

Columbia B7739-002: Advanced Entrepreneurship

Instructors: Steve Blank, Bob Dorf and Alexander Osterwalder

Credits: 3

TAs: Christopher Fong and Dennis Kwon

Days and Times: Monday – Friday 9:00 am – 5:00 pm

Location: Monday – Thursday: Warren 309; Friday: Warren 310

Texts: Steve Blank and Bob Dorf, *The Startup Owner's Manual*
Alexander Osterwalder & Yves Pigneur, *Business Model Generation*

Prerequisite: Interest/passion in discovering how an idea can become a real company.

Pre-class Assignments:

Read pages 14-49 of *Business Model Generation*.

Read pages 22-84 of the *The Startup Owner's Manual*

Review course strategy at <http://steveblank.com/category/lean-launchpad/>

Review team presentations <http://www.slideshare.net/sblank/tagged/i-corps> and <http://www.slideshare.net/sblank/tagged/stanford>

(note the number of customer contacts each team made over the course.)

Each team comes into the 1st day of class:

1. with a Business Model Canvas. You will present for 3-minutes on day 1
2. prepared to make 4 or more customer/industry contacts in New York when class is not in session

Goal: provide an experiential learning opportunity showing how startups and new ventures are built.

Course Description:

This course provides real world, hands-on learning on what it's like to actually start a scalable company. 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 end result is *not a PowerPoint slide deck for a VC presentation*.

This is a practical class – essentially a lab, not a theory or “book” class. Our goal, within the constraints of a classroom and a limited amount of time, is to create an entrepreneurial experience for you with all of the pressures and demands of the real world in an early stage start up.

You will be getting your hands dirty talking to customers, partners, competitors, as you encounter the chaos and uncertainty of how a startup actually 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 company and *customer development* to get out of the classroom to see whether anyone other than you would want/use your product. Each day will be a new adventure outside the classroom as you test each part of your business model

and then share your hard earned knowledge with the rest of the class.

See <http://steveblank.com/category/lean-launchpad/> for a narrative of a past class.

Class Culture

Startups communicate much differently than inside a university or a large company. **It is dramatically different from the corporate culture most of you are familiar with. At times it can feel brusque and impersonal,** but in reality is focused and oriented to create *immediate action* in time- and cash-constrained environments. We have limited time and we push, challenge, and question you in the hope you will quickly learn. We will be direct, open, and tough – just like the real world. We hope you can recognize that these comments aren't personal, but part of the process.

Amount of Work

This class requires a lot of work on your part, certainly compared to many other classes. This class is a simulation of what startups and entrepreneurship is like in the real world: chaos, uncertainty, impossible deadlines in insufficient time, conflicting input, etc.

Team Organization: *This class is team-based.* Working and studying will be done in teams.










Team projects can be software, physical products, or services of any kind. 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.

Class Roadmap

Each day's class is organized around:

- Student presentations on their “lessons learned” from getting out of the building and iterating or pivoting their business model.
- Comments and suggestions from other teams, and teaching teams, on the lessons learned.
- A lecture on one of the 9 building blocks of a business model (see diagram below, taken from *Business Model Generation*).

TEAM NAME HERE **FILL OUT ALL 9 BOXES OF THE CANVAS IN ORDER 1 THUR 9**

Key Partners  6 Who are our Key Partners? Who are our key suppliers? What are we getting from them? Giving them?	Key Activities  7 What Key Activities do we require? Manufacturing? Software? Supply chain?	Value Propositions  1 Which of our customer's problems are we helping to solve? Which customer needs are we satisfying What are the Key Features of our product that match customers problem/ need?	Customer Relationships  4 How will we Get, Keep and Grow Customers?	Customer Segments  2 Who are our most important customers? What are their archetypes? What Job do they want us to get done for them?
Key Resources  8 What Key Resources we require? Financial, physical, IP, HR?		Channels  3 Through which Channels do our Customer Segments want to be reached?		
Cost Structure  9 What are the most important costs inherent in our business model? Fixed? Variable?			Revenue Streams  5 How do we make money? What's the revenue model? Pricing tactics?	

“Genius is the ability to make the most mistakes in the shortest amount of time.”

Monday, April 16th

Time: 9:00 – 11:30 am

Lecture 0: **Class Introduction**

- Teaching Team Introductions
- Class Goals
- Teaching Philosophy
- Expectations of You
- **Team Introductions –each of the teams will present its business model canvas**

Time: 11:30 – 12:30 pm

Lecture 1: **Business Model/Customer Development Part 1**

Class Lecture: The Business Model/Customer Development

What's a business model? What are the 9 parts of a business model? What are hypotheses? What is the Minimum Feature Set? What experiments are needed to run to test business model hypotheses? What's "getting out of the building?" What is market size? How to determine whether a business model is worth doing?

Time: 12:30 pm – 1:30 pm

Working Lunch

Time: 1:30 – 2:30 pm

Lecture 1: **Business Model/Customer Development Part 2**

Class Lecture: The Business Model/Customer Development

What's a business model? What are the 9 parts of a business model? What are hypotheses? What is the Minimum Feature Set? What experiments are needed to run to test business model hypotheses? What's "getting out of the building?" What is market size? How to determine whether a business model is worth doing?

Time: 2:30 – 3:00 pm

Lecture 2: **Customer Discovery – The Art**

Class Lecture: How to Talk to Customers

Understanding the problem, understand the solution. Why it's different than selling.

Time: 3:00 – 5:00 pm (start may be delayed)

Get out of the building!

We expect you to have set up meetings to talk to potential customers in the New York Area.

Read:

- *The Startup Owner's Manual*, page 195-199

- Giff Constable, “12 Tips for Early Customer Development Interviews,”
<http://giffconstable.com/2010/07/12-tips-for-early-customer-development-interviews/>

In a startup there is no “spare time.”

*Deliverables for **tomorrow**, Tuesday, April 17th*

Read:

- *Business Model Generation*, pp. 86-111, 135-145
- *The Startup Owner’s Manual*, review pages 53-84, 195-199
- Steve Blank, “What’s a Startup? First Principles,”
<http://steveblank.com/2010/01/25/whats-a-startup-first-principles/>
- Steve Blank, “Make No Little Plans – Defining the Scalable Startup,”
<http://steveblank.com/2010/01/04/make-no-little-plans—defining-the-scalable-startup/>
- Steve Blank, “A Startup is Not a Smaller Version of a Large Company”,
<http://steveblank.com/2010/01/14/a-startup-is-not-a-smaller-version-of-a-large-company/>

You will be presenting your results tomorrow morning.

*Team Presentation for **tomorrow**, Tuesday, April 17th*

- Market size
- Type of business: IP, licensing, startup, unknown
- Proposed experiments to test customer segment, value proposition, channel and revenue model of the hypotheses:
- What constitutes a pass/fail signal for each test (e.g. at what point would you say that your hypotheses wasn’t even close to correct)?

Tuesday, April 17th

Time: 9:00 – 11:30 am
Team Presentations

Team Presentations: 5 minutes each (all teams)

- Slide 1: Cover slide (appendix A, slide 1)
- Slide 2: Current business model canvas with any changes marked
- Slide 3: Tell us about your Market size (TAM/SAM/Target)
- Slide 4: What type of business are you building?: IP, licensing, startup, unknown
- Slide 5: What are your proposed experiments to test customer segment, value proposition, channel and revenue model of the hypotheses:
 - What constitutes a pass/fail signal for each test (e.g. at what point would you say that your hypotheses wasn't even close to correct)?

Time: 11:30 am – 12:30 pm
Lecture 3: **Value Proposition / Customer Segments**

Class Lecture: Value Proposition

What is your product or service? How does it differ from an idea? Why will people want it? Who's the competition and how does your customer view these competitive offerings? Where's the market? What's the *minimum feature set*? What's the Market Type? What was your inspiration or impetus? What assumptions drove you to this? What unique insight do you have into the market dynamics or into a technological shift that makes this a fresh opportunity?

Who's the customer? User? Payer? How are they different? Why do they buy? How can you reach them? How is a business customer different from a consumer? What's a multi-sided market? What's segmentation? What's an archetype?

Time: 12:30 – 1:30 pm
Working Lunch

Time: 1:30 – 2:00 pm
Lecture 4: **Business Model Canvas Examples**

Class Lecture: **Best practice examples in the evolution of business models.**

Time: 2:00 – 3:00 pm
Lecture 5: **Corporate Entrepreneurship – Part 1**

Class Lecture: **The Startup inside of a company**

Sustaining versus disruptive innovation. Impediments to innovation.

Time: 3:30 (approx.)

Get out of the building!

We expect you to have set up meetings to talk to potential customers in the New York Area.

Deliverable for Wednesday, April 18th

Read:

- *Business Model Generation*, pages. 127-133, 146-150, 161-168 and 200-211
- *The Startup Owner's Manual*, pages 85-111 and 189-255, 406-412

*Team Presentation for **tomorrow**, Wednesday, April 18th*

- Get out of the building and talk to as many people as you can
- What were your value proposition hypotheses?
- Get out of the building and begin to talk to customers for April 18th
 - What did potential customers think about your value proposition hypotheses?
 - Follow-up with Survey Monkey (or similar service) to get more data

Wednesday, April 18th

Time: 9:00 am – 11:30 am

Team Presentations

Team Presentations: maximum 10 minutes each (all teams)

- Slide 1: Cover slide
- Slide 2: Current business model canvas with any changes marked
- Slide 3 - n: What did you learn about your value proposition from talking to your first customers?
 - Hypothesis: Here's What We Thought
 - Experiments: So Here's What We Did
 - Results: So Here's What We Found
 - Iterate: So Here's What We Are Going to Do Next

Time: 11:30 – 12:30 pm

Lecture 6: Channels / Get, Keep, Grow / Revenue Model

Class Lecture: Distribution Channels/Customer Relationships/Revenue Model

What's a channel? Physical versus virtual channels. Direct channels, indirect channels, OEM. Multi-sided markets. B-to-B versus B-to-C channels and sales (business to business versus business to consumer)

How do you Get, Keep and Grow customers? How does it differ on the web versus other channels? Evangelism vs. existing need or category? General Marketing, Sales Funnel, etc. How does demand creation differ in a multi-sided market?

What's a revenue model? What types of revenue streams are there? What are pricing tactics? How does revenue model and pricing differ on the web versus other channels? How does this differ in a multi-sided market?

Time: 12:30 – 1:30 pm

Working Lunch

Time: 1:30 – 2:00 pm

Lecture 7: Business Model Canvas Examples

Class Lecture: Best practice examples

Time: 2:00 – 3:30 pm

Lecture 8 Corporate Entrepreneurship – Part 2

Class Lecture: The Startup inside of a company

Sustaining versus disruptive innovation. Impediments to innovation.

Time: 3:30 – 5:30 pm

Get out of the building!

We expect you to have set up meetings to talk to potential customers in the New York Area.

Deliverable for Thursday, April 19th

Read: *The Startup Owner's Manual*, pages 227-256, 277-342

Team Presentation for Thursday, April 19th

- Get out of the building and talk to 10-15 potential channel partners face-to-face (Salesmen, OEM's distributors, etc.)
- What were your hypotheses about who/what your channel would be? Did you learn anything different?
- Present and explain your marketing campaign. How will you Get customers?
- Did anything change about your Value Proposition?

Thursday, April 19th

Time: 9:00 – 10:30 am
Team Presentations

Team Presentations: 10 minutes each (all teams)

- Slide 1: Cover slide
- Slide 2: Current business model canvas with any changes marked
- Slide 3: What did you learn about your value proposition from talking to your first customers?
 - Hypothesis: Here's What We Thought
 - Experiments: So Here's What We Did
 - Results: So Here's What We Found
 - Iterate: So Here's What We Are Going to Do Next

Time: 10:30 – 11:30 am
Guest Speaker: Fred Wilson, Union Square Ventures

Time: 11:30 am – 12:30 pm
Team Presentations: 10 minutes each (all teams) - continued

Time: 12:30 – 1:30 pm
Working Lunch

Time: 1:30 – 2:30 pm
Lecture 9 Partners, Key Resources & Activities

Class Lecture: Who are partners? Strategic alliances, competition, joint ventures, buyer supplier, licensees. What resources do you need to build this business? How many people? What kind? Any hardware or software you need to buy? Any IP you need to license? How much money do you need to raise? When? Why?

Time: 2:30 – 3:00 pm
Lecture 10: Business Model Canvas Examples

Class Lecture: **Best practice examples**

Time: 3:00 – 5:00 pm

Get out of the building!

We expect you to have set up meetings to talk to potential customers in the New York Area.

Deliverable for Friday, April 20th

Read:

- *Business Model Generation*, pages 200-211
- *The Startup Owner's Manual*, pages 406-412

Final Team Presentation for ***Friday, April 20th***

- Get out of the building and talk to 10-15 customers

Friday, April 20th

Time: 9:00 am – 12:00 pm
Team Final Presentations

Team Presentations: maximum 15 minutes each (all teams)

- Slide 1: Cover slide
- Slide 2: Current business model canvas with any changes marked
- Slide 3: What did you learn about your value proposition from talking to your first customers?
 - Hypothesis: Here's What We Thought
 - Experiments: So Here's What We Did
 - Results: So Here's What We Found
 - Iterate: So Here's What We Are Going to Do Next

Time: 12:00 – 1:00 pm
Working Lunch

Time: 1:00 – 2:00 pm
Team Final Presentations - continued

Time: 2:00 – 3:00 pm
Lecture 11 **Costs and Metrics that Matter**

Class Lecture: Importance of cash flows? When do you get paid vs. when do you pay others?

Pivot or Proceed: what data you need to assemble, and how to determine whether you have validated your business model to the point where moving forward makes sense.

Time: 3:00 – 4:00 pm
Entrepreneurship Q&A

B7739-002: Getting to know you

This form allows us, the teaching group, to get to know our students. We're interested in your background and why you want to take the class.

Please email a copy of your responses to the TAs (dkwon11@gsb.columbia.edu, cfong11@berkeley.columbia.edu) by April 11. They will be shared with the teaching team.

Who are you?

1. First Name, Last Name
2. Email Address
3. Phone Number

What are you studying?

1. MBA Program, and Graduation Year
2. What is your Work Experience?
3. What unique talent or expertise do you bring to the class?

Why This Class?

1. How did you hear about this course?
2. Why do want to take this class?

Team/Company Idea?

1. What idea will you be working on?
2. What made you attracted to the idea you're working on?

Why You?

1. If there were limited enrolment in this class, and we were choosing between you and another applicant, tell us why you should be the person in the class?