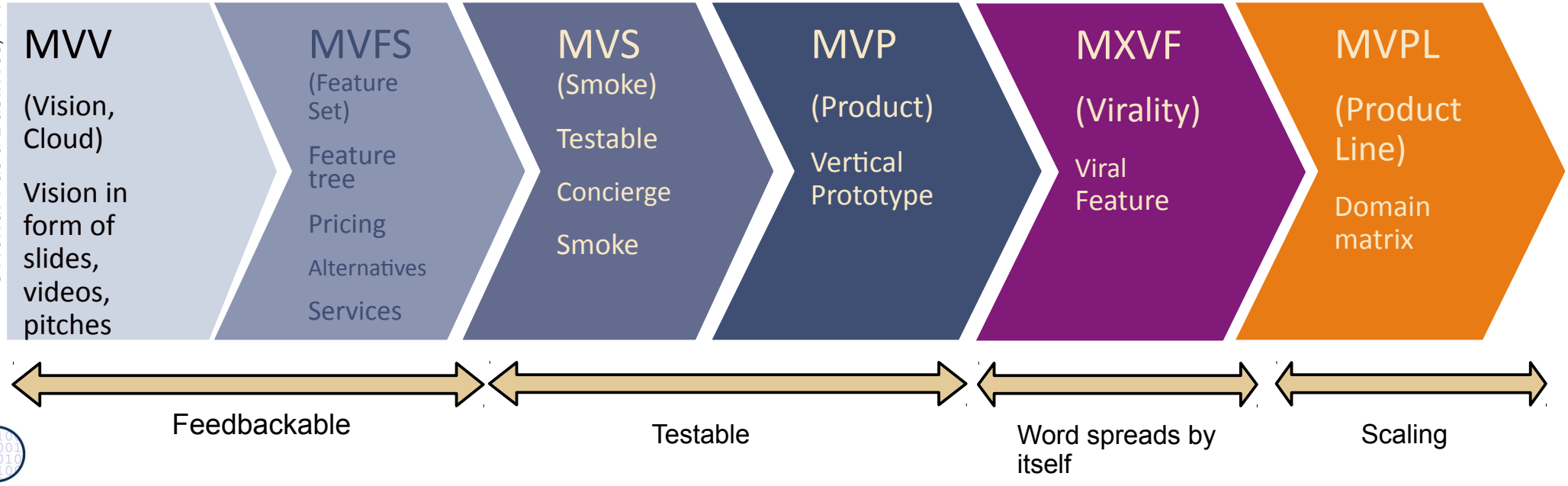
3. **The putting of service before profit.** Without a profit, business cannot extend. There is nothing inherently wrong about making a profit. Well-conducted business enterprise cannot fail to return a profit, but profit must and inevitably will come as a reward for good service. It cannot be the basis—it must be the result of the service.

4. Manufacturing is not buying low and selling high. It is the process of buying materials fairly and, with the smallest possible addition of cost, **transforming those materials into a consumable product and giving it to the consumer**. Gambling, speculating, and sharp dealing, tend only to clog this progression.

30.2 Smoke Testing on the Way to the MVP

Finding the Customer's Needs: Different Forms of MVP (From MVV to MXVF)

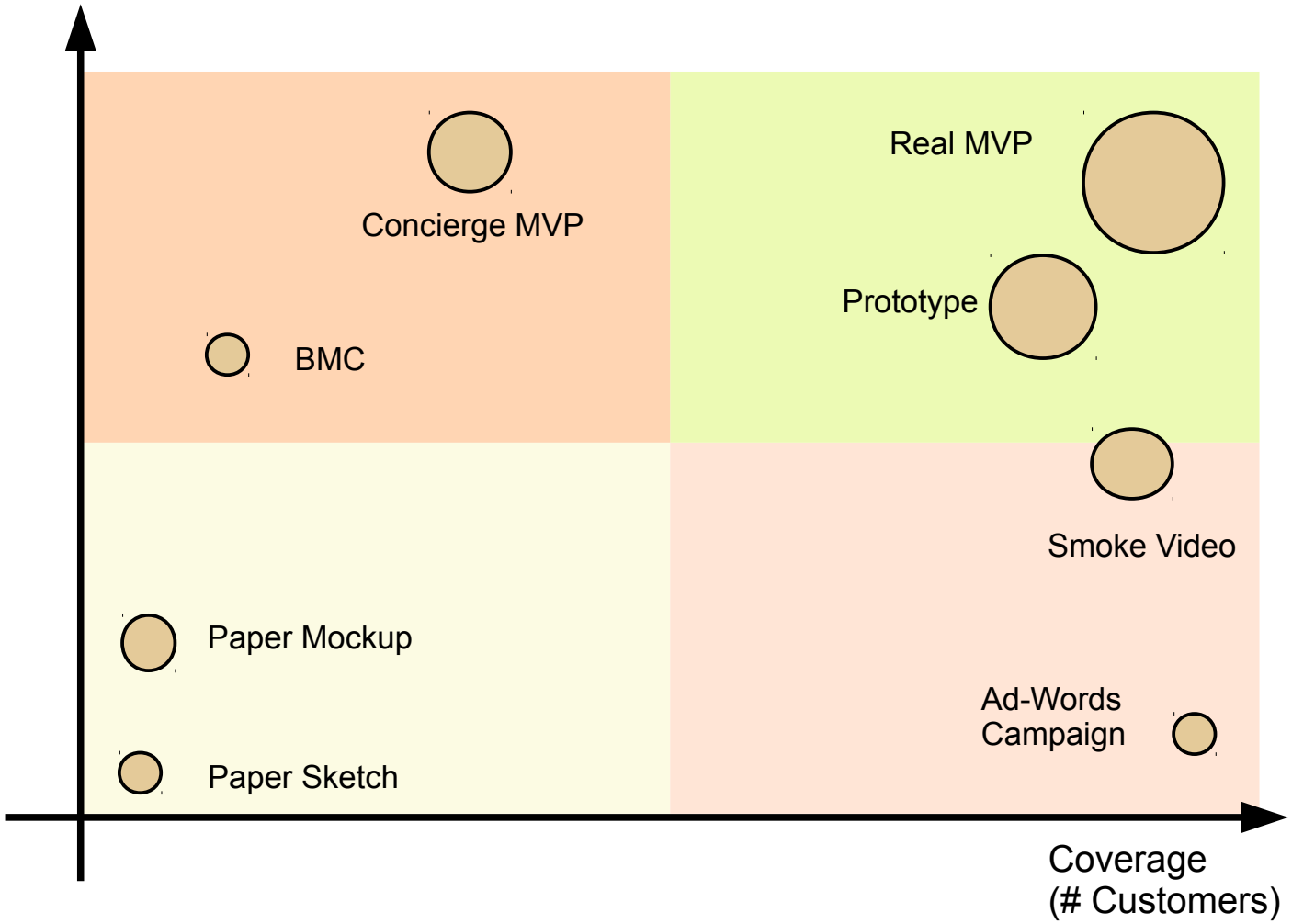
- Minimal viable Vision (MVV)
- Minimal viable feature set (MVFS), aka low-fidelity MVP, with a feature tree in which only one configuration is selected
- Minimal viable smoke (MVS)
- Minimal viable products (MVP), a vertical prototype
- MaXimally viral feature (MXVF)
- Minimal viable Product Line (MVPL, with Feature Tree)



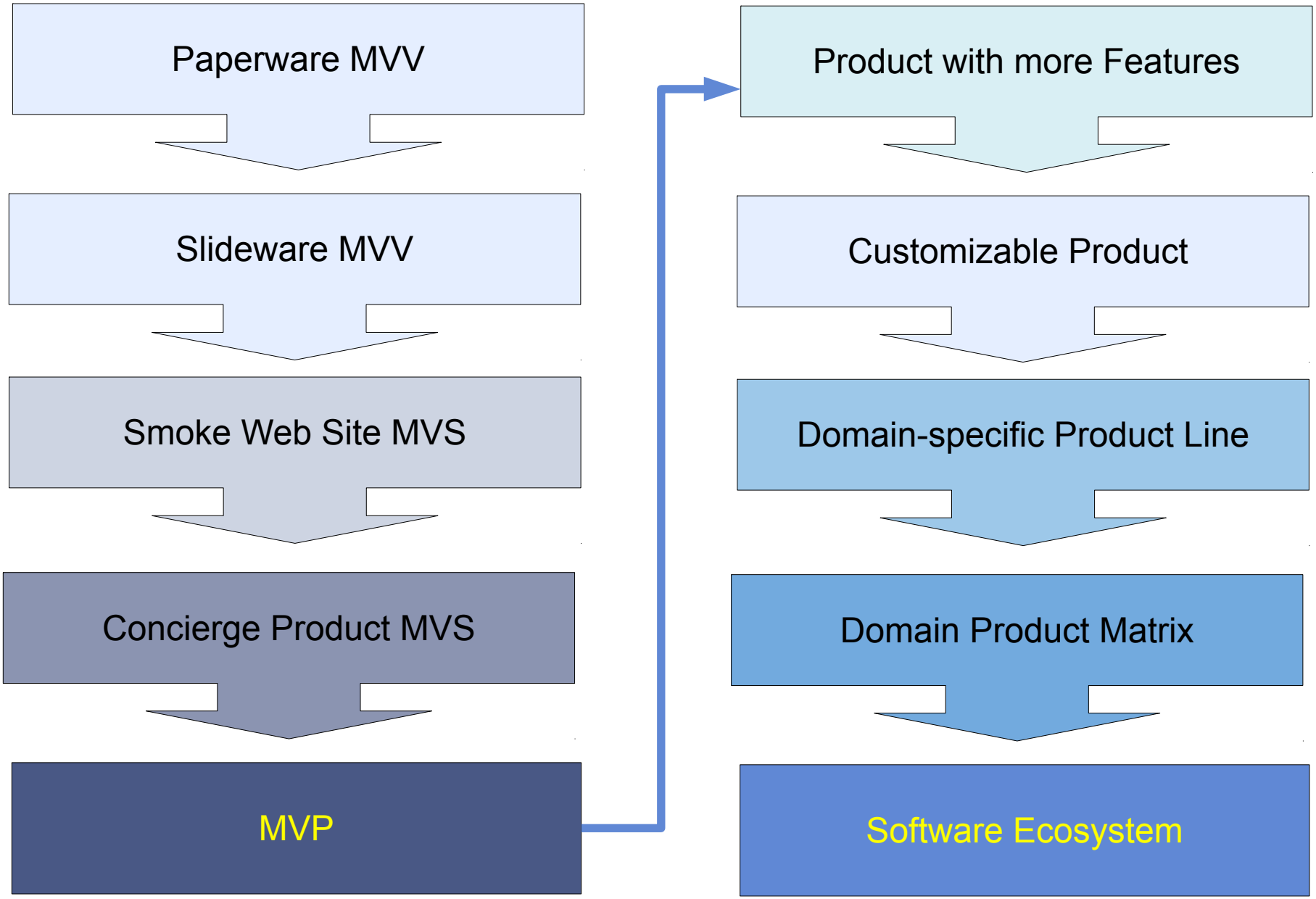
Smoke Test Portfolio

https://stefanroock.wordpress.com/2012/08/05/lean-startup-a-classification-of-mvps/
https://stefanroock.files.wordpress.com/2012/08/mvps-010.png?w=487

- of all the other tests to find out an MVP, from MVV to MVP
- Size of circle: length of feedback cycle



Example on the Way to the MVP – And Beyond



From MVV over MVFS to MVP

- **Slideware MVV vs. MVFS**: A set of slides showing the value proposition of the MVV, and may be the MVFS
- **NABC MVV:** An NABC elevator pitch to tell the MVV to everybody in 2 min
- **Feature Tree MVFS:** a feature tree modeling the minimal viable feature set
- A **smoke video** is a video that shows customers how the MVP will behave.
  - [Dropbox]
- **Smoke Website MVS:** A smoke website is a website that shows customers how the MVP will behave
- **Concierge MVP (better: Concierge MVS):** A ***concierge MVP*** is a product that is not automated but **performed by hand.**
  - Ex.: AirBnb uses photos to show the flat they rent out [Lean Analytics p 6]
  - Initial hypothesis for MVP: use professional photography to attract more customers
  - Buiding a Concierge MVP (website) resulted in three times more bookings
- **Minimal viable product (MVP), Minimal viable service (MVS):** real product, but minimal vertical prototype

Basic, but Not So Yet Fantastic Web Metrics on Smoke MVS Concierge MVP and MVP

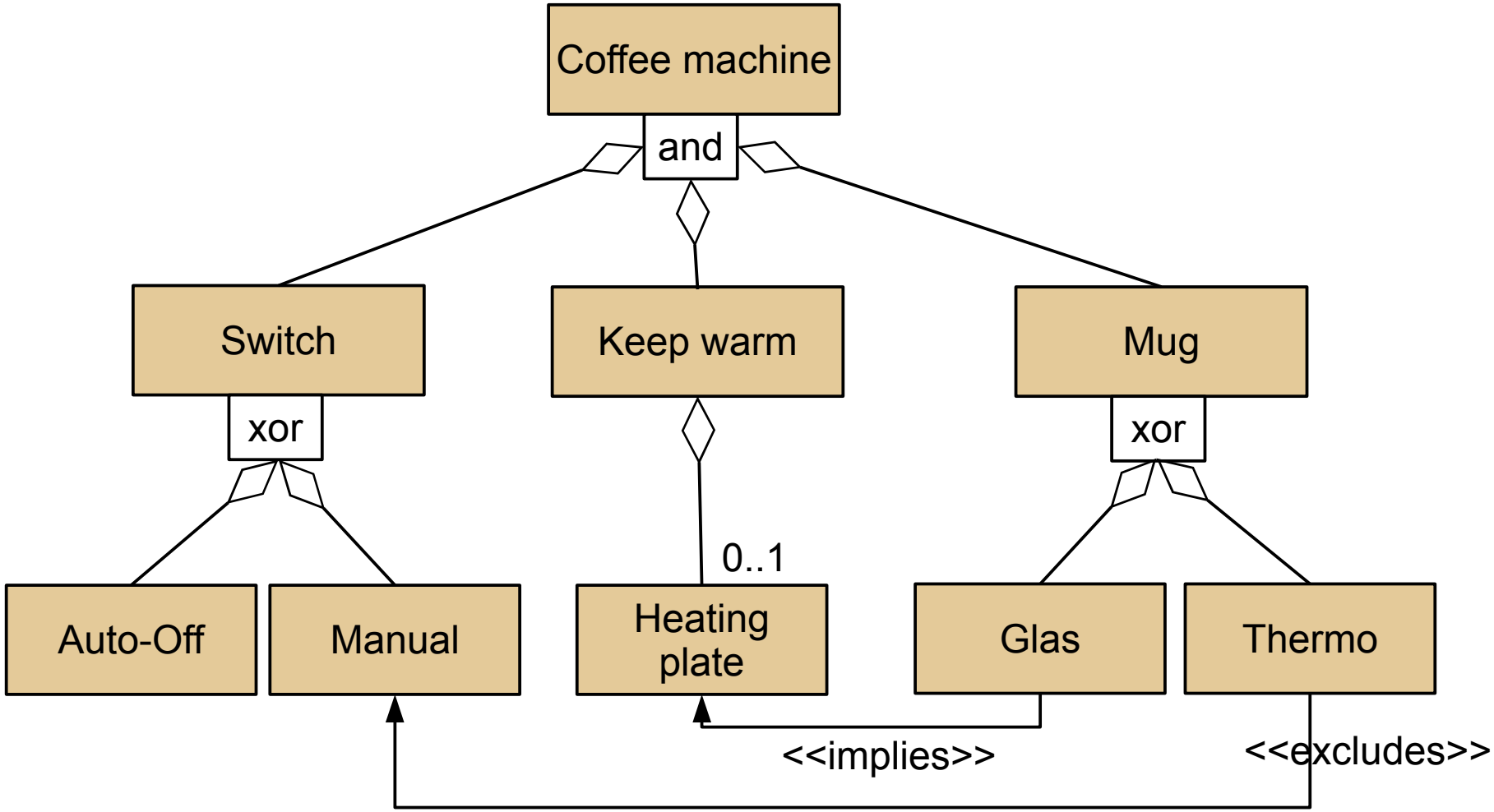
- **Landing page** (smoke web site) **metrics**:
  - Number of hits and pageviews
  - Number of unique visitors
  - Time of visitor on page
  - **Churn** measures the number of people that turn away from your website, stop using the service, never login again [LeanAnalytics p 95]
- Number of followers on twitter and friends on facebook
- Number of members of mailing list
- Number of downloads of test version or teaser version

MVP Development with Minimal Viable Feature Sets (Feature-based MVP Development)

- First design the features MVP as feature model (minimal viable feature set MVFS)
  - The MVP will be the implementation of the MVFS
  - **Vertical prototyping** means to implement one feature of the MVFS, and to incrementally increase feature mapping and implementations
- Work with customers on the minimal feature set (MVFS) before doing prototyping
  - Create a customer model
    - customer segmentation
    - pricing demands
  - Put up problem trees for all customers separately
  - Put up a problem variability tree for all customers, and map it to the feature tree (hopefully a surjective mapping)
    - The feature tree is the first solution model

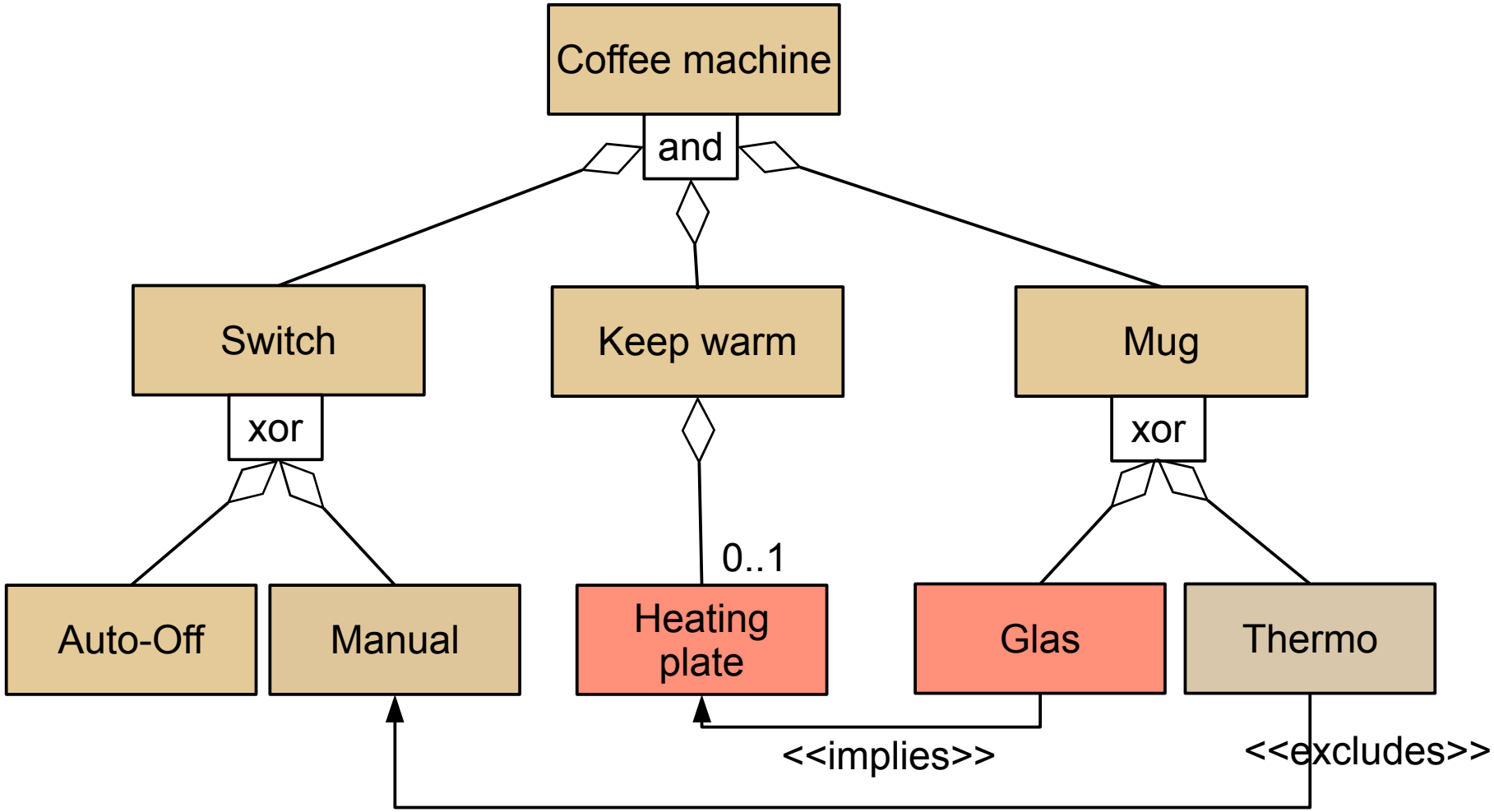
Feature Model

- A **feature model** is a and/or link tree with options, inclusion and exclusion constraints.
- It describes a combinatorial variant space and can be mapped to propositional logic



The MVP in the Feature Model

- The MVP is a subset of paths in the feature model, selecting a subset of OR and XOR subtrees



MVP Development Processes

- With SWOT assessment of deep BMC
- With customer interviews (problem interviews, solution interviews)
- with Smoke Tests, Web metrics to measure customer behavior
- with Pirate metrics on the landing page
- With concierge service
- with an Easychair-like reviewing portal in which MVP can be discussed by reviewers
- with an MVP readiness level metric

30.3. Customer Interviews as Simple Hypothesis Tests

Customer Interviews

- **Customer Problem Interviews** run in the phase “Problem-Solution Fit” and focus on problems the customer has
  - SPIN canvas (left part) can be used to reveal hidden problems
  - Solution selling canvas matrix (left part) reveals reasons and implications of needs
  - **Pain canvas** classifies pains; pain priorities help to find the most important
  - VPC lower right part is about pains
- **Customer solution interviews** run in all phases
  - SPIN canvas (right part) can be used to reveal hidden problems
  - Solution selling canvas matrix (right part) reveals capabilities
  - VPC left part (pain killers, gain creators, and products/services) talk about solutions and their fit to pains and gains
- **Customer problem-solution-fit interview**
  - Pain-Gain Banana
  - SPIN and Solution Selling Canvases
  - Customer interview canvas

Customer Interview Canvas (CIC)

[Korger]

- Korger designed a specific canvas for customer interviews (both for solutions and problems), to find out the expectations of a customer for a software product
  - Techniques for basic, performance and delighters factors of the Kano model for requirements
    - https://en.wikipedia.org/wiki/Kano_model
  - Interview techniques [Rupp und Schüpferling]

Customer Interview Canvas (CIC)

[Korger]

Goal/Paradox Inverted Goal	System Users	Project Status Within Schedule	Domain Model	Success Indicators/Criteria
What is the goal of the project? *What has to be avoided?*	*Who has access to the system?* *For what type of user does the system offer a certain functionality?*	*What is the schedule for the project (important dates)?* *What is the current state of the project?*	*What are the objects identified within the project domain?* *How do the objects relate to each other?*	*What measures are suitable to verify the success of the project?* *What criteria does the project have to meet?*
	Resources *What are the resources for this project, e.g. developer team, experience & expertise, money, time*		**Risks** *What are the main risks to be addressed?*	

Questions	Answers
What aspects need further clarification?	*What are the answers as the interviewer has understood them?* *Have they been understood correctly from the point of the customer?*

30.3.2 Assessment of Business Model Canvases

Strategic Matrix Analysis for SWOT-BMC

- For a **strategic canvas assessment analysis**, create a table (matrix canvas), brainstorm and grade on the crossproduct
- For instance, give school grades of 0..5, 0..10, or 0..15
- [BMG] suggest to give positive grades (1..5) and negative grades (1..5)

	Key Partners	Key Activities	Key Resources	Costs	Value Propositions	Customer relationships	Channels	Customer Segments	Revenues
Strengthes									
Weaknesses									
Opportunities									
Threats/Risks									

[BMG p.216ff]

Analysis for SWOT-LeanCanvas

	Problems	Solution	Key Metrics	Cost structure	Value Proposition	Unfair Advantage	Costumer Segments	Revenue Streams
Strengthes								
Weaknesses								
Opportunities								
Threats								

- Lean Canvas can also be crossed with SWOT and evaluated

How to Find Assessment Questions for the Matrix Analysis SWOT-BMC

[BMG p.216ff]

The questions for assessment can be found by inspecting the following categories (3rd dimension):

- **SMART**: Simple – measurable – achievable – realistic - timable
- **CCC**: Checkable/Measurable – consistent – complete
- **BeNiSiLo**: Better – Nicer – Simpler – Longer-lasting
- **CoTiQQ**: Cost – time – quality - quantity
- Predictability – efficiency – effective - imitable – transparent

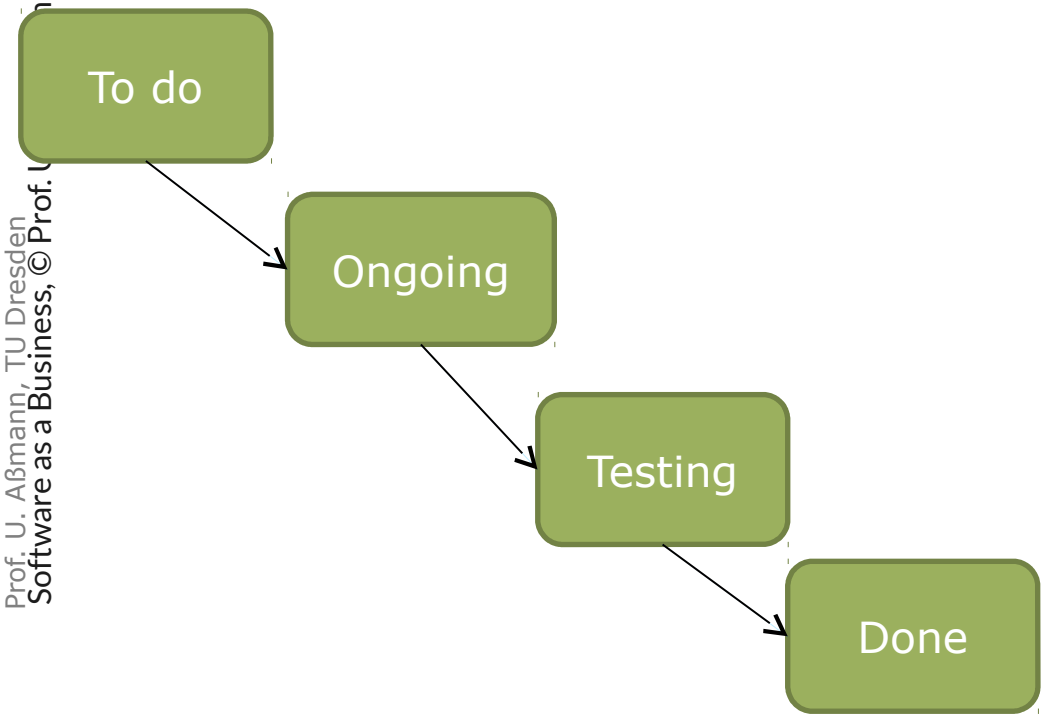
	Key Partners	Key Activities	Key Resources	Costs	Value Propositions	Customer relationships	Channels	Customer Segments	Revenues
Strengthes									
Weaknesses									
Opportunities									
Threats/Risks									

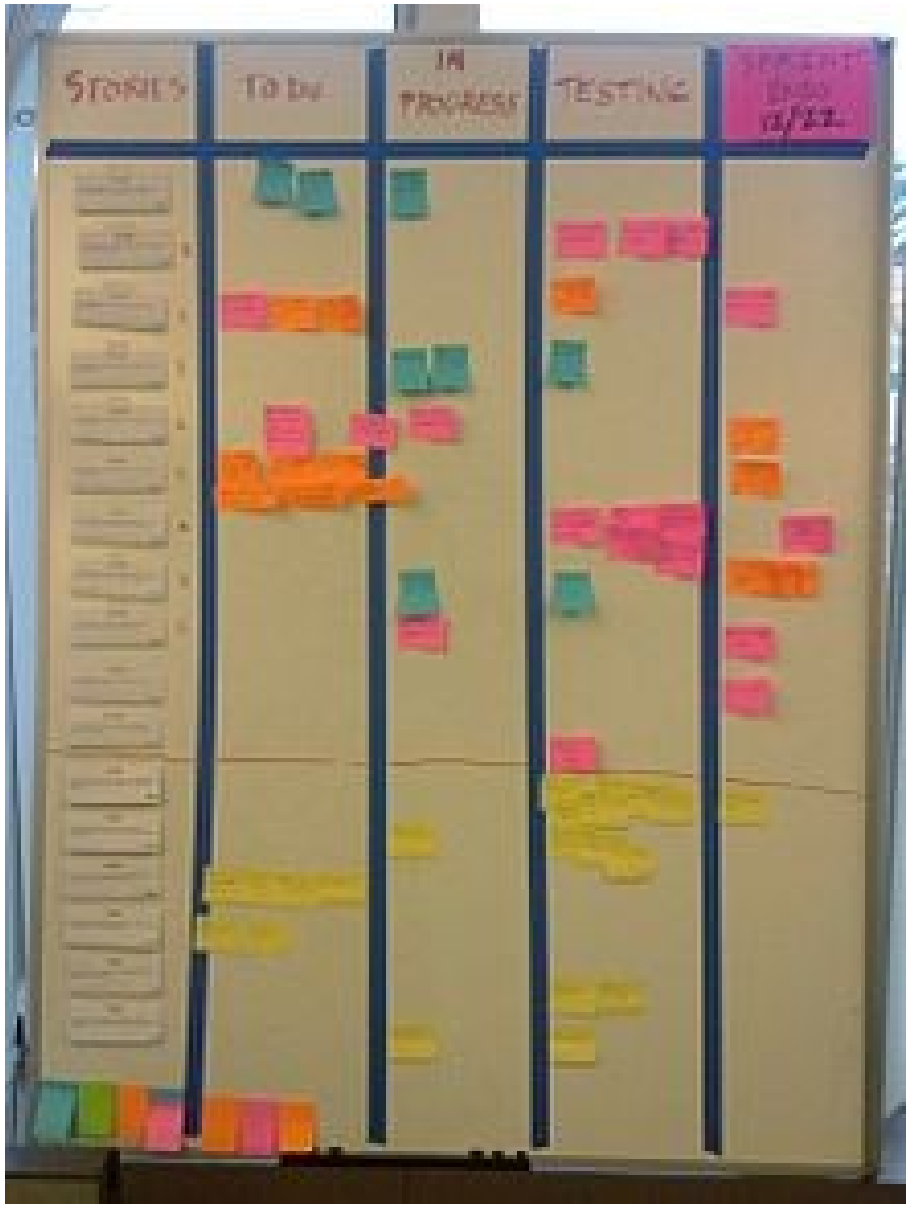
30.4. Planning the Daily Work in Lean Startup – The Triple SCRUM

- Three SCRUM processes are intertwined
  - Software development (of the MVP)
  - Service development (of the MVS)
  - Business model development

A Day in the Life of a SCRUM Software Developer

- Time boxes (sprints) to reach a new running new product version
- SCRUM board with state monitoring from left to right





http://en.wikipedia.org/wiki/Scrum_(development)
http://en.wikipedia.org/wiki/File:Scrum_task_board.jpg

SCRUM Burns Down Requirements in *Sprints*

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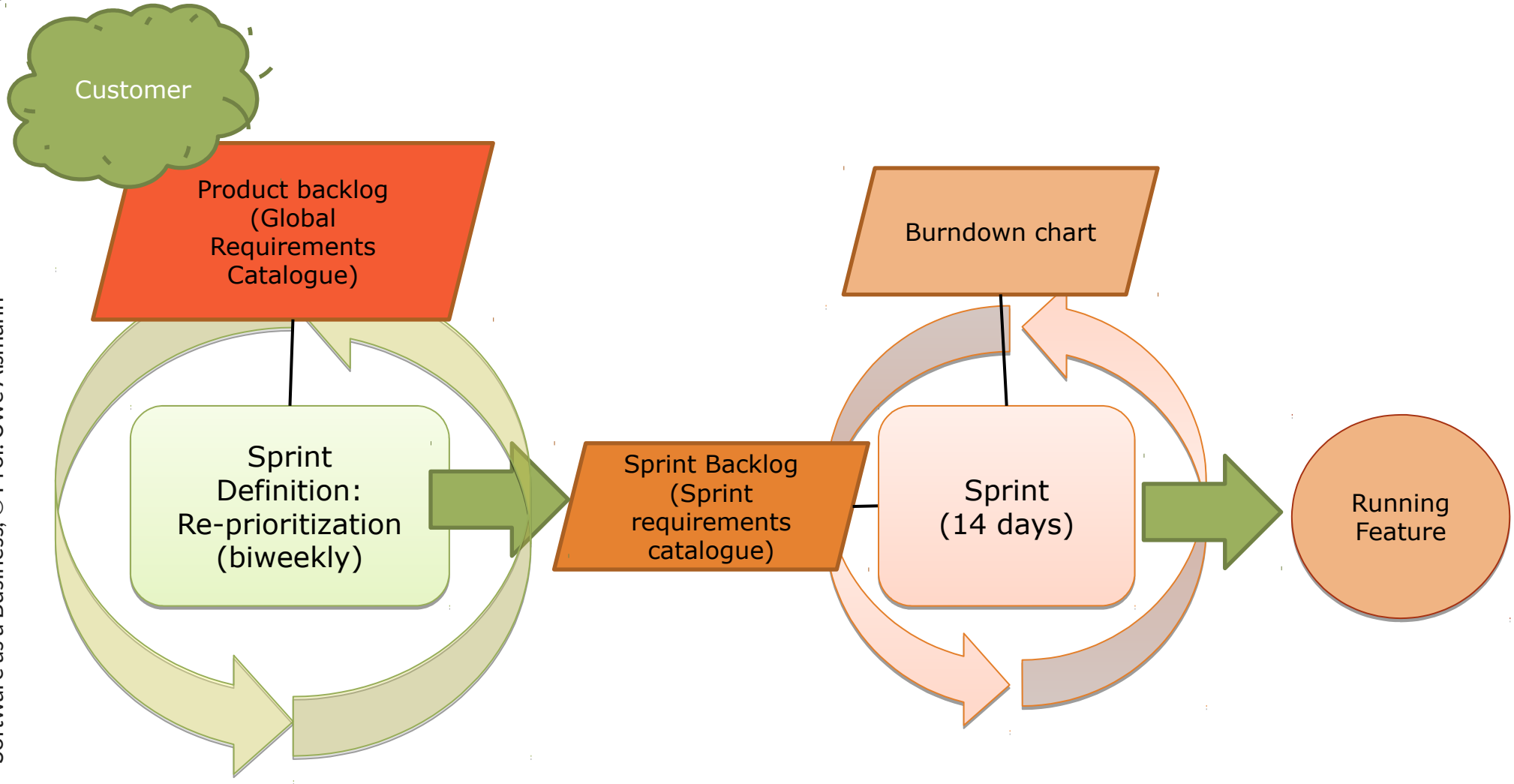

Unrolled SCRUM Milestones

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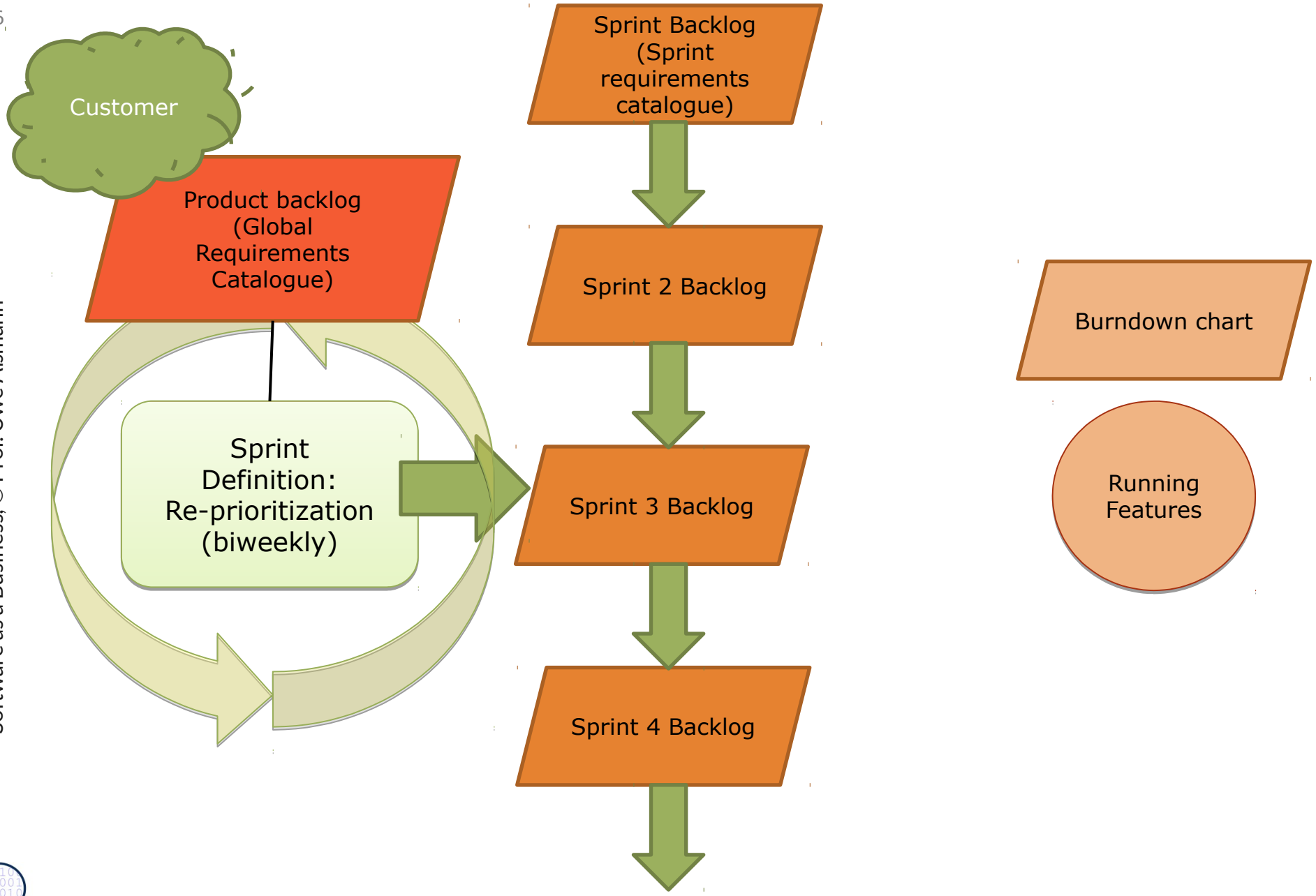
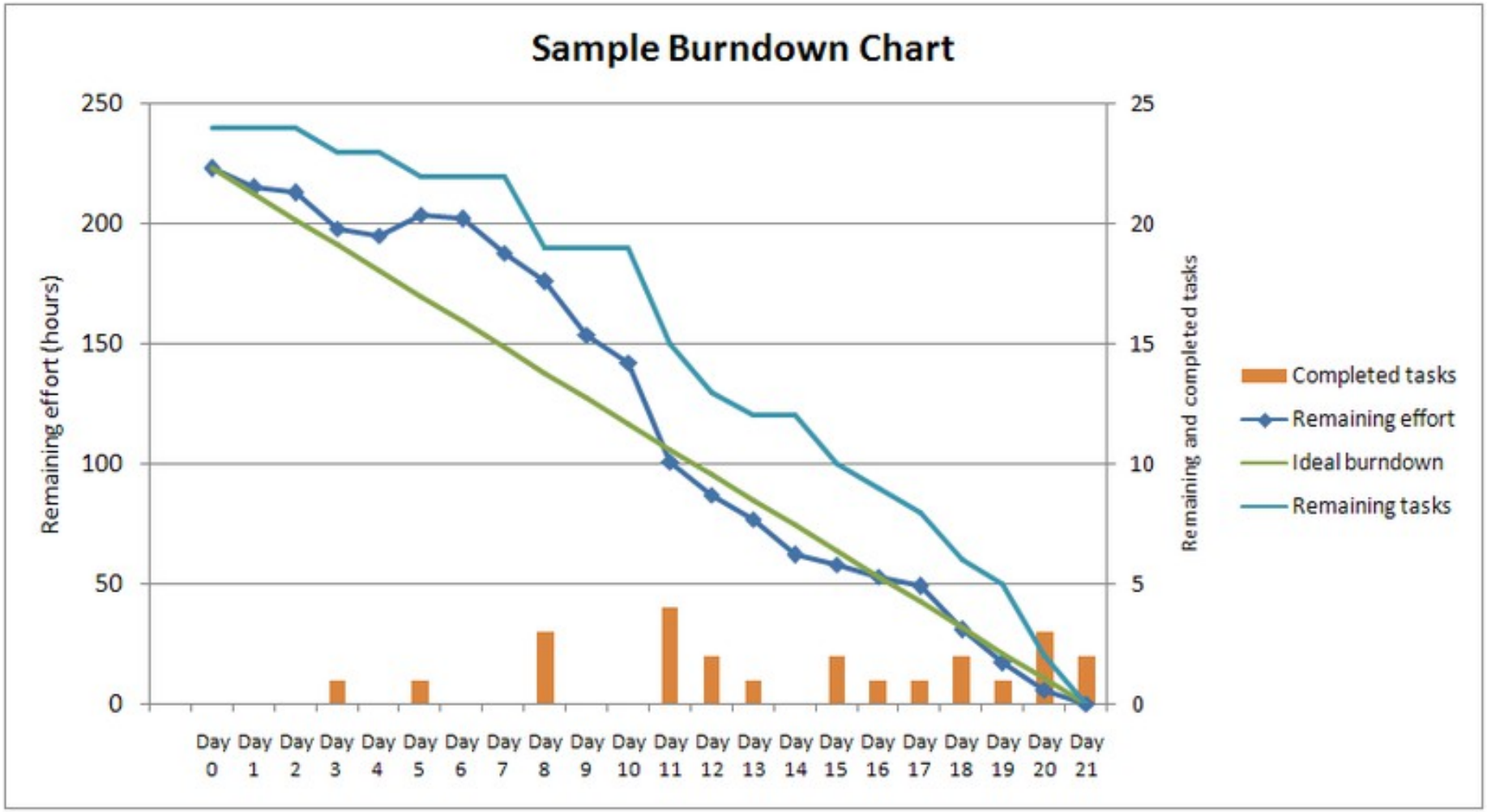


Burndown Charts - Reality Check during the Sprints

- A **burndown chart** measures the progress of the sprint in terms of running features



http://en.wikipedia.org/wiki/File:SampleBurndownChart.png

SCRUM is Very Popular

Controllability

fixed time-box of 14 days

Quality-gates

SCRUM offers simple quality gates (burndown chart of product backlog)

Customer-driven

Customers are interviewed for repriorizations of requirements (agility)

Agile

Repriorisation in the sprint definition before the start of a sprint

Appr. 50% of all software companies use SCRUM

Iteration Planning Canvas for SCRUM Sprint Planning

[Korger]

- Project planning in iterations with “Planning Game” from Extreme Programming
  - Guideline: Planning Game. Eclipse Process Framework, http://epf.eclipse.org
- Customer-Centric Development, Customer available for discussions
- Continuous Integration
- Test-driven development
- Self-organizing team

Iteration Planning Canvas

[Korger]

Acceptance Tests

What criteria does a story implementation have to meet to get accepted?
What effect/output is expected for a specific action/input?

Previous Achievements #

How many story points were done in the last release/iteration by the whole team?
How many estimated hours of work did you complete in the last iteration?

Stories

What type of user can execute what kind of action for what reason?
(a single story should not exceed the workload for two persons for the whole iteration)

Release Plan

What features can/should be implemented?
How many story points are scheduled (based on previous releases)?

Special Qualifications

In which field is who the expert/has who currently a lot of practice?

Sought Experience

In which field does who seek to gain more experience?

Personal Subscriptions

What tasks have you subscribed for?

Tasks

How are the stories subdivided into "simple units of work", e.g. db schema, html page servlet

Personal Estimates

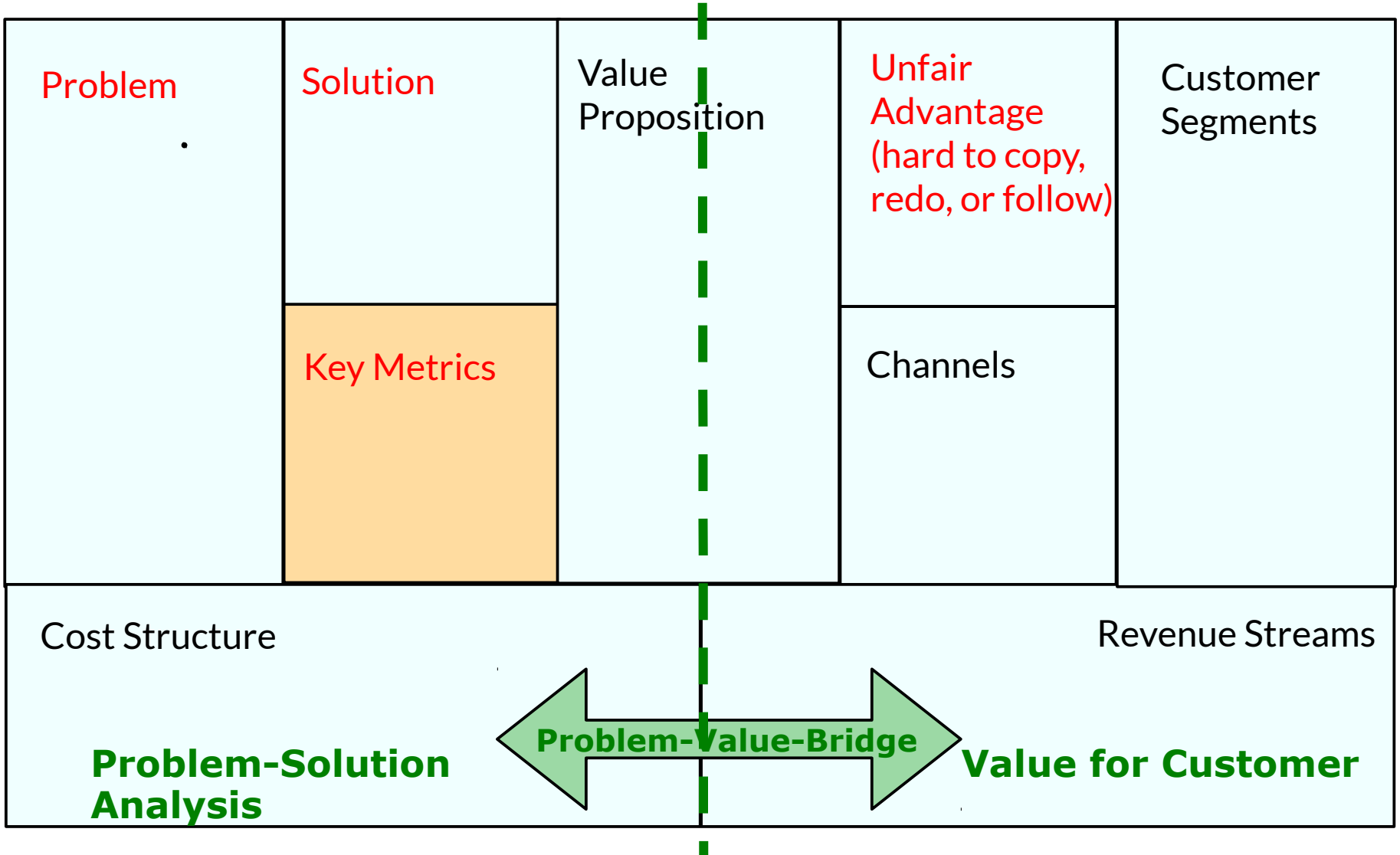
What is your personal estimate for this task?

30.4.2. Evaluating the Key Metrics with the Lessons Learned Canvas (LLC)

- From Lean Analytics, Chapter Stickyness, p 220
- The work items in the Lean-Measure Incubation Sprints are Problem items, arranged in an LLC
  - The objective is to learn about the customer

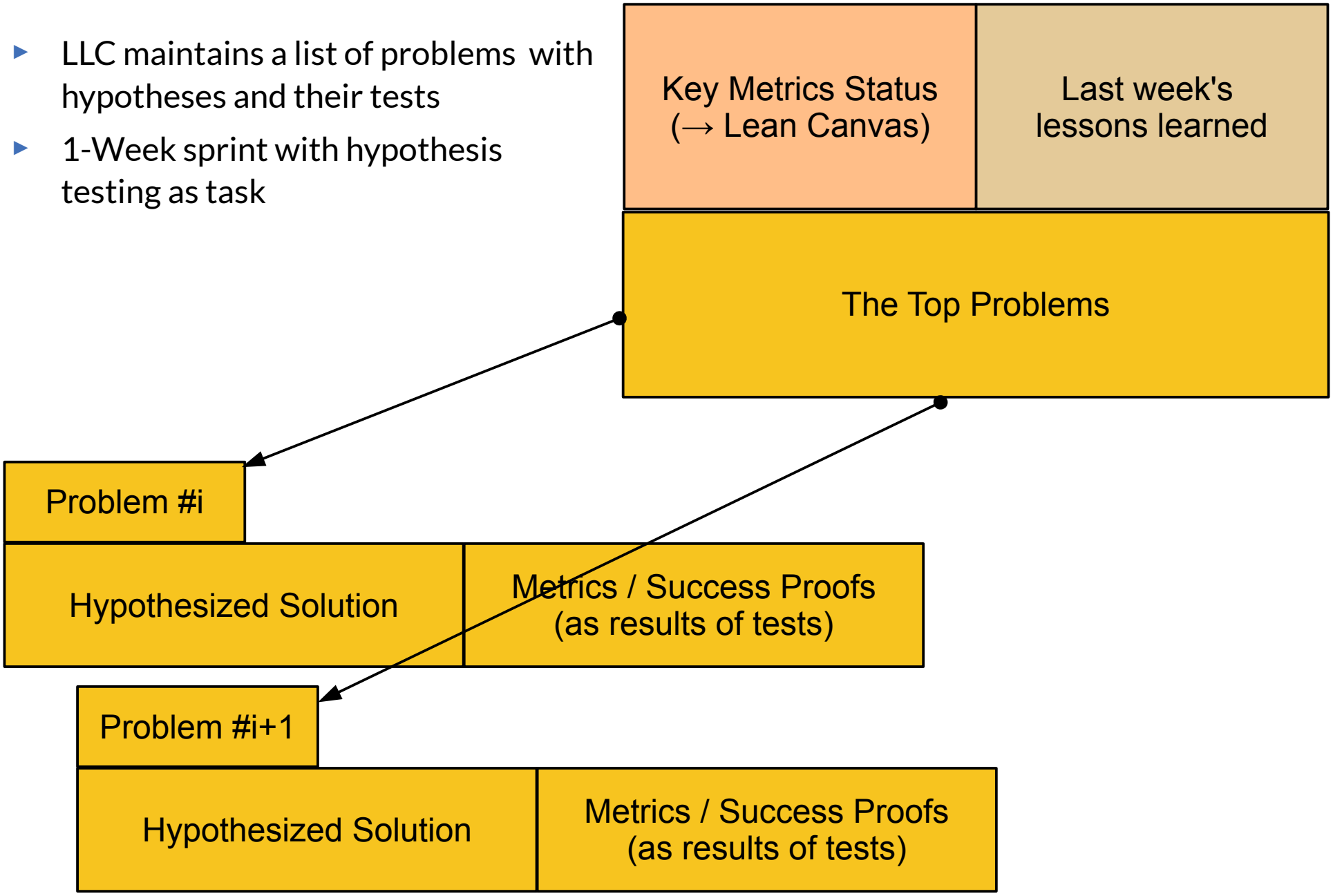
Remember:
Lean Canvas [Maurya] [http://leancanvas.com/]

- The Lean Canvas supports Problem-Objective-Solution-analysis (POA) during sprints



LLC Works as Subcanvas of LeanCanvas:KeyMetrics

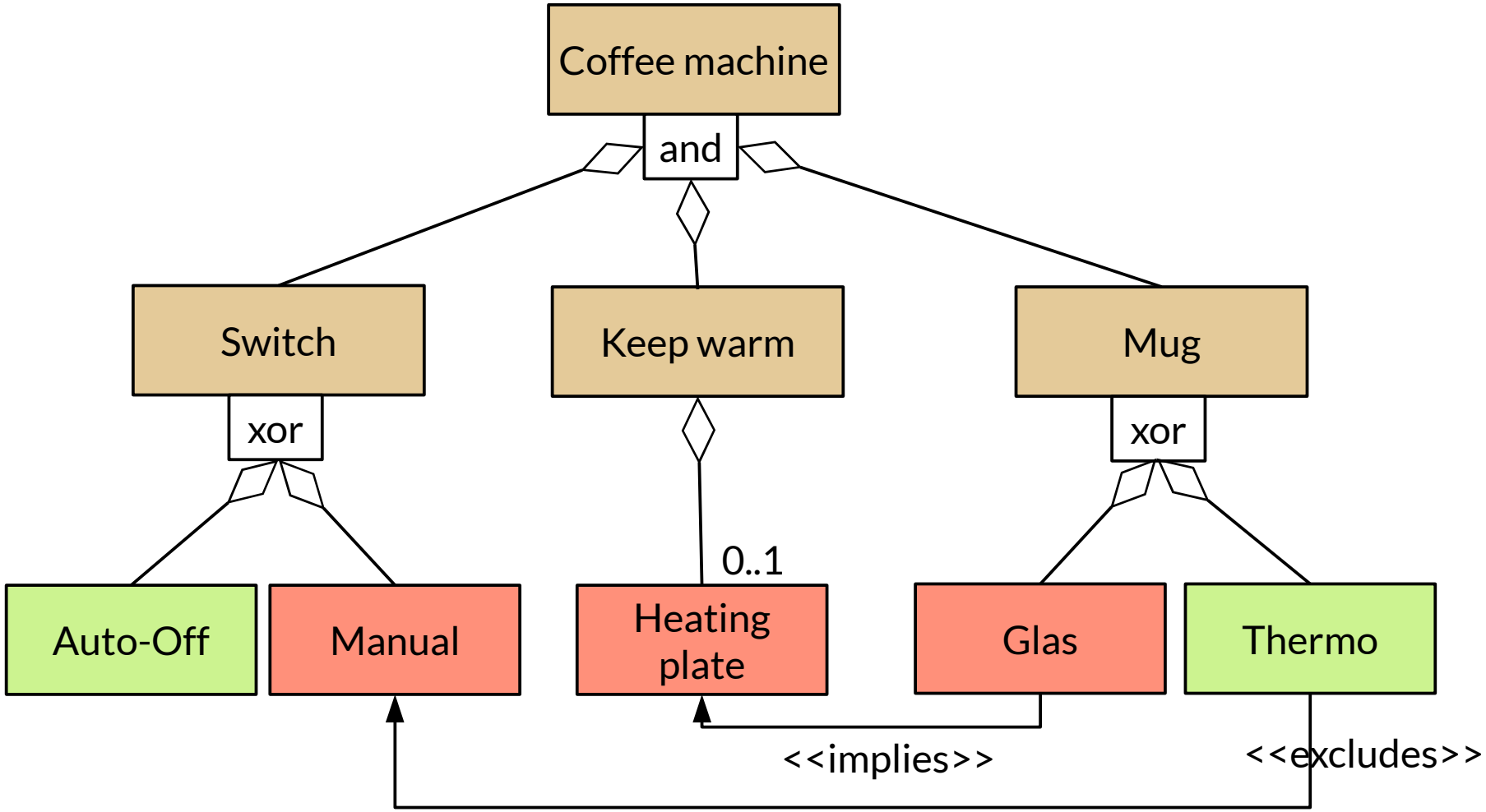
- LLC maintains a list of problems with hypotheses and their tests
- 1-Week sprint with hypothesis testing as task



30.4.3 Determining Key Features and the MVP with Feature Trees

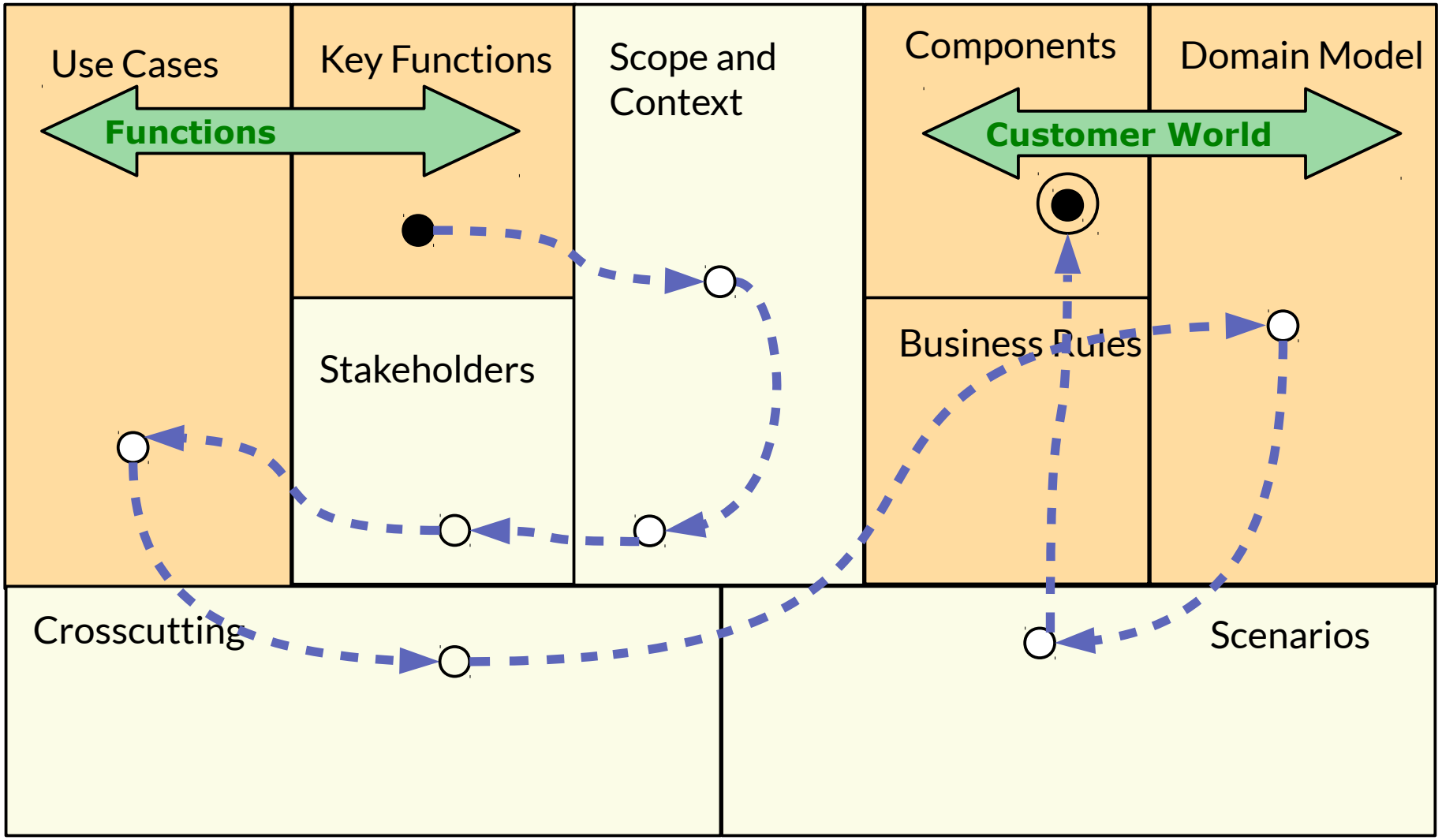
Re-Selecting the MVP in the Feature Model

- If a customer interview changes the metrics of the deep BMC, the MVP has to be checked and eventually, re-selected (from red to green)
- From the many possible features, the *minimal viable feature with the highest metric value* must be selected (which is implemented)



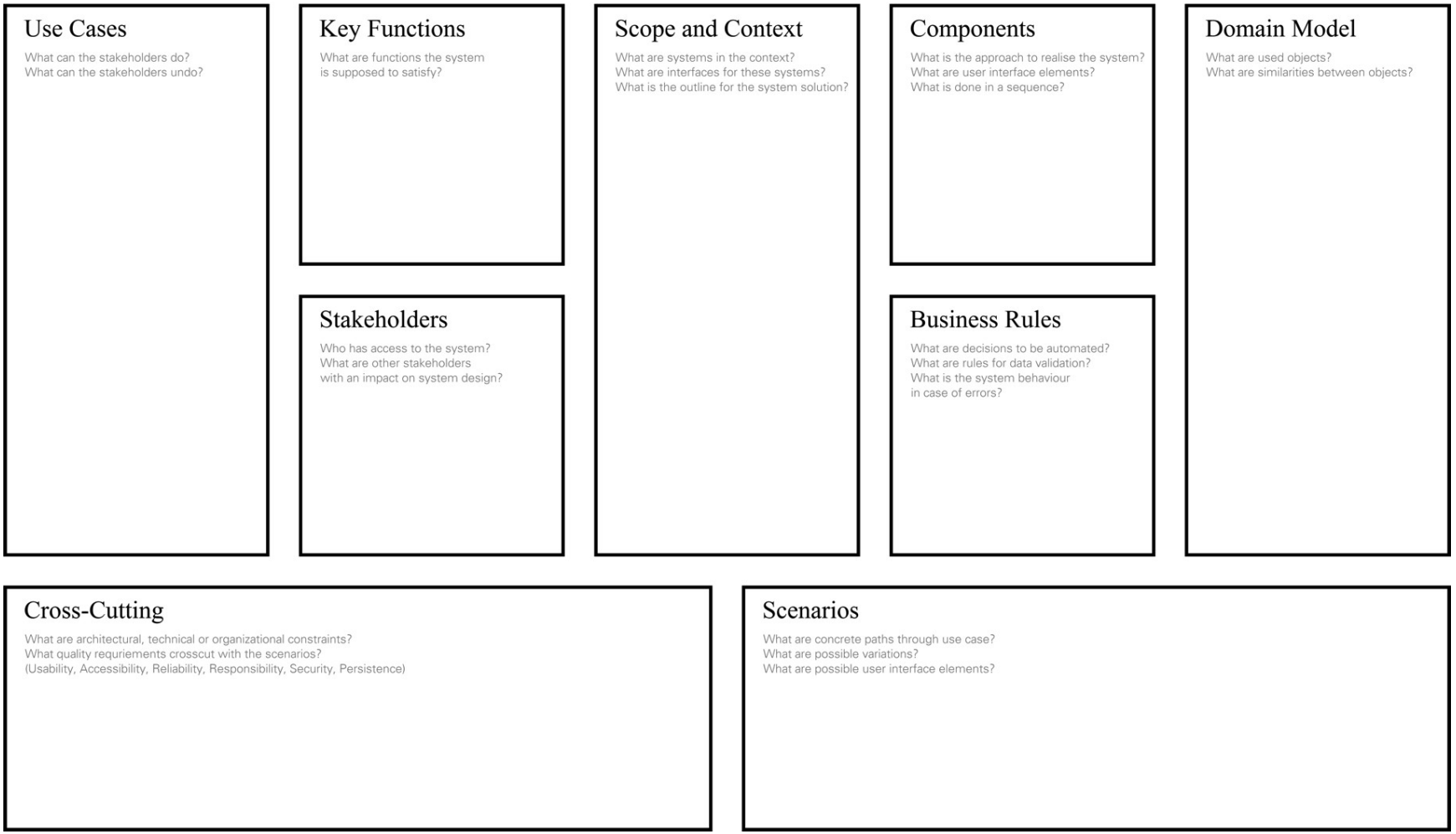
Requirements Engineering Canvas (ReqEC)

- [Oddoy] suggested a canvas to engineer requirements for the MVP
- This is a bridge to the design of the vertical prototype

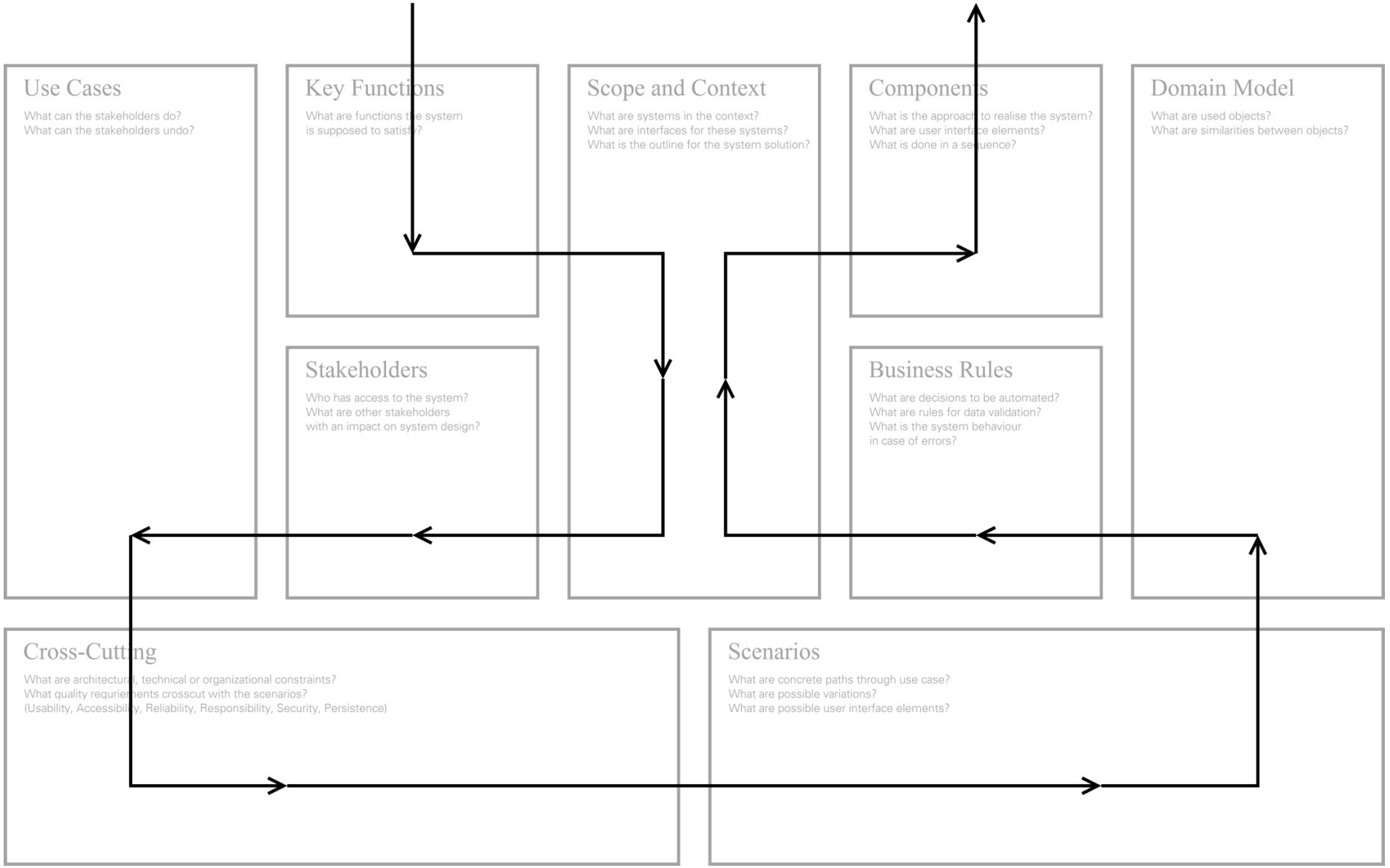


Requirements Engineering Canvas (ReqEC)

- [Oddoy], C. Wende, Belegarbeit at Chair of Software Engineering, Prof. Aßmann (2014)



Fill Order of ReqEC

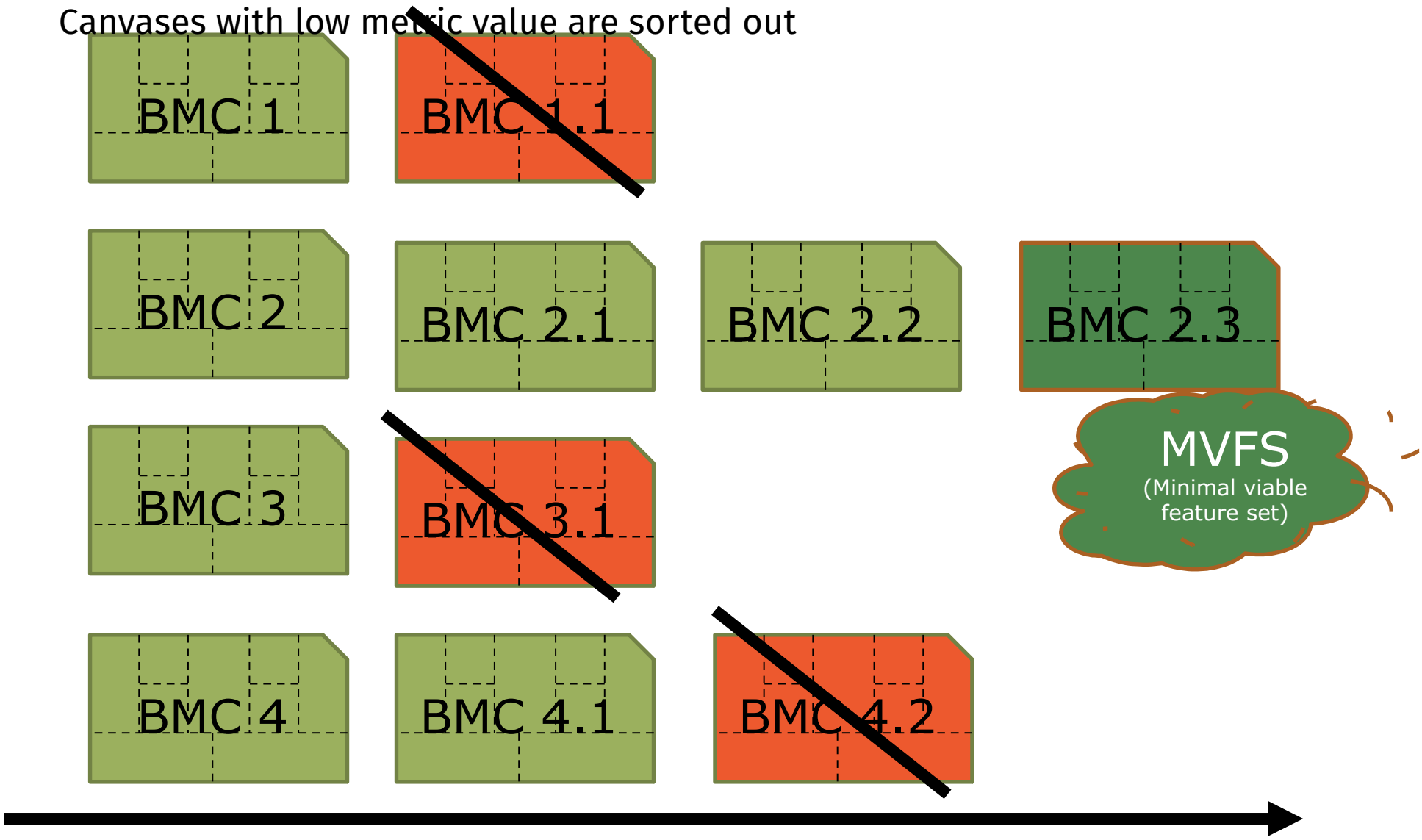


30.4.3 The Canvas Cactus and the Triple SCRUM

- From Lean Analytics, Chapter Stickyness, p 220
- The work items in the Lean-Measure Incubation Sprints are Problem items, arranged in an LLC
  - The objective is to learn about the customer

[Dresden exist]

Sorting out Inappropriate Business Model Canvases

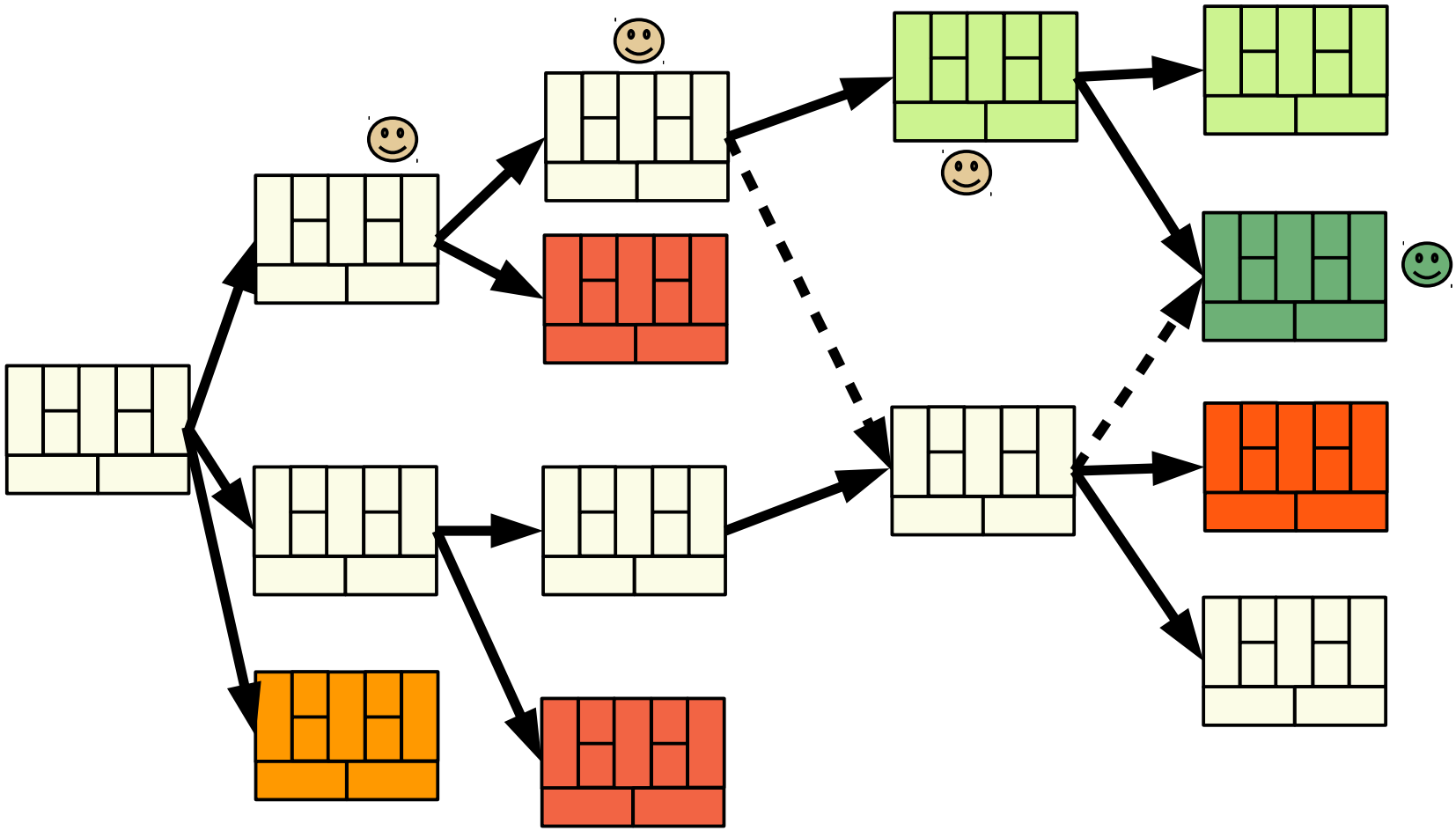


http://www.ashmaurya.com/wp-content/uploads/2011/06/test.png

[Maurya]

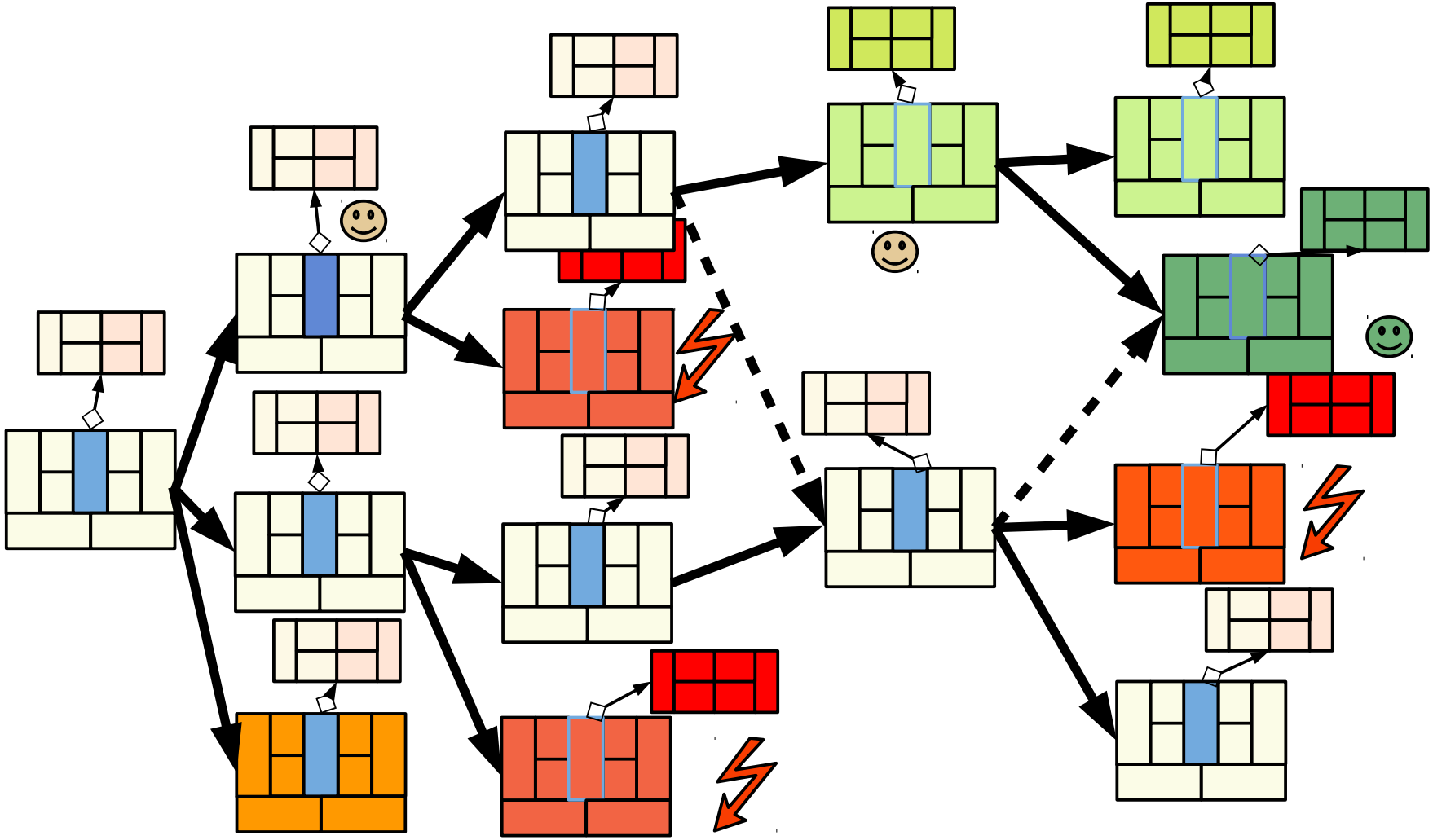
The Business Model Canvas Cactus

- Growing a link tree with side edges (dag cactus) out of a first version
- Assess with metrics (BMC SWOT assessment,
  - Then with red-yellow-green; choose a current “champion” in the feature tree
- Remember: **BMC is deep!**

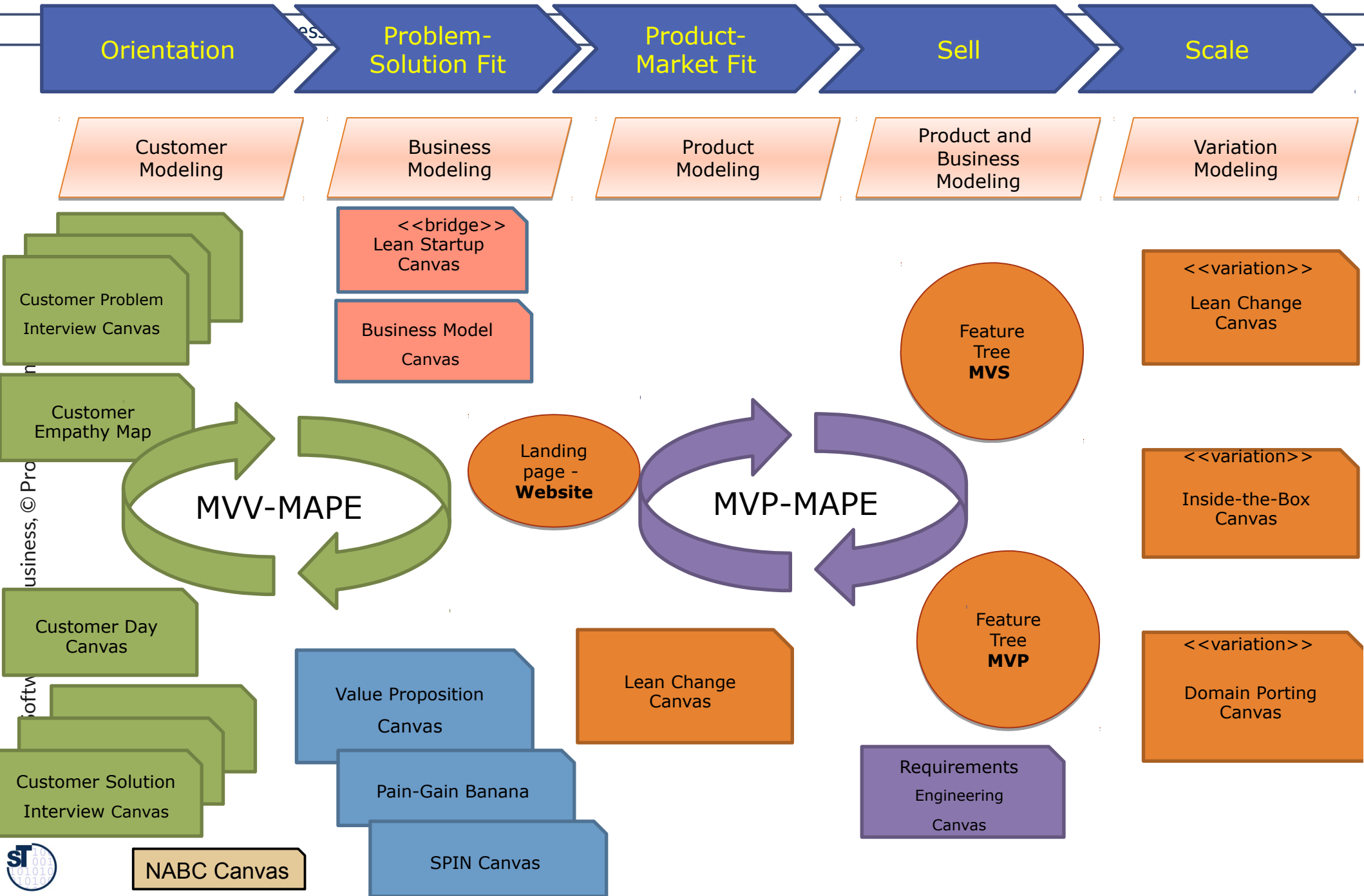


The Evolving deep-BMC-VPC Canvas Cactus (extended)

- Growing a tree with side edges (link tree - cactus) out of a first version
  - Assess with metrics and red-yellow-green; choose a current “greenest” “champion”
- Every step tests **hypotheses** about the customer and **changes metrics**
- Not too many canvases are kept active (small dashboard)



Overview of Canvases and Startup Maturity Phases



The Goal: Measure the Startup Readiness Level by Milestones of the BMC

[www.steveblank.com, Nov. 2013]

1. First-Pass Minimal Marketable Feature Set (MMVS)
2. First-Pass Value proposition
3. **First-Pass BMC (IRL 0.1)**

Or entat on

4. Market Size and Competitive Analysis
5. Problem-Solution Validation
6. **Low-Fidelity Prototype (alpha-MVP 0.5)**

Problem-Solut on

7. Product-Market Fit Validation
   1. Customer Development
8. Validation of Right Part of BMC (Customer)
9. **High-Fidelity Prototype (beta-MVP 0.9)**
10. Validation of Left Side of BMC (Resources)
11. Validation of other Relevant Metrics
12. **gamma-MVP 1.0**

Product-Market

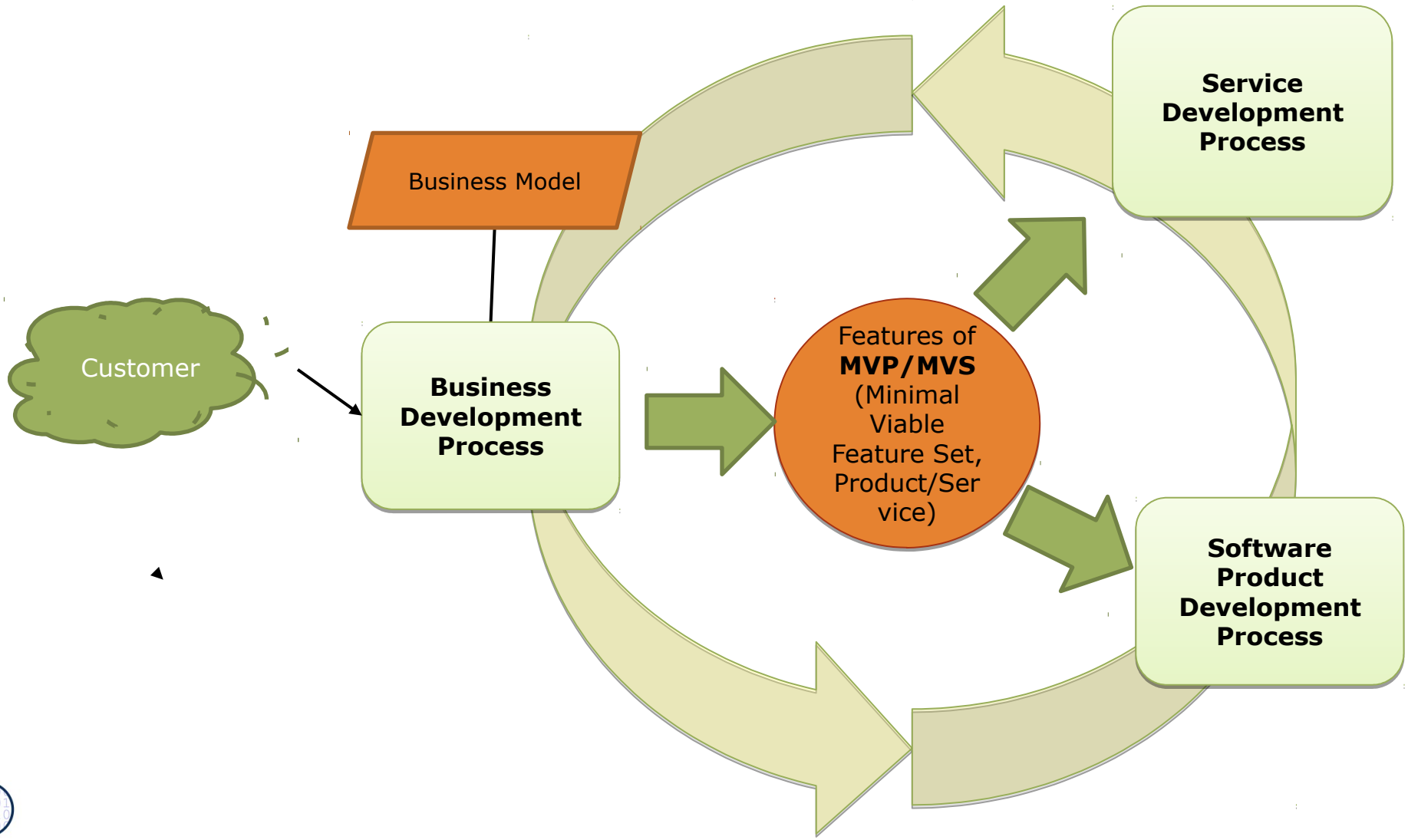
MVP 1.0
(Minimal viable product)

Sell

Scale

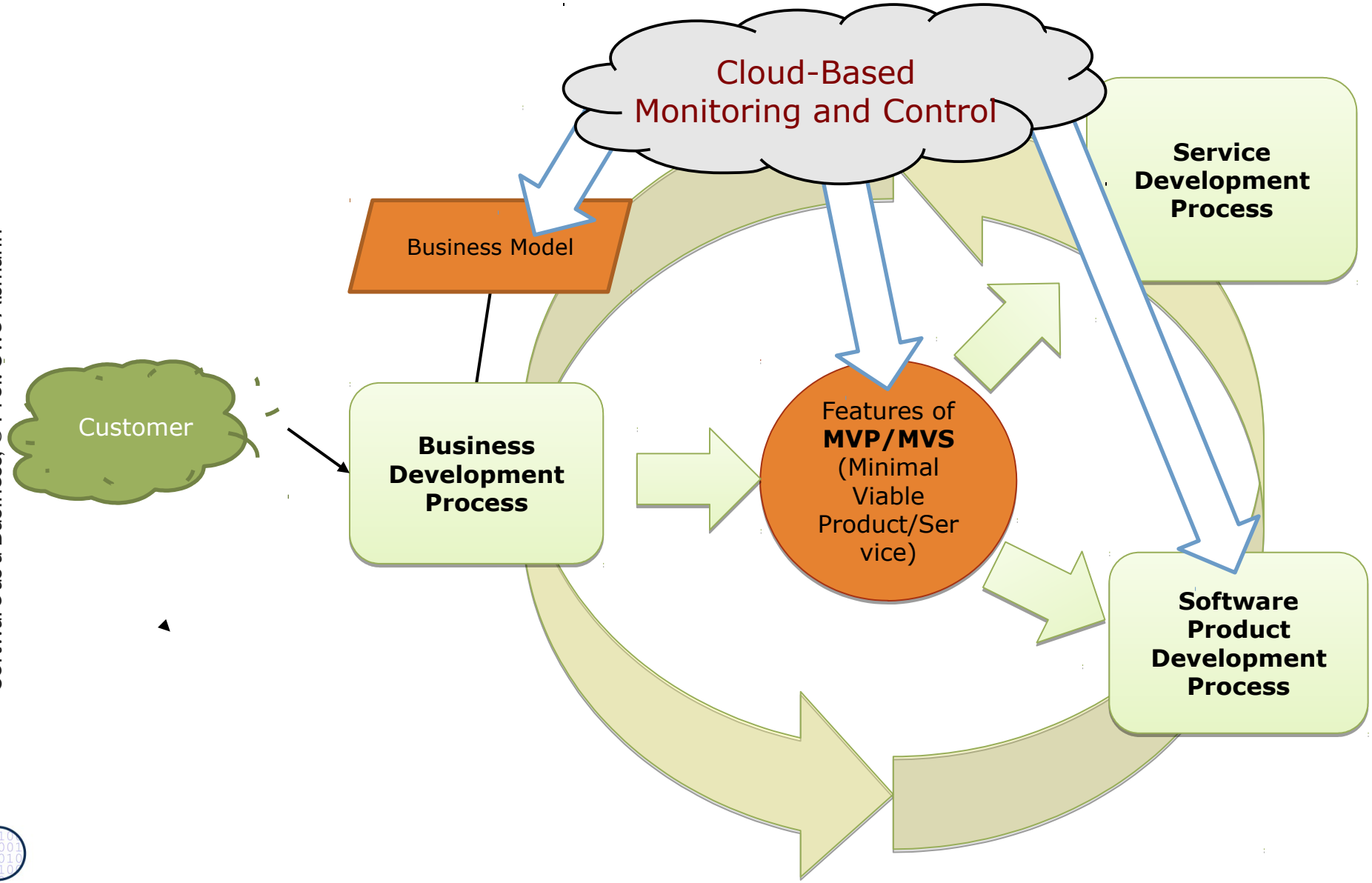
Three SCRUM Processes in the Life of a Software Startup

- Interface: Features of Minimal Viable Product (MVFS) and vertical prototype (MVP)



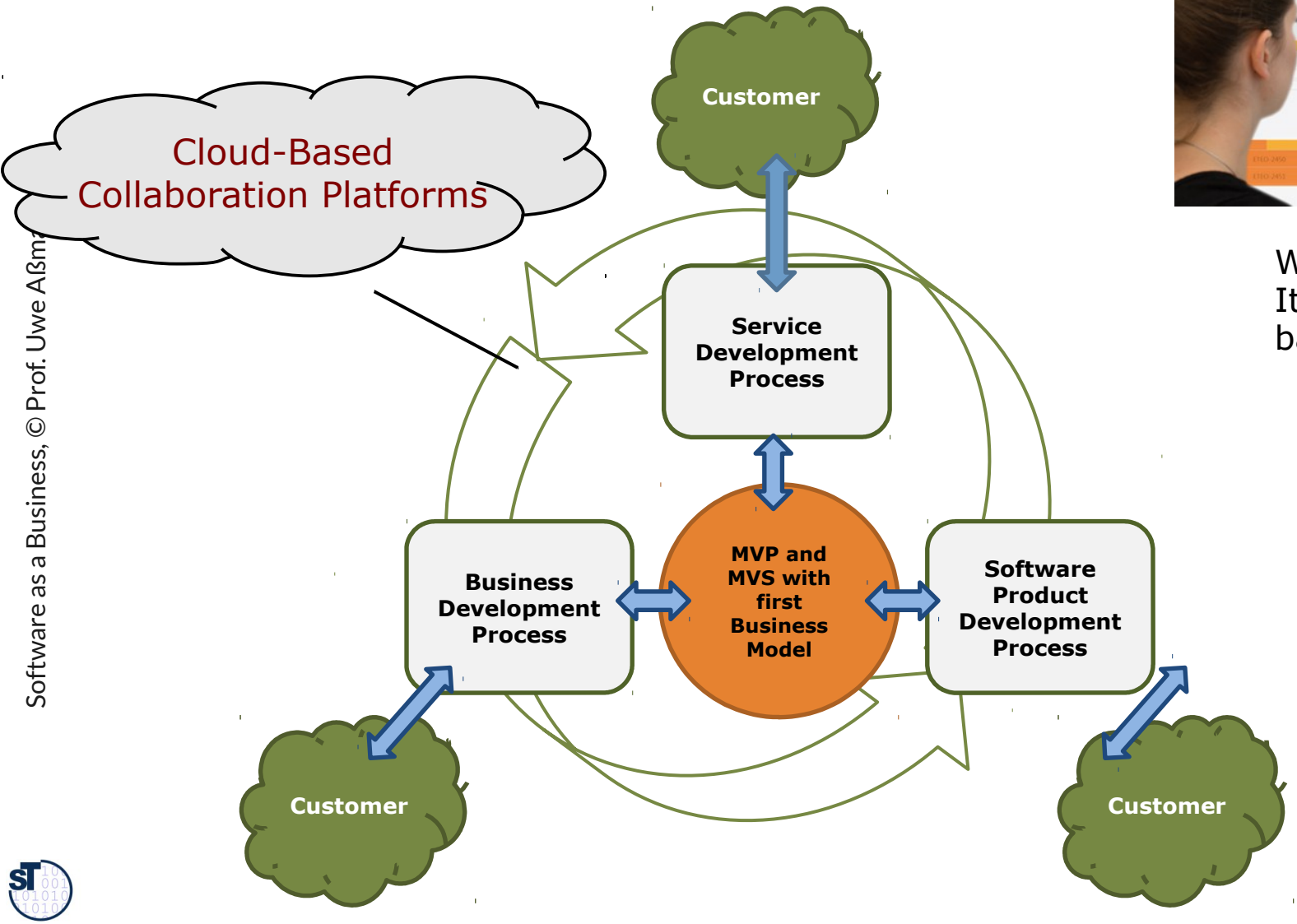
Speeding up Incubation with the Cloud

- Max Marmer founded http://blackbox.vc/, a portal to measure the progress of a startup



Cloud-Based Incubation: a Triple SCRUM on Modern SCRUM Platforms

Www.eteoboard.com
Iterations with SCRUM-based process control



Incubation Backlogs will be Cloud-Based

- SCRUM boards can be cloud-based and virtual
- ETEO http://www.eteoboard.de/ (Saxonia Systems)

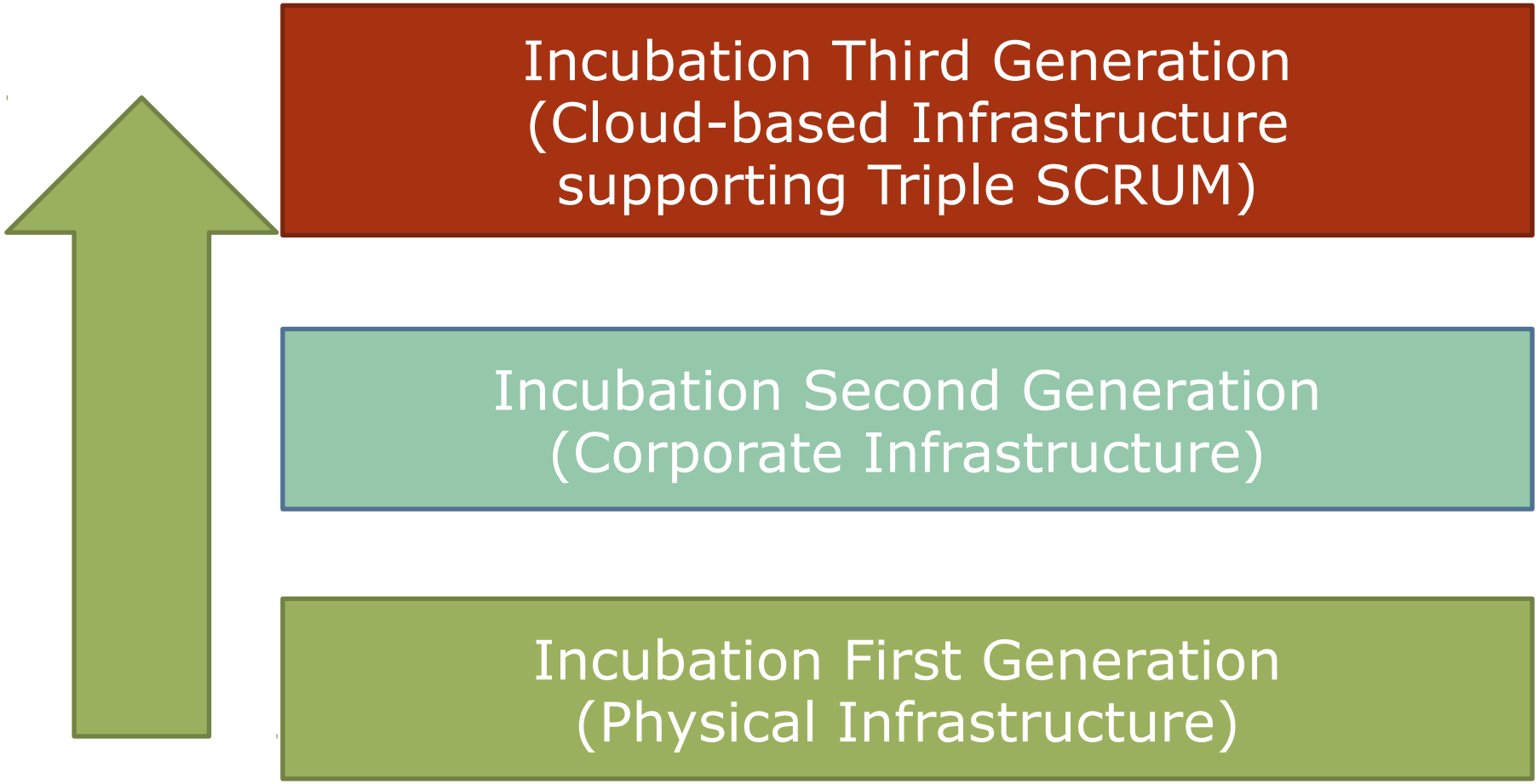
Cloud-Based Incubation as SCRUM Incubation Process

Www.eteoboard.de

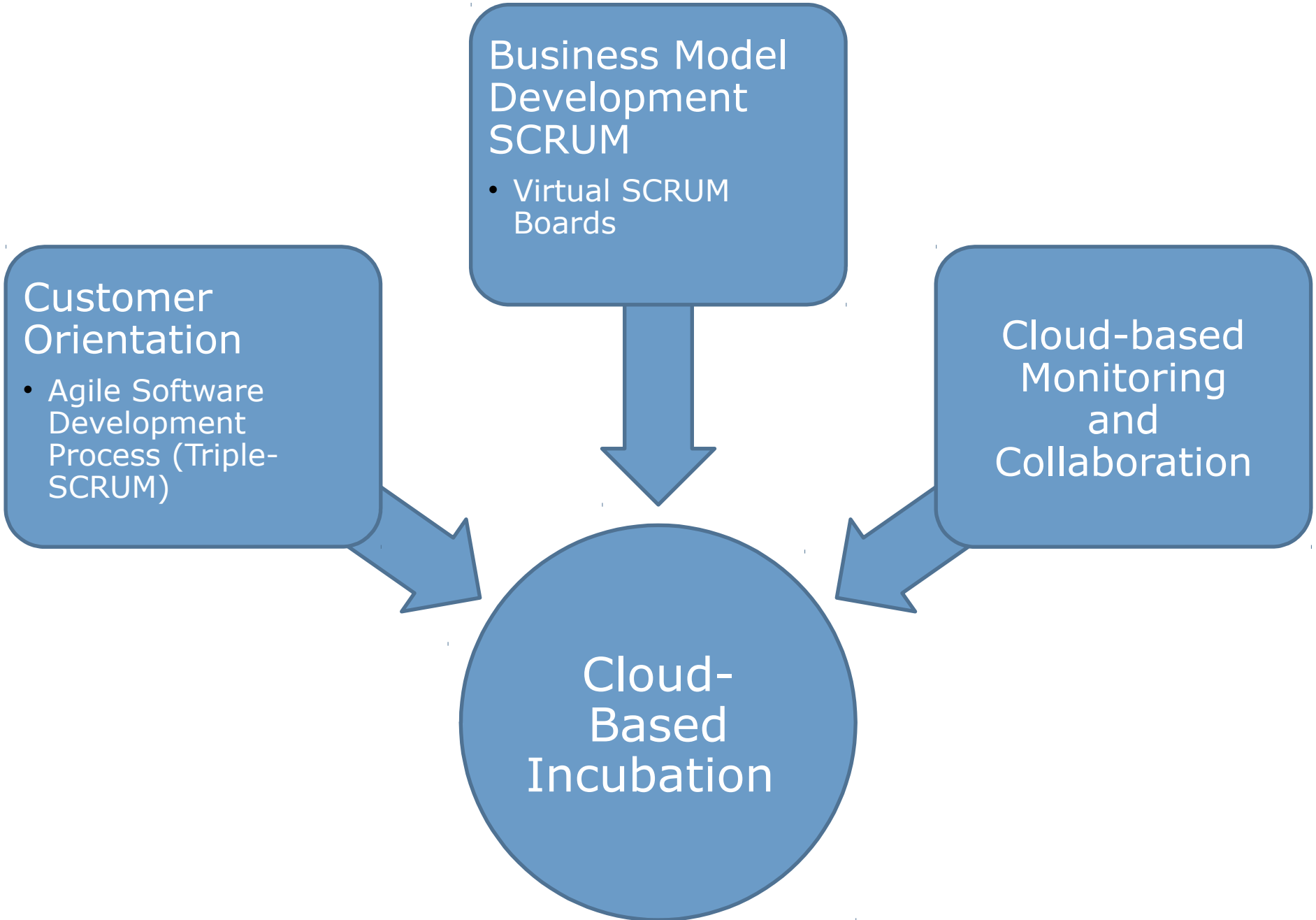
http://en.wikipedia.org/wiki/File:Scrum_task_board.jpg

- An **business development SCRUM** conducts sprints for finding the business model
  - Arranging customer interviews for requirements
  - Finding the minimal viable product (MVP)
- A **product development SCRUM** develops the MVP
  - From the MVFS
- A **service development SCRUM** develops the MVS, coupled with the MVP
- Advantages:
  - Controllability
  - Quality gates
  - Customer-driven

3rd Generation Incubation with Cloud-Based Collaboration Platforms



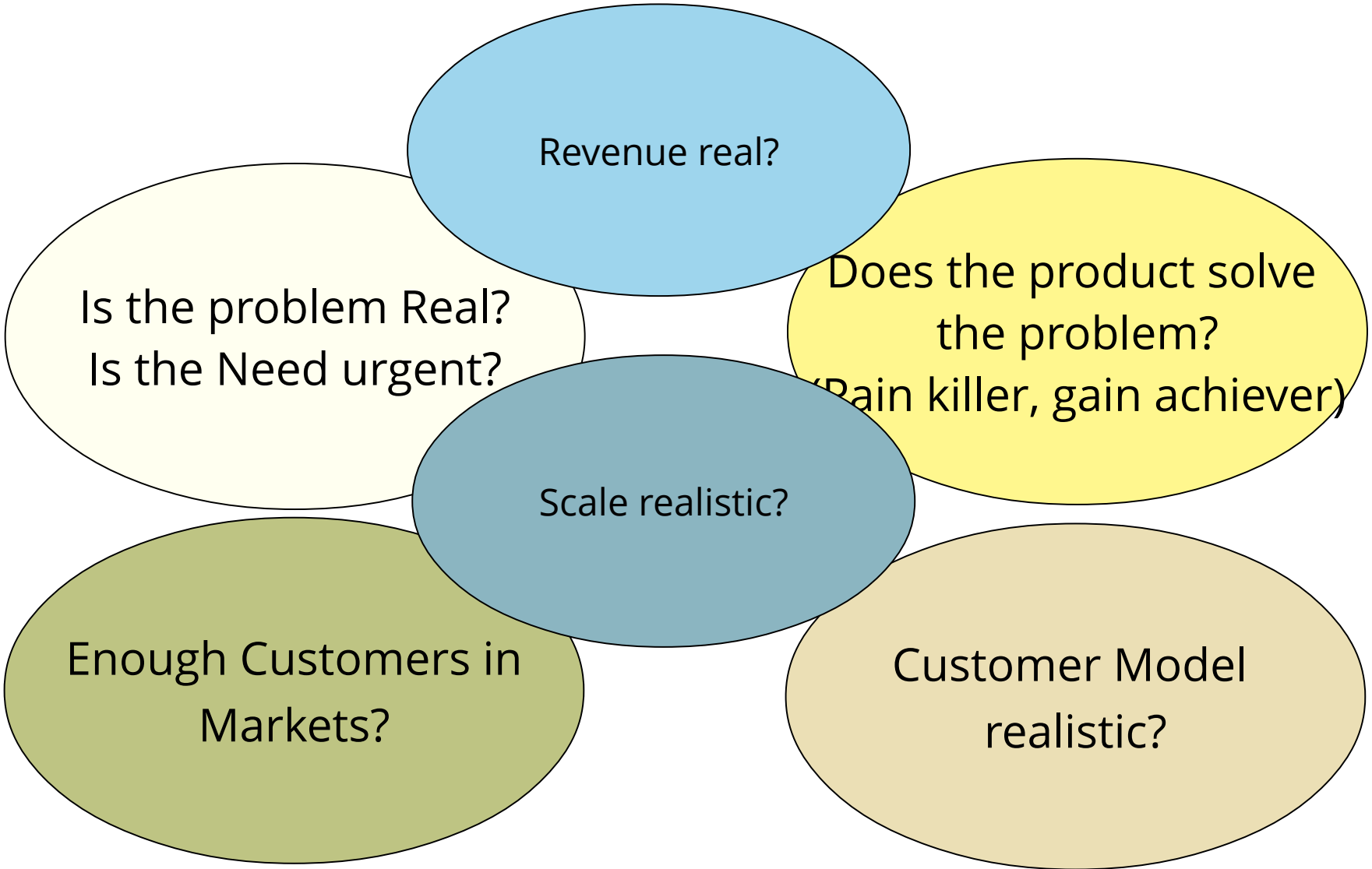
Cloud-Based Incubation



30.4. The Pivot Point (Strategic Change)

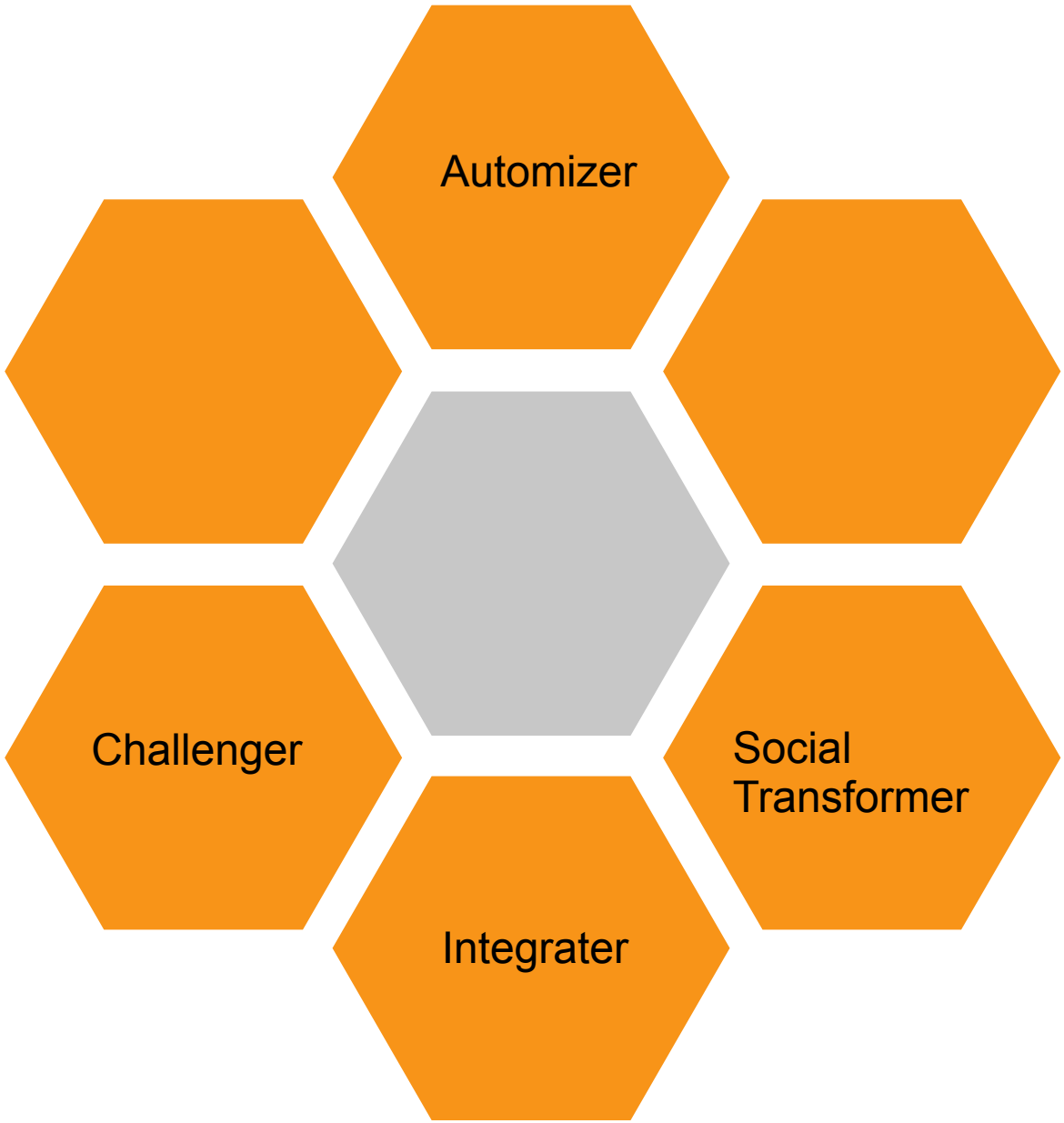
Proceed or Pivot?

- At a **pivot point,** the startup changes its entire approach to a **plan B.**
- **Pivot questions**



30.5 More on Startups

Marmer Startup Types



30.5.2. Success Factors of a Startup

Marmer Success Factors for Startups

List of indicators of success based on the Startup Lifecycle:

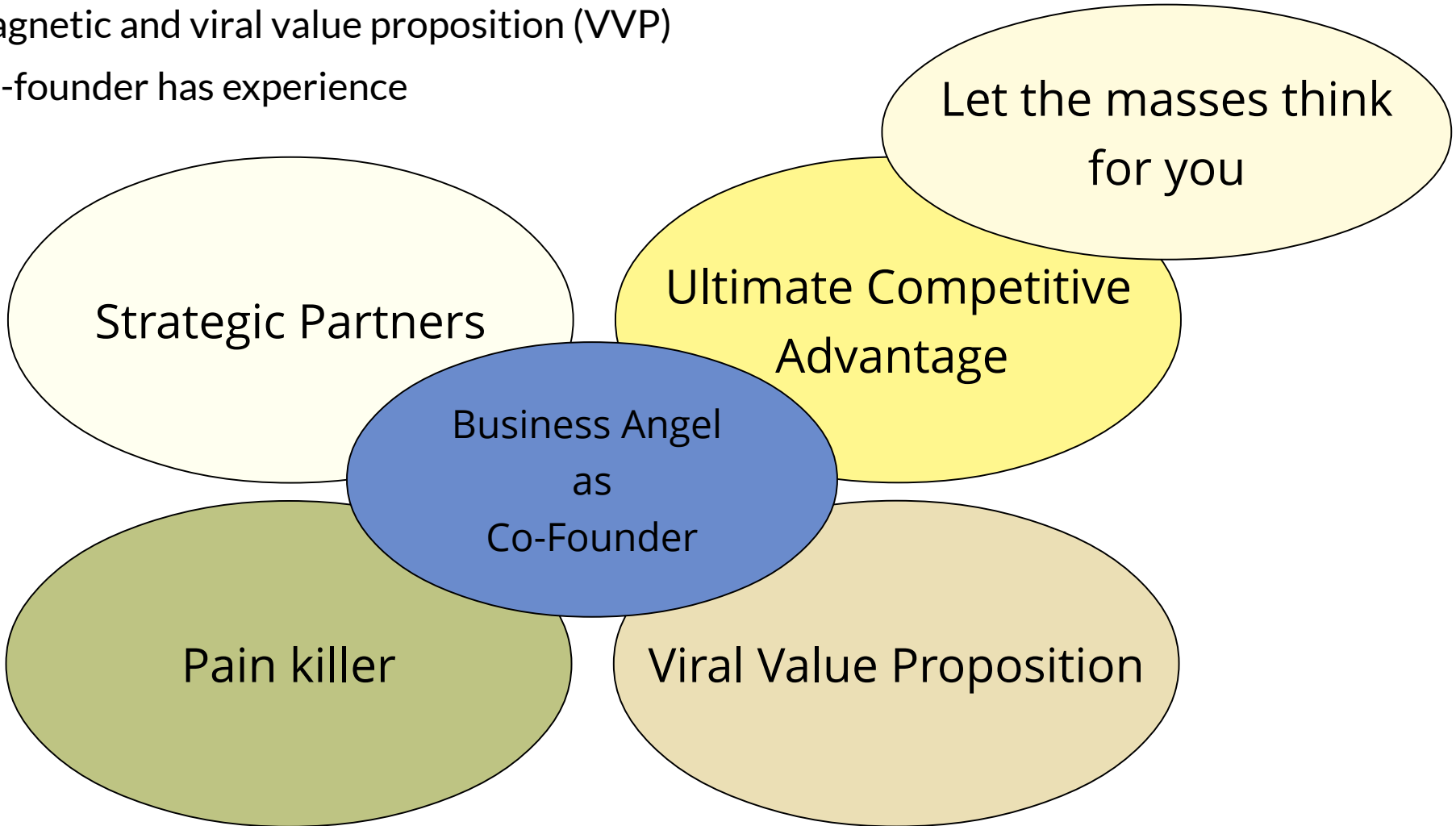
- stages - consistency - premature scaling - laggards - pivots – uncertainty

List of traditional indicators of success:

- user growth - funding raised - team size - market size - time spent working - % of user base being paid

Success Patterns

- Strategic partners (StP)
- Ultimate competitive advantage (UCA)
- Pain killers (PAK)
- Magnetic and viral value proposition (VVP)
- Co-founder has experience



Ultimative Competitive Advantage in a Startup Process

- Marmer report (p 21, Startup Genome Project) suggest for the 4 phases different factors of competitive advantage

	Discovery	Validation	Efficiency	Scale
Top/Ultimate Competitive Advantage	IP Technology	Partners Insider information	Traction IP Insider Information	Traction IP Technology

Marmer Report's Top Challenges for the Phases

	Discovery	Validation	Efficiency	Scale
Top Challenges	Customer Acquisition Over capacity	Customer Acquisition Product-Market Fit Product-Solution Fit	Customer Acquisition Team Building Fundraising	Customer Acquisition Team Building

30.6. Metrics are the Key in the Incubation Process

Startup Maturity Level (SML) Depends on Metrics

- The SML of a startup results from the maturity level of several lean models:
  - Maturity Level of Value Proposition Canvas
  - Maturity Level of Empathy Maps (Customer Development)
  - The Blank Investment readiness level IRL
  - Maturity Level of Requirements Engineering Canvas
  - Maturity Level of Feature Trees with Pricing Model
- The SML is used to decide whether a startup has passed a stage gate

Evaluating Startups for their Readiness Level

The Startup Maturity Level (Startup Metrics) can be computed by a constraint multiset grammar (CMG) over all deep canvases of the canvas cactus

The Startup Maturity Level allows for automated monitoring of startups

The End

- Which phase model for Lean Startup do you like most? Why is it superior to others?
- Explain the Triple SCRUM process a Lean Startup has to do – how can MVP development, business model development and service development go together?
- Which roles do testing of hypotheses play in Lean Startup?
- Explain the smoke portfolio of different ways to show the vision for a product.
- Which advantages does a cloud offer to startup development?
- Explain the full way from the paperware MVV to the software ecosystem.