

DESIGN DRIVEN ENTREPRENEURSHIP

Lesson 1 – Introduction

Presenter: Rich Nadworny, Principal, Empatico
MWF Institute Instructor, Dickey Center for International Understanding at
Dartmouth College

Transcript

[TEXT: Young African Leaders Initiative Online Training Series]

[TEXT: Mandela Washington Fellowship Institute Course]

[TEXT: Design-Driven Entrepreneurship]

Hello. My name is Rich Nadworny and I'm an instructor at the Dartmouth College Institute of the Mandela Washington Fellowship.

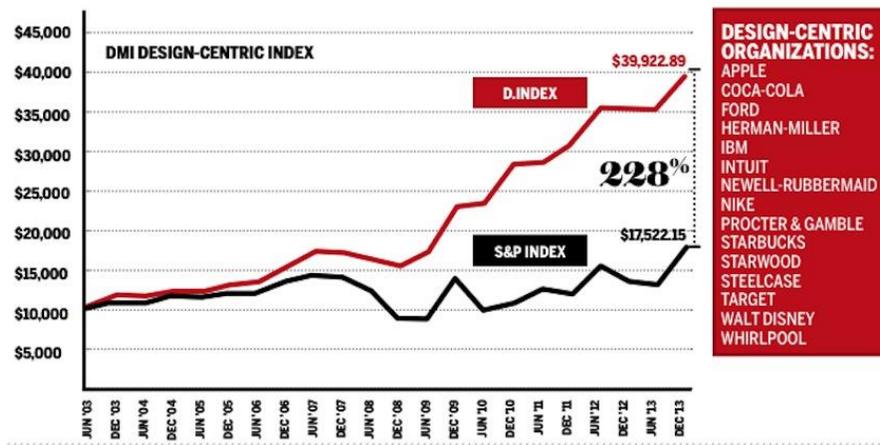
This course is Design-Driven Entrepreneurship. In this course, we'll be looking at ways to use human-centered design to power your startup.

There are illustrations that accompany this lesson that you can review at yali.state.gov/courses.

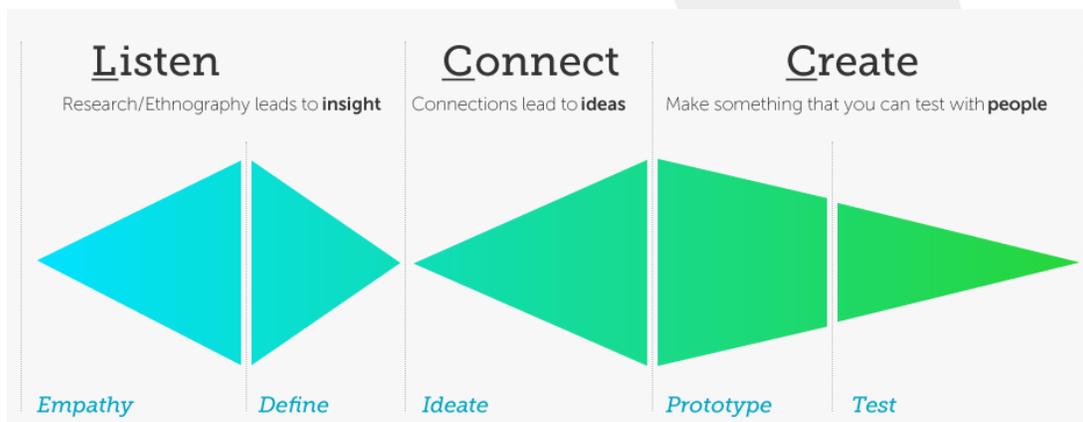
Design, it turns out, gives you clear competitive advantages for your business. It's a process you can apply to everything you do in your startup. Human-centered design is the discipline of solving problems in the service of people.

Every part of your new business should solve some problem for someone: your product, your customer service and your business systems. Think about this: According to some studies, design-driven businesses financially outperform other business.



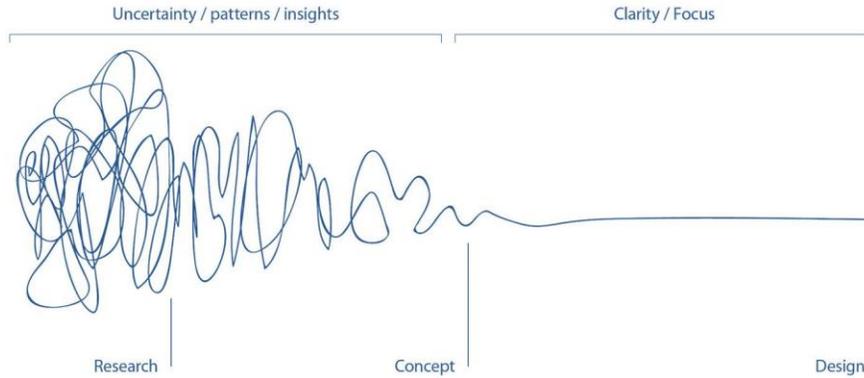


When we say “design,” we don’t mean graphic design. We mean design as a process for solving big challenges.



It’s a discipline that takes lots of work. There are a lot of techniques you can use.

In general, the design process starts with observing, turning observations into insights, developing ideas from those insights and then prototyping and testing the best ideas. It means going out and gathering items, and then coming back in and synthesizing them, again and again. It’s not a linear process; it is a looping, sometimes messy process.



Let's now look at how to use this to start designing your business. We'll use a tool called the Business Model Canvas. It's a flexible, design-driven template for both startups and established businesses.

ADDENDUM #1

The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

<p>Key Partners </p> <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? Revenue streams?</p> <p>DEFINITION OF PARTNERSHIPS Optimization and economy Reduction of risk and uncertainty Acquisition of resources, resources and activities</p>	<p>Key Activities </p> <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>	<p>Value Propositions </p> <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>EXAMPLES Newness Performance Customization "Selling the job done" Design Brand/Status Risk Cost Reduction Risk Reduction Accessibility Convenience/Usability</p>	<p>Customer Relationships </p> <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? How are they integrated with the rest of our business model? How costly are they?</p> <p>EXAMPLES Personal assistance Automated/manual assistance Self-service Automated services Communities Co-creation</p>	<p>Customer Segments </p> <p>For whom are we creating value? Who are our most important customers? Who are our most profitable customers?</p> <p>EXAMPLES Mass Market Niche Market Segmented One-off/one-time Multi-segment markets</p>
<p>Cost Structure </p> <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>BY COST STRUCTURE TYPE Cost driven: focused on cost reduction, low price value proposition, maximum automation, extensive outsourcing Risk driven: focused on cost reduction, premium value proposition</p> <p>EXAMPLE CHARACTERISTICS Fixed Costs (salaries, rents, utilities) Variable Costs Economies of scale Economies of scope</p>	<p>Revenue Streams </p> <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> <p>REVENUE STREAMS 1. Asset-based 2. Transaction 3. Retention 4. Performance 5. Subscription 6. Usage-based 7. Advertising</p> <p>EXAMPLE PRICES Fixed-price Usage-based Performance-based Real-time Market Revenue dependent</p>			



DESIGNED BY: Business Model Foundry AG
The makers of Business Model Generation and Strategyzer

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Let's take a look at the Business Model Canvas. It has four main pieces. In the middle is the key piece: What are you doing and why does it matter to people? This is called the Value Proposition. This may change the further you develop your idea, and that's OK.

On the right are sections that deal with your customers: who they are, what relationship you have with them and how will you reach them.

On the left are sections that deal with creating your idea: What key partners do you need, what activities and resources do you require to produce your big idea?

On the bottom are the big financial questions: How much will your idea cost to produce and how will you make money from it?

We'll start in the middle of the canvas. The first big question for you is: What's your big idea? What problem are you solving that no one else has? How will you solve that problem in a way that delights the people you're designing for?

A lot of "great ideas" have failed miserably because they didn't resonate with the people they were designed for. Remember, this idea can be a product, it can be a service, it can be a customer interaction, and it can be an internal process like HR or accounting.

But to make sure you're filling a true need and that you understand who you're designing for, you'll need to spend time with your customers or target audience. Here's the best part: Anyone can do this. You just need to spend time watching and listening to people. Here are a few ways you can do this.

You can observe people. If you were designing a better way of biking in cities, you could watch cyclists in action.

You could do a contextual inquiry. Ask people to perform a certain task and ask them questions along the way. This is what we do when we test websites, for example.

Perhaps the best way is to interview people. Have a conversation and ask them a lot of open-ended questions. Use follow-up questions like "Why?" in order to get at true emotional drivers.



Here's your task before the next lesson: Use one of these observational techniques to understand your target customer. Try to understand what really matters to them and what they're trying to do. You'll use this information in the next lesson in order to develop your Value Proposition and Minimum Viable Product, both of which we'll talk more about in the next lesson.

See you in a bit.

Go to www.yali.state.gov for more information and resources related to this course.

[TEXT: Test your knowledge
YALI.STATE.GOV]

[TEXT: YALI Network]

[TEXT: Produced by the U.S. Department of State]



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