# Course Title: The Lean Startup

# Course Number: 99720 Number of credit points: 4

Mini-Semester: 2 of the Academic Year: 2020-2021

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Meeting time for students: By appointment, after the class time

**Syllabus:**

**Course Objectives:**

* Learn the concept, tools, and methods of the Lean Startup, the modern early-stage startups management methodology.
* Provide an experiential learning opportunity, implementing the methodology, and showing how startups get built.

**Prerequisites: none**

**Course Content & Scope:**

The course provides a comprehensive view of the early-stage startup management process, following the Lean Startup concept. Also, this course provides real-world, hands-on learning on what it’s like to start a startup company

The Lean Startup is the major concept in use today for running early-stage startups.

The concept is focusing on systematically reducing risks by following a defined managerial, iterative process. The process is starting with analyzing customer needs, defining strategic assumptions (business model), then validating the problem the startup is solving, the solution, and the other critical assumptions, in a scientific-like manner. The goal is to find and validate a business model that addresses a defined market need, before scaling up or running out or resources.

The course covers the concept, its principles, and some major tools. Special focus will be given to deep customer understanding (defining and proving needs and problems), to The Lean Canvas - a single page framework used by startups to define their business model, and to customer interview scripts, including resulting lessons learned presentations.

**Teaching Methods:**

Lectures, weekly assignments and presentations, class discussion, and final presentations.

This class *is not about how to write a business plan*. It’s *not an exercise on how smart you are* in a classroom, or how well you use the research library to size markets. And the result is *not a PowerPoint slide deck for a VC presentation.* And it is most definitely not a hackathon where you come to build the “hot-idea” you have.

Instead, after defining your customer needs and your startup business model, you will be getting your hands dirty talking to customers, partners, competitors, as you encounter the chaos and uncertainty of how a startup works. You’ll work in teams learning how to turn a great *idea* into a great *company*. You’ll learn how to use a *business model* to brainstorm each part of a startup company and *customer development* to get out of the classroom to see whether anyone other than you would want/use your product. Finally, based on the customer and market feedback you gathered, you’ll rapidly iterate your product to build something customers would actually use and buy.

You'll be testing your business model assumptions outside the classroom and then share the hard-earned knowledge with the rest of the class using an on-going evolved presentation.

**You will be working in a team (typically 2 students in a team)**. Teams must submit a proposal to a startup project (idea). Proposals can be software, physical product, service of any kind, or any combination of these options. Projects are treated as real start-ups.

Teams' formation and projects' approval will be done within the first two class sessions.

**Team Organization:** The teams will self-organize and establish individual roles on their own. There are no formal CEO/VP’s. Just the constant parsing and allocating of the tasks that need to be done.

**Suggested Projects:** While your first instinct may be a web-based startup we suggest that you consider a subject in which you/a team member are a domain expert. In all cases, you should choose something for which you have passion, enthusiasm, and hopefully some expertise. If you can't find anything or you're not sure, you can get some help from the lecturer.

**Deliverables:** 1). Teams that select a web-based product will have to build a minimal website for the class (at least a landing page with some demonstration of the problem and solution, e.g., a video clip). First users should start using the web site or at least register using the landing page. Teams that select a physical product should create an early model (can be computerized, included in a landing page). 2) Your on-going progress presentation is an integral part of your deliverables. It’s how we measure your progress. It's based on your plan and the actual progress in the relevant weeks. 3) End of term presentation, based on the weekly ones, summarizing the process you followed and your learning.

**Recommended readings:**

1. Blank S. and Dorf B., [The Startup Owner's Manual: The Step-By-Step Guide for Building a Great Company](http://www.amazon.com/The-Startup-Owners-Manual-Step-By-Step/dp/0984999302/ref=sr_1_1?ie=UTF8&qid=1334718549&sr=8-1), K&S Ranch Press,2012
2. Ries E., [The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses](http://www.amazon.com/The-Lean-Startup-Entrepreneurs-Continuous/dp/0307887898/ref=pd_sim_b_3), Crown Business, 2011.
3. Osterwalder A. and Pigneur Y., [Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers](http://www.amazon.com/Business-Model-Generation-Visionaries-Challengers/dp/0470876417/ref=pd_sim_b_1/178-0776046-2729666), John Wiley & Sons., 2010

**Assessment:**

This course is team-based and 80% of your grade will come from your team progress and the final project. The grading criteria are broken down as follows:

▪ 10% multiple-choice short quiz, focusing on understanding the Lean Startup concepts and terms.

▪ 10% Individual participation in class. You will be giving feedback to your peers and prove a full understanding of the Lean Startup concept and the relevant terminology.

▪ 30% out-of-the-building progress as measured by an on-going developed presentation delivered each week*.*

Team members must: 1) update their startup presentation including Lean Canvas *each relevant block* 2) prepare a very short report on what the team did each week and the lessons learned 3) be ready to present the presentation in front of the class, explaining the logic behind the decisions and the key insights.

▪ 50% team final report presentation.

The final presentations must address all aspects relevant to the business model and the validated learning process. It will refer to the changes done in your strategic assumptions along the way and the key insights gained during the term.

**Course Plan**

Most of the sessions will include a lecture, teams' workshop, and/or teams' presentations, including discussions.

Here are the topics which will be covered in the lectures:

* Lean Startup introduction.
* Startups' failures and lessons learned.
* What’s a startup?
* What's a business model?
* Validation and the Lean startup cycle.
* Unmet needs definition - Job-to-be-done
* Problem analysis and the gap in the market
* Customer segments – persona
* Early Adopters
* The Lean Canvas
* Multi-sided markets
* Startup Maturity Level – assessing your progress in the journey.
* Minimal Viable Product (MVP)
* Getting to interviews – e-mails and calls.
* Interviewing scripts and guidelines – problem validation, solution validation
* Quantifying problem validation interviews results.
* Value Propositions
* Pricing validation
* Funnels and Metrics, Cohort analysis
* Examples of startup failure stories and their alternatives.
* Lean Startup in the enterprise
* Lean, Teal and Decentralization (DAO – Decentralized Autonomous Organizations)

Here are some relevant workshops and homework topics:

* Formulate your idea using the job-to-be-done concept, problem analysis tools, and The Lean Canvas, preparing a short presentation, presenting, and discussing.
* Further research, including deep insight related to the definition of the "customer segments" and "problem" elements of the canvas.
* Refine your business model definition following class discussion and further competitive analysis.
* Review market opportunities (customer and solution's application use case) – decide where to play, based on the attractiveness and obstacles grade of each alternative opportunity.
* Have a few versions of the value proposition, consult with others what is the best assumption to start with. Refine your value proposition following class discussion.
* Initial preparations for validation – e.g., identify how you would find early adopters. Get in touch with some potential customers or users and discuss their job to be done and their problems.
* Prepare an e-mail script to approach early adopters and an interview script. Work on additional preparations for early adopters' interviews (e.g., a CRM system list and tracking report).
* Validate your assumptions - get out of the building and talk to the first 10-15 potential customers face-to-face (or using a video conference tool like Zoon). Provide an updated customer persona. What did you discover from customers? What were your hypotheses about who your users and customers were? Did you learn anything different? Submit interview notes, present results in class. Update your weekly presentation with progress re customers and value proposition.
* Work on creating a landing page with a clear value proposition.
* Define your MVP and provide explanations for your decisions, describe your vision separately from your MVP. How it's going to work?
* Define your on-boarding process. Define your funnel. Define a roadmap with customers (B2B). Define the metrics you're focusing on now and how you would collect them, report, and respond. Review again possible channels, prioritize. How will you price the offering? What are the key financial metrics for your business model?
* Get into the details of the processes of setting up and using the product (including basic wireframes for web solutions). Possibly engage in “search engine marketing” (SEM) spend $20 as a team to test customer acquisition costs and users' acquisition.
* Work on finalizing your end of term presentation. How would you achieve "viral propagation"?
* Present a few alternative revenue models and compare them. Find other companies, similar in a way to yours, with the relevant revenue models – provide as examples. Get into more detailed cost calculations, update the break-even point.
* How would you manage the community of early adopters and how would you develop your relationship with it?
* Make all arrangements to demonstrate your solution and to get relevant feedback for both value and usability assumptions.
* Interview channels-related persons. Formulate value propositions for possible channels. Validate channels, re-prioritize if needed.
* Test pricing in front of dozens (B2C) or maybe 10 (B2B) customers on the web, 10-15 customers non-web. What are your competitors doing for pricing?
* Work on the finalization of deliverables, including the final presentation.

Homework Deliverable:

Each team will present a short on-going “Lessons Learned” presentation about their business, including an updated canvas.

Slide 1 – Team Name, project name, and what is it doing, with a few lines of what your initial idea was

Slide 2 – Team members – name, short background, and expertise

Slide 3 – definition of the customer, needs and problems, and The Lean Canvas

Once you start getting customers' feedback, also include:

**Version 1.** Here was our original idea.

Slide 4 - So here’s what we did (e.g., explain how you got out of the building talked to customers)

Slide 5 – So here’s what we found (what was reality) so then, …

Slide 6 - **Version 2**.

We iterated or pivoted… explain why and what you found.

Slide 7 - So here’s what we did (explain how you got out of the building)

Slide 8 – So here’s what we found (what was reality) so then, …

Slide 9 - **Version 3.**

We iterated or pivoted… explain why and what you found.

Every presentation *requires* at least three Business Model Canvas detailed slides.

Side n – “So here’s where we **ended up**.” Talk about:

1. what did you learn (over the full term)

2. whether you think this a viable business,

3. whether you want to pursue it after the class, etc.

Final Slides – Click through *each one of your business model canvas slides. Detail your model elements. Provide the solution demo, clip, customer presentation, etc.*