

Entrepreneurship in Supply Chains

SCx Bootcamp

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Desired outcomes of today:

- (Share a methodology in entrepreneurship & connect to Supply Chain Concepts)
- Prepare you for Friday

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Concepts we will cover today

- Total Addressable Market,
- Quantifying the Value Proposition,
- Cost of Customer Acquisition,
- Life Time value of Customer and lastly,
- Scale-up

THE BOTTOM LINE:

- UNDERSTAND YOUR CUSTOMER
 - QUANTIFY THE VALUE PROPOSITION
 - TEST YOUR ASSUMPTIONS, EVERY DAY
 - IF YOU ARE NOT EMBARRASSED BY YOUR FIRST PRODUCT PROTOTYPE YOU WAITED TOO LONG



MIT Alumni, Staff, Faculty:
25,000 Companies



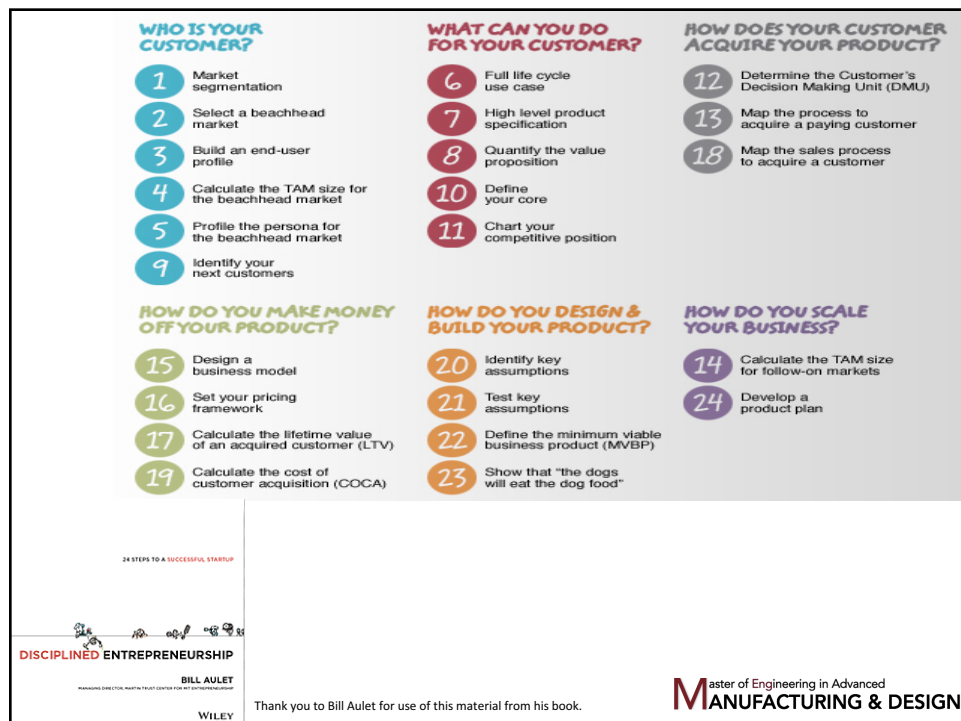
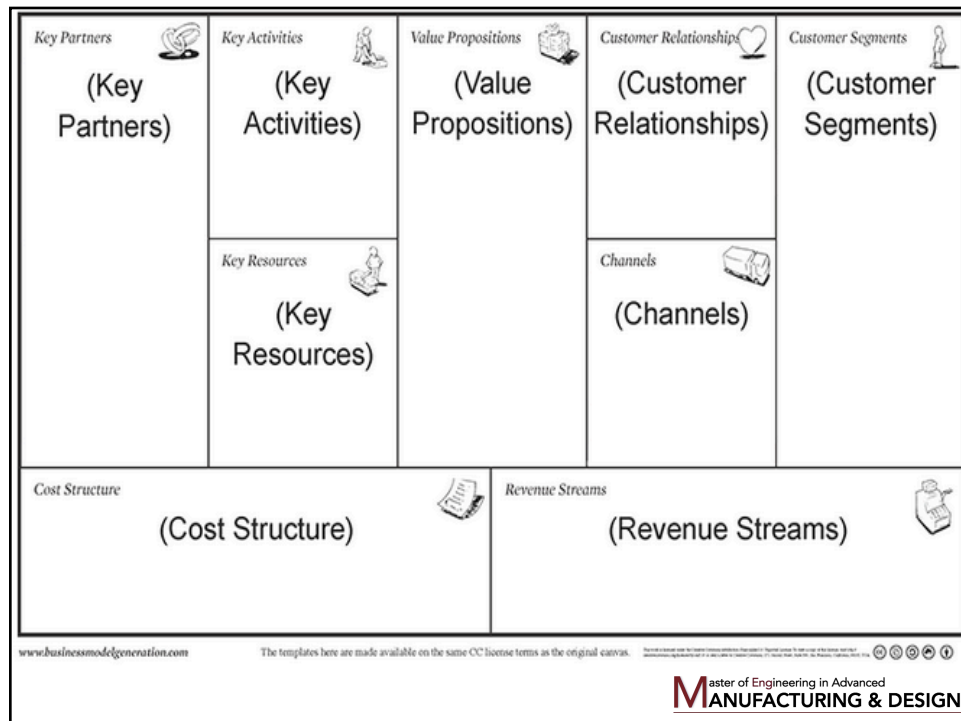
An ideal Manufacturing and Supply Chain:

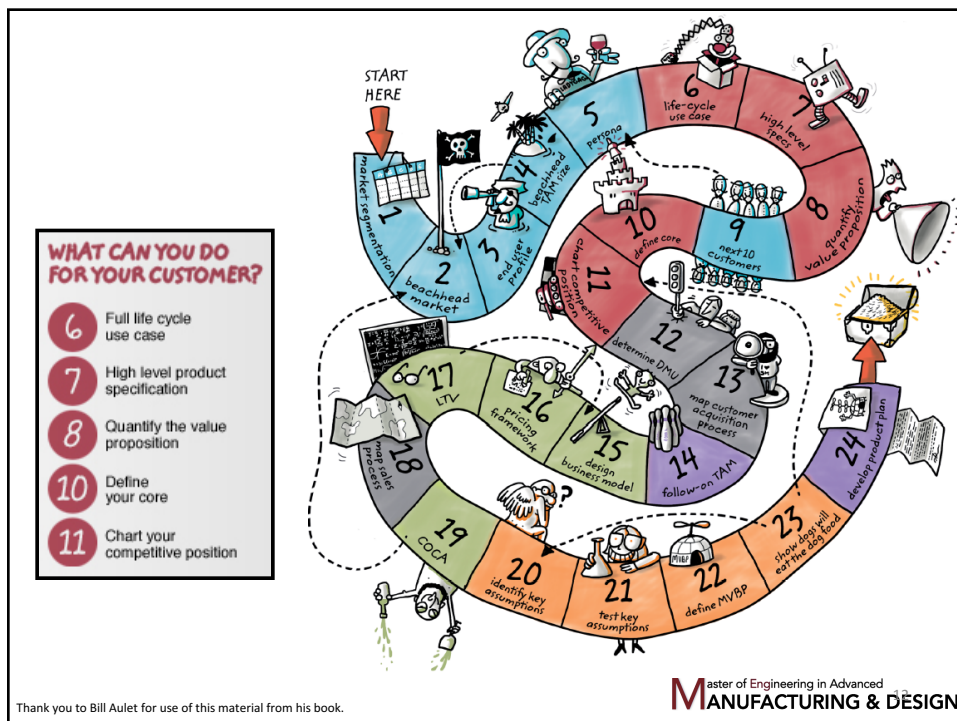
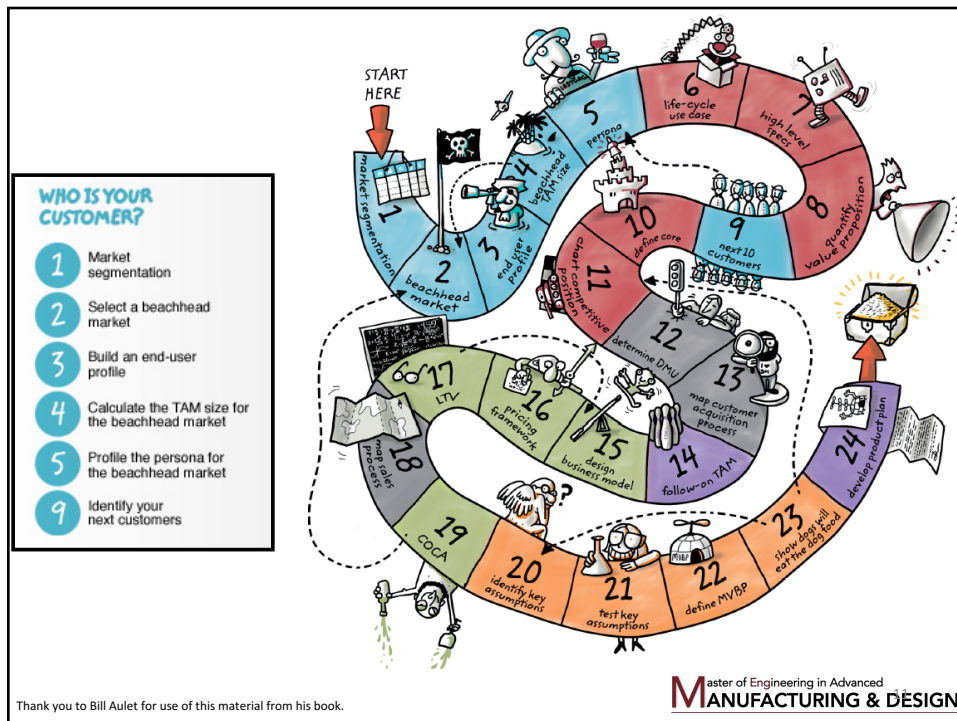


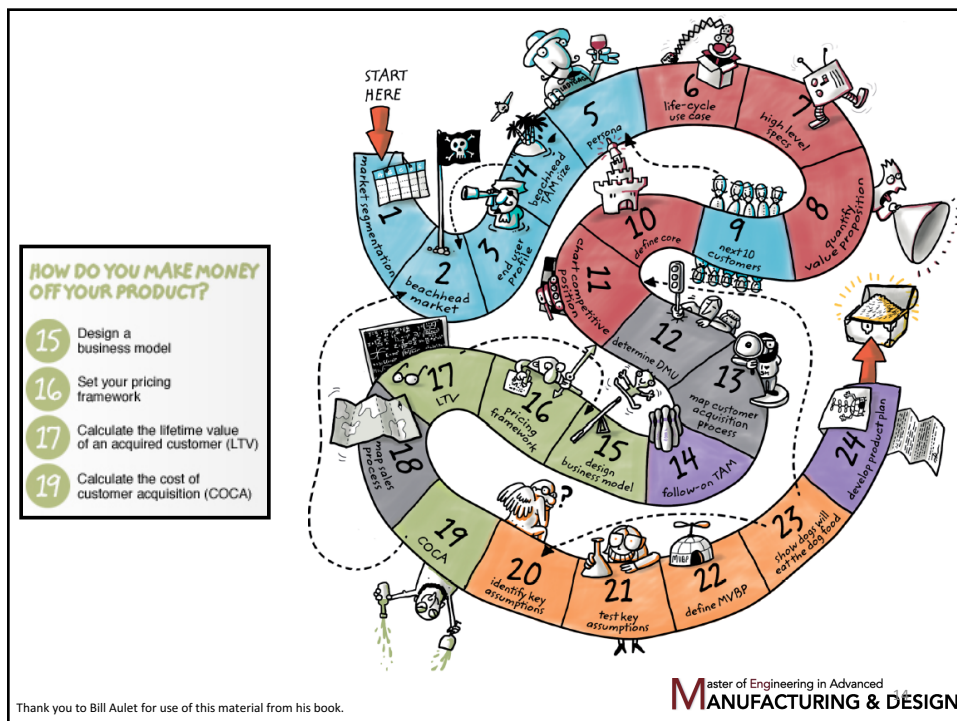
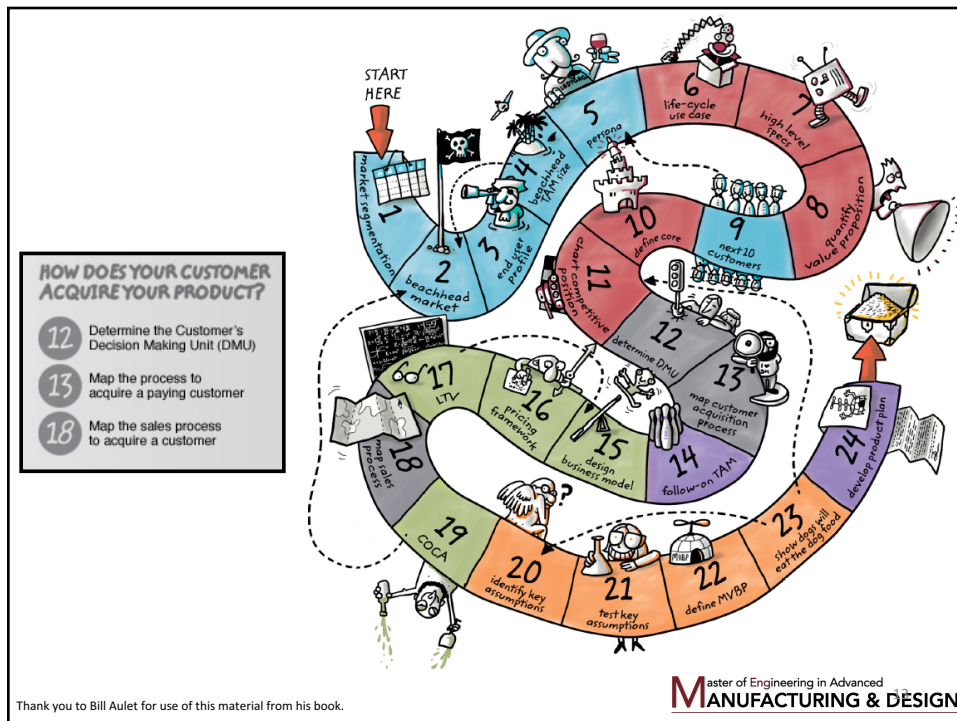
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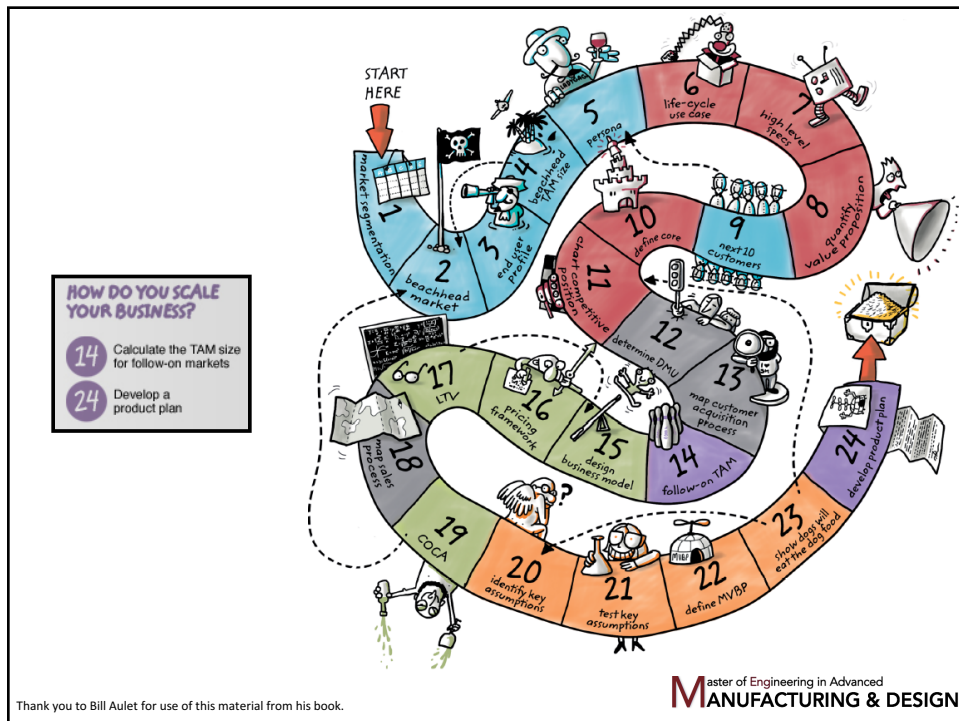
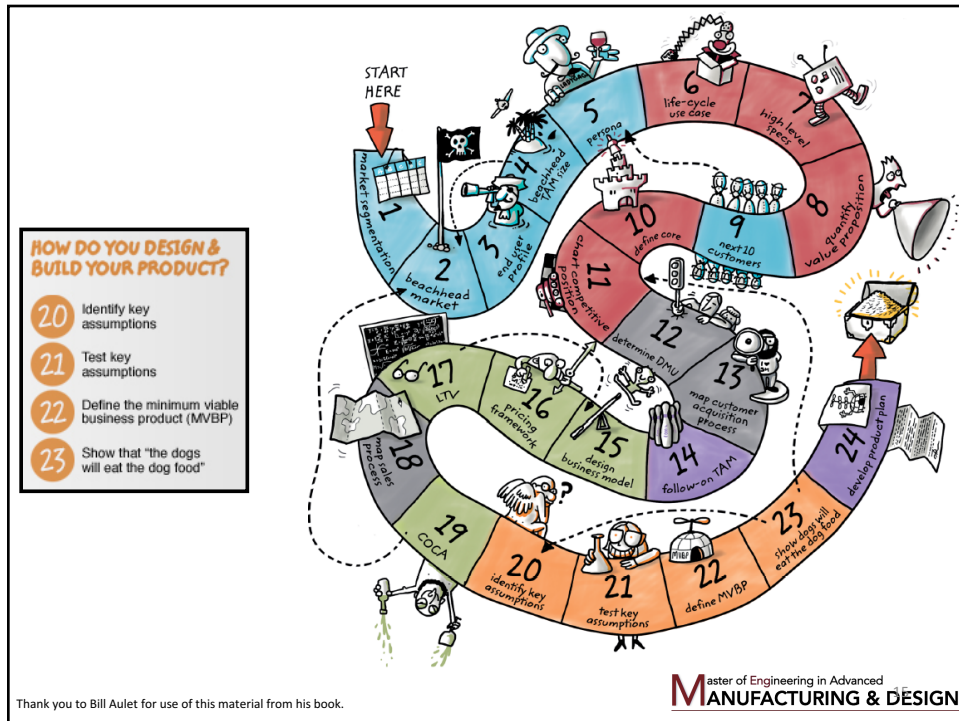
But until then...we need a methodology

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WHO IS YOUR CUSTOMER?

- 1 Market segmentation
- 2 Select a beachhead market
- 3 Build an end-user profile
- 4 Calculate the TAM size for the beachhead market
- 5 Profile the persona for the beachhead market
- 9 Identify your next customers

HOW DO YOU MAKE MONEY OFF YOUR PRODUCT?

- 15 Design a business model
- 16 Set your pricing framework
- 17 Calculate the lifetime value of an acquired customer (LTV)
- 19 Calculate the cost of customer acquisition (COCA)

WHAT CAN YOU DO FOR YOUR CUSTOMER?

- 6 Full life cycle use case
- 7 High level product specification
- 8 Quantify the value proposition
- 10 Define your core
- 11 Chart your competitive position

HOW DOES YOUR CUSTOMER ACQUIRE YOUR PRODUCT?

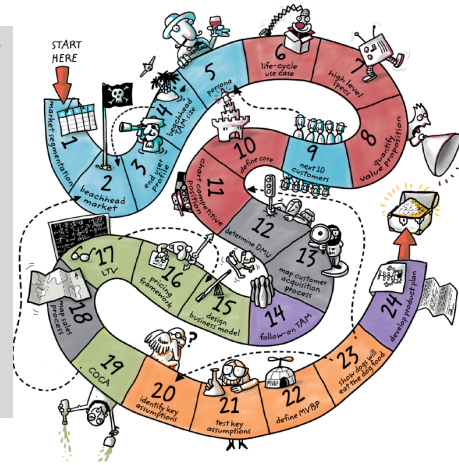
- 12 Determine the Customer's Decision Making Unit (DMU)
- 13 Map the process to acquire a paying customer
- 18 Map the sales process to acquire a customer

HOW DO YOU DESIGN & BUILD YOUR PRODUCT?

- 20 Identify key assumptions
- 21 Test key assumptions
- 22 Define the minimum viable business product (MVBP)
- 23 Show that "the dogs will eat the dog food"

HOW DO YOU SCALE YOUR BUSINESS?

- 14 Calculate the TAM size for follow-on markets
- 24 Develop a product plan



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What will my startup do?

Brainstorming What My Startup Will Do

What is my idea or technology?		
What industries and end users could my idea or technology apply to?		
Industry or Similar Category	End Users	What They Would Use It For

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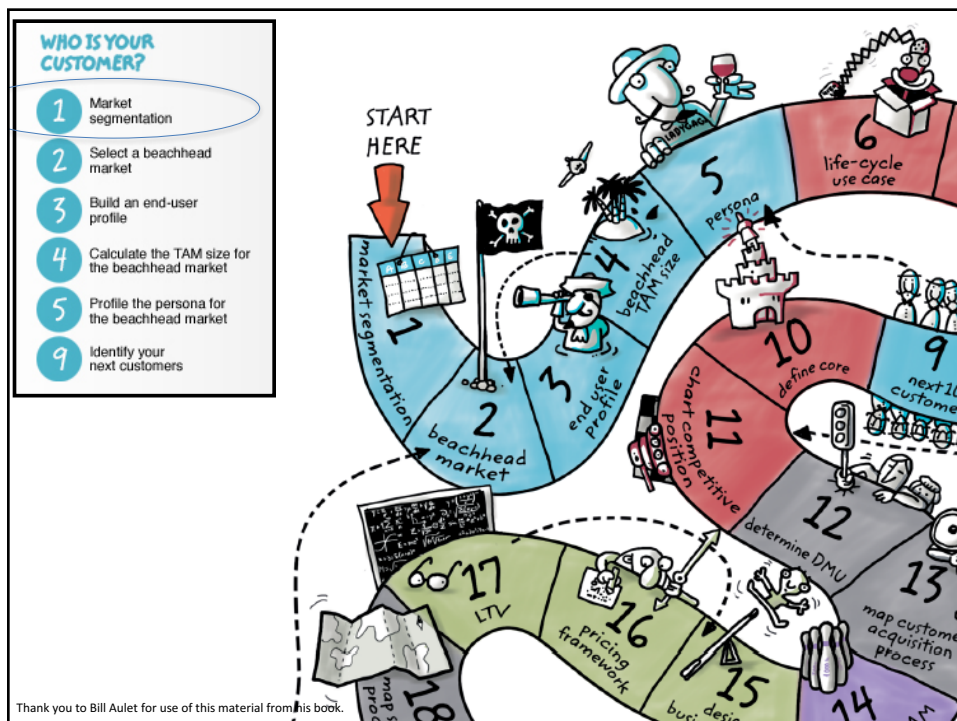
What will my startup do?

Brainstorming What My Startup Will Do

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Initial Market

Top Target Markets to Consider for My Startup

End user	Target customer well-funded?	Target customer readily accessible to sales force?	Target customer's compelling reason to buy?	Can you deliver a whole product?	Is there entrenched competition?	Can you leverage this segment to enter others?	Consistent with values, passions, goals of team?	Rank

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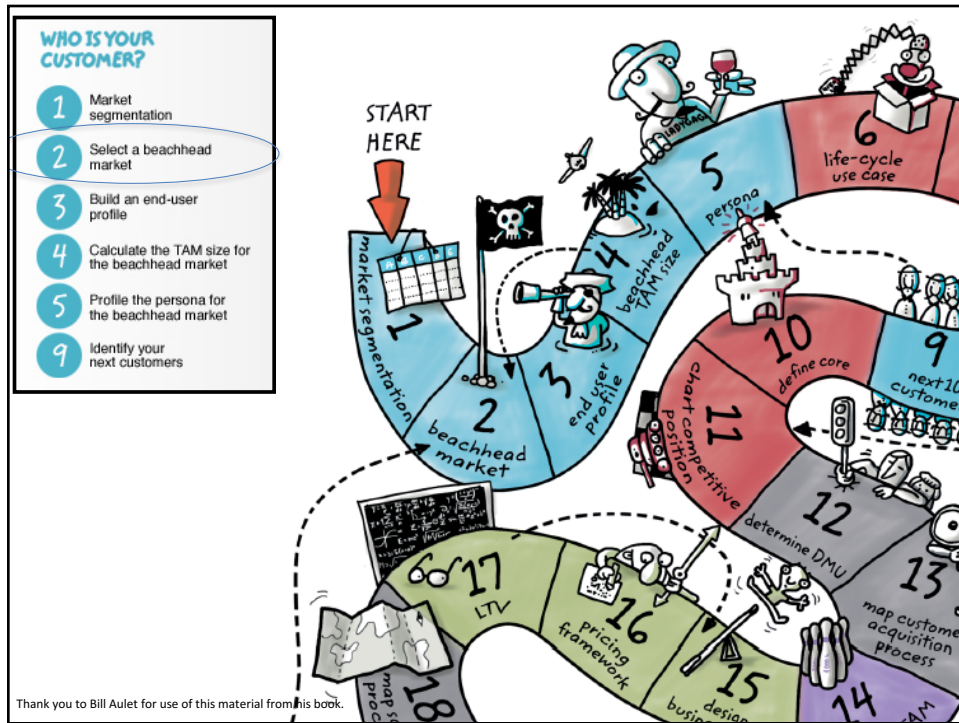
Your Addressable Market

Top Target Markets to Consider for My Startup

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AGREEMENT ON THE BEACHHEAD MARKET SELECTION

We have systematically analyzed the various potential market segments and arrived at a decision for one beachhead market (not more than one). We each understand that in real life, there is always more than one path to success. The key is to choose one that will work and avoid those that will not work—but choose one and get going on it! As such, we each understand that we are not going to be locked into a state of analysis paralysis whereby we are going to try to take out all the risk in this decision because that is not possible. We will also not spend unnecessary time trying to determine which of the successful paths is slightly better than the others because there are so many unknowns.

But what is possible is to focus on one and only one market, and that is what we are going to do. We have deselected all the other market segments and will not be distracted by them. I will personally do this, and I will also hold my teammates accountable and point out when the team starts to get distracted. If a teammate points this out to me, then I will listen carefully and refocus if I am the cause of the distraction.

As such, each of us does by solemnly swear that we will focus on the _____ market segment and pursue it until we fully achieve our objectives (e.g., market leader; cash flow positive in this market segment, etc.) or until it has been further segmented or until we have proven that it is not viable. If we do switch, we will do it as a team and then give the new market our focus, but until such time, we will be completely committed to one and only one market segment, the one noted above.

Team Member #1: Signature _____ Name _____ Date _____

Team Member #2: Signature _____ Name _____ Date _____

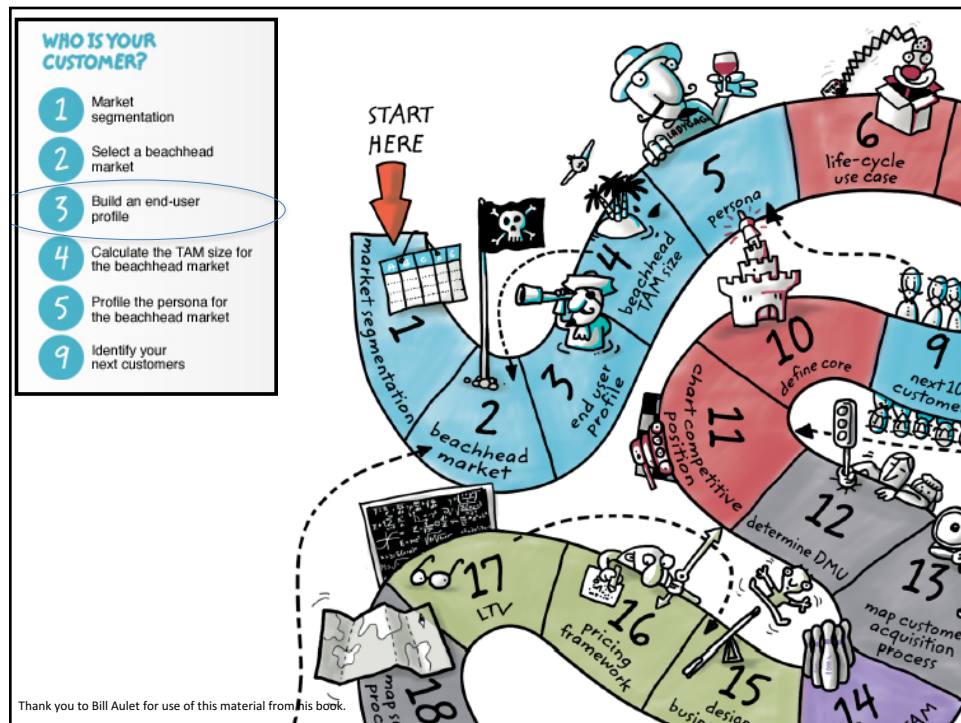
Team Member #3: Signature _____ Name _____ Date _____

Team Member #4: Signature _____ Name _____ Date _____

Team Member #5: Signature _____ Name _____ Date _____

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Initial User Profile

GENERAL EXERCISES TO UNDERSTAND CONCEPT

1. Pick a successful product that you know well. Who do you think the target end user is for that product? Write down the demographics and psychographics, and be as specific as you can.

Demographics (your guess): _____

Psychographics (your guess): _____

Now go to the product's website, look up advertisements for the product in the media, and see if the message there is consistent with your profile. Do the end users depicted look like what you expect them to? Is the product appealing to the priorities of your profile?

Demographics (per website/ads): _____

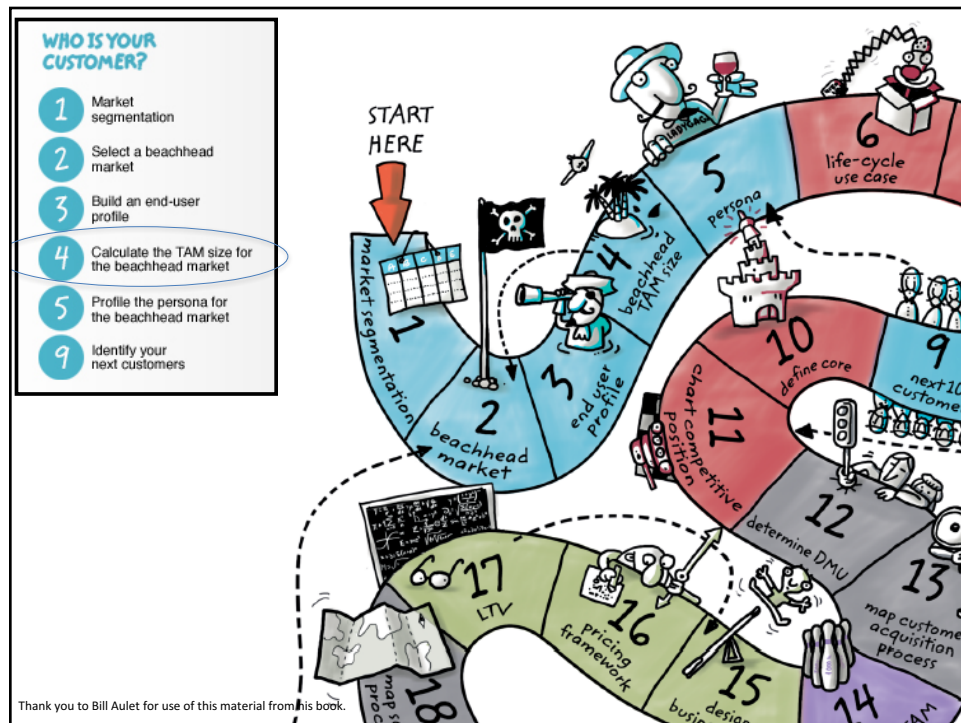
Psychographics (per website/ads): _____

What messages, images, proxy products, and other factors give you hints as to the product's End User Profile?

2. Politicians and their teams are extremely aware of "end voter" profiles. Pick two candidates who are competing directly against each other in a current or recent election, and try to define each candidate's "base," their core group of voters, which is analogous to a Beachhead Market. In doing so, look at the candidates' contrasting messages and images and notice how they reassure and attract these people to the candidate.

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Total Addressable Market

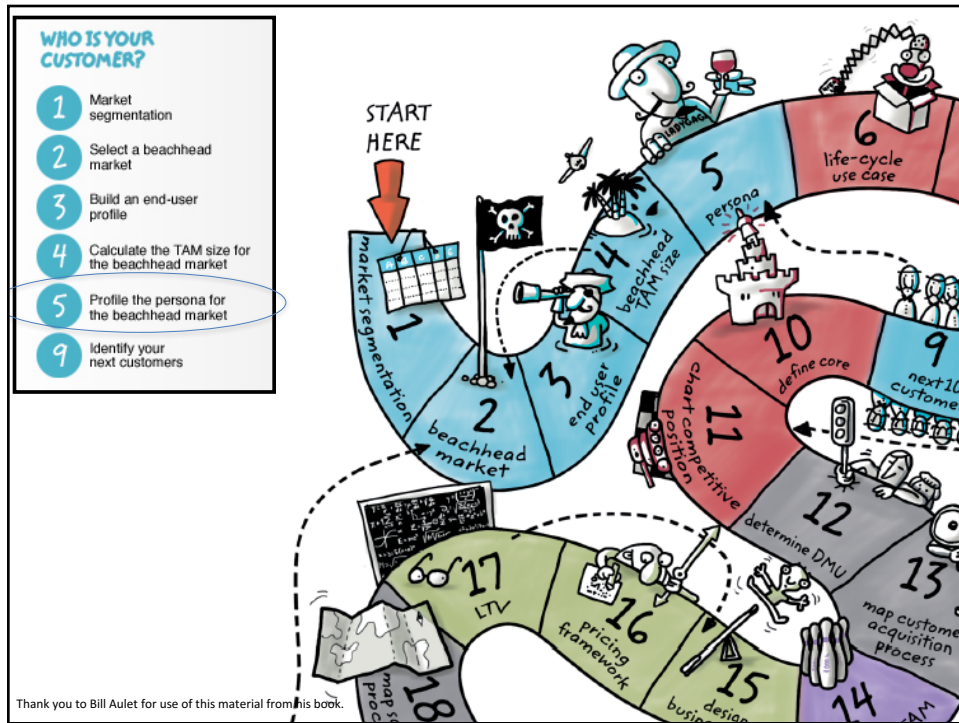
GENERAL EXERCISES TO UNDERSTAND CONCEPT

1. What do you think the TAM is for toothbrushes in the United States? What assumptions did you make in calculating it?

2. Now what would you estimate as the TAM in the United States for high-quality electric toothbrushes that cost \$150? What assumptions did you make in calculating it?

3. What are the biggest unknowns in your assumptions that you would need to research further?

N



PERSONA PROFILE FOR BEACHHEAD MARKET

Add a visual image of the Persona here

Name	
Address	
E-mail and phone	
Title (if appropriate)	
If business-to-business (B2B), where they exist in the overall org chart	
Demographics:	
Gender	
Age	
Income	
Education level	
Education specifics (schools, majors, awards, etc.)	
Employment History (companies, jobs, awards, etc.)	
Marital status	
Kids and other family info	
Ethnicity	
Political affiliations	
Other demographic 1:	
Other demographic 2:	
Other demographic 3:	

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Other demographic 4:	
Psychographics:	
Why do they do this job or live the life they do?	
Hobbies	
Heroes	
Aspirations in life	
Fears in life	
Personality traits	
Interesting habits	
Other psychographic 1:	
Other psychographic 2:	
Other psychographic 3:	
Other psychographic 4:	
Proxy Products (which products have the highest correlation with your Persona)	
Is there a product or products that the Persona needs to have in order to get benefit from yours?	
Are there products the Persona uses that embody the psychographics and demographics from the end user profile?	
Any other unusual or interesting products of note that the Persona has?	
Watering Holes (real or virtual places where the Persona interacts with others like him or her):	
Favorite sources for news (e.g., which newspapers, TV shows, websites, blogs)	
Places where Persona congregates with other similar people	
Associations Persona belongs to and the importance of each	
Where does the Persona go for expert advice and/or to get questions answered?	
Day in the Life (describe a day in the life of the end user and what is going on in this person's head):	
What are the typical tasks the Persona does each day, with the amount of time associated with each?	
Which of these typical tasks are habits?	

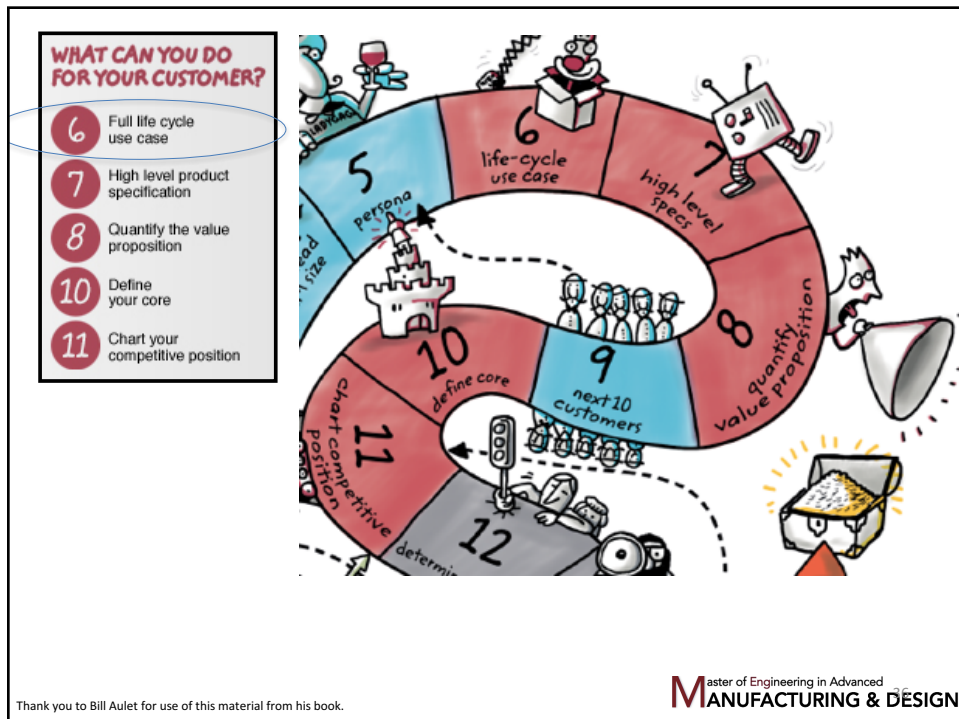
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Which require the most effort?	
Which does the Persona enjoy?	
Which does the Persona not enjoy?	
What makes it a good day for the Persona?	
What makes it a bad day?	
Who is the Persona trying to please the most?	
What is the top priority of the person/people the Persona is trying to please?	
Priorities:	
Priorities (what are your Persona's priorities—focus first on biggest fears, then biggest motivations—and assign a weighting to each so that it adds up to 100)	1. _____ Weighting: _____ 2. _____ Weighting: _____ 3. _____ Weighting: _____ 4. _____ Weighting: _____ 5. _____ Weighting: _____
Now, revisit the General Information worksheet and update as needed, especially for items 3, 4, 6, and 7.	
<p>Note: These worksheets are meant to guide you but not constrain you. The Persona should paint a rich picture and convey important information about your target market, so feel free to customize this worksheet as appropriate.</p>	
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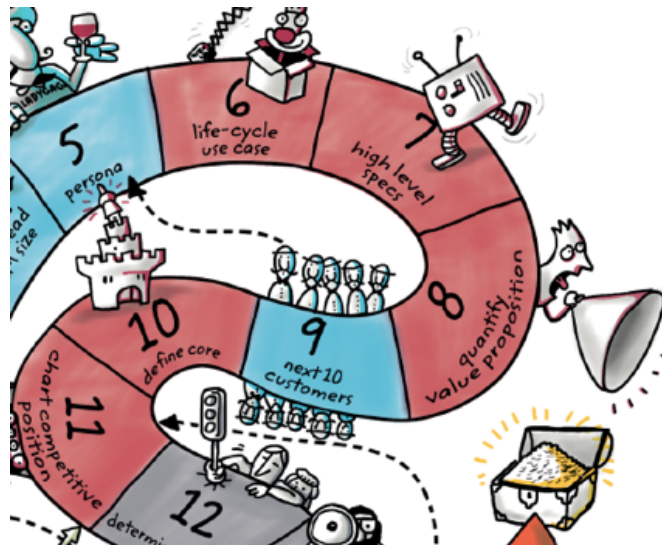
10 Stages of Full Life Cycle Use Case



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WHAT CAN YOU DO FOR YOUR CUSTOMER?

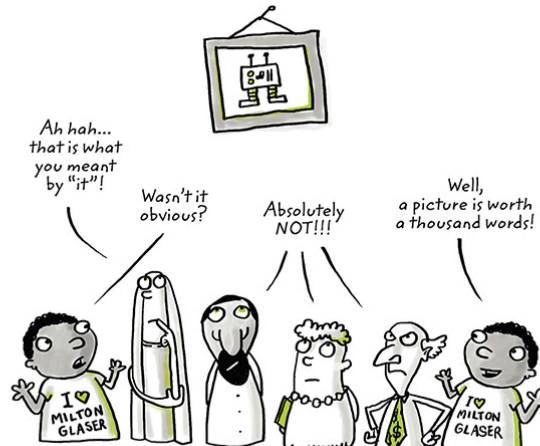
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High Level Product Specification



As you translate your idea into a product spec, you'll find out whether your team is on the same page!

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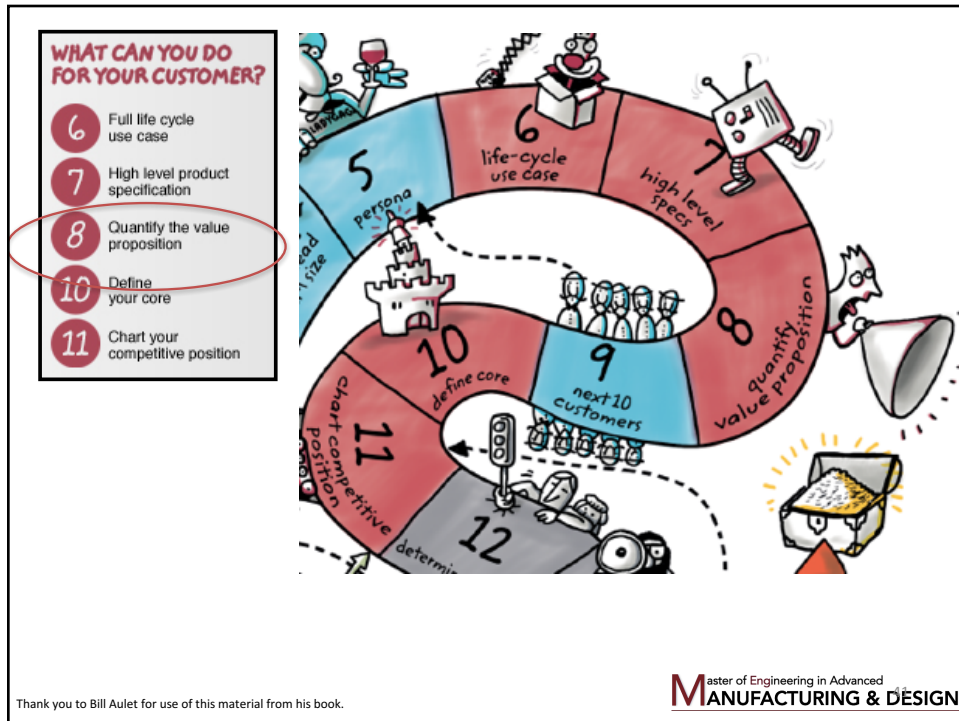
High Level Product Specification

Start by completing the Visual Representation of Product worksheet, keeping in mind the following attributes of an effective High-Level Product Specification:

1. **Visual:** If it is hardware, this is easy and surprisingly clarifying. For software, use a series of simulated screenshots to form a storyboard that shows how someone would use the product.
2. **Focus on benefits:** Focus on the benefits and not the technology or functionality. In particular, focus on the benefits that are related to the Persona's top three priorities, with special focus on the top priority. Benefits are what matter to a savvy customer. Be clear on the value proposition this product has for the end user.
3. **High level:** Don't include too much detail! Just enough to show high-level functionality that will drive the benefits.
4. **Hits the spot:** Make sure the product specification resonates deeply with the Persona and other customers in the target End User Profile group. Conversely, don't be influenced by people outside your Beachhead Market, because they won't help you achieve a dominant market share in your beachhead.
5. **Flexible:** Make sure your product specification builds in the ability to iterate with the Persona about key features, functions, and benefits. Some people make multiple versions and show them side by side to the Persona. Listen to what the Persona says, and always be willing to change what you have done. A wise man once said, "Listening is the willingness to change." Don't ignore your Persona's feedback just because you think the brochure is great.

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Quantify the Value Proposition

Axis to Measure Value Proposition

1. What is the Persona's #1 priority?

2. What units should it be measured in?

Persona's General Verbal Description of the "As Is" State and the Opportunities for Improvement

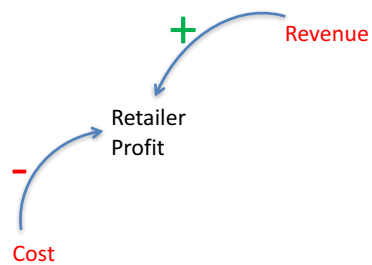
Persona's General Verbal Description of the "Possible" State and the Opportunities for Improvement

A quick exercise for quantifying the Value Proposition

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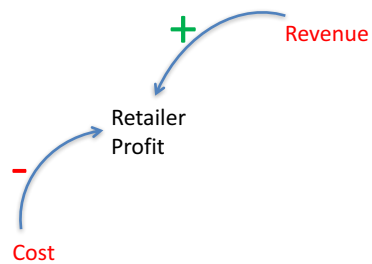
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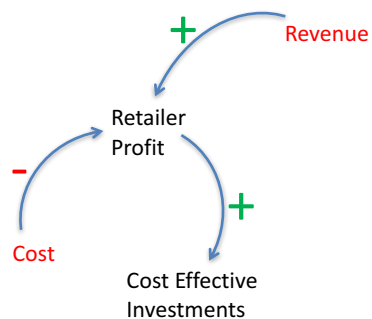
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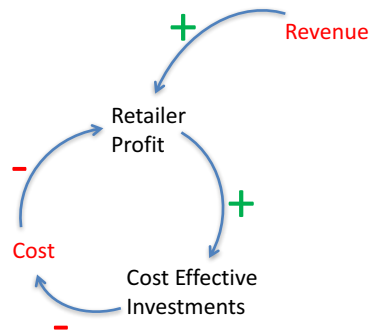
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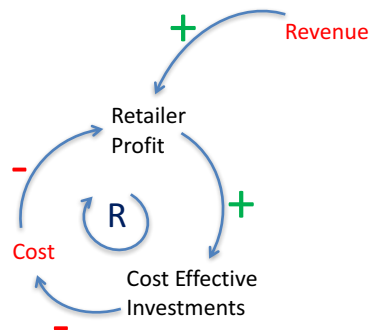
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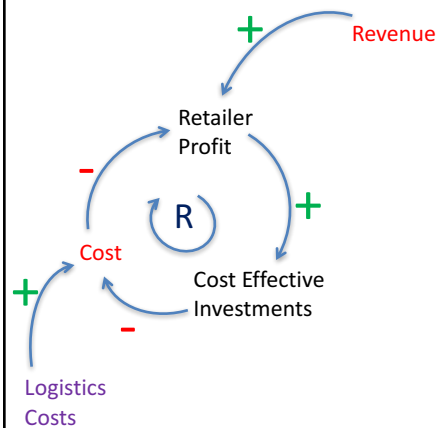
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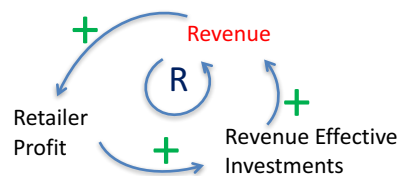
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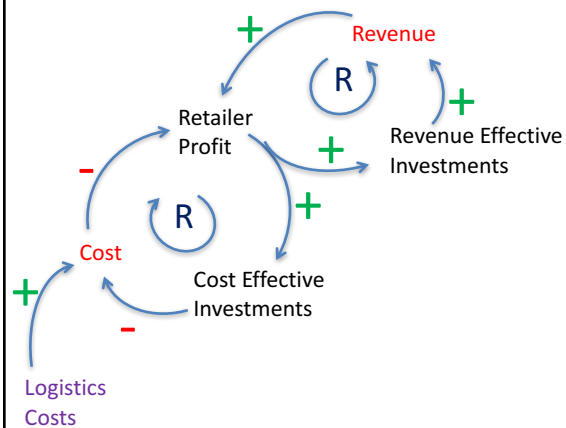
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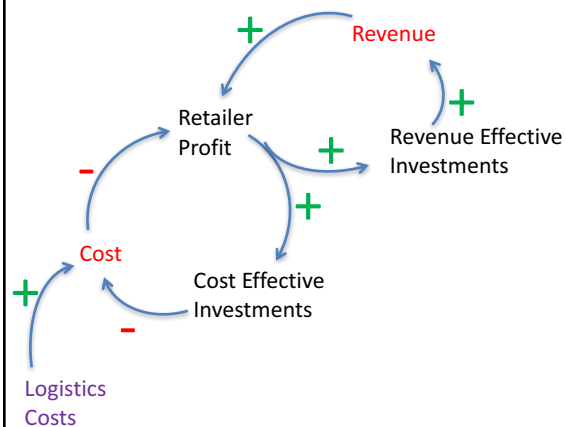
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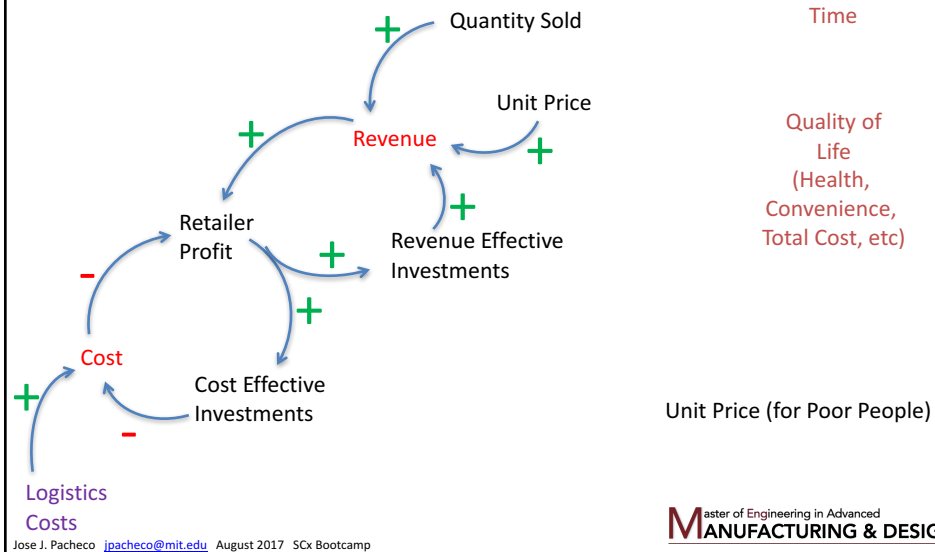
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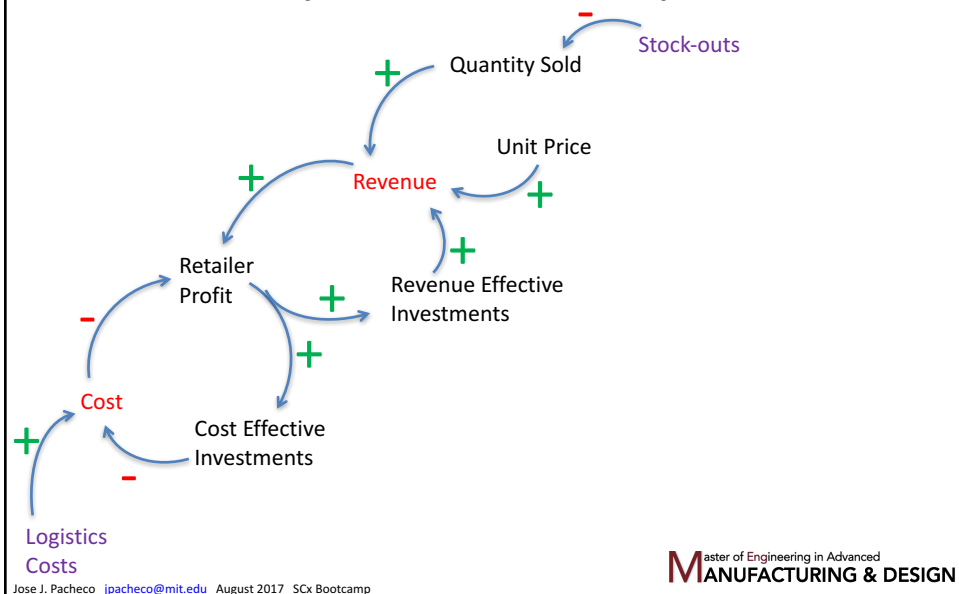
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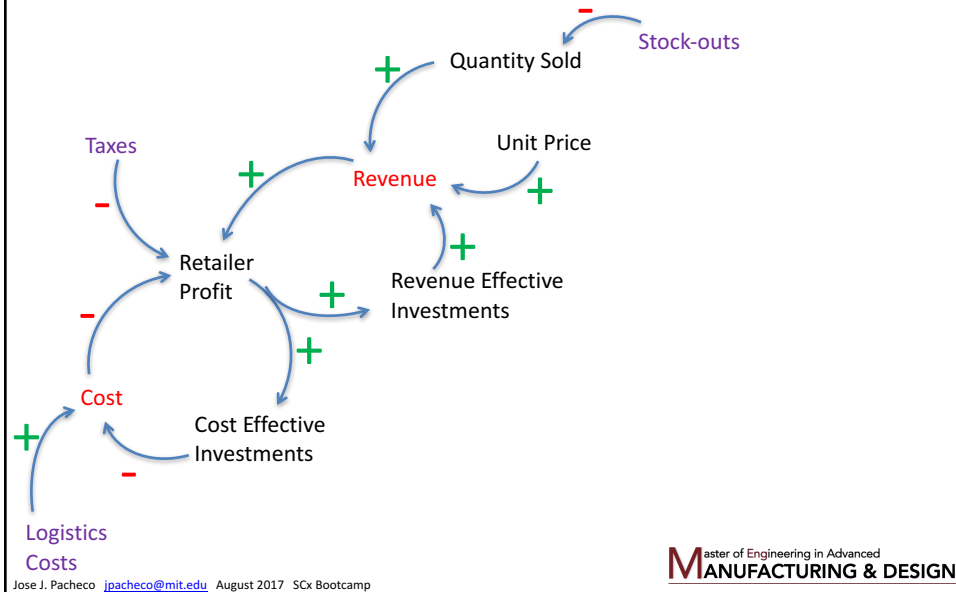
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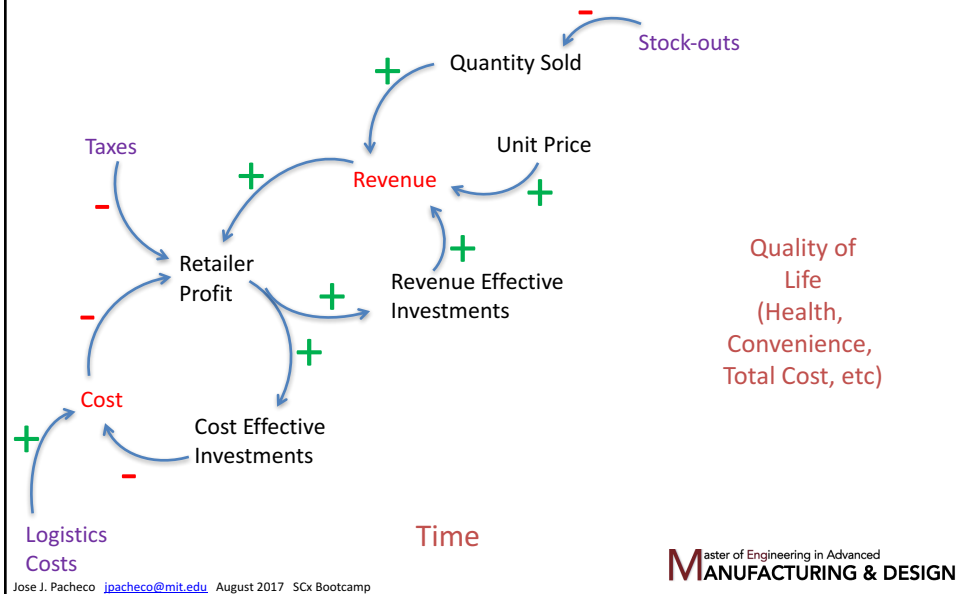
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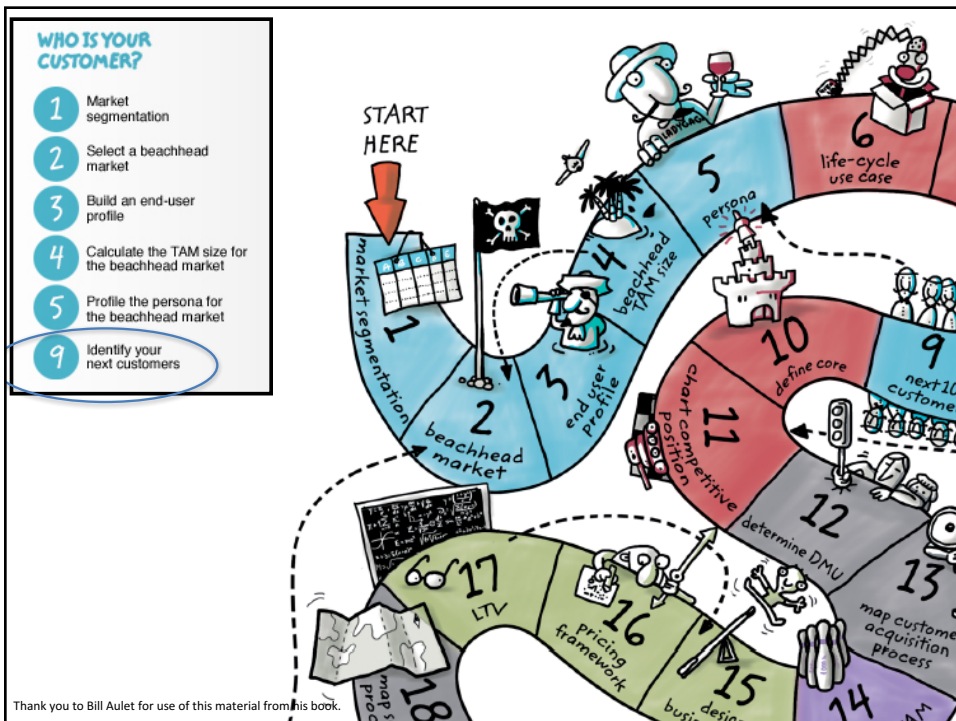
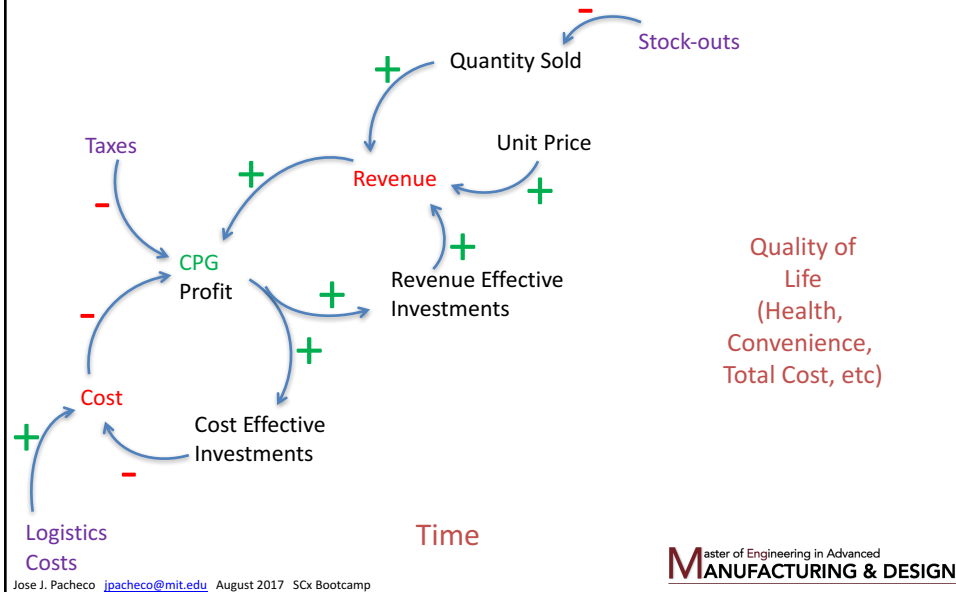
Quantify the Value Proposition



Quantify the Value Proposition



Quantify the Value Proposition



Next 10 Clients

Summary of Next 10 Customers

General Info					Fit					Engagement		
#	Customer Name	Relevant Info	Title	E-mail/Phone	Demo-graphic	Psycho-graphic	Use Case	Value Prop	Overall	Contacted	Level of Interest—Letter of Intent?	Source
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												

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Next 10 Clients

Step	Hypotheses you tested through talking with the Next 10 Customers (you can test more or fewer hypotheses for each category than what are listed here)	What conclusions did you reach about the hypothesis? (Validated/Invalidated/Still Unclear – Needs More Work)	What is your next action related to this hypothesis?
2 – Beachhead Market	1. 2.		
3 – End User Profile	1. 2.		
4 – Beachhead TAM	1. 2.		
5 – Persona	1. 2.		
6 – Full Life Cycle Use Case	1. 2. 3.		
7 – High-Level Product Spec	1. 2.		
8 – Value Prop	1. 2.		
Other Key Assumptions	1. 2. 3.		

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Define your core

Exercise for Step 10: Identify the Core for Each Company

	Company	Value Proposition	Core
1	Walmart	Low cost	
2	Honda	Reliable power products	
3	eBay	Best marketplace to buy and sell	
4	Gillette	Availability with sufficient quality	
5	Oracle	Safe choice	
6	Zappos	Customer service	
7	Apple	Instant productivity	
8	Your Personal Example:		

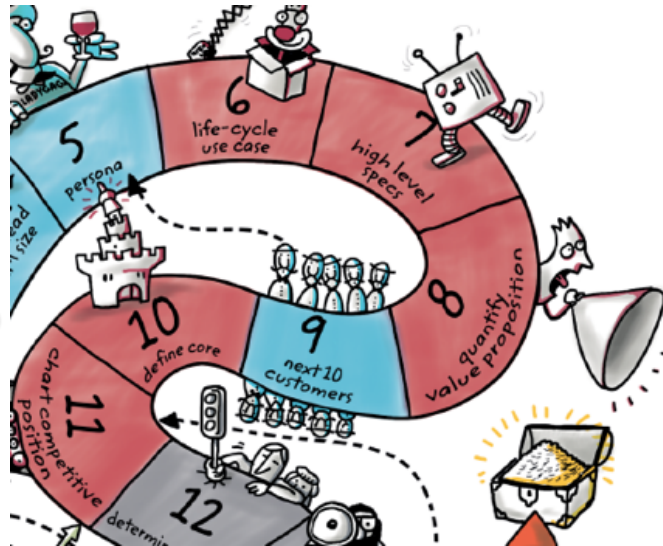
1. Walmart: Vendor management and logistics; worldwide sourcing and a strong purchasing organization that extracts the lowest possible prices from vendors. All of this is supported by a culture celebrating ruthless minimization of expenses.
2. Honda: Motor technology and manufacturing.
3. eBay: Network effects.
4. Gillette: Domination of distribution channels.
5. Oracle: Sales organization—existing long-term relationships, well-defined and refined sales processes, IT systems, training, compensation systems, culture.
6. Zappos: Complete top-down commitment to customer service excellence above all else, embedded into HR, operational processes, systems, measurements, culture, etc.
7. Apple: Tightly integrated products based on industrial design, hardware development, software development, and manufacturing, creating a frictionless user interface

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WHAT CAN YOU DO FOR YOUR CUSTOMER?

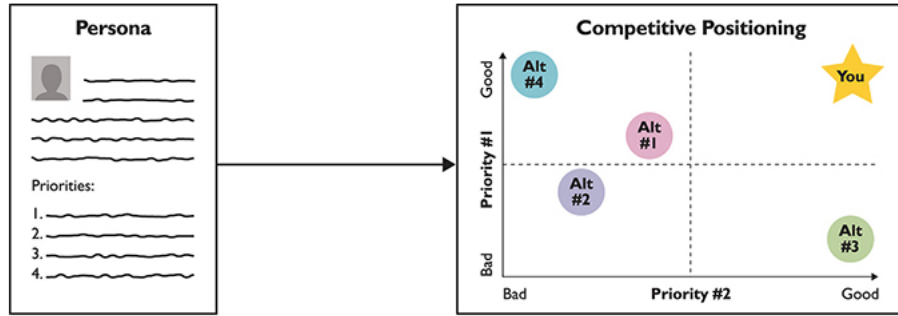
- 6 Full life cycle use case
- 7 High level product specification
- 8 Quantify the value proposition
- 10 Define your core
- 11 Chart your competitive position



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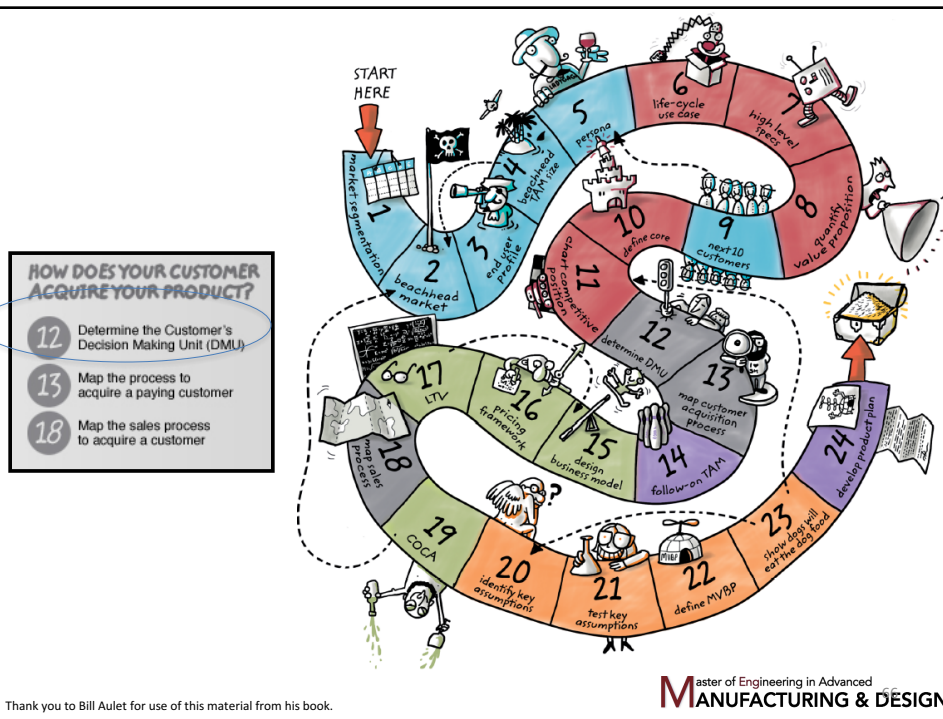
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Competitive Positioning

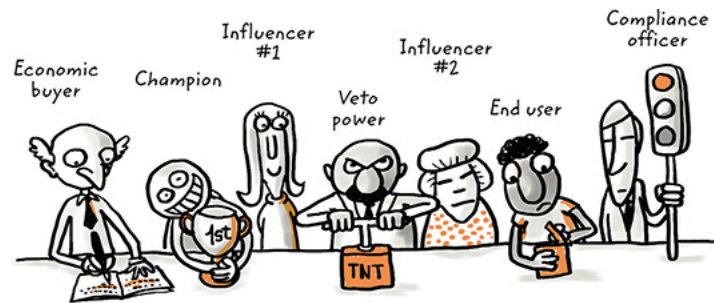


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Decision Making Unit



The Decision-Making Unit

There are various important roles that must be considered in every decision to acquire a new product.

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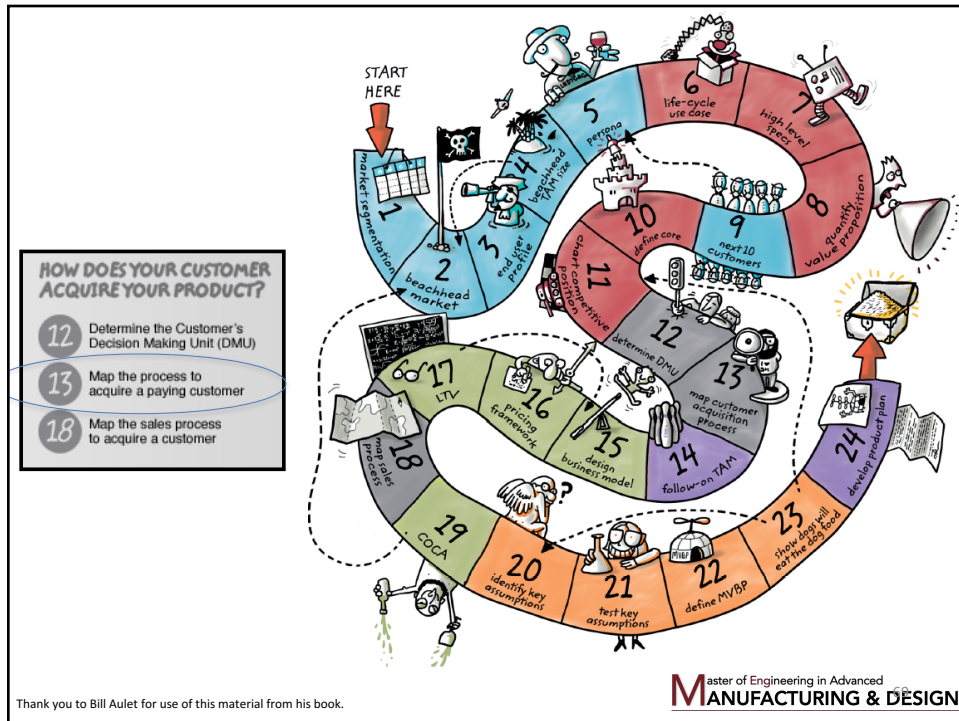
Determine DMU

	End User Persona (Step 5)			Economic Buyer Persona			Champion Persona		
Name									
Title									
Demographic Summary									
Psychographic Summary									
Proxy Products									
Watering Holes									
Day in the Life									
Priorities (Top 4 in Order)	1.			1.			1.		
	2.			2.			2.		
	3.			3.			3.		
	4.			4.			4.		
Key Selling Points to this Person	1.			1.			1.		
	2.			2.			2.		
	3.			3.			3.		
	Primary Influencers	Secondary Influencers	Veto Power	Primary Influencers	Secondary Influencers	Veto Power	Primary Influencers	Secondary Influencers	Veto Power
People									
Organizations									
Info Sources									
Others									

How would you qualitatively summarize the DMU in three sentences or less?

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First Sales Funnel

10 Stages of Full Life Cycle Use Case

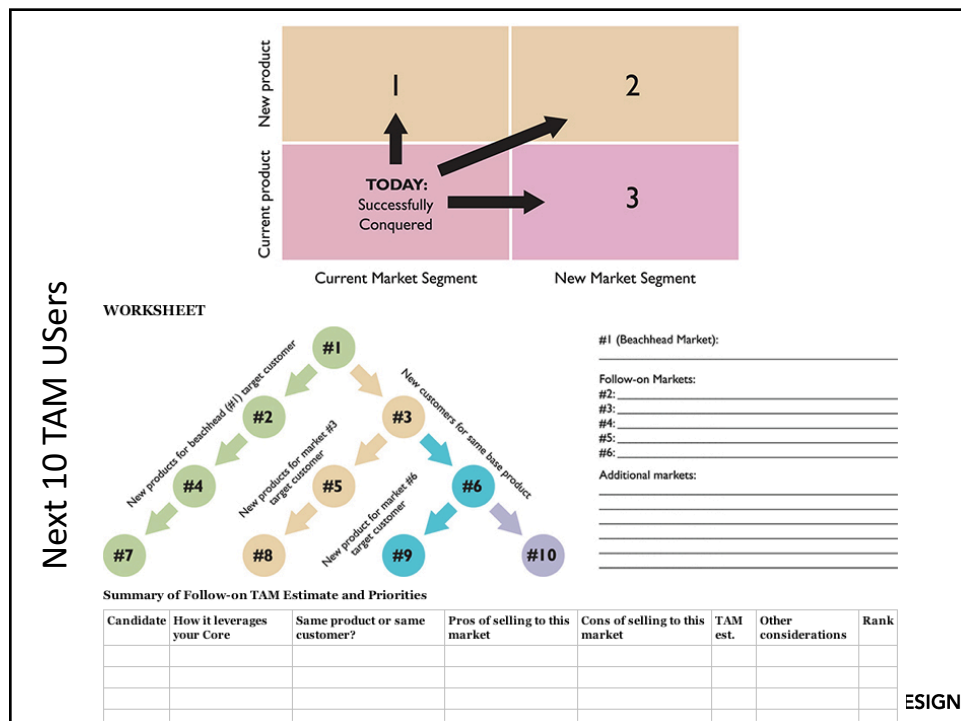
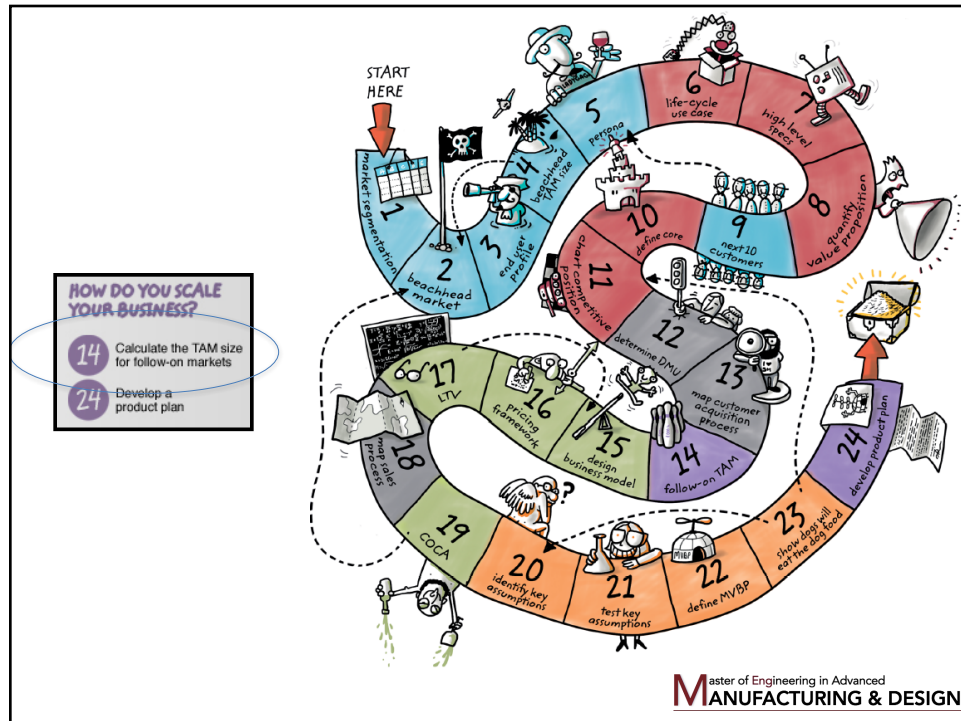


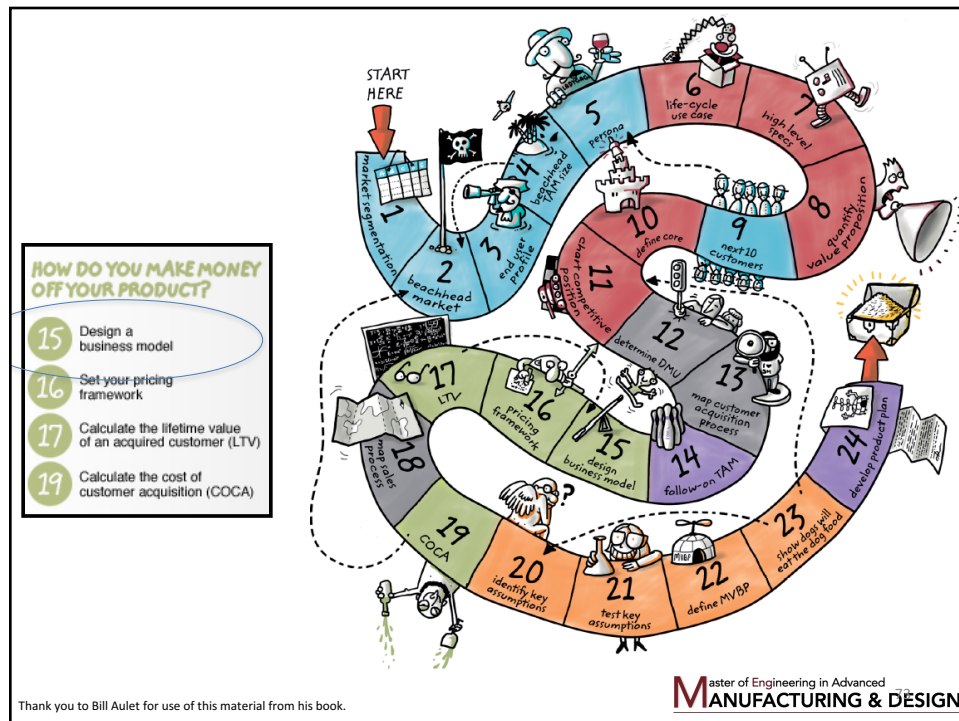
Converting Full Life Cycle Use Case (Step 6) to First Draft Sales Funnel

Full Life Cycle Use Case Stages		#1—Determine Need and Catalyst to Action	#2—Find Out about Options	#3—Analyze Options	#4—Acquire Your Product	#5—Pay	#6—Install	#7—Use and Get Value	#8—Determine Value	#9—Buy More	#10—Tell Others
Sales Funnel Elements	#1—Identification: Lead Generation Output: Leads	#2—Consideration: Create Awareness to Potential Customers Output: Suspects	#3—Engagement: Develop Initial Dialogue Output: Prospects	#4—Purchase: Close Deal and Pay Output: Customers	#5—Loyalty: Customer Support Output: Satisfied Customers	#6—Advocacy: Sell More and Positive Word of Mouth Outputs: Repeat Customers and/or Evangelists					
			#4—Purchase Intent: Develop Interest to Intent Output: Qualified Prospects								

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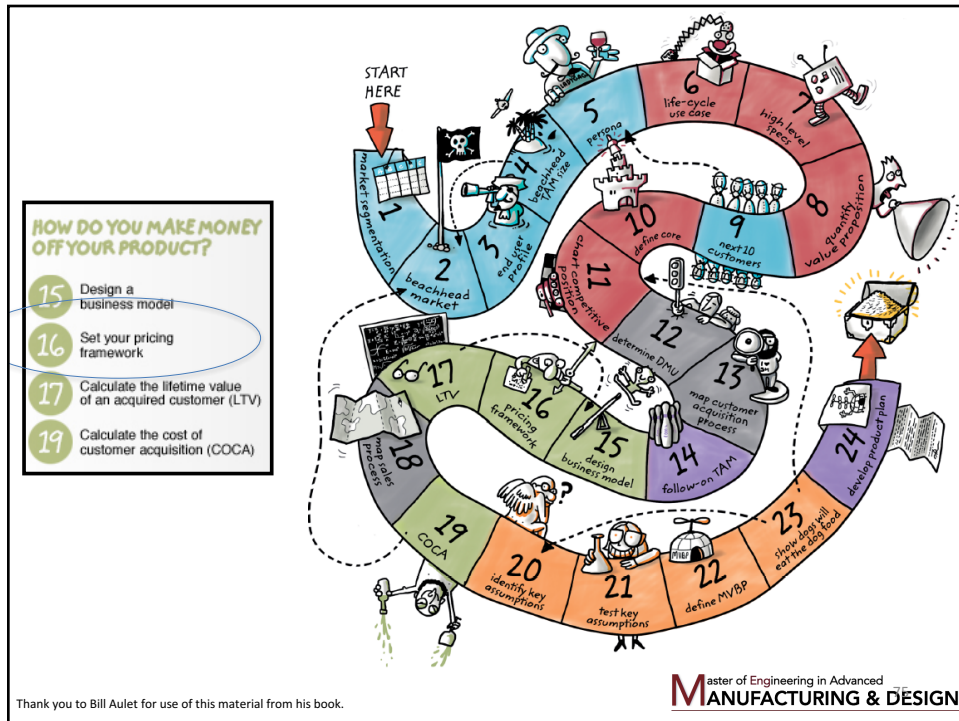
Business Model

Here are some of the most common business models that companies have used:

- **One-time charge plus (potentially) ongoing maintenance agreement:** Most common.
- **Subscription or leasing model:** Now very popular, especially in the software area with software as a service (SaaS). There are numerous variants of this model.
- **Consumables:** The classic razor/razor blade model, where the initial product purchase is inexpensive (the razor), but the consumables needed to continue using the initial product (disposable razor blades) have a high profit margin. Very popular in the medical area.
- **Advertising:** Selling access to your user.
- **Transaction fee:** Earning a commission from a party for a purchase or action the user makes with respect to that party.
- **Reselling data:** Others will pay for access to information about your customers, either as a one-time download or being able to access a database on a recurring basis.
- **Usage-based:** Customer only pays when they use the product/service, but the more they use, the more they pay.
- **Cell-phone plan:** A base plan allows for a predictable monthly (or other time period) cost, and then additional ability to use the product is available at higher marginal rates.
- **Microtransactions:** Hybrid variant of per usage and one-time charge models, where users provide their credit card and then make a number of very small (often \$1 or less) transactions, particularly for digital goods, that add up over time.
- **Upsell high-margin products:** A hybrid variant of consumables and one-time charge where the initial sale is for low profit or even a loss, but money is made when the customer buys optional high-margin add-on products.
- **Cost plus:** Customer pays what it costs to make the product plus some percentage of markup. Very common and not a good idea in the long term. Might make sense at the beginning but suggests that your product is a commodity, which creates a difficult environment in which to gain long-term attractive competitive advantage from. You want a business model focused on value to the customer, not cost of making the product, otherwise your business and your customer will focus on the wrong priorities.
- **Hourly rates:** A consultant or service provider model not based on costs but based on human utilization (variant of usage model). Unattractive because it rewards activity and not results.
- **Penalty fees:** An extreme variant of the cell phone plan where there is a small fee for the base service but there are substantial charges if you go over a set condition (e.g., credit card interest rates, late fees at video stores, parking meters).
- **Franchise:** You create a template for a business that others pay you for the right to implement and use your brand; you also make money by selling certified supplies and other products/services to the franchisees.
- **Shared savings:** Customer pays only after getting benefit from the product, and pays some fraction of the benefit they receive. Conceptually a good model to align customer and vendor interests, but challenging to implement, especially over the long term.

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Pricing Framework

<p>CUSTOMER DMU/PROCESS TO ACQUIRE CUSTOMER</p> <p>Looking at the DMU, what is important? _____</p> <p>Process for acquiring a paying customer? _____</p> <p>What spending limits are there? _____</p> <p>Other considerations/Summary? _____</p> <p>_____</p> <p>_____</p>	<p>NATURE OF CUSTOMER</p> <p>What is the customer segment? Techie (tech) ____ Early adopter (ego) ____</p> <p>Majority (ROI, some risk) ____ Late majority (ROI, low risk) ____</p> <p>Laggard (avoid risk) ____ How do you know? _____</p> <p>Often it is 1% & then how will you ID each type in your customer segment? _____</p> <p>Other considerations? _____</p> <p>_____</p> <p>_____</p>
<p>VALUE CREATION</p> <p>How much value do they get? _____</p> <p>When? _____</p> <p>How risky is it? _____</p> <p>Other considerations/Summary? _____</p> <p>_____</p> <p>_____</p>	<p>COMPETITION</p> <p>Who is the competition and what are their prices? _____</p> <p>Which is the best comparable? _____</p> <p>What does that indicate your price range should be? _____</p> <p>Other considerations/Summary? _____</p> <p>_____</p> <p>_____</p>
<p>STRENGTH OF CORE</p> <p>How strong is your Core today compared to the competition? _____</p> <p>Will it get stronger over time? If so, when? _____</p> <p>Do you believe you will be able to raise prices in the future? If so why? _____</p> <p>Other considerations/Summary? _____</p> <p>_____</p> <p>_____</p>	<p>MATURITY OF YOUR PRODUCT</p> <p>Has your product & value proposition been validated in the eyes of the customer? _____</p> <p>Do they see your company as high risk? _____</p> <p>What kind of flexibility can you do for your first customer to decrease the real risk & perceived risk in the market? _____</p> <p>Operations & other considerations? _____</p> <p>_____</p> <p>_____</p>

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Pricing Framework

- What unit of product are you using for pricing (carried forward from Step 15, Design a Business Model)?

- Based on your analysis, what is the price range that is most appropriate and why?

- In the first year, what do you believe your initial listed price will be, and what will be the effective price to the market and why? (The effective price is the actual price your customer pays after discounts.)

- Sanity Check: What is your expected estimated marginal cost (cost to produce a unit of product, excluding one-time setup costs)? Does your price per unit significantly exceed your estimated marginal cost in the long term?

2. Test to Validate

- In setting your pricing framework, what hypotheses are you assuming to be true?

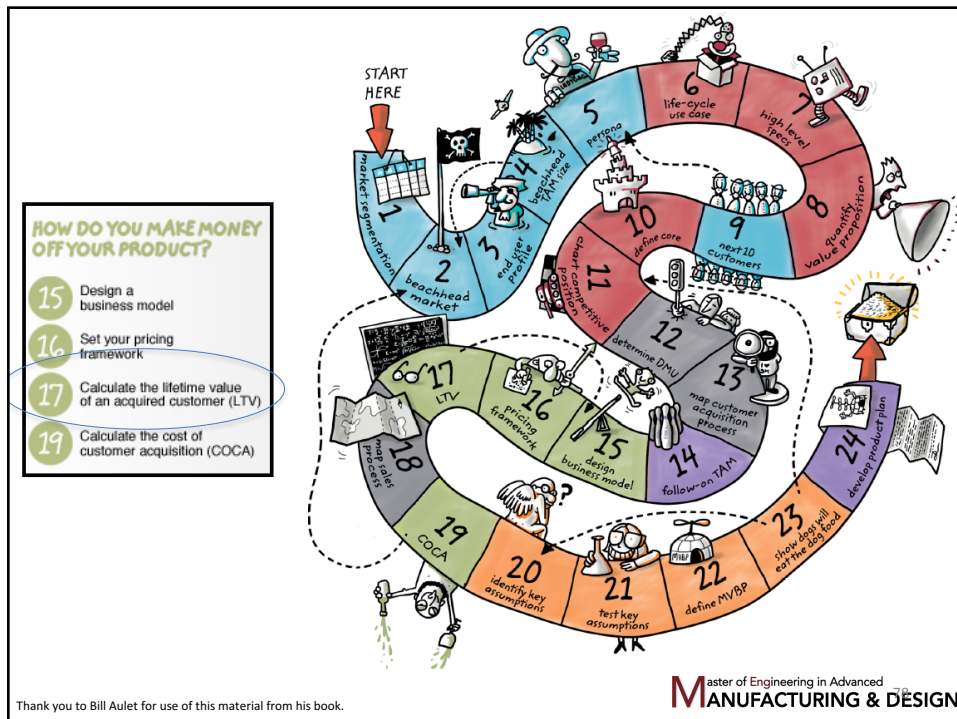
- What experiments will you run to test your hypotheses?

- What information will show that your hypotheses are valid or invalid?

- How long will you give the experiments to run?

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Lifetime Value

WORKSHEET

Inputs to the Worksheet

One-Time Charge(s)

What will your one-time charges be for each customer (e.g., initial purchase price of product)? _____

What is your estimated profit margin on your one-time charges? _____

$$\text{(One-Time Charge - Marginal Production Cost)/One-Time Charge} = \text{ProfitMargin}$$

For example, if your one-time charge is \$100 and the cost to make that one unit of product is \$20, your profit margin is $(100-20)/100 = 80\%$. (General estimate is fine; don't add more precision than is appropriate at this point—it can be misleading.)

What is the life of the product before a customer has to repurchase the product? _____

What percentage of customers will repurchase? _____

What will your recurring revenue streams be? _____

What is your profit margin on your recurring revenue streams? _____

What is your retention rate for your recurring revenue streams? _____

After first year: _____

After second year: _____

After third year: _____

After fourth year: _____

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After fifth year: _____

What other revenue sources will you have? What will your profit margin be, and is there a yearly retention rate applicable to them?

What will your cost of capital be, and why? (If you don't know, assume 50 percent. If you do know, explain below why you think your cost of capital will be different.)

Calculations to Estimate the LTV

Input	t = 0 (Today)	t = 1 (1 year)	t = 2 (2 years)	t = 3 (3 years)	t = 4 (4 years)	t = 5 (5 years)
A. One-time revenue amount						
B. One-time revenue profit margin (%)						
C. One-time revenue profit (row A * B)						
D. Recurring revenue amount						
E. Recurring revenue profit						

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margin (%)						
F. Recurring revenue profit (row D * E)						
G. Other revenue amount						
H. Other revenue profit margin (%)						
I. Other revenue profit (row G * H)						
J. Sum of profit for time period						
K. Default cost of capital factor: Discount factor to NPV (@50%/year and assuming units of time = years) ²	1.0	.67	.44	.30	.20	.13
L. NPV of each item (row J * K)						
M. Sum of all NPVs (sum of all cells in row L)	-----					

Interpretation of Estimation

1. What would you round your LTV estimation to? What range do you feel comfortable with?

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2. Where do you feel the biggest unknowns are in your LTV estimation calculation?

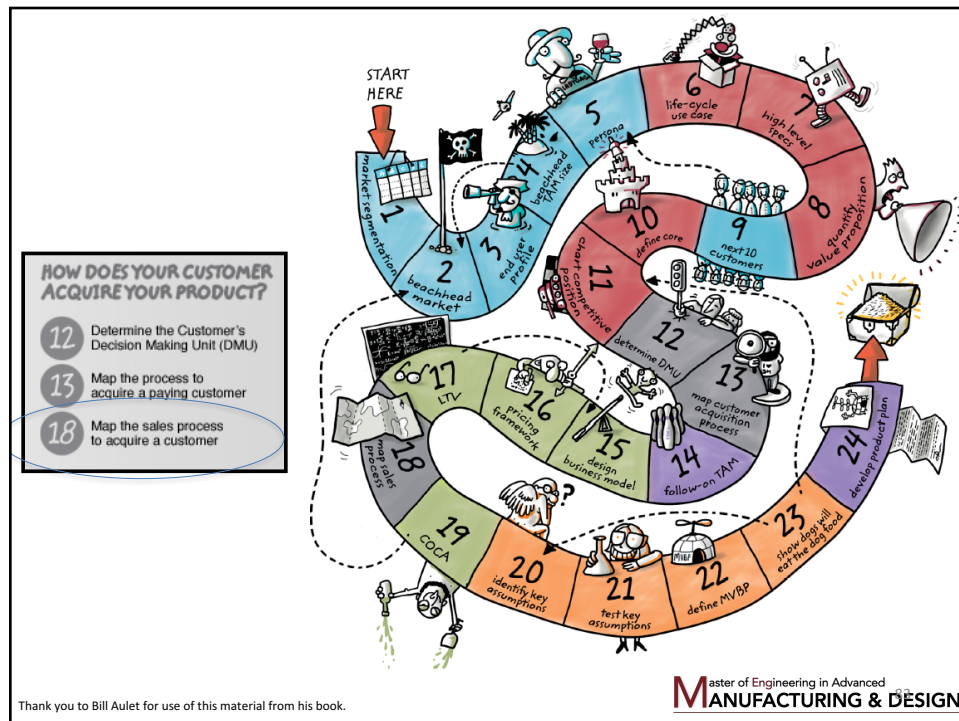
3. Does the number seem reasonable?

4. What are the key drivers of the LTV if you want to increase it?

5. Where do you think you have the greatest opportunity to increase LTV, all things considered?

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Acquiring Customer

Option	Pros	Cons
1. Field Sales: Direct salespeople who are employees of the company. They call on prospects in person at some point in the process. They provide high-touch connection and line of communication to the potential customer. Also known as	<ul style="list-style-type: none"> Excellent for demand generation when creating new markets; may well be the only option for demand generation High-touch approach creates excellent feedback loop High-touch approach also generally creates deep customer loyalty 	<ul style="list-style-type: none"> Very expensive (salary, bonus, expenses) Requires an LTV of \$30K or likely higher Hard to scale up as hiring them is hard and expensive and the success rate is unpredictable Takes a long time to become productive A challenge to manage

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Acquiring Customer

2. Inside Sales: Also known as “telesales” in the past, but today no longer just telephone sales reps. They use e-mail and other electronic communication to create and continue a dialogue with the customer, but do not visit the customer in person.

- Much cheaper than field sales
- Maintain direct connection with prospects, potential customers, and customers
- Able to get nuanced feedback from prospects because a human is in the loop
- High productivity because of lack of travel
- Good systems exist to further increase productivity and track progress of sales funnel and sales reps
- Lower touch, resulting in less customer engagement and less demonstration of the company's commitment to the customer
- Still expensive because the salesperson is interacting one-on-one with customers
- Some products just can't be sold without an in-person demo or meeting with the customer

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Acquiring Customer

3. Internet Sales: This is a general catch-all category for sales done by computers through automatically generated e-mails, big data analysis, social media, preference engines, etc. The key differentiator is that there is no human in the loop.

- Direct interaction with the customer
- Ability above all others to systematically capture even more data on the customer and track their progress—as well as spot patterns and make intelligent recommendations
- Lowest cost by far
- Actually preferred by some prospects
- Low touch
- Can't read some nuances that only humans can
- Some prospects do not react well to it
- Privacy considerations
- Can be hard to build customer loyalty
- Risk for high LTV prospects/customers that others who use the higher touch channels above will steal these valuable customers

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Acquiring Customer

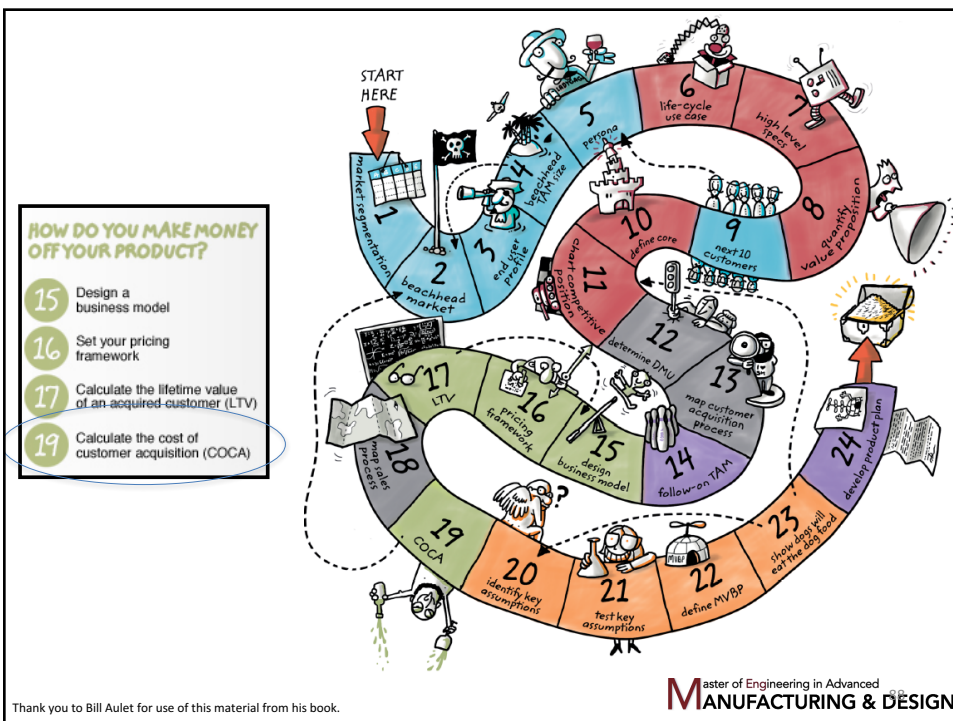
4. Third-Party Resellers:

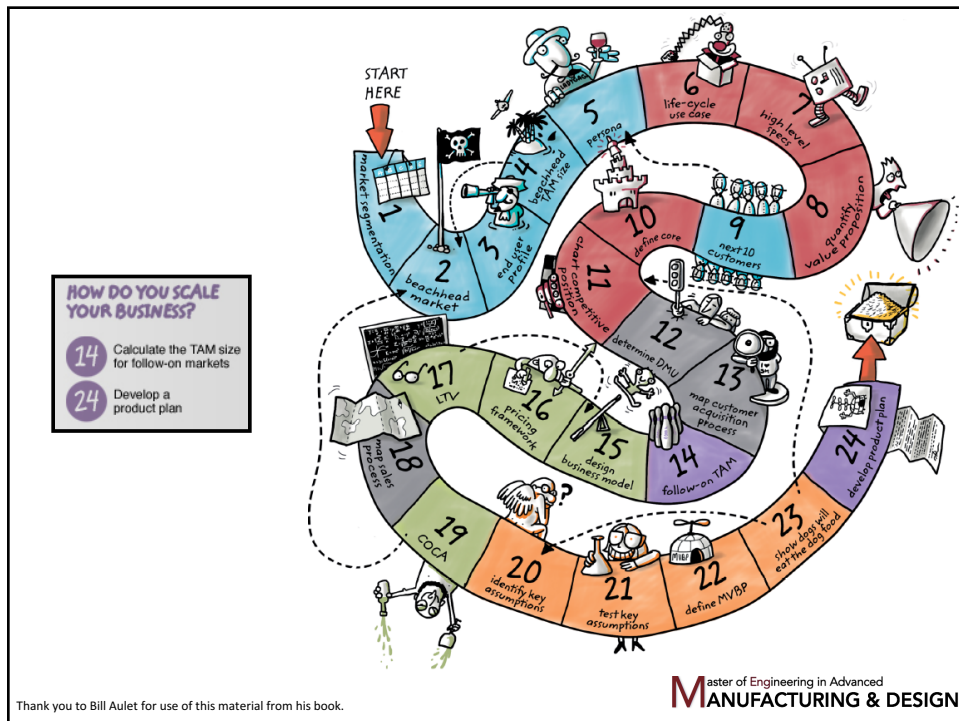
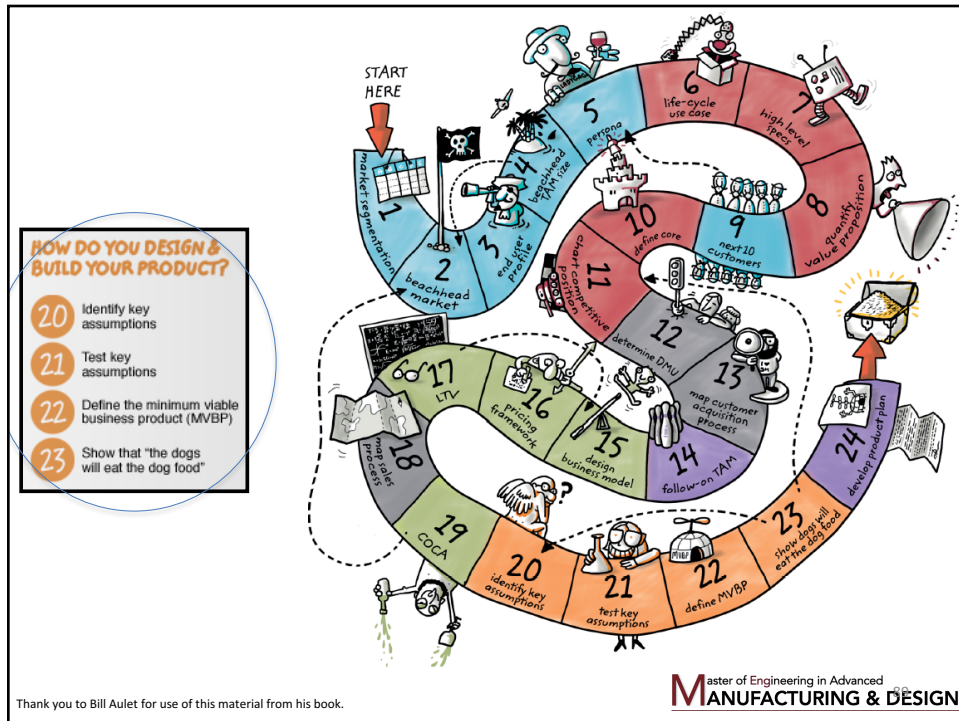
These people sell your product but are not employees of your company. They include Value-Added Resellers (VARs), distributors, stores, catalogues, independent sales agents, etc.

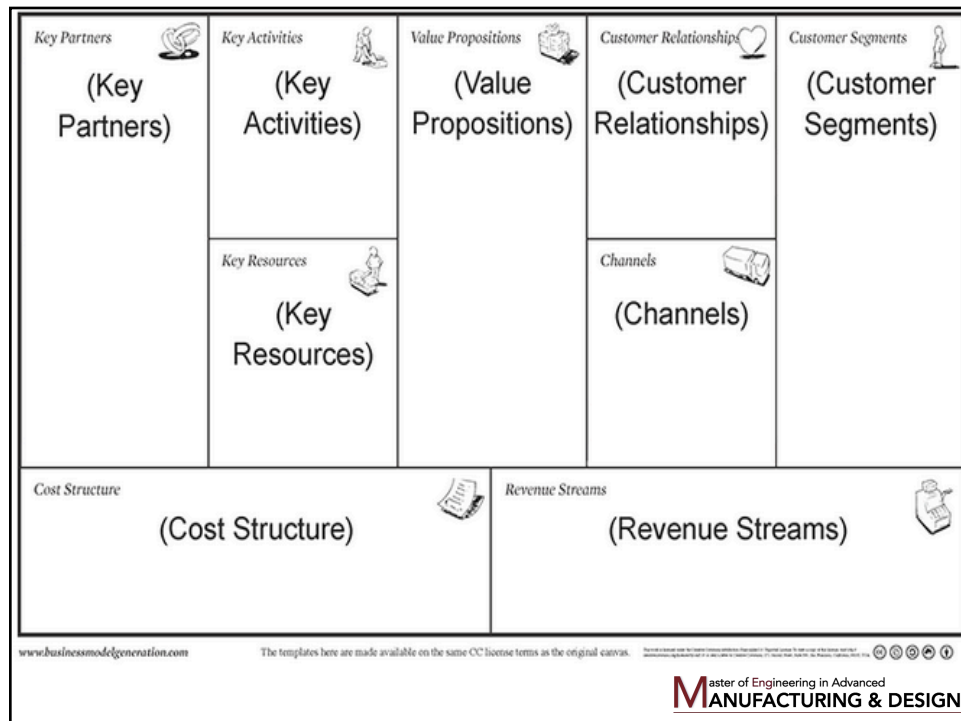
- Instant geographic coverage
- Easy to manage
- Understand cultural context and have preexisting contacts in their databases
- Lower cost than field sales
- Don't have to hire, fire, and manage salespeople
- Good for quick demand fulfillment
- Potential temporary solution
- Potential good solution for a mature product
- They own the customer, not you (very bad!)
- Unlikely to have direct interaction with prospects, hence miss important learning about customer needs
- Poor at demand generation
- Expensive compared to inside sales and Internet sales
- Most likely low loyalty to you and your product (just another product in their portfolio)

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Presentation on Friday

1. The Problem / The Opportunity
2. The solution
3. The Quantifiable Value Proposition
4. Total Addressable Market, (First market)
5. Life Time value of Customer
6. Competitive Advantage
7. Business Model
8. Milestones
9. First test – example implementation
10. Team – relevant skills

- Add:
- Cost of Customer Acquisition,
- Scale-up
- Customer tests
- Financial plan