How will ENTREPRENEURSHIP? Change?

Bill Aulet
Managing Director,
Martin Trust Center
for MIT Entrepreneurship
Context for Talk & Questions to Answer

Increasingly, recent graduates and other young people entering the workforce want to start companies of their own rather than find one to work for.

1. As the economic and technological landscape continues to shift in the wake of the digital revolution, what capabilities must they cultivate?

2. How will entrepreneurial activities change in response to the new business environment?

3. And what can established companies learn from the next wave of entrepreneurial innovation?
Being an entrepreneur is the new “cool” thing.

As a result, demand for entrepreneurship is blowing up!
But is there sufficient understanding of the topic?

Hmmm....
Definition of Entrepreneurship – 2 Types

Entrepreneurship

SME
(Small Medium Enterprise)
Regional Markets
Restaurants
Dry Cleaners
Services

• Δt is short
• Linear growth
• Less investment required

IDE
(Innovation-Driven Entrepreneurship)
Global Markets
Products for Export
Sustainable Competitive Advantage at Core

• Δt is long
• Exponential growth
• A lot of investment required
Other Questions for Entrepreneurship Education

1. Can

2. Why

3. How
Crisis in entrepreneurial education

Demand

Supply of quality

Storytelling

Time
Importance of Spirit

It’s more fun to be a pirate than to join the navy — Steve Jobs

Creative Irreverence
Successful Entrepreneurship

Spirit + Skills
But What is Happening

Crisis in Entrepreneurship Education

“Education by Storytelling”

Gets the Spirit but Not the Skills

Makes it Sound Easy

It is Not! Requires Discipline
How should entrepreneurship be taught?

1. Open (common language & best tools)

2. Systems Approach (integrated & prescriptive)

3. Rigorous but Practical (mens et manus)
How 24 Steps Was Put Together
START HERE

1. Market Segmentation
2. Beachhead Market
3. Keep Key Profile
4. Tidal Wave
5. Persona
6. Life-Cycle Use Case
7. High Level Spec
8. Quantify Value Proposition
9. Next 10 Customers
10. Define Core
11. Plan Competitive
12. Determine GMV
13. Map Customer Acquisition Process
14. Follow-on TAM
15. Design Business Model
16. Pricing Framework
17. LTV
18. Map Sales Process
19. Go/No Go
20. Identify Key Assumptions
21. Test Key Assumptions
22. Define MVP
23. Slow Dance Until EAT the Dogfood
24. Develop Product Plan
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
6. Identify your next customers
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 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)
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"

MARTIN TRUST CENTER FOR MIT ENTREPRENEURSHIP
HOW DO YOU SCALE YOUR BUSINESS?

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

Comprehensive yet Practical

Integrated

Proven & Tested – To Stand the Test of Time

Sequential/Prescriptive

Creates Common Language for Knowledge Transfer and Accumulation
What is the singular necessary and sufficient condition to have a company?
What Should We Be?

Market-Driven

Target Customer-Driven

Customer-Driven
THE JOURNEY FOR THE
HOLY GRAIL OF
SPECIFICITY

1. Brainstorm Potential Markets
   Deeper analysis of finite number of most promising market segments

2. Choose one of the market segments as First Order Beachhead
   Beachhead Market is chosen

3. Analysis on Potential, Technical, Business & Personal Fit
   First Order Beachhead Market is further segmented upon closer analysis

4. With clear definition of refined beachhead market and target customer, now do a Total Addressable Market (TAM) calculation

5. A Target Customer Profile is developed further, sharpening the focus; likely to be a further subsegment of market

Now we get very specific by finding and deeply understanding one real representative customer in our Target Market. This specificity will be our reference point for product development & marketing going forward.
Spiraling Innovation

The ultimate best product solution for your new venture is arrived at after many interactions with customers and your team.

A marketing brochure is an effective straw man to get this process started in a very tangible way.
Linkage of Various Steps Is Critical and Underlies the Integration

Quantified Value Proposition

As Is State
------------------------------------ X
Possible State
------------------------------------ Y
Value Prop = Δ of X & Y
Measured in dimension of Priority #1

Persona
----------
----------
----------
Priorities:
1. Aaaaa
2. Bbbbb
3. Ccccc
4. Ddddd

Competitive Positioning

Priorities
1. Alt #1
2. Alt #2
3. Alt #3
4. Alt #4

Core” Supports
Competitive Position

Resource Plan
Supports Building Core
Product Development Must be a Rapid & Continuous Process

© Ash Maurya, “Running Lean”, www.ashmaurya.com
Search for Truth?
“I'm actually as proud of the things we haven't done as the things I have done.”

—Steve Jobs
Examples of Disciplined Entrepreneurship
Context for Talk & Questions to Answer

Increasingly, recent graduates and other young people entering the workforce want to start companies of their own rather than find one to work for.

1. As the economic and technological landscape continues to shift in the wake of the digital revolution, what capabilities must they cultivate?

2. How will entrepreneurial activities change in response to the new business environment?

3. And what can established companies learn from the next wave of entrepreneurial innovation?
More info

The book
www.disciplinedentrepreneurship.com

Progress Dashboard
www.detoolbox.com
Free Online course

Entrepreneurship 101: Who is your customer?

You have an idea for a product, but do you know who will want to buy it?

1 Week Intensive Course at MIT

By application welcomes you to apply

Last week of January at MIT
Successful Entrepreneurship

= 

Spirit of a pirate + Skills of a Navy Seal