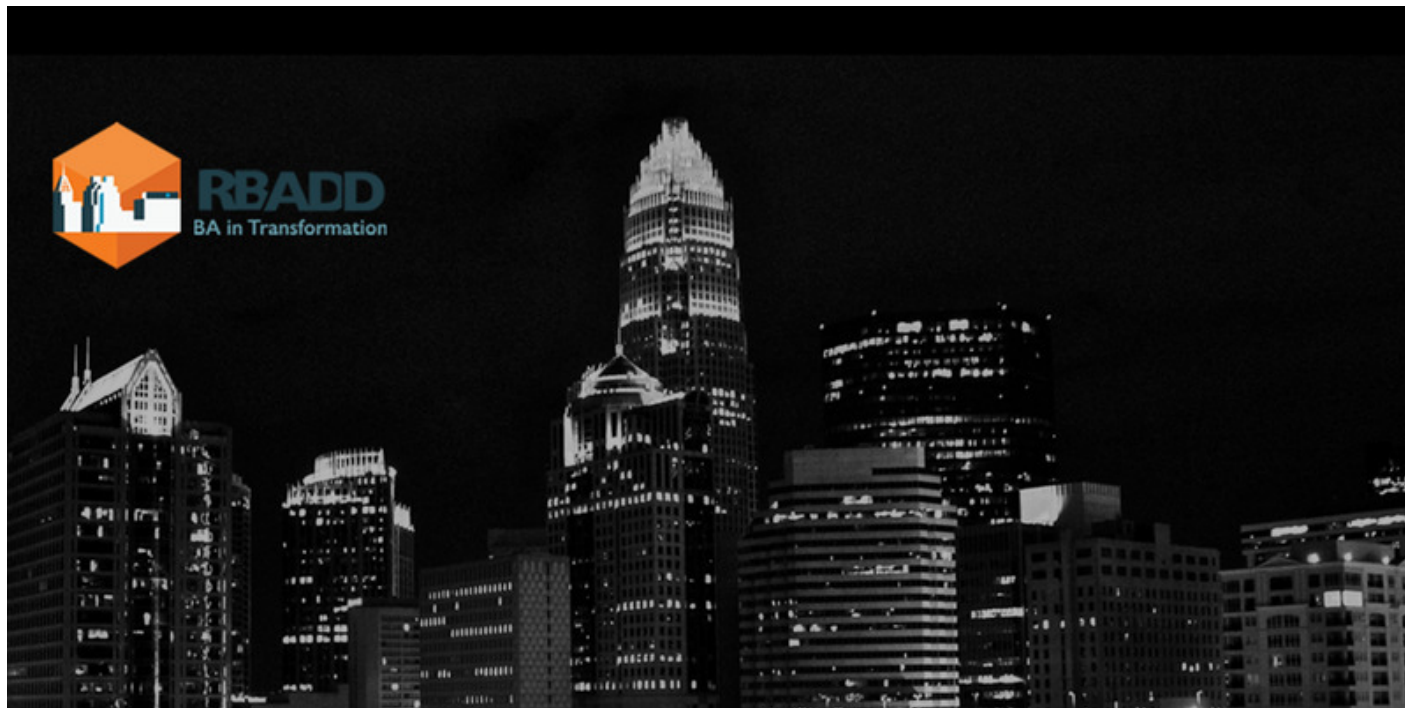


# Fundamentals of Lean Start-Up

## 1<sup>st</sup> Annual RBADD Conference



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# Agenda

- Disruption is Everywhere
- Product Theory, Everything must Create Value
- Agile Thinking
- What is Lean
- Lean Start-up Approach

Section One

# DISRUPTION

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# Enterprise Challenges Driving Disruption

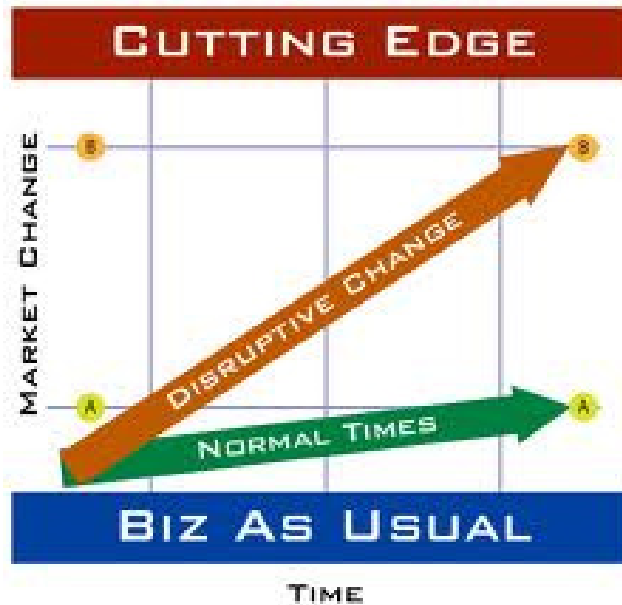
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- Speed
  - Rapid pace of disruption and change
  - Can't handle change, lose and lose quickly
- Productivity Challenge
  - Key to profitability in slow growth environment
- Finding Competitive Advantage
  - Customer knowledge (internal and external)
- Product Creation hit or miss
  - Three elements of product creation
    - Competitive understanding, organizational capabilities, creating value
- Growing, Managing and Retaining Knowledge Workers
  - Generation “Y” dilemma (Millennial)

# What we want: life to be easier



## But the Reality is!



# Something to Consider...

## “The Black Swan” impact of the highly improbable

*Nassim Nicholas Taleb ISBN # 978-0-8129-7381-5*

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Black Swans being unpredictable, we need to adjust to their existence (rather than naively try to predict them). There are so many things we can do if we focus on what we don't know...We will see that, contrary to social-science wisdom, ***almost no discovery, no technologies of note, came from design and planning—they were just Black Swans.*** The strategy for the discovers and entrepreneurs is to relay less on top down planning and focus on ***maximum tinkering and recognizing opportunities***...free markets work because they allow people to be lucky, thanks to aggressive trails and error...the strategy is, then, to tinker as much as possible...

Section Two

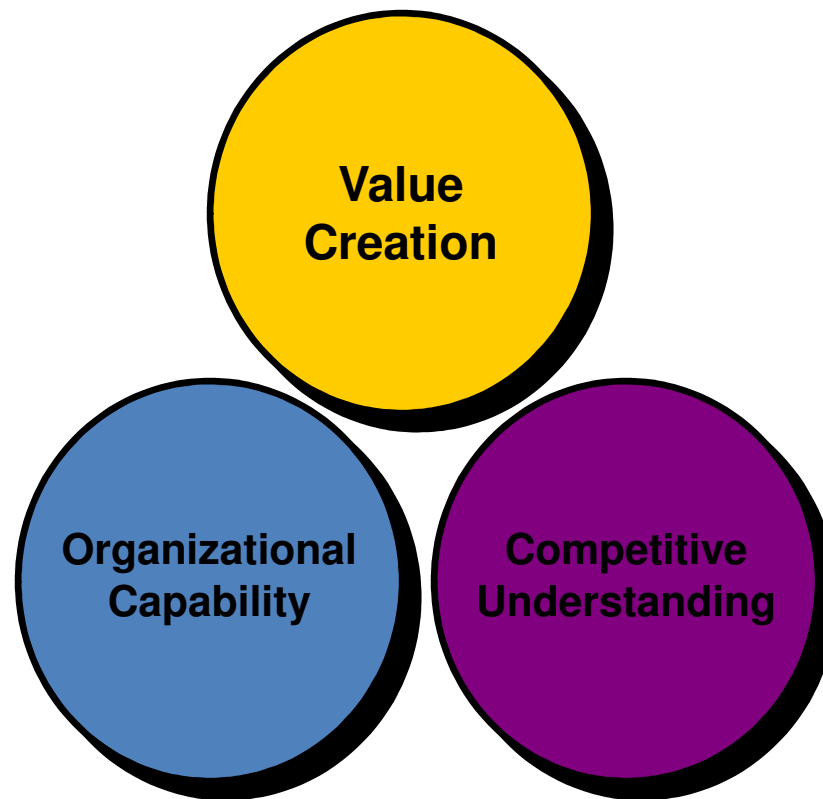
# PRODUCT THEORY

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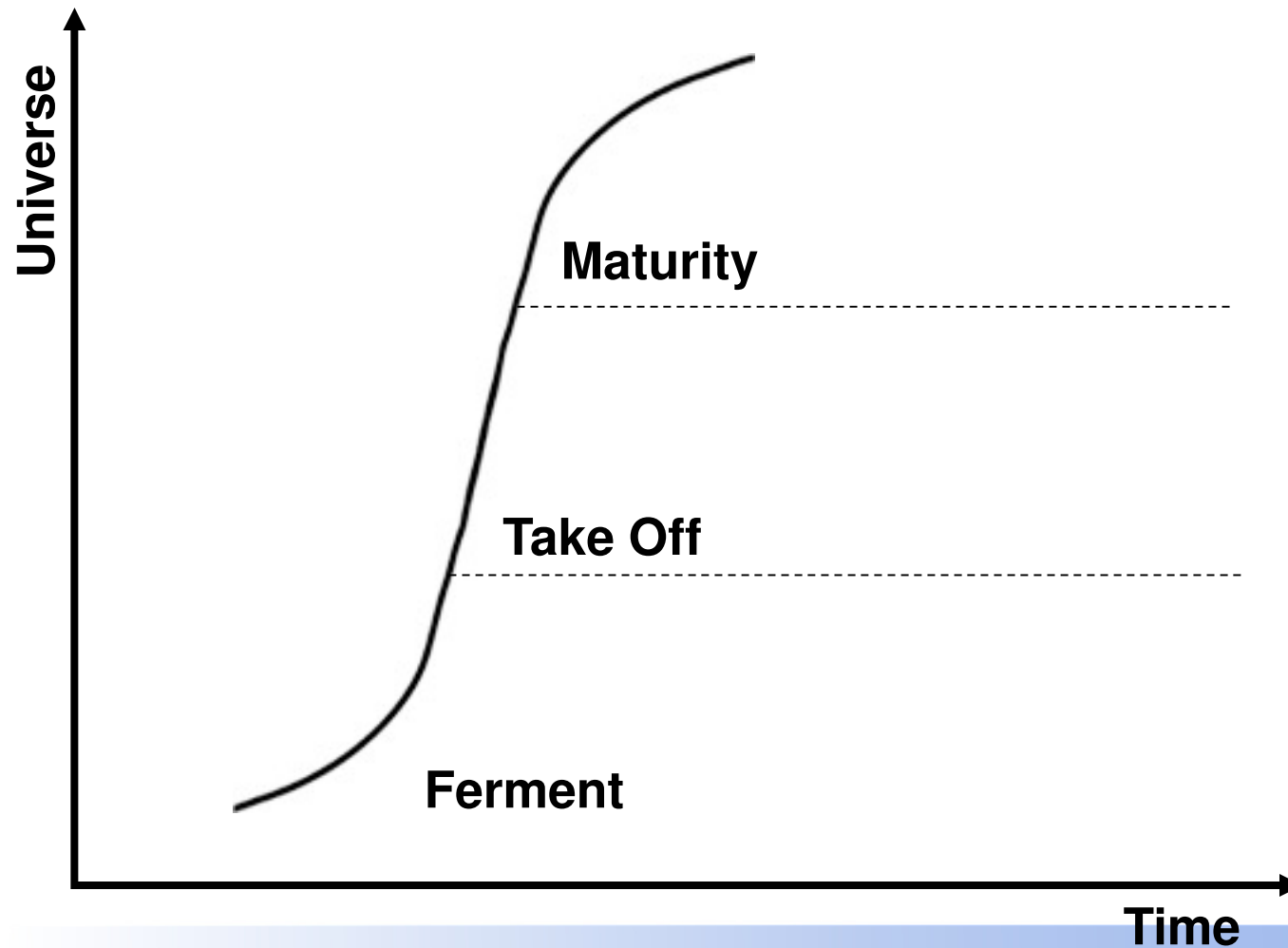
# Product Development Theory

## Three Critical Elements in Product Creation



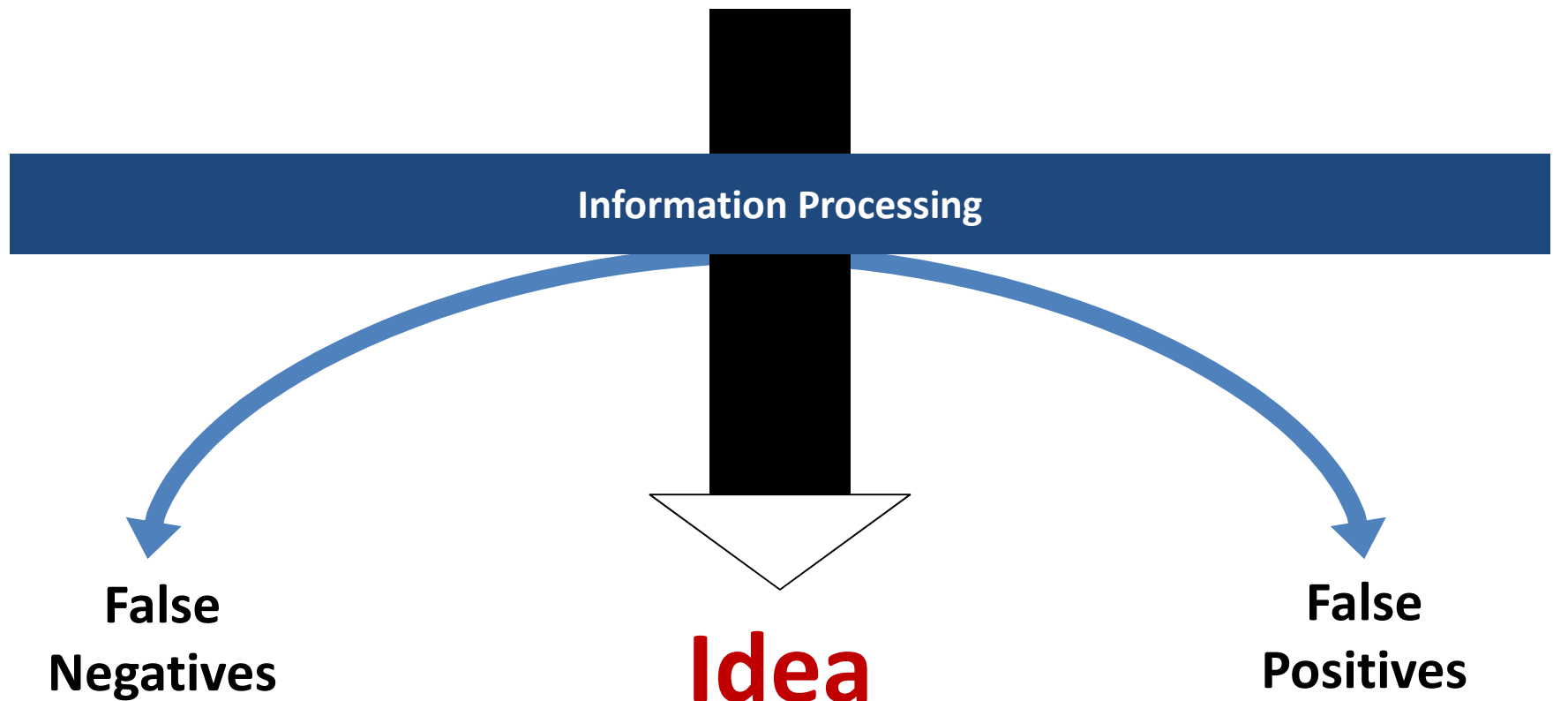


# S-Curve Model: Product Lifecycle



# From Theory to Reality

**Inputs: Keyword impressions. Competitive research. Evaluation data.  
Customer call backs. Owned database makeup. Focus groups, direct  
customer interviews. Surveys. Vendors. Trade publications**



Section Three

# AGILE THINKING

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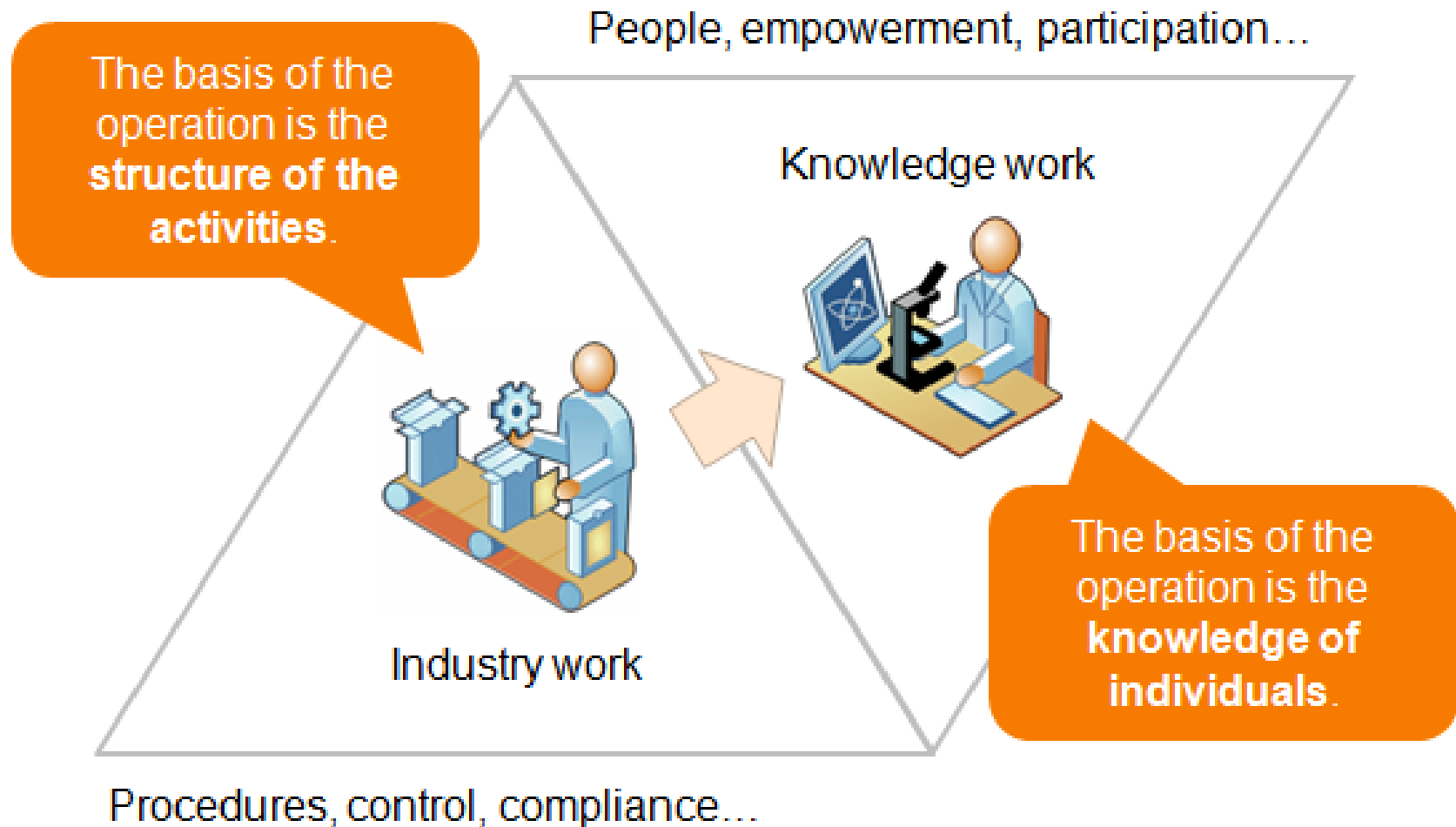
# Agile in a Nutshell

- Transformational way of working
- Built on a foundation of principles and values
  - No one-inch-thick rule book
- From those values and principles come practices
  - Like daily stand-up, retrospective, story points, etc.
- Practices are organized into flavors
  - Agile “flavor” model on next slide

**Highly extendable – very similar to open source**

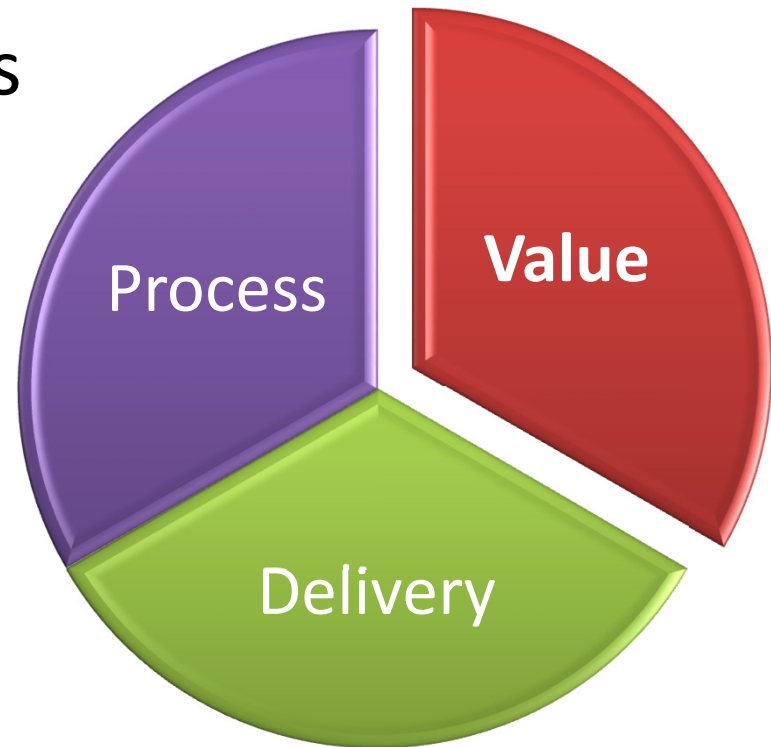
**Scrum is to Agile like Red Hat is to Linux**

# Why Agile For Anything?



# What is Value Management?

- Distinct discipline
- Applies at many levels
- Crosses many initiatives
- May be embodied in many roles
- Different aspects of value



Section Four

# WHAT IS LEAN

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# What is Lean?

- The core idea is to maximize **customer value** while minimizing waste.
- A lean organization understands customer value and focuses its key processes to continuously increase it.
- The ultimate goal: provide value to the customer through a value creation process that has zero waste.
- Optimize the Whole





# Lean Concepts

- Relentlessly eliminate anything that isn't adding value
- Eliminate time spent on what “we know” we'll need in future
- Eliminate inefficient ways of working
- Optimize the whole system
- People doing the work know best how to do it
- Mapping processes and improving
- WoMBaT: Waste of Money, Brains, and Time



Lean Start-Up takes a lean thinking approach to developing new products.

Section Five

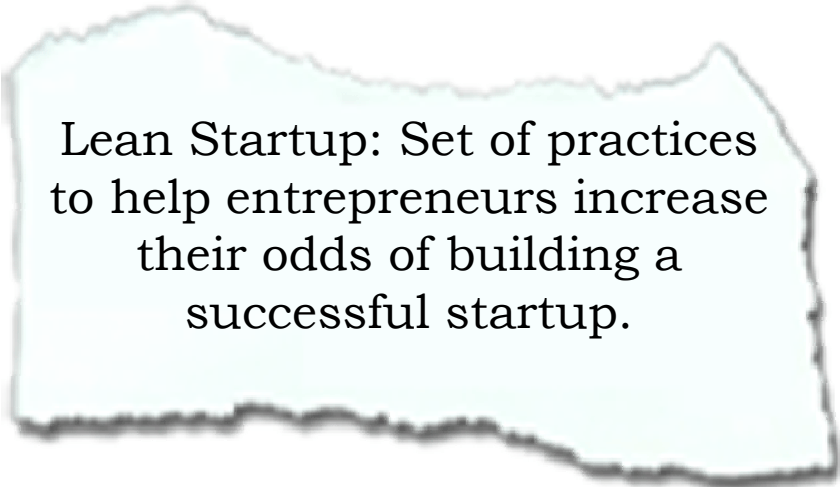
# LEAN START-UP APPROACH

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# What is Lean Startup?

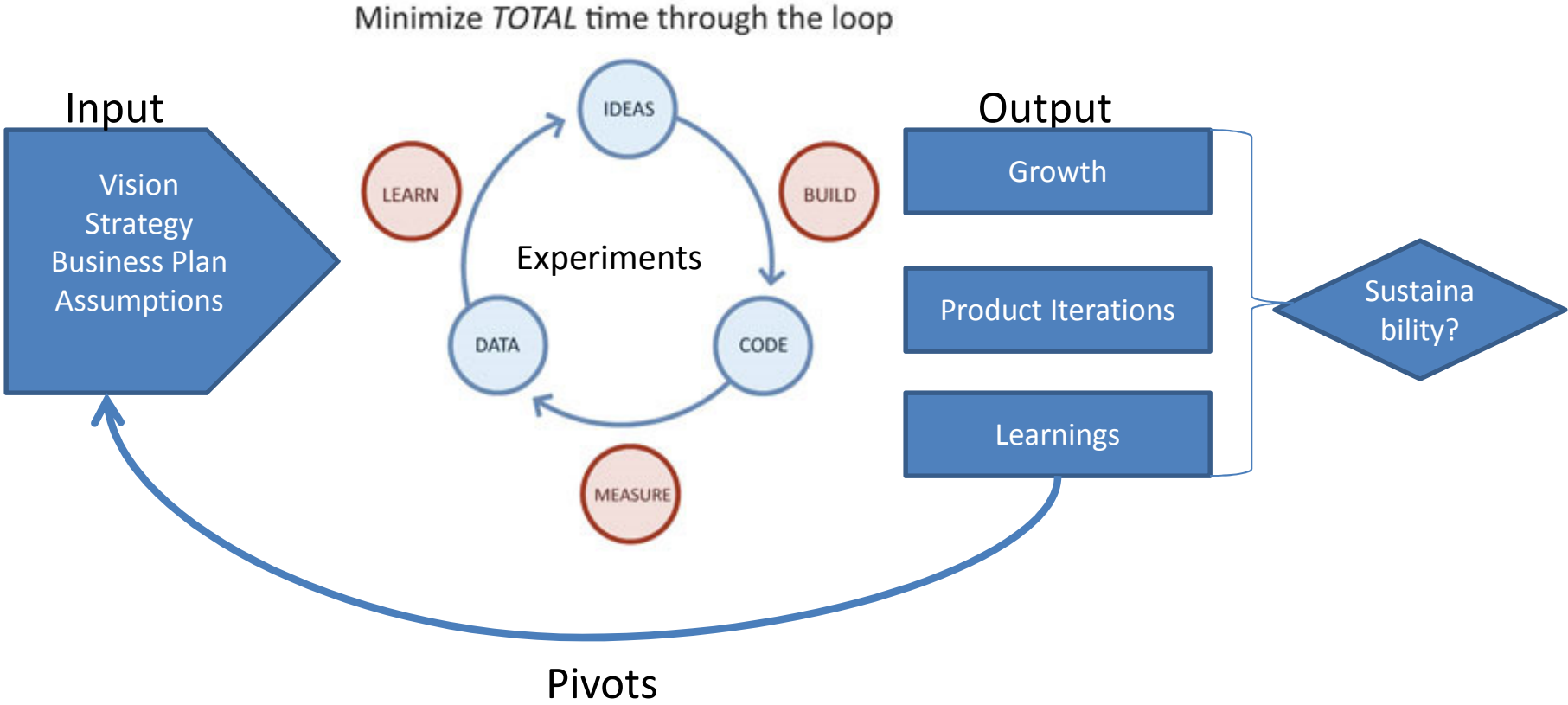
- Application of Lean thinking to the process of innovation
- Adapts Lean ideas in context of entrepreneurship
- Principled approach to new product development
- Guidance on how to make trade-off decisions
- Focuses on Validated Learning



Lean Startup: Set of practices to help entrepreneurs increase their odds of building a successful startup.


Eric Ries, The Lean Startup

# Lean Startup Overview



# Why Lean Startup?

- Traditional approaches to management doesn't always work with Startups
- Approach for “continuous innovation”
- Start-up success can be engineered with right process
- Startups must be managed
- Help recognize when to pivot and when to persevere



Startups: Human institution designed to create new products and services under conditions of extreme uncertainty

# Benefits

- Business plans, forecasts are difficult to create in totally new product space
  - Customers can't tell you what they want because they haven't seen it or conceptualize how they would use it
  - Customers don't know what they want in advance
- Customer focused development
- Get rapid feedback, adapt quickly
- Strategy based on validated assumptions
- Pivot to reflect learnings
- Accounting techniques to support the work of innovation



# Thank you!!!

I appreciate your time.

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**David Mantica**  
**President, ASPE Training**

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