ECE 188

Project Planning and Product Development
New Venture Formation – Traditional Approach

1. Come up with a concept / product idea
2. Put together detailed business plan and product development plan
3. Raise sizeable investment to support product development and R&D
4. Assemble engineering team, design and build product(s)
5. Sell product(s) and make tons of $$$

What could possibly go wrong?
Product Development – Traditional Approach

1. Conduct extensive research on your idea / product
2. Come up with a concept / product idea
3. Put together detailed product development plan
   a. Detailed product / design specs
   b. Detailed project plan – Gantt Chart
4. Allocate resources, design and build product according to dev plan

What could possibly go wrong?
Example Gantt Chart

Strategic Plan for New Business

<table>
<thead>
<tr>
<th>#</th>
<th>Name</th>
<th>Duration</th>
<th>Start</th>
<th>Finish</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Self-Assessment</td>
<td>23,0 d</td>
<td>03.01.2011</td>
<td>05.01.2011</td>
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<tr>
<td>2</td>
<td>Define business vision</td>
<td>1,0 d</td>
<td>03.01.2011</td>
<td>03.01.2011</td>
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<td>3</td>
<td>Identify available skills, information</td>
<td>1,0 d</td>
<td>04.01.2011</td>
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<tr>
<td></td>
<td>and support</td>
<td></td>
<td></td>
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<tr>
<td>4</td>
<td>Decide whether to proceed</td>
<td>1,0 d</td>
<td>05.01.2011</td>
<td>05.01.2011</td>
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<tr>
<td>5</td>
<td>Define the Opportunity</td>
<td>16,0 d</td>
<td>06.01.2011</td>
<td>19.01.2011</td>
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<tr>
<td>6</td>
<td>Research the market &amp; competition</td>
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<td>7</td>
<td>Interview owners of similar businesses</td>
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<td>13.01.2011</td>
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<td>8</td>
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<td>14.01.2011</td>
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<td>11</td>
<td>Define new entity requirements</td>
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<td>Identify on-going business purchase</td>
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<tr>
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<td>opportunities</td>
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<td>13</td>
<td>Research franchise possibilities</td>
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<td>14</td>
<td>Summarize business approach</td>
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<td>15</td>
<td>Evaluate Potential Risks and Rewards</td>
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<td>Assess market size and stability</td>
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<td>23</td>
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<tr>
<td>24</td>
<td>Confirm decision to proceed</td>
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<td>03.02.2011</td>
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</table>
New Venture Formation – Lean Launch

“A startup is a temporary organization designed to search for a repeatable and scalable business model.” – Steve Blank

1. Come up with a concept / product idea. TREAT AS A HYPOTHESIS!

2. Obtain immediate market validation / feedback
   a. Survey / interview partners, customers, etc.
   b. MVP: Minimum Viable Product
   c. Pivot when necessary
   d. Iterate and repeat

3. Raise small seed fund for initial work, then more $$$ after validation
   a. Friends & Family
   b. Crowd funding
   c. Angel investors
# Alex Osterwalder’s 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 proposition require?
- Our distribution channels?
- Customer relationships?
- Revenue streams?

## Key Resources
- What key resources do our value proposition require?
- Our distribution channels?
- Customer relationships?
- Revenue streams?

## Value Propositions
- What value do we deliver to the customers?
- 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 segment expect us to establish and maintain with them?
- Which ones have we established?

## Customer Segments
- For whom are we creating values?
- Who are our most important customers?

## Channels
- Through which channels do our customer segments want to be reached?
- How are we reaching them now?
- How are our channels integrated?

## 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?
Agile Product Development (adapted)

1. Conduct preliminary research on your idea / product, sketch out initial concepts.

2. Identify key questions, risks, and unknowns.

3. Identify prototype ideas that can give insight on questions / risks / unknowns. Begin prototyping, iterating, and testing.
   a. Start simple – optimize for speed of feedback over quantity
   b. “Sprints”
   c. “Scrums”

4. Refine and repeat.

5. Goal is to break the problem into small “chunks” that can be readily addressed and obtain quick learning/feedback.

6. Feedback is key!