Lean Intrapreneurship - Lean Startup in Established Companies

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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

Problem: unknown

Solution: unknown

Data, feedback, insights

Hypotheses, experiments, insights

Product Owner

Sources: Steve Blank
LS increases the speed of learning

Source: Ash Maurya
<table>
<thead>
<tr>
<th>BACKLOG</th>
<th>IN-PROGRESS (3)</th>
<th>DONE</th>
</tr>
</thead>
</table>

Scrum Board ...

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*Note: This is a section of a Scrum board. The board is divided into three columns: **Backlog**, **In-Progress (3)**, and **Done**. Each column represents a stage in the Scrum process where tasks move from being planned to being completed.*
... now including Customer Validation

<table>
<thead>
<tr>
<th>Goal: Achieve 60% Activation rate</th>
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</thead>
<tbody>
<tr>
<td>BACKLOG</td>
</tr>
<tr>
<td>BACKLOG</td>
</tr>
<tr>
<td>MOCKUP</td>
</tr>
<tr>
<td>DEMO</td>
</tr>
<tr>
<td>CODE</td>
</tr>
<tr>
<td>PARTIAL ROLLOUT</td>
</tr>
<tr>
<td>VALIDATE QUALITATIVELY</td>
</tr>
<tr>
<td>FULL ROLLOUT</td>
</tr>
<tr>
<td>VERIFY QUANTITATIVELY</td>
</tr>
<tr>
<td>DONE</td>
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<tr>
<td>VALIDATED LEARNING</td>
</tr>
</tbody>
</table>

CUSTOMER VALIDATION

Source: Ash Maurya
Challenge 2: Product Management

H2 Adapt the Product Dev’t approach?

Product lifecycle

Chaotic  Complex  Complicated  Simple

Source: Rallydev.com
Business Model Canvas

Customer Development
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.
Business Model vs. 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

Source: Ash Maurya
What are the components that make up a business model?
# The Business Model Canvas

**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?

**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?

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

**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

efficiency  value  product  market

Source: Adapted from Osterwalder & Maurya
Hypothesis & Validation
“I wonder how much of this is reality...”

“Let’s validate our riskiest assumptions”

Source: Adapted from Alex Osterwalder
Does your product solve a need for the Customer Segment?

How do you validate or invalidate that statement?

Source: Adapted from Alex Osterwalder
Systematically Test Your Plan

What is an Experiment?

LEARN → IDEAS → BUILD → MEASURE → DATA → PRODUCT

Source: Eric Ries
Source: BigVisible Solutions
What will be the impact of the new Business Model on your Organisation?

Are your teams empowered to use a canvas?
Vision

Strategy

Team
Customer Development

Challenges

• A different process
• Earlier exposure

Sources: Steve Blank, Ash Maurya & Eric Ries
Challenge 3: Organization

H2 Organize & Staff for Startup initiatives

The Spectrum of Process Complexity

- **Traditional projects**
- **Lean Startup initiatives**
- **Agile initiatives**

Source: Dave Snowden
## Different Processes

<table>
<thead>
<tr>
<th>Process</th>
<th>Problem</th>
<th>Solution</th>
<th>Dedication</th>
<th>Model</th>
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</thead>
<tbody>
<tr>
<td>On the job</td>
<td>Known</td>
<td>Known or unknown</td>
<td>Low</td>
<td>1</td>
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<tr>
<td>Waterfall</td>
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<td>Known</td>
<td>Medium</td>
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<tr>
<td>Agile</td>
<td>Known</td>
<td>Unknown</td>
<td>High</td>
<td>2 or 3</td>
</tr>
<tr>
<td>Lean Startup</td>
<td>Unknown</td>
<td>Unknown</td>
<td>High</td>
<td>3</td>
</tr>
</tbody>
</table>
The Innovation Spectrum

Outside the Performance Engine

Limitations of Individual Slack Time

Limitations of Repeatable Innovation

Easier

We Need a Third Model!

Harder

Model 1

Model 2

Source: Trimble & Govindarajan
Lean Startup
Mgmt Structure

Performance Engine
- General Manager
  - Functional Heads
    - All Other Performance Engine Staff

- Shared Staff

Innovation Leader

PMO?

Source: Trimble & Govindarajan
PMO: some POV’s on the matter

The Disruptive PMO
The Event-driven PMO

PMO as Biz-IT Innovation Broker

Who needs a PMO?

Beyond Budgeting!

The Value Mgmt Office (VMO)
Tracking for Lean Startup?
Innovation Accounting!

PIRATE METRICS INSTEAD OF VANITY METRICS!

- Acquisition: How do users find you?
- Activation: Do users have a great first experience?
- Retention: Do users come back?
- Revenue: How do you make money?
- Referral: Do users tell others?

Source: Dave McClure
A steep learning curve

Hockey-stick curve

Problem/Solution Fit

Product/Market Fit

Scale

10x

Plethon Consulting

Bringing value to your projects
What about staffing?

Inventor to department transition

Orchestrator

Inventors

Deployers

Departments

Product Engineering

Sales

Marketing

Source: Rallydev
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

Source: Rallydev
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
What’s on your mind?

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