

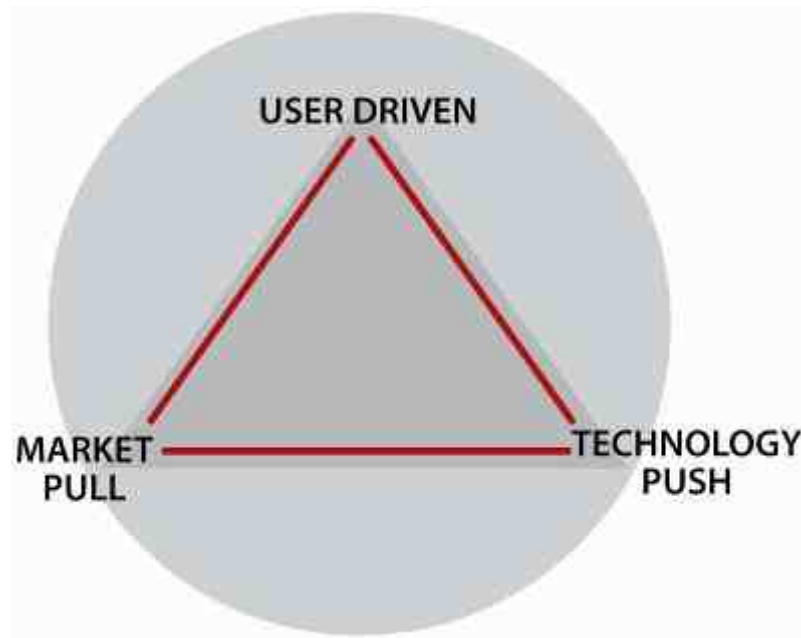
# Lean Venturing

Presentation at the European Institute of Technology

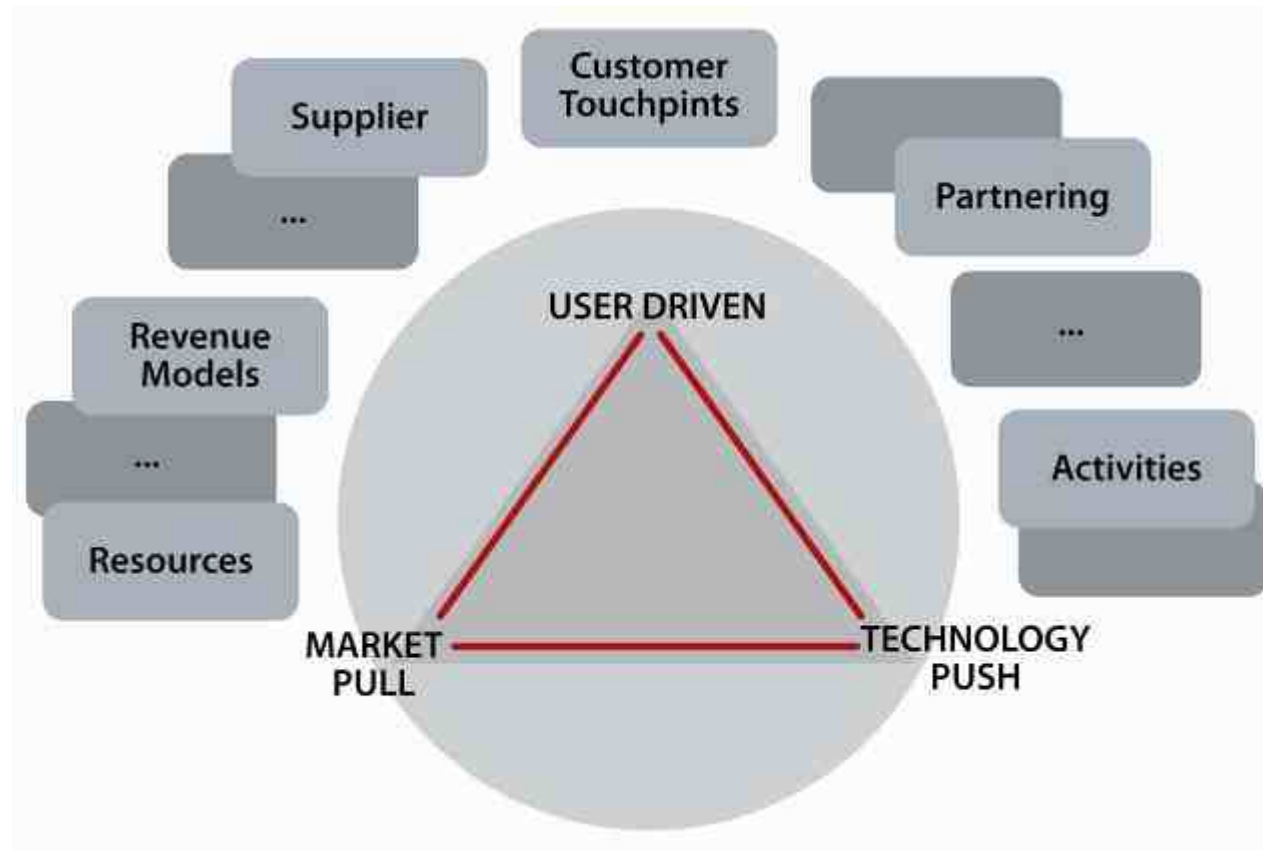
Munich, November 28th, 2012



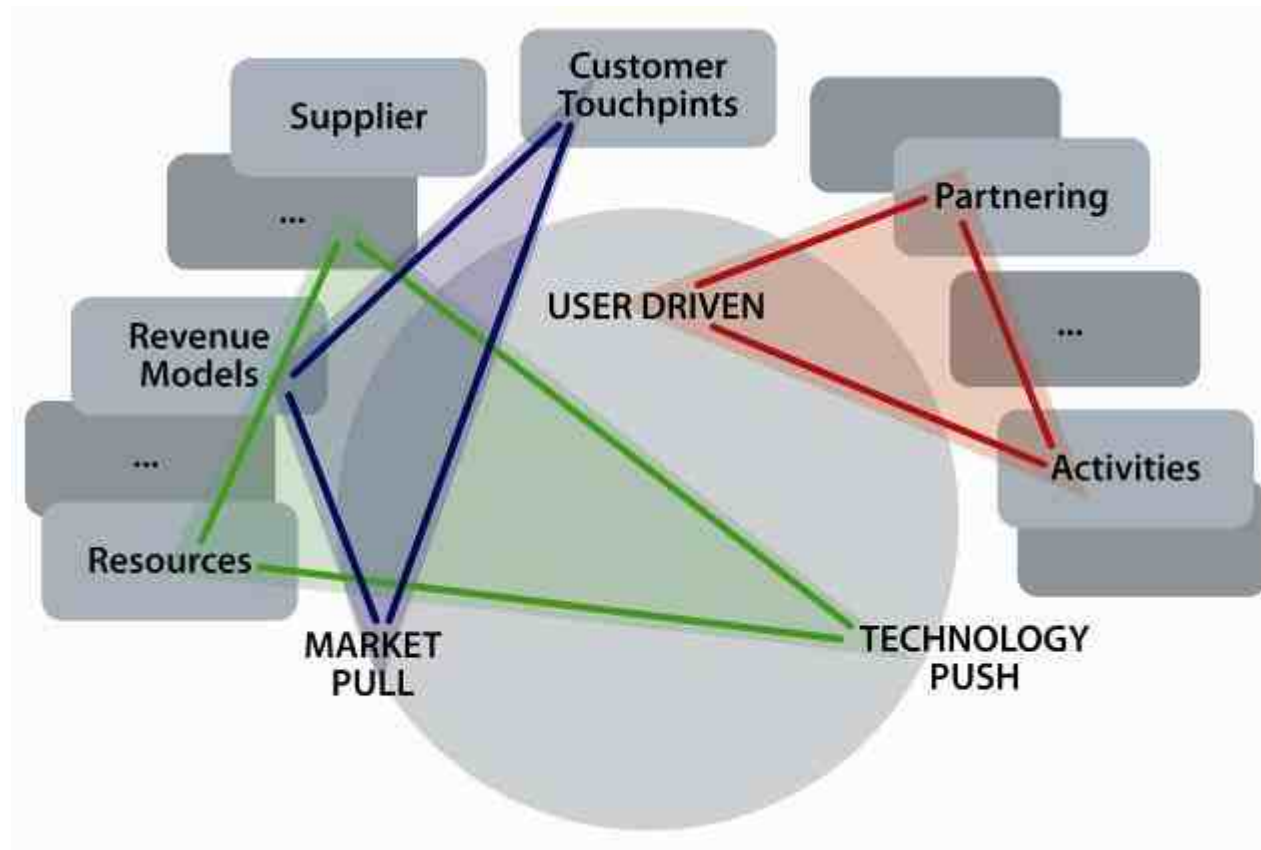
- » Business Models /// *The dichotomy between technology- versus market-driven innovation is being replaced by ...*



- » Business Models /// ... *a systemic view on a multitude of innovation constituents within a business ecosystem.*



» Business Models /// *The new complexity call for simplified frameworks.*

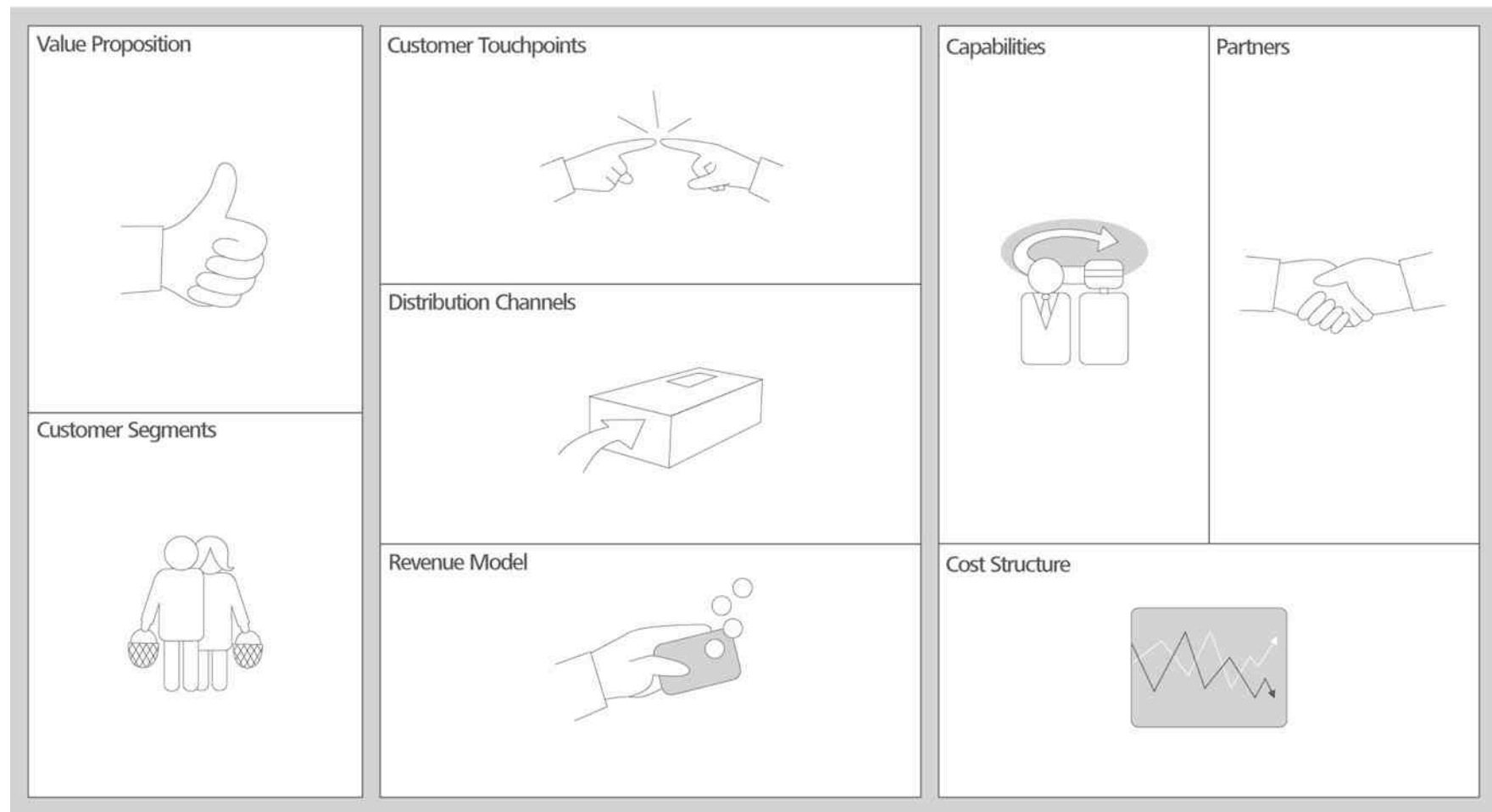


„A mediocre technology pursued with a great business model may be more valuable ,  
than a great technology exploited via a mediocre business model“ (Henry Chesbrough 2010).

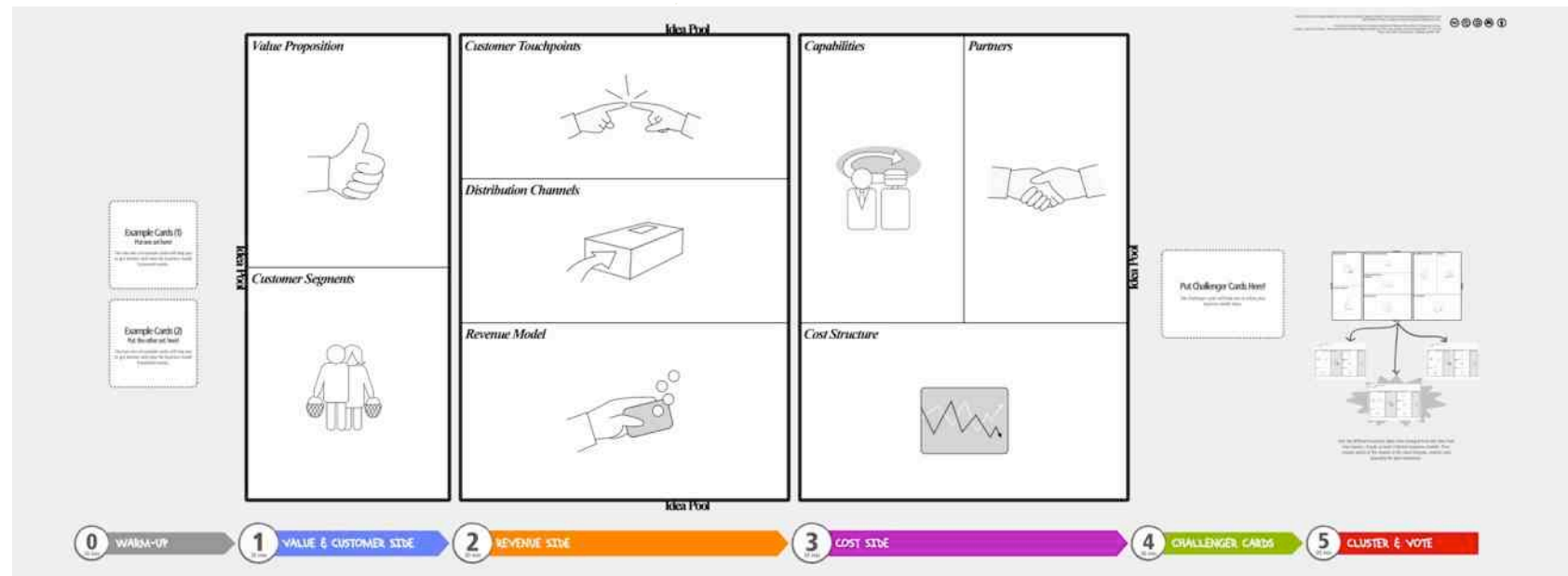
## » Business Models /// *Definitions.*

- “An architecture for the product, service and information **flows**, including a description of the various business **actors** and their **roles**; and a description of the potential benefits for the various business actors; and a description of the sources of revenues” (Timmers 1998).
- “The business model is an abstract **representation** of an organization, be it conceptual, textual, and/or graphical, of all core interrelated architectural, co-operational, and financial arrangements designed and developed by an organization **presently and in the future**, as well as all core products and/or services the organization offers, or will offer, based on these arrangements that are needed to achieve its strategic goals and objectives” (Al-Debei et al. 2008).
- “Business model is a **conceptual tool** that contains a set of elements and their relationships and allows expressing the business logic of a specific firm. It is a description of the value a company offers to one or several segments of customers and of the architecture of the firm and its network of partners for creating, marketing, and delivering this value and relationship capital, to generate profitable and sustainable revenue streams” (Osterwalder et al. 2005).
- Aziz et al. (2008) defined business models also based on their **components**. Within their literature analysis they identified 54 business model components within various literature sources.









» Modeling New Business /// *Eight basic components.*



» Starter Kit /// *Exploration of the basic options.*

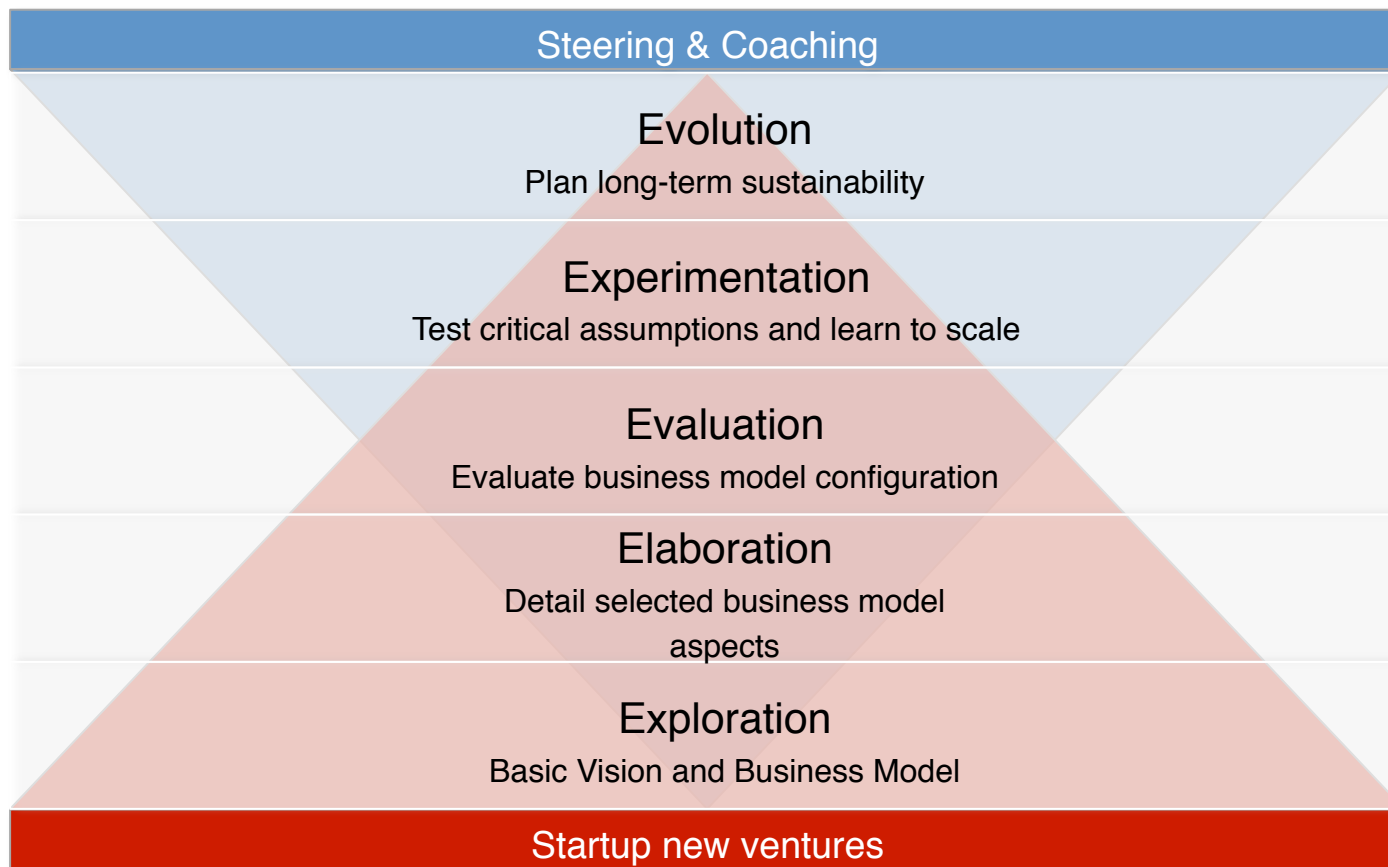


## » Modeling New Business /// *Increasing degrees of maturity.*

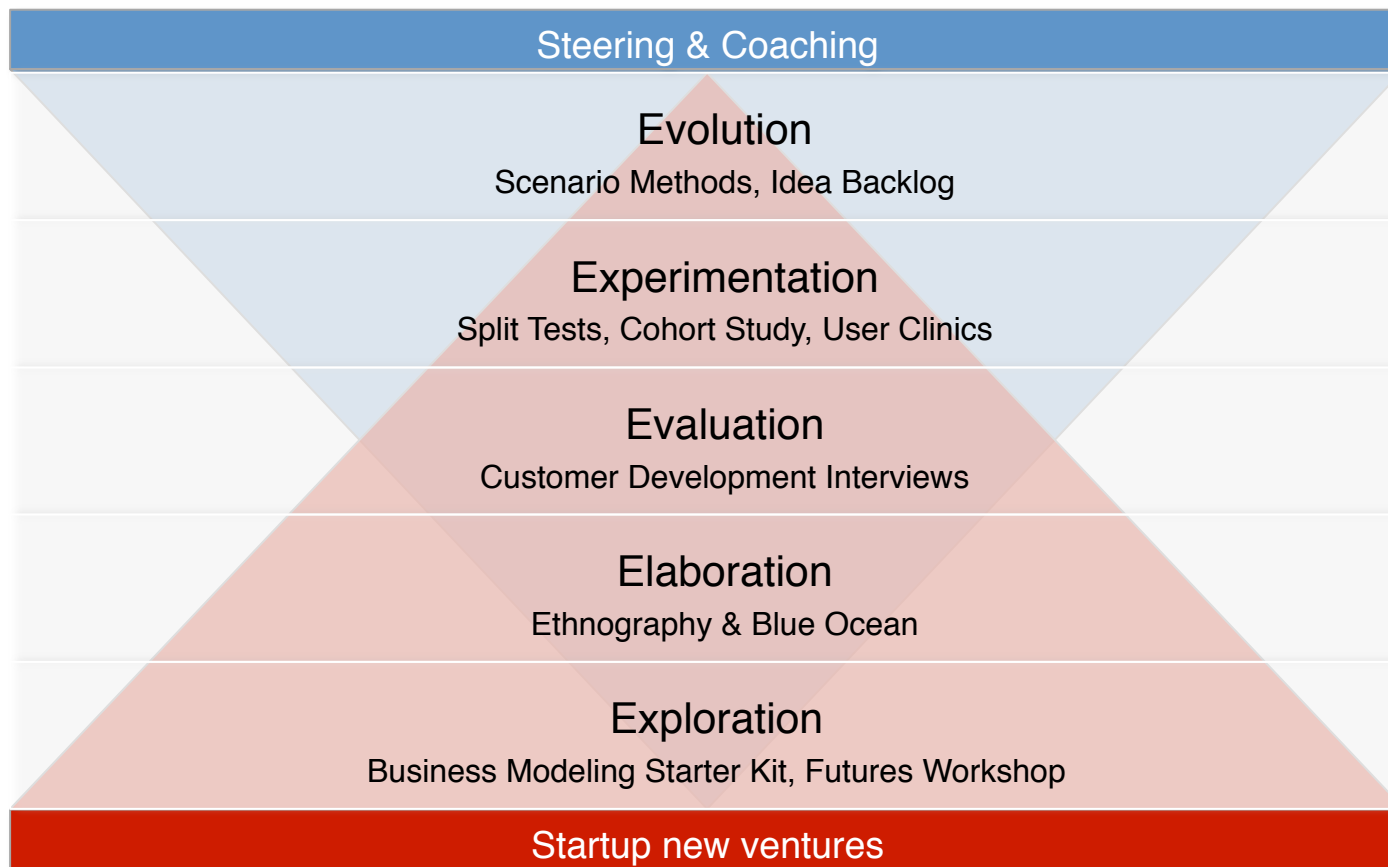
<b>Value Proposition</b>  <ul style="list-style-type: none"> <li><input type="checkbox"/> To be discussed or vague</li> <li><input type="checkbox"/> Well defined</li> <li><input type="checkbox"/> Qualified (through feedback)</li> <li><input type="checkbox"/> Quantified</li> <li><input type="checkbox"/> Proven</li> </ul> <p>Prio-Rating: To Do: Person in charge:</p>	<b>Customer Touchpoints</b>  <ul style="list-style-type: none"> <li><input type="checkbox"/> To be discussed or vague</li> <li><input type="checkbox"/> Well defined</li> <li><input type="checkbox"/> Qualified (through feedback)</li> <li><input type="checkbox"/> Quantified</li> <li><input type="checkbox"/> Proven</li> </ul> <p>Prio-Rating: To Do: Person in charge:</p>	<b>Capabilities</b>  <ul style="list-style-type: none"> <li><input type="checkbox"/> To be discussed or vague</li> <li><input type="checkbox"/> Well defined</li> <li><input type="checkbox"/> Qualified (through feedback)</li> <li><input type="checkbox"/> Quantified</li> <li><input type="checkbox"/> Proven</li> </ul> <p><input type="checkbox"/> Critical and missing <input type="checkbox"/> Accessible <input type="checkbox"/> Already in working mode</p> <p>Prio-Rating: To Do: Person in charge:</p>	<b>Partners</b>  <ul style="list-style-type: none"> <li><input type="checkbox"/> To be discussed or vague</li> <li><input type="checkbox"/> Well defined</li> <li><input type="checkbox"/> Qualified / first contacts</li> <li><input type="checkbox"/> Quantified / contract</li> <li><input type="checkbox"/> Proven / integrated</li> </ul> <p>Prio-Rating: To Do: Person in charge:</p>
<b>Customer Segments</b>  <ul style="list-style-type: none"> <li><input type="checkbox"/> To be discussed or vague</li> <li><input type="checkbox"/> Well defined</li> <li><input type="checkbox"/> Qualified (through feedback)</li> <li><input type="checkbox"/> Quantified</li> <li><input type="checkbox"/> Proven</li> </ul> <p>Prio-Rating: To Do: Person in charge:</p>	<b>Distribution Channels</b>  <ul style="list-style-type: none"> <li><input type="checkbox"/> To be discussed or vague</li> <li><input type="checkbox"/> Well defined</li> <li><input type="checkbox"/> Qualified (through feedback)</li> <li><input type="checkbox"/> Quantified</li> <li><input type="checkbox"/> Proven</li> </ul> <p>Prio-Rating: To Do: Person in charge:</p>	<b>Cost Structure</b>  <ul style="list-style-type: none"> <li><input type="checkbox"/> To be discussed or vague</li> <li><input type="checkbox"/> Well defined</li> <li><input type="checkbox"/> Qualified (through feedback)</li> <li><input type="checkbox"/> Quantified</li> <li><input type="checkbox"/> Proven</li> </ul> <p>Prio-Rating: To Do: Person in charge:</p>	
<b>Revenue Model</b>  <ul style="list-style-type: none"> <li><input type="checkbox"/> To be discussed or vague (revenue channels &amp; price)</li> <li><input type="checkbox"/> Well defined</li> <li><input type="checkbox"/> Qualified (through feedback)</li> <li><input type="checkbox"/> Quantified</li> <li><input type="checkbox"/> Proven</li> </ul> <p>Prio-Rating: To Do: Person in charge:</p>			



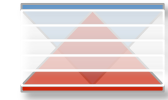
» Lean Venturing /// *Five E Framework.*



» Lean Venturing /// *Five E Framework.*



## » Exploration /// *Three formats.*



### Business Model Starter Kit

At the Telekom Innovation Laboratories we modified and simplified an already simple reference model to lower entry barriers for entrepreneurs and business leaders. A game-like do-it-yourself toolbox supports small teams in thinking about new business in a structured way. It enables first hand experiences in simple **business model ideation**.



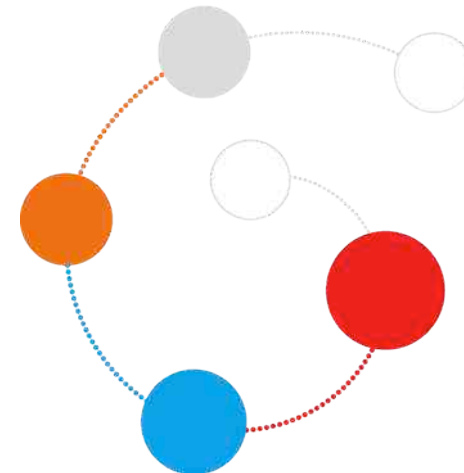
### Moderated Modeling

Instant business modeling is a moderated workshop focusing on **selected components of a model**. Half day sessions enable a rapid turnaround of results. Out of scope is an in depth or creative elaboration of business models.

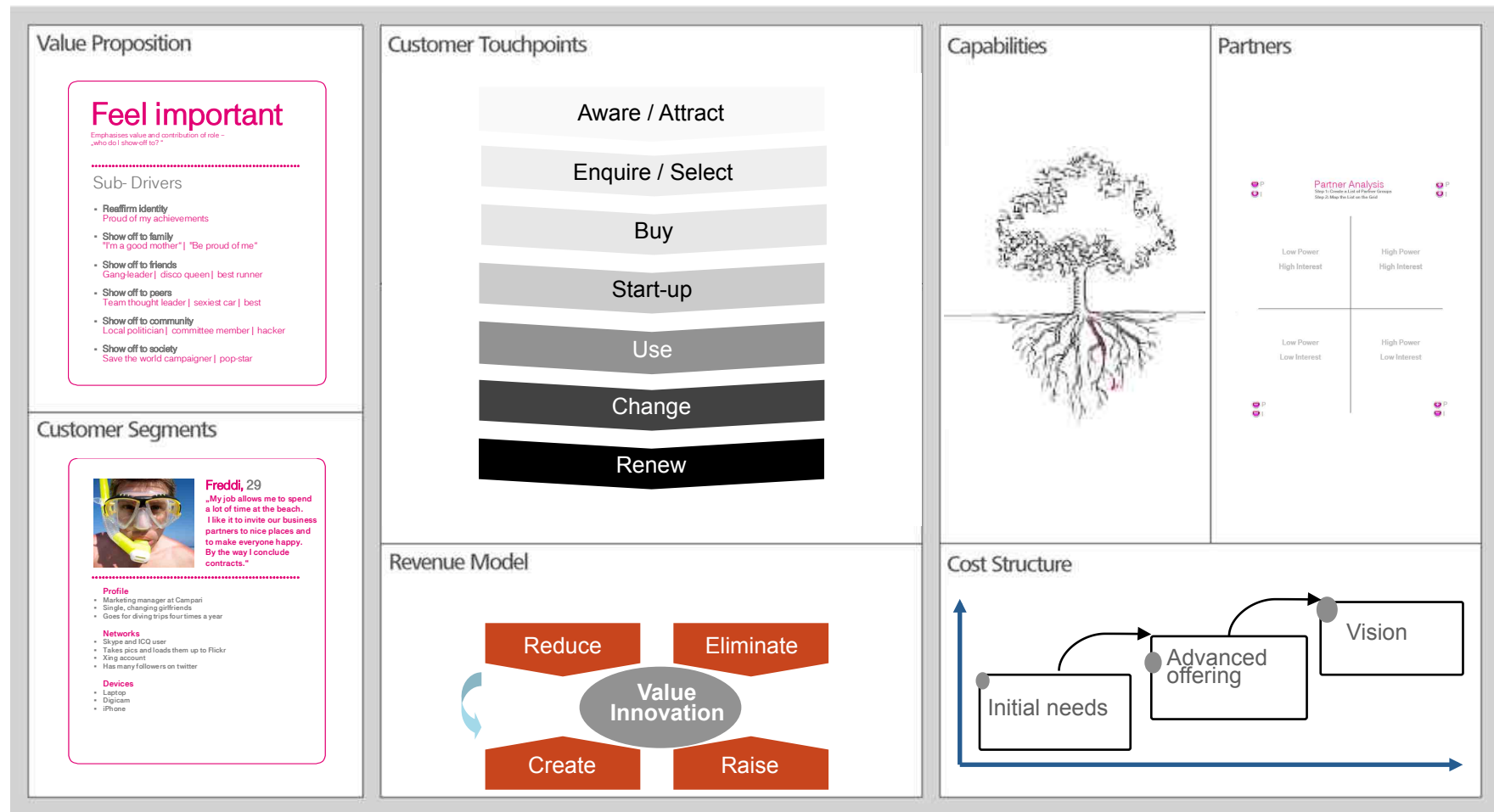
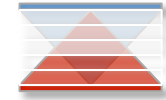


### Full Scale Project

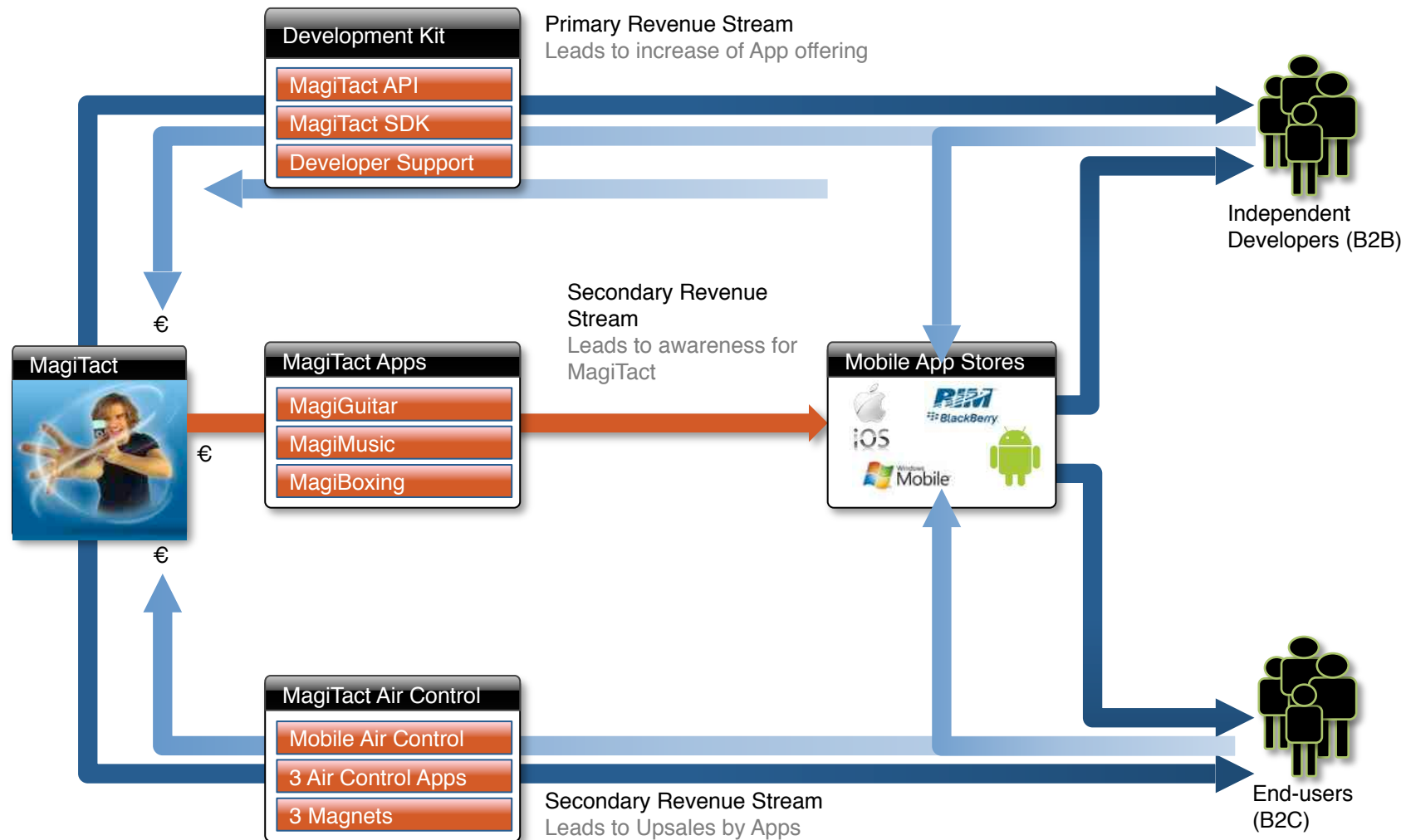
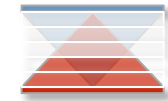
The full scale business modeling project covers a five step process including a initial domain research, a modeling workshop, prototyping through illustration and storytelling, stress testing through feedback, and business process modeling resulting in a **business case**.



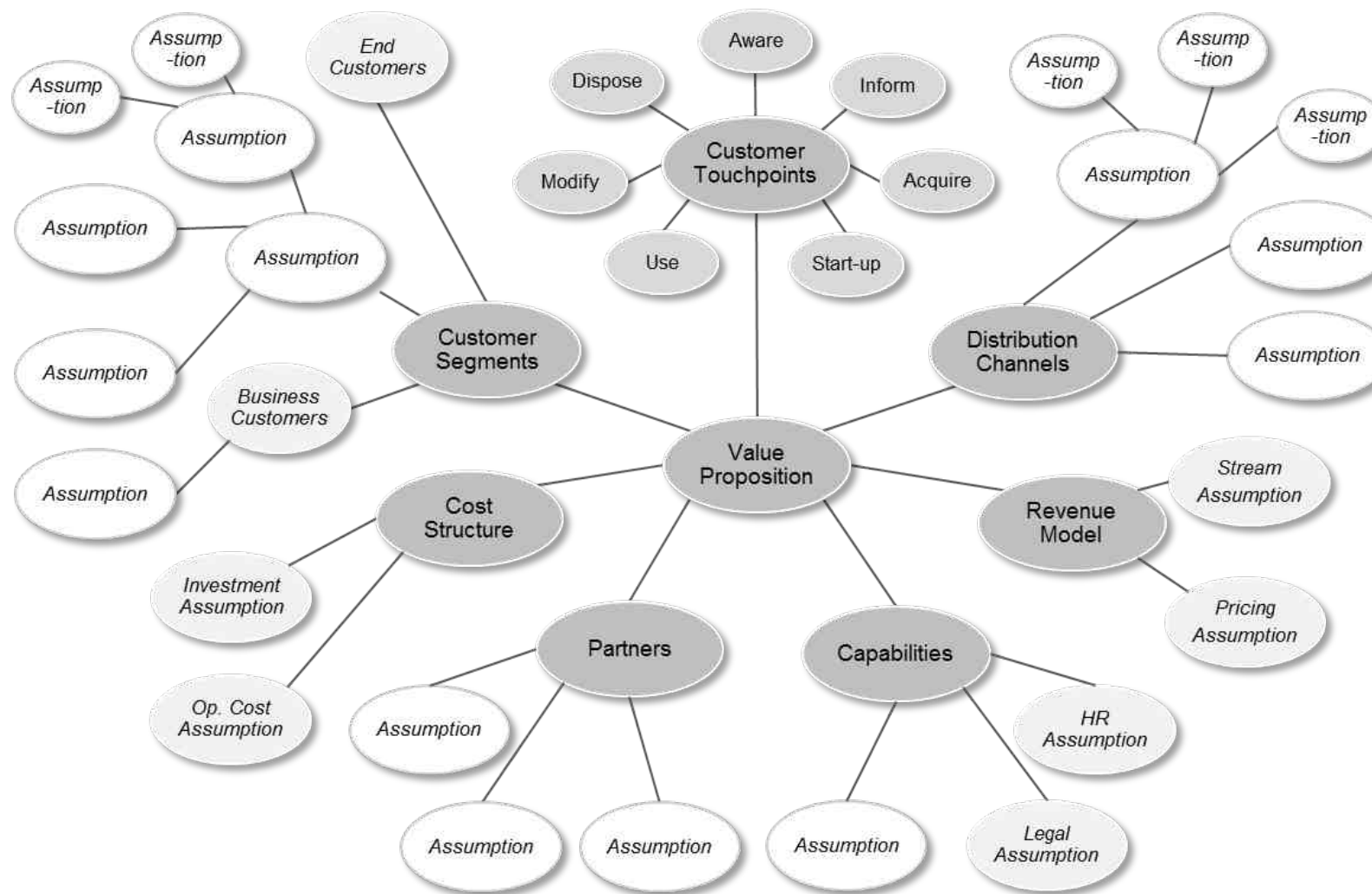
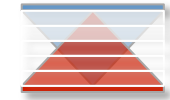
## » Elaboration /// Exemplary templates & methods



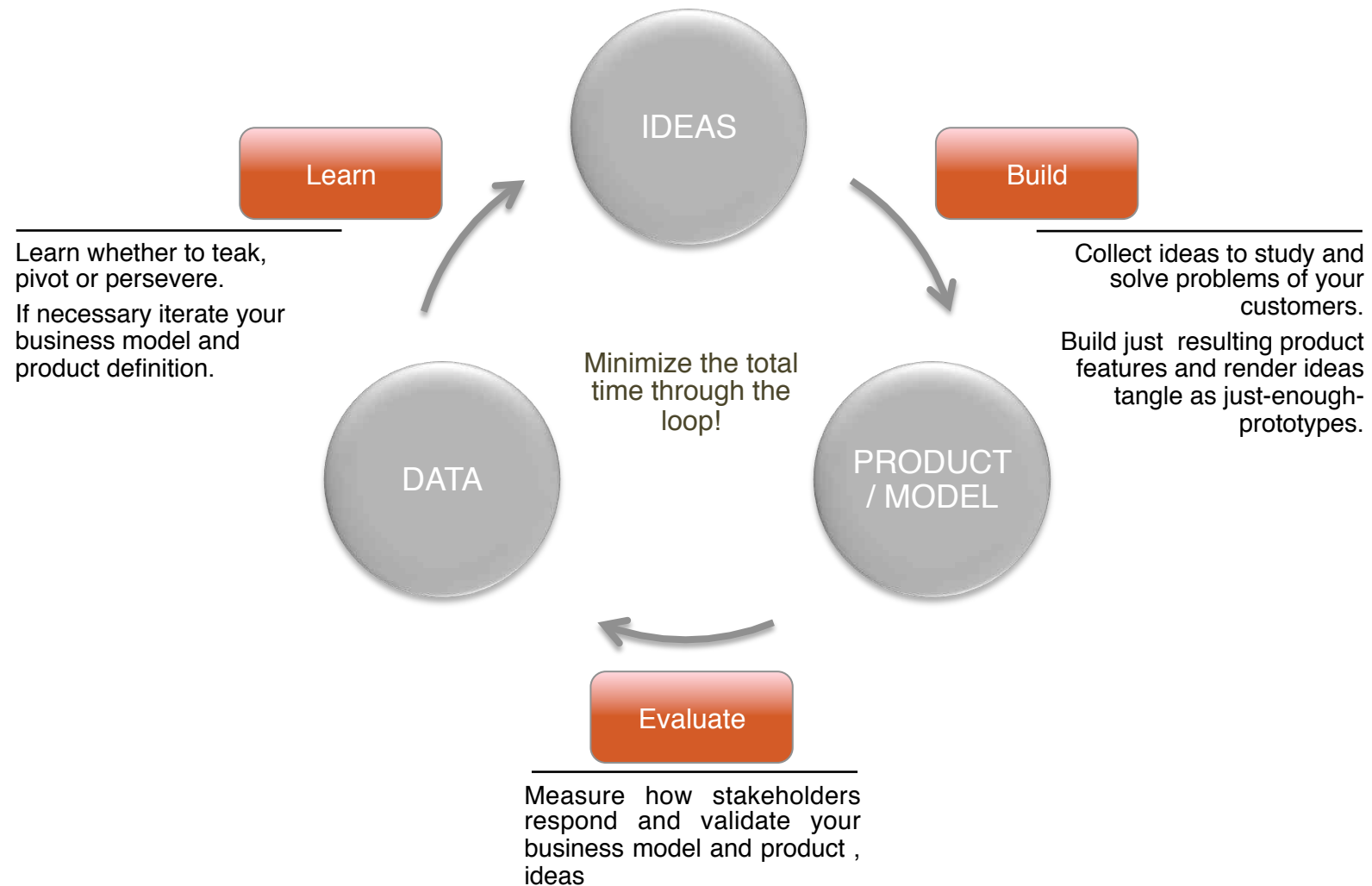
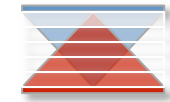
» Elaboration /// *Example MagiTact (Telekom Innovation Laboratories)*

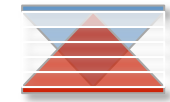


» Evaluation /// *Analysis and evaluation of assumptions.*



» Experiments */// A „sprint plan“ to validate assumptions.*




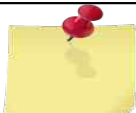




» Experiments /// A „sprint plan“ to validate assumptions.

**Experiment Report**

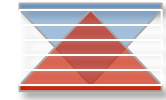
- Learning Goals
- Metric for Measure
- Experiment Scope
- Minimum Build Plan
- Hypothesis
- Results
- Key Insights and Consequences

Idea	Build	Measure	Learn
1			
2			
2			
4			





## » Evolution /// *Strategies for normative and explorative scenarios*



Example: Access 2020 ///

Unlimited Internet Accessibility, High Standardization, Usage on Demand, Intense Digital Immersion, One-ID Management

Activities



Scenario 1: Networked automation is seamlessly omnipresent and helpful

Activities & Opportunities



Scenario 2: Problems from missing standards and digital immersion find innovative solutions.

Activities & Opportunities



Scenario 3: Access barriers and people struggling with side effects of global transformation.

Activities & Opportunities



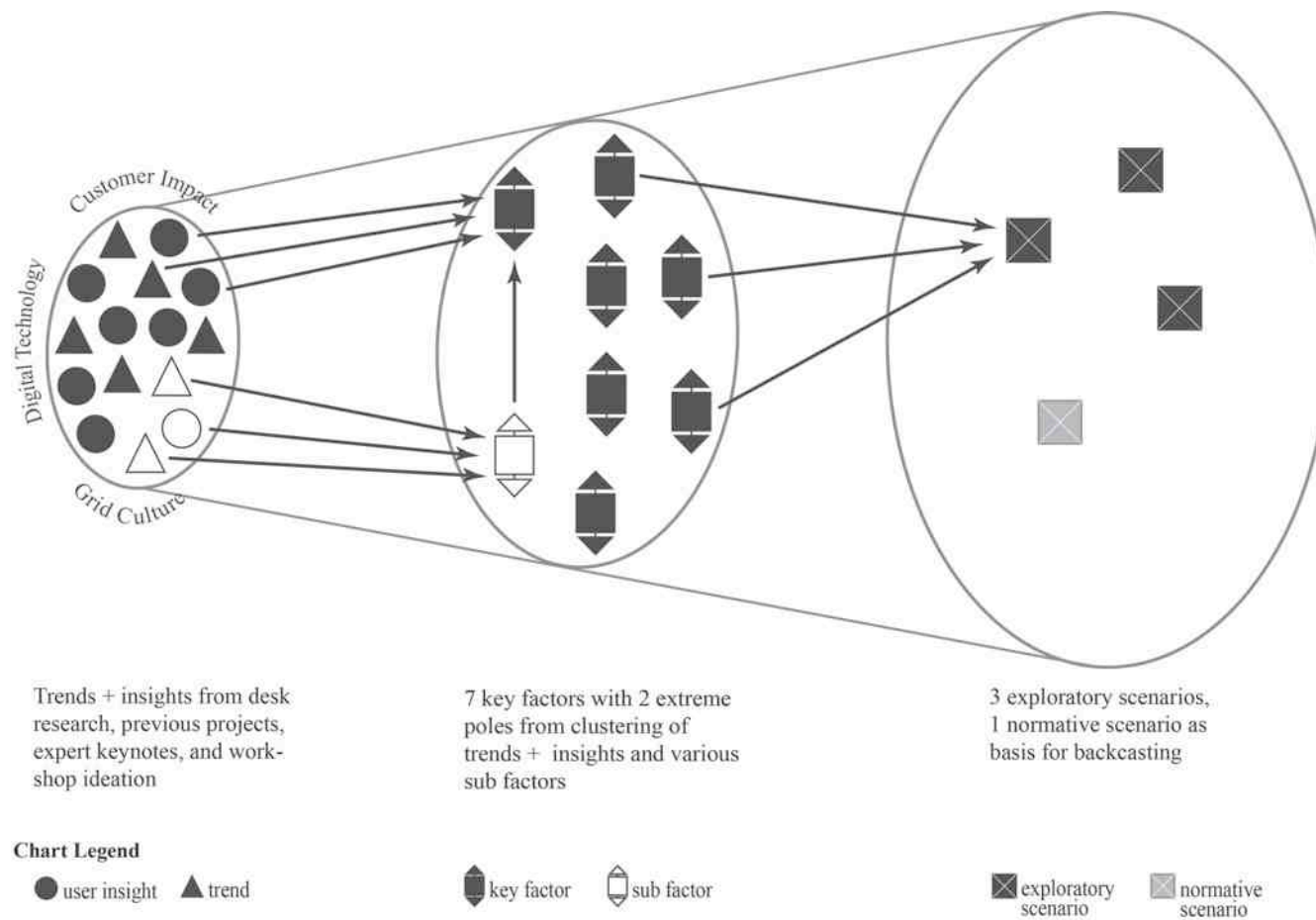
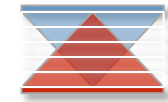
2012

2016

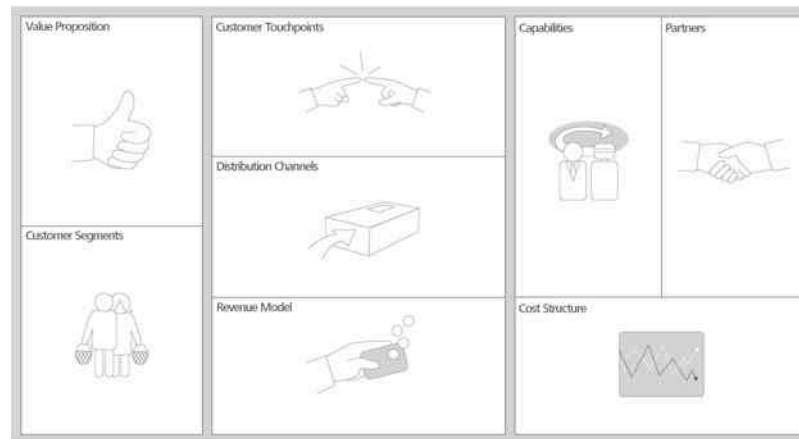
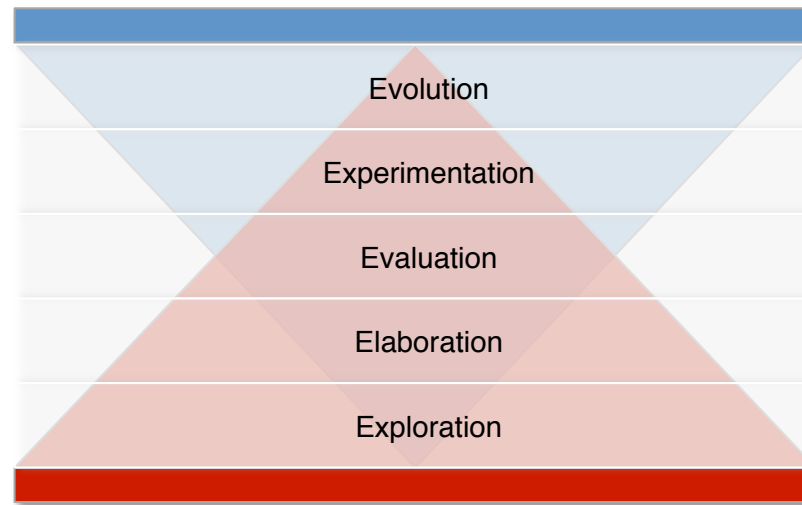
2020



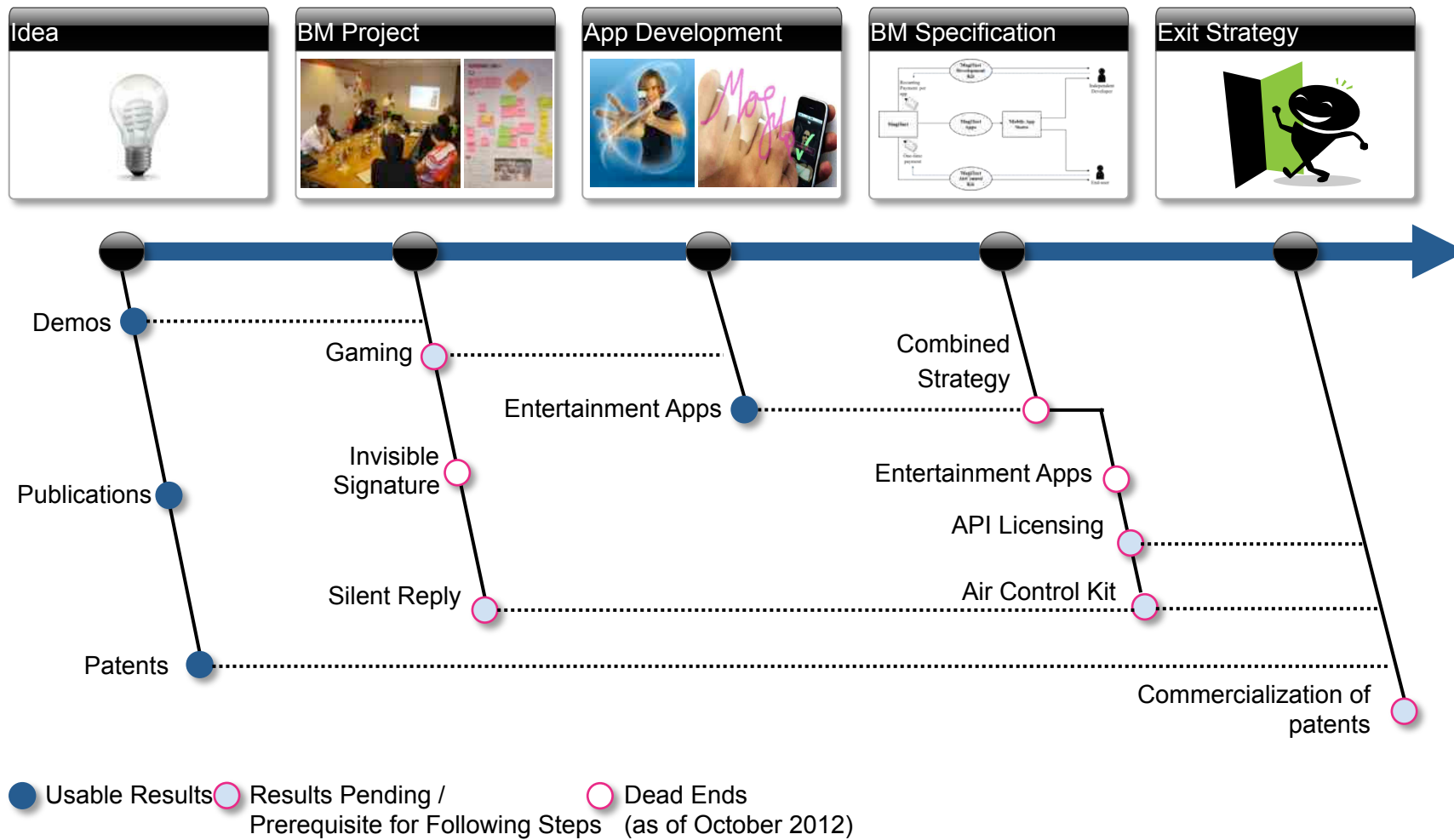
» Evolution /// *Strategies for normative and explorative scenarios*



## » Lean Venturing /// *Overview*



## » Iterative Modeling /// *Example MagiTact (Telekom Innovation Laboratories)*



» Thank you for your attention ! /// *Contact Information & Publications*

Thanks to my colleagues at Telekom Innovation Laboratories who contributed to the Starter Kit: Pauline Tonhauser, Stefan Müller, Sarah Mahdjour, Katrin Lütkemöller, Kristina Feller, Judith Mühlenhoff, Dr. Fee Steinhoff and the whole UDI Team, also the Entrepreneurs Team: Alexander Krappe, Phillip Schett, Peter Borchers



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#### **Publications:**

- Breuer, H. & Mahdjour, S. (2012). Lean Venturing through Research-based Learning. Proceedings of the 5th ISPIM Innovation Symposium. International Society of Professional Innovation Management, Seoul.
- Mahdjour, S., Breuer, H. & Ketabdar, H. (2012). Business Model Development for Radical Mobile Innovation – A Case Study. Proceedings of the 5th ISPIM Innovation Symposium. International Society of Professional Innovation Management, Seoul.
- Breuer, H. & Ketabdar, H. (2012). User-Driven Business Model Innovation – New Formats and Methods in Business Modeling and Interaction Design, and the Case of Magitact. Proceedings of IADIS International Conference on E-Society 2012, pp. 211-218. Berlin ([http://www.bovacon.de/papers/2012\\_User\\_Driven\\_Business\\_Modeling.pdf](http://www.bovacon.de/papers/2012_User_Driven_Business_Modeling.pdf)).
- Breuer, H., Tonhauser, P., Lütkemöller, K., Müller, S. (2012). Business Modeling Starter Kit. A hands-on toolkit for entrepreneurial teams – user's manual. *Internal Publication* by User-Driven Innovation and Entrepreneurs Team of Telekom Innovation Laboratories, Berlin (Online: [http://www.bovacon.com/papers/2012\\_Business\\_Models\\_RV.pdf](http://www.bovacon.com/papers/2012_Business_Models_RV.pdf)).
- Breuer, H., Schulz, J. & Leihener, J. (2012). Learning from the Future – Modeling Scenarios Based on Normativity, Performativity and Transparency, *Proceedings of XXIII ISPIM conference*, Barcelona, Spain, June 2012. Available at SSRN: <http://ssrn.com/abstract=2125750>.

## » Business Modeling Starter Kit\* /// *Creative Workshop*

### Abstract – Description of method / application cases

A game-like do-it-yourself toolbox supports small teams exploring alternative business models in a structured way.\* It enables first hand experiences in simple business model ideation. In a more elaborate, moderated workshop format it also provides the basis for a creative exploration of critical components such as value proposition, customer touchpoints, required capabilities or strategic partners.

The starter kit was developed in cooperation with Telekom Innovation Laboratories and refined throughout more than two dozen business modeling projects since 2010. It will be commercialized as a cardboard game in early 2013.

### Needed inputs

- Budget for preparation, moderation and documentation (in the moderated workshop format)
- The project team and ideally external experts in the respective field of business
- Half day for the basic starter kit workshop, full day for the creative workshop format

### Results

- A holistic view of the critical issues within potential business models for an innovation project.
- A shared understanding and agreement on the basic model and components.
- In depth (moderated) exploration of the range of innovative options within and between component (business model innovation).

### Process Stage

<div>✓</div> <b>Ideation</b> <ul style="list-style-type: none"> <li>▪ Identify business opportunities</li> <li>▪ Develop basic business ideas</li> </ul>	<div>✓</div> <b>Development</b> <ul style="list-style-type: none"> <li>▪ Design of new business model</li> <li>▪ Redesign of existing business model</li> </ul>	<div>✓</div> <b>Evaluation</b> <ul style="list-style-type: none"> <li>▪ Validation (market analysis, expert feedback)</li> <li>▪ Application cases</li> </ul>
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### Objectives

Design	<div></div> <div></div> <div></div> <div></div> <div></div>	Testing
Creation	<div></div> <div></div> <div></div> <div></div> <div></div>	Enhancement / redesign
Market entry	<div></div> <div></div> <div></div> <div></div> <div></div>	Internal alignment

### Characteristics

Qualitative	<div></div> <div></div> <div></div> <div></div> <div></div>	Quantitative
Static	<div></div> <div></div> <div></div> <div></div> <div></div>	Dynamic
Structured	<div></div> <div></div> <div></div> <div></div> <div></div>	Open
Descriptive	<div></div> <div></div> <div></div> <div></div> <div></div>	Analytical
Internal focus	<div></div> <div></div> <div></div> <div></div> <div></div>	External focus

### Application fields

Single organisation	<div></div> <div></div> <div></div> <div></div> <div></div>	Network of organisations
SME	<div></div> <div></div> <div></div> <div></div> <div></div>	Large corporation
Start-up	<div></div> <div></div> <div></div> <div></div> <div></div>	Established organisation

### Application process

Amount of time	<div></div> <div></div> <div></div> <div></div> <div></div>	Costs
Self service	<div></div> <div></div> <div></div> <div></div> <div></div>	External expert support

\*Breuer, H. & Ketabdhar, H. (2012). User-Driven Business Model Innovation – New Formats and Methods in Business Modeling and Interaction Design, and the Case of Magitact. In Kommers, P. and Isaias, P. (Eds.). Proceedings of IADIS International Conference on E-Society 2012, pp. 211-218. Berlin.

## » Lean Venturing\* /// Corporate Venture Coaching

### Abstract – Description of method / application cases

Lean venturing applies lean (innovation) management principles to the evolution of corporate ventures. Along five levels of maturity a wide range of scaffolding tools and methods is provided. Progress is measured in terms of learning goals to be achieved by the new venture project team.

A five E framework shows how to explore, elaborate upon, evaluate, experiment with and evolve assumptions. Scaffolding tools and methods support the two main sets of activities required within this framework: the creative exploration of new ideas and opportunities, and the iterative specification, quantification and evaluation of assumptions.

Through modular quantification of components, entrepreneurial teams proceed from a business model to a business case. Formative evaluation methods apply an increased fidelity of specifications and granularity for stress tests, ranging from expert and customer development interviews to test market experiments.

#### Needed inputs

- Top management commitment and team commitment to focus on internal learning progress.
- Initial estimation of the maturity of the project based on a quick check interview.
- All available project materials need to be reviewed e.g. with respect to critical assumptions, potential contradictions, and open issues to be addressed.

#### Results

- Measurable progress in learning and maturity of corporate ventures to increase traction on the marketplace.

### Process Stage

<div> <div>✓</div> <b>Ideation</b> <ul style="list-style-type: none"> <li>Identify business opportunities</li> <li>Develop basic business ideas</li> </ul> </div>	<div> <div>✓</div> <b>Development</b> <ul style="list-style-type: none"> <li>Design of new business model</li> <li>Redesign of existing business model</li> </ul> </div>	<div> <div>✓</div> <b>Evaluation</b> <ul style="list-style-type: none"> <li>Validation (market analysis, expert feedback)</li> <li>Application cases</li> </ul> </div>
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### Objectives

Design	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div></div>	Testing
Creation	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div></div>	Enhancement / redesign
Market entry	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div></div>	Internal alignment

### Characteristics

Qualitative	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div></div>	Quantitative
Static	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div></div>	Dynamic
Structured	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div></div>	Open
Descriptive	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div></div>	Analytical
Internal focus	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div></div>	External focus

### Application fields

Single organisation	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div></div>	Network of organisations
SME	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div></div>	Large corporation
Start-up	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div></div>	Established organisation

### Application process

Amount of time	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div></div>	Costs
Self service	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div><div></div><div></div></div>	External expert support

\*Breuer, H., & Mahdjour, S. (2012). Lean Venturing: Entrepreneurial Learning to Model and Grow New Business. 5th ISPIM Innovation Symposium. Seoul, Korea.

## » Creative Workshops /// *Win-Win Modeling*

### Abstract – Description of method / application cases

Regularly business partners and corporate stakeholders collaborate in order to exploit synergies between their unique capabilities, strengths and interests. In order to do so potential conflicts in interests need to be settled and the most powerful synergies need to be identified.

Win-win modeling is a structured approach to systematically identify the most promising win-win constellations for joint action. First, both parties business models and its components are worked out. Second we conduct collaborate workshops to explore the most promising fields of action, to discuss potential conflicts, and to agree upon shared assumptions.

### Needed inputs

- Business models and related information of the two parties being involved.
- Definition of project goals and responsibilities of each of the parties involved.

### Results

- Win-win strategies and how to implement them.

### Process Stage

<input checked="" type="checkbox"/> <b>Ideation</b> <ul style="list-style-type: none"> <li>Identify business opportunities</li> <li>Develop basic business ideas</li> </ul>	<input checked="" type="checkbox"/> <b>Development</b> <ul style="list-style-type: none"> <li>Design of new business model</li> <li>Redesign of existing business model</li> </ul>	<input type="checkbox"/> <b>Evaluation</b> <ul style="list-style-type: none"> <li>Validation (market analysis, expert feedback)</li> <li>Application cases</li> </ul>
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### Objectives

Design			Testing
Creation			Enhancement / redesign
Market entry			Internal alignment

### Characteristics

Qualitative			Quantitative
Static			Dynamic
Structured			Open
Descriptive			Analytical
Internal focus			External focus

### Application fields

Single organisation			Network of organisations
SME			Large corporation
Start-up			Established organisation

### Application process

Amount of time			Costs
Self service			External expert support

One box represents 25 % fit