

Lean Intrapreneurship - Lean Startup in Established Companies

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Feb 5th 2014



Key Challenges

1. Integrate Lean Startup with Agile
2. Adapt the Product Management approach
3. Organize & Staff Lean Startup initiatives
4. Dealing with Politics & Culture



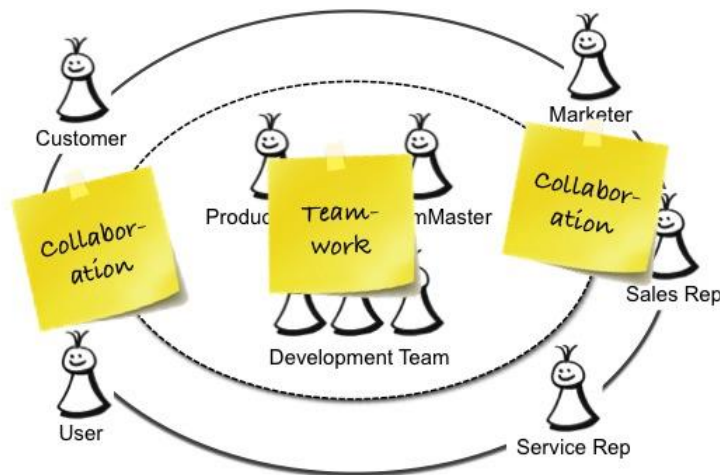
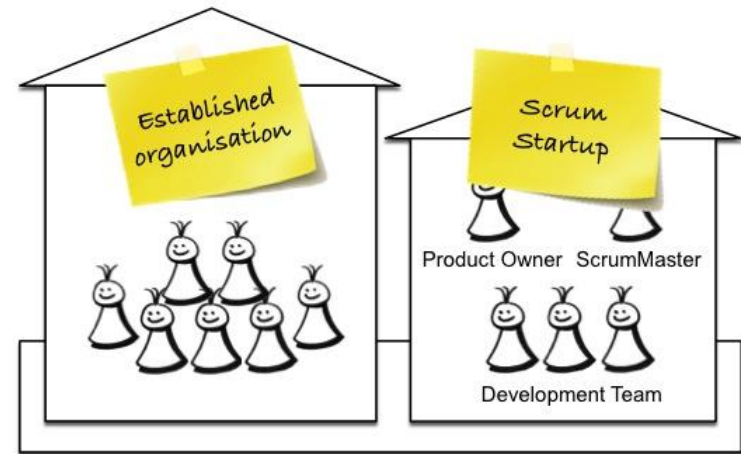
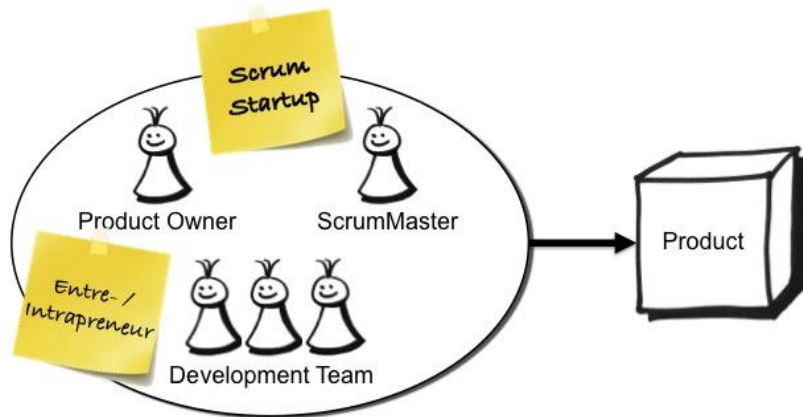
Challenge 1 : Delivery

H2 Integrate Lean Startup with Agile Delivery ?

We're already using
Scrum! So the step
to **Lean Startup** is
peanuts. Right ?



The Scrum Startup ?





The real challenge ...

**Iterative Solution
+ Static Business Model**

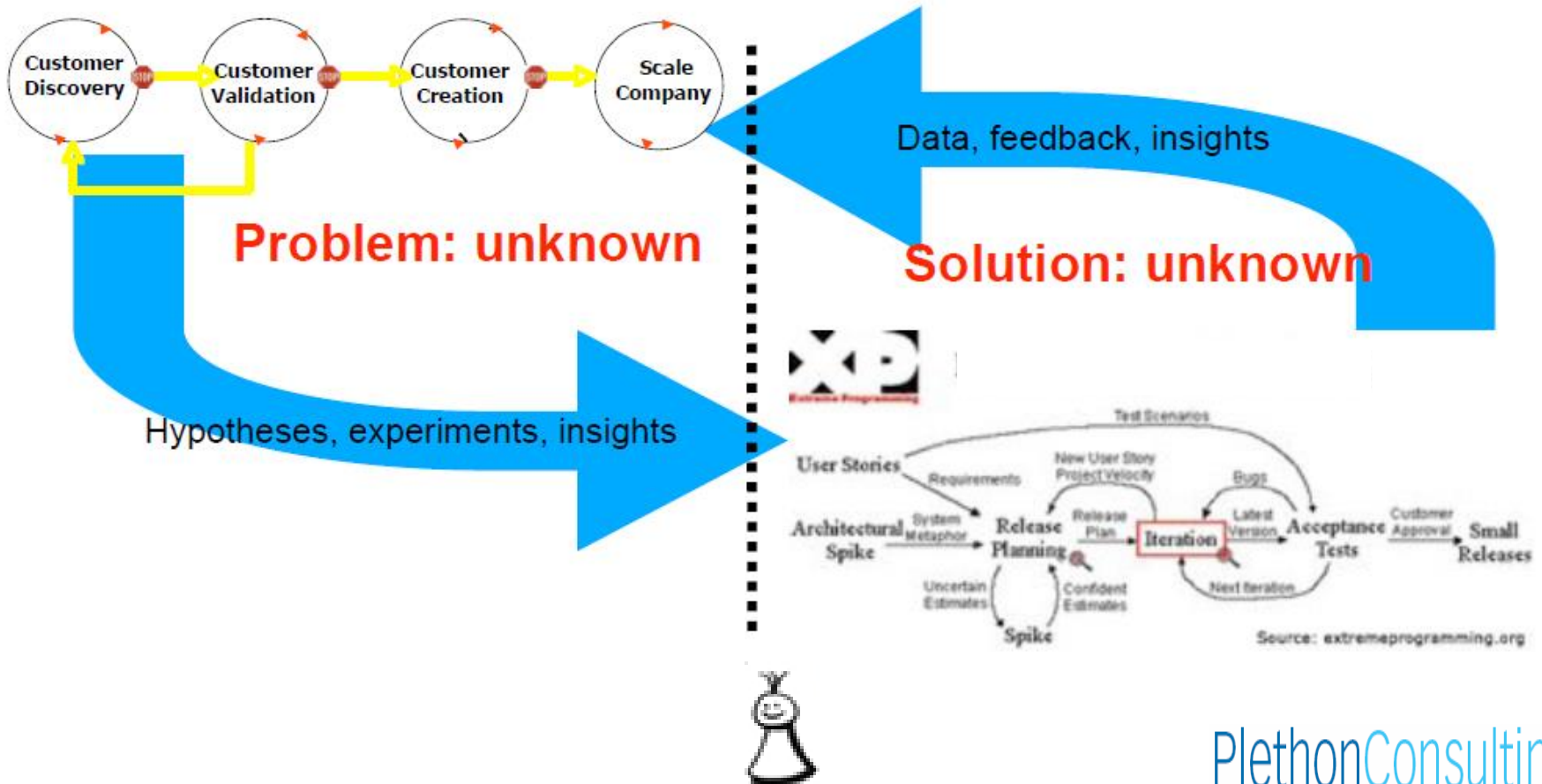
Suboptimal Results



Disruptive innovation

Customer Dev't/Lean Startup

Scrum/XP/Kanban



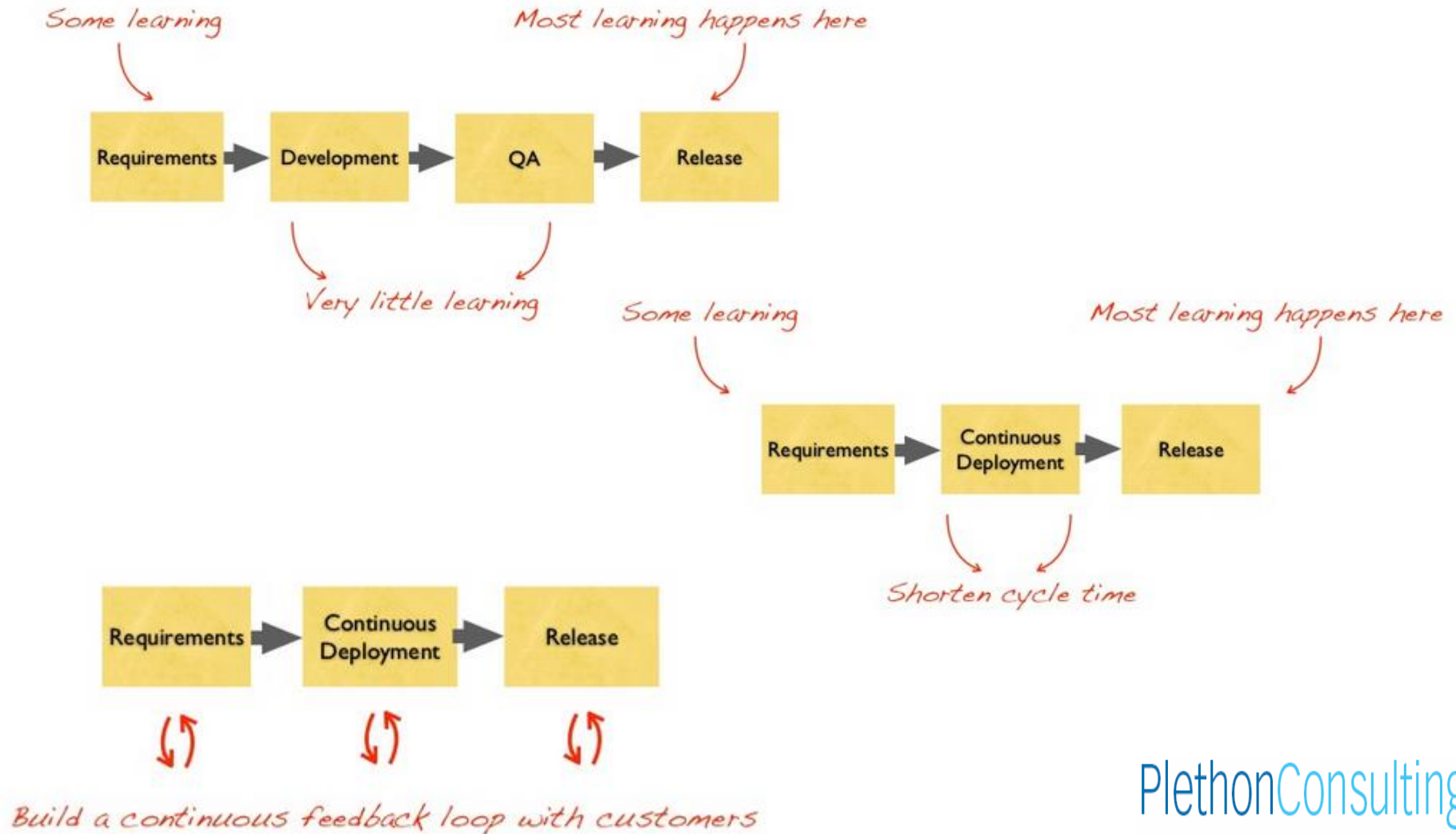
Product Owner

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LS increases the speed of learning

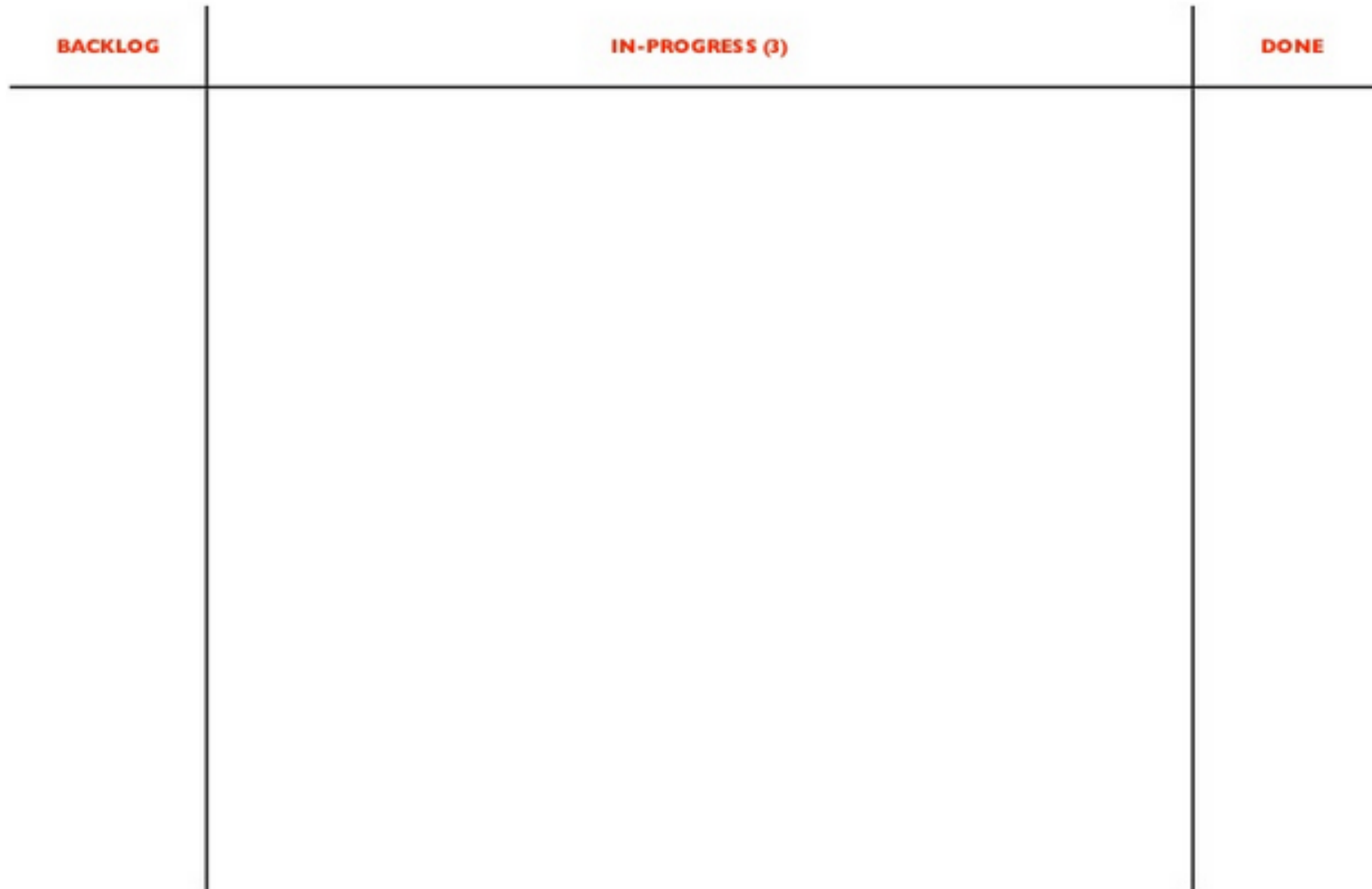


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Scrum Board ...





... now including Customer Validation

Goal: Achieve 60% Activation rate

READY

BEING WORKED

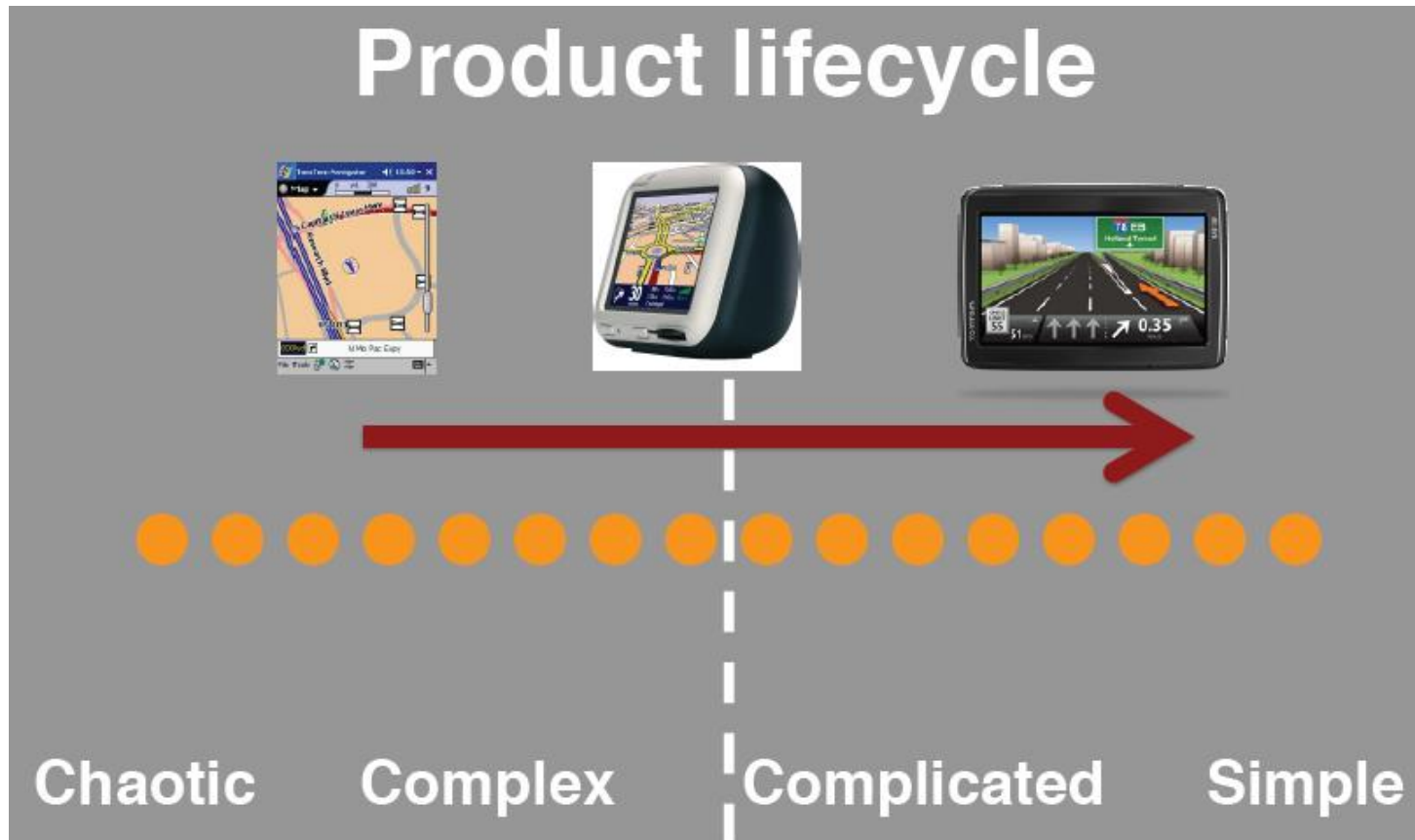
BACKLOG	IN-PROGRESS (3)					DONE	VALIDATED LEARNING
BACKLOG	MOCKUP	DEMO	CODE	PARTIAL ROLLOUT	VALIDATE QUALITATIVELY	FULL ROLLOUT	VERIFY QUANTITATIVELY

CUSTOMER VALIDATION



Challenge 2 : Product Mgmt

H2 Adapt the Product Dev't approach ?



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Business Model Canvas

Customer Development

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What is a Business Model?



“A **business model** describes the rationale of how an organization **creates, delivers & captures value**”

-Alexander Osterwalder



A business model **used to be static** and survived for many years.



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Business Model vs. Business Plan

Business Model versus **Business Plan**

Business Model versus **Business Plan**

A document investors make you write that they don't read

Business Model versus **Business Plan**

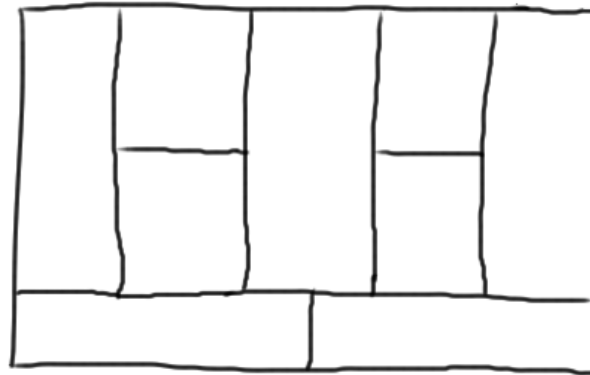
A single diagram of your business

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What are the **components** that make up a business model?



The Business Model Canvas

Designed for:

Designed by:

On: dd/mm/yyyy

Iteration #

Key Partners

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

Key Activities

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

Key Resources

What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?

Value Propositions

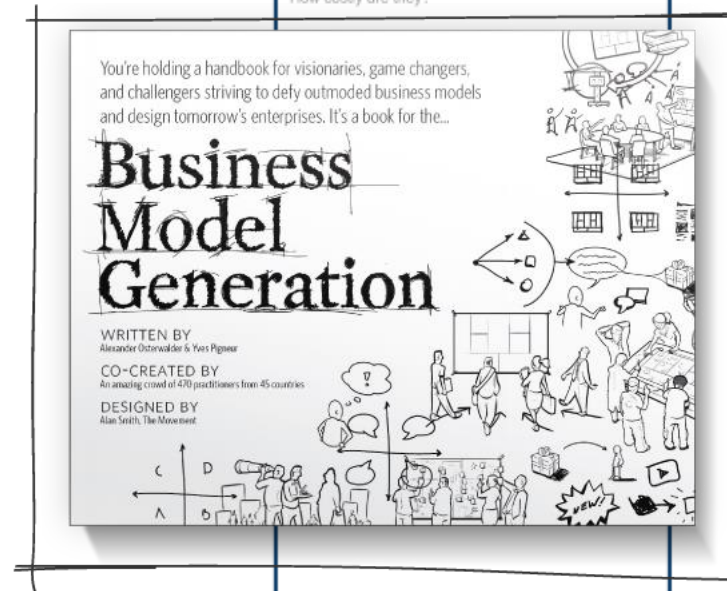
What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

Customer Relationships

What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

Customer Segments

For whom are we creating value?
Who are our most important customers?



Cost Structure

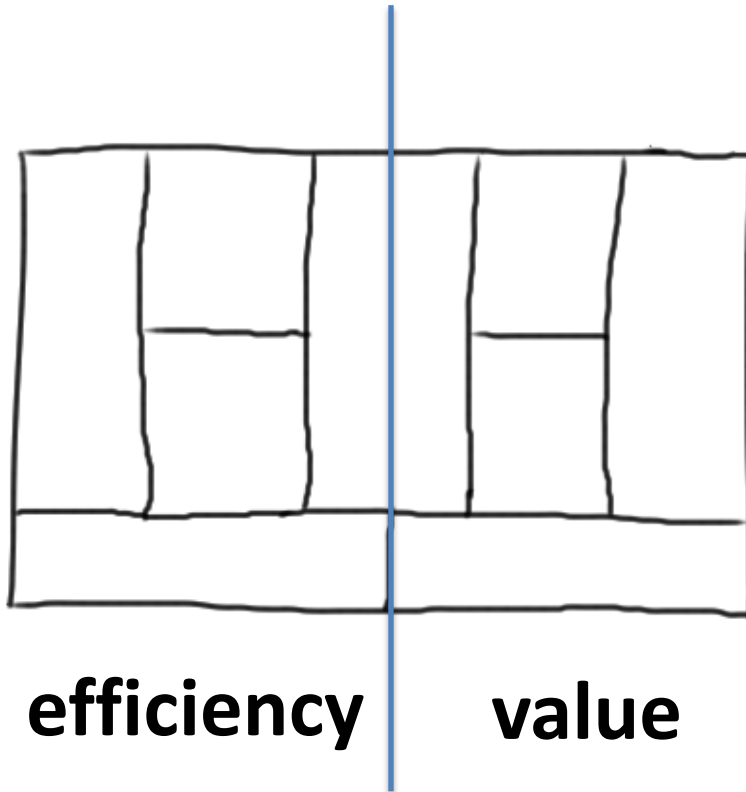
What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

Revenue Streams

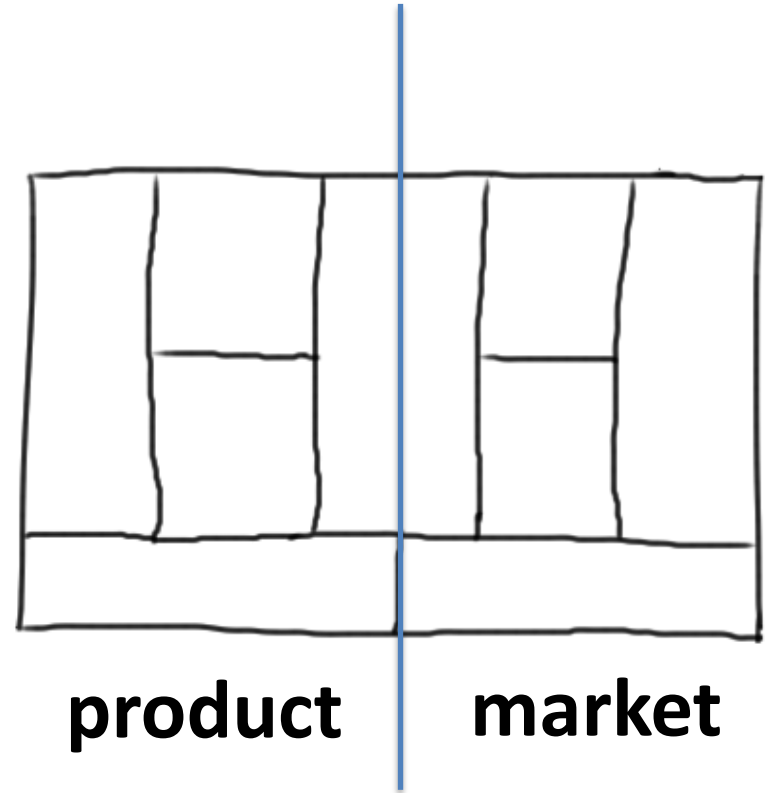
For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?



Business Model Canvas



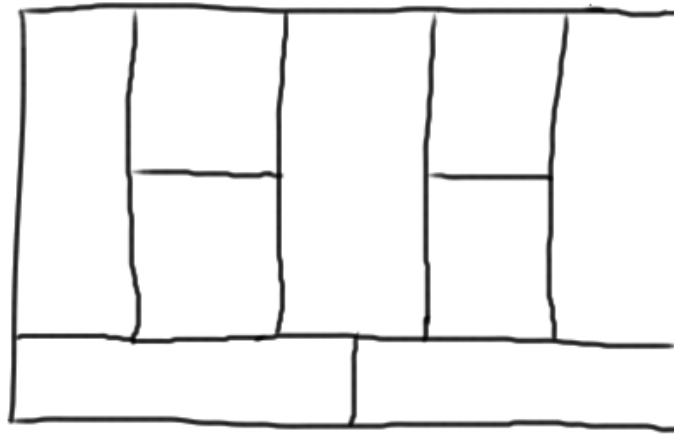
Lean Canvas



Source: Adapted from Osterwalder & Maurya

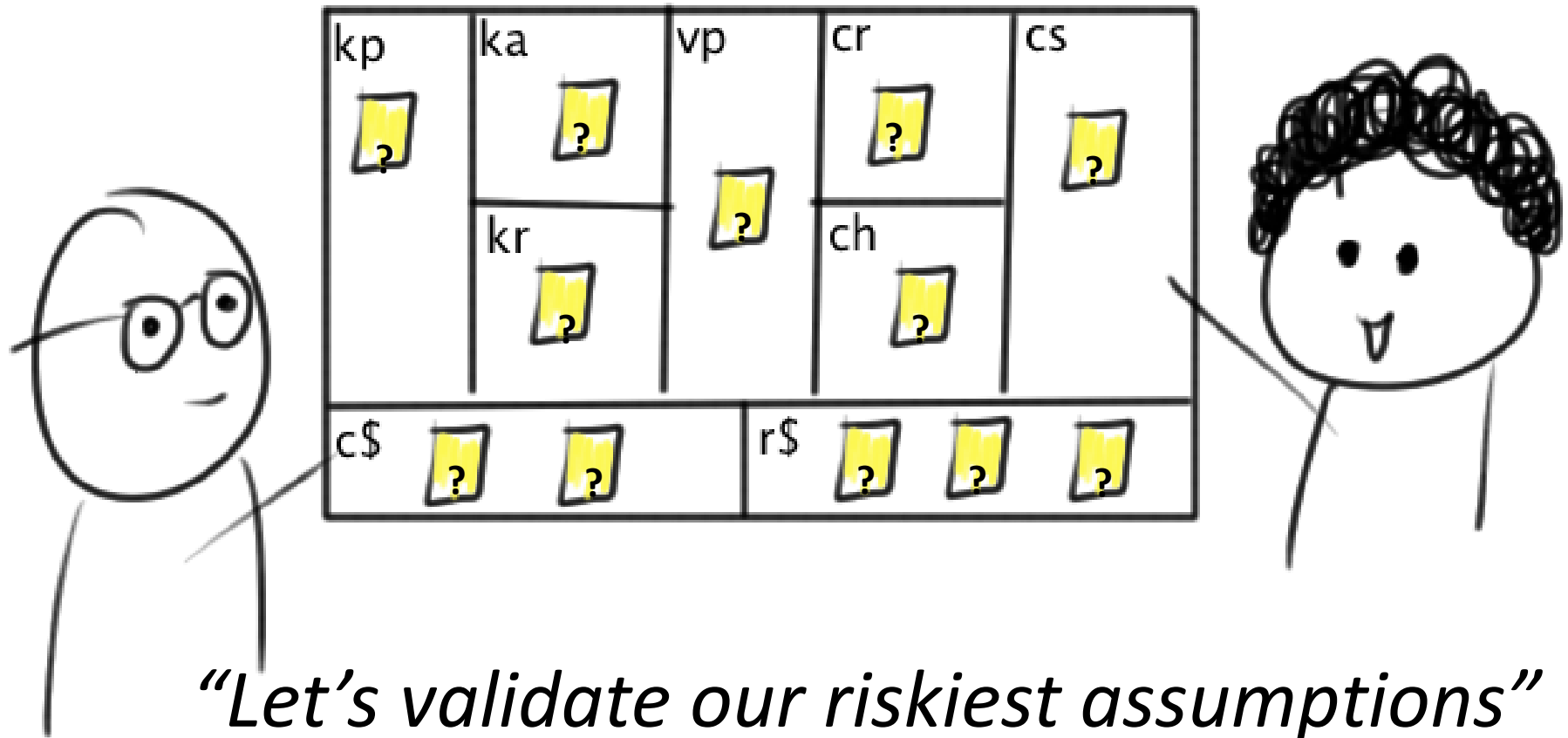


Hypothesis & Validation



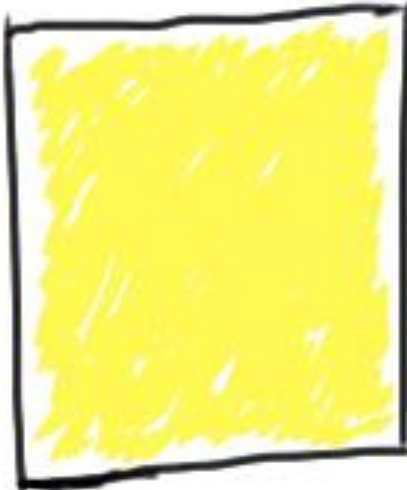


“I wonder how much of this is reality...”



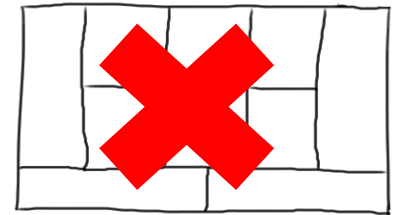
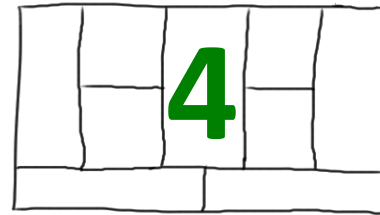
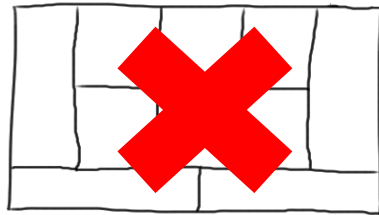
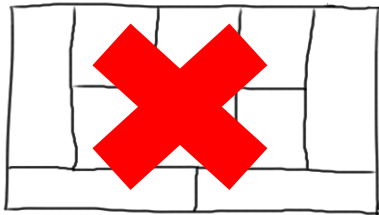
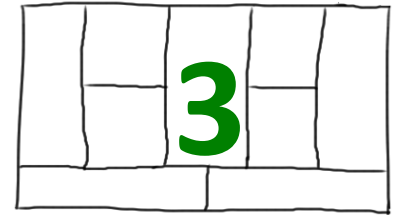
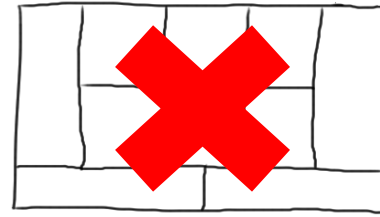
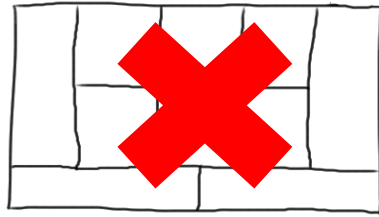
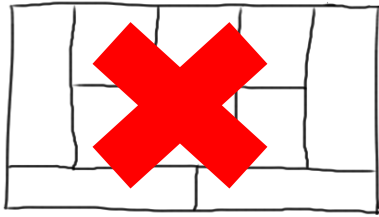
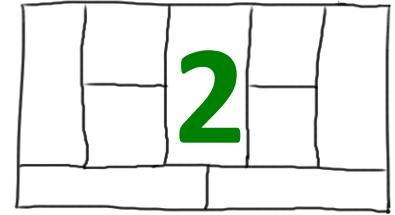
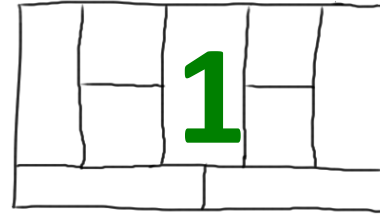
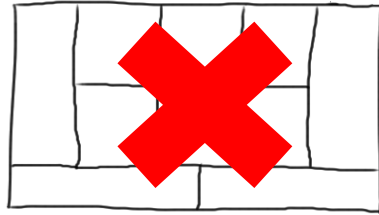
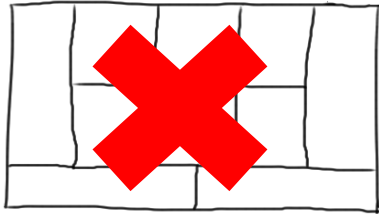
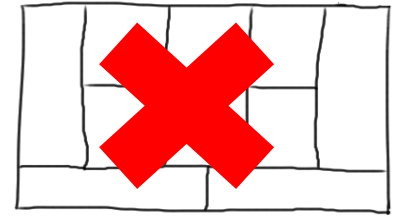
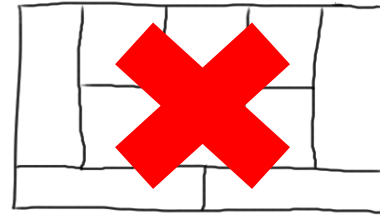
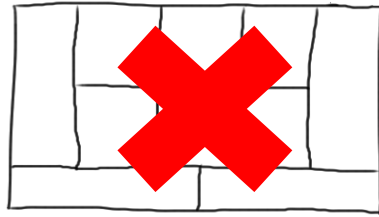
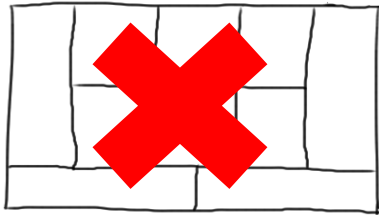


Value Proposition



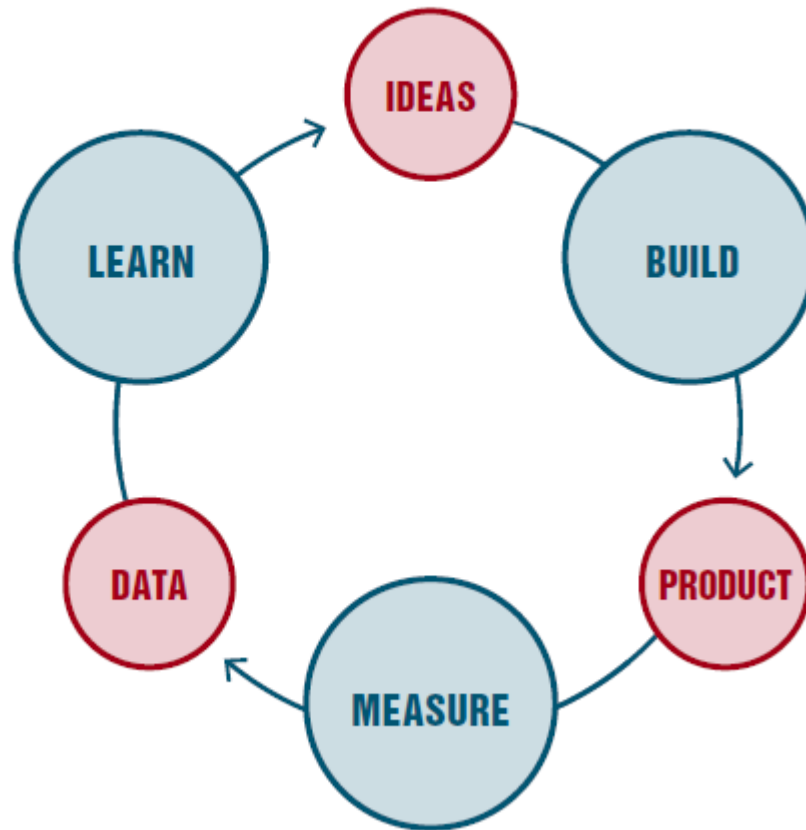
Does your product solve **a need** for the **Customer Segment?**

How do you **validate** or **invalidate** that statement?



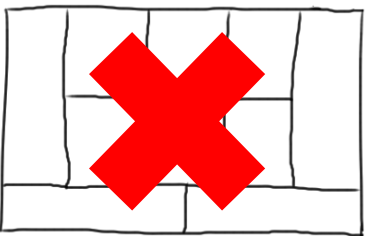
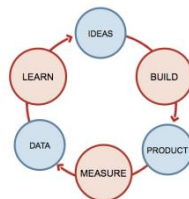
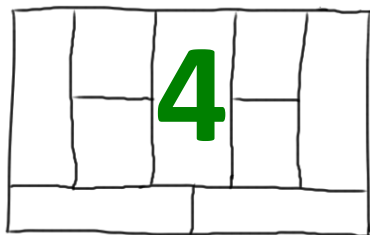
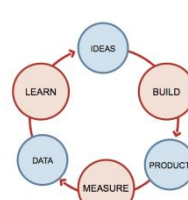
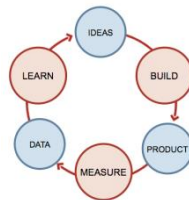
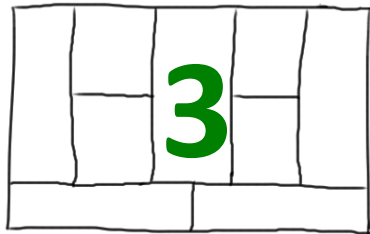
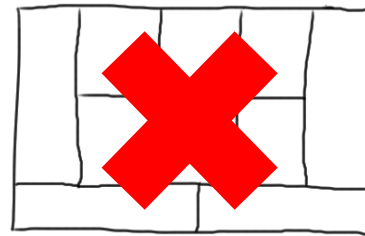
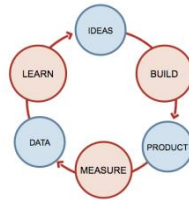
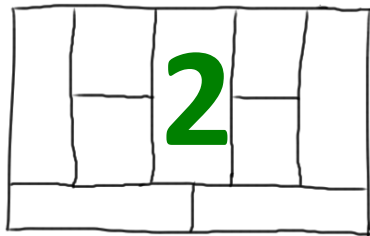
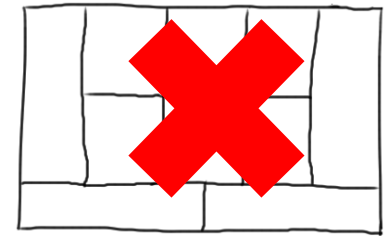
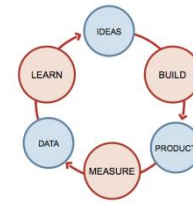
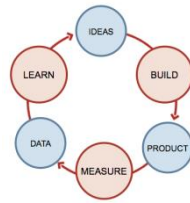
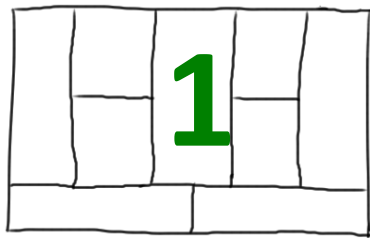
Systematically Test Your Plan

What is an Experiment?



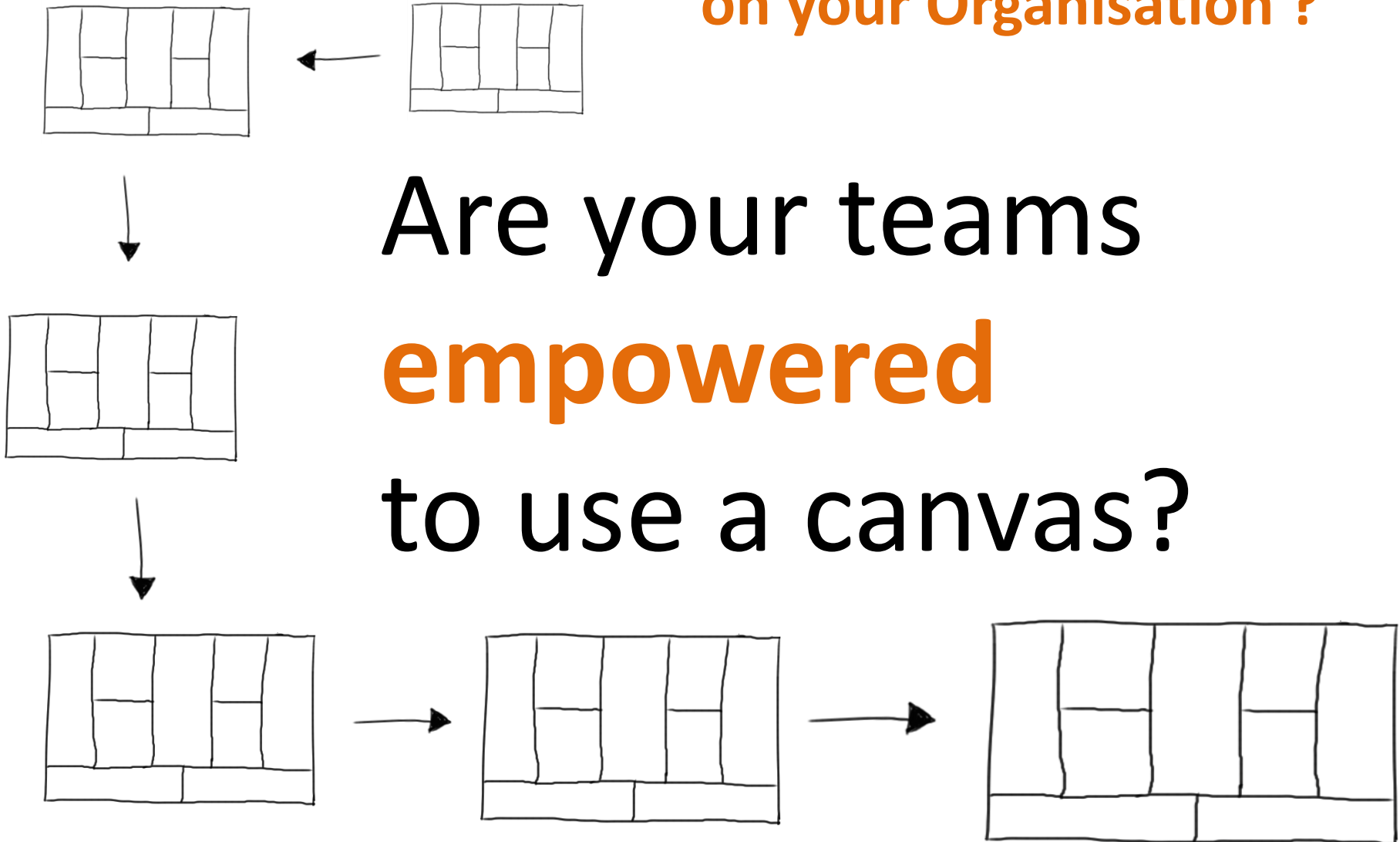
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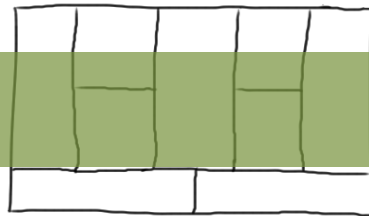
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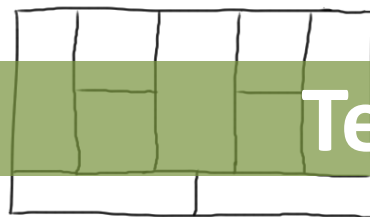
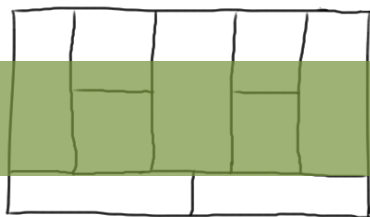
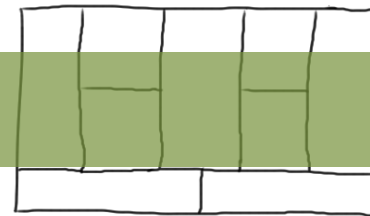


What will be the impact
of the new Business Model
on your Organisation ?

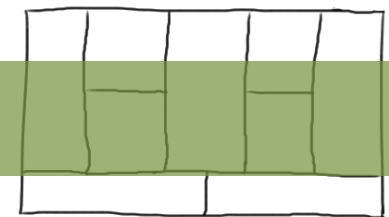
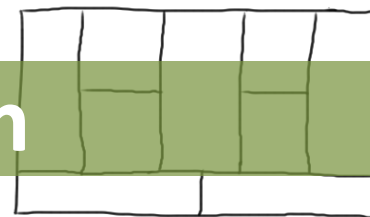




Strategy

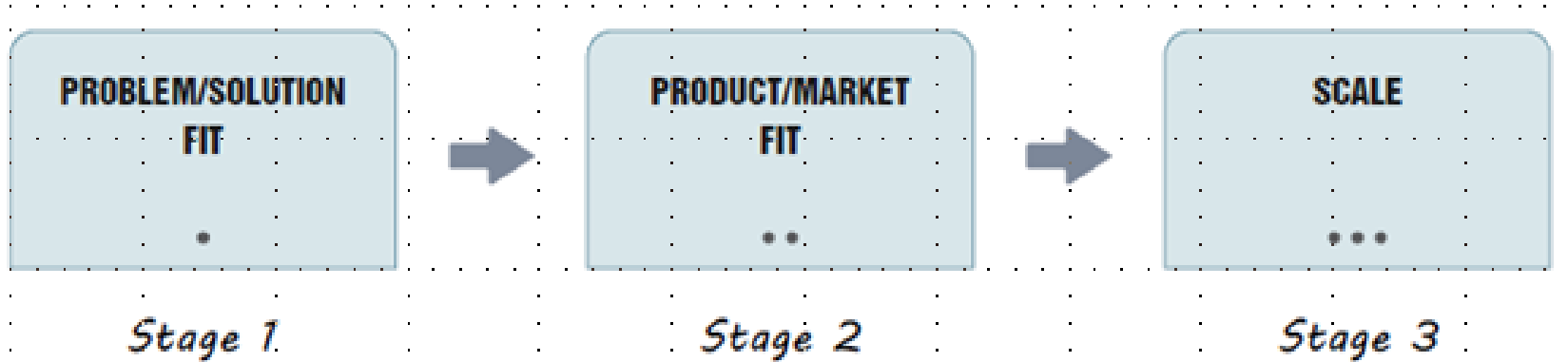


Team





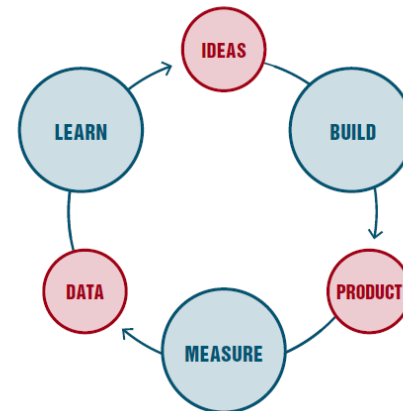
Customer Development



What is an Experiment?

Challenges

- A different process
- Earlier exposure



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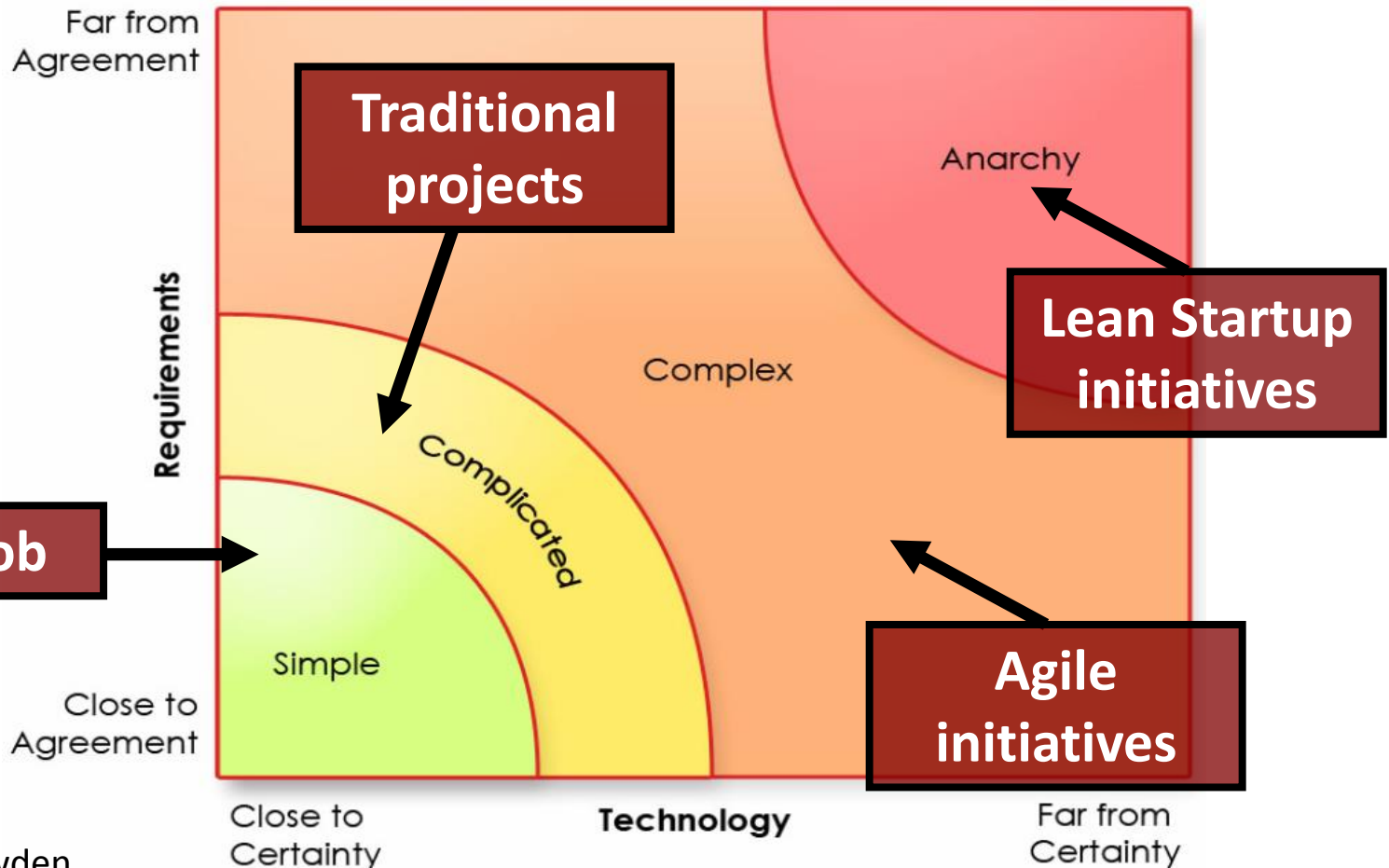
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Challenge 3 : Organization

H2 Organize & Staff for Startup initiatives

The Spectrum of Process Complexity



Different Processes

Process	Problem	Solution	Dedication	Model
On the job	Known	Known or <i>unknown</i>	Low	1
Waterfall	Known	Known	Medium	2
Agile	Known	<i>Unknown</i>	High	2 or 3
Lean Startup	<i>Unknown</i>	<i>Unknown</i>	High	3



The Innovation Spectrum

Outside the Performance Engine

**Limitations of
Individual
Slack Time**

**Limitations of
Repeatable
Innovation**

Easier ←

→ Harder

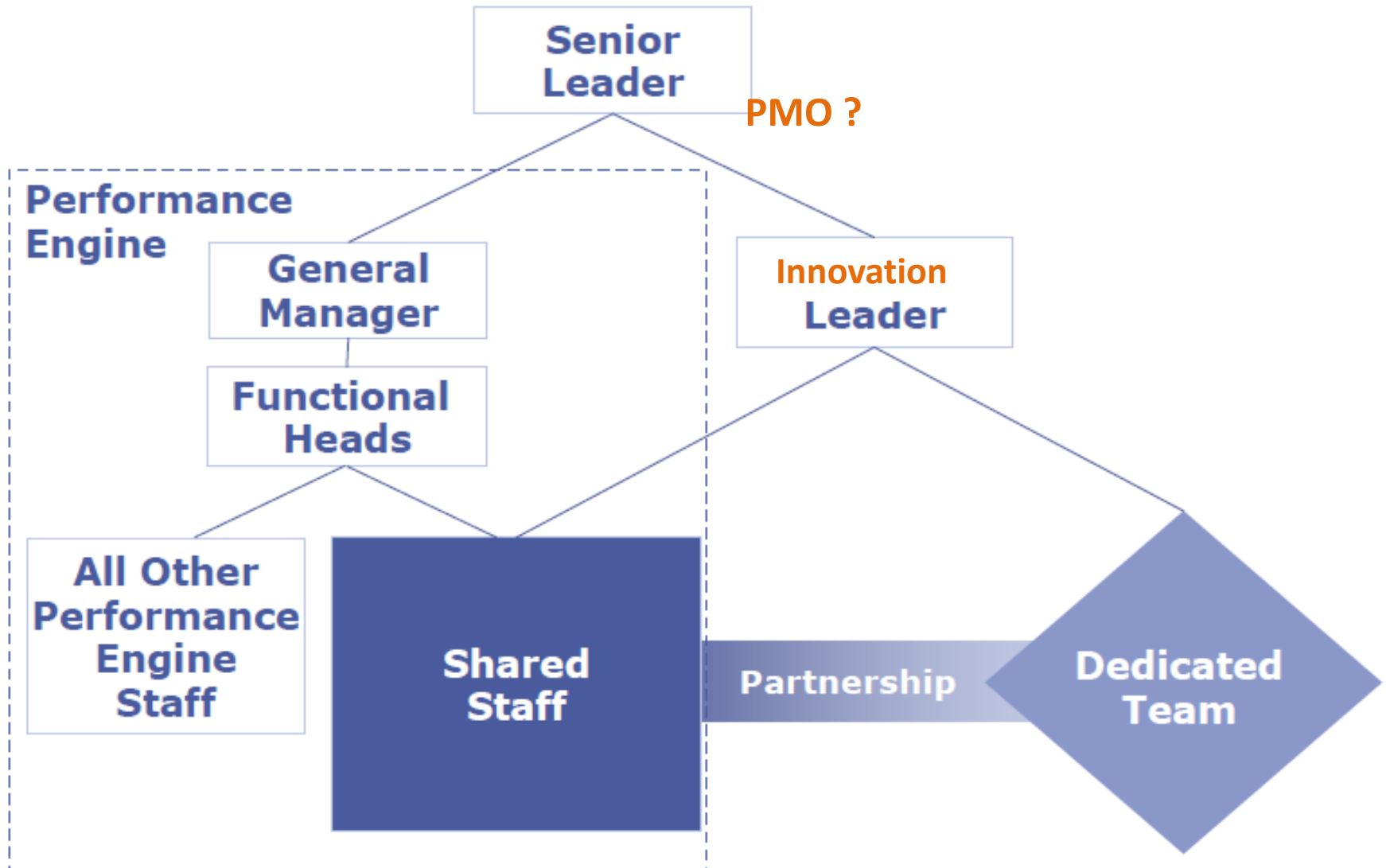
Model 1

Model 2

***We Need a
Third Model!***



Lean Startup Mgmt Structure





PMO: some POV's on the matter

The Disruptive PMO

The Event-driven PMO

PMO as Biz-IT Innovation Broker

Who needs a PMO ?

*The Value Mgmt Office
(VMO)*

Beyond Budgeting !

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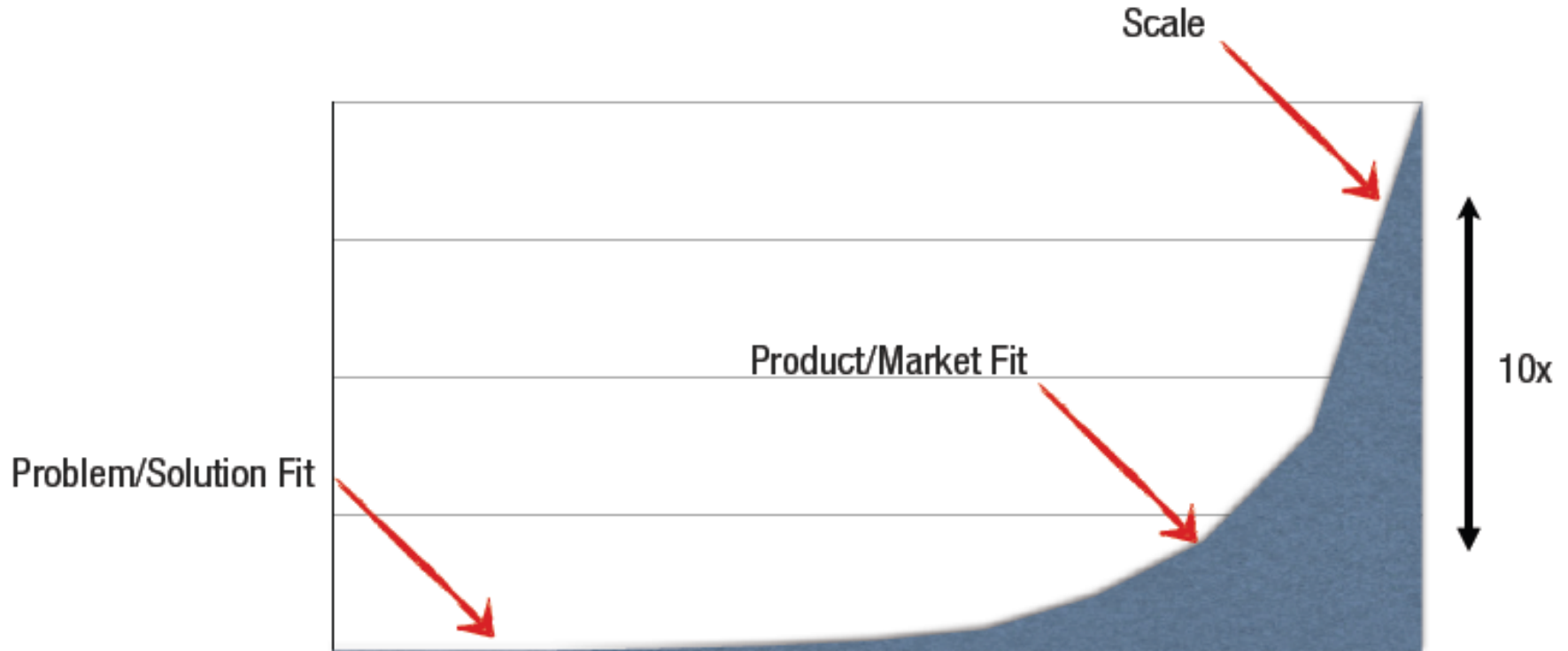
Tracking for Lean Startup ? Innovation Accounting !



« PIRATE METRICS » INSTEAD OF « VANITY » METRICS !



A steep learning curve



Hockey-stick curve

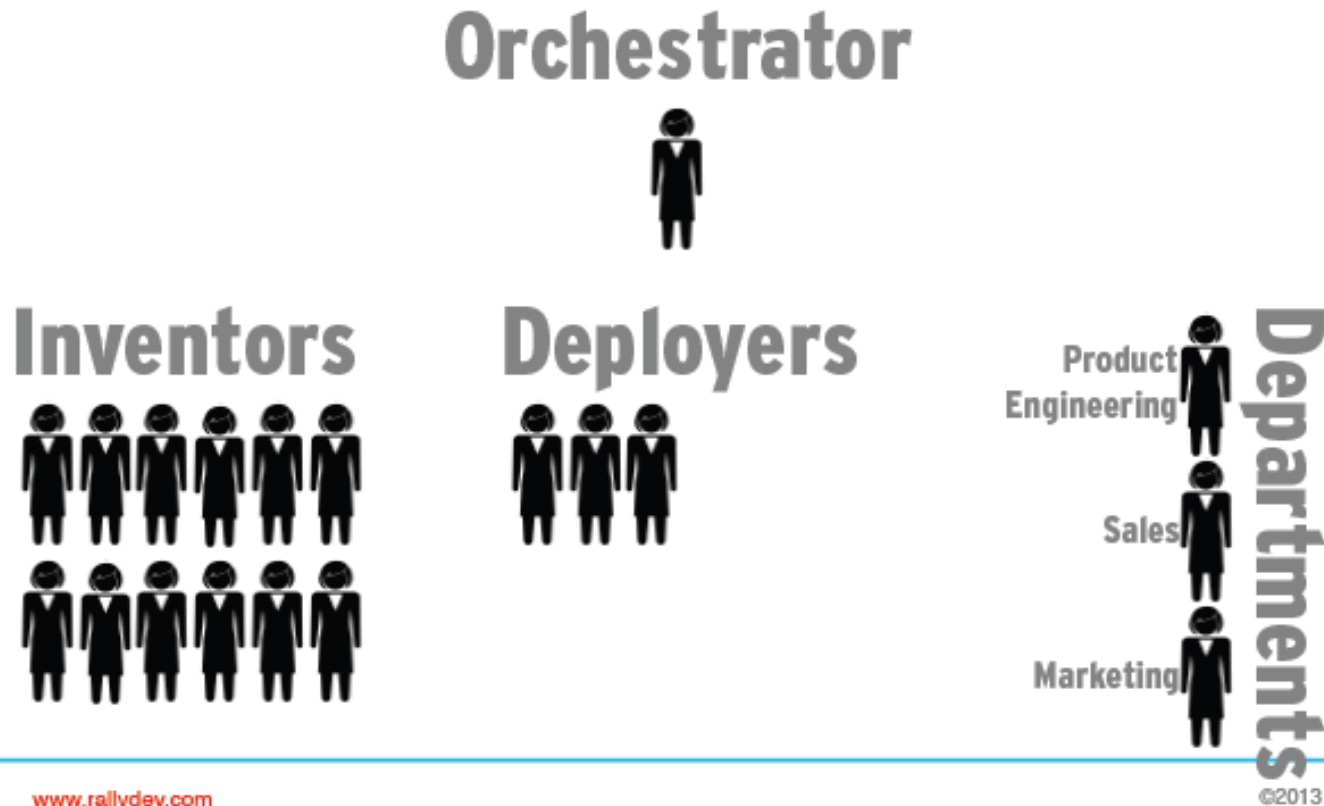
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What about staffing ?

Inventor to department transition



Staffing Challenges

Stripped of entrepreneurial motivation ?

- **Organisational constraints:**
 - Constricting filter/incremental innovations
- **Upside:**
 - Equity ownership – trade cash for stock
- **Internal politics**
 - Internal politics turn intrapreneurs into internal marketers
 - Promising to align with business units in exchange for their buy-in => sub-par products



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There is a much better way

- It involves putting intrapreneurs under a corporate structure **enabling autonomy**
- Compensating with **entrepreneur-like incentives**
minimum wage – intrapreneurs betting their career
- Applying Lean Startup methods to **measure progress and ROI.**
- Allow failure**



Challenge 4 : Leadership

H2 Deal with Politics & Culture



Be the change

Understand what
it takes

Step by Step

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What's on your mind ?



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