

**FEATURING
NEW MATERIAL** ▶

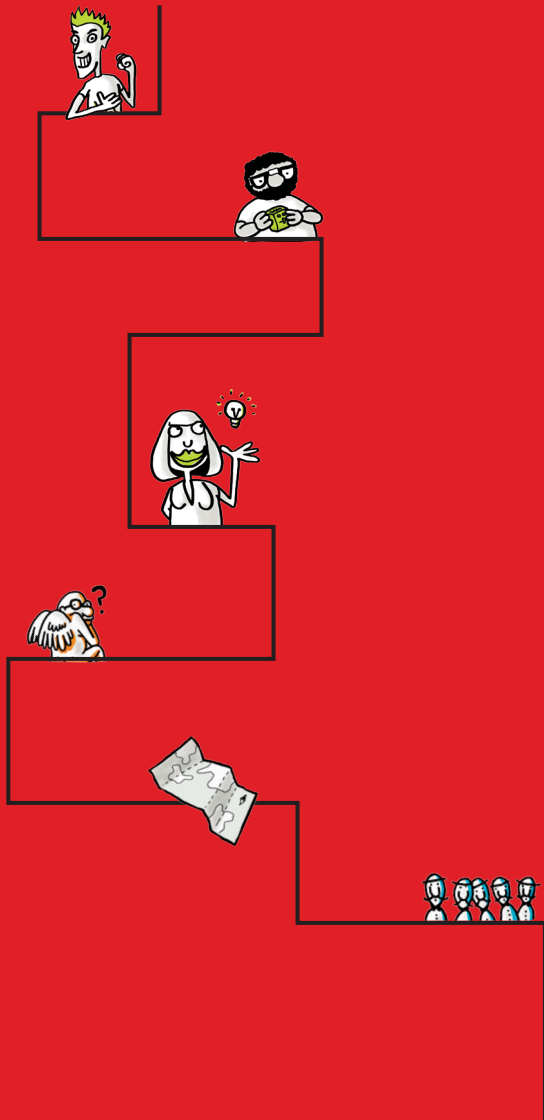
Disciplined
Entrepreneurship
Canvas

Primary
Market Research
Guide

Windows
of Opportunity
and Triggers



DISCIPLINED ENTREPRENEURSHIP WORKBOOK



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WILEY

INTRODUCING THE DISCIPLINED ENTREPRENEURSHIP CANVAS

THIS IS NEW MATERIAL that was not covered in *Disciplined Entrepreneurship*. The Canvas is a tool you will fill out as you go through the 24 Steps.

WHAT IS THE DISCIPLINED ENTREPRENEURSHIP CANVAS, AND WHY IS IT IMPORTANT?

The Disciplined Entrepreneurship Canvas is a one-page overview of the Disciplined Entrepreneurship approach to entrepreneurship. The Canvas functions like a synopsis of your current status so you can see what you have done and what you have not done, across 10 major areas that map to the 24 Steps.

I have seen the value in life of having a concise visual that gives a team feedback on their progress in the midst of the battle. I have also seen entrepreneurs building workarounds for just this function when trying to use the Disciplined Entrepreneurship approach, so there is clearly value in tracking your progress on the long journey through the 24 Steps.



The Disciplined Entrepreneurship Canvas will allow you to quickly assess the big picture of where you stand, and where your strengths and weaknesses are, so you can make adjustments.

HOW TO APPROACH THE DISCIPLINED ENTREPRENEURSHIP CANVAS

As Disciplined Entrepreneurship has been broadly deployed, a frequent question I get is how to integrate the 24 Steps framework with the Business Model Canvas made popular by *Business Model Generation* by Alexander Osterwalder and Yves Pigneur. In fact, before I wrote *Disciplined Entrepreneurship*, I used to use in my classroom the Business Model Canvas and then the Lean Canvas by Ash Maurya, but I did not find an easy, suitable way to integrate them with teaching the 24 Steps.

As nature abhors a vacuum, numerous people have constructed their own canvases for the Disciplined Entrepreneurship framework, led by Laurie Stach (MIT Launch), Floriano Bonfigli (Istituto Adriano Olivetti Business School—ISTAO Startup Lab), Patrick Kirby (Michelin—vice president of innovation and entrepreneurship), Johannes Mutzke (Michelin—Global Innovation Council), Mateo Nakach and Jorge Sanchez (Build-Your-Business Consulting Group), and Michael McCausland (Leadership Institute for Entrepreneurs).

They have pushed and inspired me to see the value of a one-page canvas that shows how you are doing. In sports, a coach often tracks progress in the game in a summary fashion and then conveys key information to his team on what they are doing well and what they need to focus more on if they are to win the game. A basketball coach's synopsis, for instance, will not only have the score but also the time left in the game, how many fouls each team and each player has, and other key indicators. Likewise, an entrepreneurship canvas gives you the big picture in one snapshot and allows you to see what you need to work on.

The simple summary does not capture the full richness of your situation, and as such it is not a perfect indicator of your success. Nor does the simple summary tell you why things have happened and how to fix things. So while it is limited in its usefulness, it does have the benefit of simplicity.

I have based the Disciplined Entrepreneurship Canvas off the Six Themes of the 24 Steps from *Disciplined Entrepreneurship*, expanding two of the themes and adding two more sections. The resulting Canvas maintains the specificity, logic, and rigor of the 24 Steps.

More so than other canvases, this canvas has a suggested initial sequential nature to it. You should start with Section 1 and then follow the arrows to move through the canvas. There should also be iteration, but providing a general prescriptive initial flow is helpful and an important part of the Disciplined Entrepreneurship approach.

Turn to page xviii to see the Canvas. Each section maps quite well to specific steps:

Section 1, Raison d'Être (aka Reason for Existing): Step 0

Section 2, Initial Market: Steps 1, 2, 3, 4, 5, and 9

Section 3, Value Creation: Steps 6, 7, and 8

Section 4, Competitive Advantage: Steps 10 and 11

Section 5, Customer Acquisition: Step 12, 13, and Windows of Opportunity/Triggers

Section 6, Product Unit Economics: Steps 15, 16, 17, and 19

Section 7, Sales: Step 18

Section 8, Overall Economics: Step 19 (parts)

Section 9, Design and Build: Steps 20, 21, 22, and 23

Section 10, Scaling: Steps 14 and 24

The fit between the steps and the Canvas is not perfect, but it still produces a framework that is useful and ties into the worksheets and additional information in this workbook.

When I used other canvases in my classroom, the frameworks were helpful, but they often needed to be customized. I would likewise encourage you to think of the Disciplined Entrepreneurship Canvas below not as a fixed edict, but rather as a framework that can be customized as appropriate. If it does not quite fit, that is okay. Go ahead and customize it, but it should at least give you a good start.

Note: Filling out the Disciplined Entrepreneurship Canvas fully requires expertise that you will gain from reading both *Disciplined Entrepreneurship* and this workbook. Do not be discouraged or frustrated that you don't know how to fill out all the sections at first. It will be a good guide for you to make sure you have absorbed all the material in both books. Fill out what you can and then continually update it as you learn more.

EXAMPLE OF USING THE DISCIPLINED ENTREPRENEURSHIP CANVAS WITH FEEDBACK

Old friend and master illustrator of this book, Marius Ursache, offered to test-drive the Canvas for his project, the Disciplined Entrepreneurship Toolbox (www.detoolbox.com). I should note that the 24 Steps framework has been used not just for startups but for projects/product design and development in large corporations, government organizations, investment situations, community organizations, educational institutions, religious groups, student clubs, and even creative arts groups. Once it was used for a piano concert. (Thanks for letting us know, Amanda von Goetz!)

Turn to page xix to see his first draft of his Canvas. Below are my comments on it so that you can see what you should be considering when you fill out your Canvas. Marius's draft is quite good, so I will focus my comments on where it could be improved, as well as how the Canvas will help Marius discover where he should focus his attention next:

1. **Raison d'Être:** The founder passions, values, initial assets, and initial idea are good and can be refined, but the real area I would focus on is the mission. It is too general and is not really unique or inspiring. Having a clear mission is valuable for two reasons—it shows why the world will be a better place thanks to your venture, and equally important, it tells you what you will *not* be doing. This guidance on what you will be not doing will help you to get the right people on your team. To build a successful team you need three things: a common vision, shared values, and complementary skills. As you can see, it starts with common vision, so clarity on why you are in business is fundamental to your success in an environment that will be fraught with failure and other discouraging moments. That common vision keeps you marching on.
2. **Initial Market:** Again, there is lots to like in the End User Profile, TAM, and Next 10 Customers. The Beachhead Market and Persona draw my attention and concern. First, I worry that the Beachhead Market is two different markets. There cannot be a plural of Beachhead Market. Second, I worry even more that there is no Persona. I know picking a Persona can be a bit

The Disciplined Entrepreneurship Canvas

PRODUCT _____ REVISION _____ DATE _____

<p>1 Raison d'Être <i>Why are you in business?</i></p> <p>Mission:</p> <p>Passion:</p> <p>Values:</p> <p>Initial Assets:</p> <p>Initial Idea:</p>	<p>4 Competitive Advantage <i>Why you?</i></p> <p>Moats:</p> <p>Core:</p> <p>Competitive Positioning:</p>	<p>5 Customer Acquisition <i>How does your customer acquire your product?</i></p> <p>DMU:</p> <p>Process to Acquire Customer:</p> <p>Windows of Opportunity:</p> <p>Possible Triggers:</p>	<p>8 Overall Economics <i>Does your product make money?</i></p> <p>Estimated R&D Expenses:</p> <p>Estimated G&A Expenses:</p> <p>LTV/COCA Ratio High Enough:</p>	<p>9 Design & Build <i>How do you produce the product?</i></p> <p>Identify Key Assumptions:</p> <p>Test Key Assumptions:</p> <p>MVPB:</p> <p>Tracking Metrics:</p>
<p>2 Initial Market <i>Who is your customer?</i></p> <p>Beachhead:</p> <p>End User Profile:</p> <p>TAM:</p> <p>Persona:</p> <p>First 10 Customers:</p>	<p>3 Value Creation <i>What can you do for your customer?</i></p> <p>Use Case:</p> <p>Product Description:</p> <p>Problem Being Solved:</p> <p>Quantified Value Proposition:</p>	<p>6 Product Unit Economics <i>Can you make money?</i></p> <p>Business Model:</p> <p>Estimated Pricing:</p> <p>Short Term LTV:</p> <p>Short Term COCA:</p> <p>Medium Term LTV:</p> <p>Medium Term COCA:</p> <p>Long Term LTV:</p> <p>Long Term COCA:</p>	<p>7 Sales <i>How do you sell your product</i></p> <p>Preferred Sales Channel:</p> <p>Sales Funnel:</p> <p>Short Term Mix:</p> <p>Medium Term Mix:</p> <p>Long Term Mix:</p>	<p>10 Scaling <i>How do you scale your business?</i></p> <p>Product Plan for Beachhead:</p> <p>Next Market:</p> <p>Product Plan beyond Beachhead:</p> <p>Follow-on TAM:</p>

The Disciplined Entrepreneurship Canvas

PRODUCT: DE Toolbox REVISION: 1.0 DATE: October 20, 2016

<p>1 Raison d'Être <i>Why are you in business?</i></p> <p>Mission: Help more startups around the world to become successful, and improve lives, fix unemployment, and grow economies. Help more people to invest in startups in a smart way.</p> <p>Founder passions: Startups and innovation, teaching, interacting with smart people.</p> <p>Values: transparent, competitive, fair play.</p> <p>Initial Assets: Team (Marius & Vlad), connections (Bill Aulet, MIT, accelerators), current users (5,000+ for current product).</p> <p>Initial Idea: Online tool to help startups accelerate and get funded.</p>	<p>4 Competitive Advantage <i>Why you?</i></p> <p>Moats: Network effect (both startups/accelerators use it).</p> <p>Core: We match the best startups with the best accelerators/investors, and help them work smarter together.</p> <p>Competitive Positioning: Better productivity than AngelList, F6S. Focused on process more than Visible, FoundersSuite, Gust.</p>	<p>5 Customer Acquisition <i>How does your customer acquire your product?</i></p> <p>Decision Making Unit: A. Founders & Chief Product Officers B. Sponsor: CIO/CTO or Managing Director of accelerator. Decision: managing team.</p> <p>Decision Making Process: A. Start trial, share with team, add data, discuss with team before trial expiration. B. Analyze features & cost for tools, contact suppliers, negotiate & sign (4-6 mo).</p> <p>WoOs: A. Apply to accelerator, prepare for fundraising B. New generation/new fund (twice per year) or change in leadership</p> <p>Possible Triggers: B. Discounts, sales rep meetings or events.</p>	<p>8 Overall Economics <i>Does your product make money?</i></p> <p>Est R&D Exp: \$50,000 Est G&A Exp: \$24,000 LTV/COCA Ratio: 2.01 / 7.1</p>	<p>9 Design & Build <i>How do you produce the product?</i></p> <p>Key Assumptions: 1. Startups will use the tool recurrently. 2. Accelerators need a better tool to source startups (than F6S/Angellist/Google Forms) and manage the acceleration process (than Google Docs/Slack/Email).</p> <p>Assumption Tests: 1. Simplify tool (not linear, iterative/depth) 2. Try selling a prototype/slideaware.</p> <p>MVP: 1. Current product with subscription 2. Presentation/prototype for accelerator features</p> <p>Tracking Metrics: 1. Retention for startups 2. Number of paying startups 3. Number of paying accelerators</p>
<p>2 Initial Market <i>Who is your customer?</i></p> <p>Beachhead Market: A. Early-stage founders who want to improve their startup's chances to fundraise. B. Accelerators outside Silicon Valley who want to improve their process and outcomes.</p> <p>End User Profile: A. Tech founders outside major US startup hubs with an idea or product but no revenue. B. Smaller accelerators who have trouble getting good deals and accelerating them properly.</p> <p>TAM: 1M tech founders outside US (\$100M). 5000 smaller accelerators (\$30M).</p> <p>Persona: TBD</p> <p>10 Customers: MVP Academy (RO), NUMA (FR), MITEF Poland (PL), IncubatecUFRO (CL), UDD Ventures (CL), Magical Startups (CL), Eleven (BG), HUSStart (IL), MadelnJLM (IL), AccelerateKorea (KR).</p>	<p>3 Value Creation <i>What can you do for your customer?</i></p> <p>Use Case: A. Learn about the biz side of your startup, apply it using a vetted process (DE24) & online tools. B. Recruit better startups, engage more mentors, accelerate startups faster, get them funded.</p> <p>Product Description: Process & toolbox for founders & accelerators—marketplace.</p> <p>Problem: A. Founders lack guidance and tools to help them be more disciplined on the business side. B. Accelerators "spray and pray" strategy does not yield too many successful startups.</p> <p>Quantified Value Proposition: A. Move faster. Get funded faster. B. Get better deals. Get better follow-on investments for startups.</p>	<p>6 Product Unit Economics <i>Can you make money?</i></p> <p>Business Model: Subscription model for both startups & accelerators.</p> <p>Pricing: \$15/mo per startup</p> <p>Short term LTV: \$200 / \$15,000 Short term COCA: \$10 / \$2,000</p> <p>Medium term LTV: \$250 / \$25,000 Medium term COCA: \$7 / \$1,750</p> <p>Long term LTV: \$275 / \$32,000 Long term COCA: \$5 / \$1,500</p>	<p>7 Sales <i>How do you sell your product</i></p> <p>Preferred Sales Channel: A. Website B. Direct sales</p> <p>Sales Funnel: A. Search online—Read features & testimonials—Create trial—Add data in app—Receive trial end email—Discuss with team—Buy. B. Search tools/get referrals—Analyze features—Discuss with sales reps—Buy. team—Negotiate—Sign contract—Buy.</p> <p>Short Term Mix: Email newsletter, event presentations, inbound, direct sales. Medium/Long Term Mix: Event presentations, inbound, direct sales.</p>	<p>10 Scaling <i>How do you scale your business?</i></p> <p>Product Plan for BHM: ???</p> <p>Next Market: Universities, Angel groups</p> <p>Product plan beyond BHM: Marketplace</p> <p>Follow-on TAM: 100,000 angels (\$1B).</p>

uncomfortable and you will not find the perfect one to start, but Marius should pick the best one he has and then execute the process with it and look to upgrade the Persona over time.

3. **Value Creation:** There is a great deal of information to be summarized in this box and it is a real challenge. I worry that the very important use case is so truncated that it is not clear how well this has been developed. Likewise, the other three items have to be summarized in such a compact way, so while they seem encouraging I have a lot of questions. I definitely want to see the product brochure. But all in all, good. At this point, I am starting to see that the two Beachhead Markets defined in the Initial Market section *may* be intractably linked, and rather than two separate markets, they could *possibly* be seen as a two sided-market. This would be an area I would ask a lot of questions about.
4. **Competitive Advantage:** In the moats section, Marius lists “network effect,” but I think that is actually the Core. What Marius lists for the Core definitely is not a Core, but rather is the benefit that customers will get. A Core is an internal capability you will have that is unique or much stronger than anyone else. I worry when I see network effect as a Core because while it can be a great one, it is rarely achieved. And if is not achieved, then the company has no defensible advantage over others, who will be able to follow you into the market at a lower cost by learning from the first mover’s mistakes.
5. **Customer Acquisition:** The Decision-Making Unit (DMU) seems to be to be too simplistic (although I like that he has identified the chief product officer). Who are the DMU’s primary influencers? The Decision-Making Process is too simplistic and does not address creating awareness with the target market enough. The windows of opportunity are a good start, but the possible triggers section is not developed in any creative way. This section, like much of the Canvas (and like what I’d expect for a first pass on any canvas), is too general and lacking in specifics to this situation.
6. **Product Unit Economics:** I like that these are general estimates and that they do not try to convey a level of precision that is not attainable at this point. The short-term Cost of Customer Acquisition (COCA) of \$10 seems absurdly low to me and I am confident that upon closer evaluation, Marius will find this number to be much higher, which is expected in the short term. It would be extremely unusual to see a short-term Lifetime Value (LTV) of \$200 with only a short-term COCA of \$10, or a short-term LTV of \$15,000 with a short term COCA of only \$2,000. This immediately makes me discount the medium term and long term where I am confident that the COCA is still too low. But if the LTVs are to be believed, the business will be able to handle the actual COCA. Notice how easy it is to get a sense of the business from just a few numbers!
7. **Sales:** Oh my goodness! With the very low COCA from the previous section, I expected to see no direct sales channel utilization in this section (forgoing direct sales is risky in the short term), but there it is as the second option. He’ll really need to think about how to minimize use and cost of direct sales (likely use inside sales instead of field sales, for starters) and to use other sales methods to keep COCA down. Maybe he can do online chat sales early on so that inside sales is more affordable. I think “robo-sales” using big data analysis and preference engines is probably the way to go. I am feeling even less confident about the COCA calculations now, and I would dig deeper to make sure the unit economics model gets refined. The mentality of the organization needs to be more focused on designing the sales process to have no human interaction from the company’s side in the near future, so that the COCA does not grow out of control.

8. **Overall Economics:** The R&D expense and the G&A expense items seem reasonable since the work is being done in Romania, not the United States, but the LTV/COCA ratio still bothers me because I think the actual COCA is higher. However, this part of the Canvas shows me that if the LTV is accurate, there is room for the COCA to be higher and still have an economically sustainable and attractive business entity.
9. **Design & Build:** The key assumptions are too few and too general. The assumption tests do not yet line up with the key assumptions. The Minimum Viable Business Product (MVBP) is already up and running, so there is valuable information that can be gained from this investment so far. The tracking metrics are generally correct, but are also more general than I would like to see; for example, they do not have a time frame indicated.
10. **Scaling:** What Marius put here is very general, but that is not as much a problem as it would be in the other sections, because you won't have much clarity this early on. That being said, Marius should keep an eye on this section going forward and update it quarterly based on new information, which will be coming in as he engages in the market and learns from iterations on earlier steps.

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