

LEAN CANVAS



WHAT IS A LEAN CANVAS?

“I’ve just had the BEST idea!...” is a great starting point, but an idea is not a business. It has amazing potential to be, but how do you know your thought has value?

It’s useful to unpack your ideas and look at them from different perspectives. At the end you’ll be clear if it’s worth pursuing as a business, and you’ll have a comprehensive lean canvas business model to start with!

Let’s start by saying, “you don’t have to nail this straight away!” Where would all the fun be in that?

To start a business is to be challenged and to grow. Gaining skills that will serve you well as you start this exciting new venture.

So, as with all great ideas, we start somewhere and take it from there. You’ll probably find some parts of your initial thinking will be perfect from the start, others you’ll revisit often and refine.

The Lean Canvas is brainstorming around your idea and seeing whether it’s got legs to become an actual business.



COURSE CONTENT


Using this document.....	05
Lean Canvas	06
Customers.....	08
Who are your customers?.....	09
Users vs customers: Spotify.....	11
Problem.....	12
What problem do you solve?.....	14
Value proposition.....	16
Unique value proposition?	17
Solution.....	20
Channels	22
How will you reach your customers?	23
Revenue	24
Costs.....	26
Metrics	28
Metrics – what are your goals?.....	29
Unfair advantage	30



USING THIS DOCUMENT

Grab your favourite beverage, find somewhere comfy, and work through this document at your own pace. You can either print this PDF and go analogue with a writing implement (pen on paper feels pretty good right!) or you can fill it out digitally.

This is an interactive PDF. Links etc. are all hyperlinked. Sections in pale blue rectangles are user-selectable and fillable with text. We're sure you've done that a million times before.

We've used the  symbol to mark sections that are to be completed by you. If you get stuck with anything, or just want some feedback, give us a hola info@smartri.com.au

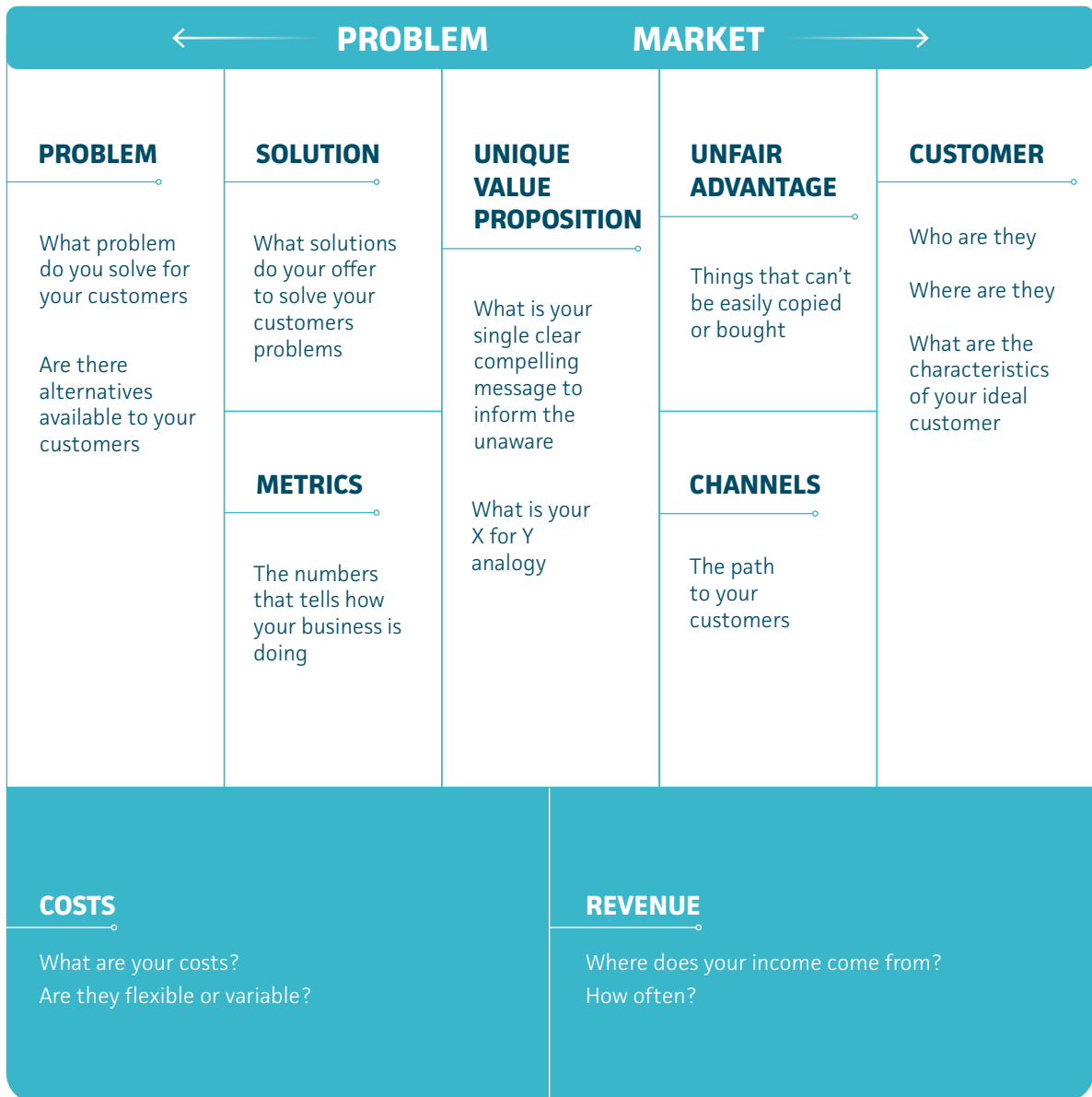
ABOUT UNE SRI

The University of New England SMART Region Incubator (UNE SRI) is a connected community of founders and innovators who share a deep commitment to seeing new and existing enterprises flourish in the New England North West region of NSW.

As a university-led business incubator, we support innovation across the New England North West by connecting founders, researchers, school and university students, mentors, experts, investors, government and business partners. Through collaboration we help deliver new products and services to market. The UNE SRI works across the region and has physical locations in Moree, Tamworth and Armidale. We are focussed on benefits to our community, value diversity of ideas, and are open and inclusive. Anyone can get involved. Whilst our strengths lie in agriculture, health, environment and creative industries, we also embrace the education, finance, legal, and manufacturing sectors.

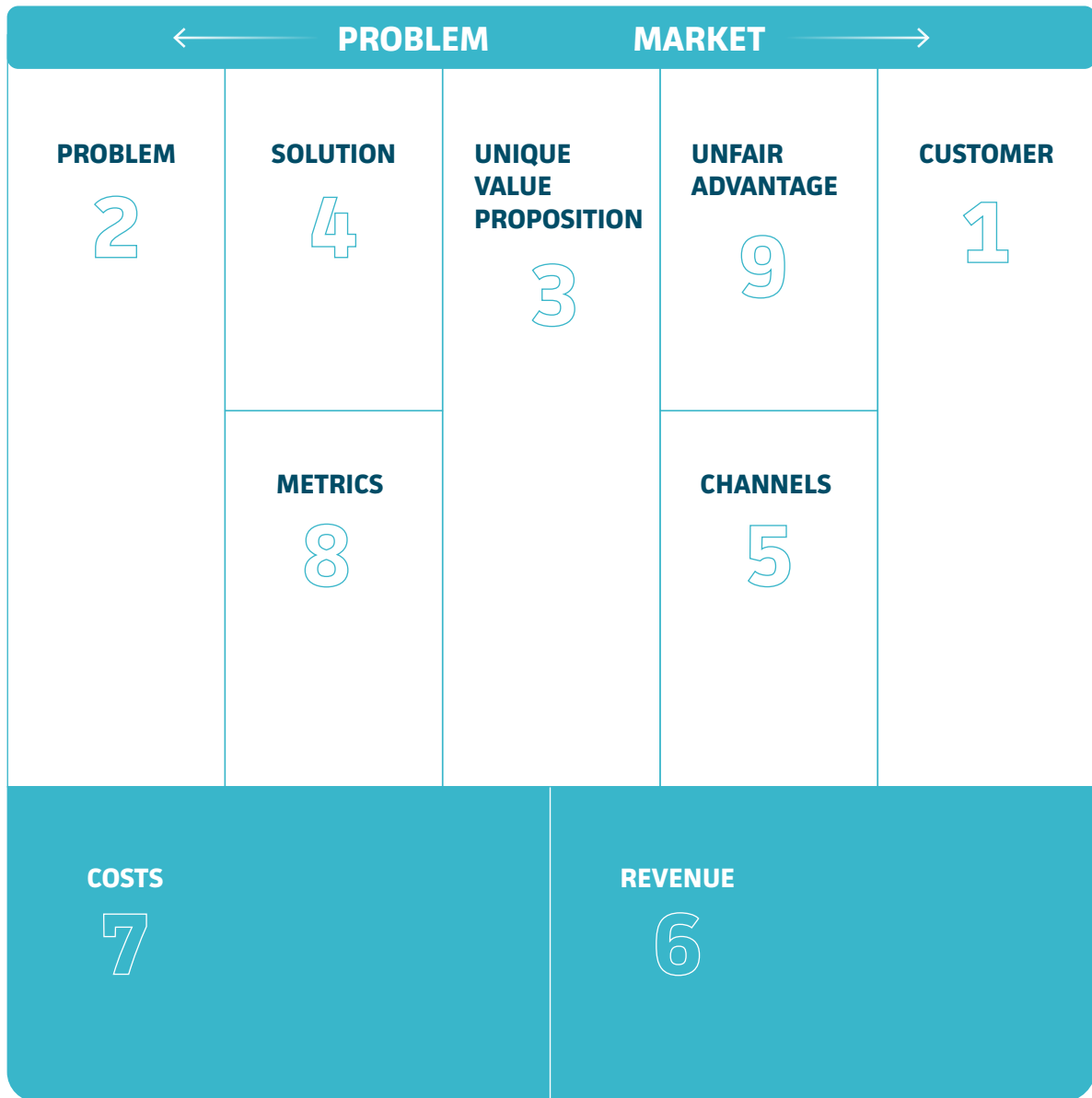
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The Lean Canvas allows you to capture all of the aspects of your business model in a focused one-page document. It's a fast flexible way to communicate your business model, and a perfect way to explore the essential aspects of taking your awesome thought through a potential startup/business plan.



Lean Canvas is adapted from **The Business Model** Canvas and is licensed under the Creative Commons Attribution-Share Alike 3.0 Un-ported License.

The suggested order of business is shown here, and we'll unpack each aspect through this ideation process so you can build as you go.



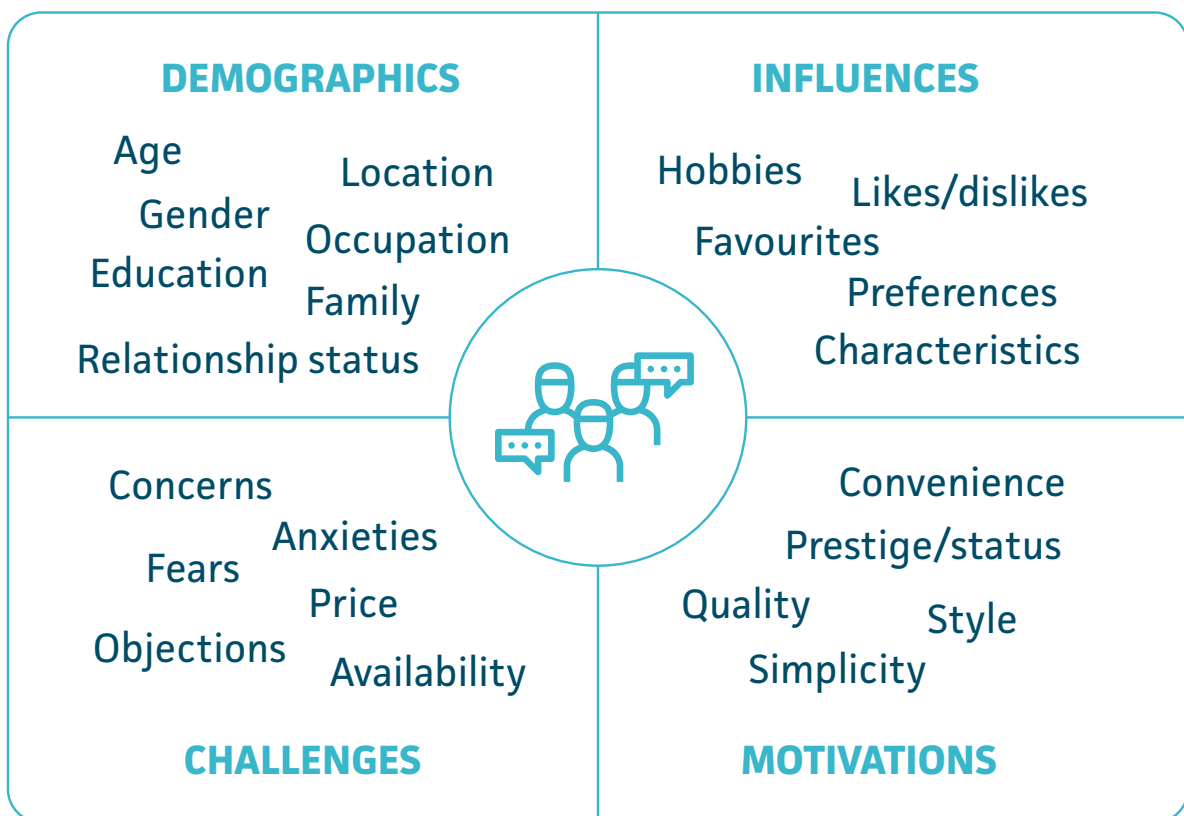
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CUSTOMERS

To create a successful business you need people willing to buy your product or service. This makes identifying potential customers an essential step.

Building a customer profile is useful to segment and target the people most likely to adopt your idea first (early adopters) or end up as paying customers. The situation, characteristics, and behaviours of your ideal customer will assist you in exploring what it is about your idea that most engages your audience – and will help you sell to them more effectively.

It helps to be specific now, but don't worry if this evolves later.



WHO ARE YOUR CUSTOMERS?

Start by giving your ideal customer a name (it can be anything!) Feel free to add or change any of the questions here to build your customer profile. The aim is to be as specific as possible around who best fits your idea and why it would be important to them, given their (very specific) circumstances.



DEMOGRAPHICS that may be relevant to your idea:

- Are they male or female?
- What is their age?
- Where do they live?
- What do they do for work?
- What level of education do they have?
- Are they in a relationship?
- Do they have a family?

Now, narrow the focus...

What INFLUENCES are relevant to your idea:

- What do they like or dislike?
- What hobbies or interests do they have?
- What are their favourite things?
- What do they prefer?
- What characteristics make them an ideal customer?

What CHALLENGES do they have:

- What concerns them most?
- What would stop them returning to your business/idea?
- Do they object to anything?
- What do they fear?
- What makes them anxious?
- Can they get what they need?
- What would they spend?

What MOTIVATES your ideal customer:

- Do they want simple or complex?
- Are they interested in looks?
- What would bring them back to your business/idea?
- Do they want quality/quantity/rarity?
- What makes them feel good?
- These people are your early adopters.



DEMOGRAPHICS

INFLUENCES

CHALLENGES

MOTIVATIONS

USERS VS CUSTOMERS: SPOTIFY

Another useful concept is to identify **Customers vs Users**; those who will pay for your idea versus those who may just find it useful. Particularly if you have multiple facets to your product or service. Facebook for example, has users (you and I with our profiles) and customers (businesses who advertise). Users might often be customers-in-waiting.



Spotify is a fascinating case study of a business that has both users and customers and, through astute observation of their user's behaviour, have been very successful at converting free users to paying customers.

A whopping 25% of Spotify's 60 Million active users are paying customers

Spotify have had constant growth since it started



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PROBLEM

What problem do you solve for your customers? This is the WIIFME! (What's In It For Me!?) principle, if you solve problems for people they're more likely to part with their hard earned cash if they can see there's a benefit to be had. We'll talk about solutions later, first though we've got to identify those problems!

Thinking about your ideal customer and their motivations and fears, ask some (or all!) of the following, in order to list **three problems your customer is currently experiencing**.



1. _____
2. _____
3. _____

What does your customer find:

- too expensive
- too difficult
- takes too long

What makes your customer:

- frustrated or angry
- avoid something
- worry about something

What does your customer fear:

- loss of income
- loss of productivity
- loss of social status
- loss of communication
- loss of trust



Does your customer make mistakes, and what are they?

What would make your customer happy?

- saving money
- saving time
- better quality
- longer lasting
- better performing

What would make your customer's life easier?

- easier to use or more intuitive
- outsourcing
- better features

The 5W's

Now that you've defined three existing problems, unpack them by asking the 5W's for each: Who What When Where How... does the problem occur?

Alternatives

Are there any existing alternatives that solve, resolve, or avoid the three problems you've identified? It's useful to do a web search for existing alternatives to the problems you've identified, so you can verify if they're the right problems to concentrate on solving. If they're not or is there an existing alternative, do you need to refocus the problem?



WHAT PROBLEM DO YOU SOLVE?

Problem 1: Who, What, When, Where, Why, How:

Problem 2: Who, What, When, Where, Why, How:

Problem 3: Who, What, When, Where, Why, How:

VALUE PROPOSITION

What makes your idea unique? What is the single, clear, compelling message you could tell someone to inform them about your new Start-up?

An 'Elevator Pitch' is a short (less than 60 second) statement that outlines your customer, problem, solution, how it works and why you're special.



THE NETWORKER



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Fill in the blanks here to structure your very own elevator pitch, and answer that all important question, "What do you do?":

I do **[product or service description]**, for **[ideal customer]** who needs **[biggest problem]**. It has **[one important benefit]**, unlike **[your competitors]**, ours is **[point of difference]**.



UNIQUE VALUE PROPOSITION?

Describe your product or service:

Who is your ideal customer?

What is your customer's biggest problem?

What are the benefits of your product or service?

What do your competitors do?

How are you different from your competitors?

UNIQUE VALUE PROPOSITION?

Put your responses together in the following statement:

I do **[product or service description]**, for **[ideal customer]** who needs **[biggest problem]**. It has **[one important benefit]**, unlike **[your competitors]**, ours is **[point of difference]**.



I do

for

who needs

It has

unlike

Our is

SOLUTION

Now that you've identified the problems your customer faces, and told the people in the elevator all about what you do, HOW are you going to do it?

Again, it helps to be specific about the solutions your idea/product/service/other solves for your ideal customer.

For each problem you defined, now write a solution underneath it:



Problem 1: How will you solve this problem?



Problem 2: How will you solve this problem?

Problem 3: How will you solve this problem?

CHANNELS

Having a clear pathway to your customers from Day 1 is something many startups miss. They're so focused on the idea for their product or service, that the obvious can often be overlooked – that you need people to sell to, and most importantly – a reliable way to reach them!

Having defined channels also helps with the other steps of this lean startup methodology, you can use them to validate if you've actually got a problem worth solving, or if your solution is different enough from existing alternatives to gain traction. Testing your channels is also important.



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Consider (and write down) the best pathways, and there will most likely be more than one, to reaching your ideal customer. They may change over time as you test out new or different options, but initially you might consider combinations like:

- Website
- Social Media
- Tradeshows or Conventions
- Community Events
- Shopfront or Office (or mobile/on-site service!)
- Newspaper/Radio/TV advertising
- Affiliates or Referrals

Once you've got channels decided, it's good to then think briefly about what you're going to need – do you know how to build a website? Can you design an ad? Have you got images/video/text to work with? Remember the medium is the message, and each can have quite different needs to consider.



HOW WILL YOU REACH YOUR CUSTOMERS?

Channels

What will you need to make these channels happen?

REVENUE

How does your business intend to make money? It's a question that will depend on the thing you're asking customers to pay for. Is it a physical product or a service you're doing for them?

Direct vs Indirect

Another metric to define around your pricing structure is whether it is direct or indirect,

- Direct – price per customer/service
- Indirect – subscriptions, usage, commission, licensing, fees, partnerships

Direct revenue is something you're probably familiar with, charging a price per customer for your product, service or time. Is there any part of your offering that could gather indirect revenue?

Automation

Defining a revenue stream to include in your lean canvas then means thinking about HOW you'll get that revenue from your ideal customers. Is there anywhere a level of automation can be introduced to reduce the barriers to receiving money into your business?

Example – ordering a pizza

It used to be that you dialled a 13 number, and someone helpful on the end of the line took your order and entered it and your preferences for double mushrooms and no olives into their system. It took a few minutes, and just sometimes communication broke down and you got the lucky dip option.

Fast forward to now, and you're hard pressed finding even the local Ma & Pa pizzeria that doesn't offer online ordering. Those few minutes and potential miscommunications have been removed from the equation by customers entering their order directly into 'the system'. This has led to some necessary changes in store around how orders are handled and cooked, but the ordering experience has been greatly improved from a business perspective.

That level of automation has spilled over too, you can see what production stage your pizza is up to, and even greet the delivery guy or gal at the door as you track them via GPS.



REVENUE

How will your business make money?

COSTS

What do you need to get your idea off the ground?

What will you need to keep running and keep those doors open?

Is it a product that needs a space or facilities to make, or a service that needs a car for travel? Do you need tools and equipment or software development? The costs of your business will be as unique as the business itself, though there are some common themes too.

Fixed vs Variable

Fixed costs are those that don't change as your business output moves up and down. The costs you can count on to be the same month in and month out each year regardless of how much business is happening. Rent is a good example, you know how much it will be regardless of whether it's been a busy or slow month.

Variable costs are those that change as your business output changes. For example, the cost of raw materials if you're producing something will go up as you produce more things, same too with wages if you have a peak period. This isn't to say they aren't predictable, just that they may fluctuate in line with business activity.

Draw up a quick list of your fixed and variable costs. If you know or can estimate amounts, that's great, but it's more important at this early stage to identify just what those costs will be first!



COSTS

What costs are associated with your business?

METRICS

If someone asks, what numbers will you use to measure how your business is going? Actions, time, users, customers, sales, interactions... may all help you to set meaningful goals for your startup. Goals will be different for every business, because each is unique.

SMART is an acronym for a useful method of goal setting.



Thinking in terms of your startup, have a go at drawing out your goals:

Specific – this is about focus, your goals should be clear and tangible. Answer the 5 W's (Who, What, When, Where, Why), and How.

Measurable – this is about tracking progress. How much, How many, How long.

Achievable – this is about realism. Are those goals close enough to reach? If your goals are too big, chunk them down into smaller portions.

Relevant – this is about what really matters. Are your goals important right now? Are the goals necessary? Do these goals match your overall objective?

Time Based – when can you meet these goals? How long will it take to reach your goals?



METRICS – WHAT ARE YOUR GOALS?

How will you measure success in your business?

Specific:

Measurable:

Achievable:

Relevant:

Time based:

UNFAIR ADVANTAGE

How's Business?

What can you do that no one else can?

What about your business? What does your business have that can't be easily copied or bought somewhere else.

Hint: you already have one killer advantage (probably two!) You're agile. You can pivot in inches rather than the miles it takes an already established business to do. The second is you're working with a clean slate. Your business can 'be' anything it needs to be. But these aren't related to your idea – what about your idea has a killer edge?



Stop Climbing, Start Swimming

I can ___**[insert unfair advantage]**___
___ better than anyone else!



UNFAIR ADVANTAGE

Brainstorm: What is it about your business that cannot be easily copied or bought?

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