

Entrepreneurship 101



What Is Entrepreneurship?

“A human institution designed to deliver a new product or service under conditions of **extreme uncertainty**.”

-Eric Ries

“The **pursuit of opportunity** ... without regard to resources currently controlled.”

-Howard Stevenson

“**Insane perseverance** in the face of constant rejection.”

-Jack Thorne



Not just startups...

Lifestyle / Small Products



High Growth



Ent. In Organizations



UPMC Enterprises

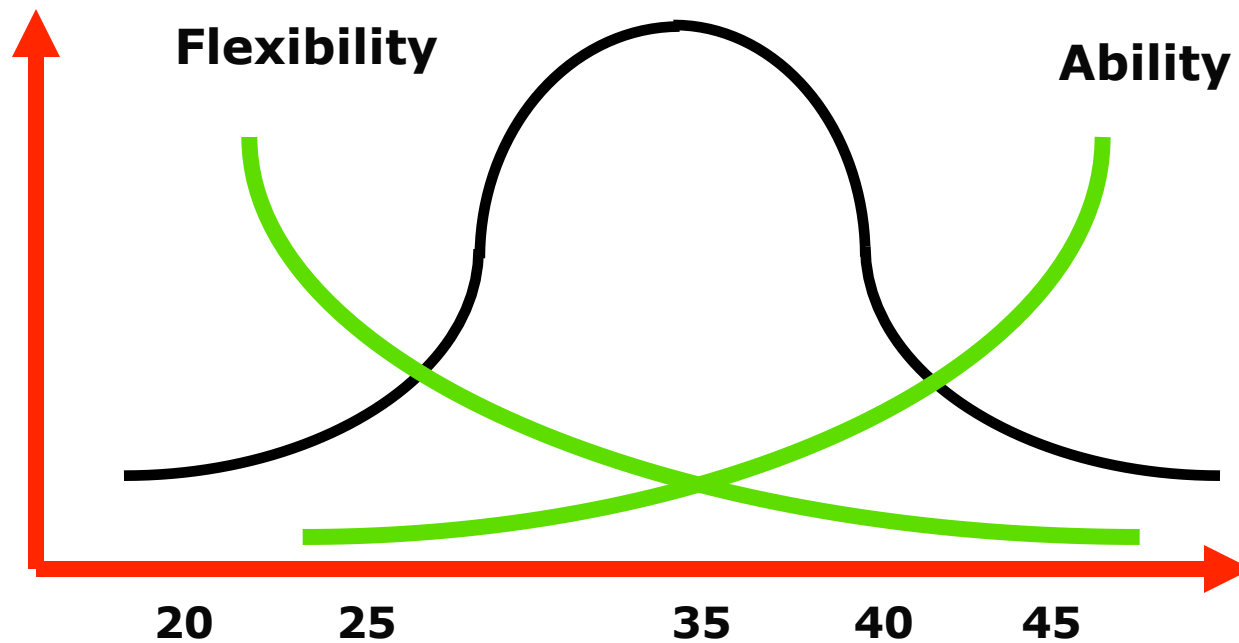
Acquisition



FIVE GUYS®
BURGERS and FRIES

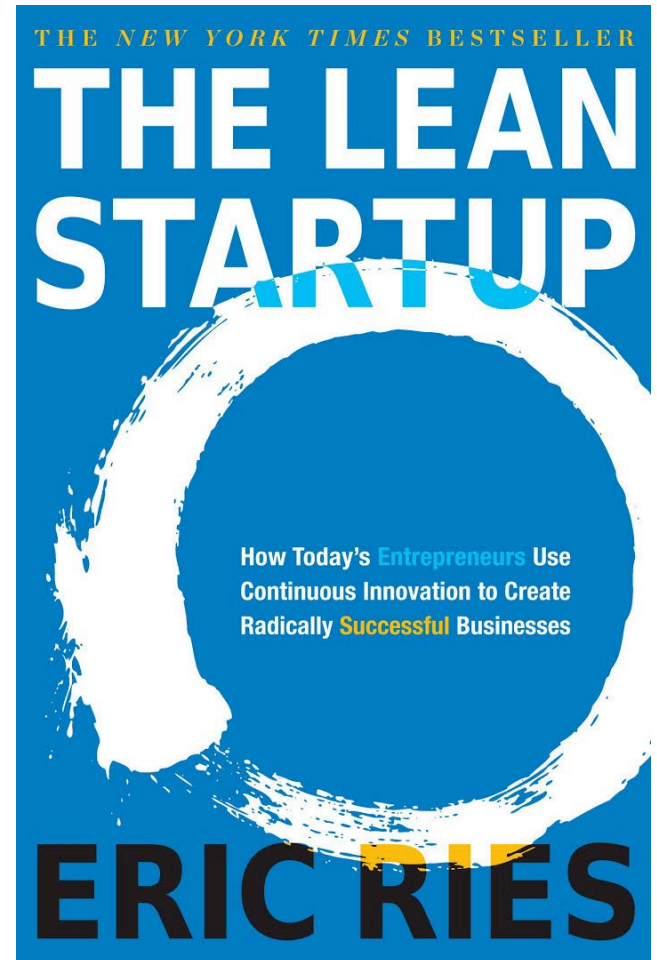


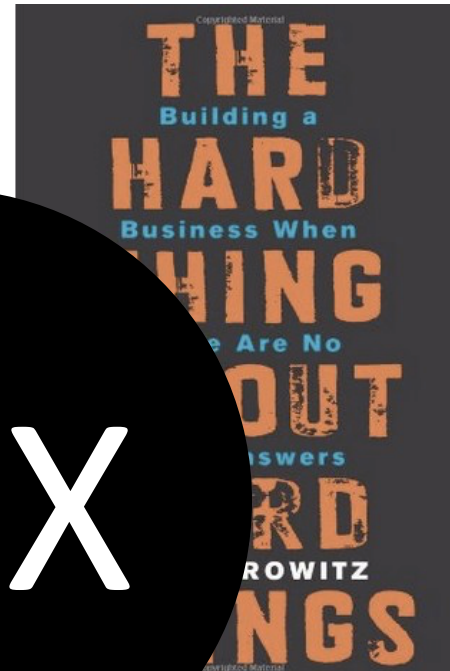
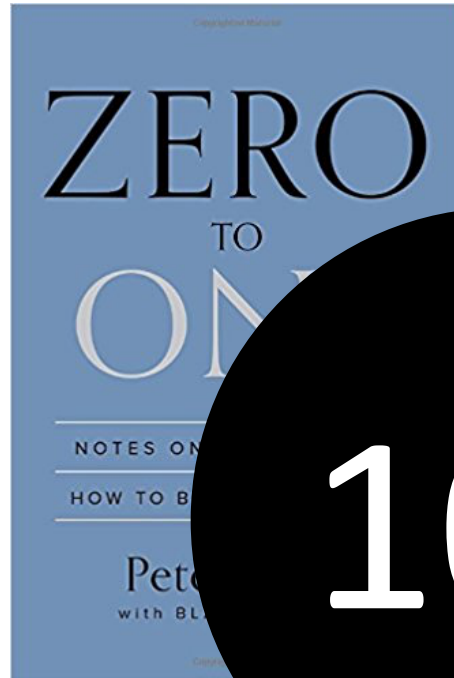
The age of an Entrepreneur



So, how to start?

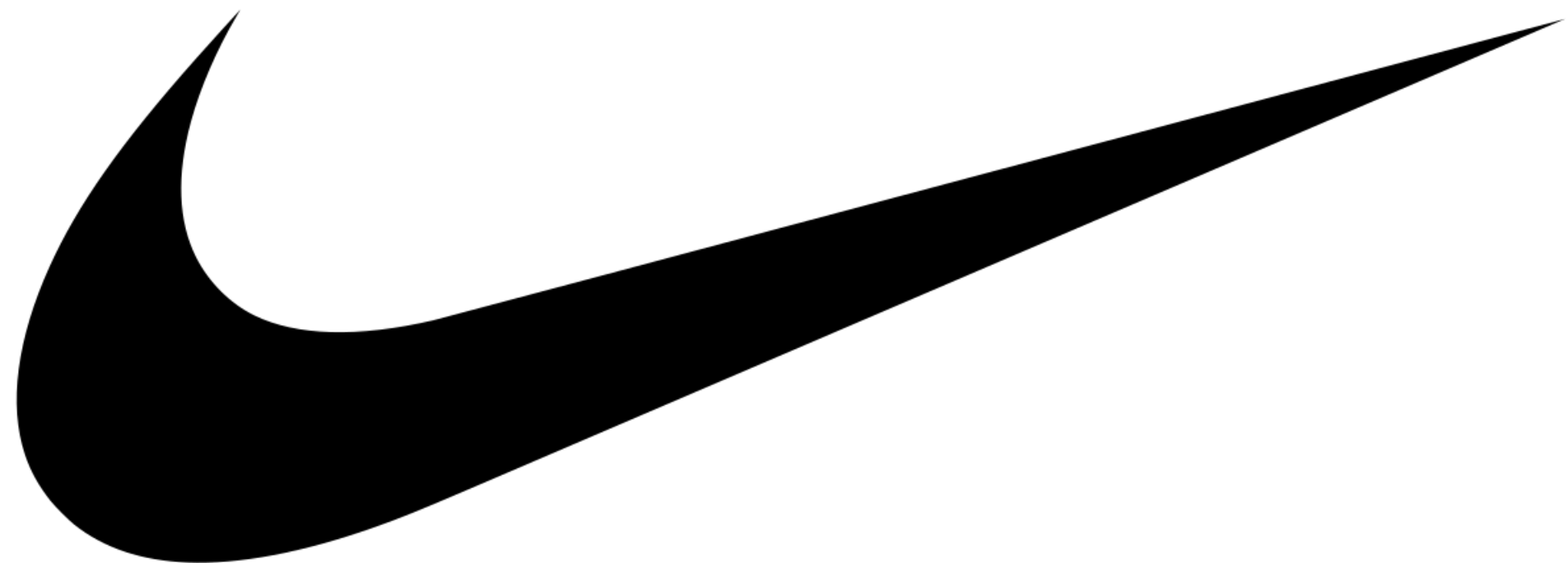
- Observe and identify market needs (speak to people!)
- Build MVPs quickly to validate needs (Make sure the dog eats the dog food)
- Use metrics that measure your leap of faith assumptions





10X







The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

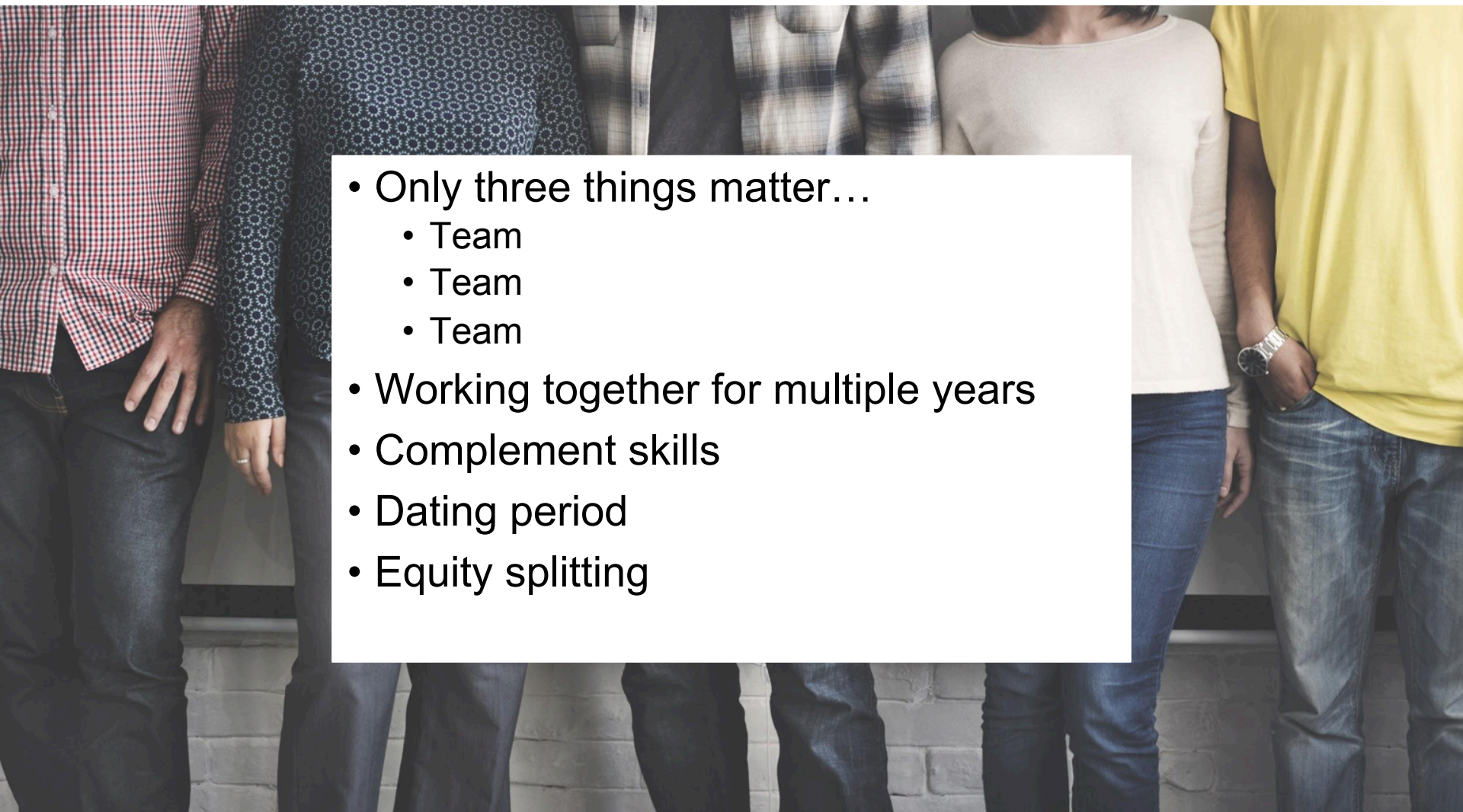
<h2>Key Partners</h2>  <p>Who are our Key Partners? Who are our Key Suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>MOTIVATIONS FOR PARTNERSHIPS Optimization and economy Reduction of risk and uncertainty Acquisition of particular resources and activities</p>	<h2>Key Activities</h2>  <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>CATEGORIES Production Problem Solving Platform/Network</p>	<h2>Value Propositions</h2>  <p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p>CHARACTERISTICS Newness Performance Customization "Getting the Job Done" Design Brand/Status Price Cost Reduction Risk Reduction Accessibility Convenience/Usability</p>	<h2>Customer Relationships</h2>  <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?</p> <p>EXAMPLES Personal assistance Dedicated Personal Assistance Self-Service Automated Services Communities Co-creation</p>	<h2>Customer Segments</h2>  <p>For whom are we creating value? Who are our most important customers?</p> <p>Mass Market Niche Market Segmented Diversified Multi-sided Platform</p>																								
	<h2>Key Resources</h2>  <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p>TYPES OF RESOURCES Physical Intellectual (brand patents, copyrights, data) Human Financial</p>		<h2>Channels</h2>  <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p> <p>CHANNEL PHASES 1. Awareness How do we raise awareness about our company's products and services? 2. Evaluation How do we help customers evaluate our organization's Value Proposition? 3. Purchase How do we allow customers to purchase specific products and services? 4. Delivery How do we deliver a Value Proposition to customers? 5. After sales How do we provide post-purchase customer support?</p>																									
<h2>Cost Structure</h2>  <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p>IS YOUR BUSINESS MODEL Cost Driven (cheapest cost structure, low price value proposition, maximum automation, extensive outsourcing) Value Driven (focused on value creation, premium value proposition)</p> <p>SAMPLE CHARACTERISTICS Fixed Costs (salaries, rents, utilities) Variable costs Economies of scale Economies of scope</p>		<h2>Revenue Streams</h2>  <p>For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> <table border="0"> <tr> <td>TYPES</td> <td>FIXED PRICING</td> <td>DYNAMIC PRICING</td> </tr> <tr> <td>Asset sale</td> <td>List Price</td> <td>Negotiation (Bargaining)</td> </tr> <tr> <td>Usage fee</td> <td>Product feature dependent</td> <td>Yield Management</td> </tr> <tr> <td>Subscription Fees</td> <td>Customer segment dependent</td> <td>Real-time Market</td> </tr> <tr> <td>Lending/Leasing</td> <td>Volume dependent</td> <td></td> </tr> <tr> <td>Licensing</td> <td></td> <td></td> </tr> <tr> <td>Brokerage fees</td> <td></td> <td></td> </tr> <tr> <td>Advertising</td> <td></td> <td></td> </tr> </table>			TYPES	FIXED PRICING	DYNAMIC PRICING	Asset sale	List Price	Negotiation (Bargaining)	Usage fee	Product feature dependent	Yield Management	Subscription Fees	Customer segment dependent	Real-time Market	Lending/Leasing	Volume dependent		Licensing			Brokerage fees			Advertising		
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DESIGNED BY: Business Model Foundry AG
The makers of Business Model Generation and Strategyzer

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Build a team

- 
- Only three things matter...
 - Team
 - Team
 - Team
 - Working together for multiple years
 - Complement skills
 - Dating period
 - Equity splitting

Investor Types

Incubators / Co-Working Spaces



Accelerators



500
startups



Angels & Angel Groups



Venture Capital Firms



Terms To Know

Equity and Convertible Debt Investment
Friends & Family
Pre-Seed
Seed
Series A
Series B
Series C
IPO
Crowd Funding
Liquidity Event / Exit (M&A Sale or IPO)

How To Pitch To Investors

Problem
Solution
Underlying Magic
Business Model
Market Size
Competition
Status and Timeline
Projections
Team
Call to Action / Ask



Resources

- The Lean Startup (Eric Ries)
- Crossing the Chasm (Geoffrey Moore)
- Zero to One (Peter Thiel)
- The Hard Thing About Hard Things (Ben Horowitz)
- Venture Deals (Brad Feld and Jason Mendelson)
- CONNETS events
- Swartz Center
- Project Olympus
- <http://www.startnowpgh.com/>
- **Everyone** at CMU



This week



Sept 09 : GEC Networking

Sept 11 : Numo Fintech Challenge

Sept 14 : Finding a CoFounder

Sept 15 : Inclusive Innovation

Work Hard

Be Nice

