



# Getting Started – The Lean Startup Model

## 5: Getting Started – The Lean Startup Model

While something remains an idea, it is romantic. One of the hardest things to do is to transform that idea into something real and tangible. This section focuses on the steps you can take to turn your idea into a real business.<sup>22</sup>

You may have been told that you need to do a lot of planning before you get going. But, most small businesses do not start up that way. Most new business owners dive right in – perhaps running their business alongside another job to start – learning and refining the product as they test the market and get feedback. Many entrepreneurs start by turning something they love doing in their spare time into something they do a bit more often, to something they do every day. You can start by selling your products to your friends, or once a month at a craft market, to get an idea of whether you have a viable business.

The good news is that you may not need a detailed business plan to get started! The exception to this may be if you are wanting to raise capital for investment or if this is required by a regulatory authority.<sup>23</sup>

One tool that can help you think through all the different aspects of your business before you get started is the Social Lean Canvas.<sup>24</sup> This is essentially a business planning tool that can fit on one piece of paper. The canvas consists of eleven sections that outline all the major aspects of your business. By completing each section, you'll get an idea of the areas where your idea is strong and those that need further work.

**TIP:** Spend an hour completing the canvas with those involved in the business without thinking about it too deeply. Pin it on your wall and revisit it each week for the first few months to see if you have changed your mind about your initial ideas. For example, you may initially decide to use social media as your main selling channel. Over time, you may become aware of retail outlets that are interested in selling your product and adjust your selling channels.

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22 This section is based on ideas made popular by Eric Ries – an entrepreneur and author of the book entitled, “The Lean Startup: How Today’s Entrepreneurs Use Continuous Innovation to Create Radically Successful Business,” <http://theleanstartup.com/book>.

23 Foreign investors are usually required to submit a business plan to the relevant regulatory authority to assess and ensure that the business is beneficial for the country.

24 The Social Lean Canvas (<https://socialleancanvas.com/>) is adapted from The Lean Canvas (<https://leanstack.com/leancanvas>), which is in turn adapted from the Business Model Canvas (<https://strategyzer.com/>), and is licensed under the Creative Commons Attribution-Share Alike 3.0 Un-Ported License.



## Business Planning Tool – The Social Lean Canvas

Use this tool to start planning! Working through each section can help ensure that you've thought through all the major aspects of your green business.<sup>25</sup>

### Problem

What are the specific problems each of the different customer types face?

*In thinking about your customers, have a go at putting yourself in their shoes (see "Identify Your Target Audience" below).*

### Existing alternatives

How are these problems currently being solved?

*Spend a bit of time doing some market research on the alternatives to your product. What is already out there? What kind of products are selling well? Where are the gaps?*

### Solution

What is your product or service?

*What is it and how does it meet the customers' wants or needs? This may sound simple, but clearly articulating your product or service is a critical part of being able to sell it! Try writing what you are offering in 100 words, 150 words, and 200 words until you are happy with all three versions. Once you've done that describe it to family members and friends, and ask for feedback.*

### Key metrics

What are the numbers that will show your business model is working?

*What numbers represent success to you? Number of customers? Number of glass bottles recycled? Annual revenue? Whatever your measure of success, make sure the business is set up to track these metrics so you can see if you're on track.*

### Unique value proposition

What is the unique combination of benefits your product or service will offer to overcome problems the customer has?

*What are you doing that is unique? What are you offering that no one else is doing? You may have a unique product, but more likely you'll have a new approach to something that's been tried before, or you're introducing something to a new market. Don't be shy about your point of difference!*

### Distinct advantage

Why will this venture succeed ahead of the competition?

*What do you think you have that will help you succeed? This could be extensive established contacts in the industry, proximity to customers, traditional knowledge of how to build your product, etc.*

### Channels

How will you reach your customers in a scalable way?

*What are your main selling channels? How do your target customers normally buy things? What will you use to reach your customers? Will you have a website with an online sales platform?*

### Customer segments

Who do you need to convince or influence to make your business model work?

*Who are your main customer types? (See "Identify Your Target Audience" below)*

### Early adopters

Which customers will move first?

*Who are your champions and your influencers? Who will buy your product or service first?*

### Cost structure

- Fixed assets – Vehicles, computers, chairs, tables, equipment
- Variable costs associated with each product/service delivery – Product inputs
- Legal and accounting fees
- Marketing – This could be as small as finances used to boost social media posts, or as large as attending international trade shows
- Your time and others' time – You may be happy to give your time for free to get your business started, and friends and family may volunteer to begin with, but to be sustainable your business will sooner or later need to pay for the time people put in... including yourself!

### Revenue

What are the ongoing flows of income that will create financial sustainability for this venture?

*What are you selling? How much are you selling it for? What are your projections for your sales in Year 1, Year 2, etc.*

<sup>25</sup> This is based on information and resources available at Social Lean Canvas, <https://socialleancanvas.com/>.



**READ:** [This article](#) by Steve Blank entitled “Why the Lean Startup Changes Everything,”<sup>26</sup> provides more information about how to use this tool for business planning purposes.



**DO:** Download and complete your own canvas online at <https://socialleancanvas.com/>.

## Identify your target audience

This subsection explores customer concepts and can be used to help you complete the “Customer Segments” and “Early Adopters” sections in your canvas. Spending time thinking about your customers is a critical part of business planning.

You are likely to have made assumptions about the type of person that is your target audience – but it is crucial to test those assumptions at the outset as you can waste a lot of time and resources marketing to someone who is not interested in what you’re selling.

The easiest way to identify your audience is to develop a few customer personas and put yourself in your customers’ shoes. Imagine a person you know in real life, map out their demographics (age, gender, income, education level, marital status, etc.), and delve deeper by completing an empathy map<sup>27</sup> for them. This helps you think about what motivates them, what interests them, what frustrates them, and what inspires them, so that you can design and market your business accordingly. Make sure you think about what environmental issues they care most passionately about.

Remember, stay curious! The end goal is to truly understand your potential customer, which makes all the difference when you’re trying to convince them to buy your product or service.

## Have customer conversations

What next? Start talking to people!

This one can be a little scary, particularly for emerging entrepreneurs. Getting feedback on your concept, something you hope for and believe in, may feel like a vulnerable position. What if they don’t like it? What if they think it’s a silly idea? What if someone steals my idea? These concerns are certainly understandable! But having these conversations early and often can evolve your business from average to amazing. Not only can insights lead you in fresh, creative directions, it can help tweak your direction and messaging, and who knows where a conversation may lead.

As a green business, you’ll be particularly interested in your potential customers’ values about environmental issues and ethical purchasing. This may include their willingness to change their current purchasing behaviour to substitute something that is more environmentally friendly, or their willingness to spend more on products that meet higher environmental standards. Try not to drive the conversation but listen for insights you haven’t considered.

26 Steve Blank, “Why the Lean Start-Up Changes Everything,” Harvard Business Review, May 2013, <https://hbr.org/2013/05/why-the-lean-start-up-changes-everything>.

27 Demian Farnworth, “Empathy Maps: A Complete Guide to Crawling Inside Your Customer’s Head,” Copyblogger, 13 August 2014, <https://www.copyblogger.com/empathy-maps/>. See also Fizzle, “Tactics to Understand Your Ideal Client, Reader or Market,” <https://fizzle.co/sparkline/tactics-understand-ideal-client-reader-market-fs050>.



Here's a quick guide to help you get rolling:

- Wherever possible, have conversations with those outside your personal network. You want honest, constructive inputs, and while those close to you are fantastic supporters, in an effort to be nice they may not be 100% honest.
- Conduct your conversations like a funnel. Start with broad, overarching questions and then, as the dialogue continues, narrow in for more detail.
- Begin with a question that provides context for the conversation but doesn't hit on the problem directly, such as, "as a fisherman, what do you find frustrating about fishing hooks?"
- Encourage your potential customers to describe their current reality. Lead them to describe their frustrations. The goal is to learn as much as possible about their current state of affairs.
- You can delve deeper into –
  - **Facts:** "Can you tell me more?" or "Can you expand on that?" or a simple "Why is that the case?" will encourage the potential customer to keep talking.
  - **Time:** "How long have you been dealing with XYZ?" or "When was the last time that happened?" will show you how long the problem has existed (which may indicate the level of frustration), and how frequently or infrequently the problem crops up for the customer.
  - **Money:** "How much has that cost you?" or "How much have you spent trying to find a solution?" will help you understand how motivated customers are to solve this problem. Remember, to have a business, you need something people are willing to pay for!
- Then shift direction. Ask questions around the customer's ideal scenario. "If you could wave a magic wand, what would you like to see? What would make you happy? What would be different?"
- Listen for insights you haven't considered, gems of wisdom you haven't thought of.
- Enjoy yourself! Once you relax into it, these conversations can be an exciting and fun experience.

## Next steps

When you have a clear idea of your business plan and you've challenged your own assumptions about your future customers, it is worth setting yourself some goals for the next few months (see Box 6). These goals are designed to break down the daunting prospect of setting up or expanding your business into manageable steps, and give you something concrete to work on each month.

### Box 6: Sample Seven-Month Startup Plan

-  **Month 1:** Research what other similar products are available on the market and where the gaps are. Look at pricing and what people are prepared to pay for similar products.
-  **Month 2:** Complete a simple business planning exercise (such as the Social Lean Canvas) to determine the viability of the business.
-  **Month 3:** Discuss the idea with all the partners that you need involved. Get their input and feedback, and reshape the idea if necessary.
-  **Month 4:** Decide on a name to use to register the business. Getting input from partners on this can be a good way to involve them from the beginning, so that the partners see themselves as part of the group who will champion your product once your business is up and running.
-  **Month 5:** Research what is needed to start a business in Kiribati (see Section 6) and start the process of registration. You may decide to use the services of a lawyer to assist with this.
-  **Month 6:** Decide how you will market your products in the first few months. Many businesses use social media and/or small monthly or weekly markets to get the word out at first, before they invest too heavily in marketing.
-  **Month 7:** Start producing and selling, and test the market!



Pin your startup plan up somewhere visible to act as a reminder. Share it with a mentor or a friend, and ask them to check in with you each month to discuss your progress.