

Paul Hoyt's "Office Hours" Series



THE **Awakened** CEO System

Office Hours

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Welcome to Office Hours

- A relaxed, informal mentoring program
- Held every Monday at Noon Pacific Time
- All recordings, slides, and exercises are archived in our member's area
- All recordings are available on my YouTube channel:

www.YouTube.com/user/PaulHoyt

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The Reasons

- Being a successful small business owner can be a great experience!
- It's tough - you need Education, Training, Tools, and Team to be successful
- We want you to get to know us

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The Reasons

- First and most importantly, we want you to know that we care about you.
- We want you to succeed in every area of your life, whatever that means to you.
- We want you to find the **greatness**, the **happiness**, the **divinity** within yourself, and then remember it, embrace it, and live it every day.



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Our Passion

To increase the survival rate...

Accelerate the growth rate...

And reduce the struggle rate
of businesses in America

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Our Vision...

To help millions of CEOs and
Entrepreneurs accelerate their business
growth and enjoy greater harmony and
balance in their lives

Please Pass the Word!

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Office Hours Agenda

- In depth discussion of a business success principle
- Closing remarks, special offers, and invitation for next weeks session
- Open Q&A and coaching

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Join Us!

- The Awakened CEO Communities on both LinkedIn and Facebook
- Business Success Principle of the Day postings on both Facebook and LinkedIn
- Energy of the Day posting on Facebook

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During the Call...

- Make comments, ask questions, share insights and “takeaways”
- Goal: 20 comments and likes in Facebook group

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Today's Topic:

Get Lean!

The Science of Entrepreneurship

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The Key Performance Areas



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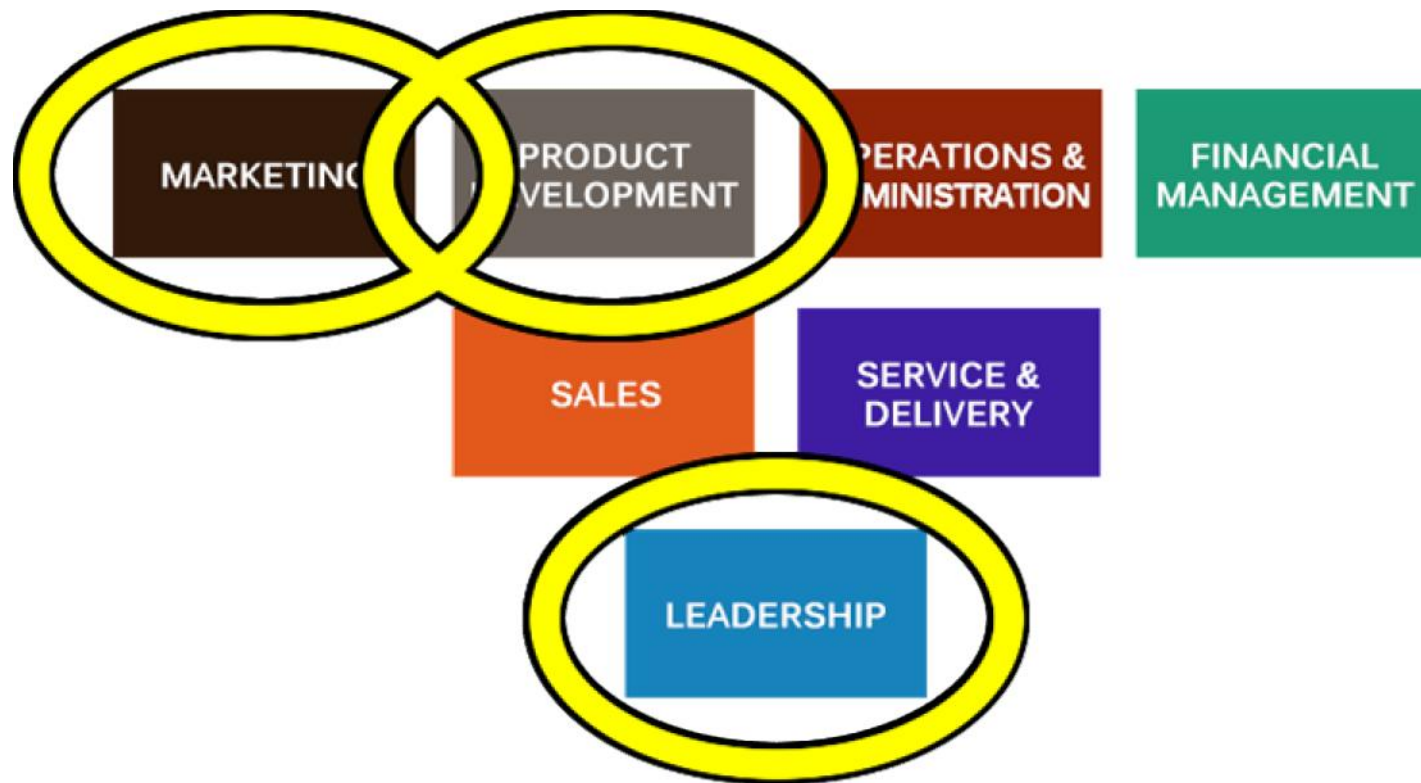
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The Key Performance Areas



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Agenda

- Principles
- Major Concepts
- The Business Model Canvas
- Resources
- The Bottom Line

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The Science of Entrepreneurship

- Define your assumptions
- Define your hypotheses
- Find a way to test your hypotheses
- Adjust your plans and your tests based on your findings
- ... and do this over and over again!

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Principles

- Innovating startups are not “smaller versions of large businesses”
- The first year is largely (and often completely) unpredictable
- You have to “get out of the building”
- It’s about searching and finding the business

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Principles

- “The lean startup philosophy seeks to **eliminate wasteful practices** and **increase value producing practices** during the product development phase so that startups can have a **better chance of success without requiring large amounts of outside funding**, elaborate business plans, or the perfect product.”



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Principles

- In my words: “Engage with the marketplace as quickly and as often as possible to learn the lessons that only the marketplace can teach you.”
- The Lean Startup is the methodology for applying the principle of “listening to the market”.

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Concepts

- Customer Discovery and Validation
- Minimum Viable Product
- Actionable Metrics
- Pivot
- Continuous Deployment
- Total Addressable Market (TAM)
- Served Addressable Market (SAM)
- Business Model Canvas

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Customer Discovery and Validation

- You don't know your customer!
- Your ideas will need adjustment
- Your customer is rarely (exactly) who you believe your customer to be
- You really don't understand your customer

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Minimum Viable Product

- “A version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort.”
- At first, it’s just a description...
- ... Then, it’s a prototype

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Actionable Metrics

- Gather information you can use to test your hypotheses
- Ask the right questions

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Pivot

- “A structured course correction designed to test a new fundamental hypothesis about the product, strategy, and engine of growth”.

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Continuous Deployment

- The ideal scenario
- Challenging and expensive with many physical products
- Essential with digital products
- Split testing is ideal

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Target Addressable Market

- a.k.a. “Target Available Market”, “TAM”
- What your revenue would be if you had 100% market share in your business, with your products.
- Not the same as the size of the industry

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Served Addressable Market

- a.k.a. “Serviceable Available Market” or “Served Available Market” or “Segmented Available Market” “SAM”
- The customers that can actually be reached and served by your business

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Business Model Canvas

7. Key Partners and Suppliers	8. Key Activities	1. Value Propositions	4. Customer Relationships	2. Customer Segments
	6. Key Resources		3. Channels	
9. Cost Structure			5. Revenue Streams	

- Alexander Osterwalder (2008)



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Business Model Canvas

1. The Value Proposition
2. Customer Segments
3. Channels
4. Customer Relationships
5. Revenue Streams
6. Resources
7. Partners and Suppliers
8. Key Activities
9. Costs

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1. The Value Proposition

- What is the pain you are solving, what gain are you creating?
- Solving a need is much better than fixing a problem.
- Selling aspirin is much better than selling vitamins



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2. Customer Segments

- Who will you serve?
- You exist for your customers – find them and understand them in detail
- You can't know them on the first day – you have to find them and build a relationship with them

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3. Channels

- How do your products get to your customers?
- What are your routes to market?

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4. Customer Relationships

- How do you get, keep, and grow customers?
- Combines sales strategies and customer service strategies
- Hint: this varies according to the channel.

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5. Revenue Streams

- How do you make money from your customer segments?
- What will your customers pay for, and how do you get the money?

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6. Resources

- What assets are important?
 - Capital?
 - People?
 - Facilities?
 - Cars?
 - Intellectual Property?
 - Suppliers?

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7. Partners and Suppliers

- What activities will they perform and when?
- Hint: This varies according to the phase of growth.

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8. Key Activities

- What are the most important things you need to do to make the business model work?
- What are your critical competencies?
- What are your critical success factors?
- Hint: This almost always includes Sales and Marketing



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9. Costs

- Think about the most important resources and most expensive ones
- Understand fixed costs, variable costs, and economies of scale
- Some are obvious, some are not

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Resources

- Eric Ries
 - The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses (2011)
- Steve Blank
 - The Four Steps to the Epiphany (2005)
 - The Startup Owners Manual (2012)
 - Office Hours 77



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The Bottom Line

- You can save a lot of time, money, and heartache if you apply scientific principles to starting your business
- You will be more attractive to investors when you apply Lean Startup Principles

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Homework / Exercise

- Study the Lean Startup methodology
- Create your own Business Model Canvas
- Get coaching to help you:
 - Identify your assumptions
 - Create your hypotheses
 - Develop ways to test your hypotheses
 - Take action on the results

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Open Q & A and Coaching – in a minute

- Comments and questions on the topic of the day, then any other issues
- Tell me what your biggest “take-aways” are and what insights you gained from this presentation
- Tell me what you are going to focus on



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Our Support Services

Service	Teach You	Do It With You	Do it For You
Education	X		
Training	X		
Coaching	X		
Advising / Mentoring	X	X	
Consulting		X	X
Growth Management		X	X



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Next Office Hours: Nov. 2nd

- Topic is: TBD
- Let me know what topics you would like for me to address: www.PaulsSurvey.com
- Do your homework!

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Open Q & A and Coaching

- Comments & questions on the topic of the day, then any other issues
- Contact Me at paul@paulhoyt.com
call or text: 415.997.8001
- www.SchedulePaul.com



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