ABOUT ME

• BFA, Photography, San Francisco Art Institute
• MBA, Paul Merage School of Business, UCI
• MS, Business Analytics, Stern School of Business, NYU

• Hardware
• liveBooks
• Pinhole Press
• Edgefort Capital
• Column Five Media
• UCI Applied Innovation
THE PROBLEM WE WANTED TO SOLVE
WEBSITES IN 2003

A screenshot of a Myspace profile page from 2003 showing a user named Ellen. The profile includes details such as her gender, age, location, and a personal journal entry. The page also features Myspace's navigation menu and search bar.
WEBSITES IN 2003

How It Works
1. Look at the picture below
2. In the yellow box, click to rate the person
3. See what others thought on the left. Repeat

HOT or NOT
As seen in People, Time, Newsweek, NY Times, and USA Today

Meet Me at HOT or NOT - click here
Please select a rating to see the next picture.
1 2 3 4 5 6 7 8 9 10

Show me: men and women $ of any age $

Click Here to Meet Me

You can share this picture with a friend:
http://www2.hotornot.com/r/7e?id=NESQRMA&key=WAT

Please help keep this site FUN, CLEAN, and REAL.
Click here if the picture above is broken, copyrighted, or inappropriate.
WEBSITES IN 2003
A business model describes the rationale of how an organization creates, delivers, and captures value.
BUSINESS MODEL

Product / Service

Create

Deliver

Capture

Customer

Revenue $$$
A tool to create & analyze business models.
BUSINESS MODEL CANVAS

http://www.businessmodelgeneration.com/canvas/bmc
Advantages

- Create new business models easily
- Shared understanding with team and others
- Analyze & update your existing business model
- Quickly test assumptions and pivot where needed
- Track progress over time
which customers and users are you serving?
which jobs do they really want to get done?
what are you offering them? what is that getting done for them? do they care?

drawings by JAM
how does each customer segment want to be reached? through which interaction points?
what relationships are you establishing with each segment? personal? automated? acquisitive? retentive?
what are customers really willing to pay for? how? are you generating transactional or recurring revenues?
which resources underpin your business model?
which assets are essential?
which activities do you need to perform well in your business model? what is crucial?
which partners and suppliers leverage your model? who do you need to rely on?
what is the resulting cost structure? which key elements drive your costs?

drawings by JAM
Flickr: Photo Sharing

- **Key Partners**: Yahoo!
- **Key Activities**: Platform management, Selling
- **Key Resources**: Flickr platform brand
- **Value Proposition**: Free basic photo sharing, Premium photo sharing
- **Relationships**: Mass customized
- **Customer Segments**: Casual users, High volume users
- **Channels**: Flickr.com, Yahoo.com
- **Cost Structure**: Platform development, Storage cost
- **Revenue Streams**: Free limited basic account, Annual subscription pro account
Gillette: Razors & Blades

**KEY PARTNERS**
- Manufacturers
- Retailers

**KEY ACTIVITIES**
- Marketing
- R&D
- Logistics
- Blades

**VALUE PROPOSITION**
- Razor handle
- Built-in “Lock-in”

**RELATIONSHIPS**
- Brand
- Patents
- Mass customers

**CUSTOMER SEGMENT**
- Retail

**COST STRUCTURE**
- Marketing
- Logistics
- Manufacturing
- R&D

**REVENUE STREAMS**
- 1x handle purchase
- Frequent blade replacements
IN-CLASS EXERCISE

Make a canvas

- Choose a company or product you know reasonably well
- Start with Product-Market fit
- Fill in each section working right to left
- Make assumptions, do your best
- Be prepared to share with the class
The Value Proposition Canvas

Value Proposition

Customer Segment

Gain Creators

Gains

Customer Job(s)

Pains

Pain Relievers

Products & Services

Video Overview
VALUE PROPOSITION CANVAS

design

observe
VALUE PROPOSITION CANVAS

design  observe
The Value Proposition Canvas

Value Proposition

Customer Segment

Gain Creators

- Identify the benefits your product or service provides to your customer.
- How does your product or service solve your customer's problems?
- What do your customers value about your product or service?
- How does your product or service improve your customer's life?
- What are the tangible and intangible benefits your product or service provides?

Pain Relievers

- Identify the pain points your product or service solves.
- What are the problems your customer is trying to avoid?
- How does your product or service help your customer avoid these problems?
- What are the cost and inconvenience your product or service eliminates?
- How does your product or service reduce your customer's pain?

Products & Services

- Describe your product or service in detail.
- What are the features and benefits of your product or service?
- How does your product or service work?
- What are the specifications of your product or service?
- How does your product or service meet your customer's needs?

Customer Jobs(s)

- Identify the primary job your product or service helps your customer do.
- What is the primary activity your product or service helps your customer perform?
- What are the challenges your product or service helps your customer overcome?
- How does your product or service improve your customer's efficiency?
- What are the outcomes your product or service helps your customer achieve?

Customer Segments

- Identify the target market(s) for your product or service.
- Who are the people or organizations that need your product or service?
- What are the characteristics of your target market(s)?
- How do you reach your target market(s)?
- How do you educate your target market(s) about your product or service?
“A man who carries a cat by the tail learns something he can learn in no other way.”

- Mark Twain
CUSTOMER DISCOVERY

IT’S NOT ABOUT WHAT YOU THINK
IT’S ABOUT CUSTOMERS AND THEIR PROBLEMS

“More startups fail from a lack of customers than from a failure of product development.”

- Steve Blank
So how do you find out?

– Get out of the building and interview customers
– Learn, don’t sell
Talking to Humans

Free download:
http://www.talkingtohumans.com/download

- Who do you want to learn from?
- What do you want to learn?
- How do you find your interview subjects?
- How to ensure an effective session?
- How do you make sense of what you learn?
Who do you want to learn from?

• Early adopters
• Mainstream customers
• Critical partners
• Life cycle use case participants
• Decision-making unit
What do you want to learn?

- Focus on most risky assumptions
- Get stories, not speculation
- Ask open-ended questions
- A guide, not a script
- Observation can be more powerful than questions
How do you find your subjects?

• Get creative
• Find the moment of pain
• Referrals
• Gatekeepers
• Use your student status
How to ensure an effective session?

- In person
- One at a time
- Note-taker
- Curb your biases
- Get interviewee to tell you a story
How to make sense of what you learn

- Take good notes
- Get quantitative
- Look for patterns
- Expect false positives
- The Truth Curve
Truth of Learning
Cost of Learning