

University of the Aegean  
DEPARTMENT OF SHIPPING,  
TRADE & TRANSPORT

UNIVERSITÄT LEIPZIG



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More Entrepreneurial Life at European Schools



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It is recommended to use **ACROBAT READER** to get full functionality of the e-book.

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# Recommendations and good practices: How to use the MELES e-book?

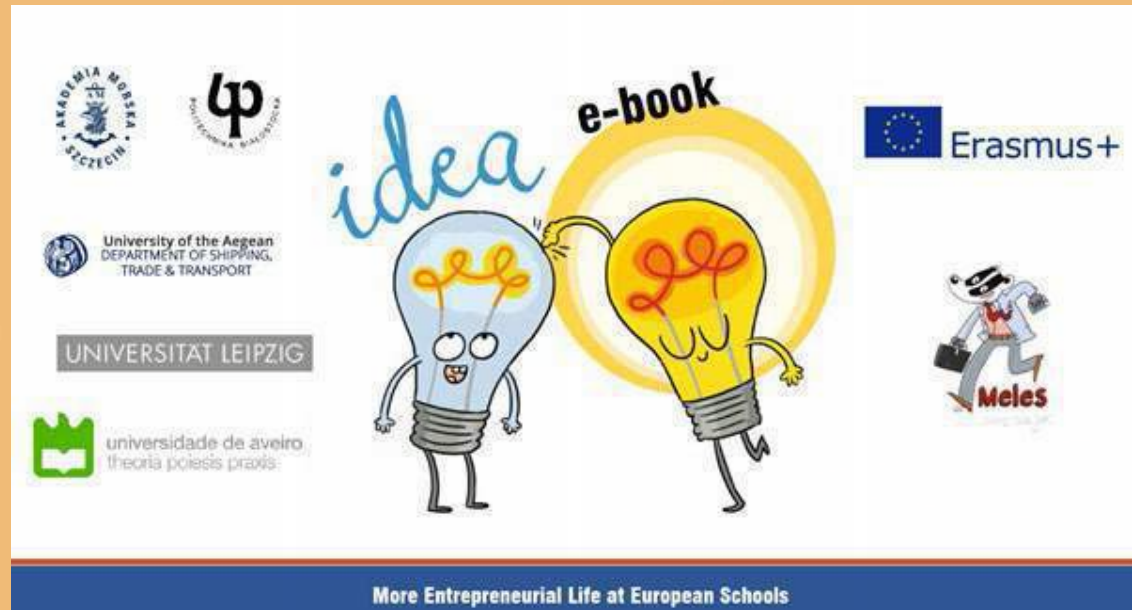


Fig. 1. MELES e-book cover

## 1. How MELES e-book was created?

The process of MELES e-book creation was closely related to the process of developing MELES teaching materials. Final version of the e-book is the effect of cooperation between two teams of teachers. During first year six experienced teachers prepared draft version of teaching materials. They tested this version during first MELES summer school

held in July 2015 in Greece. Next, basing on feedback which was collected from students and teachers that participated in first summer school, teaching materials were improved. Updated version of teaching materials was tested by less experienced teachers during the second MELES summer school held in July 2016 in Portugal. It was the base for creating a content of the first version of the e-book.

## 2. For whom MELES e-book is useful?

We tested our teaching materials on students with different backgrounds, both academic and in some cases, professional. Most of them had technical background and most of them did not finish any business courses before. Therefore the e-book is for teachers that want to start teaching students how to be more entrepreneurial and support students to plan develop and plan their first adventure. MELES e-book can be used during regular classes in universities and schools and also can be recommended as an additional literature for existing curriculums.

## 3. What you can learn from the e-book?

MELES e-book is for teachers who are working with young and inexperienced people facing decision: to run or not to run their first business. e-book includes the set of answers on the following questions about important entrepreneurial skills: How to develop your creativity? How to design your products or services? How to build a team that implements your business idea? How to be a good team leader? How to create and test the business models of your idea? How to present your business project to investors and advisors?



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#### 4. **What you do not learn from the e-book?**

MELES e-book is not for experienced managers, company co-founders and economists or financiers. It contains no information that answers following questions: What type of company you should choose? What taxes the companies should pay? How to prepare professional business plan? How to conduct accounting in the company? How to sell specific products and targeted services? How to prepare and carry out marketing campaign?

#### 5. **Few words about the teaching methodology**

During development of the MELES course authors assumed that coaching methodology will be used in all entrepreneurial teaching activities. Therefore the e-book does emphasize on the following teaching principles: more practice - less theory, more fun - no borrowing and long lectures, more projects - less reading, a lot of discussions and feedback, as much as possible testing and prototyping, working in multidisciplinary teams, very friendly atmosphere in group.

#### 6. **The content of the e-book**

The content of the MELES e-book is divided into five separate chapters: introduction and four main chapters. Main chapters are arranged in the order of the phases of business idea development: Generating Ideas – first we have idea, Leadership and Team Building – next we have to find proper people – proper team with proper skills, Developing Business Model – now is time to work on business model of designed product or service, Going out with the idea – at the end, when we are ready, we should introduce our idea to advisors, investors and clients.

#### **Introduction**

Introduction contains information about IP rights. Good news – the e-book has Creative Commons Attribution - Share Alike 4.0 International Public License. It means that e-book can be used free of charge for non-commercial use. Next parts of the introduction include: information about MELES project and partners, testimonials of summer school participants, introduction of MELES teachers team – authors of the e-book and contact info.

#### **Generating ideas**

In second chapter some creativity tools that can be used working on problems and ideas are presented. Most part of this chapter is dedicated to brainstorming methods and Design Thinking methodology.

#### **Leadership and Team Building**

Some essential information about leadership and leadership skills is introduced. The goal of this topic is to convince young people that there are no born leaders. One can learn how to be a good leader and there are different types of leaders closely related to people personality. In this chapter descriptions and detailed instructions of five leadership games can be found.

#### **Developing Business Model**

This chapter includes some management tools for developing business models for new products and services: Value Proposition Design, Business Model Canvas and Ten Types of Innovation methodology. Several examples of innovative products or services of very innovative companies are also presented.

#### **Going out with the idea**

Last chapter shows how to present business idea and also answers following questions: How to protect your business idea? How to prepare for the meeting with investor? How to present product to investors, advisors and clients? This chapter also includes advices for teachers how to organize meetings with experienced entrepreneurs and why such meetings are important.

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## ATTENTION!

Pages with notes

In case of most topics, slides with teaching content are supplemented by slides with notes on it. Notes can be useful for teachers and also for students. Teaching content slides with notes have different background – with the arrow on the right side (see Fig. 2 and Fig. 3).



Fig.2. The example of teaching content slide without notes. There is no an arrow background.

Slides with notes have different style: white background with an arrow on the left side (see Fig. 4).



Fig.3. The example of teaching content slide supplemented with notes. Such slides has an arrow background on the right side.

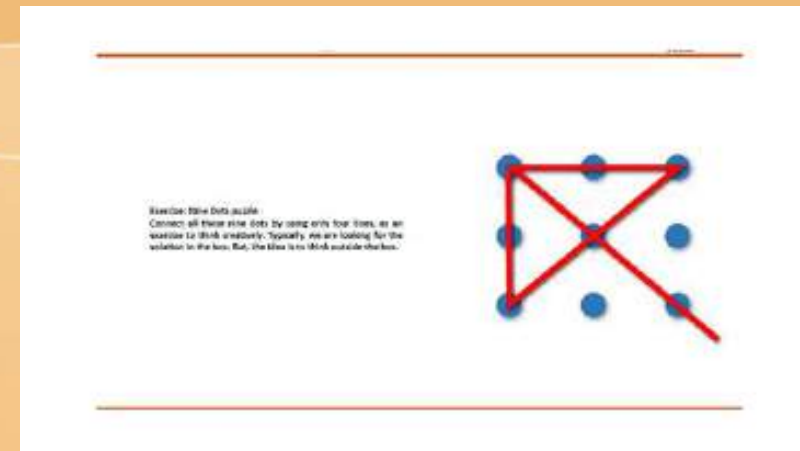


Fig.4. The example of notes slide. Such slides has an white background with arrow on the left side.



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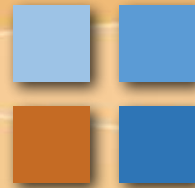


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# Chapter 1



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More entrepreneurial life at European schools (MELES) project has been created as an answer to an educational challenge, which is lack of effective tools that could be used to increase social and professional activity of young generation entering the labor market in order to make full use of their potential for the development of economy. This challenge created an urgent need to improve the entrepreneurial skills of students in the fields of science and engineering at European universities.

The main project objective is to prepare a comprehensive and coherent educational product which introduces the entrepreneurial-skills oriented courses to the curricula of the Institutions that, up to now, had no or small experience with entrepreneurship teaching. The MELES project allows both students and teachers develop skills that have so far been neglected in the curriculum. It also fosters cooperation between higher education institutions, representing different fields of study as well as introduces unconventional and innovative methods of teaching, displacing the traditional approach to the teaching process.

The Entrepreneurship course shapes hard business skills such as recognizing the market, preparing a business model, product design and services based on customer strategy development, attracting investors or protecting intellectual property. But it also shapes soft skills necessary for every entrepreneurial graduate, namely: cooperation in multi-disciplinary teams, leadership and presentation techniques. During the project the curricula has been tested at each of the participating institutions as during two in the summer schools organized within the project. In particular, the latter led to intensive work with students representing all the partner universities and from more than a dozen countries around the world. Conclusions and lessons learned in the testing phase were used to develop comprehensive teaching materials in the form of an e-book.

Project facts:

Executed in terms of ERASMUS+ Key Action 2 Strategic Partnerships

The timetable of the project: 01/09/2014 - 31/08/2017

Budget: 275330.00 EURO

Project executed by the auspices of Polish National Agency: Foundation for the Development of the Education System <http://www.frse.org.pl/foundation-development-education-system-frse>

Website: [www.meles-project.eu](http://www.meles-project.eu) (available in English, German, Greek, Polish and Portuguese).

ERASMUS+ Key Action 2 Strategic Partnerships

The projects is funded under this Key Action focus on sharing, developing and transferring innovative practices between participating countries. By working together, involved organizations develop new approaches to youth work and encourage cooperation over longer periods. Young people benefitting from the projects will learn about social entrepreneurship and will be encouraged to take a more active role in their local economy and society.

*How ERASMUS+ programme facilitated execution of project? Could it be executed without the funding? Are ERASMUS + projects difficult in terms of realization?*

*I think that ERASMUS+ programme has given us great opportunity to learn from more experienced partners and accelerated introducing the entrepreneurship into our curricula.*

*Ewa Tarabicka – ERASMUS coordinator at Maritime University of Szczecin*

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MELES follows the objectives of Strategic Partnership by

1. Developing key competencies including entrepreneurship, knowledge of languages, knowledge of information technology,
2. Customizing the education and skills to labor market needs,
3. Entrepreneurship education, active citizenship, better opportunities in the labor market.

The project involves two types of partners: that started with no experience in entrepreneurship teaching (BEGINNER Partners) and three faculties that have had already developed and introduced such courses but still wanted to make those more attractive (ADVANCED Partners).

#### BEGINNER PARTNERS

Maritime University of Szczecin (MUS), Poland, leader of the consortium

The Maritime University of Szczecin is a technical university, with over a 60-year-old tradition, that educated highly qualified maritime staff i.e. navigators and mechanics answering the needs of contemporary transport and fishing fleet as well as onshore staff prepared to implement the up-to-date technology and appropriate competencies in the transport forwarding logistics industry. In three faculties (Faculty of Navigation, Faculty of Marine Engineering, Faculty of Transport, Economics and Engineering) is offering a large selection of study programs in both Master and Bachelor level to over 4.000 students.

There are 2 Faculties of Maritime University of Szczecin participating in the project Faculty of Navigation and Faculty of Economics and Transport Engineering. As a result of the project the course has been introduced to curricula and this e-book was published



Up to September 2016 over 100 students have already participated in the course.

Universidade de Aveiro (UA) – Portugal



University of Aveiro (UA) is a young university, founded in 1973, with over 15000 full-time students (graduate and postgraduate). UA has a strong research profile, a unique model of governance (16 Departments, 4 Polytechnic Schools and various training centres), acting as a regional network for education and training promoting strong links with the surrounding community and was a pioneer in launching degrees in new subject areas. UA is a member of the European Consortium of Innovative Universities and was one of the first institutions to be granted the ECTS label in 2004, with this distinction having been renewed in 2009 and 2013 and the Diploma Supplement Label also awarded in 2013. UA participates in various ERASMUS MUNDUS Joint Masters and Doctoral programmes. Research at the UA promotes innovative products and solutions, contributing to the advance of science and technology. It is a privileged partner for companies and other national and international organizations with which it cooperates on numerous projects and for which it provides important services. 15 of its 18 research units were classified as Very good or Excellent by international panels under the sponsorship of the Portuguese National Science Foundation in its most recent round of assessments. Four of these units carry the label of Associate Laboratory, a distinction attributed by the Portuguese Government to research institutions of sustained and exceptional merit.

#### ADVANCED PARTNERS

University of the Aegean (UTA) – Greece

The University of the Aegean (UAegean) founded in 1984 is a Network University of “academic ports of studies and research”, successfully established in 6 campuses spread



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across the Aegean Archipelago and is a unique natural, cultural and human environment to experience. UAegean has strong partnerships with several National, European and International Universities, Organizations, Authorizes, Citizens and is a strong social and economic stakeholder in 2 Greek Regions of the Aegean Archipelago: The Regions of the North and South Aegean and acts as Regional Innovator. A plethora of UAegean's research projects are designed to improve the regional Innovation Capabilities for Human Capital Development, Entrepreneurship & Technology Transfer, Career Development, and Mobility of Researchers (brain-gain). UAegean has organised and implemented 90 research laboratories with activities into the following research areas: ICT, Design and Interaction Design, Sustainable Development and Environment, Geography, GIS, Meteorology-Climatology, Transport & Shipping, Culture & Education, Financial, Economic and Social Sciences. The Research Unit of the University of the Aegean is the administrative and managing mechanism.

#### Bialystok University of Technology (BUT) – Poland

Bialystok University of Technology was originally established in 1949 as a Private Evening Engineering College with the departments of Mechanical and Electrical Engineering, and nationalized in 1951, Bialystok University of Technology (BUT) finally acquired its university status in 1974 and is a public institution of higher education. Located in Bialystok, BUT is the largest technical university in the north-eastern region of Poland. In 2016 nearly 13 thousand students studied at Bialystok University of Technology on 7 faculties: Architecture; Civil Engineering and Environmental Protection; Electrical Engineering; Computer Science; Mechanical Engineering; Management and Forestry in Hajnówka. Entrepreneurship courses were held on BUT even before the MELES project had started. Since 2010 courses related to entrepreneurship have been realized on the following technical faculties: Computer Science, Electrical and Mechanical Engineering and since



1990: at the Faculty of Management.

BUT also realized „Academic Enterprise Incubator and Selected New Technologies „ as an instrument for the creation of conditions for the development of innovation in the economy and the region. The incubator enables enterprising students, researchers, university graduates and the unemployed to obtain space and the necessary support to create their own business.

#### University of Leipzig (ULE) – Germany

Leipzig University has enriched the intellectual and cultural of the city of Leipzig for six centuries. Founded in 1409 it is the second oldest university in Germany with uninterrupted teaching and research programmes. The University has gained a national and international reputation thanks to its wide range of subjects and particular emphasis on the Humanities, Natural Sciences and Life Sciences.

Today Leipzig University is striving for a leading position amongst German universities as

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*How does your institution/your students/your staff benefit from the project or the entrepreneurship education?*

*The effects of an academic entrepreneurship education implementation are very spectacular and fast at Faculty of Computer Science Bialystok University of Technology. After three years, we have three spin-off companies which were founded by researchers and two student spin-out companies which develop products based on a global innovation. It is our great success!*

**Dorota Mozyrska, DSc, PhD**

Vice Dean for Promotion and Cooperation  
Faculty of Computer Science  
Bialystok University of Technology

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a university which is both steeped in tradition while at the same time being a modern comprehensive university. The 14 faculties with their 150 institutes place emphasis on cross-subject and cross-faculty cooperation in research and teaching.

Today 28000 students are supported by 450 professors and 1,400 academic employees.



### Project description

The MELES project was the first project organized by the consortium and the first project in ERASMUS+ Programme for the partners. During the project the institutions not only had a chance to create the Entrepreneurship course but also know more each other, share their best experience and practices, show how they cooperate with their business environment. To find out more about activities carried out during the transnational project meetings please visit the project website <http://meles-project.eu/index.php>

### Project phases

Project was divided into three phases, which were executed in following academic years:

- Phase one executed in 2014/2015 – Preparation of Entrepreneurship course for multidisciplinary group of students;
- Phase two executed in 2015/2016 – Implementation of the Entrepreneurship course for multidisciplinary group of students;
- Phase three executed in 2016/2017 – Dissemination of the project results.

### PHASE ONE

Course programme was developed by multidisciplinary group of partners. Three of them

(UTA, BUT, ULE) have already been experienced in conducting Entrepreneurship courses. There are the following course objectives:

#### 1. Learn by doing

Learn by doing is the first and the most important step to change the lecturers and students' mentality. The most important is not just learning how to use the skills, but actually using them in the real life. Model course will contain applied projects in cooperation with companies, particularly with start-ups.

#### 2. Leave your "comfort zone"

Most of European students dream about stable full-time employment. They are usually not interested in creating their own companies, since they have little or no support from the government, universities and even parents. The students have to be ready for changes and know how estimating risks of decisions in their professional life as well as be aware of starting their own business as one of possible career paths.

#### 3. Work in multidisciplinary teams

Most innovative products are designed as an effect of teamwork in multidisciplinary teams. Therefore, students should obtain knowledge about advantages of teamwork and multidisciplinary teams.

#### 4. Make your own global business

To make global business, to create products that can change the world, it is essential to develop in our students the spirit of independence and business approach to implementation of new ideas, to show them the most successful examples of global companies, how they were created and what factors influenced their success. People who believe that their products can change the world are able to develop global companies. Such confidence-based approach should be formed in European students but it necessarily must be preceded with excellent business model preparation and thorough market research.



### 5. Be a leader and think strategic

Leadership should be a part of course programme irrespective of the field of study. Strategic thinking has its application and can be used under different circumstances. It can be used to develop the strategy and policy for a company, to make a business decisions, or even to simply understand and estimate a situation.

### 6. Protect your Intellectual Property

Students have to understand that intellectual property is one of most valuable assets. Intellectual property is a unique creation and expression of the mind. Whether their business is a science, technology, consumer or professional - based, protection of intellectual property, such as trade secrets, is a key factor to success.

### 7. Think like a designer

During the course students should be familiarized with a design thinking methodology. It will help them to understand the needs of customers, and thereby adjust the product to consumer demand.

### 8. Learn from start-ups

Learning from start-ups is to learn from the experienced people, who step by step are introducing their ideas to the market. Start-ups are more open than big companies and students, who realize concrete projects with start-ups can observe how their founders work. Most start-ups have an extensive knowledge of the technical and legal aspects. The knowledge is based on their own experience at different stages of a start-up development.

Course programme includes the following main subjects: Leadership, Innovation, Entrepreneurship. First working version of Entrepreneurship course for multidisciplinary group of students, was tested on selected group of students from all participating universities during the first summer school at UTA.

Group of 30 students was divided into 6 equal teams. In each team there were representatives from all universities. It ensured that the teams were multidisciplinary and helped the students to improve English language, particularly business English. Summer school

at UTA was conducted by the ADVANCED partners (6 teachers/trainers from BUT, ULE and UTA). The group of advanced teachers was divided into 3 multidisciplinary teams. Each team were responsible for one part of the course.

### PHASE TWO

Course programme, which was developed during the first year and tested during summer school. The Beginner partners implemented the whole programme and gained some experience during classes, which were carried out in 2015/2016 academic year.

Basing on that experience, with support of the Advanced partners, the Beginner partners conducted classes during summer school in Aveiro.

### PHASE THREE

Dissemination was carried out through International workshops. Three partners, i.e. ULE, BUT and MUS each organized a multiplier event to disseminate project results and to share their experience in teaching Entrepreneurship.

Workshops were scheduled well in advance, at least 2 months before, to attract the biggest number of participants. The representatives of three possibly interested groups were invited: universities, business representatives and local and government institutions.

In the course of the workshop the following activities are planned:

1. Presentations of the project partners describing direct and indirect results (e-book, reports, course curriculum, educational tools and methods, project website, "lessons learned")
2. Presentation of business representatives that were cooperating in the project
3. Overview of practical scenarios of lessons with students using project educational materials contained in the e-book and project reports in the form of workshop group exercises,
4. Discussion with workshop participants explaining some open questions and identifying some local and specific considerations.

5. Consultancy for all interested persons enabling successful implementation of the model of the Entrepreneurship course in different educational environments.

Workshops were designed to be plain but attractive for the participants, so as to encourage all of them to the practical use of the results. The presentations were rather short and comprehensive and emphasis will be placed on practical exercises and discussions. The organizers assumed certain flexibility to adapt to the specific needs of the participants.



Final meeting at University of the Aegean

***How ERASMUS+ programme facilitated execution of project? Could it be executed without the funding? Are ERASMUS + projects difficult in terms of realization?***

*Erasmus + projects are much less bureaucratic than our national and regional projects. Thanks to the flat-rate method of settlement, we can take into account previously unforeseen needs. Meles significantly accelerated development of an entrepreneurship education at our university - to the next desired stage called multidisciplinary entrepreneurship.*

***Joanna Panasiuk***

*Administrative Coordinator of the MELES project at Bialystok University of Technology*

# Recommendations and good practice: How to introduce Entrepreneurship course into curricula?

1. Check already existing solutions. Conduct what is known as market research. A good source can be the Erasmus+ Project Results web page - <http://ec.europa.eu/programmes/erasmus-plus/projects>
2. Make all necessary formal preparations:
  - Make an agreement with the rector, dean and other stakeholders of your Institution. Please note, that in some countries, you need the approval on national/ ministry level, to make such changes. For example in Poland, every new course in the curricula has to be approved by Dean of Faculty and Faculty Council (Rada Wydziału).
  - Prepare Course Card (Karta przedmiotu), which differs from university to university, but is generally in line with the Bologna Rules (i.a. includes ECTS and student learning outcomes).
3. Decide when the course should be offered, during which year of study, and which semester. It should be in line with other courses. Our suggestion is to introduce Entrepreneurship just before students have to choose a specialization track.
4. We strongly recommend offering Entrepreneurship classes to groups not exceeding 30 students. The groups of students working on separate projects should not consist of more than 6 members. It is possible for two coaches to support 5-6 groups. It is beneficial, when classes are taught by two teachers/coaches.
5. We recommend that such courses should be taught in the framework of multidisciplinary teams. We encourage students from different departments to participate and the latter include non-technical departments like Finance, Marketing, Law or Economy.
6. It is recommended to present the course outline for students at the beginning of semester.
7. Use all opportunities to attract learners. For example, many institutions celebrate an Entrepreneurship Week (in Poland: Bank Gospodarstwa Krajowego, Polska Fundacja Przedsiębiorczości etc.) Part of the celebration can be to arrange, free of charge, interesting workshops, to invite well-known persons who can inspire your students etc. You can also take advantage of events dedicated to business support.
8. Invite active entrepreneurs, institutions that support entrepreneurship etc. to show students opportunities to develop their business.
9. Let students work in their teams.
10. Our ideal space for such course should be equipped as follows: movable tables and whiteboards, flipcharts, projector, colorful sticky notes, materials for rapid prototyping.
11. Show flexibility rather than rigid adherence to the schedule. The course covers mostly soft skills, which are not easy to develop in the context of a tight framework.
12. Assign homework to students: that keeps team together after classes (our classes were given one assignment a week on average, but sometimes, due to holidays breaks were longer)
13. Invite external “judges” to evaluate students projects. Don’t forget awards!
14. Distribute an anonymous evaluation questionnaire after the course and collect the data.



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# Recommendations and good practice for organization of an Entrepreneurship

## Summer School – how to use this course during summer schools

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1. Agree between all involved parties the common term. Summer vacation differs from country to country.
2. Arrange recruitment process for students. In our case the recruitment criteria were as follows:
  - a. English test – level B2
  - b. Your business idea – short oral presentation supported by electronic version (all in English)
3. Prepare and sign agreement with students before going to summer school.
4. Collaborate with colleagues from other departments both in attracting the students, and in organizing classes as well as other activities of the school. People from “outside” have fresh point of view and increased our multidisciplinary.
5. Prepare the place for different activities of the school, including outdoor activities. Inauguration of the school as well as the panels took place in aula. Classes were carried out in regular classroom. We had also dedicated classrooms for each team during Group Work activity. Final ceremony took place in big auditorium.
6. Invite founders of some startups and companies to share with the audience the difficulties and challenges to create a new business. We have prepared panel with three entrepreneurs. Our students really like it.
7. Invite creative people. We have invited the Portuguese entrepreneur and fantasy-literature writer Vasco Cardoso.
8. Think in advance about the Program from the following points of view:
  - a. Good equilibrium between theoretical and practical activities;
  - b. Breaks between classes that give students possibility to have some rest and some socializing;
  - c. Enough time for each planned activity;
  - d. Reserve some time for mid-term and final evaluation from the group;
  - e. Photo report about the activities (ask .
9. Prepare several ice-breaking and leadership games for the first days of the school e.g. Spider game, which helps people to get know each other. We used also badges with names for the first week of the school. Good idea was to equip each team with university “uniforms”. In our case, that were T-shirts with university logo. Additionally each student was presenting own idea for business.
10. Think in advance about the process of selecting ideas for further development. We did not make any contest and let students decide, which ideas they like the most. But we pressed them to decide after second day of the school, which from present perspective was too early. The possible solution is to make voting for the best ideas.
11. Think about all logistic issues in advance: materials, transportation, alimentation, etc. In advance, make available (either by e-mail, or by social networks) some information for the participants of the school: venue, travel advices, tourist information [http://meles-project.eu/files/SUMMER\\_SCHOOL\\_BROCHURE\\_LAST.pdf](http://meles-project.eu/files/SUMMER_SCHOOL_BROCHURE_LAST.pdf)
12. In advance or from the very beginning of the School, try to know better all the participants, their possible extra needs, health problems, and talents.
13. Use the help from the students and try to have feedback from them.
14. Try to foresee possible extremal situations: change of the program, lack of materials, personal needs, etc. Due to flight delay, one team arrived a day later than planned. All schedule was postponed one day and executed during weekend.
15. Be flexible, relaxed and kind with everybody: both with teachers and with students.
16. Make regular meetings with your team and with students to have a feedback.
17. Leave time for yourself at the end of day to have some rest and to prepare the next day.
18. Leave some time in the program for social activities that can join teachers, students and guests.
19. Be ready to solve permanently arising questions not connected with the school organization: personal needs/problems of participants; complaints, questions connected with organizing of free time program, etc.

20. Prepare box for suggestions, where students can anonymously leave their comments or wishes.
21. Prepare certificates for students and for teachers. Decide in advance who will print, sign them and when these action happened.
22. Make evaluation questionnaires. We did it one day before final ceremony. From some perspective, it should be done after this ceremony.
23. Prepare knowledge tests. We did same test twice, at the beginning and at the end of each school. We were measuring level of entrepreneurship knowledge, which, in general, increased.
24. Prepare self-evaluation questionnaire for students.
25. Decide, how will you evaluate final presentation of students. Below our suggestions.
26. Prepare awards for the best teams.
27. Bring national flags for final ceremonies.
28. Summarize results of Summer school during special meeting. Make notes for future use.

### **Summer schools**

The numbers describing two summer schools, i.e. in Chios (July 2015) and in Aveiro (July 2016) are impressive. More than 60 participants (five of them as volunteers) from 13 countries (Chile, Colombia, Costa Rica, Ecuador, Germany, Greece, Guatemala, Honduras, Mexico, Mozambique, Palestine, Portugal and Poland). More than 10 teachers from the partner universities and two visiting teachers (from University of Szczecin). More than 100 hours of classes, a lot of fun, a lot of work, 12 developed projects during more than 20 days. Among them Welcome day, Team Building day, Leadership day, Creativity day, Value Proposition day, Business Model Canvas day, Learning from Entrepreneurs day, Presentation day, Coaching day and Final Pitches day.



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# Chapter 2: Generating Ideas

## INTRODUCTION

In order to reach the goals of the MELES course the teachers have to enable the students to develop together in teams their ideas and to structure them in a business model. The aim was to help them to build their teams and create an atmosphere of trust and cooperation in inside the teams. This is the important precondition to enable them to work productively together.

To reach this goal we begin with an introduction in creative thinking. Here the students learn how to use the potential of a multidisciplinary team in order to develop business ideas [link].

The forming of the team we will start with an ice breaker, the desert island game [link]. Here the students will learn cooperation and common decision making.

After the ice is broken we introduce the students into some creativity techniques [link]. The methods will be used all along the process on different points. They will learn different tools for different phases of the development process.

In a second team building exercise students will experience in randomly chosen how their colleagues work in a rapid project development game, the team building bottom up game [link]. This is a preparation to form future working groups.

As an excursion we will then show the students, that ideas can also be developed in a certain environment or political circumstances. Chances of support can increase when the idea matches a current political strategy. We will show the students this opportunity on

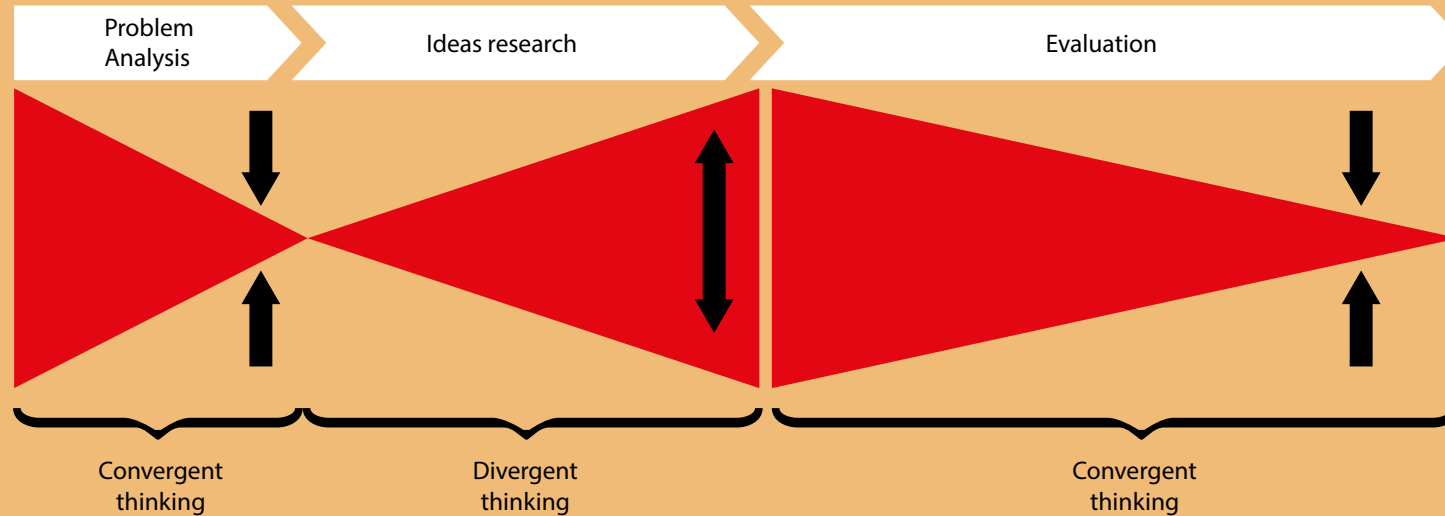
the example of blue economy [link]. We will explain them the method of design thinking [link] in order to enable them to design a project according to customer's needs. Here students can practice the creative methods they learned before. It is shown to them, that a fast prototype is a useful tool in developing and improving their projects. The students will practice

## IDEA DEVELOPMENT:

### Using creativity techniques to structure the creative process of innovation

We recommend to start our course with an introduction into creative thinking. In modern literature, ongoing economic success on the macro and micro level is strongly related to knowledge, innovation, and creativity. Innovation needs invention, invention needs idea development, and idea development needs creativity.

According to Guilford (1950), there are two different types of thinking: convergent thinking and divergent thinking. Convergent thinking starts from a general knowledge and moves along, decreasing its scope but increasing in detail. This process can be used to define problems in a concrete and clear way. Divergent thinking is the reverse process: it starts from a particular subject and moves on to increase its scope. Although divergent thinking is used in the generation of ideas, the creative process includes not only one, but both, types of thinking. The following figure shows the path of the creative process.



In order to develop ways of thinking that stimulate idea generation (this is creativity itself), Edward De Bono developed the concept of lateral thinking (De Bono, 1970). This way of thinking seeks to generate alternative directions of thought. This is opposed to vertical thinking, which seeks to develop ideas in a direction of thought that is already defined. Normally, the mind accumulates experiences and patterns that are used when decisions must be taken. However, these existing patterns in the mind do not always offer the best response to a situation. While vertical thinking is analytical, lateral thinking is provocative in suggesting these new thinking directions. Nevertheless, according to De Bono (1970), these two forms of thought are not antagonistic. In this sense, lateral thinking may be useful to find ideas or directions for problem solving and vertical thinking may be useful to develop them.

The same happens with knowledge: technical problems tend to be solved based on the knowledge we have. For example, if a mechanical engineer is faced with a problem, he

will tend to seek the solution to that problem in his field of knowledge of mechanics, even when the most effective solution could be found in the field of chemistry. Much of the creativity techniques suggest new ways to seek solutions to existing problems.

Another aspect to consider is the creation of partnerships. By having a problem or an area to apply creativity to, people tend to make associations with situations or circumstances surrounding the problem or issue to be solved. That is why some creativity techniques, as will be discussed in following sections, aim to present different elements with which independent associations can be made or that are different from the typical associations which are made in a particular field of action in order to reach new associations or new ideas.

In summary, the objective of creativity is to break these pre-established thought patterns in order to get new ways to find ideas or solutions to problems. The development of creativity is, therefore, the ability to find new ways to solve problems, and, in this sense, is a skill that can be developed in a person.

## STAGES OF THE CREATIVE PROCESS

Although creativity cannot fit into the framework of a process (as this cannot be switched on and off as is done with a computer), there are certain stages to go through to generate an idea:

- Problem identification phase
- Research phase
- Incubation phase
- Enlightenment phase
- Development phase

At first, there must be a motivation to use creativity. This is the problem identification phase. This phase is more complicated than it seems, because it must determine the problem to be solved, which is not always easy. In the simplest scenario it may be a technical problem, but it can also be a need in the market, or more complicated, it may be to create a new market need. The importance of the problem identification phase is clarified just by asking what the point of a brilliant idea is, if this fixes a problem in the wrong place. Linking this issue directly with the innovation process, it can be thought that this phase corresponds to the phase in which areas of innovation are identified, for whom later on ideas should be generated.

This is followed by the research phase. Once identified, the problem or area to which creativity is to be applied to, it is necessary to start gathering information. This information helps to better define the problem and identify the tools and resources that could provide

a complete solution to the problem. Another activity in this phase is to set the problem in different scenarios or analyse it from different points of view. This helps to identify different directions to solve the problem or start the ideas generation process.

Once the problem has been defined and an analysis of its environment has been performed the incubation phase follows. During this stage, the problem or area of innovation matures. Often it is simply loaded with the problems, and in some cases it is confronted with different situations. In this phase the problem is also abstracted, and thus compared to other similar problems or situations that already have been experienced. In some cases, we try to find the standard pattern of the problem in order to find a solution to it.

The phase of “enlightenment” is where ideas are generated. After having compared the problem to other situations already experienced and being familiar with the problem and the resources to solve it, there comes a moment of enlightenment in which one or more ideas around the problem are generated.

Finally, when an idea is conceived, it is not always ready to be presented, much less to be implemented. Thus, in the next phase, that of development, it is necessary to mature the idea and take it to the point where it can be presented. The idea must be faced with the problem many times to verify that it definitely offers a solution to the problem or truly addresses the need that identified previously.

## CREATIVE THINKING - HOW DOES IT WORK?

The process of creative thinking is tremendously complex in nature. A large amount of literature from different fields and areas of research exists on this topic. One could say that we only have just a rough and brief understanding of the processes related to creative thinking. Nevertheless, we want to presents some of the points here.



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## THE WAY OUR BRAIN WORKS

The most important part of the brain related to thinking and creativity is the cerebrum. The cerebrum is divided into two sides that are connected through the corpus callosum. The left side of the cerebrum is more related to functions such as logical and analytical thinking, numbers, language, as well as data and facts. The left side processes time sequences and recognizes details and structures.

The right side is more related to emotional behavior, connectional thinking, intuition, seeing things as a whole, as well as sounds and pictures. It is not related to time, but to the ability to think in visual way.

Even though the functions and responsibilities of both sides of the brain are still not fully understood, it is widely accepted that creativity needs the cooperation and interaction of both parts of the brain. For that reason most of the techniques and methods to foster creative thinking encourage the participants to change their perspectives and so use both sides of the cerebrum. This is mostly done through changing positions to analyse a problem or question.

## CREATIVITY – HOW TO THINK OUT OF THE BOX?

We need:

### A Question or Problem to Solve

It is important to concentrate on the task to get the right focus for the problem or question or to separate the problem/question into suitable sections.

### A Team

Experience and research shows that a group is much more effective and productive in

being creative than a single individual. The team should as diverse as possible in terms of age, culture, discipline, background, department etc. The goal here is gain many different perspectives, backgrounds, and experiences for the creative process.

### A Suitable Environment

Based on the fact that thinking and creativity is strongly related to emotions and feelings as well as chemical and hormone functions within our brain and body, a positive and motivating environment influences our way of thinking.

### Time

The majority of the methods for creative thinking are not very time consuming. Creative problem solving processes are strategically addressing the future and therefore they should be given sufficient attention.

### Freedom of Thinking

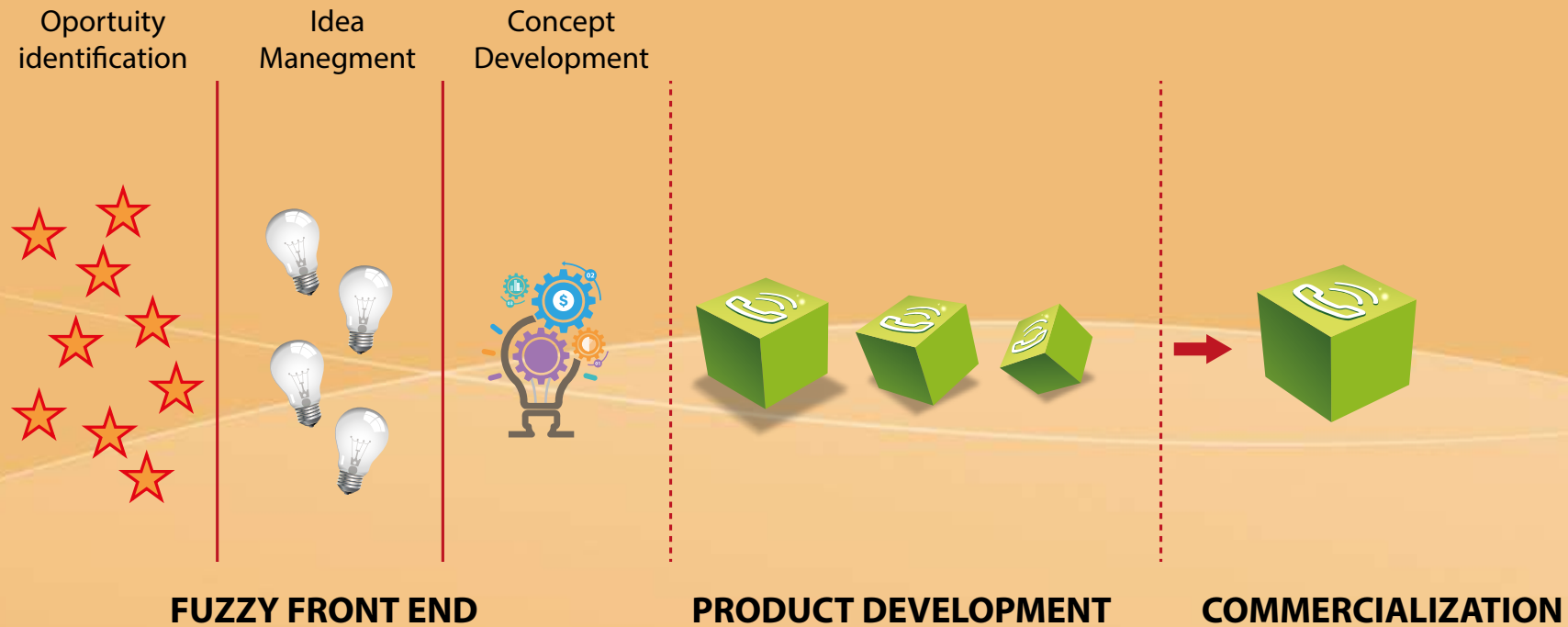
To enable the creative process and foster effective results, it is necessary to think absolutely freely. Every idea is an idea and therefore, by definition, not useless. It might be that one idea is more suitable for solving the explicit problem than another one. But in the end in lots of creative processes the ideas less suitable ideas that were produced can lead to other successful innovations.

### Idea Management

Idea management stands at the beginning of the innovation process, right after the demand analysis and the question or problem to solve have been defined. It is also called the fuzzy front end of the innovation process due the fact that this part is the most difficult one to handle. The fuzzy front end is the most time consuming one and where the major commitments are made to the process.

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## INNOVATION PROCESS INSIDE COMPANIES (CHESBROUGH, 2006)

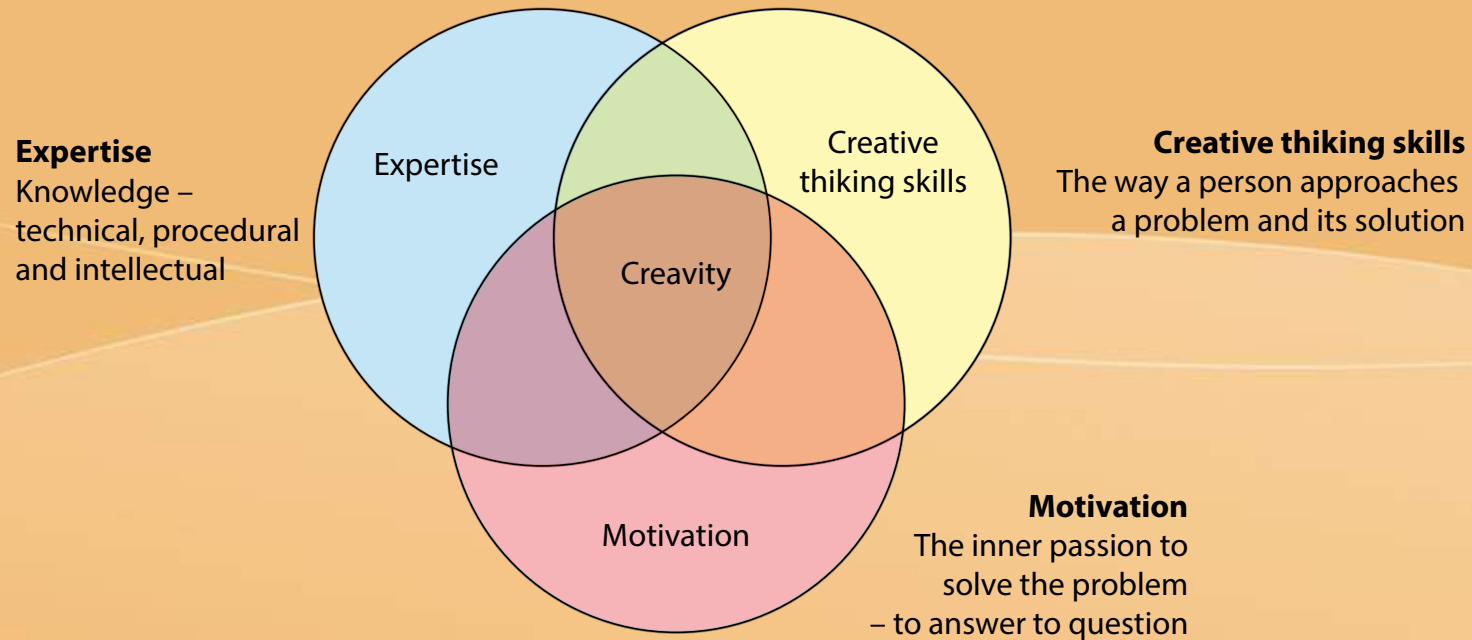




### THE THREE COMPONENTS OF CREATIVITY

In many organizations, the use of creativity tools is considered synonymous with creativity. However, fostering creativity depends not only on tools. There are other elements that

contribute to an organization effectively using creativity. One way to understand these additional elements is the analysis of the three components of creativity by Amabile (2005): expertise, creative thinking skills





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Expertise is all the knowledge a person possesses. This can offer different approaches or ways to find a solution. The development of expertise includes conducting seminars and courses on a specific topic, studies made by the individual, and conferences, among others. The creativity of an organization can be influenced by working on all three components of creativity. Depending on the organization, the influence that each individual component has can be larger or smaller. Some studies conclude that motivation has the biggest influence on improving creativity (Amabile, 2005). Nevertheless, it is important to keep in mind the other components to get good results.

Besides identifying the three components of creativity, Amabile also identified six practices of management that contribute to creativity: challenge, freedom, resources, teamwork characteristics, supervisor encouragement, and strong support from the organization.

- Challenge: Refers to assigning the right person to each activity. This involves collecting the information necessary to match the tasks with the right person to perform them so. This ensures that the person has a challenge that they can accomplish.
- Freedom: Giving employees the option to choose how to achieve the established goals. For this, it is important that goals are clearly defined and not changing constantly, otherwise freedom does not contribute.
- Resources: Consists of obtaining a balance between economic, time, and physical resources to foster an enabling environment for creativity.

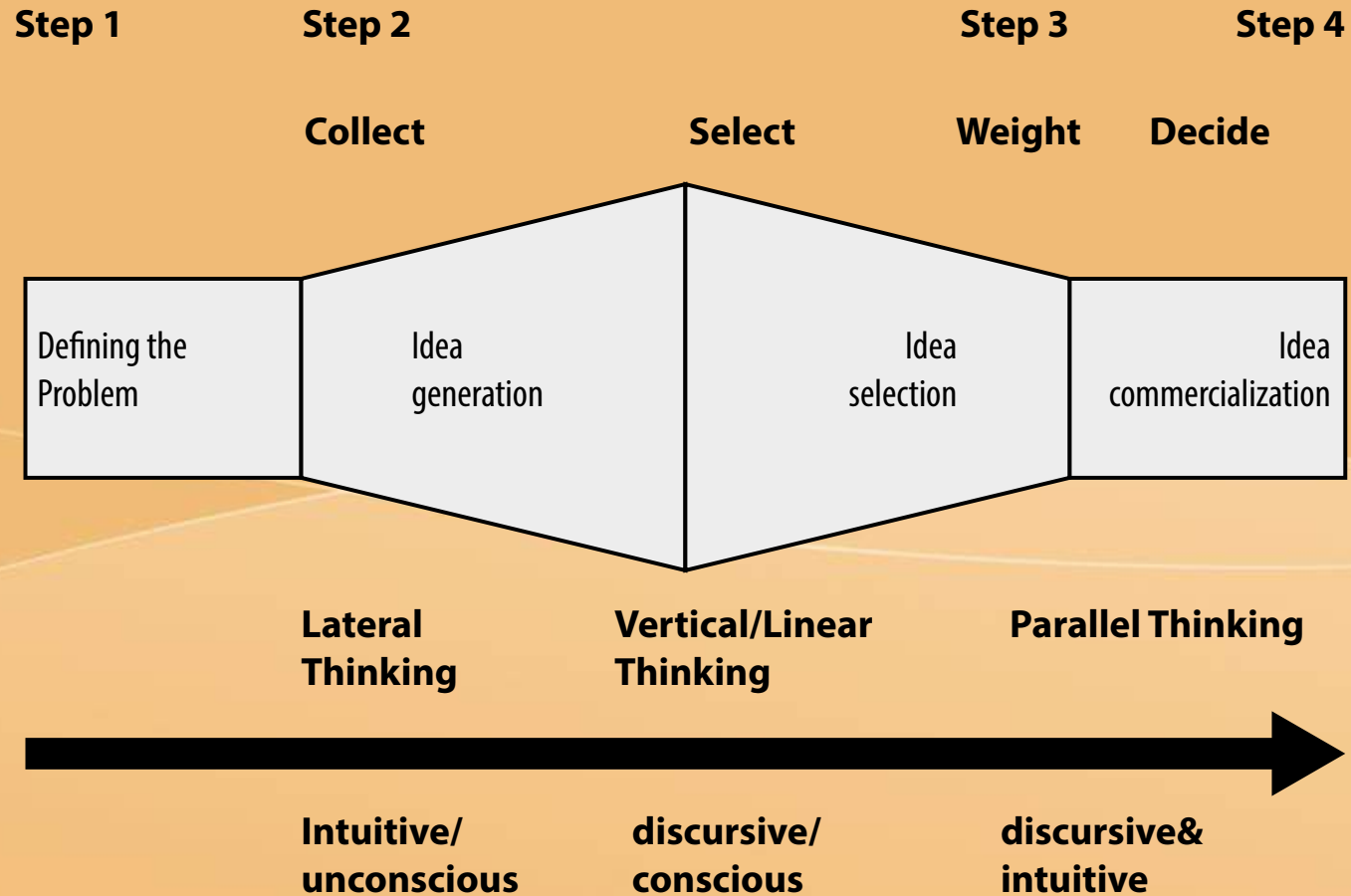
- Characteristics of teamwork: This refers to the influence that team formation has in achieving diversity to encourage different points of view, fellowship or “team spirit”, enthusiasm for one goal, and mutual respect. This leads to the creative team being more efficient.
- Encouragement of supervisor: This refers to the influence that the superior has on the employees, the way they recognize their ideas, not extrinsically, but intrinsically. The creative contributions of the employee should be evaluated and recognized according to their potential.
- Organizational support: This refers to the support the leaders of an organization provide to setting a creative environment through collaboration and information exchange.

Creativity in an organization is something that can be cultivated and can be integrated into the philosophy of the organization. It is also something that can be developed. In order to effectively influence the creativity of the organization, management must be actively involved to facilitate the actions and elements that stimulate creativity.

### STRUCTURING THE PROCESS

In order to manage the process effectively, it is helpful to structure it into four steps and to allocate different resources and methods to each single step.

## CREATIVE PROBLEM SOLVING PROCESS



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## STEP 1: DEFINING THE PROBLEM

As outlined previously, it necessary to first define the problem to be solved and the questions to ask.

### Step 2: Idea Generation

In this step as many quality ideas as possible should be generated in a set timeframe. This step mainly uses methods and techniques that use intuitive and unconscious ways of thinking.

### Step 3: Idea Selection

After the step of idea generation, one now has to select those ideas that seem to be most suitable for solving the problem. The ideas should be selected and evaluated; they have to be given a priority so as to build the base for making the strategic decision which one should be implemented or commercialized.

### Step 4: Idea Commercialization

In the last step one has to decide which ideas one wants to implement. Here it is necessary to change the perspective and to involve different people. Idea generation and idea commercialization are two different tasks and a few people are equally capable to do both. After the idea generation and selection process most participants prefer their own ideas

and stick to them. Hence they are not able rationally assess things from a market perspective and to adjust or transform the idea into a product or solution that the company can implement or commercialize. Due to this most companies separate these sections.

## DESIGN THINKING

Design Thinking methodology is a good tool to develop the to direct your creativity to customer's needs. Implementation of projects using this methodology develops creativity and teaches cooperation on concrete projects. Design Thinking also shows how effective can be the cooperation of people from different areas, how strong multidisciplinary teams are.

In Design Thinking for business innovation for creative leadership! [\[link\]](#) you find the presentation of five elements of Design Thinking method: empathise, define, ideate, prototype and test. The outcomes of this lecture are following: If you want be a creative entrepreneur you should be a designer. Ask customers what they want. Be „out of box”. Work in multidisciplinary teams is very effective. Prototype and test your product as soon as possible.

The practical part of this subject involves in performing sample project Walet project using Design Thinking methodology. We prepared this as an exercise.

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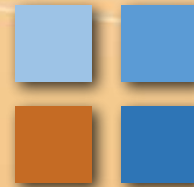


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# Developing Business Ideas



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# Learning Outcomes



**Students will learn to use techniques to structure the creative process**

# Agenda

- Introduction into creative thinking
- Some methods of creative thinking

# Creativity

## Psychological point of view:

- Creativity – individual ability for constructive performances, that means the ability to create something new

## Economical point of view:

- Creativity – Recombination of experiences and information in order to create new products and services



## Business Idea Development

Here we are talking about important tools related to creativity and the process of business idea development. You can use it in order to develop fresh business ideas or to develop further a business idea. The focus is on systematic tools.

We have different perspectives in order to answer the question of what is creativity. We can take the individual perspective. For instance, from a psychological point of view we can see an individual ability for constructive performances, that means the ability to create something new. From an economic perspective, creativity has to do with a recombination of experiences and information in order to create new products and services. From the economic point of view we have to take in mind the possibility of bringing different people together to support the recombination of experiences and different knowledge to create new ideas. We can have a look to one start-up company from Leipzig University to understand better the fact of recombining already established methods and practices in order to create a new value.

VivoSensMedical GmbH ([www.vivosensmedical.com](http://www.vivosensmedical.com))

VivoSensMedical GmbH is a young, medical company from Leipzig which combines medical-scientific experience, and technical know-how. VivoSensMedical strives to set new standards in diagnosis and treatment in the fields of gynaecology, reproductive and sexual medicine. VivoSensMedical has made available to women, gynaecologists, and reproductive health professionals a method for cycle diagnostics and the determination of the fertile window. The product, called OvulaRing, is ideal for both natural contraception and for determining the best time for conception. OvulaRing makes it easier to perform medical diagnostics with regard to cycle health and allows for optimised fertility treatments with a higher chance of success. In addition, women have a tool at their disposal with which they can independently check their cycle in order to determine their fertile window, thereby allowing them to establish the best time to try for a child or practise natural contraception.

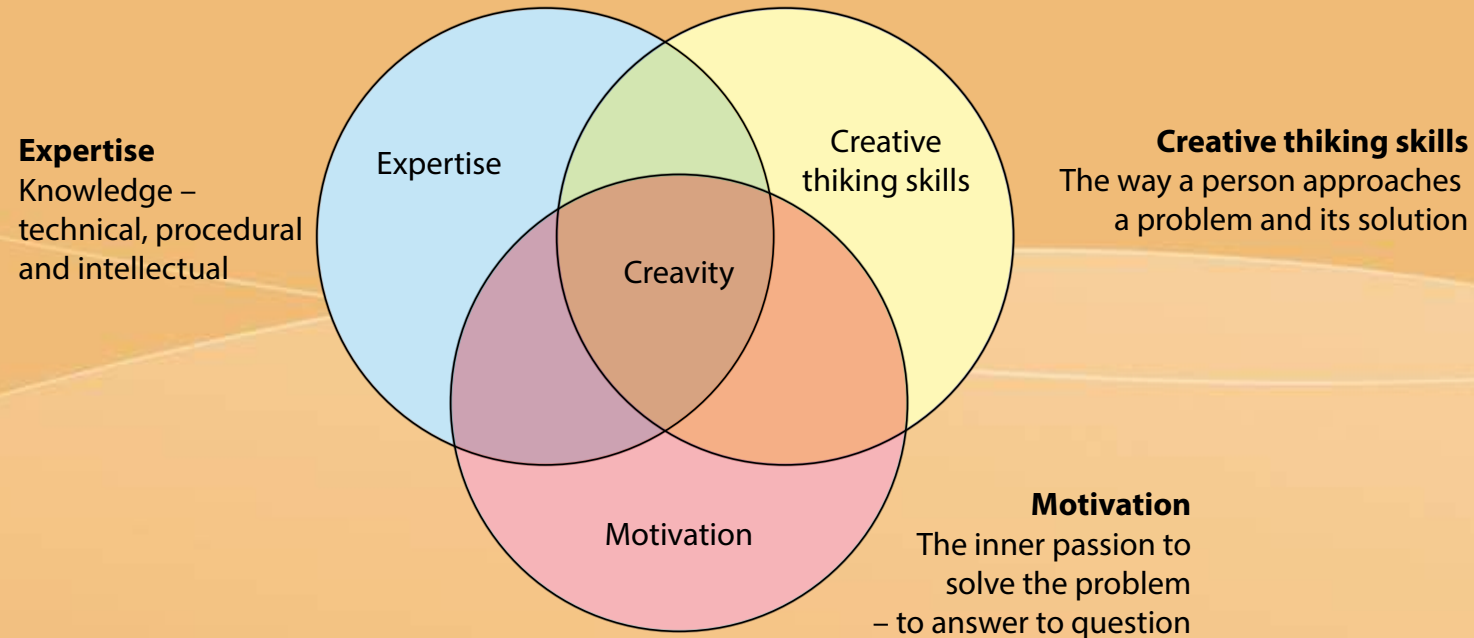
# Creativity and Cooking

Creativity is like cooking a great meal. The first essentials are the basic ingredients (such as the meat and the potatoes) which must be of the finest quality. This is the **experience and know how** within the domain. The second important part involves the spices. These lift the taste to new areas. These are like the lateral thoughts and **creative thinking skills**. They excite the mind to new things. Finally, the chef must have **passion** for the meal. This is not easily explained but is clearly understood when it is present. It is the presentation, the choices, the verve when everything is put together. In creativity, it is the desire, persistence, and implementation.

**Creative processes are comparable with cooking. Cooking is one way for a lot of people to be creative. During the cooking process we can combine existing inputs in a new way.**

# Three Components of Creativity

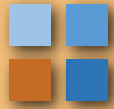
Expertise, creative thinking skills, and motivation (Amabile, 2005)



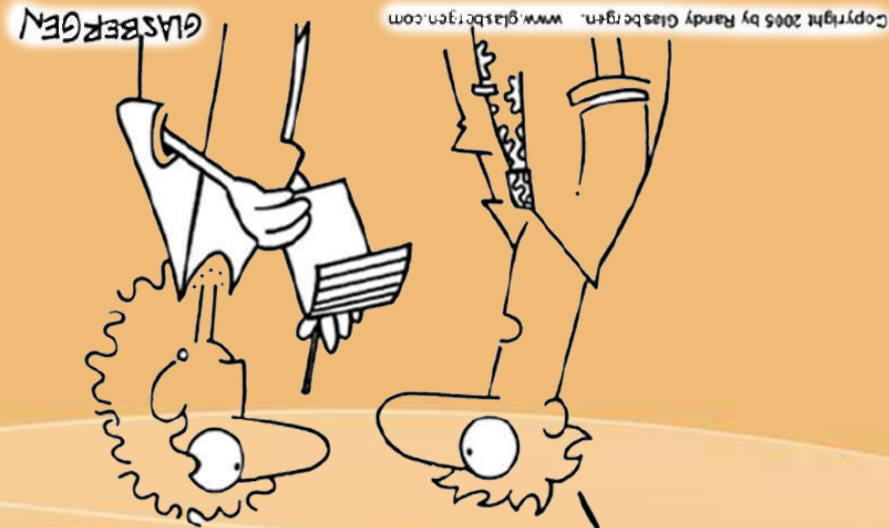
When we talk about creativity we can see three important components:

- Expertise
- Creative thinking skills
- Motivation or passion

These three components comes together in creative processes. Expertise involves for instance technical, procedural or intellectual knowledge. In the field of creative thinking skills we define the way a person approaches different problems and possible solutions. The motivation include the individual passion to solve a problem or to answer a question.



# Creativity means „Break the Rules”!



I'M ALWAYS LOOKING FOR WAYS  
TO BREAK THE RULES AND  
DO THINGS DIFFERENTLY.  
THAT'S THE KEY TO  
MY SUCCESS!



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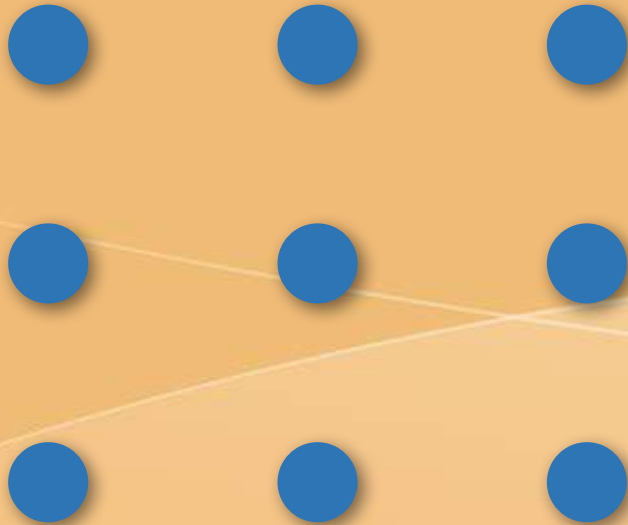


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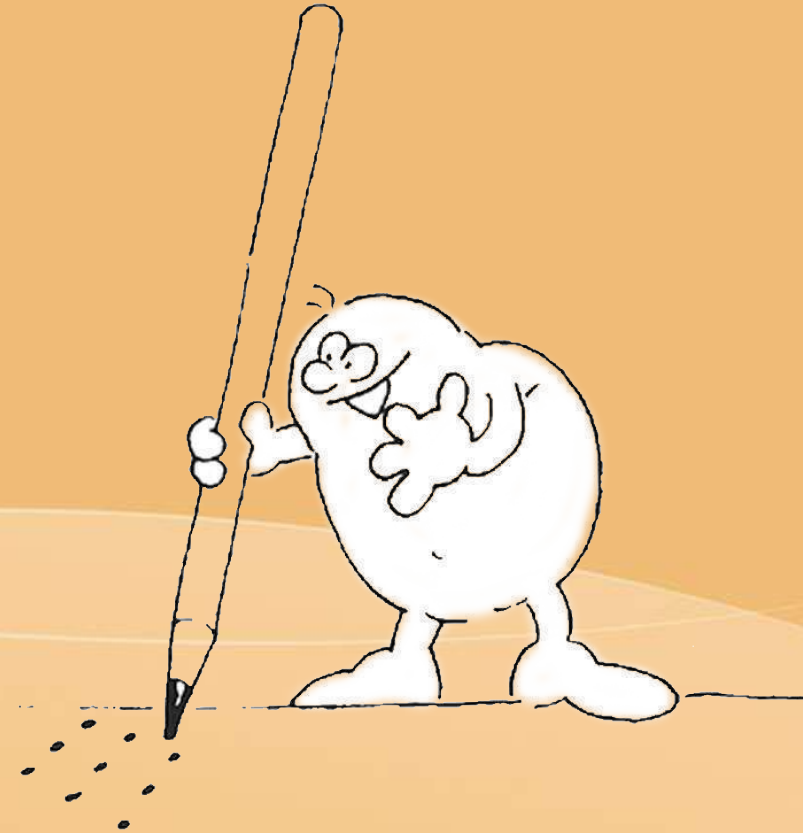
**Creativity means thinking outside the box and outside our existing knowledge and experiences. Of course it is not an easy task.**

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# Try it!



**Connect all these dots by using only four lines without lifting the pen!**

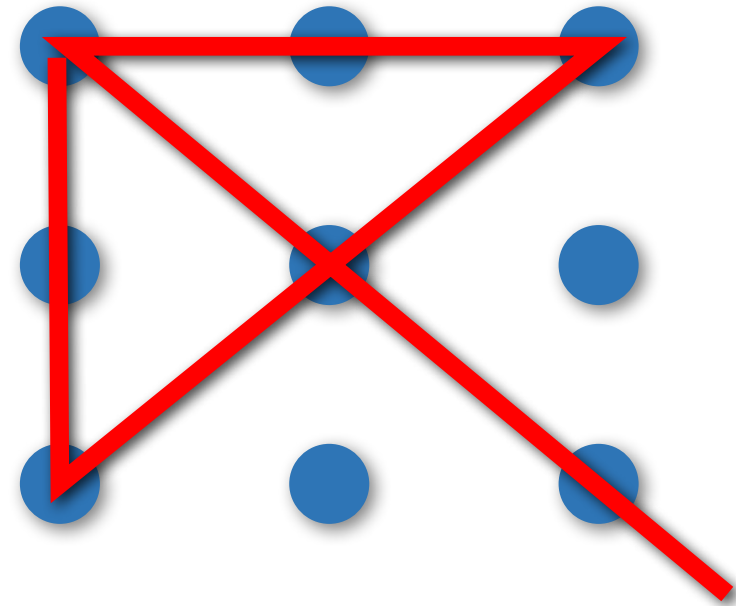


*Verbinden Sie die Punkte...*



### Exercise: Nine Dots puzzle

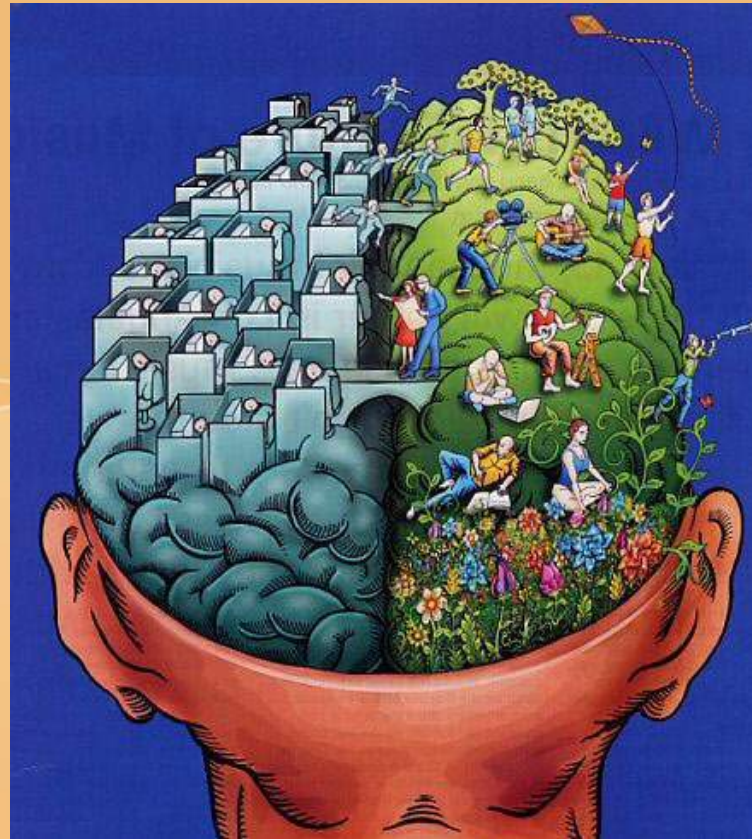
Connect all these nine dots by using only four lines, as an exercise to think creatively. Typically, we are looking for the solution in the box. But, the idea is to think outside the box.



# Left Brain and Right Brain Functions

## Left brain functions

Logic  
Rational  
Numbers  
Data  
Facts  
Read  
Calculations



## Right brain functions

Emotional  
Sympathetic  
Creativity  
Instinct  
Intuition  
Pictures  
Sounds

The findings of brain research shows us a differentiation between left brain functions and right brain functions. The left brain functions normally are responsible for logic and rational thinking or calculations, etc. The right side is more on emotional thinking, creativity or individual instinct. But, the combination of both functions provide advantages for the process of idea development. In a firm perspective we can see the example of combining staff from diverse backgrounds in order to produce adequate outputs, for instance in the process of developing a brand name for a new product. Here, the formation of a team between engineers and artists or poets could facilitate the creative process.

# Left Brain - Right Brain Conflict

The brain is divided into two halves (hemispheres). Usually, the left half of the brain controls the right side of the body. The right half of the brain controls the left side of the body.

Look at the chart and say the **COLOR** not the word

<b>YELLOW</b>	<b>BLUE</b>	<b>ORANGE</b>
<b>BLACK</b>	<b>RED</b>	<b>GREEN</b>
<b>PURPLE</b>	<b>YELLOW</b>	<b>RED</b>
<b>ORANGE</b>	<b>GREEN</b>	<b>BLACK</b>
<b>BLUE</b>	<b>RED</b>	<b>PURPLE</b>
<b>GREEN</b>	<b>BLUE</b>	<b>ORANGE</b>

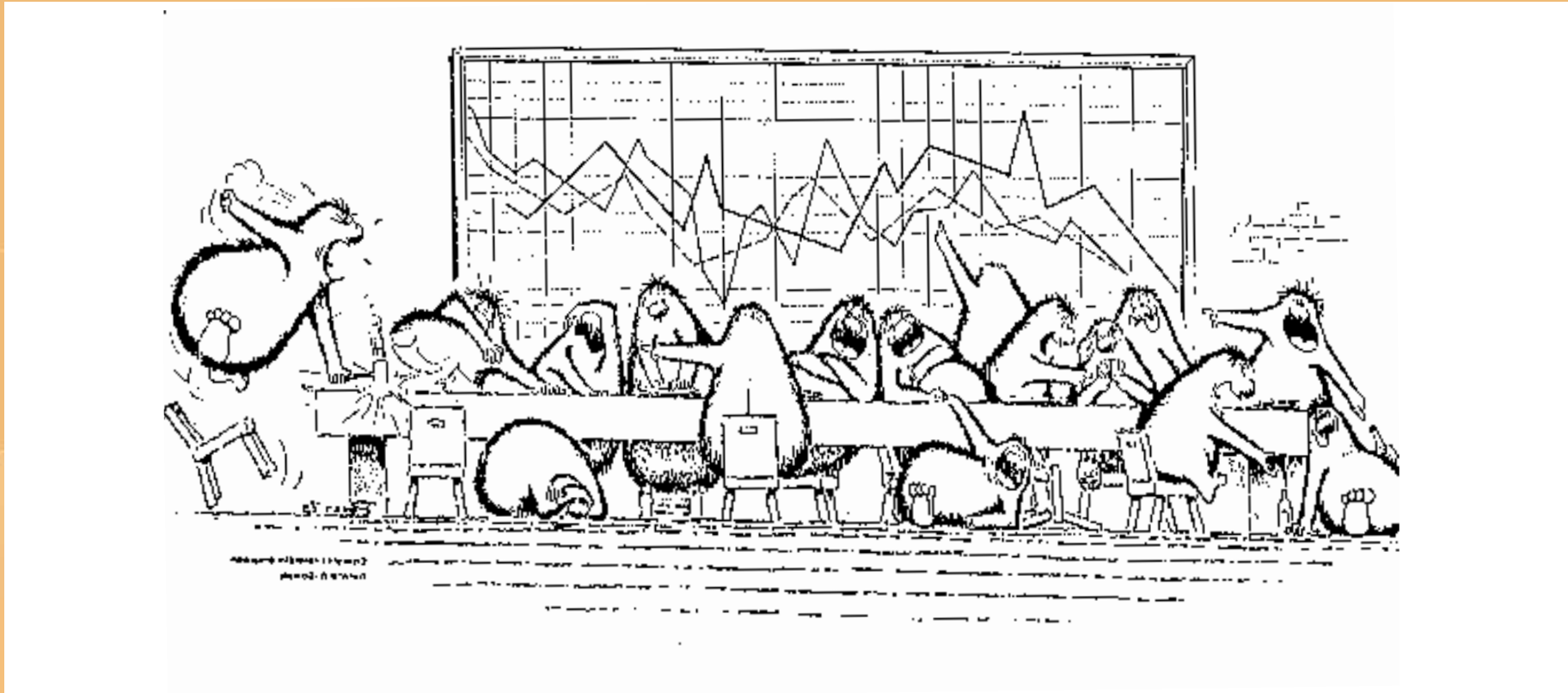
**Left - Right Conflict**

**Your right brain tries to say the color but  
your left brain insists on reading the word**

**Example: Left Brain - Right Brain Conflict**

**This example of Left Brain - Right Brain Conflict shows us the power of brain functions. The right brain tries to say the color but the left brain insists on reading the word.**

# Team Work



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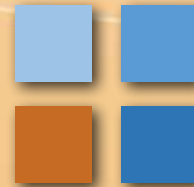


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# Desert Island Game



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# Desert Island Game



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### Summary:

The game is a teambuilding and get-to-know-you icebreaker.

In this game, the players simulate a situation of surviving on a deserted island. They are challenged to use their critical thinking and leadership skills to find the best way to survive and to convince the team to accept the proposed solution.

# Desert Island Game

- The participants are divided into small subgroups.
- Each team sits around a table where pen, post-its notes, and 1 cardboard are placed.
- The participants are informed that they are going to be taken to a desert island and each team is allowed to take only three objects with them.

The teachers/trainers explain the rules of the game and stimulate the discussion in the case it is necessary.

To form subgroups, the teachers/trainers distribute between the participants the mixed pieces of 6 different small puzzles that the participants will have to assemble. Each subgroup will be formed around each puzzle.

**Materials needed:**

Pen

Post-its notes

Tables

Cardboards/big sheets of paper

**Duration:**

30 minutes

# Rules – Step one

- Each participant has 5 minutes to write the name of one object on the post-its note, and this is placed on the cardboard.
- Each participant has to explain to the rest of the team why it is possible to survive on the island with the proposed object.

The teachers/trainers can move from one group to another helping the participants to follow the rules.

# Rules - Step two

- For 10 minutes, each team discusses the importance of the objects for survival and, if necessary, they can choose 1 extra object.
- At the end, one representative of each team presents 3 objects that the team has selected and explains how these objects will help them to survive.



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During this phase of the game, the students show their ability to discuss, to convince the colleagues to accept their suggestion, and in general, demonstrate their leadership capabilities. They also get to know the other members of the team better.

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# Ready? Go!

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# Creativity Techniques

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# Learning Outcomes

- Being able to use the creativity techniques to produce ideas in a group
- Selecting one idea

# Agenda

- Brainstorming
- Morphological Analysis
- Analogies
- Functional Analysis
- Mind Mapping
- Metaplan
- Brainwriting – Method 635
- ABC Technique
- Selecting Ideas

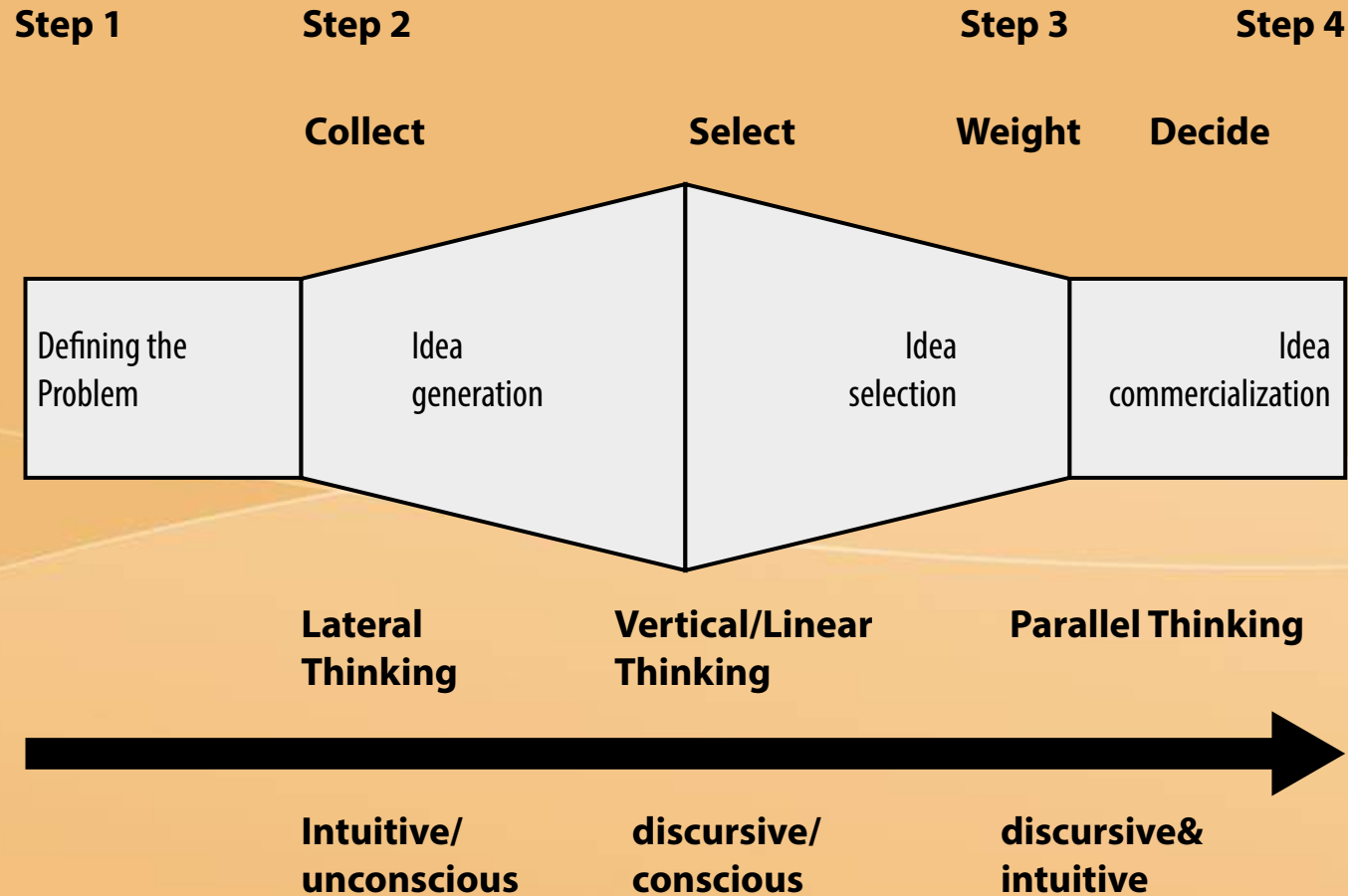
# We Need:

- **A suitable environment:** Based on the fact that thinking and creativity is highly related to emotions and feelings as well as chemical and hormone functions within our brain and body, a positive and motivating environment is influencing our way of thinking. To put myself in different perspectives it could support me to change the room or place.
- **Time:** Not only the majority of the methods for creative thinking are time consuming, also creative problem solving processes are strategically addressing the future and therefore they are need adequate time resources.

# We Need:

- **Freedom of thinking:** To enable the creativity process and to foster effective results it is necessary to think about absolute freedom. Every Idea is an idea and from that definition not useless. It might happen that one idea is better for one concret problem than another one, but in the end in lots of creative processes, the ideas which were produced below the line lead to successful innovations. Therefore no hierarchies, no prejudice, no taboos.... Crazyness is allowed! For the freedom of thinking sometimes it might be a good solution if the management is not involved in the idea development because of uncertain hierarchy behaviour of the team. Avoid long discussions of details, this can be done later.

## CREATIVE PROBLEM SOLVING PROCESS



The first 4 basic building blocks deal with the Customer Segments, Value Proposition, Channels and Customer Relationships of a company



# Idea Generation

**LATERAL THINKING:** According to Edward de Bono: “Lateral thinking is concerned not with playing with the existing pieces but with seeking to change those very pieces. Lateral thinking is concerned with the perception part of thinking.”

## INTUITIVE METHODS WE WILL USE:

- Brainstorming

## ALTERNATIVES:

- Metaplan
- Mind Mapping
- Headstand



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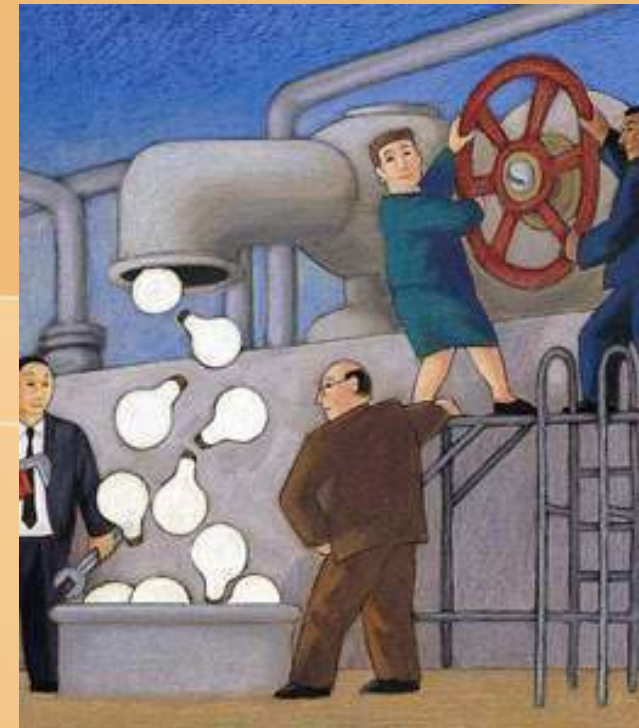
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**With the brainstorming method we would like to support the students to collect a large number of ideas in a short time.**

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# Creativity Techniques

- Creativity techniques are used to facilitate creativity in a person or a group of people.
- Broadening horizons on other fields
- Anticipatory thinking
- Developing various solution possibilities for certain problems
- Improving thinking attitudes and problem solution attitudes in a company



**When we talk about creativity techniques we are focusing on methods to facilitate creativity in a person or a group of people. The methods are defined by:**

- Broadening horizons on other fields**
- Anticipatory thinking**
- Developing various solution possibilities for certain problems**
- Improving thinking attitudes and problem solution attitudes in a company**

# Brainstorming

- Brainstorming follows the goal to generate many ideas and probably solutions in a short time.
- The number of participants is between 4 and 12.
- No criticism.
- Unusual ideas are welcome.
- Sessions have to be guided by a moderator; who is informing the participant about the task and the goal of the session. The ideas can be registered by the note taker.



**A very simple and common creativity method is brainstorming. Brainstorming is to generate ideas and solutions in a short time. It is important that ideas should not be criticized. Unusual ideas are welcome. The brainstorming session has to be guided by a moderator and all ideas generated by the participants should be documented by a note taker.**

# Morphological Analysis

This is a technique for exploring all possible solutions to a multi-dimensional, non-quantified problem complex where causal modeling and simulation do not function well or at all.

## SEQUENCE:

**Activity 1: Describe the problem**

**Activity 2: Analyze possible solution parameters (product characteristics)**

**Activity 3: Brain storming for possible manifestations of all parameters**

**Activity 4: Evaluate possible solution**

The morphological analysis as a tool to structure relationships contained in multi-dimensional and non-quantifiable problem complexes.

Example: Development of a new type of beer for women

Step 1: Describe the problem

Step 2: Analyze the possible solution parameters (product characteristics)

Step 3: Brainstorming for possible manifestations of all parameters

Step 4: Evaluate possible solution

Color	Pink	Purple Golden	Green	Blue	Silver	Traditional
Taste	Fruity	Chocolate	Herbal	Sweet Caramel	Lemon	
Flavor	Fruits Oat	Almonds	Softdrink	Cheesecake	Champagne	Cocktail
Degree oxygen	No	Medium	High			
Foam	No	Light	Pink colored	Creamy		
Calories	Zero	Very low	Low	Normal		
Degree alcohol	Zero	1%	2%	3,5%	20%	
Consumption temperature	Room temperature	5 degrees Celsius	10 degrees Celsius	Frozen	60 degrees Celsius	
Additional components	Vitamins	Fruit juice	Aloe Vera	Green tea	Flowers	Spices Cinnamon
Volumen	0,33 litres	0,25 litres	1 litre	1,5 litres	500 litres	
Material bottle	Aluminum	Plastic Glass	Wood	Tetrapak	Carton Styrofoam	
Shape Bottle	Slim	Shape woman	Glass champagne	Coffee-to-go		
Design label	Heart	Flower Butterfly	Queen	Glamour		
Opening system	Twist	Crown cap	Corks			



# Morphological Box: Example Ink Jet Printer

Attributes	Dimensions			
	1	2	3	4
Frame	quadrate	rectangle	oval	round
Material	ordinary steel	plastics	aluminium	timber
Colour	grey	green-yellow	gold-coloured	rainbow-coloured
Paper reservoir	single	10 sheets	50 sheets	100 sheets
Connection	USB	COM	infrared	radio
Ink	black	2 cartridges	3 cartridges	4 cartridges
Volume of ink cartridge	20 ml	30 ml	40 ml	60 ml
Printing rate	2 sheets / min	10 sheets / min	40 sheets / min	60 sheets / min
Service	guarantee	no service	24 hour service (free of charge)	24 hour service



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Here we have another example of a morphological analysis: the example of an Ink Jet Printer.

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# Analogies (Synectics)

**Transfer the problem to other knowledge areas or other scenarios**

**Stimulating the flexibility of thinking and facilitating linkages to generate new ideas**

**Essential part of this method is the selection of the analogy**

**“...a good analogy may be done with nature”**



The tool called Analogies is also related to the process of recombination of knowledge or experiences. Here, the idea is to find a solution for a particular challenge or problem in other knowledge areas or scenarios. The aim is to stimulate the flexibility of thinking and to facilitate linkages in order to generate new ideas.

Here, we can look to bionics. This means the application of biological systems in technological systems or design of engineering products. One example could be the development of airplanes based on the observation of birds. Another example we can find in the use of lotus effect in products of self-cleaning surfaces.

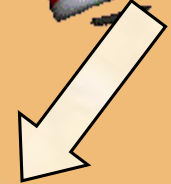
The essential part of this method is the selection of the analogy and a good analogy may be done with nature.

# Functional Analysis

Functions of a product will be described and analysed.

## EXAMPLE:

A manufacturer of milk products produces milk, butter, and yoghurt. After a combination of the product functions – e.g., satisfying one's thirst, healthful feeding, enjoying sweets – new product ideas could be developed.



**Functional analysis allows us to describe and to analyse different functions with the aim to combine existing solutions.**

**EXAMPLE: Manufacturer of milk products**

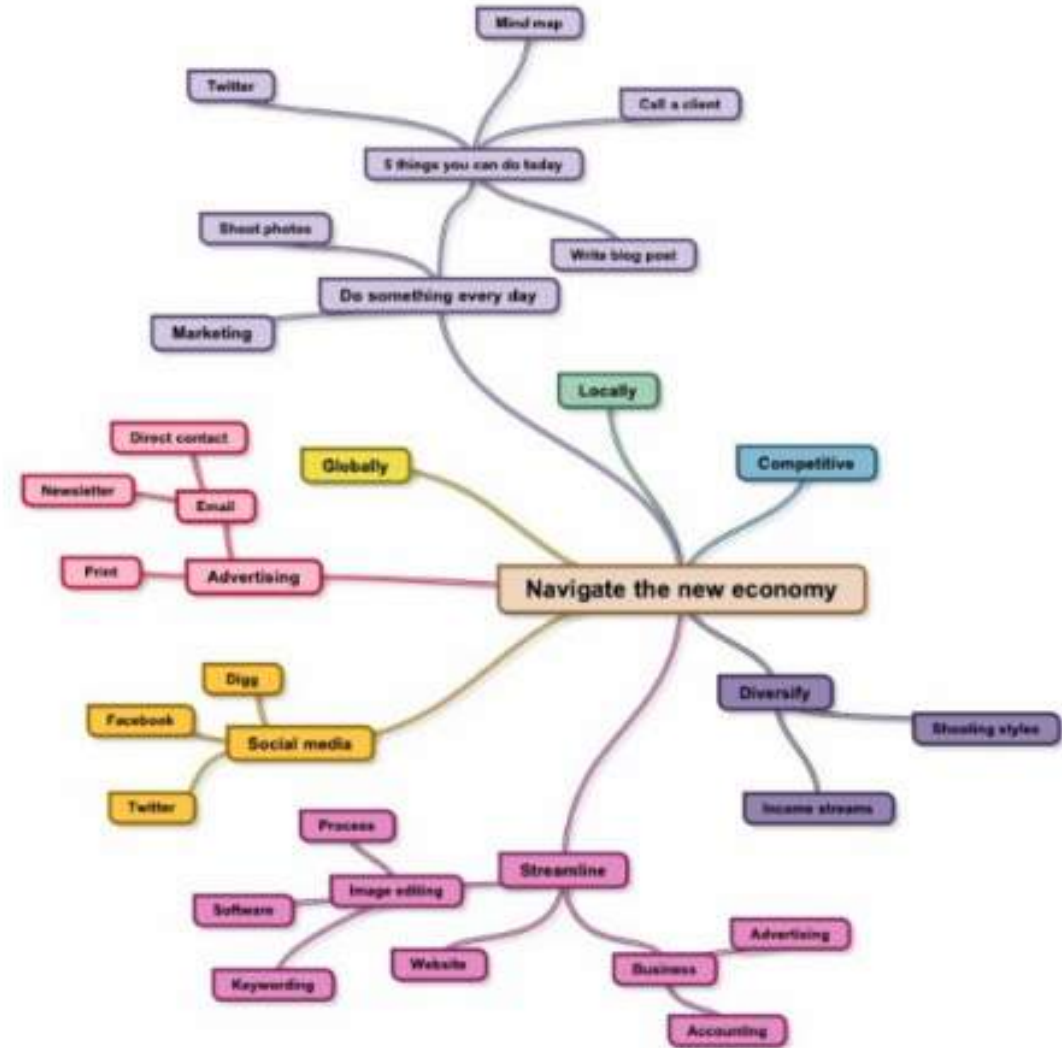
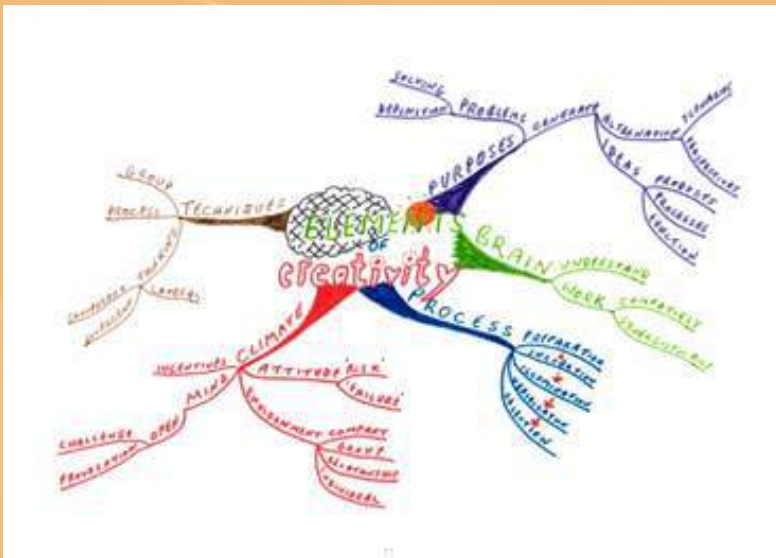
**A manufacturer of milk products produces milk, butter and yoghurt and develops a new product idea based on a combination of the product functions (Fruit butter milk: satisfy one`s thirst, healthful feeding, enjoying sweets)**

**EXAMPLE: Mobile payments (M-PESA in Kenya)**

**Developed by Vodafone and launched by Safaricom, M-PESA is a small-value electronic payment and store of value system. The functions are accessible from an ordinary cell phone.**

# Mind Mapping

Developed by Tony Buzan a British Mental Trainer  
Also called spider diagram or conceptual maps  
Build through tree diagrams



There are different software tools based on the use of tree diagrams in order to document and to structure ideas or concepts. Mindmapping is a common method to visualize ideas and processes.





The Metaplan technique was developed by the German consultancy company “Metaplan GmbH”. Here, paper cards are used to structure and to document group discussion processes in an effective way.

# Brain writing – Method 635

## Principle:

**6 participants write  
3 ideas and these will be  
5 times further developed**

	Participant I	Participant II	Participant III	Participant IV	Participant V	Participant VI
1.	Idea	Idea	Idea	Idea	Idea	Idea
2.	Idea	Idea	Idea	Idea	Idea	Idea
3.	Idea	Idea	Idea	Idea	Idea	Idea

**Each person in a circular group writes down one idea, and then passes their piece of paper to the next person in a clockwise direction, who adds some thoughts. This is repeated until everybody gets their original piece of paper back.**

The tool Brain writing is another important creativity tool. The aim is to develop new ideas or to combine existing solutions. Each person in a circular group writes down his ideas, and then passes their piece of paper to the next person in a clockwise direction, who adds some thoughts after reading the ideas of his neighbour. This is repeated until everybody gets their original piece of paper back.

One application could be for instance the development of new brand names for services or products. It is a good tool to generate plenty ideas in a short time.

# ABC Technique

**A quick and easy creative technique,  
also suitable for individual idea development**

## **Steps**

**Develop the question, problem, or topic for the session**

**Just write an ABC on a paper or the board**

**Try now to find answers by going through each letter of the ABC**

**In the end you will quickly have 26 possibly answers (Latin alphabet)**



The ABC technique is a similar creativity technique using the Latin alphabet. Here, we can differentiate between the following steps. First we have to develop the topic for the session. After writing the ABC we can try to find answers thereby that each answer is starting with another letter of the ABC. This means that at the end we will have 26 possibly answers. This is also a good tool to develop new brand names for services or products.

# Idea Selection

Following the step of idea generation, we now have to select those ideas which seem to be the most suitable for solving the problem. The ideas should be selected and weighted; we have to give them a priority to build the base for the strategic decision which one should be implemented or commercialized.

Here more discursive and conscious methods and techniques are helpful to structure the group discussions. Those are more related to linear and structural thinking.

Discursive methods we will use:

Force Field analysis

Alternatives:

Fishbone diagram

Morphological box

<input checked="" type="checkbox"/>	_____
<input type="checkbox"/>	_____
<input type="checkbox"/>	_____



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A tool for a quick evaluation helps to prioritize the collected ideas.

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# Force Field Analysis

## INSTRUCTIONS

1. First a dashboard or a large paper with moderation material is needed.
2. Develop the question, problem, or topic for the session and write them in the middle of the board.
3. Make sure that everybody understands the question for the session.
4. The group now has to identify factors which are helping or hindering the solving process.
5. Draw a line in the middle of the paper or board.
6. After discussion within the group, draw the helping forces with upward arrows above the line and the hindering factors with downward arrows beneath the line.
7. The size and thickness of the arrows can symbolize the power of the factors.
8. Then the group develops ways to strengthen or add positive forces, to weaken or remove negative forces or recognize the negative forces that are too strong to solve.

Students analyse with this method several of their collected ideas in order find out which one has the strongest helping and the greatest hindering factors.

#### The History

This method was first developed by Kurt Lewin (1890-1947), a German-born pioneer of social psychology and founder of the theory of group dynamics. The method is visualizing the different factors and topics involved in the problem situation and structure them in the way how the hinder or help.

# Scoring Method

Value criteria	A Weighting in %	B					AxB weighted criteria fulfillment
		4	3	2	1	0	
Easiness to implement	30						
Originality	10						
User-friendliness	10						
Customer Acceptance	20						
Easiness to finance the idea	20						
Possible to protect the idea	10						
	100	Σ:					

When we have developed different product or service ideas we can use a scoring method in order to see which one could be the best option to implement. Here, we have to develop a list of criteria for the evaluation. These could be for example:

- Easiness to implement
- Originality
- User-friendliness
- Customer Acceptance
- Easiness to finance the idea
- Possible to protect the idea

Furthermore, we can use a weighting factor for each criteria because some criteria are typically more important than others. A scoring from 0 to 4 gives us an evaluation basis (for instance “0=impossible to implement”, “4=very easy to implement”). Then we can multiply the weighting factor with the score and we get a weighted score for all selected criteria. The weighed scores are summed up. After the evaluation of every different idea we can compare the values in order to select the best option.

# References

[https://www.mycoted.com/Category:Creativity\\_Techniques](https://www.mycoted.com/Category:Creativity_Techniques)

De Bono (1990) . The Use of Lateral Thinking. Penguin Books. London



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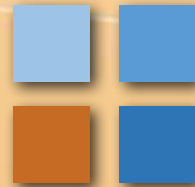


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# Team Building: A Bottom-Up Model Random Drawing



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# Team Building Game



# Team Building

**Team building works well as an opening to set the context for more detailed innovation mapping and solution-finding**

## Objectives

-  To break “stuckness” in thinking
-  Create rapidly breakthrough
-  Generate new ideas and improve existing ones
-  Framing “what success will look like” for the day
-  Framing “what did we do that was useful & how can we apply these ideas” at the conclusion of an innovation process



# A Bottom-Up TEAM BUILDING

## Materials:

- Multicolour Post-it
- Flip chart paper
- Sufficient space to spread out
- Pens or markers
- Stopwatch or countdown
- Timer

Duration:  
30 minutes

Number of participants:  
Ideal size is 8 to 10 people

Number of teams:  
5

# A Bottom-Up Team Building

- The participants are divided into 5 teams **RANDOMLY**
- Each team has 1 table, pens, post-its, and flipchart paper
- The participants are informed about the islands and the blue growth potential and are asked to explore an idea in maritime tourism for the Island of Chios

# A Bottom-Up Team Building

## Preparation

- EXPRESS the idea or topic to be explored in 2 words or less
- Have stacks of multicolored post-its and pens
- Display the two word topic or idea
- Distribute the post-its and pens then concentrate on the instructions
- On a flip chart page or slide have the two word idea or topic

## Share

The teams have 3 minutes to share their project.

## Processing and Reflection

Questions to frame a further innovation process.

What needs to be better understood to become more successful?





# References

<https://www.youtube.com/watch?v=oqf3UZ685nI>



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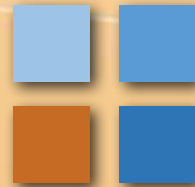
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# Innovating...

# IN BLUE OCEANS Blue Entrepreneurship



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# Learning Outcomes

- Learn what Blue Growth is about
- How the external environment and, particularly EU legislative regime, can be seen as source of entrepreneurial opportunity and innovation

# Agenda

- What is Blue Growth?
- Why not innovating ?



# The Current State

**EUROPE IN CRISIS!!**

**How to respond:**

**Growth and jobs for recovery and social cohesion**

- Fiscal stability
- Structural reforms
- Unleash the the untapped potential of the economy



The sea and the  
coasts are drivers  
of the economy

Economic crisis has affected the economic performance of the Union and has further influenced employment figures. The main concern of the Commission is how to re-activate the European economy through exploiting its unique resources. An important number of M-S are coastal and their economic growth is based on maritime economic activities such as maritime transport, leisure activities, fisheries, aquaculture etc.

# ...In Addition

Offshore technological progress



Perception that land and freshwater are finite resources



Need to reduce greenhouse gas emissions

Also apart from the need to stimulate economic growth, the Commission has also to obtain other objectives in respect to environmental sustainability and natural resources preservation such as air, water etc. Technological progress facilitates the exploitation of marine resources and consequently assist the implementation of European policies towards smart, sustainable, and inclusive growth.

# Blue Growth

Blue Growth: Seas and oceans, drivers for the European economy with great potential for innovation and growth

BLUE ECONOMY now:  
5.4 milion jobs  
€ 500 milion GVA



In 2020  
7 milion jobs  
€ 600 milion GVA



Currently Blue Growth represents 5,4 million jobs and gross added value of almost 500 million euros. In addition 75% of EU external trade and 37% of intra-european trade is conducted through sea.

# Blue Growth

Function 1: **Maritime transport and shipbuilding**

Function 2: **Food, nutrition, health and ecosystem services**

Function 3: **Energy and raw materials**

Function 4: **Leisure, working, and living**

Function 5: **Coastal protection**

Function 6: **Maritime monitoring and surveillance**



Ecorys, 2012

Technological progress, demographic shifts, scarcity of natural resources are some of the factors that are going to affect the evolution of the various maritime sectors while at the same time new opportunities will emerge, directly connected to the activities of the blue economy. Currently, traditional maritime activities such as shipbuilding are in decline due to the competition EU shipyards receive from Asian shipyards. However, other activities such as monitoring and surveillance or ocean renewable energy research is under development. To that extend, predictions suggest that in 2020 7 million people will be employed in the range of maritime activities.



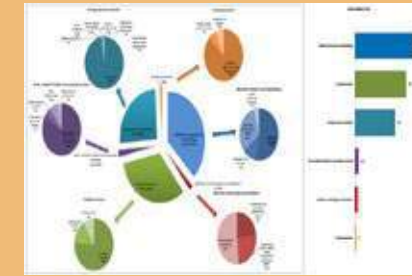
# 27 Maritime Activities

0.1	Shipbuilding and ship repair	
0.2	Water projects	
<b>1. Maritime transport</b>		
1.1	Deep-sea shipping	
1.2	Short-sea shipping (incl. Ro-Ro)	
1.3	Passenger ferry services	
1.4	Inland waterway transport	
<b>2. Food, nutrition, health and eco-system services</b>		
2.1	Fishing for human consumption	
2.2	Fishing for animal feeding	
2.3	Marine aquaculture	
2.4	Blue biotechnology	
2.5	Agriculture on saline soils	
<b>3. Energy and raw materials</b>		
3.1	Offshore oil and gas	
3.2	Offshore wind	
3.3	Ocean renewable energy	
3.4	Carbon capture and storage	
3.5	Aggregates mining (sand, gravel, etc.)	
3.6	Marine minerals mining	
3.7	Securing fresh water supply (desalination)	

<b>4. Leisure, working and living</b>		
4.1	Coastal tourism	
4.2	Yachting and marinas	
4.3	Cruise tourism	
<b>5. Coastal protection</b>		
5.1	Protection against flooding and erosion	
5.2	Preventing salt water intrusion	
5.3	Protection of habitats	
<b>6. Maritime monitoring and surveillance</b>		
6.1	Traceability and security of goods supply chains	
6.2	Prevent and protect against illegal movement of people and goods	
6.3	Environmental monitoring	

**Blue growth consists of 27 maritime activities ranging from “traditional” activities such as shipbuilding, shipping, coastal tourism, and fisheries to more “contemporary” ones like blue energy and biotechnology, cruise tourism etc.**  
**Blue energy, aquaculture, maritime tourism, blue biotechnology, and marine mineral resources are the sectors in which EU will focus in the next years.**  
**You can ask your students to think about maritime economic activities, experiences, knowledge etc.**

# The Value Chain from a Blue Perspective



Framework conditions

Port planning. External infrastructure(ports and hinterland). Environment regulation

Value chain

Shipbuilding incl.  
marine  
equipment  
manufacturing

Operation of  
ships

Cargo handling

Hinterland  
transport  
services

Supply/ services

R&D design

Ship management, crew,  
insurance, financing

Port infrastructure &  
services

Ecorys, 2012

Each maritime activity depends on various conditions, internal (sectoral) and external (legislative). This a holistic representation of the wider environment an activity is developed and the various components affecting sector's performance. These elements can be perceived as sources of innovation and entrepreneurship.

# The Value Chain from a Blue Perspective: The Cruise Industry

Framework conditions

Port infrastructure planning, (harmonization of) environmental regulations across sea-basins, level playing field vis-a-vis other tourism sectors, clear implementation regimes for (new) legislation, responsibility for environmental consequences of cruise shipping.

Value chain

Shipbuilding incl.  
marine  
equipment  
manufacturing

Cruise operation

Cruise port  
services

Onshore tourist

Supply/services

R&D design

Port infrastructure &  
services

Travel  
intermediaries

Ecorys, 2012

**You may select a maritime activity and ask your student to identify the sub-components of the value chain of a selected maritime economic activity.**

# Sectors' Potential

## Mature Economic Activities

Coastal tourism and yachting  
Offshore oil and gas  
Coastal protection  
Short sea shipping

## Emerging Sectors

Cruise tourism  
Offshore wind  
Marine monitoring and surveillance  
Marine aquatic products

## Sectors in Pre-Development Phase

Ocean renewable energy  
Marine mineral mining  
Blue bio-technology



Not all sectors have the same potentials for growth. This is the collective image on the EU level. However on EU level there are some differences about the developmental perspective of each activity and consequently national interest and focus.

Mature economic activities is considered to be the bedrock of Blue Growth. These activities currently provide high amounts of added value and employ substantial numbers of European citizens. The main challenges concern how to sustain the competitiveness and efficiency of these sectors in the light of external pressures mostly coming from international players. The performance of these activities will depend on the strategies and business models as well as the ability of the sector to adopt and implement new practices with sustainable and export orientation.

Emerging economic activities as well as the ones in predevelopment stage are mostly based on innovation and technology.



# What Is Needed?

**Maritime Spatial Planning**

**Marine knowledge → Marine Knowledge Initiative 2020**

**Maritime Security Strategy (Common Information Sharing Environment)**

**Ecosystem approaches**

**Less bureaucracy**

**Facilitation of SMEs access to finance**

**Education and training**

Marine and Maritime  
Research and innovation  
funding

Innovation across all  
sectors of blue economy

**THE „MARINE KNOWLEDGE 2020” INITIATIVE.** This will provide an integrated knowledge infrastructure based on national data collection systems delivering data products at a European-level through the internet.

**A COMMON INFORMATION SHARING ENVIRONMENT (CISE)** for the surveillance of the EU maritime domain. This will allow maritime authorities to share information on risks and threats.

**THE MARINE STRATEGY FRAMEWORK DIRECTIVE** introduces an ecosystem based approach, aiming to ensure that the collective pressure of human activities on the environment is kept within levels compatible with the achievement of good environmental status by 2020.

**THE EUROPEAN MARITIME TRANSPORT SPACE WITHOUT BARRIERS,** aims at simplifying administrative procedures for maritime transport and which should be further developed into a ‚Blue Belt’ of free maritime movement in and around Europe.

# But... Why Not Innovating?!

**Under-investment in knowledge**

**Unsatisfactory framework conditions**

**Poor access to finance**

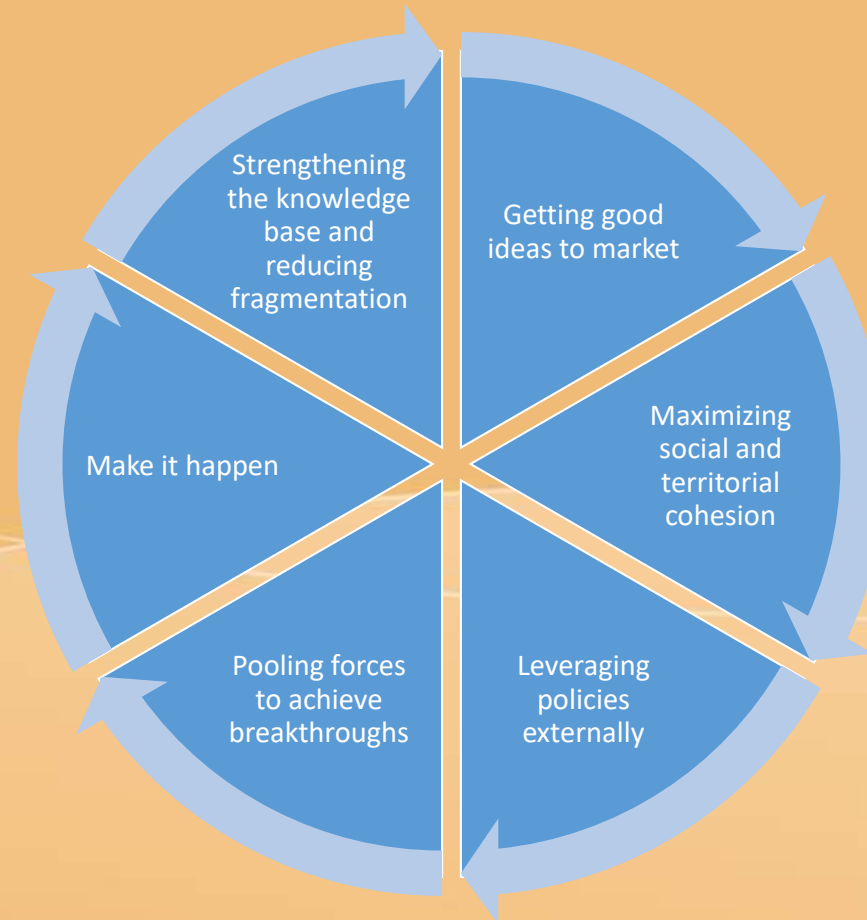
**High cost of intellectual property rights**

**Duplications in research**

**Lack of collaboration between the public and private sector**

Europe 2020 Flagship Initiative Innovation Union, SEC(2010) 1161

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**The Commission supports business-academia collaborations through the creation of “Knowledge Alliances” between education and business to develop new curricula addressing innovation skills gaps**

# Social Innovation

***“Involving all actors and all regions in the innovation cycle: not only major companies but also SMEs in all sectors, including the public sector, the social economy, and citizens themselves (‘social innovation’); not only a few high-tech areas, but all regions in Europe and every Member State, each focusing on its own strengths (“smart specialization”) with Europe, Member States, and regions acting in partnership.”***

# Innovation in the Blue Economy



COM(201)254 final/2

# Social Innovation

**Ecorys (2012), Blue Growth. Scenarios and drivers for Sustainable Growth from the Oceans, Seas and Coasts, Final Report.**

**COM (2012), 494 Final. Blue Growth. Opportunities for marine and maritime sustainable growth**

**COM(2014) 254 Final. Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Innovation in the Blue Economy: realising the potential of our seas and oceans for jobs and growth**

**SEC (2010)1161. Europe 2020 Flagship Initiative Innovation Union**





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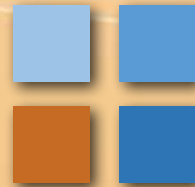


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# Design Thinking for Business Innovation for Creative Leadership!



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# Learning Outcomes

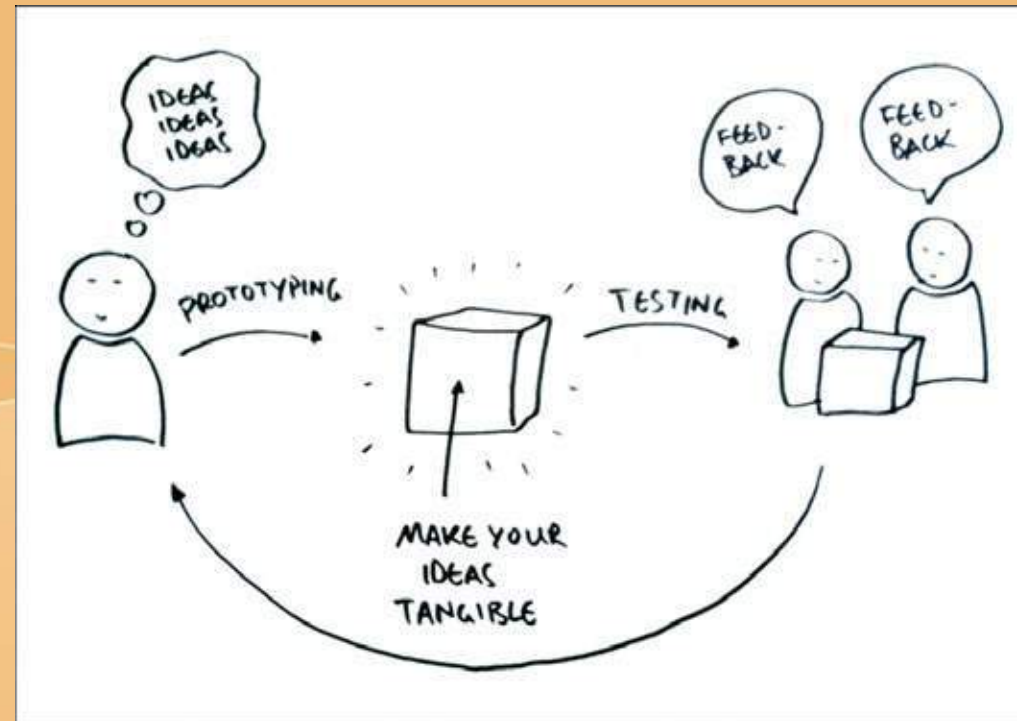
**We're going to convince you that:**

- **If you want be a creative leader, you should be a designer**
- **Ask customers what they want**
- **Be “out of the box”**
- **Working in multidisciplinary teams is very effective**
- **Prototype and test your product as soon as possible**

# Agenda

- What is Design Thinking
- Steps of Design Thinking

# What is Design Thinking?



[[Service Design Thinking](#)]

[Short introduction movie from YouTube](#)



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We start with watching a short movie which is a very good introduction to DT.

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# What is Design Thinking?



[\[Teamwork and innovation the Ideo way\]](#)

*“We believe the next generation of innovators and leaders need to be great design thinkers”*

**David Kelly & Tim Brown**  
co-founders of IDEO and d.school at Stanford University

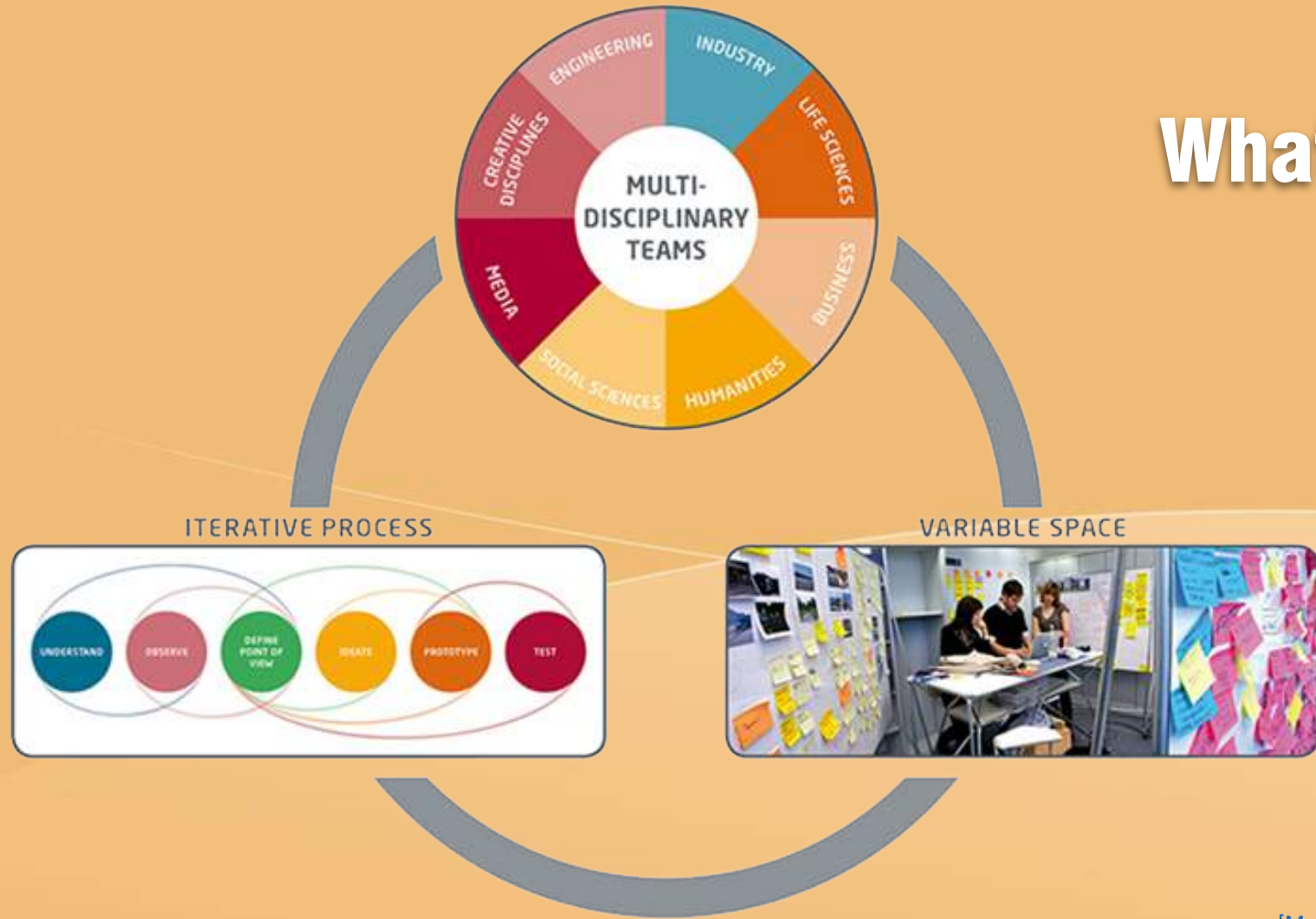
Strongly recommended to watch:

[Stanford Webinar –](#)

[“Apply Design Thinking in Your Work”](#)

The are two authors of Design Thinking methodology: David Kelly & Tim Brown – They are cofounders of IDEO company which designs new product and new services for external companies. Designing process is of course based on Design Thinking. I strongly recommend watching the film: Stanford Webinar – “Apply Design Thinking in Your Work”. There are a lot version of DT dedicated to business, research, education, etc. The most important task for users of DT is effective implementation of this method.

# What is Design Thinking?



[Multicultural design teams 1+1=11?]



Design Thinking is a process AND a mindset. But it's also much more than that. Implemented in daily work, the problem-solving potential of Design Thinking finds its expression in the form of a living innovation culture. This is even more the case when holistic and user-centered solutions are sought. How this works in detail and is implemented in practice can be learned in our classes.

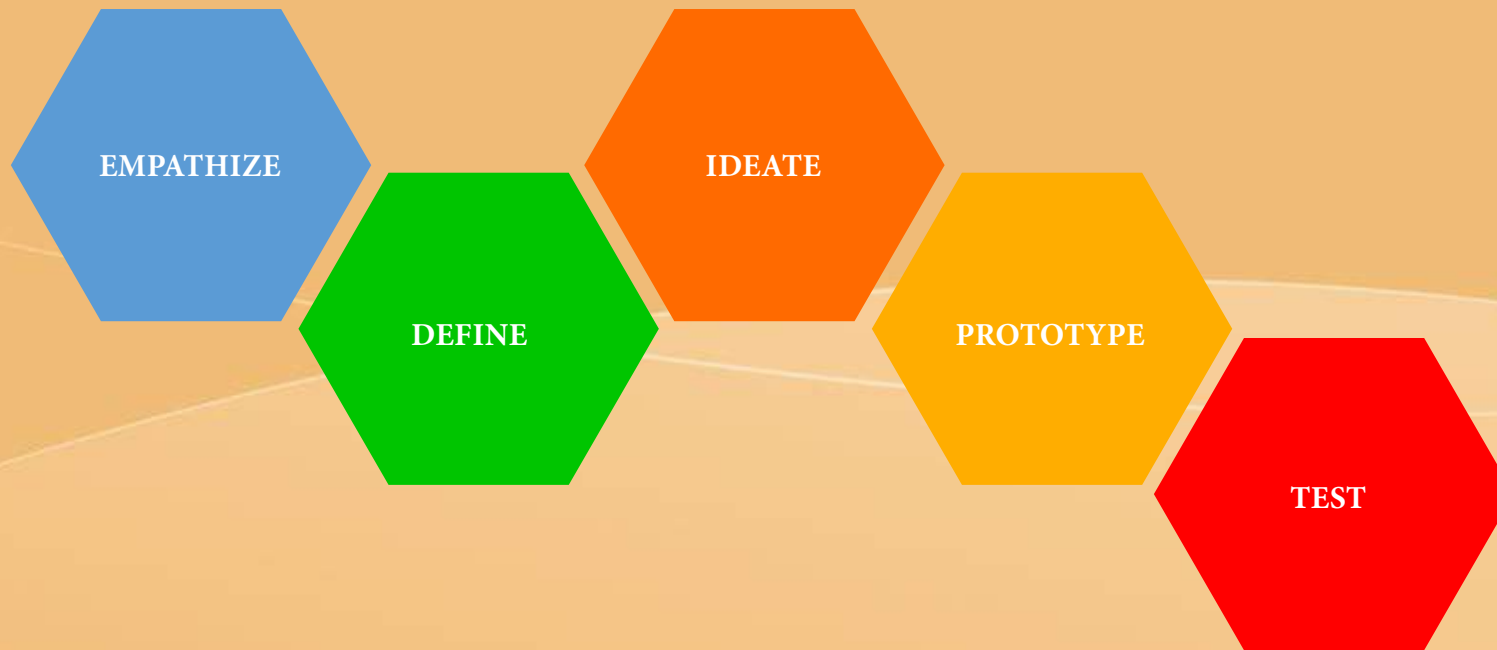
The special quality of this method may be found in its integral character and the resolutions of the usual, albeit few, conducive limitations. For this purpose, the three big "Ps" have proven to be of great value:

**PEOPLE:** The team is formed in an expressly multi-disciplinary manner to allow for ideas that extend far beyond the borders of the individual member's own discipline. This trend moves visibly from an individualistic way of thinking to a we-culture of mutual creation. It is precisely here that we see the greatest potential and where we set our starting point. It is a simple truth that collaborating teams react faster, use their collective intelligence better and

generate working processes with greater sustainability. This is how they reach amazing results.

**PLACE:** Ideas flourish best in a free and flexible working environment. Variable rooms are adapted to the needs of each project. Tables and partitions can be moved on rollers. Walls and almost all other surfaces are used freely to visualize thoughts and to share results. Shelves of colorful materials invite participants to illustrate ideas quickly and to bring them to life.

**PROCESS:** Through the six-step Design Thinking innovation process, the team navigates into the solution space. The process requires an open culture of error. Why? Because in Design Thinking we like to think in the realm of the impossible. The user is totally in the focus of the emphatic approach and its development. The intriguing thing about the process is that it activates the entire thought apparatus of those involved – both the analytical and the creative-intuitive areas.



[Learning from the best]

The Design Thinking process first defines the problem and then implements the solutions, always with the needs of the user demographic at the core of concept development. This process focuses on need finding, understanding, creating, thinking, and doing. At the core of this process is a bias towards action and creation: by creating and testing something, you can continue to learn and improve upon your initial ideas.

The design thinking process consists of these 5 steps:

**EMPATHIZE:** Work to fully understand the experience of the user for whom you are designing. Do this through observation, interaction, and immersing yourself in their experiences.

**DEFINE:** Process and synthesize the findings from your empathy work in order to

form a user point of view that you will address with your design.

**IDEATE:** Explore a wide variety of possible solutions through generating a large quantity of diverse possible solutions, allowing you to step beyond the obvious and explore a range of ideas.

**PROTOTYPE:** Transform your ideas into a physical form so that you can experience and interact with them and, in the process, learn and develop more empathy.

**TEST:** Try out high-resolution products and use observations and feedback to refine prototypes, learn more about the user, and refine your original point of view.

By creating and testing something, you can continue to learn and improve upon your initial ideas.

We shortly explain each step of DT.

# Design Thinking Steps: Empathize



[Europe Gascigne]

*“To create meaningful innovations,  
you need to know your users  
and care about their lives.”*

d.   
HASSO PLATTNER  
Institute of Design at Stanford

### **WHAT is the empathize mode?**

Empathy is the centrepiece of a human-centred design process. The empathize mode is the work you do to understand people, within the context of your design challenge. It is your effort to understand the way they do things and why, their physical and emotional needs, how they think about world, and what is meaningful to them.

### **WHY empathize?**

As a design thinker, the problems you are trying to solve are rarely your own – they are those of a particular group of people; in order to design for them, you must gain empathy for who they are and what is important to them. Observing what people do and how they interact with their environment gives you clues about what they think and feel. It also helps you learn about what they need. By watching people, you can capture physical manifestations of their experiences – what they do and say. This will allow you to infer the intangible meaning of those experiences in order to uncover insights.

These insights give you direction to create innovative solutions. The best solutions come out of the best insights into human behaviour. But learning to recognize those insights is harder than you might think. Why? Because our minds automatically filter out a lot of information without our even realizing it. We need to learn to see things “with a fresh set of eyes,” and empathizing is what gives us those new eyes.

Engaging with people directly reveals a tremendous amount about the way they think and the values they hold. Sometimes these thoughts and values are not obvious to the people who hold them, and a good conversation can surprise both the designer and the subject by the unanticipated insights that are revealed. The stories that people tell and the things that people say they do—even if they are different from what they actually do—are strong indicators of their deeply held beliefs about the way the world is. Good designs are built on a solid understanding of these beliefs and values.

### **HOW to empathize**

To empathize, you:

- **Observe.** View users and their behaviour in the context of their lives. As much as possible do observations in relevant contexts in addition to interviews. Some of the most powerful realizations come from noticing a disconnect between what someone says and what he does. Others come from a work-around someone has created which may be very surprising to you as the designer, but she may not even think to mention in conversation.

- **Engage.** Sometimes we call this technique ‘interviewing’ but it should really feel more like a conversation. Prepare some questions you’d like to ask, but expect to let the conversation deviate from them. Keep the conversation only loosely bounded. Elicit stories from the people you talk to, and always ask “Why?” to uncover deeper meaning. Engagement can come through both short ‘intercept’ encounters and longer scheduled conversations.

- **Watch and Listen.** Certainly you can, and should, combine observation and engagement. Ask someone to show you how they complete a task. Have them physically go through the steps, and talk you through why they are

doing what they do. Ask them to vocalize what’s going through their mind as they perform a task or interact with an object. Have a conversation in the context of someone’s home or workplace – so many stories are embodied in artifacts. Use the environment to prompt deeper questions.

Transition: Empathize >>> Define

**Unpack:** When you move from empathy work to drawing conclusions from that work, you need to process all the things you heard and saw in order to understand the big picture and grasp the takeaways of it all. Unpacking is a chance to start that process – sharing what you found with fellow designers and capturing the important parts in a visual form. Get all the information out of your head and onto a wall where you can start to make connections—post pictures of your user, post-its with quotes, maps of journeys or experiences—anything that captures impressions and information about your user. This is the beginning of the synthesis process, which leads into a ‘Define’ mode.

# Design Thinking Steps: Empathize



[[DailyMail.uk](http://DailyMail.uk)]

*Decrease Household Food  
Waste Problem*

d.   
HASSO PLATTNER  
Institute of Design at Stanford



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Erasmus+



This project is funded by  
the European Union

For example, our input problem for which we are trying to find the solution is: **How to increase Household Food Waste Problem?** It's too wide defined a problem. There are a lot of solutions to such defined problems. We have to narrow this problem but we can do it after Empathize Mode of DT. After Empathize Step we will know the people needs and problem space. We will have the results of interviews and our insights about people who want to solve the problem.

**More Entrepreneurial Life at European Schools**



# Design Thinking Steps: Define

**DEFINE**

*“Framing the right problem is the  
only way to create the right solution.”*

d.   
HASSO PLATTNER  
Institute of Design at Stanford

### WHAT is the Define mode

The Define mode of the design process is all about bringing clarity and focus to the design space. It is your chance, and responsibility, as a design thinker to define the challenge you are taking on, based on what you have learned about your user and about the context. After becoming an instant-expert on the subject and gaining invaluable empathy for the person you are designing for, this stage is about making sense of the widespread information you have gathered.

The goal of the Define mode is to craft a meaningful and actionable problem statement – this is what we call a point-of-view. This should be a guiding statement that focuses on insights and needs of a particular user, or composite character. Insights don't often just jump in your lap; rather they emerge from a process of synthesizing information to discover connections and patterns. In a word, the Define mode is sensemaking.

### WHY define

The Define mode is critical to the design process because it results in your point-of-view (POV): the explicit expression of the problem you are striving to address. More importantly, your POV defines the RIGHT challenge to address, based on your new understanding of people and the problem space. It may seem counterintuitive but crafting a more narrowly focused problem statement tends to yield both greater quantity and higher quality solutions when you are generating ideas.

The Define mode is also an endeavour to synthesize your scattered findings into powerful insights. It is this synthesis of your empathy work that gives you the advantage that no one else has: discoveries that you can leverage to tackle the design challenge; that is, INSIGHT.

### HOW to define

Consider what stood out to you when talking and observing people. What patterns emerge when you look at the set? If you noticed something interesting ask yourself (and your

team) why that might be. In asking why someone had a certain behavior or feeling you are making connections from that person to the larger context. Develop an understanding of the type of person you are designing for – your USER. Synthesize and select a limited set of NEEDS that you think are important to fulfill; you may in fact express a just one single salient need to address. Work to express INSIGHTS you developed through the synthesis of information you have gathered through empathy and research work. Then articulate a point-of-view by combining these three elements – user, need, and insight – as an actionable problem statement that will drive the rest of your design work.

A good point-of-view is one that:

- Provides focus and frames the problem
- Inspires your team
- Informs criteria for evaluating competing ideas
- Empowers your team to make decisions independently in parallel
- Captures the hearts and minds of people you meet
- Saves you from the impossible task of developing concepts that are all things to all people (i.e. your problem statement should be discrete, not broad.)

Transition: Define >>> Ideate

In the Define mode you determine the specific meaningful challenge to take on, and in the Ideate mode you focus on generating solutions to address that challenge. A well-scoped and -articulated point-of-view will lead you into ideation in a very natural way. In fact, it is a great litmus test of your point-of-view to see if brainstorming topics fall out your POV.

A great transition step to take is to create a list of “How-Might-We . . .?” brainstorming topics that flow from your problem statement. These brainstorming topics typically are subsets of the entire problem, focusing on different aspects of the challenge. Then when you move into ideation you can select different topics, and try out a few to find the sweet spot of where the group can really churn out a large quantity of compelling ideas.

# Design Thinking Steps: Define



*How to improve  
the shopping to solve  
household food problem*

After Empathize mode we can formulate our final problem in detail. We know peoples needs, we know the sources the problem, we fill the problem. For example, one possible narrow of the problem is the following version of the problem: How to improve the shopping to solve household food problem. There are still many possible solutions of such versions of the problem but we know that we have to find solutions in shopping area. Not, for example, in restaurant space or food production.

# Design Thinking Steps: Ideate



*"It's not about coming up with the 'right' idea, it's about generating the broadest range of possibilities."*

d.   
HASSO PLATTNER  
Institute of Design at Stanford

## WHAT is the Ideate mode

Ideate is the mode of the design process in which you concentrate on idea generation. Mentally it represents a process of “going wide” in terms of concepts and outcomes. Ideation provides both the fuel and also the source material for building prototypes and getting innovative solutions into the hands of your users.

### WHY ideate

You ideate in order to transition from identifying problems to creating solutions for your users. Ideation is your chance to combine the understanding you have of the problem space and people you are designing for with your imagination to generate solution concepts. Particularly early in a design project, ideation is about pushing for a widest possible range of ideas from which you can select, not simply finding a single, best solution. The determination of the best solution will be discovered later, through user testing and feedback.

Various forms of ideation are leveraged to:

- Step beyond obvious solutions and thus increase the innovation potential of your solution set
- Harness the collective perspectives and strengths of your teams
- Uncover unexpected areas of exploration
- Create fluency (volume) and flexibility (variety) in your innovation options
- Get obvious solutions out of your heads, and drive your team beyond them

### HOW to ideate

You ideate by combining your conscious and unconscious mind, and rational thoughts with imagination. For example, in a brainstorm you leverage the

synergy of the group to reach new ideas by building on others’ ideas. Adding constraints, surrounding yourself with inspiring related materials, and embracing misunderstanding all allow you to reach further than you could by simply thinking about a problem.

Another ideation technique is building – that is, prototyping itself can be an ideation technique. In physically making something you come to points where decisions need to be made; this encourages new ideas to come forward.

There are other ideation techniques such as bodystorming, mindmapping, and sketching. But one theme throughout all of them is deferring judgment – that is, separating the generation of ideas from the evaluation of ideas. In doing so, you give your imagination and creativity a voice, while placating your rational side in knowing that you will get to the examination of merits later.

### Transition: Ideate >>> Prototype

In order to avoid losing all of the innovation potential you have just generated through ideation, we recommend a process of considered selection, by which you bring multiple ideas forward into prototyping, thus maintaining your innovation potential. As a team, designate three voting criteria (we might suggest “the most likely to delight,” “the rational choice,” “the most unexpected” as potential criteria, but they’re really up to you) to use to vote on three different ideas that your team generated during brainstorming. Carry the two or three ideas that receive the most votes forward into prototyping. In this way, you preserve innovation potential by carrying multiple ideas forward—a radically different approach than settling on the single idea that at least the majority of the team can agree upon.

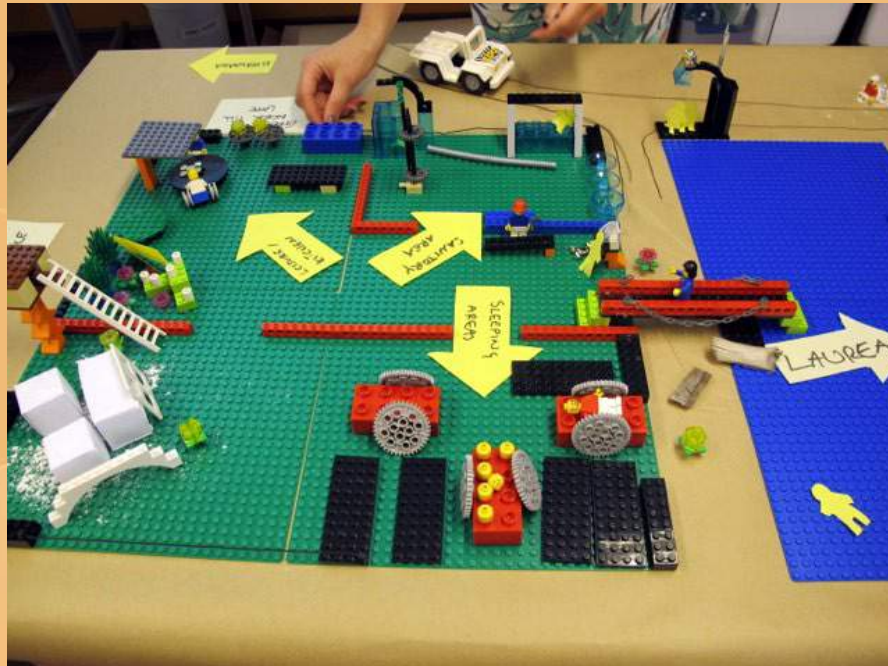
# Design Thinking Steps: Ideate



After Ideate mode we have a lot of solutions to our problem. For example, for the shopping problem which affects the food waste problem we may have a solution which is based on innovative fridge, mobile application for management of shopping list, or food containers with electronic controller of expiry date.



# Design Thinking Steps: Prototype



[\[Reto TMP Extraescolar\]](#)

*“Build to think and test to learn.”*

### **WHAT is the Prototype mode**

The Prototype mode is the iterative generation of artefacts intended to answer questions that get you closer to your final solution. In the early stages of a project that question may be broad – such as “do my users enjoy cooking in a competitive manner?” In these early stages, you should create low-resolution prototypes that are quick and cheap to make (think minutes and cents) but can elicit useful feedback from users and colleagues. In later stages both your prototype and question may get a little more refined. For example, you may create a later stage prototype for the cooking project that aims to find out: “do my users enjoy cooking with voice commands or visual commands”.

A prototype can be anything that a user can interact with – be it a wall of post-it notes, a gadget you put together, a role-playing activity, or even a storyboard. Ideally you bias toward something a user can experience. Walking someone through a scenario with a storyboard is good, but having them role-play through a physical environment that you have created will likely bring out more emotions and responses from that person.

#### **WHY prototype**

To ideate and problem-solve. Build to think.

To communicate. If a picture is worth a thousand words, a prototype is worth a thousand pictures.

To start a conversation. Your interactions with users are often richer when centred around a conversation piece. A prototype is an opportunity to have another, directed conversation with a user.

To fail quickly and cheaply. Committing as few resources as possible to each idea means less time and money invested up front.

To test possibilities. Staying low-res allows you to pursue many different ideas

without committing to a direction too early on.

To manage the solution-building process. Identifying a variable also encourages you to break a large problem down into smaller, testable chunks.

#### **HOW to prototype**

Start building. Even if you aren’t sure what you’re doing, the act of picking up some materials (post-its, tape, and found objects are a good way to start!) will be enough to get you going.

Don’t spend too long on one prototype. Let go before you find yourself getting too emotionally attached to any one prototype.

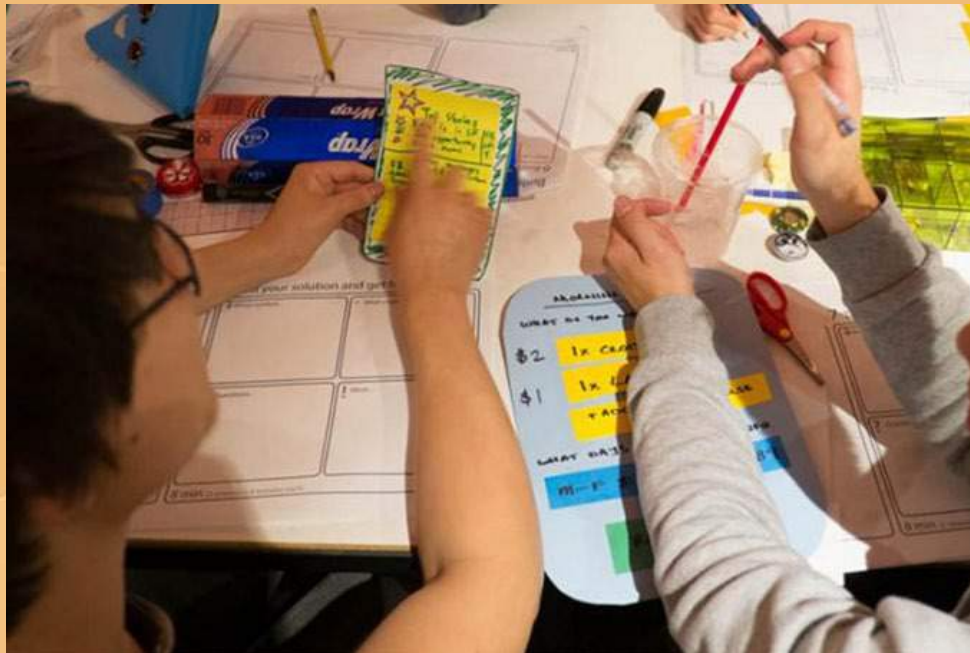
Identify a variable. Identify what’s being tested with each prototype. A prototype should answer a particular question when tested. That said, don’t be blind to the other tangential understanding you can gain as someone responds to a prototype. Build with the user in mind. What do you hope to test with the user? What sorts of behaviour do you expect? Answering these questions will help focus your prototyping and help you receive meaningful feedback in the testing phase.

#### **Transition: Prototype >>> Test**

Prototype and Test are modes that you consider in tandem more than you transition between. What you are trying to test and how you are going to test that aspect are critically important to consider before you create a prototype.

Examining these two modes in conjunction brings up the layers of testing a prototype. Though prototyping and testing are sometimes entirely intertwined, it is often the case that planning and executing a successful testing scenario is a considerable additional step after creating a prototype. Don’t assume you can simply put a prototype in front of a user to test it; often the most informative results will be a product of careful thinking about how to test in a way that will let users give you the most natural and honest feedback.

# Design Thinking Steps: Test



*“Testing is an opportunity to learn about your solution and your user.”*

[ [Mobile app UX design](#) | UX Architect Maria C. Rubio]

### WHAT is the Test mode

The Test mode is when you solicit feedback, about the prototypes you have created, from your users and have another opportunity to gain empathy for the people you are designing for. Testing is another opportunity to understand your user, but unlike your initial empathy mode, you have now likely done more framing of the problem and created prototypes to test. Both these things tend to focus the interaction with users, but don't reduce your "testing" work to asking whether or not people like your solution. Instead, continue to ask "Why?", and focus on what you can learn about the person and the problem as well as your potential solutions.

Ideally you can test within a real context of the user's life. For a physical object, ask people to take it with them and use it within their normal routines. For an experience, try to create a scenario in a location that would capture the real situation. If testing a prototype in situ is not possible, frame a more realistic situation by having users take on a role or task when approaching your prototype. A rule of thumb: always prototype as if you know you're right, but test as if you know you're wrong—testing is the chance to refine your solutions and make them better.

### WHY test

To refine prototypes and solutions. Testing informs the next iterations of prototypes. Sometimes this means going back to the drawing board.

To learn more about your user. Testing is another opportunity to build empathy through observation and engagement—it often yields unexpected insights.

To refine your POV. Sometimes testing reveals that not only did you not get the solution right, but also that you failed to frame the problem correctly.

### HOW to test

Show don't tell. Put your prototype in the user's hands – or your user within an experience. And don't explain everything (yet). Let your tester interpret the prototype. Watch how they use (and misuse!) what you have given them, and how they handle and interact with it; then listen to what they say about it, and the questions they have.

Create Experiences. Create your prototypes and test them in a way that feels like an experience that your user is reacting to, rather than an explanation that your user is evaluating.

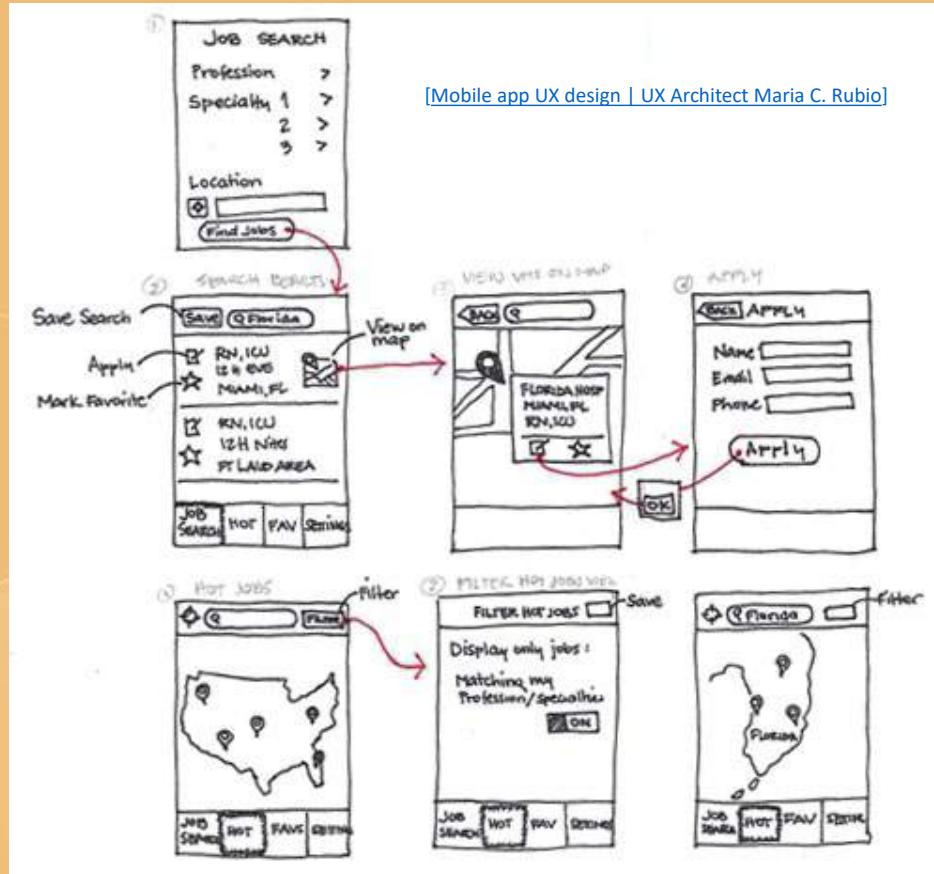
Ask users to compare. Bringing multiple prototypes to the field to test gives users a basis for comparison, and comparisons often reveal latent needs.

### Iteration and making the process your own

Iteration is a fundamental of good design. Iterate both by cycling through the process multiple times, and also by iterating within a step—for example by creating multiple prototypes or trying variations of a brainstorming topics with multiple groups. Generally as you take multiple cycles through the design process your scope narrows and you move from working on the broad concept to the nuanced details, but the process still supports this development.

For simplicity, the process is articulated here as a linear progression, but design challenges can be taken on by using the design modes in various orders; furthermore there are an unlimited number of design frameworks with which to work. The process presented here is one suggestion of a framework; ultimately you will make the process your own and adapt it to your style and your work. Hone your own process that works for you. Most importantly, as you continue to practice innovation you take on a designerly mind-set that permeates the way you work, regardless of what process you use.

# Design Thinking Steps: Prototype



*Prototype of mobile application*

Let's continue our example of the food waste problem. Let's assume that we have chosen the mobile application as a final solution for our defined problem. We have to prepare the prototype of the application. We can do it very simply. We can draw all of the screens of the application in such way that our potential client would understand how the application works.



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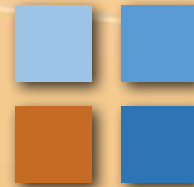


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This project is funded by  
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# Wallet Project



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# Learning Outcomes

**What the Wallet Project exercise will do:**

- **Overview of the full cycle of the design thinking process in as short time as possible**
- **Expand your ability to ask the right questions, listening to other persons, and be emphatic**
- **Give you the possibility to present your work to the audience**



# Goal

**Design a prototype of a new wallet focussed on your partner's needs using design thinking methodology and the supplied materials.**

Wallet project is an exercise for the design thinking lecture. It presents in the fastest way all ideas of design thinking methodology.

The Wallet Project is an activity meant to give participants a full cycle through the design thinking process in as short time as possible. The project itself gives facilitators and students the opportunity to touch on the values human-centered design, a bias towards action, and a culture of iteration and rapid prototyping. All of this without attempting to communicate all of the methods and activities that the term “design thinking” encompasses.

Goal of this exercise is to create a prototype of new wallet focused on other person needs using supplied materials and incorporating Design thinking methodology. Challenge should be performed in room big enough to allow all team members the free access to the tables with seat for every person.

#### PLACE FOR THE PHOTO FROM CHALLENGE

Read facilitator guide for the exercise (file WalletProjectGuide.pdf). Remember to prepare all materials (printouts and prototyping items) before the challenge. Start with creating two-persons teams. Clearly define and describe the rules. Ask for the possible questions. Perform challenge using stopwatch and playing up-beat music in meantime. Be active during competition – walk from one team to another. Remind students that the time for each part of exercise is limited and cannot be exceeded. Do the summary, draw the conclusions to show that this challenge is not only for the fun, but is has the deeper meaning related to rapid prototyping, testing solutions and focusing on customer needs.

Time needed to finish this exercise is about 90 minutes.

Detailed steps of the exercise are presented below and on next slides.

#### 1. Assemble sets of materials for each team

Print set of materials and give them for each student (file WalletProjectTemplate.pdf). Prepare as many as possible prototyping materials. These materials can be anything suitable for prototyping, e.g. scissors, few sheets of colour paper, self-adhesive tape, internal thick rolls from toilet paper, twine/thread, crayons, highlighters, ball pens, ribbons, rubber bands, plasticine, etc. All materials should be placed in free-access place, e.g. table at the wall of classroom. All students will use these materials in the second part of the exercise. Each student will need pen, so check this before starting exercise.




#### PHOTO OF THE MATERIALS

Other important tools needed for exercise are:

- countdown application or stopwatch – there are plenty on the web or use the smartphone, but the best solution is when teams see the timer,
- video projector and sound system – projector for rules presentation and for stopwatch. Sound system for good communication with the audience, especially during team conversations, when it is very loud. Play music during contest – rock or pop are the best,
- set of prototyping materials – exemplary list can be found above,
- gong for signaling end of time.

# Rules

**Following rules apply:**

-  **time for each part of exercise is limited**
-  **use only provided printed materials for writing/drawing**
-  **you are free to use all materials during prototyping phase**

### 1. Create teams.

Interesting results are for both situations: when teams are assembled randomly or when teams are created by people who know each other. Size of the team should be exactly 2 members.

### 2. Present the rules to everyone

Following rules apply for the contest:

time for each part of exercise is limited – be strict about time keeping,  
use only provided printed materials for writing and drawing ([file WalletProjectTemplate.pdf](#)),  
students are free to use all available materials during prototyping phase, but not earlier.



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# Ready? Go!

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### 3. Start the exercise

You are the facilitator of the exercise – use provided guide (file [WalletProjectGuide.pdf](#)). Familiarize students with each step by giving short introduction using the guide. Be strict on time and signal end of time. Answer the questions if there are any. Remind the teams about time (e.g. on half of the time) during prototyping phase. In case of need, you can give few extra minutes for the students.

### 4. Finish the exercise

You can ask everyone in the room to gather all prototypes in the central place of classroom and to sit down so everyone else can see the created items. Ask for volunteers to present their prototypes for the rest of the group.

# Conclusions

**Let's talk!**

## 5. Draw conclusions

**Discuss with students their feelings related to contest – what was easy, what was hard. Focus on empathy, cooperation, surprises, need of prototyping, hardest parts of interview, etc.**



# References

**Stanford University Hasso Plattner Institute of Design**  
**<http://dschool.stanford.edu/> [Stanford, 2006]**

# Chapter 3: Leadership and Team Building

## INTRODUCTION

The objective of this chapter is to help students as future entrepreneurs succeed with their ideas, with their startups. The premise of this chapter is that entrepreneurs, not ideas, lead their enterprises to success.

Most of start-up co-founders begin their adventure with a new company, assuming that all are equally responsible for its success and all team members will be as much equally involved in the project. However, it does not work, especially in moments of crisis. Therefore, teams which develop innovative ideas need a good leader from the beginning. Therefore, leaders of start-up team should be ready from the beginning for hard teambuilding tasks.

This chapter is about leadership, and the particular type of leadership required to take an initial idea to the point where it has become an enterprise that produces value. Startup leadership is perhaps the most challenging form of leadership because the founder starts alone, or with very few people who are willing to dedicate themselves to his success. Most entrepreneurs fail not because they were incapable, but rather because they had nobody coaching them on how to prepare and respond to the myriad of challenges they will face. Organizations take on the personality of their leaders, therefore leadership is a very important element of our course. Leadership training and development can maximize productivity and shape a positive culture in the organization. To achieve this, key people must lead individuals and teams.

In this chapter students and teachers can find materials needed to enhance their knowledge of what it means to be an effective leader in today's fast-paced, highly competitive business environment.

We do not talk about money, products or customers in this chapter. We do talk about how the leader and the people he motivates need to work together in order to produce more value than could have done alone.

“Leadership  
*belongs to those*  
who take it.”

—Sheryl Sandberg,  
COO of Facebook

Chapter consists of three subsections. The first two contain a part of practice and theoretical material in the area: Leadership in small companies that develop innovative product or service. The last subsection applies to the topic of Organizational Culture in bigger companies (scale-up stage) and its impact on leadership in an environment of business development.

### 3.1. Leadership in Startups

Thanks to the Leadership in Startups topic we're going to convince that there are no born leaders and each can learn how to be a good leader. There is a certain set of qualities that a leader should have in the beginning, of course but there are rather assumptions than character or personality features. First of all leader needs to want to be a leader. The leader believes in the success of the project. The leader has to be always honest and involved.

It is very important not to confuse leadership with management. Leader in start-up must also be the manager, because of limited resources, but the leader is something much more than just a manager. Therefore we will discuss thoroughly the difference between leadership and management.

Start-up is a small organization with a high risk of the failure of a business project. Therefore, the start-up leader should still keep focus on the main priorities: people, money and market. There isn't much debate about the idea that leadership style grows out of personality type. Personality is strongly associated with the type of leadership but our personality is not the only constraint of types of leader. Our personality is also the set of possibilities to develop as the good chosen type of leader. We introduce four main types of leaders base on the theory 16 personality types of people: Analyst Leader, Diplomat Leader, Sentinel Leader and Explorer Leader. We recommend filling in the personality test before you decide what kind of leader you be in the future: <http://www.16personalities.com/free-personality-test>.

It is also very important to learn as much as possible from experienced leaders. We recom-

mend some examples of leaders and motivational speaker in our materials. With such an attitude aspiring leader will avoid many common mistakes in his first leadership.

## 18 Mistakes That Kill Startups

- 1 Single Founder
- 2 Bad Location
- 3 Marginal Niche
- 4 Derivative Idea
- 5 Obstacity
- 6 Hiring Bad Programmers
- 7 Choosing the Wrong Platform
- 8 Slowness in Launching
- 9 Launching Too Early
- 10 Having No Specific User in Mind
- 11 Raising Too Little Money
- 12 Spending Too Much
- 13 Raising Too Much Money
- 14 Poor Investor Management
- 15 Sacrificing to (Supposed) Profit
- 16 Not Wanting to Get Your Hands Dirty
- 17 Fights Between Founders
- 18 A Half-Hearted Effort

Illustration created by Paul Graham  
http://bit.ly/101010  
Inspired by Mark Vital

The last part of this subsection is about Team Building. This part of the ebook includes specific advice on how to start, continue and complete the process of building a start-up team. A good leader must be from the beginning of the adventure with his startup, ready for many reconstructions of his/her team. A good leader must as soon as possible to learn how to delegate tasks, because a leader has to work on the company not in the company. It is very important that students feel comfortable during the classes. Because the lecture contains a lot of elements to interact with the group, the teacher asks a lot of questions and students are encouraged to actively participate in the discussion. The lecture is very important for students and their next group work and should be completed in the same block classes with “Leadership skills games” subject.

### 3.2. Leadership Games

Important motto of our course is - Learning by Doing!, so for almost each lecture we attach materials for practical classes. Leadership Games part describes three leadership and teambuilding games.

Leadership games teach students to find their type of behaviour as a leader and how to overcome any negative aspects and how to enhance the positive. Positive thinking is the most important features of good leaders.

Leadership games build confidence when you take part in the different activities. You will learn how to handle different groups of people as well as learn to lead others to do things for themselves. In addition, leadership games will teach you how to work as a team. These skills will help you work in any environment and build up the group as a whole, so you can all move forward.

Leadership games are a way to plan how to teach people good leadership skills that will help them in their personal lives and careers.



Leadership skills games help to develop 7 essential skills for teamwork. This list is used during the research cycle to observe how well a team is working together:

1. Listening: The students in this team listen to each others' ideas. You will observe the students „piggy-backing” (or building) off each others' ideas.
2. Questioning: The students in this team question each other. You will observe the students interacting, discussing, and posing questions to all members of the team.

3. Persuading: The students in team use persuasion. You will observe the students exchanging, defending, and rethinking ideas.

4. Respecting: The students in this team respect the opinions of others. You will observe the students encouraging and supporting the ideas and efforts of others.

5. Helping: The students in this team help each other. You will observe the students offering assistance to each other.

6. Sharing: The students in this team share. You will observe the students offering ideas and reporting their findings to each other.

7. Participating: The students in this team participate. You will observe each student contributing to the project.

We have chosen three teambuilding activities to present students during classes: Spider Game, Snakes (The Trust Walk) and Focus Ring and one game (workshop) developing a collective creativity and teamwork - Marshmallow Challenge.



You can do the lecture Leadership in Startups and exercise Leadership Games as separate classes or mix both forms. We recommend that the entire topic (lecture and exercises) to held on the same day. We also recommend that students are divided into teams consisting of 5-6 people during all classes within the block.

There are some technical rules and recommendations on games.



Time prescribed:

- Marshmallow Challenge – 50 minutes
- Spider Game – 40 minutes
- Focus Ring – 50 minutes
- Snakes – 45 minutes

Required materials:

- Computer to play presentation.
- Beamer/projector to display presentation.
- Additional materials for each game – detailed list is in description for “Goal” slide

Division into groups is required for every game except Spider Game:

- Marshmallow challenge – 5 members
- Spider Game – one big group
- Focus ring – 5 members
- Snakes – 6 members

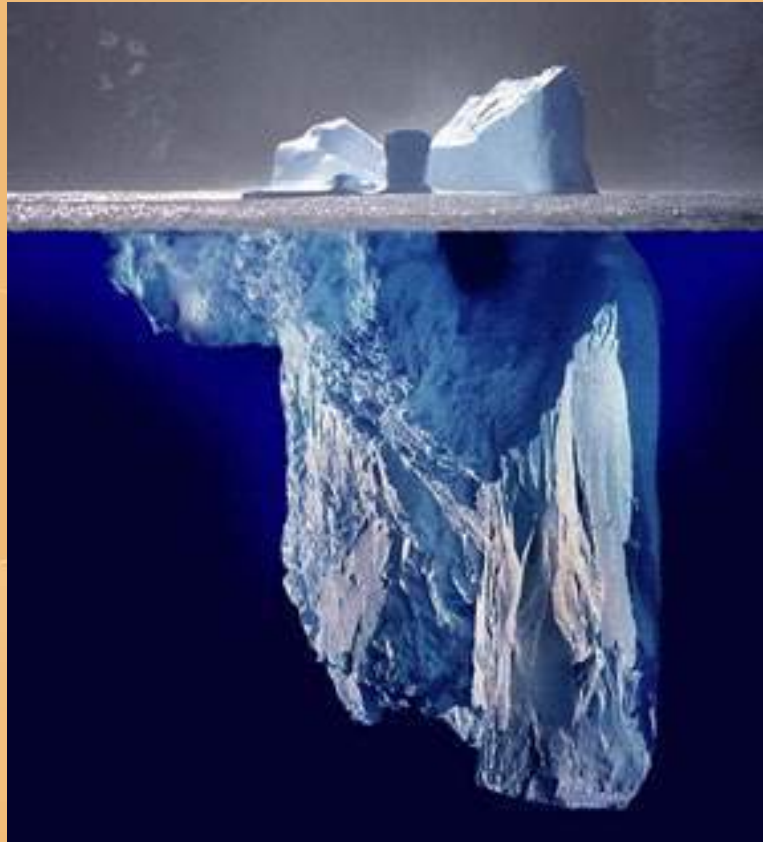
Depending on the time available, you can choose one or two of the games. At least 2 are recommended. Be sure to read whole text to have overall view on the tasks.

### 3.3. Organizational Culture

This lecture is an introduction to defining and creating culture in organizations, as well as in teams. It provides valuable examples and shows the tools for creating and establishing culture. Most important parts of company culture are presented. Properly defined culture is very important for every company, no matter of this is small or big one. It helps to build value not only in financial aspect, but also develops strong rela-

relationship between company and employees.

Well defined culture is like an iceberg – from outside it is visible as small part of company, but internally it creates very strong foundations. It has huge impact on employees behavior – the way how they cooperate together, how leaderships aspects are maintained and



how customers are served. It covers very wide topics of every company actions.

Lot of research has been made on organizational culture. Conclusion of each of them is connected with the fact, that it is very important and must be defined as soon as possible. Another conclusion is that bigger organizations need it more than smaller ones, because bigger companies have more formal relationships between it's employees. Every big company have organizational culture defined. No matter if we look at American or Europe originated ones. There is no general recipe for the culture. It is strongly connected with product or service offered by company.



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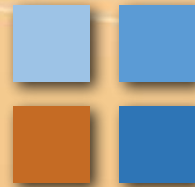


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# Leadership in Startups



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# Learning Outcomes

**We're going to convince you that:**

- **There are no born leaders.**
- **You can learn how to be a good leader.**
- **Every leader has his/her own style – “original methodology”.**
- **A leader is also a manager.**
- **Team building is the most important challenge of leadership.**

# Agenda

- First two hours for the lecture with debates about leadership.
- Next two hours for three leadership games.

# Several Assumptions

- Language is not a problem for us.
- I like, I wish...
- Wait until previous speaker ends.
- Be open and have open mind.



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**We will have a lot of chances to discuss some aspects of our subject today. Let's stick to some principles so that our discussion is efficient and pleasant.**

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# Let's Talk About: What is Leadership?



[5 Common Types of Bosses](#)

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**Leadership is a relatively new concept. It comes in 1989. Before we define leadership, we want to ask you, dear students? What is leadership in your opinion? What are the most important skills that good leaders must have?  
Imagine that you are members of a team that has to realize an extremely ambitious, difficult, and risky project. Who should be your leader?**

# Who is the Leader in a Startup?

- Author and executor of the project vision.
- Charismatic activist with authority.
- Knows how to motivate people.
- Communicative.
- Willing to take the risk.
- Decision maker.
- Not afraid of challenges.
- Knows people.
- Knows how to organize the work.
- Responsible.



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Let's compare your answers with common answers. Are they similar?

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*„Leadership is a function of knowing yourself, having a vision that is well communicated, building trust among colleagues, and taking effective action to realize your own leadership potential”*

**[Bennis Warren]**

**Let's look at the classic definition of Prof. Warren Bennis. Pioneer of the contemporary field studies. His work *On Becoming a Leader*, originally published in 1989 includes the first definition of leadership. Although this definition is probably older than you, it is still very relevant:**

*"Leadership is a function of knowing yourself, having a vision that is well communicated, building trust among colleagues, and taking effective action to realize your own leadership potential".*

**He died in 2014 in August.**

**Looks like you can be a professor?**

# Top Leaders Have Four Common Features

by Warren Bennis

-  Creativity
-  Communicative
-  Honest
-  Grit

**Prof. Warren Bennis analyzed hundreds of stories of leaders and created the thesis that there are 4 common features to ensure business success based on leadership.**

**Good leader is a combination of those 4 features. Do you agree with Prof. Warren?**

**What is the most important feature in your opinion. Does it depend on situations, kind of project?**

**Do you know what “grit” means?**

# Management and Leadership? Are These Things the Same?

A Manager Says  
“Go!”



A Leader Says  
“Let’s Go!”

Leadership and management are very similar but they are not the same thing. They must go hand in hand. They are necessarily linked and complementary. Any effort to separate the two is likely to cause more problems than it solves. What is the difference between management and leadership? It is a question that has been asked more than once and also answered in different ways. The biggest difference between managers and leaders is the way they motivate the people who work or follow them, and this sets the tone for most other aspects of what they do.

Many people, by the way, are both. They have management jobs, but they realize that you cannot buy hearts, especially to follow them down a difficult path, and so act as leaders too.

Let's talk about list of differences between management and leadership.

# Management vs Leadership

## Management

function  
planning  
budgeting  
evaluating  
facilitating

## Leadership

relationship  
selecting talent  
motivating  
coaching  
building trust

Developing leadership skills we concern on soft skills like communication, empathy, public speaking. Managers are educated during for example MBA studies.

Manager learn how to organize project, how to plan project, how to evaluate project.

It's all very important and each leader has to be a manager in big part of they role about besides hard skills leader has very important soft skills which are needed specially in difficult moments, in difficult situations. Managers work in projects, leaders work with people.



# “Startup it is not a small version of a large company”

Steve Blank

*“Startup is a human institution designed to create new products and services under conditions of extreme uncertainty”*

Eric Ries



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**We focus on leadership in startups. Startup is different organization than a company which is bigger and older, which has his own organizational culture. Leaders in startups only build organizational culture in their startups.**

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# Priorities in Leadership in Startups. What do you think about it?

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**What priorities do leaders in startups have?**

**What are the most important challenges which are waiting for leaders in startups in your opinion?**

# PEOPLE - maintaining consistently high motivation

## NO MONEY, NO PROBLEMS

HOW MONEY CAN ACTUALLY HURT EMPLOYEE MOTIVATION

THE ABILITY TO MOTIVATE EMPLOYEES IS ONE OF THE CRUCIAL SKILLS AN ENTREPRENEUR CAN POSSESS. HOWEVER, THE PATH TO SUCCESSFUL LEADERSHIP ISN'T ALWAYS CLEAR. RESEARCHERS ARE TRYING TO UNRAVEL THE CONNECTIONS BETWEEN MONEY AND MOTIVATION.

42% of employees who work for a company that has a high salary are more motivated than those who work for a company with a lower salary.

90% of employees who work for a company that has a high salary are more motivated than those who work for a company with a lower salary.

75% of employees who work for a company that has a high salary are more motivated than those who work for a company with a lower salary.

### WHY IS EMPLOYEE MOTIVATION IMPORTANT?

EMPLOYEE MOTIVATION IS THE KEY TO SUCCESS. IT IS THE DRIVING FORCE BEHIND ALL GREAT ACHIEVEMENTS. IT IS THE REASON WHY SOME COMPANIES THRIVE WHILE OTHERS FAIL.

EMPLOYEE MOTIVATION IS THE KEY TO SUCCESS. IT IS THE DRIVING FORCE BEHIND ALL GREAT ACHIEVEMENTS. IT IS THE REASON WHY SOME COMPANIES THRIVE WHILE OTHERS FAIL.

### MONEY IS A MOTIVATOR, BUT NOT THE BIGGEST ONE.

WHILE MONEY IS A MOTIVATOR, IT IS NOT THE BIGGEST ONE. THERE ARE OTHER FACTORS THAT CAN BE MORE EFFECTIVE IN MOTIVATING EMPLOYEES.

Motivator	Percentage
Autonomy	90%
Money	57%
Recognition	52%
Advancement	43%
Security	32%

### IF EMPLOYEES DON'T WANT MONEY, WHAT DO THEY WANT?

IDENTIFYING WHAT YOUR EMPLOYEES WANT IS KEY TO MOTIVATING THEM. HERE ARE THREE OF THE MOST COMMON DESIRES:

- 1. AUTONOMY** - The ability to make decisions and control one's own work.
- 2. MASTERY** - The opportunity to learn and grow in one's profession.
- 3. PURPOSE** - The sense of meaning and direction in one's work.

### EMPLOYEE MOTIVATION CHECKLIST

- 1. SENSE OF ACHIEVEMENT** - Set clear goals and provide feedback.
- 2. AUTHORITY** - Give employees the responsibility and resources to do their jobs.
- 3. SECURITY** - Provide a safe and stable work environment.
- 4. PHYSICAL TOUCH** - Show appreciation and support.
- 5. FLEXIBLE SCHEDULE** - Offer flexible work arrangements.

**Clarity**  
THE ENTREPRENEUR'S LIFESTYLE

**First priority for leaders in startups are PEOPLE. The main task in this area for leaders is: How to motivate my team?**

**More startup employees are motivated by praise and commendation than by increased pay.**

**Let's look at the results of research about motivators for co-founders, and staff of startups. The conclusion is: money is a motivator but not the biggest one. First motivator according this research is: praise and commendation from managers, second: attention from company leadership, third: opportunity to lead projects, forth: performance-based cash bonus. Increase in base pay is only fifth place.**

**Do you agree?**

# MONEY

## rational management of financial resources



**The other two priorities of leaders in startups are elements of the management. The second one is about money. Leaders are also the managers. They are responsible for rational management of financial resources and are also responsible for getting money from internal resources. Without money it will not be possible to implement the project.**

**Without cost control, each amount of money is not enough to implement cells of the project.**



# MARKET

keep your finger on the pulse of the market and validate your business model



**Third leader priority in startups is about MARKET. Keep your finger on the pulse of the market and validate your business model. Young, inexperienced leaders are often afraid to tell the team that develops competition. They are often afraid to seek the market. But without market and competition monitoring we don't know if our products, our business model sare good, and has high probability of success.**

# Types of Leaders

## What type of leader is the best?

<http://www.16personalities.com/personality-types>

**There isn't much debate about the idea that leadership style grows out of personality type. Just as the unique gifts associated with each personality type contribute to society, they also contribute to the many different types of leadership needed to keep the world moving forward. So, let's take a moment to look at the different groups, what they are likely to offer by way of leadership skills and a few famous, archetypal examples for each.**

# Types of Leaders vs Personality

**The Analyst Leader:** The logical analyst leader will create and adapt systems with an improved organization or product in mind. Rationality is the guiding principle with such leaders. They tend toward a „matter-of-fact” approach and will have little patience for anything too sentimental or not firmly rooted in logic. As leaders, they often value inventiveness.

Personality is strongly associated with the type of leadership. Our personality is not the only constraint of types of leader. Our personality is also the set of possibilities to develop as the good chosen type of leader. We have to know our personality to know what type of leader we can be.

**The Analyst Leader:** The logical Analyst leader will create and adapt systems with an improved organization or product in mind. Rationality is the guiding principle with such leaders. They tend toward a „matter-of-fact” approach and will have little patience for anything too sentimental or not firmly rooted in logic. As leaders, they often value inventiveness.

While some argue Steve Jobs was an example of an Explorer personality type, one could argue that his chief interest was in „building a better mousetrap” - a very Analyst trait. Under his leadership, he not only brought new and exciting products to the marketplace, but Apple continuously tinkered with those products to make them better.

Analyst leaders often work in government agencies and in political offices. Franklin D. Roosevelt is a prime example as he created programs, such as Social Security system and the WPA, to help end the Great Depression. In a sense, FDR tinkered with the system that was United States to make a system that worked better for its citizens.

# Types of Leaders vs Personality

**The Diplomat Leader :** The visionary diplomat leader will involve themselves with ideas and imaginings often linked to higher causes and values. While they may be active in their organizations, they will shine more for their ability to inspire and to share a larger vision. They look toward what the future can bring rather than the offerings of the past and present.

**The Diplomat Leader: visionary Diplomat leader will involve themselves with ideas and imaginings often linked to higher causes and values. While they may be active in their organizations, they will shine more for their ability to inspire and to share a larger vision. They look toward what the future can bring rather than the offerings of the past and present.**

**Social change leaders like Martin Luther King or Nelson Mandela are obvious examples of Diplomat leaders. In business and entertainment, one of the influential Diplomat leaders in the recent history was Walt Disney. He brought us new experiences through entertainment and amusement parks that he not only intended to be fun, but they carried a moral message as well. Even long after his death, they call Disney's development department „Walt Disney Imagineering” and their employment website challenges potential candidates to „Create the Never-Before-Seen”.**



# Types of Leaders vs Personality

**The Sentinel Leader:** The responsible sentinel leader will take care of business as an administrator who gets all the details right and handle things in a meticulous way. They are likely to honor the past and be strict about rules and protocols. These personality types work from a sense of responsibility for taking care of the greater good. Sentinels see their leadership role as protecting and preserving society, some slice of it or an established tradition.

**The Sentinel Leader (Control):** The responsible Sentinel leader will take care of business as an administrator who gets all the details right and handle things in a meticulous way. They are likely to honor the past and be strict about rules and protocols. These personality types work from a sense of responsibility for taking care of the greater good. Sentinels see their leadership role as protecting and preserving society, some slice of it or an established tradition.

Pope Francis is a good example of a Sentinel leader. In fact, by definition, most popes probably fit this bill as the chief pastor of the Catholic faith. Their job is to care for their flock by applying the principles of their church.

Biographers say Jeff Bezos, the founder of Amazon, leads with an eye constantly on the data and is not above getting his hands dirty over every detail of the enterprise. Because of this focus, many consider him a Sentinel.

# Types of Leaders vs Personality

**The Explorer Leader:** The agile explorer leader is most likely to find quick solutions to any problems that arise and to take an organization in a new and exciting direction. They don't mind taking risks when they feel there's a decent chance the risks might pay off. They don't care about how others have done things in the past - only what the next big thing is. They are leaders oriented toward acting rather than planning and analyzing.

**The Explorer Leader:** The agile Explorer leader is most likely to find quick solutions to any problems that arise and to take an organization in a new and exciting direction. They don't mind taking risks when they feel there's a decent chance the risks might pay off. They don't care about how others have done things in the past - only what the next big thing is. They are leaders oriented toward acting rather than planning and analyzing.

Richard Branson is an Explorer leader who started by creating Virgin Record Megastores which paved the way for creating over 400 companies under the Virgin banner. Virgin's current obsession is private space tourism for which the company is now testing spacecraft and has booked many celebrities. His zeal for the new and the exciting is clear throughout Virgin's history.

Have you ever had any kind of leadership position? Did you see your personality type in your leadership style?

You can do free basic test to recognize your personality type of leadership which is recommended for you: <http://www.16personalities.com/free-personality-test>.

# Team Building What Should be the First? Leader or Team?





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**No matter how strong an idea you have, the fate of your startup ultimately rests on the shoulders of your team. After all, it could take only one weak member to bring down your entire business.**

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# 5 Steps for Building a Great Startup Team

- Identify Positions
- Advisors, Contracts, Part vs. Full Timers
- Identify Candidates
- The Hiring Process
- Post-Hire

[\[5 steps for building a great startup team\]](#)

So how can you be certain that you've assembled the right team?  
Here are five steps to use when building your startup dream team.



# How to Keep Motivation?



5 Common Types of Bosses

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**As a leader, you know one of your key tasks is to keep your team motivated. To do so, you need to constantly remind your people of the company's vision, hold them accountable to targets and goals, mentor them, and support them in their work. But how does the one who motivates others every day stay motivated as well?**

**When it comes to leaders, motivation is really about engagement. How engaged are you in your work? How committed are you to the results you're supposed to be getting? Are you pushing forward with a sense of purpose and drive, or are you simply going through motions? To be your best, you need to give serious thought to what makes you flourish and succeed.**

# How to Learn Leadership?



**Steve Blank, Bob Dorf, The Startup Owner's Manual: The Step-By-Step Guide for Building a Great Company, Wiley, 2012**

**Eric Ries, The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses, Crown**



As the leader motivates the team throughout the project, so the leader must be highly motivated himself. Each leader has his own way to motivation. I want to tell you how I motivate myself.

I recommend two famous books:

- 1) Steve Blank & Bob Dorf, “The Startup Owner’s Manual: The Step-By-Step Guide for Building a Great Company”
- 2) Eric Ries, “The lean startup” It’s useful guide for inexperienced leader. The lean startup is a method for developing businesses and products first proposed in 2011 by Eric Ries. The lean startup is expanded to apply to any individual, team, or company looking to introduce new products or services into the market.

# How to Motivate Yourself?



[[Simon Sinek](#)]

**TED**



[[Angela Lee Duckworth](#)]

#### Two examples of motivations:

Simon O. Sinek is an author best known for popularizing the concept of „the golden circle” and to „Start With Why. „His first TEDx Talk on „How Great Leaders Inspire Action” is the 3rd most viewed video on TED.com .

Angela Lee Duckworth is an American psychologist. She won a 2013 MacArthur Fellowship. She is associated with the study of the psychological trait known as grit. Angela has investigated the same thing as Prof. Warren. He examined the careers of several hundred leaders who have achieved success. Angela is the author of the thesis that grit is the most important characteristic of a leader.

Try to look for their motivators and coaches on TEDx.



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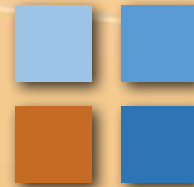


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# Leadership Games



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# Learning Outcomes

**What leadership games will do:**

- **Teach you to find your type of behavior and how to overcome any negative aspects and how to enhance the positive ones.**
- **Build confidence in you when you take part in the different activities. You will learn how to deal with different groups of people how to lead others to do things for themselves.**
- **Teach you how to work with others as a team. These skills will help you to work in any environment and will build up the group as a single unit so that all can move forward.**



# Agenda

- **Team building activities:**
  - Spider Game – presentation game
  - Snakes – trust and team building activity
  - Focus Ring – team-building game
  - Discussion & conclusions
  
- **Development of a collective creativity and teamwork**
  - Marshmallow Challenge - build the tower, build the team
  - Discussion & conclusions



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# Spider Game

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# Goal

**Create a big spider web that connects people by using a wool yarn.**

This game is an icebreaker and presentation game that can be played in a large room or outdoor. The main aim of this game is to make presentations of all the participants of a big international group in a non formal and dynamic way. For 30 participants it takes approximately 40 minutes. This game can perform inside classroom without tables or outside the building.

Detailed steps of the exercise are presented below and on the next slides.

**1. Assemble sets of materials for each team**

Needed materials are a ball of wool and a scissors. Remember that long yarn will be needed. Length is approximately number of participants multiplied by diameter of circle that they create.

# Rules

Following rules apply:

- participants form a circle
- the ball of wool is held by one of the participants,
- participant with wool ball wraps the yarn around the wrist and introduces himself/herself
- wool ball is thrown to another person in circle

## 2. Present everyone the rules

Following rules apply for the contest:

- participants form a circle – people should stand in a circle facing each other to the circle center,
- the ball of wool is held by one of the participants – choose first person randomly by throwing the wool ball,
- participant wraps the wool around the wrist and introduces himself/herself – this person should shortly tell about name, age, educational background and one special thing about habits, tastes or hobbies,
- wool ball is thrown to another person in circle – participant throws the ball of wool to another person and this new participant introduces himself/herself and wraps the wool around his/her wrist,



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# Ready? Go!

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### **3. Start the challenge**

The game starts when the teacher wraps the wool around the wrist of selected participant.

### **4. Finish the challenge**

The game finishes when the teacher cuts with a scissors the wool that connects all the participants.





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# Marshmallow Challenge

[\[Tom Wujec 2, 2010\]](#)

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# Goal

**Build highest free-standing structure using supplied materials:**

-  **20 sticks of spaghetti**
-  **half a meter of masking tape**
-  **half a meter of string**
-  **one marshmallow**

**Winning team is the one that builds tallest structure.**

Goal of this exercise is to build highest free-standing structure using supplied materials. Teams must cooperate together in well organized way to build the structure in relatively short time. Challenge should be performed in room big enough to allow all team members the free access to the tables where structures are being built. Remember to prepare all materials before the challenge. Start with creating teams, then ask one person from each team to collect prepared materials. Clearly define and describe the rules and don't forget to mention that this is competition with a prize. Ask for the possible questions. Perform challenge using stopwatch and playing up-beat music in meantime. Be active during competition – walk from one team to another. When the time counts down, measure all standing structures and write down all results in visible place (e.g. black board, projector). Prepare the prize for winning team. Do the summary, draw the conclusions to show that this challenge is not only for the fun, but is has the deeper meaning related to rapid prototyping, testing solutions and methods of the education. Time needed to finish this exercise is about 50 minutes.

Detailed steps of the exercise are presented below and on the next slides.

#### 1. Assemble sets of materials for each team

Every set contains twenty sticks of spaghetti, half a meter of masking tape, half a meter of string and one marshmallow. If string is strong, provide access to scissors (one for three teams). Marshmallows should be in standard size with shape close to cube or cylinder. Ingredients can be optionally pla-

ced into a paper bag, which simplifies distribution and hides the contents, maximizing the element of surprise.

Other important tools needed for exercise are:

- measuring tape,
- countdown application or stopwatch – there are plenty on the web or use the smartphone, but the best solution is when teams see the timer,
- video projector and sound system – projector for rules presentation, showing the final movie and for stopwatch. Sound system for good communication with the audience, especially during challenge, when it is very loud.
- play music during contest – rock or pop are the best, but dramatic classical works well too,
- prize – can be a new box of marshmallows, book, or even a small amount of cash.

Create teams. Interesting results are for both situations: when teams are assembled randomly or when teams are created by people who know each other. Size of the team should be 4 to 5 members. If you have the possibility, check both cases.

# Rules

Following rules apply:

- structure cannot be suspended from anything higher (eg. ceiling)
- marshmallow must be on top
- cutting or eating part of the marshmallow is forbidden
- only supplied materials can be used
- breaking up the spaghetti, string or tape is allowed
- challenge time is 18 minutes
- structure must stand for at least 10 seconds

## 2. Present everyone the rules

### Following rules apply for the contest:

- build the tallest freestanding structure – the winning team is the one that reaches biggest distance from the table top surface to the top of the marshmallow. That means the structure cannot be suspended from a higher structure, like a chair, ceiling or chandelier.
- marshmallow must be on top – the entire marshmallow needs to be on the top of the structure. Cutting or eating part of the marshmallow disqualifies the team.
- use as much or as little of the kit – the team can use as many or as few of the twenty spaghetti sticks, as much or

- as little of the string or tape. If the paper bags were used, then the teams cannot use them as a part of their structure.
- break up the spaghetti, string, or tape – teams are free to break the spaghetti and cut up the tape and string.
- challenge time is 18 minutes – teams cannot hold the structure during measurement. Structure must stand for at least 10 seconds.
- questions – ask for the questions before the start. There are always any.



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# Ready? Go!

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### 3. Start the challenge

Walk over the room and enjoy the teams creativity. Try to visit all teams, but do not suggest anything to them. Answer the questions if there are any. Remind the teams about time (e.g., every 6 minutes, focusing on half of the time).

### 4. Finish the challenge

You can ask everyone in the room to sit down so everyone else can see the structures. Measure all structures and write down the results in well seen place. Remember to identify the winning team – ensure they get a standing ovation and a give them a prize.

# Conclusions

**Let's talk!**

**Tom Wujec at TED2010: [Link to the movie \[Tom Wujec 1, 2010\]](#)**



### 5. Draw conclusions

Talk with the teams about their feelings related to competition – what was easy, what was hard. Focus on cooperation, leadership, most time-consuming part, surprises, etc.

Then show everyone the movie recorded at TED2010 talk. Presentation was performed by Tom Wujec. Link to the presentation: [https://www.ted.com/talks/tom\\_wujec\\_build\\_a\\_tower](https://www.ted.com/talks/tom_wujec_build_a_tower)

Draw conclusions after the movie and discuss it with the group:

- kids do better than business students – when talking about creativity, kindergarteners create taller and more interesting structures,
- prototyping matters – the reason kids do better than business school students is that kids spend more time testing the solution

and prototyping. They naturally start with the marshmallow and stick in the sticks. The business school students spend a vast amount of time planning, then executing on the plan, with almost no time to fix the design once they put the marshmallow on top,

- metaphor for the hidden assumptions of a project – the assumption in the Marshmallow Challenge is that marshmallows are light and fluffy and easily supported by the spaghetti sticks. When you try to build the structure, the marshmallows don't seem so light. The lesson in the marshmallow challenge is that we need to identify the assumptions in our project - the real customer needs, the cost of the product, the duration of the service - and test them early and often. That's the mechanism that leads to effective innovation and good product or service design.



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# Focus Ring

[\[IATF\]](#)

**More Entrepreneurial Life at European Schools**

# Goal

- Transport a ball from point A to point B and then set the ball on top of the pedestal.
- You cooperate as a teams.
- Winning team is the one that finishes the task in shortest time.

Goal of this team exercise is to transport a ball from point A to point B and then set the ball on top of the pedestal. Team members must cooperate while being very focused and organized during moving the ball. Exercise checks if the team has strong leader among its members. Challenge should be performed in room which is as big as possible.

Start with creating teams and showing start and destination point. Define and describe the rules. Remind that this is time-limited contest with a prize. Ask for the possible questions. Perform challenge using stopwatch. Do not disturb the team during competition. Other teams should keep the distance from performing team. When the time counts down or team achieves success in ball transportation, write down the time results in visible place (e.g., black board, projector). Prepare the prize for winning team. Do the summary, draw the conclusions to show that this challenge is related to having good leader who will be the warranty of success.

Time needed to finish this exercise is about 6 minutes for each team. Additional time is needed for summary (ca. 15 min).

More detailed information are provided below and on next slides.

#### 1. Assemble sets of materials for teams

Prepare at least one set of materials. If you are time-limited, exercise can be done in parallel, but it demands additional supervisors (one for each team).

Set includes plastic ping-pong ball, metal ring (e.g., bolt pad) with internal diameter ca. 40% smaller than diameter of ball, cylindrical pedestal with diameter few millimeters smaller than internal diameter of metal ring and strings. Make sure the path they take is clear of obstacles.








Other important tools needed for exercise are:

- scissors – to cut the string on equal pieces,
- countdown application or stopwatch – there are plenty on the web or the one in the smartphone can be used,
- video projector and sound system – projector for rules presentation and showing stopwatch. Sound system for good communication with the audience, especially during challenge,
- prize – can be a ticket, a book or small amount of cash.

Create teams. Interesting results are for both situations: when teams are assembled randomly or when teams are created by people who know each other. Size of the team should be 4 to 6 members.

# Rules

**Following rules apply:**

-  each team member gets one string to operate
-  hold only the end of the string
-  string must be stretched out
-  if the ball falls off the steel ring or pedestal falls, you start again
-  if the ball falls three times, the team ends the competition
-  ball is balanced on the pedestal and the ring is resting on the ground
-  challenge time is 4 minutes

## 2. Present everyone the rules

### Following rules apply for the contest:

- each participant gets one string to operate,
- participants must hold only the end of the string,
- participants must stay at a distance of a length of stretched out string (very important),
- if the ball falls off the steel ring, the group must start again,
- if the ball falls three times, the team end the competition,
- if the pedestal falls over, the group must start again,
- the team is successful when the ball is balanced on the pedestal and the ring is freely resting on the ground with no one holding or stretching a string,
- challenge time is 4 minutes for the distance of about twenty meters from point A to B,
- ask for the questions before the start of each team.



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# Ready? Go!

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### **3. Start the challenge**

Set up the team members in the positions and ensure that every string is stretched. Answer the questions if there are any. Let them balance the ring in horizontal position, then place the ball in the steel ring. Loudly specify start of counting the time. Remind the teams about time (e.g. every 30 seconds).

### **4. Finish the challenge**

All results must be written down in well seen place. Identify the winning team – ensure they get a standing ovation and a give them a prize.





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# Conclusions

Let's talk!

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## 5. Draw conclusions

Discuss the teams their feelings related to contest – what was easy, what was hard. Focus on leadership, cooperation, strategies, surprises, etc.

Draw conclusions after the competition and discuss them with the group:

- when a group works together to complete a task, the impact each person has can be profound. In this activity, the ball can be caused to drop if even one person doesn't do their job well,
- team working on given solution, especially in case of time-limited tasks, must rely on each other.
- team must have well defined leader – this person will tell other members of team what to do, especially during last phase of transportation – putting ball on pedestal.



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# Snakes

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# Goal

- Collect all items lying on the ground and put them into the buckets.
- You cooperate as a teams and use nonverbal communication.
- Winning team is the one that finishes the task in shortest time.

Snakes is a teambuilding activity that helps people practice trusting each other. A leader steers his or her partner around obstacles using verbal or nonverbal instructions. The objective of the game is to place a item into the bucket by every (or some) team members.

This activity is an active teambuilding activity that requires a great deal of space. An outdoor setting with some obstacles (but nothing too dangerous!) is ideal. As the facilitator of the Trust Walk Teambuilding Activity, be sure to scout out a safe area in advance. Large fields or the woods may be good places to try. Minor obstacles (trees, branches, small hills) are okay, but do not play this game in a dangerous environment (for example, anywhere with very steep ledges or sharp protruding objects).

#### 1. Assemble sets of materials for teams

Materials required include:







- blindfolds,
- items,
- buckets,
- rope/tape for barrier,
- stopwatch.

Create a large circle barrier with the tape or a rope. Place a bucket in the middle of the circle. Toss the items randomly inside the barrier.

Depending on the amount of people in the group, ask the participants to get into teams of 5-7 people.

# Rules

**Following rules apply:**

-  all participants are blindfolded except the last one
-  only nonverbal communication is allowed (e.g., tapping shoulders)
-  previous participant must put his arms on the shoulders of next person
-  all items on the ground must be in bucket
-  first person becomes the last one after putting item in the bucket
-  challenge time is 5 minutes

## 2. Present the rules to everyone

### Following rules apply for the contest:

- all participants are blindfolded except for the person standing last in the line,
- only nonverbal communication is allowed, previous participant must put their arms on the shoulders of next person,
- the person in the back of the line guides the participants around the circle barrier by simply tapping the shoulders of the person in front of them, then next person taps the shoulders of the participant in front of them, and so on, until the person in the front of the line moves towards an item,
- when an item is approached, the person in the front grabs the throwable and is guided to the bucket where he drops the throwable,
- when a participant drops the item into the bucket, then the one removes their blindfold and moves to the back of the line and becomes the sighted team member,
- the person who was in the back of the line puts on a blindfold,
- challenge time is 5 minutes.



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### 3. Start the challenge

Ask the participants to stand in a single line and put their hands on the shoulders of the person in front of them. This is a no-talking activity, but allow the group to take 1-2 minutes to pre-plan.

### 4. Finish the challenge

Continue this process until all team members have placed an item into the bucket. If there is more than one team, the team that wins is the one that finish the task in shortest time. If the teams are uneven, the team with the least amount of members will continue to rotate until they have dropped as many items into the bucket as the largest team.



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# Conclusions

Let's talk!

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## 5. Draw conclusions

Discuss the teams their feelings related to contest – what was easy, what was hard. Focus on leadership, cooperation, strategies, surprises, etc.

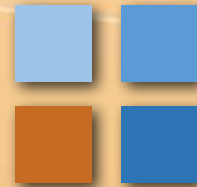
Below are some sample questions to ask the teams:

- What was it like to be the “guide,” being fully responsible for the safety of your partner?
- What do you think was the purpose of this team building activity?
- Did you have any difficulty trusting your partner while blindfolded? Why or why not?
- Why is trusting your teammates important?
- How does this relate to employees working together on a project?

# References

- International Association of Teamwork Facilitators - <http://www.teachmeteamwork.com/> [IATF]
- [http://www.excellerate.co.nz/blog/free\\_active\\_team\\_building\\_games.html](http://www.excellerate.co.nz/blog/free_active_team_building_games.html) [excellerate]
- Tom Wujec, 2010 - [https://www.ted.com/talks/tom\\_wujec\\_build\\_a\\_tower](https://www.ted.com/talks/tom_wujec_build_a_tower) [Tom Wujec 1, 2010]
- Tom Wujec, 2010 - <http://marshmallowchallenge.com/Welcome.html> [Tom Wujec 2, 2010]

# Organisational culture – well defined team



# Learning Outcomes

**What Organisational culture will do:**

- **Teach you what are the most important parts of organisational culture**
- **Show you examples of companies with well defined culture**
- **Define tools that are useful for defining culture in company**

# Agenda

-  Culture as a tool
-  Southwest
-  Golden rules
-  Cisco
-  Zappos
-  Tools for creating organisational culture

# Types of cultures



Jenny Chatman, 2013



Each area of culture is dependant of another. National cultures have infulence on organisational ones, then organisational have impact on department or team cultures. The same relationship is between strategies.

# Culture as a tool

**Three criterias for using culture as a leadership tool:**

-  **culture is strategically relevant**
-  **culture is strong**
-  **culture is adaptive over time, focusing on innovation and change as a core value**

**Give some brief information about each of three parts:**

- culture is strategically relevant – it must be defined prior to the company. It defines the future marks of the company and teams,
- culture is strong – it defines basic principles in behaviour of each person in company, no matter if it's big or small. It must be used in development of business,
- culture is adaptive over time – culture changes over time and must be adapted to current needs, but basics of it remains the same.

# Southwest



***“Southwest remains a prime source of lessons: Cost, cost, cost. Service, service, service. People, people, people. The business model is understandable by any 3-year old.”***

**Tom Peters**

[Link to the movie 1 \[Tom Peters, 2010\]](#)

[Link to the movie 2 \[Southwest, 2013\]](#)

Show both movies and start the discussion about what was shown in each of them, just after watching each movie. Tell students about the huge impact of strategy and defined core values for people and companies.

First movie:

- Two conferences at the same time for two airlines.
- AA Made a „thank you” advert on USA Today – SWA treated their employees as customers. Their employees were also the pilots.

Second movie:

- Story one – american soldier and his family
- Story two – customer of SWA
- Story three – pilot funeral and flag
- Story four – hannover bear

Give short introduction about Tom Peters (Wikipedia cited):

Thomas J. „Tom” Peters (born November 7, 1942) is an American

writer on business management practices, best known for „In Search of Excellence” (co-authored with Robert H. Waterman, Jr).  
[[https://en.wikipedia.org/wiki/Tom\\_Peters](https://en.wikipedia.org/wiki/Tom_Peters)]

Give the introduction about Southwest (Wikipedia cited):

Southwest Airlines Co. is a major U.S. airline and the world’s largest low-cost carrier, headquartered in Dallas, Texas. The airline was established in 1967 and adopted its current name in 1971. The airline has nearly 46,000 employees as of December 2014 and operates more than 3,400 flights per day. As of June 5, 2011, it carries the most domestic passengers of any U.S. airline. As of November 2014, Southwest Airlines has scheduled service to 93 destinations in 41 states, Puerto Rico and abroad. Southwest Airlines has used only Boeing 737s, except for a few years in the 1970s and 1980s, when it leased a few Boeing 727s. As of August 2012 Southwest is the largest operator of the 737 worldwide with over 550 in service, each averaging six flights per day. Southwest Airlines began with the March 15, 1967 incorporation of Air Southwest Co. by Rollin King and Herb Kelleher to fly within the state of Texas.  
[[https://en.wikipedia.org/wiki/Southwest\\_Airlines](https://en.wikipedia.org/wiki/Southwest_Airlines)]

# Southwest

	AMR	Delta	Southwest	UAL	USAir
Cost per seat mile (cents)	8.9	9.4	7.0	9.6	10.8
Passengers per employee	840	1114	2443	795	1118
Employees per aircraft	152	134	81	157	111

[Jenny Chatman, 2013]

**Describe the numbers in tables. Compare other airlines to Southwest.**

# Southwest

**Kelleher (CEO from 1975-2001): „We value our people first. If they’re happy, the customer is happy and will come back. That makes our shareholders happy.”**

**Kelley (CEO from 2001-now): “My favorite part about being CEO at Southwest is running a dynamic airline with the best workforce in the industry. I have the best workforce and I’m inspired by the fantastic work our Employees do every day, and I can honestly say that we change history every day here at Southwest.”**



First give the introduction about two CEOs. Point out, that the biggest value in company is it's workforce.

Give some brief introduction about both CEOs (Wikipedia cited):

Herbert „Herb” David Kelleher (born March 12, 1931) is the co-founder, Chairman Emeritus, and former CEO of Southwest Airlines (based in the United States). Kelleher was born in Camden, New Jersey on March 12, 1931 and raised in Audubon, New Jersey, where he graduated from Haddon Heights High School. He has a bachelor's degree from Wesleyan University where he was an Olin Scholar and where his major was English and his minor Philosophy, and a Juris Doctor from New York University where he was a Root-Tilden Scholar. At Wesleyan he was a member of Delta Kappa Epsilon fraternity. The Kellehers moved to Texas intending to start a law firm or a business. Kelleher and one of his law clients, Texas businessman Rollin King, created the concept that later became Southwest Airlines on a cocktail napkin in a San Antonio, Texas restaurant. From its birth in 1971 after overcoming a year's worth of legal challenges from competitors who tried to keep it grounded Southwest succeeded by daring to be different: offering low fares to its passengers by eliminating unnecessary services and avoiding the „hub-and-spoke” scheduling system used by other airlines in favor of building traffic in such secondary airports as Albany, Chicago-Midway (instead of Chicago-O'Hare) and Orange County. During his tenure as CEO of Southwest, Kelleher's colorful personality created a corporate culture which made Southwest employees well known for taking themselves lightly often singing in-flight announcements to the tune of popular theme songs, but their jobs seriously. How different the company culture is can be seen in an

arm-wrestling event in March 1992. Shortly after Southwest started using the „Just Plane Smart” motto, Stevens Aviation, who had been using „Plane Smart” for their motto, threatened a trademark lawsuit, which was resolved between Herb Kelleher and Stevens Aviation CEO Kurt Herwald in an arm-wrestling match, now known as „Malice in Dallas”. Southwest has never had an in-flight fatality. Southwest is consistently named among the top five Most Admired Corporations in America in Fortune magazine's annual poll. Fortune has also called him perhaps the best CEO in America. Kelleher was inducted into the Junior Achievement U.S. Business Hall of Fame in 2004. [[https://en.wikipedia.org/wiki/Herb\\_Kelleher](https://en.wikipedia.org/wiki/Herb_Kelleher)]

Gary C. Kelly is the chief executive officer and chairman of Southwest Airlines. He first joined the company in 1986 as Controller. In 1989, Gary was promoted to Chief Financial Officer and Vice President of Finance. In 2001, he was promoted to Executive Vice President. Kelly spent 3 years in this role until he was promoted to his current position as CEO and vice chairman in 2004 replacing James Parker who succeeded Herb Kelleher in 2001. He received a Bachelor of Business Administration in accounting from The University of Texas at Austin and is a Certified Public Accountant. Kelly was named Chairman of the Board of Directors of Southwest Airlines on May 21, 2008, replacing co-founder Herb Kelleher. Gary Kelly also became president of Southwest Airlines the same year, replacing Colleen Barrett when her contract expired on July 15, 2008. Kelly was named one of the best CEOs in America for 2008, 2009 and 2010 by Institutional Investor magazine and serves on the President's Council of Jobs and Competitiveness. [[https://en.wikipedia.org/wiki/Gary\\_C.\\_Kelly](https://en.wikipedia.org/wiki/Gary_C._Kelly)]

### Inconvenience From Flight Cancellations

**Carrier Returns 19 Inspected Planes to Fleet So Far; Finds Cracks on Two Planes Requiring Additional Repairs** DALLAS, April 3, 2012 /PRNewswire via COMTEX/ --

Southwest Airlines (NYSE: LUV) today provided several updates related to the ongoing inspection of its Boeing 737 fleet:

- In cooperation with Boeing, an additional inspection program was set up for a subset of the fleet. The inspection involved a non-destructive test (NDT) in the form of High-Frequency Eddy Current (HFEC) testing. The inspection was designed to detect any subsurface fatigue in the skin that is not visible to the eye.
  - As of 4 p.m. Central time Sunday, 19 planes had undergone the inspection. Two of those planes have been returned to service.
  - In two other airplanes, the testing did detect small cracks. Additional potential repairs will be necessary before those planes are returned to service.
  - Inspections of the remaining aircraft in the fleet will continue through the next few days. As inspections are completed with no findings, those planes will be returned to service on Tuesday and Monday. The airline anticipates completing the inspections by late Tuesday. The additional inspections were designed differently in the manufacturing process.
  - Southwest Airlines is cooperating with the investigation being led by the National Transportation Safety Board (NTSB) into the incident. The aircraft involved in the incident was diverted to Yuma, Ariz., on Friday, April 1.
  - Sunday, April 1, Southwest Airlines operated approximately 300 flights while the inspections are ongoing. Customers should continue to check flight status on [www.southwest.com](http://www.southwest.com) for any changes to their flights as a result of inspections and out-of-service aircraft.
- "I could not be more grateful for the maintenance and engineering professionals who supported Boeing and the FAA in the establishment of new inspection procedures," said Mike Van de Ven, Southwest's Executive Vice President and Chief Operating Officer. "Boeing has since identified an inspection program for this section of the aircraft. Based on this incident and the additional findings, we expect further action from Boeing and the FAA for operators of the 737-300 fleet worldwide." Southwest operates a total 737 fleet of 548 planes. The fleet is constantly undergoing rigorous checks and inspections as directed by the FAA and Boeing, the aircraft manufacturer. These checks and inspections are dictated by number of cycles (a cycle is a takeoff and landing) and on a calendar basis as well.

**"Our highest priority is the safety of our Employees and Customers," Van de Ven said.** "Prior to the event regarding Flight 812, we were in compliance with the FAA-mandated and Boeing-recommended structural inspection requirements for that aircraft. What we saw with Flight 812 was a new and unknown issue. We regret any Customer inconveniences as a result of the inspections currently underway. Delays and cancellations are never the preference, however we are taking every precaution we can to ensure that our operation is safe."

SOURCE Southwest Airlines

**"Our highest priority is the safety of our Employees and Customers."**

**Show them the whole text. Point out the most important thing – customers and employees safety! It comes from the company strategy.**

# Golden rules

## 3 rules:

- guiding beliefs (why)
- daily beliefs (how)
- strategy/objectives (what)

[Link to the movie \[Simon Sinek, 2009\]](#)

Just read the 3 rules. Give introduction about Simon Sinek (Wikipedia cited), then show students the movie, and start the discussion.

Simon O. Sinek (born October 9, 1973) is an author best known for popularizing the concept of „the golden circle” and to „Start With Why”, described by TED as „a simple but powerful model for inspirational leadership all starting with a golden circle and the question „Why?””. He joined the RAND Corporation in 2010 as an adjunct staff member, where he advises on matters of military innovation and planning. His first TEDx Talk on „How Great Leaders Inspire Action” is the 3rd most viewed video on TED.com. His 2009 book on the same subject, *Start With Why: How Great Leaders Inspire Everyone to Take Action* (2009) delves into what he says is a naturally occurring pattern,

grounded in the biology of human decision-making, that explains why we are inspired by some people, leaders, messages and organizations over others. He has commented for *The New York Times*, *Wall Street Journal*, *The Washington Post*, *Houston Chronicle*, *FastCompany*, *CMO Magazine*, *NPR*, and *BusinessWeek*, and is a regular contributor to *The Huffington Post*, *BrandWeek*, *IncBizNet*. Sinek was born in Wimbledon, England; at a young age he moved to Johannesburg, South Africa, then to London, then to Hong Kong, before settling in New Jersey. He attended Northern Valley Regional High School at Demarest, graduating in the class of 1991. He earned a BA degree in cultural anthropology from Brandeis University; he attended City University in London with the intention of becoming a barrister, but left law school to go into advertising. [[https://en.wikipedia.org/wiki/Simon\\_Sinek](https://en.wikipedia.org/wiki/Simon_Sinek)]

# Let's talk

- Apple as another computer company
- Start from WHY
- Wright brothers
- Law of diffusion for innovation
- TiVo
- Dr. King



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Discuss each of main topics that were pointed out in the movie.

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# Golden rules

Guiding beliefs (WHY)

Daily beliefs (HOW)

Objectives (WHAT)



According to the movie, expand each of main principles of golden rules (golden circle).



# Cisco

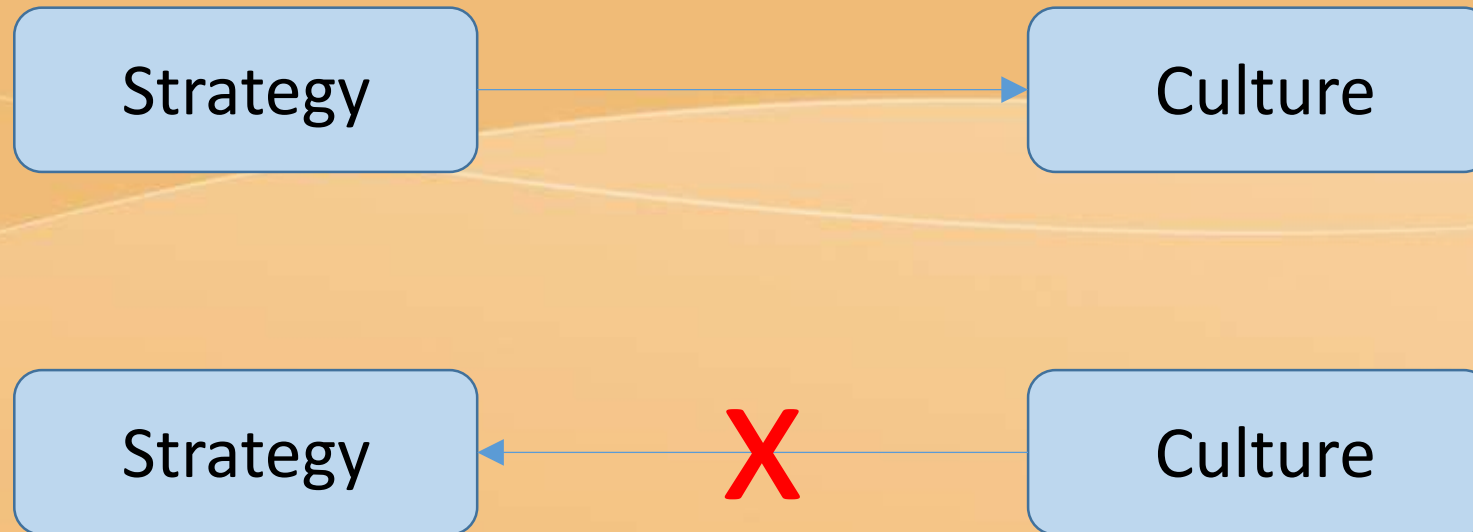
**Cisco System's vision:**

**The network is the platform to change the way the world works, lives, plays, and learns. We are shaping the future of the internet by creating unprecedented value and opportunity for our customers, employees, investors and ecosystem partners.**

Cisco Systems, Inc. is an American multinational corporation headquartered in San Jose, California, that designs, manufactures, and sells networking equipment. Cisco Systems was founded in December 1984 by Leonard Bosack, who was in charge of the Stanford University computer science department's computers, Sandy Lerner, who managed the Graduate School of Business' computers, and Richard Troiano. Despite founding Cisco in 1984, Bosack, along with Kirk Lougheed, continued to work at Stanford on Cisco's first product which consisted of exact replicas of Stanford's „Blue Box” router and a stolen copy of the University's multiple-protocol router software, originally written some years earlier at Stanford medical school by William Yeager - a Stanford research engineer - which they adapted into what became the foundation for Cisco IOS. On July 11, 1986, Bosack and Kirk Lougheed were forced to resign from Stanford and the university contemplated filing criminal complaints against

Cisco and its founders for the theft of its software, hardware designs and other intellectual properties. In 1987, Stanford licensed the router software and two computer boards to Cisco. In addition to Bosack, Lerner and Lougheed, Greg Satz, a programmer, and Richard Troiano, who handled sales, completed the early Cisco team. The name „Cisco” was derived from the city name, San Francisco, which is why the company's engineers insisted on using the lower case „cisco” in its early years. The logo is intended to depict the two towers of the Golden Gate Bridge. Although Cisco was not the first company to develop and sell dedicated network nodes, it was one of the first to sell commercially successful routers supporting multiple network protocols. Classical, CPU-based architecture of early Cisco devices coupled with flexibility of operating system IOS allowed for keeping up with evolving technology needs by means of frequent software upgrades. [[https://en.wikipedia.org/wiki/Cisco\\_Systems](https://en.wikipedia.org/wiki/Cisco_Systems)]

# Strategy and culture relationship





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**Point out that the strategy must come first, then culture is created. It can not be done successfully in reverse way. With no established rules it doesn't matter if we are talking about start-up or big company.**

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# Strategy and culture relationship

Key question is:

What is your **STRATEGY**  
and what **BEHAVIORS** does it require?



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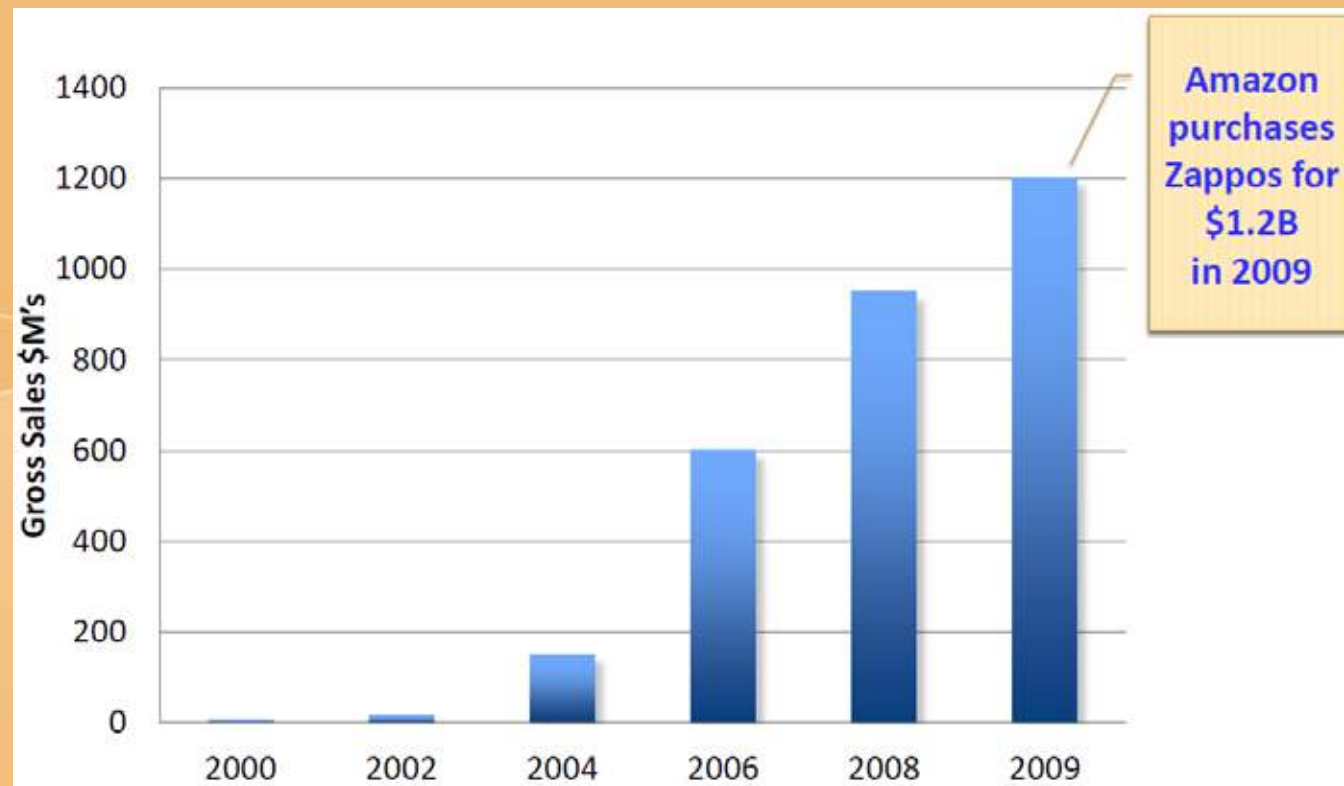


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Talk about **bolded words** related to golden rules standards. This is the start point to WHY-HOW-WHAT rules.

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# Zappos





Present Zappos as an example of strong culture oriented company.

Give some brief information about Zappos (Wikipedia cited):

Zappos.com is an online shoe and clothing shop currently based in Las Vegas, Nevada. In July 2009, the company announced it would be acquired by Amazon.com in an all-stock deal worth about \$1.2 billion. Since its founding in 1999, it has become one of the world's largest online shoe stores. Zappos was founded by Nick Swinmurn in 1999. The initial inspiration came when he couldn't find a pair of brown Airwalks at his local mall. That same year, Swinmurn approached Tony Hsieh and Alfred Lin with the idea of selling shoes online. Hsieh was initially skeptical, and almost deleted Swinmurn's voice mail. After Swinmurn mentioned that „footwear in the US is a 40 billion dollar market and 5% of that is already being sold by paper mail order catalogs,” Hsieh and Lin decided to invest \$2 million through their investment firm Venture Frogs. The company was officially launched in June 1999, under the original domain name „ShoeSite.com.” A few months after their launch, the com-

pany's name was changed from ShoeSite to Zappos (a variation of „zapatos” the Spanish word for „shoes”) so as not to limit itself to selling only footwear. After minimal gross sales in 1999, Zappos brought in \$1.6 million in revenue in 2000. In 2001, Zappos more than quadrupled their yearly sales, bringing in \$8.6 million. Advertising costs were minimal, and the company grew mostly by word of mouth. It was around this time that Hsieh and Zappos executives set long-term goals for 2010: achieve \$1 billion in sales and receive inclusion on Fortune's list of The Best Companies to Work For. In 2003, Zappos reached \$70 million in gross sales and abandoned drop shipping, which accounted for 25% of their revenue base. The decision was based on supplying superior customer service, as Hsieh says „I wanted us to have a whole company built around [customer service] and we couldn't control the customer experience when a quarter of the inventory was out of our control.” In 2008, Zappos hit \$1 billion in annual sales, two years earlier than expected (one year later, they fulfilled their other long-term goal, debuting at No. 23 on Fortune's Top 100 Companies to Work For). [<https://en.wikipedia.org/wiki/Zappos>]

# Zappos

- 1999: Who would even consider buying shoes on line?
- Strategy: Delivering Happiness and WOW through service
- CEO Tony Hsieh: “It comes from our culture”
- Culture focused on customer service, hard work, & quirkiness
- Hiring based on core values and culture fit
- Four weeks of culture, core values, customer service training
- Pay employees \$2000 to quit
- Annual “Culture” books, “Delivering Happiness”
- Transparency: [twitter.zappos.com](https://twitter.com/zappos), tours and reporter visits, etc.

Read and expand each of given bullets to point out customer service oriented company strategy.

# Two lessons

## LESSON 1:

**Culture helps when it supports strategically relevant behaviors**

## LESSON 2:

**Getting the internal culture right generates external brand benefit**

**BUT, everyone has to uphold the culture:  
even when it's hard  
and even when no one is looking**

**Give the explanations about two lessons. Remind, that culture is hard to be implemented, but it builds the external value of the company (basing on previous examples).**

# Tools for organisation culture

**Four actions to create good organisational culture:**

- recruiting and selecting
- training and developing
- rewarding and recognizing
- leading intentionally and visibly

**Tell about actions needed to create good organisational culture. Don't expand them now, do it during next slides, where the description is more detailed.**

# Recruiting and selecting

- Recruiting and selecting people who fit to the culture you're trying to create.
- Selection: The mutual process of choosing new members (for organizations) and of choosing to join a particular organization (for job candidates).



**Expand the definition of recruiting and selecting.**

# Recruiting and selecting

## Candidate characteristics:

- develop a profile of people who would thrive in the culture you are trying to create (GE: “We want people who hate bureaucracy and all the non-sense that comes with it.”)
- at times, trade-off immediate skills for cultural fit

**Focus on two parts of recruitment: candidates and recruiters. Tell more about competences that are expected from candidate for team/company/organisation.**

# Recruiting and selecting

## Recruiter Characteristics

- choose recruiters who understand the value of culture fit and don't just hire in their own image
- deselect candidates by providing clarity; “what it's like to work here” so that they can make an informed choice about whether they will resonate with the culture you are trying to create

**Tell more about competences that are expected from recruitment person responsible for selecting candidates for team/company/organisation.**

# Recruiting and selecting

Go to web page:

{first 10-digit prime found in consecutive digits of e}.com

Answer: 7427466391.com – invited to interview at Google.

People not hired in for a specific job, slotted for wherever there is a need.



Google, 2004

Give an example of Google recruitment strategy. The 10-digit prime web page address was presented on the billboards at the road, press ads, and in the web. Show the pictures on next slides to explain that people want to work for Google.



**Google HQ's in Mountain View, CA, USA.  
Photos by Maciej Kopczynski.**





Google HQ's in Mountain View, CA, USA.  
Photos by Maciej Kopczynski.



# Training and developing

**TRAINING AND DEVELOPING** people initially and through their careers.

**SOCIALIZATION:** The process by which an individual comes to understand the values, abilities, expected behaviors, and social knowledge that are essential for assuming an organization role and participating as an organization member.

**FOLKLORE, LEGENDS, AND INTERPRETATION OF IMPORTANT EVENTS**

Actively relay and interpret stories that paint a picture of “what success looks like here”.

Point out that training people in the company is very important as a part of creating organisational culture. No matter if we are talking about people who were just hired, or personnel who works for the company for years. This is the main tool for cultivating company strategy.

# Training and developing

## **BUILDING TRUST AND COMMITMENT**

**Provide opportunities for people to learn and commit to the culture and bond with their colleagues.**

## **LEADERSHIP DEVELOPMENT**

**Develop leaders who exemplify the qualities emphasized in the culture.**



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Continue expanding points.

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# Rewarding and leading

**REWARDING AND RECOGNIZING** people to create a vivid picture of what success looks like.

**LEADING INTENTIONALLY AND VISIBLY** to help people learn to make strategically relevant, tough tradeoffs.

**REWARDS:** The consequences of behavior and performance. These can be allocated formally (eg. pay, performance evaluations), or informally (eg. celebrations, peer approval or disapproval).



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Rewarding people helps them to feel that they are a part of creating the company success. Rewarding and leading are strongly connected to each other.

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# Rewarding and leading

- **Give people rapid feedback accompanied by consistent and comprehensive rewards**
- **Recognize people publically for strategic success**
- **Make sure that successful role models, who have a consistent set of characteristics and behaviors, are easy to spot**
- **Adhere to transcendent values yourself (and ensure that others do so as well)**



In relation to the previous slide.

# Key values for success

**Success of every start-up is defined by:**

- well defined leader
- people as a team
- competences
- culture
- vision and strategy

**Remember to summarize that success is defined by people creating the team, the valuable leader who see the goal, and competences of the team.**

# References

1. Jenny Chatman, 2013 - Creating an Organizational Culture for Strategic Success [Jenny Chatman, 2013]
2. Tom Peters, 2010 – <https://www.youtube.com/watch?v=PpVpRLrq8Jg> [Tom Peters 2010]
3. Southwest, 2013 – <https://www.youtube.com/watch?v=eGxMf88I5g4> [Southwest 2013]
4. Simon Sinek, 2009 – [http://www.ted.com/talks/simon\\_sinek\\_how\\_great\\_leaders\\_inspire\\_action](http://www.ted.com/talks/simon_sinek_how_great_leaders_inspire_action) [Simon Sinek, 2009]
5. Google, 2004 – Official job offer [Google, 2004]
6. Maciej Kopczyński, 2013 – Study visit to Google HQ, TOP500 Innovators [Maciej Kopczyński, 2013]



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# Chapter 4: Business Model Generation

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# Learning Outcomes

- **Understanding of the concept of a Business Model Canvas**
- **Enable participants to use the Business Model Canvas as a management tool**

# Agenda

- Presenting the nine building blocks of the Business Model Canvas
- Providing a case study: Nextbike from Leipzig, Germany

# Business idea

- Many existent enterprises have the goal to develop a new sui-generis product
- Almost every idea comes simultaneously to the mind of not just one person but to two or more in different places all over the world
- In entrepreneurship the idea is only the first step
- What really counts is to 'apply' this idea.

*"The idea per se is not what is important. In entrepreneurship, ideas really are a dime a dozen. Developing the idea, implementing it, and building a successful business are the important things."*

(W. D. Bygrave, The Portable MBA in Entrepreneurship, S. 13)



**Business ideas are important. But what really counts is the successful implementation of an business idea. Therefore we need to describe how we create value for the customer based on an innovative idea. Hence, we need to develop a business model.**

# Business model canvas

## Definition:

- A business model describes the rationale of how an organization creates, delivers, and captures value (Osterwalder et al. 2010)

## The business model concept of Osterwalder et al. (2010)

- A simple, relevant, and intuitively understandable concept while not oversimplifying the complexities of how enterprises function
- Nine basic building blocks to show the logic of how a company intends to make money
- Covering the four main areas of a business: customers, offer, infrastructure, and financial viability
- A blueprint for a strategy to be implemented through organizational structures, processes, and systems

Based on Osterwalder et al. (2010), a business model describes the rationale of how an organization creates, delivers, and captures value.

The Business model is the foundation of an adequate business plan. The business plan is the description of how the business model will be implemented by the entrepreneurs. The business model decides about the success in the market. The approach of Osterwalder is based on nine basic building blocks with the aim to demonstrate the logic of how a company intends to make money. The business model covers the four main areas of a business: customers, offer, infrastructure, and financial viability. It is a blueprint for a strategy to be implemented through organizational structures, processes, and systems.

# Nine building blocks



CS

**1 Customer Segments**

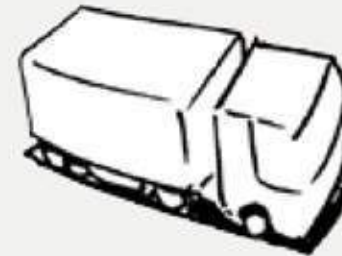
*An organization serves one or several Customer Segments.*



VP

**2 Value Propositions**

*It seeks to solve customer problems and satisfy customer needs with value propositions.*



CH

**3 Channels**

*Value propositions are delivered to customers through communication, distribution, and sales Channels.*



CR

**4 Customer Relationships**

*Customer relationships are established and maintained with each Customer Segment.*

The first 4 basic building blocks deal with the Customer Segments, Value Proposition, Channels and Customer Relationships of a company.

# Nine building blocks



RS

**5 Revenue Streams**

*Revenue streams result from value propositions successfully offered to customers.*



KR

**6 Key Resources**

*Key resources are the assets required to offer and deliver the previously described elements...*



KA

**7 Key Activities**

*...by performing a number of Key Activities.*



KP

**8 Key Partnerships**

*Some activities are outsourced and some resources are acquired outside the enterprise.*



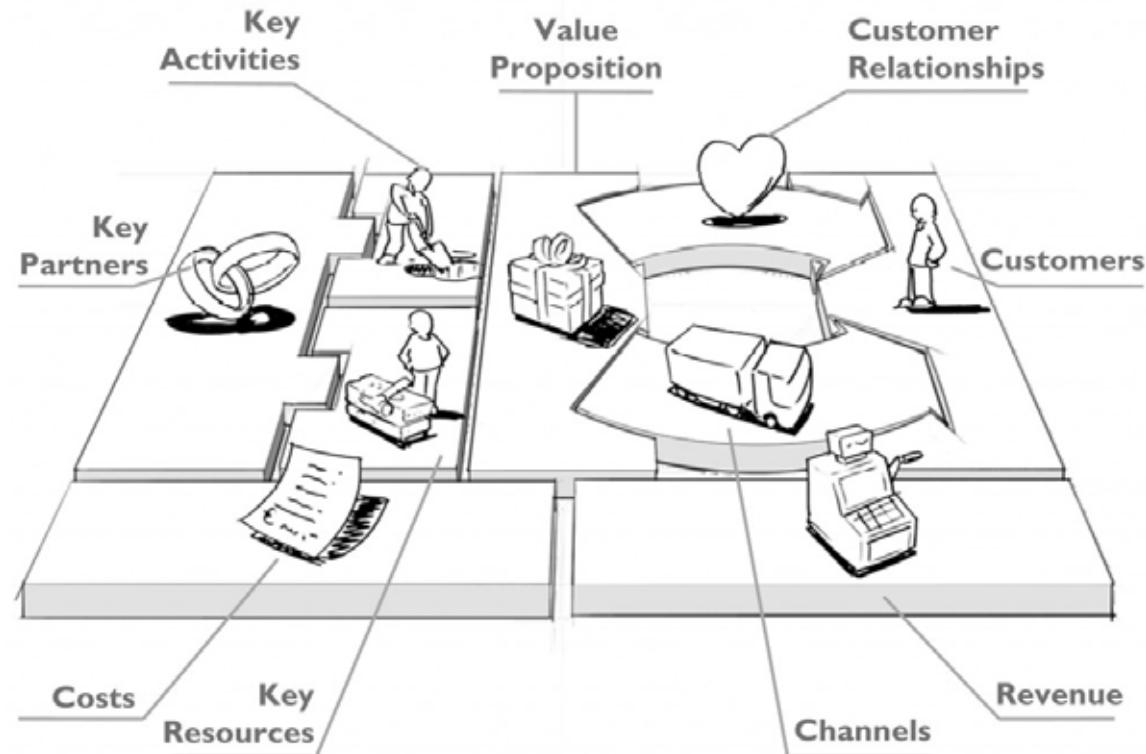
CS

**9 Cost Structure**

*The business model elements result in the cost structure.*

The following 5 basic building blocks define the Revenue Streams, Key Resources, Key Activities, Key Partnerships and the Cost Structure of the company.

# Business model canvas

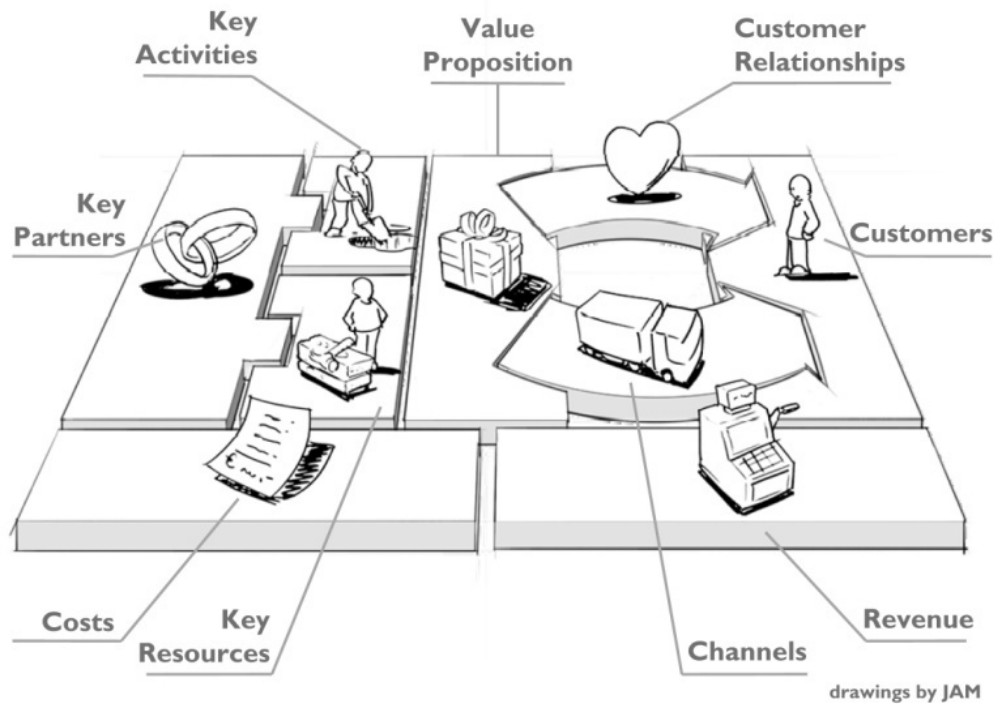




**The business model canvas is a visual tool to describe and to structure the business model of an enterprise.**

# Graphic representation

The nine business model building blocks form the basis for the Business Model Canvas



**The Business Model Canvas** Designed for: \_\_\_\_\_ Designed by: \_\_\_\_\_ On: \_\_\_\_\_ Iteration: \_\_\_\_\_

<b>Key Partners</b> What are our key partners? Who are our suppliers? Who are our distributors and resellers? Who are our partners in the ecosystem? Who are our partners in the ecosystem? Who are our partners in the ecosystem?	<b>Key Activities</b> What key activities do our Value Proposition require? Do they require Channel? Customer Relationships? Customer Segments?	<b>Value Propositions</b> What value do we deliver to the customer? What bundles of products and services are we "selling" to the customer? What bundles of products and services are we "selling" to the customer? What bundles of products and services are we "selling" to the customer?	<b>Customer Relationships</b> What type of relationship do we have with our Customer Segments? How do we interact with them? How do we interact with them? How do we interact with them?	<b>Customer Segments</b> Who are our customers? Who are our customers? Who are our customers?
<b>Key Resources</b> What Key Resources do we require to make our Value Propositions happen? Do they require Channel? Customer Relationships? Customer Segments?	<b>Channels</b> Through which Channels do our Customer Segments want to be reached? How do we get things to our customers? How do we get things to our customers? How do we get things to our customers?	<b>Cost Structure</b> What are the most important costs incurred in our business model? What are the most important costs incurred in our business model? What are the most important costs incurred in our business model?		<b>Revenue Streams</b> For what value are our customers willing to pay? For what do they currently pay? How do they currently pay? How do they currently pay?

www.businessmodelgeneration.com

The nine business model building blocks can be easily presented in one page.

# Example: Next bike



Nextbike is an example of an innovative company from Leipzig that that was founded in 2004. Since it has also expanded to another MELES city, Bialystok, we will use it here as the example for our Business Model Canvas.

Nextbike offers an international network of public bicycle rental systems. It was founded in Leipzig (Germany) in 2004 as a regional enterprise. Today Nextbike has branches in more than 80 cities and operates in Germany, Austria, Bulgaria, Croatia, Cyprus, Dubai, Hungary, Latvia, New Zealand, Poland, Switzerland, Turkey, Ukraine, Saudi Arabia, the UK, and the US. Nextbike offers license partnerships, public transport cooperation or individual solutions for cities and regions. Nextbike bicycles can be placed stand-alone in a geo-fenced service area, at “virtual” stations or docks. Renting and returning works via app, smart card, service hotline, or via log-in at terminals or on-board computers.

The example of Nextbike shows us an example for innovation in the product system. The company offers an entire system to its customer (bicycles, payment systems, stations etc.).

# Example: Next bike

<p><b>Key Partners</b></p> <p>Frame producer (next bike has designed its bikes in order to make easier to identify a rent bike and to make it more difficult to steal the bikes)</p> <p>Advertisement company (in 2008 they started a partnership with the Wall AG, a leading advertisement company in public space in order to optimize the advertisement on the bikes)</p>	<p><b>Key Activities</b></p> <p>Control, maintain bicycles Replace the bicycles, so customers can always find an attractive bike at an attractive place</p>	<p><b>Value Proposition</b></p> <p>Cheap, flexible and easy mobility Easy to use No waiting time for busses No searching for parking</p> <p>Strong brand to be known Join biking community Comfortable way of renting</p> <p>Full service package for a local bike renting system “environmental friendly city” Flexible branding (your name) No problems by offering a subsidized bike renting system in their town</p> <p>Advertisement in the city center</p> <p>Team building, ecological friendly event</p>	<p><b>Customer Relationship</b></p> <p>Self-service Next bike doesn't need a strong relationship with its final customers Registration is a self-service Personal assistance The local communities need strong personal support by designing an individual offer and continuing the relationship with its final customers</p> <p><b>Channels</b></p> <p>The most important channel for next bike to the end customer are the bicycles themselves. They have to be placed in frequented places for specific customer groups (train station for travelers, university for students...) to raise awareness and evaluate the offer. There is no long procedure before renting a bicycle the first time (by mobile phone) in order to have an easy process of purchase and deliver. When the customer don't need it any more he can simply leave where he is. All actions after sales (replacing to an attractive location for next bike, maintenance) is done by the company</p> <p>Common applications for support</p>	<p><b>Customer Segments</b></p> <p>People with no bikes People who need spontaneously transportation (tourists, students)</p> <p>Local municipalities that want to offer a bike rental system</p> <p>Companies that need advertisement in the city center</p> <p>Companies in need of special events</p>
<p><b>Cost Structure</b></p> <p>Investment cost in bicycles Running cost in personal for managing maintenance Customer service personal</p>		<p><b>Revenue Stream</b></p> <p>Fees for renting bikes Cooperation contracts with communities to install and run a bike renting system Fees from advertisement that is placed on bikes that are parked on frequent places or ridden in the city center They started a franchise system They rent bikes for companies, groups and events</p>		

**Founded in 2004 Nextbike was continuously developing its business models with new partners. If we take the examples of the MELES cities:**

**In Leipzig they targeted the end customer directly under their brand Nextbike**

**In Bialystok they established the bike renting service for the local municipality without under a local brand name**

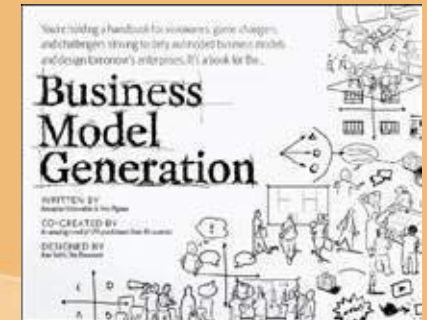
**Thus Nextbike shows two customer segments: individuals (marked in blue) and local municipalities (marked in red). For each customer segment they have a tailor-made value proposition as well as customer relationship strategies and channels.**

**Important is to mention that they also provide partners from the advertisement sector to use the bicycles for presenting ads which also represents an additional revenue source for Nextbike.**

# Reference

**Osterwalder, A. et al. (2010): Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers, New York: John Wiley & Sons.**

**W. D. Bygrave (2014): The Portable MBA in Entrepreneurship, New York: John Wiley & Sons.**







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# Value Proposition Design

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# Learning Outcomes

- Understanding your customer and creating a customer profile
- Designing a value map that's fits with the customer demand
- Developing the customer segment and value proposition for the canvas
- Comparing your value proposition with competitor's offer

# Agenda

- Customer Segments and Value Proposition
- Creating a Customer profile
- Designing a Value map
- Benchmarking

# Customer Segments (CS)

- Defining the different groups of people or organizations to reach
- Grouping customers into distinct segments with common needs, behaviours, or other attributes
- Customer groups represent separate segments if:
  - Their needs require and justify a distinct offer
  - They are reached through different distribution channels
  - They require different types of relationships
  - They have substantially different profitabilities
  - They are willing to pay for different aspects of the offer



In the Customer Segments section we are defining the different target groups of the firm. Here, it is possible to group customers into distinct segments with common needs, behaviours or other attributes. The following statements guide us during the process of defining customer segments:

- Customer needs require and justify a distinct offer
- Customers are reached through different distribution channels
- Customers require different types of relationships
- Customers have different profitabilities
- Customers are willing to pay for different aspects of the offer

In our example of Nextbike we can see a changing customer segment. When starting by targeting the final customer in Leipzig by offering a simple way of getting a bike easily everywhere in Leipzig, the first target group were people who have no bike or needed it spontaneously in this city. The more the company developed, the customer changed to institutions or local governments, who want to promote bicycling or tourism in their region.

# Value propositions (VP)

- Describing the bundle of products and services that create value for a specific Customer Segment
- Value Propositions may be innovative and represent a new offer or similar to existing offers (with added features and attributes)
  - Quantitative values: price, speed of service...
  - Qualitative values: design, customer experience...



- Price
- Brand/status
- Accessibility
- Risk reduction
- “Getting the job done”
- Design
- Cost reduction
- Newness
- Convenience/usability
- Customization
- Performance

Source: Osterwalder et al. 2010.

**The Value Proposition describes all the products and services of a company to create value for a specific Customer Segment. Based on Osterwalder et al. (2010), Value Propositions may be innovative and represent a new offer or similar to existing offers (with added features and attributes). A Value Proposition can be classified in a quantitative or qualitative way.**

**The first customer group was offered a cheap and flexible way of mobility. You don't need to own a bike, you don't have to start your day with a bike, but you're mobile all the day, since you don't have to wait for the bus or search for a parking place, since you can find a bike everywhere. The local governments are offered a customized full service package, so they have no problems by offering a subsidized bike renting system in their town.**

# Value propositions (VP)

**Value proposition is a description of the benefit a customer or business partner might gain from their relation to a particular business.**

**PRODUCT/SERVICE BENEFIT**  
**What can the product offer to customers?**

**Something ...**  
**... that is good**  
**... to feel good**  
**... that makes me even better**

That is good ...  
Quality, benefit, etc.  
▪ i.e.: Miele, Siemens, ...

To feel good ...  
Narcissism  
▪ i.e.: „Me and my Magnum“

“No Human need a Porsche but everybody is dreaming to have one“

Wendelin Wideking, Former CEO



That makes me even better...  
Self-enhancement, acceptance, group identity, etc.  
▪ i.e.: „Nike – Just do it“



We should bear in mind that the Value Proposition is a description of the benefit a customer might gain from the interaction with a particular company. Here, we can mention some examples of what a product can offer to a customers, for instance: quality, self-enhancement, acceptance, group identity, etc.

Final customers can use bikes in a very comfortable way and join the biking community.

Next bike is not promoting its brand. While in Leipzig it is known as the towns bike renting service, in other cities they often operate under another name.

# Value Proposition Design

- **Understanding the patterns of value creation**
  - Organizing information about what customers want in a simple way that make the patterns of value creation easily visible
- **Value Proposition Design works for:**
  - New ventures
  - Established organizations

## HOW WE CAN OFFER A NEW PRODUCT OR SERVICE IN THE MARKET

1. We have to understand what is the need of the customer
2. We have to look if our idea about the product or service really fits the customers demand

We can use the Value Proposition Design as a tool to develop a new business and of course to structuring ideas in already existing companies. It helps us to organize important information what customers want in a simple way that make the patterns of value creation visible. The value proposition is related to the characteristics and features of a product or service which should create value to the customer.

All slides are based on: Osterwalder, A. et al. (2014): Value Proposition Design: How to Create Products and Services Customers Want, New York: John Wiley & Sons.

# Value Proposition Canvas

The Value Proposition Canvas has two sides



## Customer Profile

– To clarify your customer understanding



## Value Map

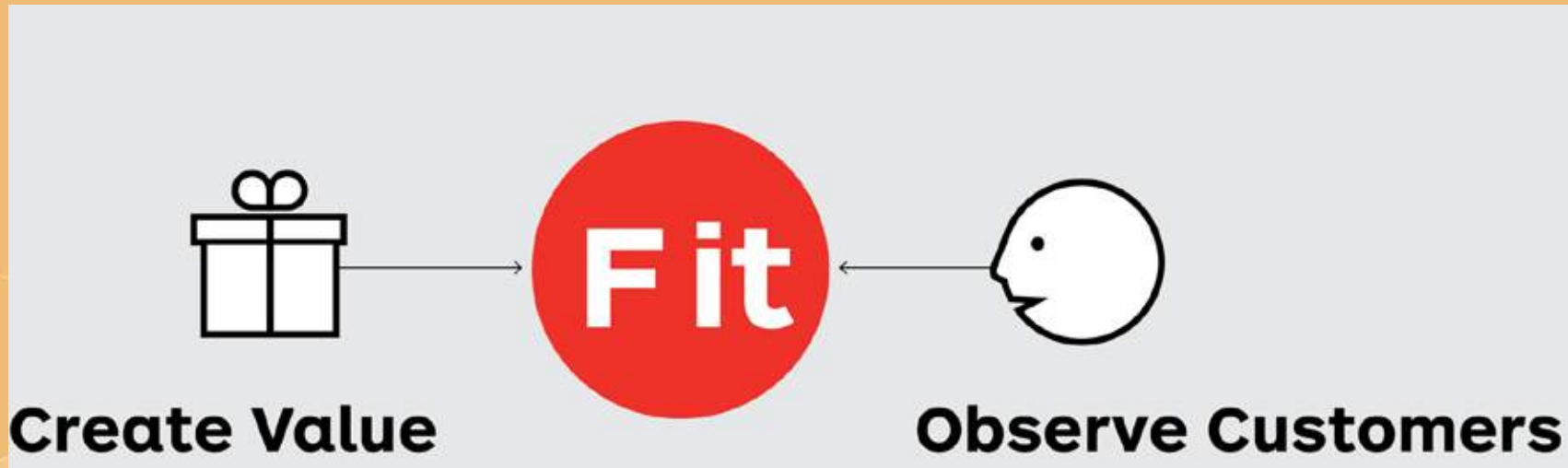
– To describe how you intend to create value for that customer.

**The Value Proposition Canvas has two elements:**

**The Customer Profile and  
The Value Map**

**The Customer profile is to clarify customer understanding and the Value Map shows us a response to customers demands and helps us to describe how to create value for the customer.**

# Value Proposition Canvas



The set of value proposition **benefits** that you **design** to attract customers.

The set of customer **characteristics** that you **assume, observe, and verify** in the market.



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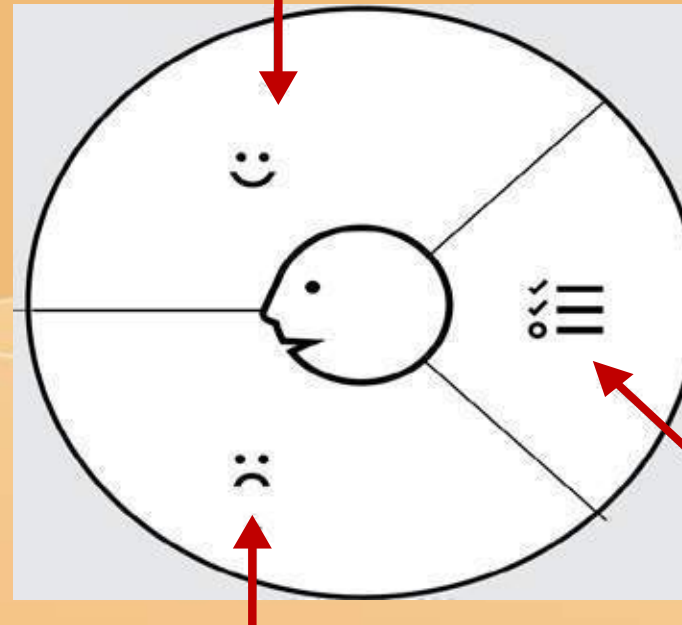
To be successful in the market and to ensure company development, we have to create the fit between what we know about the customer and the value proposition in order to attract customers. Here, we have to take in mind, that our value proposition should address the real customers demand.

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# Customer Profile

The **Customer (Segment) Profile** describes a specific customer segment in your business model in a more detailed way (jobs, pains, and gains)

**Gains** describe the additional benefits the customers may seeking



**Customer Jobs** describe what customers are trying to get done in their work and in their lives, as expressed in their own words

**Pains** describe bad outcomes, risks, and obstacles related to customer jobs

Modified from Osterwalder et al. (2014)



The description of the customer profile is based on three components.

**Customer Jobs:** Here, we have to understand what the customer is trying to get done. That can be in their work or in their life. The customer's intention is to use a product or service to get something done (Example: hair cutting in a professional hair salon)

**Customer Pains:** Here, we should consider exactly the pains customers could have in using products. Pains can hinder our customers to use a product or service. (Example: bad outcomes in a professional hair salon)

**Customer Gains:** Here, we can focus on additional benefits that sometimes customers even do not exactly formulate. The additional gains are not related to the core function of the product or service a company offers.

It is necessary to understand the three elements of the customer profile in order to get a deeper understanding about the customer need and desires.

# Customer Profile: Jobs

Customer's jobs describe the things your customers are trying to get done in their work or in their life

## Functional jobs

When customers complete a specific task

## Social jobs

How customers want to be perceived by others

## Personal/emotional jobs

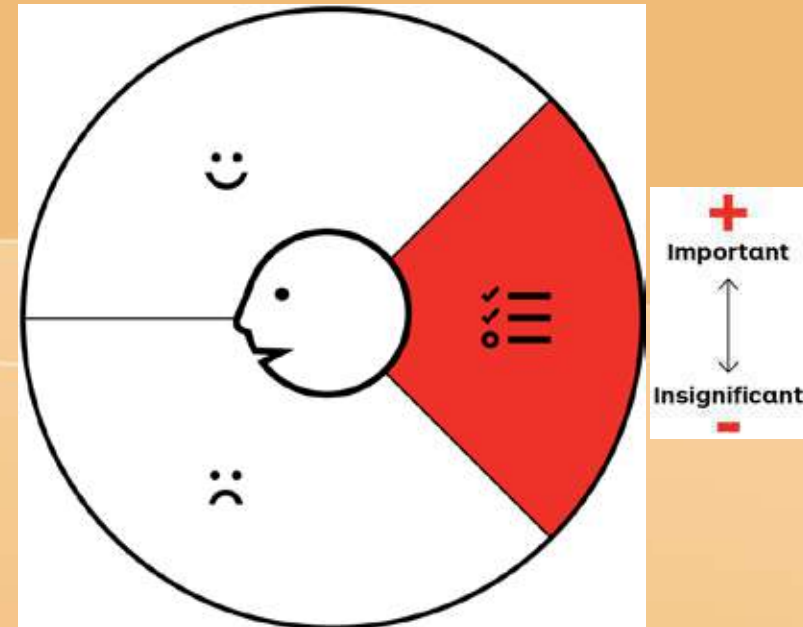
When customers seek a specific emotional state

## Supporting jobs

Buyer of value, co-creator of value, transferer of value

## Job context

Constraints or limitations



There are different types of jobs a customer is trying to get done in their work or in their life.

**Functional jobs:** When customers complete a specific task (e.g., reach a particular location)

**Social jobs:** How customers want to be perceived by others (e.g., sharing a specific philosophy, belonging to a group of people)

**Personal/emotional jobs:** When customers seek a specific emotional state (e.g., taking part in events that create emotions like car racing)

**Supporting jobs:** When customers are part of the value creation process (e.g., sharing ideas to other customers)

**Job context:** When the particular job context plays a role and impose specific constraints or limitations

Structuring the customer profile for bicycle sharing (Nextbike) as an example of business models in the sharing economy:

**Customer Jobs:**

To get from A to B

Flexible use

Environment-friendly transportation

Possibility to create groups

# Customer Profile: Pains

Pains describe anything that annoys your customers before, during, and after trying to get a job done (obstacles, risks etc.)

Undesired outcomes, problems, and characteristics

Functional >> a solution doesn't work

Social >> customer looks bad doing this

Emotional >> customer feels bad doing this

Undesired >> doing this is boring

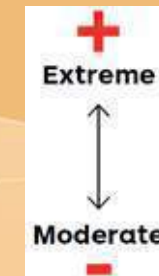
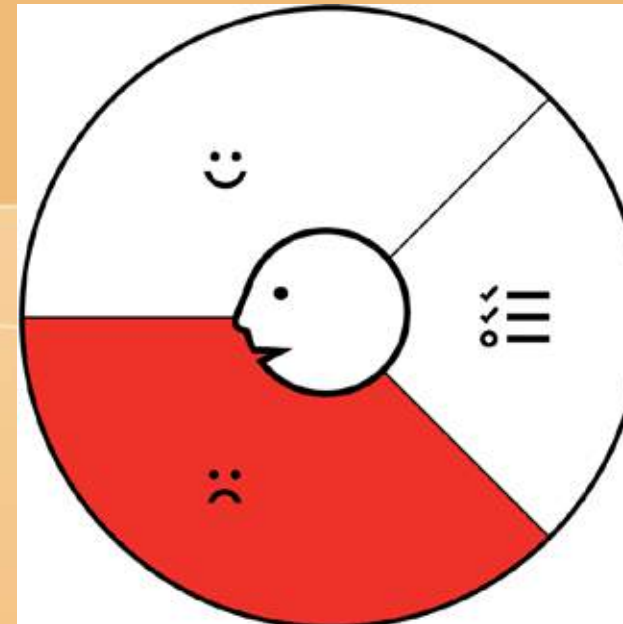
Obstacles

Prevention >> customer lacks the time

Risks (undesired potential outcomes)

Negative consequences >> customer might lose credibility doing this

Constraints or limitations



**Customer Pains are everything that hinders the customer do get a job done or to use a particular product or service. This can be related to undesired outcomes, problems, or characteristics:**

- 1. Functional perspective: A solution does not work**
- 2. Social perspective: A customer looks bad doing this**
- 3. Emotional perspective: A customer feels bad doing this**
- 4. Undesired perspective: Doing this is boring**

**There can be obstacles that annoys a customer trying to use a particular product or service. For example, time could be a big obstacle for customers. As well there can be risks related to the use of products and services before, during, and after trying to get a job done. For example, customers lose credibility using a particular service.**

**Structuring the customer profile for bicycle sharing (Nextbike) as an example of business models in the sharing economy:**

**Customer Pains:**

**Too expensive**

**Too slow**

**Uncomfortable**

**Bad weather**

**Not secure**

**Lack of practice**

**Inconvenient payment system**

**Problems to get access to bicycles**

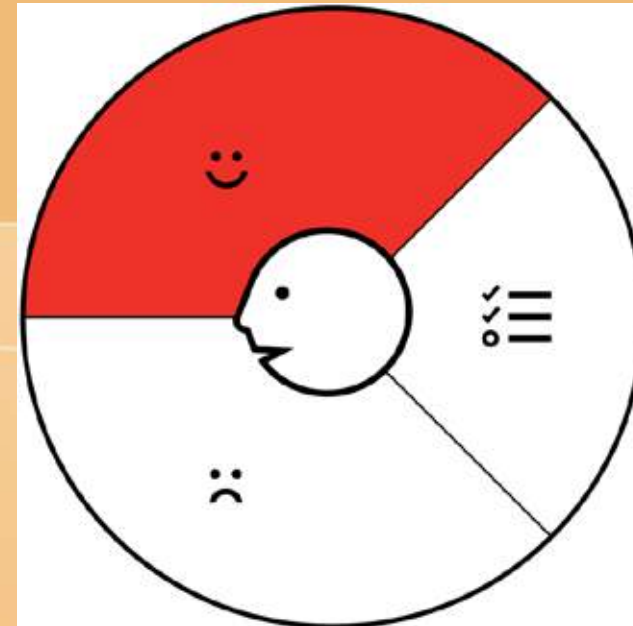
**Insurance and repair costs**

# Customer Profile: Pains

Gains describe the additional benefits your customers may want.

Additional benefits that customers desires  
or would be surprised

- Functional utility
- Social gains
- Positive emotions
- Cost savings



**Customer Gains or additional benefits are sometimes things that surprises customers. A customer would not expects this particular gain and would be positively surprised using the company's offer. Here, we can concentrate on functional utility, social gains, emotions, or cost savings.**

**Structuring the customer profile for bicycle sharing (Nextbike) as an example of business models in the sharing economy:**

**Customer Gains:**

**Being part of a community**

**Enjoying the nature**

**Using transport trailers**

**Entertainment access**

**Escaping the crowd**

# Customer Profile: Don'ts and Do's



- Mixing several customer segments into one profile
- Mixing jobs and outcomes
- Focusing on functional jobs
- Identify to few jobs, pains and gains
- Being too unprecise in description of pains and gains



- One value proposition for each customer segment
- Jobs: Tasks, Problems to solve, needs to satisfy / Gains: Concrete outcomes to achieve or avoid
- Include also social and emotional jobs
- A good customer profile should be full of sticky notes
- Make gains and pains tangible (How long is „too long“)

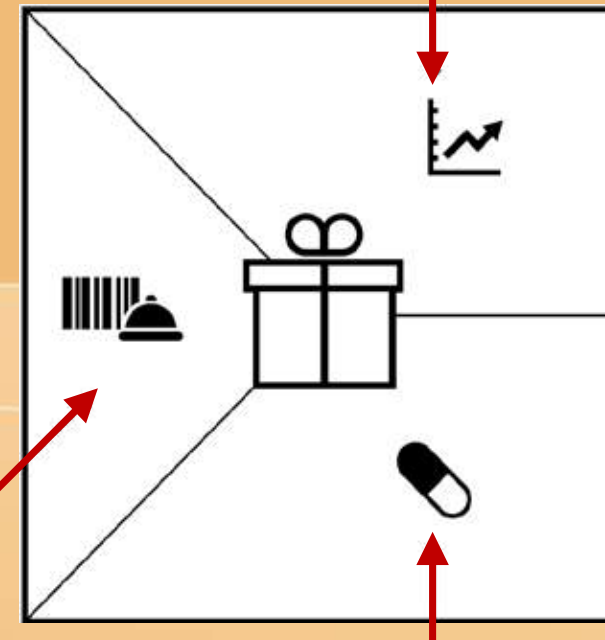


These Don'ts and Do's help to avoid common mistakes like mixing several customer segments into one customer profile. It is important to develop only one profile for a defined customer segment.

# Value Map

Features of a specific value proposition in your business model in a more detailed way (products and services, pain relievers, and gain creators)

List of all **Product/Service Characteristics** a value proposition is built around



**Gain Creators** describe how your products/services create customer gains.

**Pain Relievers** describe how your products/services alleviate customer pains.

Modified from Osterwalder et al. (2014)

After designing the Customer profile we have to develop the value proposition. The value proposition tries to find answers to the specific customer jobs, gains, and pains. Here, we can use three components of the value map in order to structure the value proposition.

The three components are:

1. List of all product or service features a value proposition is built around
2. Pain Relievers describe how the products or services alleviate or reduce customer pains
3. Gain Creators describe everything what helps to create the additional benefit to the customer

# Value Map: Product/Service Characteristics

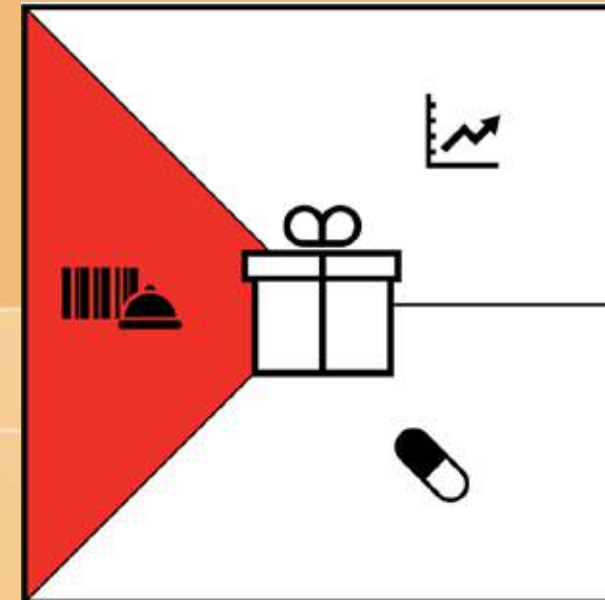
The list of what you offer, all the service characteristics your customers can see in your “shop window”

## Basis characteristics

- “Must have”
- Not mentioned by the clients
- The supplier does not advertise them
- Represent a market “threshold”

## Performance characteristics

- Essential decision-factors for the customer
- Directly compared to the ones of the competitors
- Directly related to the customers’ satisfaction
- Clients are disappointed if the functionality or quality decline



In the field of Product or Service Characteristics, sometimes we face the challenge to structure our compilation in a useful way. In order to do this you must take in mind that we speak about product or service features that our customer can see in the “shop window”. In every product or service we can differentiate between basic and performance characteristics. The emphasis should lie in the performance characteristics.

Basic characteristics are features that all competitors have in their product and services. Here, it is difficult to differentiate the own proposition compared to the competitors. Normally, there is no advertisement in this field of “must have” characteristics and a company has to offer this. The basic characteristics are not so important to provide an adequate value proposition. An example would look like this: Hotel rooms are equipped with beds.

The performance characteristics are important for the potential customer in order to compare individual value propositions between different competitors. These features are very important for the value proposition and are real decision-factors for the customer. Performance characteristics are directly related to customers satisfaction. Examples would look like this: The services delivered by the hotels differ in terms of room size, number of Cable TV channels, or speed of internet.

Developing the value map for bicycle sharing (Nextbike) as an example of business models in the sharing economy:

**Performance Characteristics**

**Number of bicycles**

**Number of rental stations**

**Offering different bicycle sizes and types**

**Offering different payment channels**

**Offering booking system with different channels**

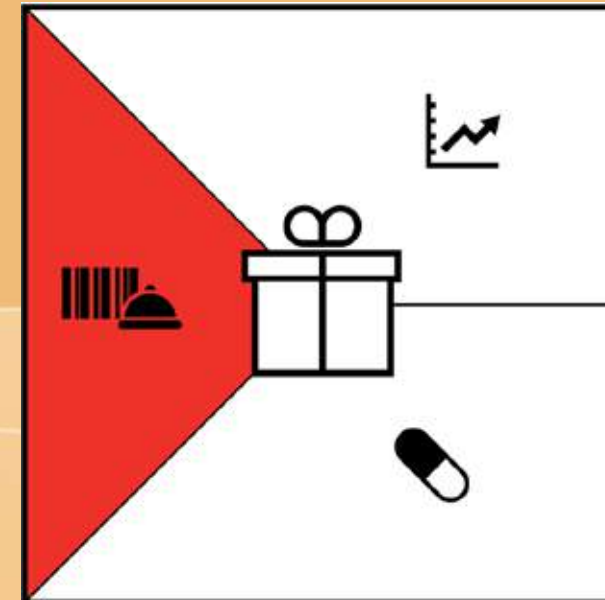
# Value Map: Pain Relievers

**Pain relievers describe how exactly your services alleviate specific customer pains**

**Elimination or reduction of the things that annoy your customers before, during, or after they are trying to complete a job or that prevent them from doing so**

**Great value propositions focus on pains that matter to customers, in particular extreme pains**  
 – No need for pain reliever for every pain you've identified in the customer profile

**Focus only on few pains that they alleviate extremely well**



In the field of Pain Relievers, the idea is to reduce specific customers pains when using products or services. Here, we should focus on the extreme pains. We have to take in mind, that reducing the pains is sometime a question of financial resources. Successful value propositions focus on pains that matter to customers and there is no need to alleviate every pain in the customer profile.

Developing the value map for bicycle sharing (Nextbike) as an example of business models in the sharing economy:

- Pain Relievers
- Flexible tariff system
- Guiding system for customers
- An easy system to adjust the size of bicycles
- Safety and weather accessories
- Maintenance system
- Service hotline
- Supra-regional use

# Value Map: Gain Creators

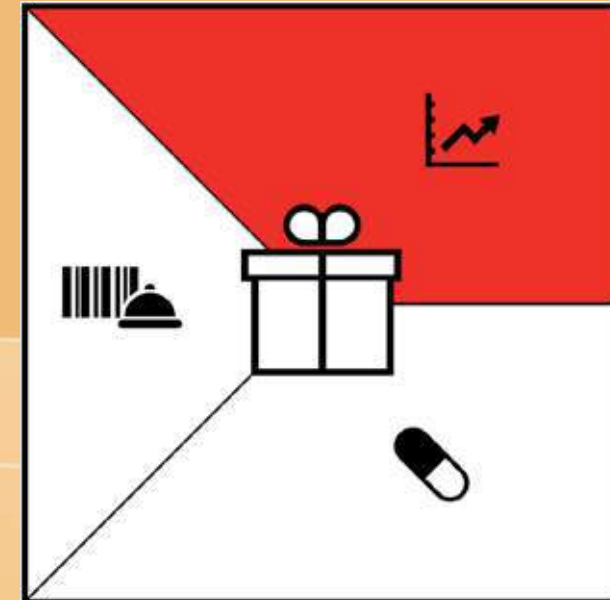
**Gain Creators describe how your services create additional customer gains**

**Contribute to long term customer loyalty**

**Unexpected benefits: they are not missed when they are absent**

**May cause enormous satisfaction**

**Focus on relevance for customers and where your services can make a difference**





In the field of Pain Relievers, the idea is to reduce specific customers pains when using products or services. Here, we should focus on the extreme pains. We have to take in mind, that reducing the pains is sometime a question of financial resources. Successful value propositions focus on pains that matter to customers and there is no need to alleviate every pain in the customer profile.

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- Maintenance system
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# Value Map: Gain Creators



- Mixing several customer segments into one profile
- Mixing jobs and outcomes
- Focusing on functional jobs
- Identify to few jobs, pains and gains
- Being too unprecise in description of pains and gains

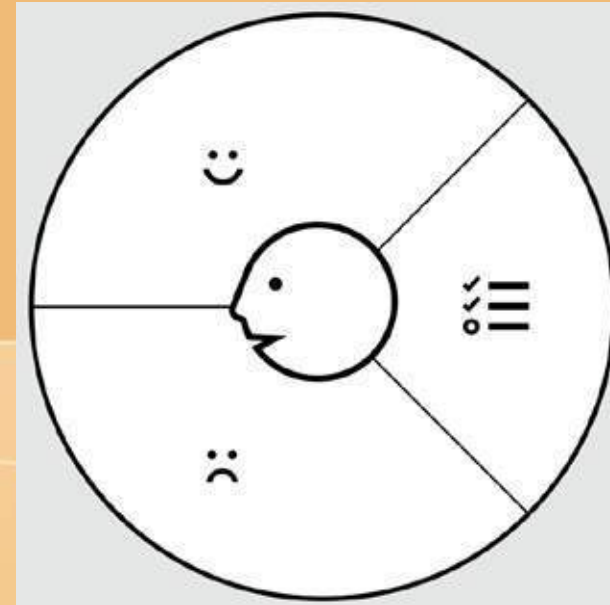


- One value proposition for each customer segment
- Jobs: Tasks, Problems to solve, needs to satisfy / Gains: Concrete outcomes to achieve or avoid
- Include also social and emotional jobs
- A good customer profile should be full of sticky notes
- Make gains and pains tangible (How long is „too long“)

These Don'ts and Do's help to avoid common mistakes developing the Value Map. It is for example important only include the products and services into the Value Map that jointly represent a value for defined customer segment.

# FIT

Are you **addressing** essential customer gains and pains?



Are you **addressing** the **relevant jobs** for the customer to get done?

**Developing the customer profile and the value proposition are the first steps in order to develop or to design a business model. We have to keep in mind, that our value proposition should always address the real customers gains, pains, and jobs. The most important questions are:**

**Are you addressing essential customer gains and pains?**

**Are you addressing the relevant jobs for the customer to get done?**

# Example Multiple Fits

**Business models with a combination of several value propositions and customer segments**

**Fit between each value proposition and its respective customer segment**

**Example: AIRBNB-Platform**

- AIRBNB-Platform using the interaction between local residents with extra space to rent and travelers looking for alternatives to hotels as a place to stay
- Need to hold two value propositions, for the host and the traveler



The story about the company AIRBNB is an example of a business model with a combination of several value propositions and customer segments. The AIRBNB-Platform is build on the interaction between local residents with extra space to rent and travelers looking for alternatives to hotels as a place to stay. Here, we can see the appearance of different customer segments and different customers profiles. In this context, the company has to develop different value propositions.

Value proposition design for bicycle sharing (Nextbike) as an example of business models in the sharing economy:

Nextbike is a business concept with specific value propositions for diverse partners such as:

Individuals who need to go from A to B

Cities and regions that like to implement eco-friendly and modern transportation

Companies that like to provide rental bikes for their employees

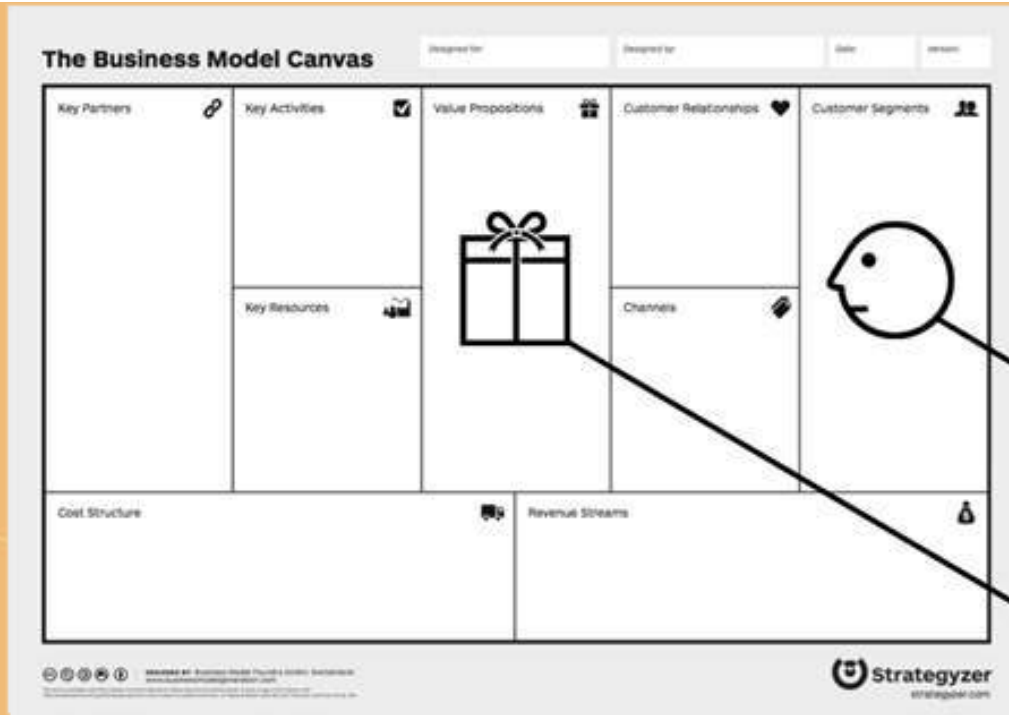
Advertisers that like to advertise regional and national campaigns in a mobile and innovative way

Hotels that appreciate an extra service for their guests

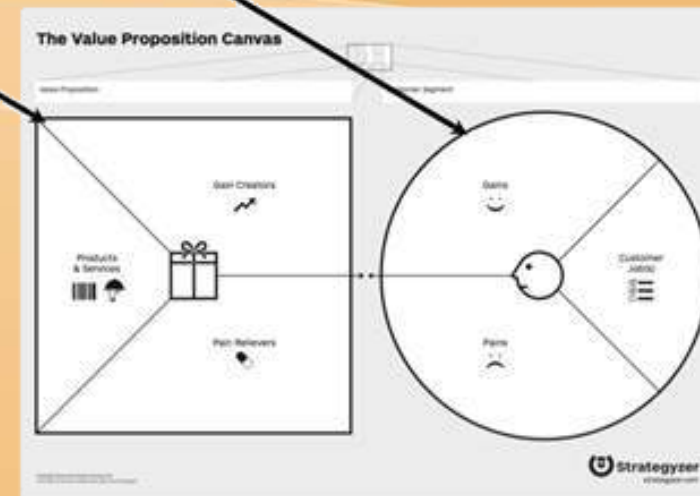
Event promoters who like to offer a flexible and eco-friendly means of transportation for their visitors

Universities whose students have to move flexibly between institutes and faculties

More information: [www.nextbike.net](http://www.nextbike.net)



# Linking with Business Model Canvas





**The Value Proposition Design as a part of the Business model canvas helps us to organize important information what customers want in a simple way that make the patterns of value creation visible.**

# Benchmarking

**Benchmark for comparisons**  
**“Best-Practice-Company”/“Best-In-Class-Company”**

**Continuous comparison of:**

**Products**

**Services**

**Operational methods and processes**

**Objectives:**

**Answer to the question: What characterizes  
the “best”?**

**Identification of own weaknesses**

**Motivation through learning from the best**

**Any start-up which wants to have a competitive advantage in the market must compare constantly its value proposition (in form of products and services) with those of close competitors. In this way, the organization can find areas of potential competitive advantage and disadvantage. The Benchmarking approach is here the best way to realize this comparison.**

# Benchmarking Table

	Competitor Product 1	Competitor Product 2	Competitor Product 3	My Product
Criteria 1	1	3	5	4
Criteria 2				
Criteria 3				
Criteria 4	-	+	+++	++
Criteria 5				

This is an example of how to prepare a benchmarking table. The characteristics/functions must be defined by the start-up, which should consider all the important factors that need to be compared with its competitors. One can use different type of simples to describe the degree of excellence/fullfillment for a particular criteria: scales from 1-10 or -/+ or circles.

Its is very good exercise for understanding if the developed value proposition of the start-up projects really shows some unique features or unique selling propositions (USPs).

# Benchmarking Table - Restaurant

Criteria	Weight	Competitor 1	Competitor 2	Competitor 3	My Company
Availability of tables	10%	8	8	7	8
Staffs' friendliness	10%	6	8	8	8
Cleanliness	20%	5	7	6	8
Price	10%	6	9	8	6
Food Variety	15%	8	8	7	3
Food Taste	35%	5	10	7	8
<b>Total Score</b>	<b>100%</b>	<b>5,95</b>	<b>8,60</b>	<b>7,00</b>	<b>7,05</b>

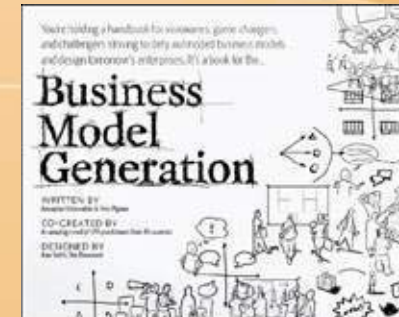
This is an example of a benchmarking table where a scale from 1-10 was used for giving a score for each criteria and additionally a weighting factor was introduced for each criteria. In order to calculate the total score one has to multiply the weighting factor which each score and sum them up for on particular competitor.

# Reference

**Osterwalder, A. et al. (2014): Value Proposition Design: How to Create Products and Services Customers Want, New York: John Wiley & Sons**



**Osterwalder, A. et al. (2010): Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers, New York: John Wiley & Sons**







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# Channels and Customer Relations

More Entrepreneurial Life at European Schools

# Learning Outcomes

- **Description of channels in the business model canvas – linking value proposition with customer segment**
- **Description of customer relationship approach in the business model canvas**

# Agenda

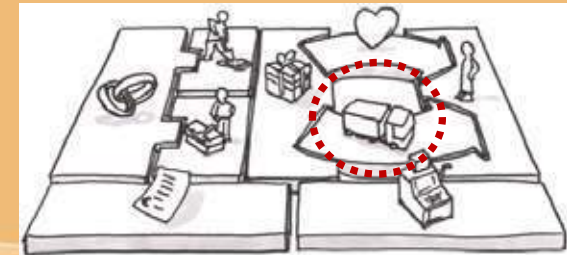
- **Building Block: Channels**
- **Building Block: Customer Relationships**

# Channels (CH)

■ Describing how a company communicates with and reaches its customer segments to deliver a value proposition (communication, distribution, and sales channels)

■ Functions of channels:

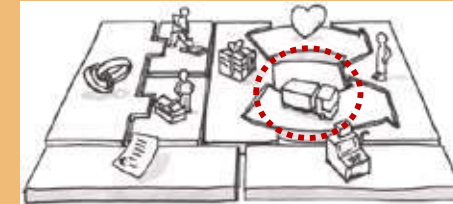
- Raising awareness among customers about a products and services
- Helping customers evaluate a company's value proposition
- Allowing customers to purchase specific products and services
- Delivering a value proposition to customers
- Providing post-purchase customer support



**Channels describe how a company interacts with the customers in order to deliver the Value Proposition. Here we can differentiate between communication channels, distribution channels, or sales channels.**

**It is very important for a company to think about the channels in order to reach the customers. Channels are important not only to raise awareness among customers about an offer. There are more aspects. Customers want to evaluate a company's offer before purchasing a product or a service. This is a key issue in services or online-businesses. Here, a customer can not simply see or touch the offer. Furthermore, of course there is a need for channels that allows customers to get the specific products and services or to get a post-purchase support.**

# 5 Types of Channels



- 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 provide post- purchase customer support?

Taking into consideration the different possibilities to deliver a Value Proposition, we can come up with the following 5 Channels:

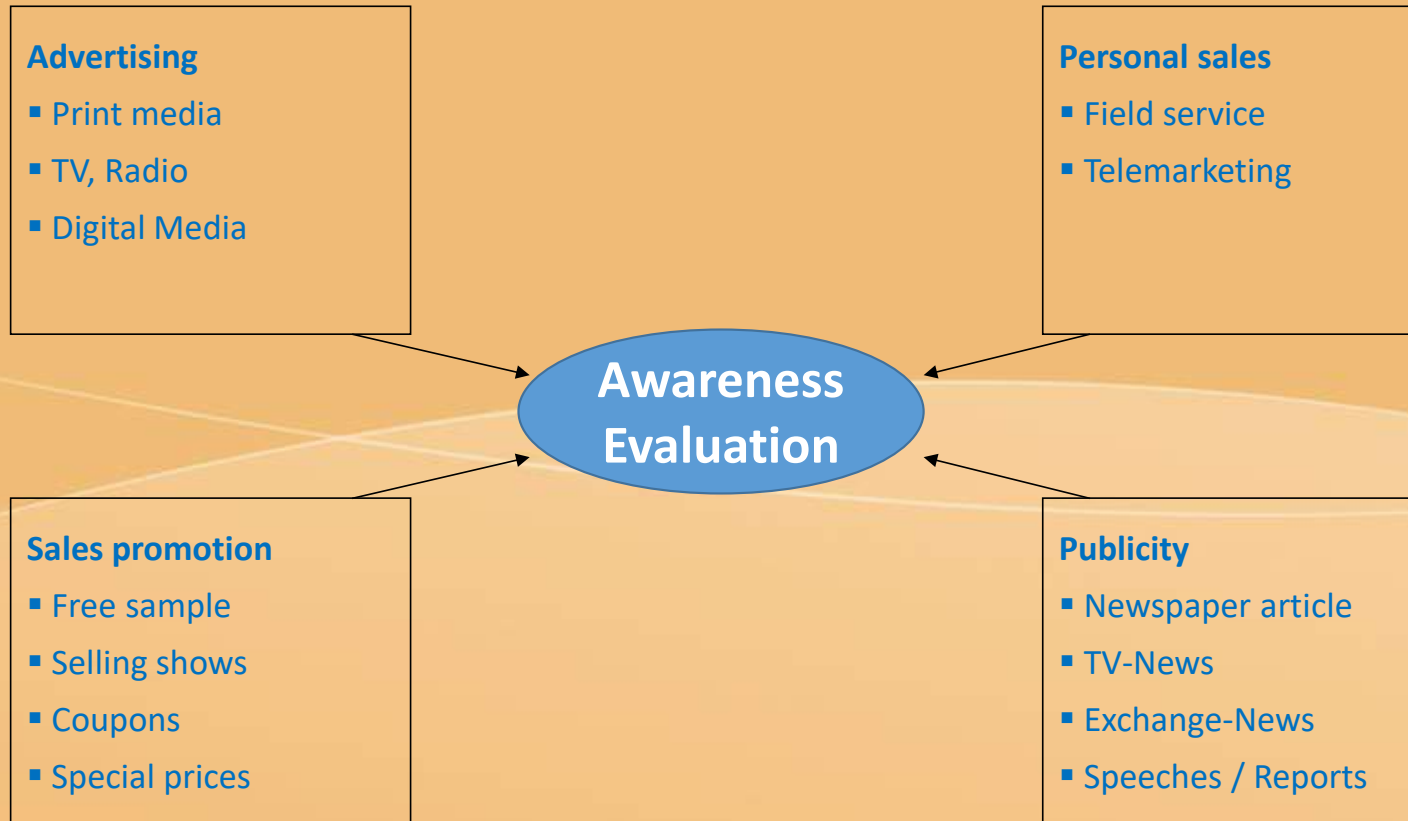
1. **Awareness:** Raising awareness about the company's products and services
2. **Evaluation:** Helping customers to evaluate the Value Proposition
3. **Purchase:** Allowing customers to purchase specific products and services
4. **Delivery:** Delivering a Value Proposition to customers
5. **After sales:** Providing post-purchase customer support

Sometimes, the Channels go together. For example, this applies to the purchase channel and the delivery channel in a street shop. But, in the case of an online-shop, we can differentiate very clearly between these two types of channels.

#### Case Nextbike

The most important channel for Nextbike to the end customer are the bicycles themselves. They have to be placed in frequented places for specific customer groups (Train station for travelers, university for students...) to raise awareness and evaluate the offer. There is no long procedure before renting a bicycle for the first time (by mobile phone) in order to have an easy process of purchasing and delivery. When the customer don't need the bike anymore, they can simply leave it where they are. All actions after sales (replacing to an attractive location for next bike, maintenance) is done by the company.

# Awareness and Evaluation Channels





Each element of the promotional mix offer different opportunities for organizations to communicate with customers and consumers. Therefore, it should be coordinated to support and enhance the message. Consistency of communication is essential in order to build and develop brand and company image and reputation. Some of the factors affecting the promotional mix are: Target Market. Lifestyle and media consumption; Characteristics and effectiveness of the tools (in relation to reaching your target audience); Company resources and objectives (launching products requires more resource than maintaining them); Availability of promotional tools; Product life cycle stage.

Advertising is a paid form of non-formal communication that is transmitted through mass media, such as television, radio, newspapers, magazines, direct mail, public transport vehicles, outdoor displays and the Internet. Measuring advertising effectiveness is important for understanding how well ads are performing and what changes need to be made to improve performance.

Sales promotions: a range of tactical marketing techniques designed within a strategic marketing framework to add value to a product or service in order to achieve specific sales and marketing objectives. They often complement

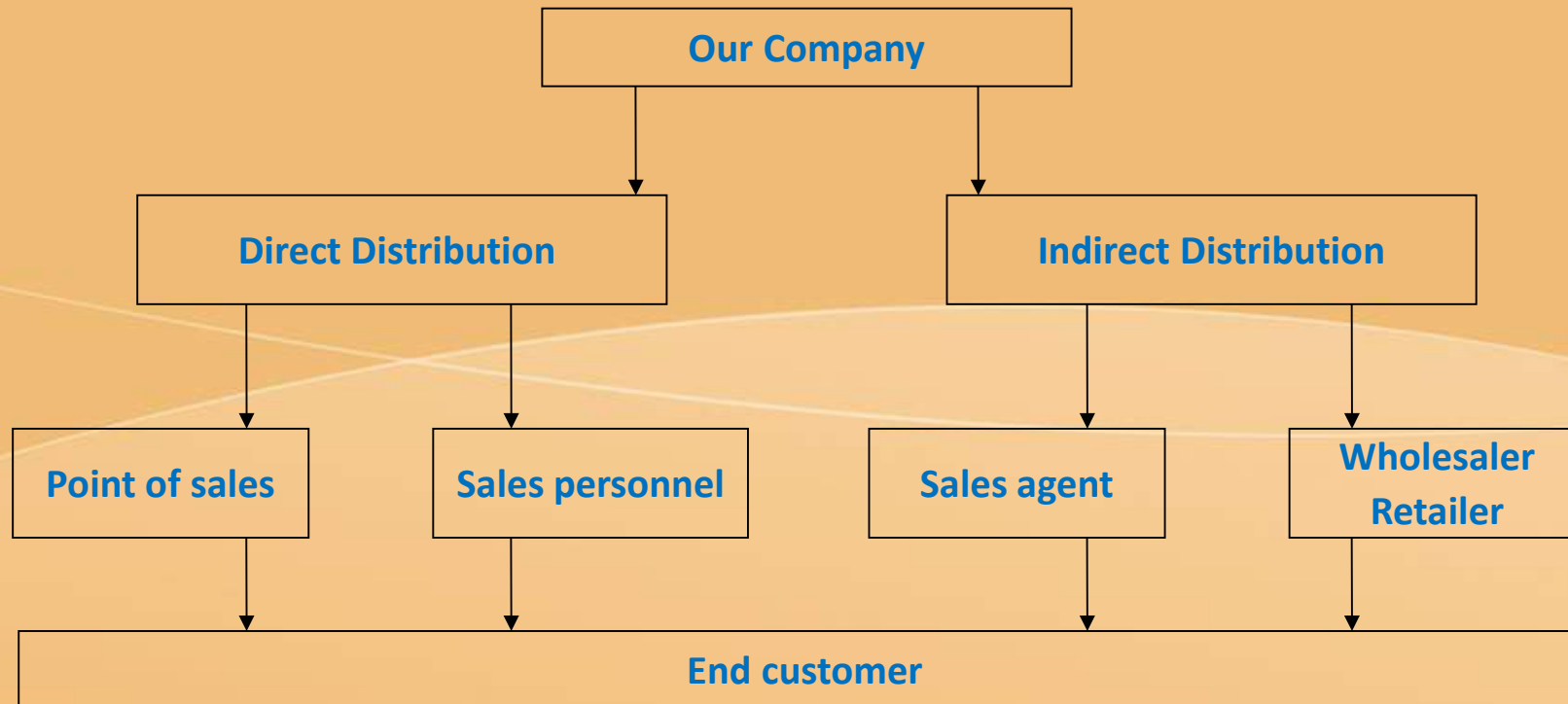
advertising, and may be planned and executed in parallel with associated advertising and possible public relations campaigns. They are used to encourage customers to trial products and services, and then to purchase them.

Personal sales can be considered an interpersonal communication tool which involves face-to-face activities undertaken by individuals, often representing an organization, in order to inform, persuade or remind an individual or group to take appropriate action, as required by the sponsor's representative.

Publicity is a non-personal and non-paid stimulation of demand of the product or service. This is a technique of attracting public attention to product or service by the use of mass media. Examples: Newspaper and magazine articles/reports, TVs and radio presentations, charitable contributions, speeches, issue advertising, and seminars.

Furthermore it is very important to consider that the awareness/promotion channels can be also used for helping customers to evaluate a new product/service in the market before buying it. Especially the publicity channels can play here an important role to create trust on the customer side.

# Purchase/ Delivery Channels



**Purchase/Delivery channels refers to provide the product at a place which is convenient for consumers/customers to access. Various strategies such as intensive distribution, selective distribution, exclusive distribution and franchising can be used by the marketer to complement the other aspects of the marketing mix. Distribution may be a major cost driver and marketing needs to work closely with other functions to ensure that the levels of service are physically deliverable at economic costs.**

**A company can use direct (sells directly to the clients) or indirect (sells to wholesaler or sales agent) distribution.**

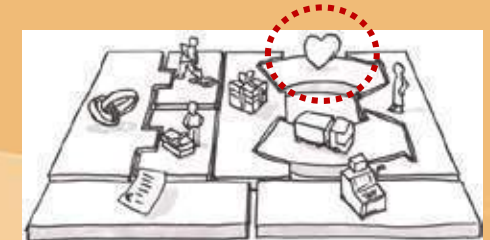
# Customer Relationships (CR)

■ Describing the types of relationships a company establishes with specific customer segments

■ Driven by motivations (customer acquisition, customer retention, boosting sales)

■ Categories of customer relationships:

- Personal assistance: based on human interaction
- Dedicated personal assistance: most intimate type of relationship
- Self-service: no direct relationship with customers
- Automated services: mixing self-service with automated processes
- Communities: online communities to exchange knowledge
- Co-creation: involving customers in processes



In the Customer Relationships section we are focusing on the types of relationships a company establishes with specific Customer Segments. The relationships are driven by different motivations, for example customer acquisition or customer retention, etc.

Especially, customer retention is of vital importance, because normally, the transaction costs of dealing with returning customers are lower compared to the acquisition of new customers.

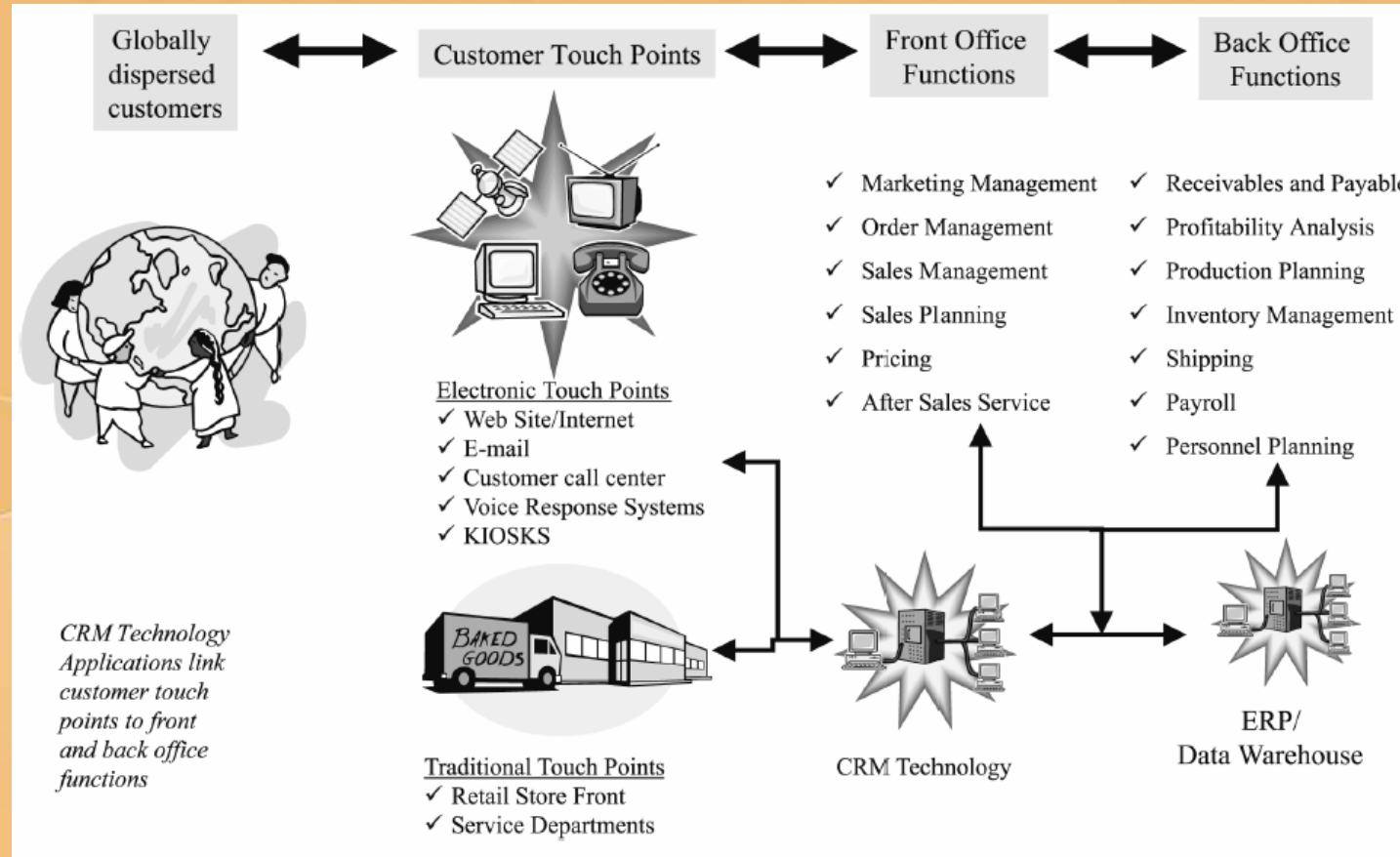
Categories of Customer Relationships depends on the business idea and could range from personal assistance to self-service and include different aspects of automated services, communities, or co-creation processes.

#### Case Nextbike

Nextbike doesn't need a strong relationship with its final customers. Registration is a self service.

The local communities need strong personal support by designing an individual offer and continuing the relationship

# Customer Touch Points



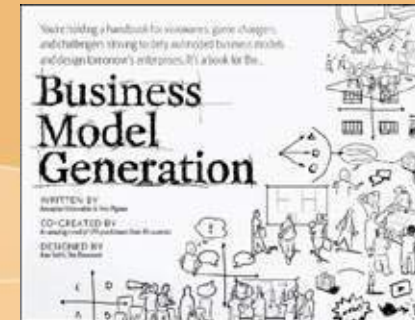
Source: Chen, I and Popovich, K (2003): Understanding customer relationship management (CRM) People, process and technology. Business Process Management Journal.

Important for creating relationships with customers are the points of interaction (touch points) where exchange of information happens between customer and company staff. There is a large variation of customer touch points: from traditional up to digital forms. Important in the business model is to describe the most important touch points which allow the creation of a relationship with the customer.

# Reference

**Osterwalder, A. et al. (2010): Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers, New York: John Wiley & Sons.**

**W. D. Bygrave (2014): The Portable MBA in Entrepreneurship, New York: John Wiley & Sons.**







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# Key Activities, Resources, and Partners

More Entrepreneurial Life at European Schools

# Learning Outcomes

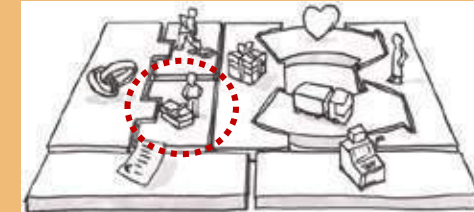
- **Description of key activities in the business model**
- **Description of key resources necessary to implement the business idea**
- **Description of key partners who support the implementation of the business idea**

# Agenda

- Key activities
- Key resources
- Key partners

# Key Resources (KR)

- Describing important assets required to make a business model work
- Owned or leased by the firm or acquired from key partners
- Categories:



- Physical: assets such as manufacturing facilities, buildings, vehicles, machines, systems, point-of-sales systems, and distribution networks
- Intellectual: resources such as brands, proprietary knowledge, patents and copyrights, partnerships, and customer databases
- Human: qualified employees
- Financial: resources and/or financial guarantees, such lines of credit

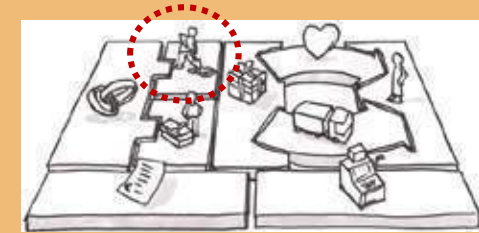
**The Key Resources of a company describe the assets required to make a business model work. Here, we can distinguish between the categories of physical, intellectual, human, or financial resources. By physical resources we mean assets such as manufacturing facilities, buildings, or machines. Intellectual resources we define as brands, patents, or partnerships etc. Human resources are represented by qualified employees of a firm and financial resources refers to sources of funding or guarantees, etc.**

#### **Case Nextbike**

**Nextbike needs IT System and software, bicycles and stations as well as bicycles mechanics**

# Key Activities (KA)

- Describing the most important things a company must do to make its business model work
- Differ depending on business model type
- Categories:
  - Production: related to designing, making, and delivering a product in substantial quantities and of superior quality
  - Problem solving: activities such as knowledge management and continuous training
  - Platform/network: related to platform management, service provisioning, and platform promotion



**We have to define company's Key Activities in order to offer a product or a service in the market. These can be related to the production process, marketing, design, logistics etc. Key Activities describe the most important activities of a company to run the business model.**

**It could be that the firm is able to provide all activities based on own resources. In other cases, a company can subcontract a particular activity, for example in the field of logistics.**

**Case Nextbike:**

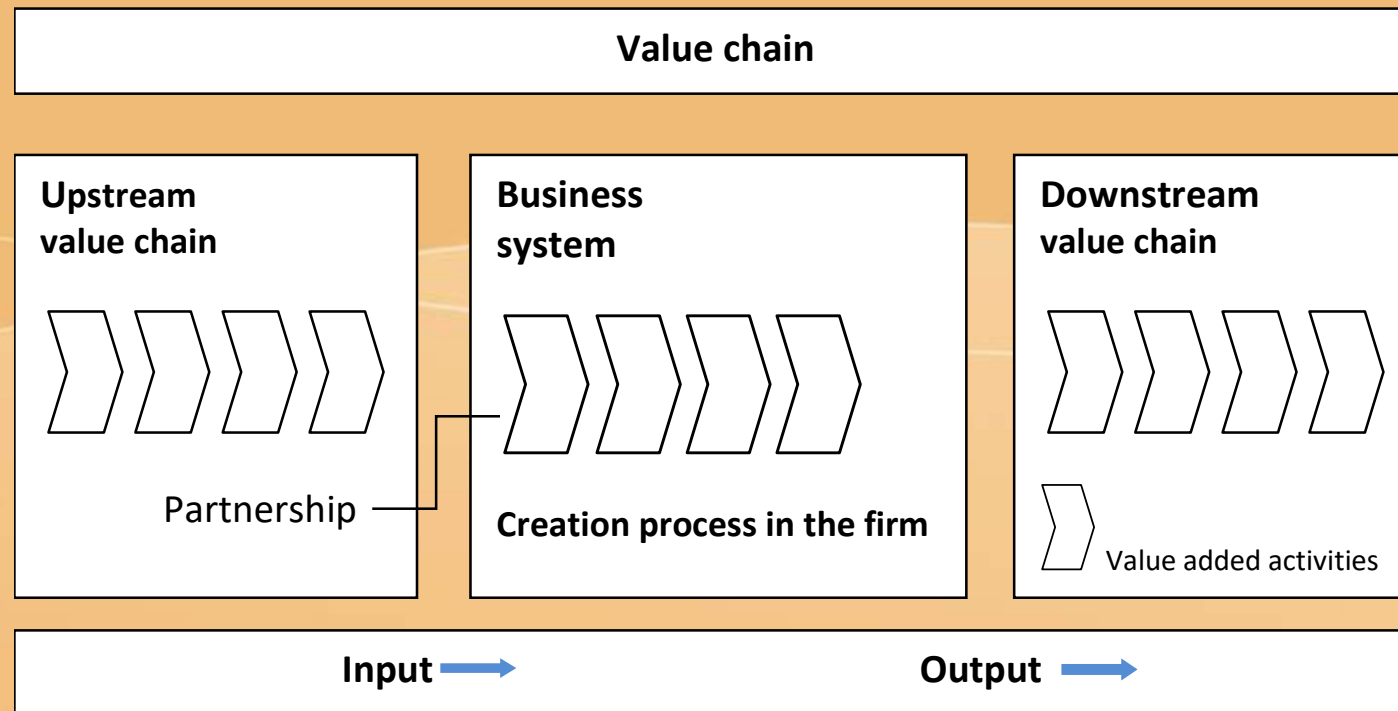
**Next bike has to control, maintain and replace the bicycles, so customers can always find and attractive bike at an attractive place.**

# Business System

The system model describes the business activities of a company that are necessary for the provision and delivery of a final product to a customer

– Make or buy

– Suppliers





**For each business model development it is very important to understand which business activities are done in-house and which are provided by suppliers or partners. Therefore in a value chain for creating a final product/service for the customer not all steps have to be done by the own company. Some steps can be outsourced to partners and suppliers because they can do it more efficiently.**

**Case Nextbike:**

**Nextbike will not produce in-house own bicycle parts. The company has supplier which deliver this parts to them. Furthermore they also cooperate with some advertisement agencies for creating the ads on the bikes.**

# Key Partnerships (KP)

Describing the network of suppliers and partners that make the business model work

Types of partnerships (strategic alliances between non-competitors; competition - strategic partnerships between competitors; joint ventures to develop new businesses; buyer-supplier relationships)

Motivations for creating partnerships:

- Optimization and economy of scale
- Reduction of risk and uncertainty
- Acquisition of particular resources and activities



The key issue of Partnerships is to provide resources to a company. Here, we are talking about potential partners to make the business work. There different types of partnerships. They range from alliances between non-competitors and co-opetition (partnerships between competitors) to Joint-Ventures or buyer-supplier relationships.

Examining important reasons to create partnerships we can mention for example optimization and economy of scale, reduction of risk and uncertainty, and acquisition of particular resources and activities.

#### Case Nextbike:

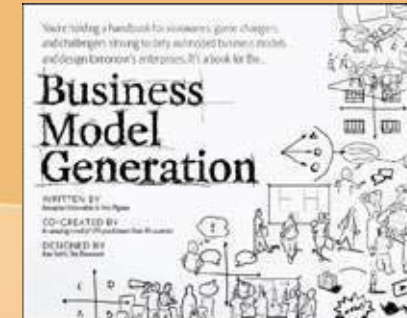
Nextbike has designed its bikes in order to make easier to identify a rent bike and to make it more difficult to steal the bikes. So they have a key partner who produces the frames for them.

In 2008 they started a partnership with the Wall AG, a leading advertisement company in public space in order to optimize the advertisement on the bikes

# Reference

**Osterwalder, A. et al. (2010):  
Business Model Generation:  
A Handbook for Visionaries, Game**

**Changers, and Challengers, New York: John Wiley & Sons.**





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# Cost structure and Revenue streams

More Entrepreneurial Life at European Schools

# Learning Outcomes

- Describing the most important cost drivers in the business model canvas
- Describing the way how the start-up can earn money

# Agenda

- Cost Structure
- Revenue Streams

# Cost Structure (C\$)

- Describing all costs incurred to operate a business model
- Calculated after defining key resources, key activities, and key partnerships
- Differentiation between cost-driven and value-driven cost structures
  - Cost-driven: maintaining the leanest possible cost structure, using low price value propositions, maximum automation, and extensive outsourcing
  - Value-driven: companies less concerned with the cost implications, premium value propositions and a high degree of personalized service





A clear identification of the Key Activities and Key Resources led us to a better understanding of the Cost Structure of the company. Here, more emphasis should be put on the cost driver to see where are the main costs to operate the business model. This involves human resources, physical resources, marketing etc. In this sense, one should get an understanding if the business model belongs more to cost-driven or value-driven models.

Cost-driven structures include for example strategies to maintain a very lean cost structure, to use low price value propositions, maximum automation, and extensive outsourcing. A Value-driven company is less concerned with the cost implications because of premium value propositions and a high degree of personalized services.

**Case Nextbike:**

**Cost of bicycles and stations**

**Cost of Human Resources: Management and Service Staff**

**Nextbike is more a value-driven company offering best services in the market.**

# Revenue Streams (R\$)

- **Representing the cash a company generates from each customer segment**
- **Types of revenue streams**
  - revenues resulting from one-time customer payments, and recurring revenues resulting from ongoing payments to either deliver a value proposition to customers or provide post-purchase customer support
- **Possibilities to generate revenue streams:**
  - Asset sale
  - Usage fee
  - Subscription fees
  - Lending/Renting/Leasing
  - Licensing
  - Brokerage fees
  - Advertising



**Revenue Streams represent the cash a company generates from the chosen Customer Segment. There are revenues resulting from one-time customer payments or recurring revenues resulting from ongoing payments.**

**Case Nextbike:**

**Nextbike developed several different revenue streams for different customer segments**

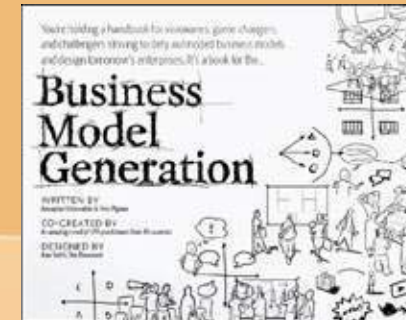
**-Fees for renting bike to individuals**

**-Fees from advertisement that is placed on bikes that are parked on frequent places or ridden in the city center**

**-Contracts with municipalities/local transport companies to install and run a bike renting system**

# Reference

**Osterwalder, A. et al. (2010):  
Business Model Generation:  
A Handbook for Visionaries,  
Game Changers, and Challengers,  
New York: John Wiley & Sons.**





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# Ten Types of Innovation

More Entrepreneurial Life at European Schools

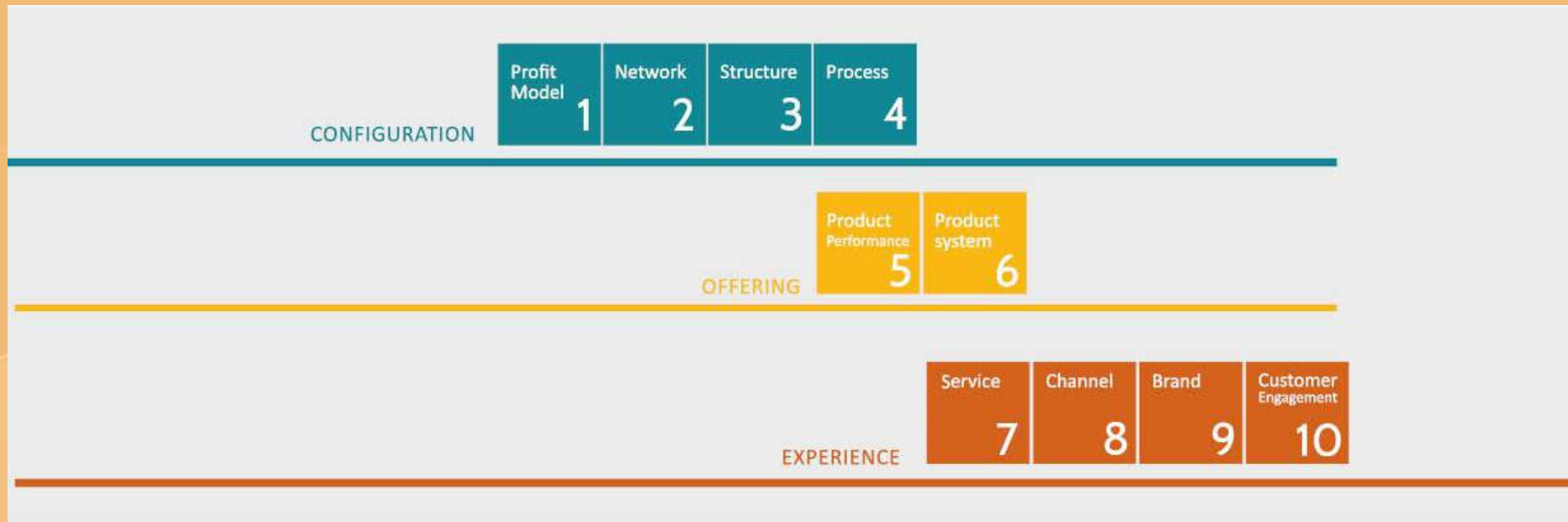
# Learning Outcomes

- **Understanding innovation in different fields of a business**
- **Integration of innovative approaches in the business model**

# Agenda

- Ten Types of Innovation
- Integration of Ten Types of Innovation in Business Model Design

# 10 Types of Innovation





**The Ten Types of Innovation framework based on Keeley et al. (2013) provides a way to identify new opportunities and viable innovations. Using more than 2.000 real innovations, the authors applied a proprietary algorithm and determined ten groupings that provided insight into innovation.**

**The approach of Keeley et al. explores these insights to diagnose patterns of innovation within industries, to identify innovation opportunities, and to evaluate how firms are performing against competitors.**

# Offering



- **Product Performance:** the development of distinguishing features and functionality. This might speak to completely new products, or significantly improved features, qualities to existing ones. This is arguably the most visible and easiest form of innovation for competitors to copy, and so is harder to derive longer-term competitive advantage
- 

**Product System:** the creation of complementary products and services. This is concerned with how separate products or services might be brought together to create new capability or improved scalability. So things like integration, modularity, interoperability are what matter. The development of ecosystems that take value from one place and use it to enhance experience at another is one example (sound familiar?)

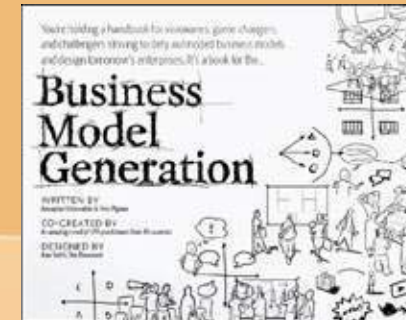
Innovations are created in different fields of action. Here, it is possible to distinguish between the application in the offering, the business configuration or the experience.

The focus on the offering shows us the possibilities to develop distinguishing features and functionalities (Product performance).

Furthermore, we can look to the creation of complementary products or services (Product system).

# Literature

**Osterwalder, A. et al. (2010):  
Business Model Generation:  
A Handbook for Visionaries,  
Game Changers, and Challengers,  
New York: John Wiley & Sons.**



# Business Configuration

CONFIGURATION

Profit Model	Network	Structure	Process
1	2	3	4

- **Profit Model:** How you make money. Innovative profit models will often challenge an industry's conventions on offering, pricing or revenue generation and they have significant potential since in manufacturing industries the dominant profit model might go unquestioned for decades
- **Network:** How you connect with others to create value. Network innovations enable companies to capitalize on their own strengths whilst harnessing the advantage that might be derived from the capabilities and assets of others. This might include sharing the risk associated with the development of new capability.
- **Structure:** The organization and alignment of talent, resource and assets. Structure innovations can create unique value or efficiencies. They can improve productivity and collaboration, help attract talent to the company, and drive performance
- **Process:** Developing and implementing unique or superior methods. Process innovations involve a significant level of change from 'business as usual' that can drive greater capability, adaptability or efficiency. The development of unique processes can prove difficult for competitors to access and can yield advantage for extended periods of time

In the business configuration we are dealing with the profit model, the networks to create value, the structure of the organization and business processes.

# Experience

	Service	Channel	Brand	Customer Engagement
EXPERIENCE	7	8	9	10

- **Service:** supporting and amplifying the value of your offerings. Enhancing performance, utility and loyalty through improved design or service provision, fixing customer pain points and helping to ensure seamless customer journeys. This can elevate the average into the exceptional, and create a compelling experience.
- **Channel:** The way in which your offerings is brought to customers. Channel innovations are focused on finding new or multiple ways to bring products and services to users, creating an extraordinary experience with minimal friction
- **Brand:** The representation of your offerings and business. Innovations in the way that consumers might recognise, recall or associate your brand, the distinct identity and ‘promise’ of your offering. Often incorporating multiple customer touch-points, these can confer value, meaning and intent to the offering.
- **Customer Engagement:** Fostering compelling interactions. The development of more meaningful customer connections derived from deep understanding of customer aspirations, needs and desires. Helping people to “find ways to make parts of their lives more memorable, fulfilling, delightful — even magical”

The field of action with a focus on experience includes:

1. Activities to support and amplify the value of the offering (Service)
2. The way in which the offerings is brought to customers (Channel)
3. The representation of the offerings and business (Brand)
4. Fostering compelling interactions (Customer Engagement)





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# Experience

TEN TYPES OF  
INNOVATION  
TACTICS OVERVIEW

## Profit Model

**Premium**  
Price at a higher margin than competitors, usually for a superior product, offering, experience, service or brand.

**Cost Leadership**  
Keep variable costs low and sell high volumes at low prices.

**Scaled Transactions**  
Maximize margins by pursuing high volume, large scale transactions when unit costs are relatively fixed.

**Microtransactions**  
Sell many items for as little as a dollar—or even only one cent—to drive impulse purchases at volume.

**Forced Scarcity**  
Limit the supply of offerings available, by quantity, time frame or access, to drive up demand and/or prices.

**Subscription**  
Create predictable cash flows by charging customers up front (a one time or recurring fee) to have access to the product/service over time.

**Membership**  
Charge a time-based payment to permit access to locations, offerings, or services that non-members don't have.

**Installed Base**  
Offer a "core" product for slim margins (or even a loss) to drive demand and loyalty; then realize profit on additional products and services.

**Switchboard**  
Connect multiple sellers with multiple buyers; the more buyers and sellers who join, the more valuable the switchboard.

**Auction**  
Allow a market—and its users—to set the price for goods and services.

**User-Defined**  
Invite customers to set a price they wish to pay.

**Freemium**  
Offer basic services for free, while charging a premium for advanced or special features.

**Flexible Pricing**  
Vary prices for an offering based on demand.

**Float**  
Receive payment prior to building the offering—and use the cash to earn interest prior to making margins.

**Financing**  
Capture revenue not directly from the sale of a product, but from structured payment plans and after-sale interest.

**Ad-Supported**  
Provide content/services for free to one party while selling listeners, viewers or "eyeballs" to another party.

**Licensing**  
Grant permission to some other group or individual to use your offering in a defined way for a specified payment.

**Metered Use**  
Allow customers to pay for only what they use.

**Bundled Pricing**  
Sell in a single transaction two or more items that could be sold as standalone offerings.

**Disaggregate Pricing**  
Allow customers to buy exactly—and only—what they want.

**Risk Sharing**  
Wave standard fees/costs if certain metrics aren't achieved, but receive outside gains when they are.

## Network

**Merger/Acquisition**  
Combine two or more entities to gain access to capabilities and assets.

**Consolidation**  
Acquire multiple companies in the same market or complementary markets.

**Open Innovation**  
Obtain access to processes or patents from other companies to leverage, extend, and build on expertise and/or do the same with internal IP and processes.

**Secondary Markets**  
Connect waste streams, by-products, or other alternative offerings to those who want them.

**Supply Chain Interlock**  
Coordinate and integrate information and/or processes across a company or functions of the supply chain.

**Complementary Partnering**  
Leverage assets by sharing them with companies that serve similar markets but offer different products and services.

**Alliances**  
Share risks and revenues to jointly improve individual competitive advantage.

**Franchising**  
License business principles, processes, and brand to paying partners.

**Cooperation**  
Join forces with someone who would normally be your competitor to achieve a common goal.

**Collaboration**  
Partner with others for mutual benefit.

## Structure

**Organizational Design**  
Make form follow function and align infrastructure with core qualities and business processes.

**Incentive Systems**  
Offer rewards (financial or non-financial) to provide motivation for a particular course of action.

**IT Integration**  
Integrate technology resources and applications.

**Competency Center**  
Cluster resources, practices and expertise into support centers that increase efficiency and effectiveness across the broader organization.

**Outsourcing**  
Assign responsibility for developing or maintaining a system to a vendor.

**Corporate University**  
Provide job-specific or company-specific training for managers.

**Decentralized Management**  
Distribute decision-making governance closer to the customer or other key business interfaces.

**Knowledge Management**  
Share relevant information internally to reduce redundancy and improve job performance.

**Asset Standardization**  
Reduce operating costs and increase connectivity and modularity by standardizing your assets.

## Process

**Process Standardization**  
Use common products, processes, procedures, and policies to reduce complexity, costs, and errors.

**Localization**  
Adapt an offering, process, or experience to target a culture or region.

**Process Efficiency**  
Create or produce more while using fewer resources—measured in materials, energy consumption or time.

**Flexible Manufacturing**  
Use a production system that can rapidly react to changes and still operate efficiently.

**Process Automation**  
Apply tools and infrastructure to manage routine activities in order to free up employees.

**Crowdsourcing**  
Outsource repetitive or challenging work to a large group of semi-organized individuals.

**On-Demand Production**  
Produce items after an order has been received to avoid carrying costs of inventory.

**Lean Production**  
Reduce waste and cost in your manufacturing process and other operations.

**Logistics Systems**  
Manage the flow of goods, information and other resources between the point of origin and the point of use.

**Strategic Design**  
Employ a purposeful approach that manifests itself consistently across offerings, brands, and experiences.

**Intellectual Property**  
Protect an idea that has commercial value—such as a recipe or industrial process—with legal tools like patents.

**User Generated**  
Put your users to work in creating and curating content that powers your offerings.

**Predictive Analytics**  
Model past performance data and predict future outcomes to design and price offerings accordingly.

## Product Performance

**Superior Product**  
Develop an offering of exceptional design, quality, and/or experience.

**Ease of Use**  
Make your product simple, intuitive and comfortable to use.

**Engaging Functionality**  
Provide an unexpected or noteworthy experiential component that elevates the customer interaction.

**Safety**  
Increase the customer's level of confidence and security.

**Feature Aggregation**  
Combine existing features found across offerings into a single offering.

**Added Functionality**  
Add new functionality to an existing offering.

**Performance Simplification**  
Omit superfluous details, features, and interactions to reduce complexity.

**Environmental Sensitivity**  
Provide offerings that do no harm—or relatively less harm—to the environment.

**Conservation**  
Design your product so that customers can reduce their use of energy or materials.

**Customization**  
Enable altering of the product or service to suit individual requirements or specifications.

**Focus**  
Design an offering specifically for a particular audience at the expense of others.

**Styling**  
Impart a style, fashion or image.

**User Generated**  
Put your users to work in creating and curating content that powers your offerings.

## Product System

**Complements**  
Sell additional related or ancillary products or services to a customer.

**Extensions/Plug-Ins**  
Allow first- or third-party additions that add functionality.

**Product Bundling**  
Offer several products for sale as one combined product.

**Modular Systems**  
Provide a set of individual components that can be used independently, but gain utility when combined.

**Product/Service Platforms**  
Develop systems that connect with other, partner products and services to create a holistic offering.

**Integrated Offering**  
Combine otherwise discrete components into a complete experience.

**Supplementary Service**  
Offer ancillary services that fit with your offering.

**Superior Service**  
Provide service(s) of higher quality, efficacy, or with a better experience than any competitor.

**Personalized Service**  
Use the customer's own information to provide perfectly calibrated service.

**User Communities/Support Systems**  
Provide a communal resource for product/service support, use and extension.

**Lease or Loan**  
Let customers pay over time to lower upfront costs.

**Self-Service**  
Provide users with control over activities that would otherwise require an intermediary to complete.

## Service

**Try Before You Buy**  
Let customers test and experience an offering before investing in it.

**Guarantee**  
Remove customer risk of lost money or time stemming from product failure or purchase error.

**Loyalty Programs**  
Provide benefits and/or discounts to frequent and high-value customers.

**Added Value**  
Include an additional service/function as part of the base price.

**Concierge**  
Provide premium service by taking on tasks for which customers don't have time.

**Total Experience Management**  
Provide thoughtful, holistic management of the customer experience across an offering's lifecycle.

**Supplementary Service**  
Offer ancillary services that fit with your offering.

**Superior Service**  
Provide service(s) of higher quality, efficacy, or with a better experience than any competitor.

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## Channel

**Diversification**  
Add and expand into new or different channels.

**Flagship Store**  
Create a store to showcase quintessential brand and product attributes.

**Go Direct**  
Skip traditional retail channels and connect directly with customers.

**Non-Traditional Channels**  
Employ novel and relevant avenues to reach customers.

**Pop-up Presence**  
Create a noteworthy but temporary environment to showcase and/or sell offerings.

**Indirect Distribution**  
Use others as resellers who take ownership over delivering the offering to the final user.

**Multi-Level Marketing**  
Sell bulk or packaged goods to an affiliated but independent sales force that turns around and sells it for you.

**Cross-selling**  
Place products, services, or information that will enhance an experience in situations where customers are likely to want to access them.

**On-Demand**  
Deliver goods in real-time whenever or wherever they are desired.

**Context Specific**  
Offer timely access to goods that are appropriate for a specific location, occasion, or situation.

**Experience Center**  
Create a space that encourages your customers to interact with your offerings—but purchase them through a different (and often lower-cost) channel.

## Brand

**Co-Branding**  
Combine brands to mutually reinforce key attributes or enhance the credibility of an offering.

**Brand Leverage**  
"Lend" your credibility and allow others to use your name—thus extending your brand's reach.

**Private Label**  
Provide goods made by others under your company's brand.

**Brand Extension**  
Offer a new product or service under the umbrella of an existing brand.

**Component Branding**  
Brand an integral component to make a final offering appear more valuable.

**Transparency**  
Let customers see into your operations and participate with your brand and offerings.

**Values Alignment**  
Make your brand stand for a big idea or a set of values and express them consistently in all aspects of your company.

**Certification**  
Develop a brand or mark that signifies and ensures certain characteristics in third-party offerings.

## Customer Engagement

**Process Automation**  
Remove the burden of repetitive tasks from the user to simplify life and make new experiences seem magical.

**Experience Simplification**  
Reduce complexity and focus on delivering specific experiences exceptionally well.

**Curation**  
Use a distinct point of view to separate the proverbial wheat from the chaff—and in the process create a strong identity for yourself and your followers.

**Experience Enabling**  
Extend the reins of what's possible to offer a previously improbable experience.

**Mastery**  
Help customers to obtain great skill or deep knowledge of some activity or subject.

**Autonomy and Authority**  
Grant users the power to use your offerings to shape their own experience.

**Community and Belonging**  
Facilitate visceral connections to make people feel they are part of a group or movement.

**Personalization**  
Alter a standard offering to allow the projection of the customer's identity.

**Whimsy and Personality**  
Humanize your offering with small flourishes of on-brand, on-message ways of seeming alive.

**Status and Recognition**  
Offer cues that infer meaning, allowing users—and those who interact with them—to develop and nurture aspects of their identity.

CONFIGURATION

OFFERING

EXPERIENCE

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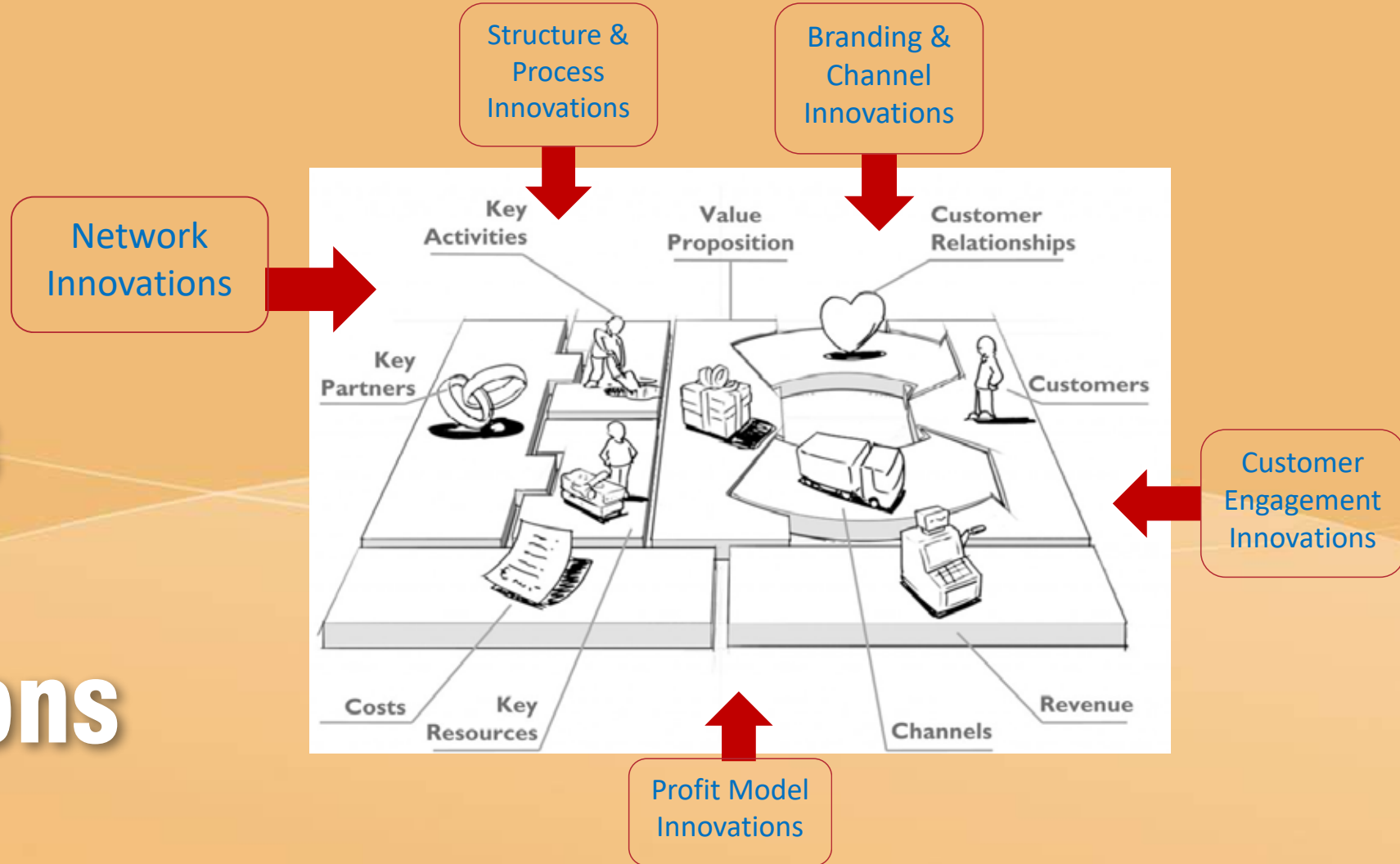
There are plenty of innovation tactics in order to achieve lasting success (see Keeley et al. 2013). Some examples are:

**Scaled transactions:** Maximize margins by pursuing high-volume, large-scale transactions when unit costs are relatively fixed

**Financing:** Capture revenue not from direct sale of a product, but from structured payment plans and after-sale interest

**Freemium:** Offer basic services for free, while charging a premium for advanced or special features

# Business Model Innovations



Here, we want to link possible innovation tactics with the business model development.

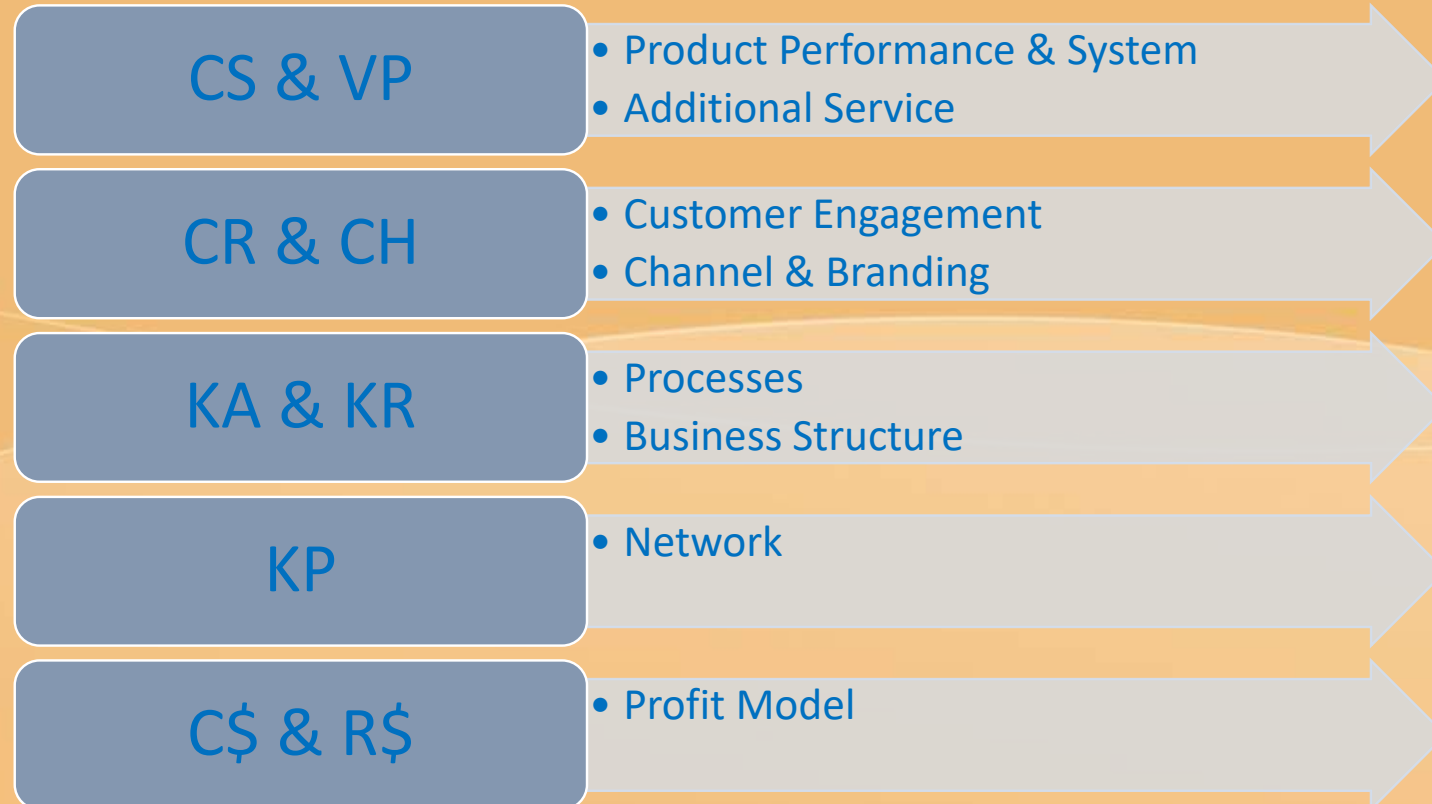
There are many innovation tactics for example in the field of profit model innovations. After examining company`s revenue streams we can evaluate the possibility of application of these tactics within the business model. Subsequently, we deal with possible network innovations, considering company`s key partners. Furthermore, the application of structure and process innovations in the field of key activities and key resources can make the business model more innovative, etc.

After examining all innovation tactics, it might be that only one or two proposed strategies are possible to apply. The aim is to take advantage of these opportunities in order to increase the degree of innovation in the business model and to offer genuine unique selling propositions.

# Designing Innovative Business Models

## Canvas

## 10 Types of Innovation



Here once again the link between the building blocks of the business model canvas and the 10 Types of Innovation is highlighted.

Larry Keeley et al.: 10 Types of Innovation  
[www.doblin.com](http://www.doblin.com)

# Literature

Larry Keeley et al.:  
10 Types of Innovation  
[www.doblin.com](http://www.doblin.com)





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# Chapter 5: Protect your idea

More Entrepreneurial Life at European Schools



# Learning Outcomes

- Learn what **INTELLECTUAL PROPERTY** is about
- How the **INTELLECTUAL RIGHTS** and particularly **INTELLECTUAL RIGHTS PROTECTION** can be seen as source of entrepreneurial opportunity and their relation to innovation

# Agenda

- **What is Intellectual Property**
- **How innovation is related to intellectual property**
- **Is there a link between intellectual property rights and entrepreneurship?**

# What is Intellectual property

- Intellectual property (IP) refers to
- creations of the mind, such as inventions; literary and artistic works; designs; and
- symbols, names and images used in commerce



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IP is protected in law by, for example, patents, copyright and trademarks, which enable people to earn recognition or financial benefit from what they invent or create. By striking the right balance between the interests of innovators and the wider public interest, the IP system aims to foster an environment in which creativity and innovation can flourish

**More Entrepreneurial Life at European Schools**

# What are intellectual property rights?

- Intellectual property rights are like any other property right. They allow creators,
- or owners of patents,
- trademarks or copyrighted works
- TO BENEFIT FROM THEIR OWN WORK OR INVESTMENT IN A CREATION.

Intellectual property rights are like any other property right. They allow creators, or owners, of patents, trademarks or copyrighted works to benefit from their own work or investment in a creation.

These rights are outlined in Article 27 of the Universal Declaration of Human Rights, which provides for the right to benefit from the protection of moral and material interests resulting from authorship of scientific, literary or artistic productions.

The importance of intellectual property was first recognized in the Paris Convention for the Protection of Industrial Property (1883) and the Berne Convention for the Protection of Literary and Artistic Works (1886). Both treaties are administered by the World Intellectual Property Organization (WIPO)

# DEFINITIONS

- **Knowledge Management/ Intellectual Capital Management:** the process by which an organisation or society generates wealth from its knowledge or intellectual capital.
- **Intellectual Asset Management:** the above process for codified assets.
- **Intellectual Property Management:** the above process for legally protected assets.

# The current state

- **There is public policy intervention to protect Intellectual Property Rights(IPRs)**
- **Without such protection competitive market systems fail to provide private agents with sufficient incentives**
- **To undertake the costly and risky investments that generate the new ideas and technologies (knowledge)**
- **Now widely recognized as the main source of sustained economic growth..**



The argument underlying public policy intervention to protect Intellectual Property Rights (IPRs) is that without such protection competitive market systems fail to provide private agents with sufficient incentives to undertake the costly and risky investments that generate the new ideas and technologies (knowledge) now widely recognized as the main source of sustained economic growth.

This is because knowledge has “public good” attributes. Knowledge is typically non-excludable; in that it is not possible to prevent others from applying new knowledge even without the authorization of its creator. If a new technology is valuable, it is therefore likely to be copied or imitated, reducing the potential profits of the original inventor and potentially removing the incentive to engage in innovative activities. Where “imitation” has lower costs than “innovation”, imitators have the advantage over innovators unless the latter can restrict access to their innovation. This characteristic provides the argument for strong IPR protection.

# ....in addition

- Where “imitation” has lower costs than “innovation”, imitators have the advantage over innovators unless the latter can restrict access to their innovation.
- This characteristic provides the argument for strong IPR protection
- IPRs create ownership of intellectual property by giving innovators the legally enforceable power to prevent others from using an intellectual creation or to set the terms on which it can be used

**That is, IPRs encourage innovation by granting successful inventors temporary monopoly power over their innovations. The consequent monopoly profits provide the return on successful investment in R&D.**

# Where?

- IPRs are conferred by national governments and valid only within the relevant jurisdiction.
- National IPR systems have largely focused on what was perceived to be in the best interests of the country concerned
- different countries perceived the trade-off between profits and innovation differently.
- Thus (developed) countries, with many potential innovators, have tended to opt for relatively strong IPR systems, with the aim of encouraging inventive and creative activities, which are seen as an important source of long-run economic growth.

# Aspects of intellectual property protection

- Patents
- Copyrights
- Trademarks and service marks
- Geographical indications
- Trade Secrets
- Layout Designs of Integrated Circuits

### Aspects of intellectual property protection:

- **Patents** – give their owners the right to exclude all others from making, selling, importing, or using the product or process named in the patent without authorization for a fixed period of time. Three forms of patents may be applied for; (i) Invention patents require significant non-obviousness and as such a discrete advance in technology; (ii) Utility models tend to be awarded for incremental improvements of existing products and technologies; (iii) Industrial designs protect the aesthetic or ornamental aspects of a commercial article.
- **Copyrights** – protect the rights of creators of literary and artistic works to communicate, display, or perform those works in some medium, plus the rights to make and sell copies.
- **Trademarks and service marks** – protect rights to use a particular distinctive mark or name to identify a product, service or company.
- **Geographical indications** – are related to trademarks and certify that a consumer product was made in a particular place and that it embodies physical characteristics of that location.
- **Trade Secrets** – are proprietary information about production processes, including items such as customer lists and organizational methods. Standard liability laws guard against unauthorized disclosure through commercially unfair means.
- **Layout Designs of Integrated Circuits** – covers the layout design of integrated circuits, the chips on which they are masked, and products that incorporate the chip. TRIPS specifically permits reverse engineering of integrated circuits.

# Intellectual Property Rights and Development

- Investments in R&D and new products will be much lower without the expected monopoly gains.
- Local industry and foreign investors benefit from patent protection, as is already the case in India.
- IPR constraints may inhibit domestic companies' ability to develop new products.
- Added IPR knowledge may lead to gains:
  - Production for local markets does not require obtaining rights to patents that are not registered locally.
  - Developing countries can trade access to bio-diversity for access to technology. They can reach special agreements with universities and companies.

**Investments in R&D and new products will be much lower without the expected monopoly gains.  
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**Production for local markets does not require obtaining rights to patents that are not registered locally.**

**Developing countries can trade access to bio-diversity for access to technology. They can reach special agreements with universities and companies.**



# The .....Issue

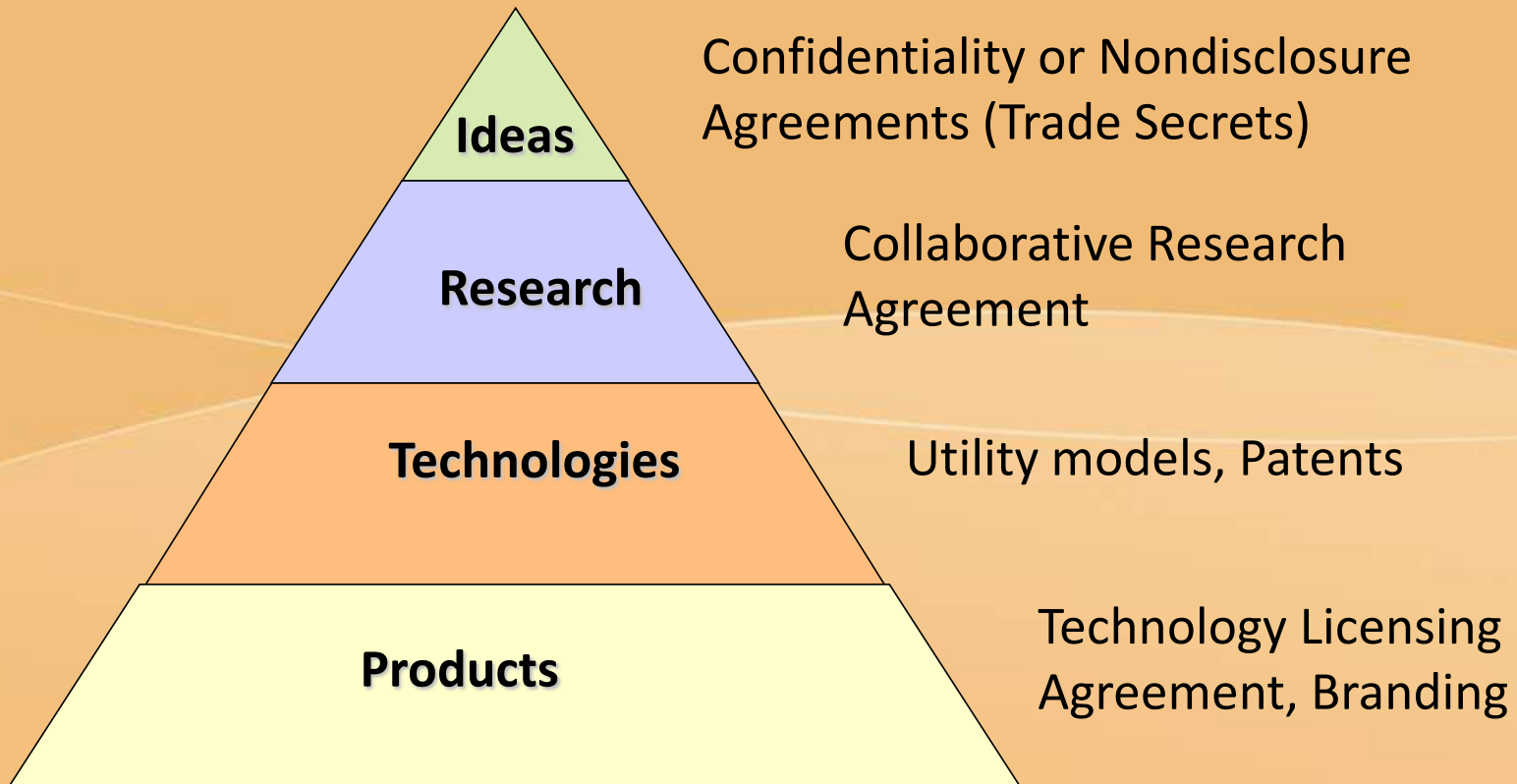
**INNOVATION  
VS  
IMITATION**

**Invention**

**INNOVATION**

**IMITATION**

# Value adding from IP



# Bringing it All Together

**Decades ago, Coca-Cola decided to keep its soft drink formula a secret**

**The formula is only known to a few people within the company**

**Kept in the vault of a bank in Atlanta**

**Those who know the secret formula have signed non-disclosure agreements**

**It is rumored that they are not allowed to travel together**

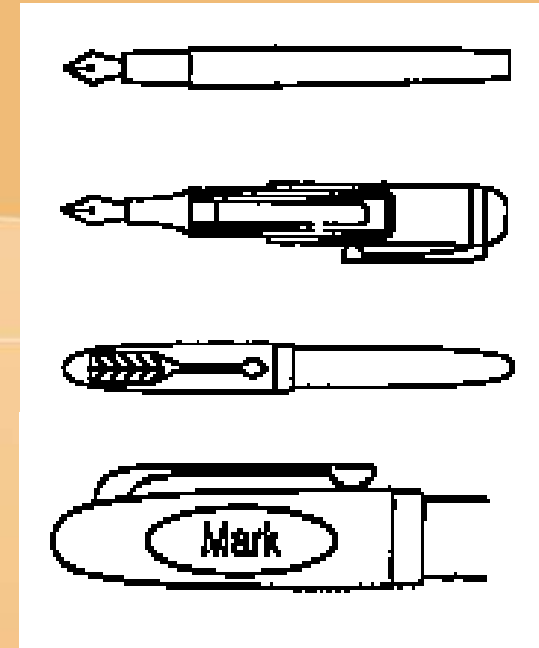
**If it had patented its formula, the whole world would be making Coca-Cola**

# Bringing it All Together 2

- Patent for stud and tube coupling system for Lego (the way bricks hold together)
- But: Today the patents have long expired and the company tries hard to keep out competitors by using designs, trademarks and copyright

# Bringing it All Together 3

- **Patent:** the fountain pen that could store ink
- **Utility Model** the grip and pipette for injection of ink
- **Industrial Design:** smart design with the grip in the shape of an arrow
- **Trademark:** provided on the product and the packaging to distinguish it from other pens



# Bringing it All Together 4

® Registered Trade Mark

'TM' Unregistered

Copyright: Labels & Artwork

Patents: Several dozen!

# TO DO: first step

- **Crear awareness of the role of intellectual property**
  - Obtain intellectual property
  - Maintain IP rights
- **Respect IP rights (esp. Patents) of others (Freedom to Operate)**
- **Willingness to enforce patents, when necessary**

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- **<http://www.wipo.int/about-ip/en/>**
- **[www.uspto.gov](http://www.uspto.gov)**





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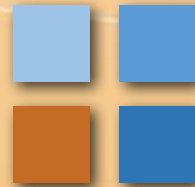


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# Learn from experienced entrepreneurs



More Entrepreneurial Life at European Schools

# Learning Outcomes

- **By listening stories on entrepreneurial experiences, shareable lessons are learned**
- **Better understanding for the efforts, the success and the failures, part of any entrepreneurial story**
- **Provision of real-world insight into critical management issues**
- **sharp their analytical and questioning skills**

# Agenda

- **Topics for experienced entrepreneurs**
- **Guest speakers contribution**
- **Learners participation**
- **Instructors intervention**

# Topics for entrepreneurs

- Entrepreneurship
- Startup environment / funding opportunities
- Idea execution
- Risk Management
- Leadership
- Team dynamics
- Strategic Behavior

# Guest speakers contribution

- Guest speakers will provide both an overview of their venture as well as specific guidance on the topic they choose.
- They teach how to accept failure or mistakes,
- how to look for opportunities, or
- how to channel their creativity or
- to build their entrepreneurial mindset.
- The students will share real life situations and their insights, struggles, challenges and lessons learned with aspiring entrepreneurs

# Learners participation

- Students will be prepared to ask intelligent, relevant questions to the speakers
- Every student is required to interview the invited entrepreneur and prepare one short presentation conveying the lessons learned during the class
- At the second phase, the student groups will decide on the best presentation between themselves

# Instructors intervention

- Introduces the guest speaker to the students
- States the purpose and the topic
- Facilitates the Q & A session
- At the second phase split the class into groups,
- Select top three that will present to the class.
- **KEEPS THE TIME!**

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# Preparation for the meeting with investor

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# Learning Outcomes

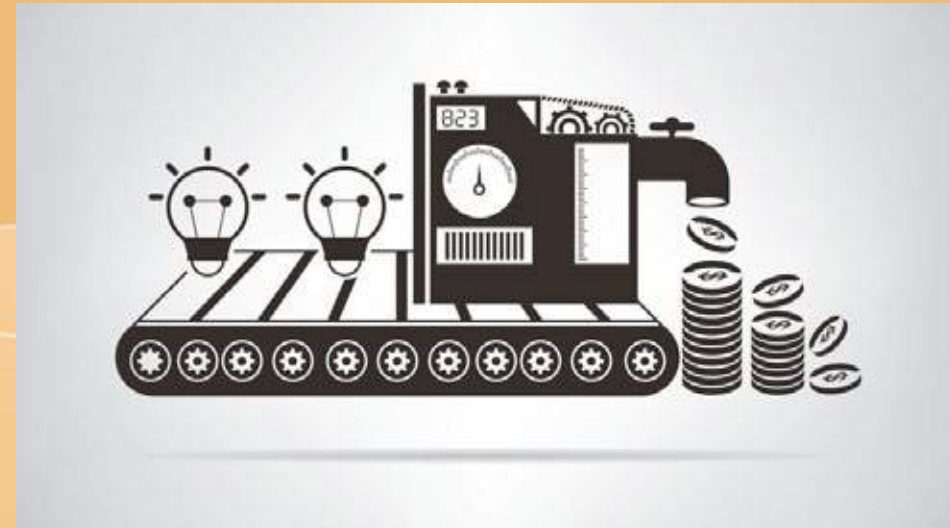
- You will know when should you go to investors
- You will know how to choose the best investor for you
- You will be prepared to the first meeting with investors

# Agenda

- **What Investors Look For**
- **What To Prepare Before You Pitch**
- **The Types of Investor Funding**
- **Types of Investors**
- **When Do Investors Invest?**
- **Presenting to Investors**
- **Until the Money Is In, The Deal Isn't Closed**
- **Common Investor Terms**

# What Investors Look For

- **The Right Fit**
- **Location, Industry and Stage of Development**
- **Market Size**
- **Do Your Homework**



[[www.entrepreneur.com](http://www.entrepreneur.com)]

**When you're a startup entrepreneur you're all about ideas. You have a plan to make the world, whether that's more efficient, more convenient, or just more fun. You've spent months and years with your idea and all the while dreaming of the day that those ideas finally materialize in the real world.**

**By the time you get to the point where you're ready to your first investor. Investors have the one thing that stands between you and transforming your dreams into reality: CAPITAL!!!**

**It's the question at the forefront of every entrepreneur's mind as they start seeking the capital to fuel their idea: "What are investors looking for?" The short answer is that every investor is different, and each has their own set of criteria.**

#### **The Right Fit**

**As an entrepreneur, you're looking for investors that are the right fit for your**

**business, and investors are looking for essentially the same thing in reverse: businesses that are the right fit for their investment portfolio.**

#### **Location, Industry, and Stage of Development**

**Look for investors that are near you geographically, have a history of investing within your industry and typically invest at the same stage of evolution that your business is currently in.**

#### **Market Size**

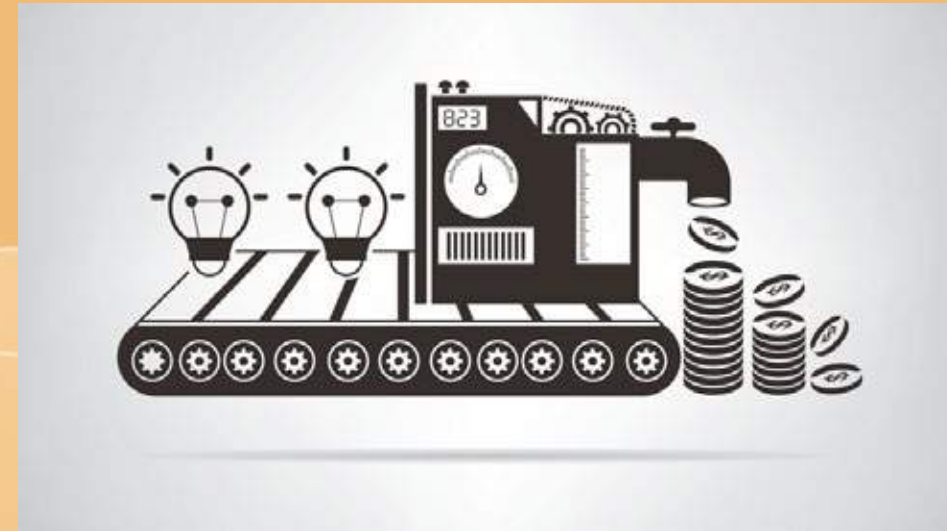
**It's important that you find investors with a fund size that matches the scale of your business and your goals. If you're looking for a million dollars to take your business national, is it really worth your time to pitch to an investor who can only spare \$25,000?**

#### **Do Your Homework**

**It's up to you to do your due diligence in research and seek out the investor-partners that make sense for your business. If you shirk your research responsibilities and start pitching to random investors in the completely wrong sphere, it will be a waste of their time, sure.**

# What Investors Look For

- More Than a Good Idea
- A Competitive Edge
- Social Proof
- Traction
- Credibility is All



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### **More Than a Good Idea**

You know that your business is one-in-a-million but the reality is that, if you've done your homework and sought out the right investors, there's a good chance that they've seen your idea. And that's okay! It's the nature of the beast: a problem presents itself, numerous people try to solve that problem, and sooner or later one or two of those solutions rise to the top—and they may not always be the first ones, either. Investor need more than a good idea. He/her need a good idea plus a critical mass of proof that that idea is going to make it out of the idea stage and into the real world.

### **A Competitive Edge**

If an investor is familiar with your industry, they probably know of at least a few competitors for your business, and if they don't already know, they can find out quickly. Before they invest in you, they will want evidence that you have some significant advantage that the competition cannot easily overcome.

### **Social Proof**

Social proof is an idea most of us are familiar with, but it's rarely outlined in a business plan or presentation. Simply put, "social proof" is clear evidence that

people who are in a position to know believe in your vision as much as you do and will testify to the merits of your business. One way to go about building social proof is to assemble a team of advisors that are well-respected in your field and have spent time with you and your vision. Another is to generate some early activity with pilot customers who will provide testimonials, not only that your product makes sense, but that if it existed today, they would buy it.

### **Traction**

There are a lot of great talkers in the world, but at the end of the day, it's all about the follow through. Investors hear hundreds of entrepreneurs talk about their ideas, but very few of those ideas yield results. So one of the best ways you can stand out from the crowd is to provide proof that you're going to hit the ground running—or that you already have.

### **Credibility is All**

Investors want incredible ideas helmed by credible entrepreneurs. They're looking for good ideas to get excited about, with a solid foundation that proves it won't all wash away, and take their money with it.

# What To Prepare Before You Pitch

- Elevator Pitch
- Pitch Deck
- Executive Summary
- Business Plan
- Website
- Financial Documents



[[venturevillage.eu](http://venturevillage.eu)]



Here's a comprehensive list of what you'll need to prepare when you're ready to initiate your Fundable Plan.

#### Elevator Pitch

An elevator pitch is a short, consistent synopsis of your business, usually in just a few sentences. A good elevator pitch conveys a few things quickly: the problem you solve, the solution you provide, and the people you do it for. You will use your elevator pitch often — in introduction emails, in presentations.

#### Pitch Deck

Your pitch deck is your business plan translated into slides. The pitch deck is what you'll use to present your concept directly to a room of investors. The pitch deck is often requested by investors ahead of your presentation so they can get a quick synopsis of your idea.

#### Executive Summary

The point of your executive summary, as the name implies, is to briefly summarize your business plan into just a few pages. The executive summary tends to distill each key area of your business plan down to a paragraph or two, so that investors can get the gist of your plan easily. There are two schools of thought on the executive summary. One suggests that you should write your entire business plan and then summarize it in your executive summary. The alternative, then, is to try to summarize all the key points of your business clearly in a few pages.

#### Business Plan

It may seem as though entrepreneurs must prepare a business plan before approaching investors, but in reality few do. There are a few reasons for this. First, authoring a 50-page manifesto on how your future business will operate is typically the domain of MBAs and academics, and entrepreneurs rarely have the time, resources or desire to dive into a project of that scope when they just want to get their business launched. The second is that it's an incredibly time-consuming process if you really want to dig into every step of a business plan from start to finish.

#### Website

Not every business absolutely needs to have a website in order to pitch for capital, but it is highly recommended. You don't have to put your company's financial forecasts or secret sauce on your website. You can save that information for more personal communications. The website should serve as a virtual brochure for your company.

#### Financial Documents

If everything is going well, you're going to be asked for your financial documents. These should cover a few aspects of your business, from your revenue forecasts to your operational expenses to your cash flow. The complexity of these documents can range from a single slide in your pitch deck showing some baseline guesses on where revenues will come from, to highly complicated Excel docs that involve macros and formulas changing outcomes based on key assumptions and scenarios.

# The Types of Investor Funding

-  EQUITY
-  LOANS
-  CONVERTIBLE DEBT



[[startupgem.com](http://startupgem.com)]

There are three basic types of investor funding: equity, loans and convertible debt. Each method has its advantages and disadvantages, and each is a better fit for some situations than others. Like so much else about the fundraising process, the kind of investor-based fundraise that is right for you depends on a number of factors: the stage, size and industry of your business; your ideal time frame; the amount you are looking to raise and how you are planning to use it; and your goals for your company, both short-term and long.

#### **EQUITY**

Pursuing an equity fundraise means that, in exchange for the money they invest now, investors will receive a stake in your company and its performance moving forward.

#### **How It Works**

At the outset of your fundraise, you set a specific valuation for your company—an estimation of what your company is worth at that point. Based on that valuation and the amount of money an investor gives you, they will own a percentage of stock in your company, for which they will receive proportional compensation once your company sells or goes public.

#### **LOANS**

Loan or debt-based fundraising is the easiest of the three varieties to

understand in basics: you borrow money now and pay it back later, with an established rate of interest.

Debt is also the most common form of outside capital for new businesses.

#### **How it Works**

When you decide to pursue debt-based fundraising, you specify in your fundraise terms the rate of interest that will come with the repayment of the loans you receive. You may also provide an expected time frame in which the loans will be repaid.

#### **CONVERTIBLE DEBT**

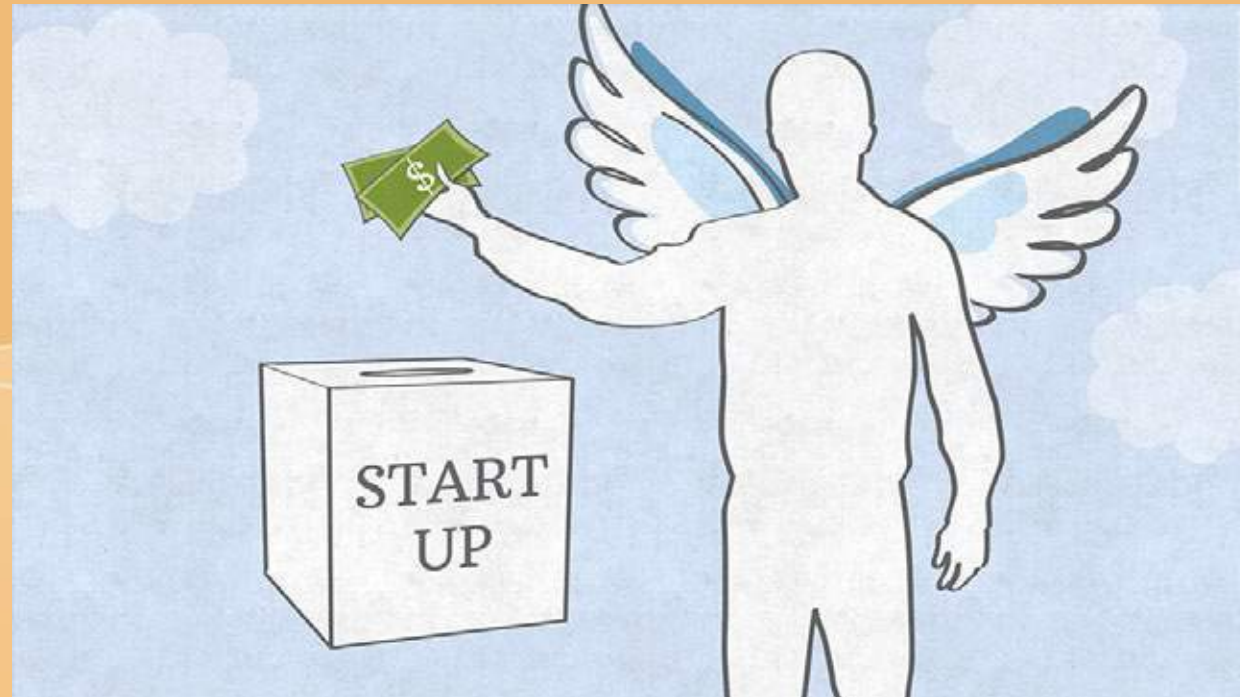
Convertible debt is essentially a mash-up of debt and equity: you borrow money from investors with the understanding that the loan will either be repaid or turned into a share in the company at some later point in time—after an additional round of fundraising, for instance, or once the business reaches a certain valuation.

#### **How It Works**

The specifics of how the debt will be converted into equity are established at the time of the initial loan. Usually that involves some kind of incentive for investors to convert their debt into equity, such as a discount or warrant in the next round of fundraising.

# Types of investors

- Friends & Family
- Angel Investors
- Venture Capital
- Customers



[[money.cnn.com](http://money.cnn.com)]

### **Friends & Family**

It may come as a surprise, but friends and family invest the most money in startups in aggregate. Seeking investments from friends and family can be an ideal way to raise seed money to get your company off the ground. This group can also be a great resource for very long-term investments, motivated more by loyalty and support than by strict return on investment.

### **Angel Investors**

An angel is a high net worth individual who invests directly into promising entrepreneurial businesses in return for stock in the companies. Many angels are successful entrepreneurs themselves, as well as corporate leaders and business professionals. Angels can be an ideal fit for start-ups, because their personal interest in the healthy growth of the business, and their own litany of past successes and failures often prompt them to act as mentor and coach to their portfolio companies. Angel groups are organizations formed by individual angels interested in joining together to evaluate and invest in entrepreneurial ventures.

### **Venture Capital**

Venture capital firms are in the business of reviewing, assessing, and investing

in new and emerging businesses. As a result, VCs look at a very high volume of deals, and on average only invest in 1 out of every 100 deals they consider — compared to angels, who invest in 1 out of every 10 deals. Furthermore, VCs conduct significantly more due diligence than angel investors, spending an average of 5 months on due diligence for each investment.

While angels will occasionally act as mentors to the entrepreneurs they bankroll, venture capital is consistently an active, rather than passive, form of financing. These investors seek to add value, in addition to capital, to the companies in which they invest, both to help your company grow and to achieve a greater return on their investment.

### **Customers**

Crowdfunding raises rely on contributions and support from your personal and professional networks, so it is essential to develop a marketing strategy to achieve success in your crowdfunding campaign. Generally speaking, the average crowdfund supporter is between the ages of 24-35, and is internet savvy. Men are much more likely to contribute to an unknown startup, and those individuals who earn more than \$100,000 each year are the most avid crowdfund supporters.

# When Do Investors Invest?

- SEED STAGE
- EARLY STAGE
- EXPANSION STAGE
- LATE STAGE



PHOTO-ILLUSTRATION: SHAKENR THORNTON/CNNMONEY; SHUTTERSTOCK

[[www.buzinga.com.au](http://www.buzinga.com.au)]

When do investors invest? Let's take a look....

#### SEED STAGE

Seed-stage companies typically have yet to earn any revenue and sometimes don't even have a product yet. It's important to emphasize, however, that they are NOT just ideas.

#### Who Invests

Bootstrapping, friends and family investments, and rewards-based crowdfunding campaigns can all be great funding options for seed-stage companies.

#### EARLY STAGE

Early-stage companies have usually achieved at least MVP (minimum viable product), meaning their product or service is being provided to at least a small test subset of customers, and is meeting with customer approval. Early-stage companies are also often generating enough revenue to be worth talking about, although that varies from company to company.

#### Who Invests

The early stage is a great one for investor-based fundraising, because your

chances are good with angel investors and venture capitalists alike.

#### EXPANSION STAGE

In the expansion phase, your "tree" is getting bigger by the day and is ready to be transplanted into the big forest, where it can grow still further and compete for sunlight with other trees.

#### Who Invests

Interest from angel investors drops off significantly at the expansion stage, but with 18.5% of angel investments happening during an expansion, it's far from impossible to get investor support at this point.

#### LATE STAGE

A late-stage startup "tree" has strong branches and sturdy roots, and could be on its way to becoming the mightiest oak in the forest.

#### Who Invests

By the time you get to the late stage, your chances of getting angel attention are pretty slim at only 2%. The odds are better with venture capitalists at 22%, but generally speaking most investors tend to have done their investing already by the time a company hits the late stage.

# Presenting to Investors

- The Process of Presenting to Investors
- The Four Types of Pitches:
  - ELEVATOR PITCH
  - EMAIL PITCH
  - PROFILE PITCH
  - In-Person Pitch



[[www.stylepinner.com](http://www.stylepinner.com)]



In most cases, the search for investor support follows a common sequence of events. The Process of Presenting to Investors:

**Step 1: You research investors**

You compile a list of investors you'd like to work with, and that you think are likely to find your offer intriguing. Remember: the more closely the particulars of your company and your goals match previous investments an investor has made, the greater your chances of getting their attention.

**Step 2: The email pitch**

Once you've got your list of investors ready, the next step is to reach out to them with a concise, well-crafted email. This is where you introduce yourself and your company, let the investors know that you have an investment opportunity that they might be interested in, and invite them to learn more by visiting your crowdfunding profile—and then link them to it!

**Step 3: Investors research you**

If your email catches an investor's interest, they will look for ways to find out more about your company. In this day and age, that mostly involves checking out your internet presence: visiting your company website, doing a quick Google search for any press mentions or customer reviews, and looking you up on social media sites including Facebook, Twitter and LinkedIn.

**Step 4: Investors request more info**

If investors like what they see online, they will request more information from

you—the kind that isn't publicly available to just anyone. That includes the business plan page of your crowdfunding profile, where they'll be able to see details like your revenue model and plans for future development, as well as the terms of your fundraiser itself. They may also request other documents, like an executive summary or pitch deck. When investors request materials from you, be sure that you respond with the materials they ask for at the moment they ask for them.

**Step 5: The in-person pitch**

The in-person pitch is easily the most important moment you'll have with the investor. Keep your pitch concise and dynamic, your pitch deck – these days, that's usually in the form of a PowerPoint presentation – minimal and free of clutter, and leave plenty of time for investor questions and discussion afterward.

**Step 6: Investors request more info (again)**

You've finished your pitch, the investors seem excited—this is the part where the checkbooks come out, right? Wrong! It's the part where the investor requests more information—this time, the most detailed that you have: your full business plan, financial details, and information about who else already owns stock in your company. Don't be discouraged when investors want to know more: it means that they're excited enough about your pitch that they're willing to do the digging and due diligence to confirm that there's a real, viable company there, and not just a lot of smoke and mirrors.

# Until the Money Is In, The Deal Isn't Closed

- Keep Pitching
- Limit Your Variables
- Focus on the Close
- Things That Can Kill a Potential Deal
- Pedal to the Metal

**KEEP  
CALM  
AND  
WAIT FOR IT**

[\[www.linkedin.com\]](http://www.linkedin.com)

### Keep Pitching

Once you've got an investor or two in the final stages of a deal, it's tempting to ease your foot off the gas on pitching to other investors and wait for those one or two possibilities to pan out. But a watched pot never boils, as they say, and one of the worst things you can do when an investor is contemplating your deal is make them feel claustrophobic about it.

So give those near-closes room to breathe, and give yourself more options by continuing to pitch to other investors. You keep busy that way, and you keep your momentum as well. Better still, if investors have the sense that you're still exploring your options, it may encourage them to move the close along more quickly on their end, to ensure that they don't get shut out of the opportunity.

### Limit Your Variables

There are enough things that can cause a deal to go south on the investor's side, so do everything that you can to limit the risks on your end. When you discover aspects of your pitch that are making investors uneasy – whether you stumble on them yourself or the investors point them out to you – address those problem areas immediately. When it comes to securing your funding, you want to leave as little to chance as possible.

### Focus on the Close

Closing the deal with an investor represents the conclusion of the pitch process – with that individual investor, at least. But it's also just the beginning of your relationship with that investor. So while it's tempting to rush things along and gloss over the niceties on the way to securing the check, it's absolutely essential that you keep your focus – not only so that you can be sure that all of the loose ends are tied up, but also so that you're sure that both you and the investor feel good about where things stand.

### Things That Can Kill a Potential Deal

You want to believe that your romance with an investor will stand the test of time, but the truth is that even this late in the game, there are still things you can do to ruin your chances.

### Pedal to the Metal

When the deals are closed, the papers are signed, and the money is in the bank, you may think it's time put your feet up, relax, and congratulate yourself on a job well done. Investors want to see the good their money is doing for your company, and they want to see the chance they took on you paying off, sooner rather than later. You sold investors on your vision; now you get to give them, and yourself, the pleasure of seeing that vision become a reality.

# Common Investor Terms

- Acquisition
- Add-on services
- Benchmarks
- Buyout
- Board of directors
- Cap table
- Common vs. preferred stock
- Convertible note
- Dilution
- Drag along rights
- Due diligence
- Exit strategy
- Follow-on investment
- Initial public offering
- Return on investment
- Risk
- Seed capital
- Stock option pool
- Term sheet
- Valuation
- Vesting
- Exit strategy

**Acquisition:** When a larger company—for example, a YouTube or a Google—purchases a controlling interest in your company, that larger company has acquired your company. Acquisition by a larger company is a common goal for startups pursuing equity campaigns.

**Add-on services:** Assistance an investor may provide to your company aside from their monetary contribution—for example, making introductions to other investors, helping to assemble a management team or helping to prepare for an IPO.

**Benchmarks:** Performance goals used to measure the success of a company. Many investors use certain benchmarks—for example, yearly revenue or yearly increase in sales—to decide whether a company merits additional funding.

**Buyout:** The purchase of either a company or a controlling interest in a company's shares or business. A buyout is often the long-term goal of startups and other businesses pursuing equity fundraising campaigns.

**Board of directors:** A group of people elected to act as representatives of the stockholders in a company. Members of the board of directors handle management-related policies and make decisions regarding major company issues, including the hiring/firing of executives, options policies and executive compensations. The board of directors should fairly balance the interests of both management and shareholders alike.

**Cap table:** Short for the “Capitalization Table”, a cap table is a detailed list of exactly how much stock each entity or person owns. Think of it like a spreadsheet that simply lists names and percentage ownership stakes, all adding up to 100%.

**Common vs. preferred stock:** There are many “classes” of stock that can be issued in a company, and each class may have its own rights and preferences. Investors

typically get preferred stock, which may give them preferences such as the ability to get their investment back first, before the rest of the common stock holders get their proceeds. Founders and employees are usually left with common stock, which means they're usually the last people to get paid.

**Convertible note:** A convertible note is a loan made to a company that can be converted into stock by the choice of the issuer or holder at certain events. Each note has an interest rate, a maturity date, and may come with the option to convert at a discount at a future round or time.

**Dilution:** The effect of giving someone else part of the company's stock is considered “dilution”. It means that you are diluting your equity stake to make room for someone else. When you're worried about “giving away the company”, what you're worried about is the dilution of your company.

**Drag along rights:** Designed to protect the majority shareholder in a company, drag-along rights enable a majority shareholder to force a minority shareholder to agree to the sale of a company. The majority owner is required to give the minority shareholder the same price, terms and conditions as any other seller, with the goal of eliminating minority owners and securing 100% of the company's stocks to the buyer.

**Due diligence:** The process of investigation and evaluation of the details of a company, which investors complete before they make the final decision whether to invest in that company.

**Exit strategy:** the means by which an investor “cashes out” of an investment and earns the return on investment that they are seeking in making the investment in the first place. Typical exit strategies include IPO, acquisition and buyout. Also known as a “harvest strategy” or “liquidity event”.

**Follow-on investment:** An additional investment made by an investor who has already invested in a company, typically made once the company is at a later stage of development.

**Initial public offering:** Commonly abbreviated as IPO, is the first time that stock in a private company is made available to the public. An IPO is a common goal for startups pursuing equity campaigns.

**Return on investment:** or ROI, is the profit or loss resulting from an investment. It's typically expressed in terms of a percentage. For example, if an investor makes a \$100,000 investment in a company and gains \$2 million when the company is acquired by a larger company, that's an ROI of 200%. **Risk:** the likelihood of loss or less-than-expected returns, including the possibility of losing some or all of the initial investment. Risk is typically quantified using the historical returns or average returns for a specific investment.

**Seed capital:** The first round of capital that is put into a business, typically coming from the company founder and friends and family. Seed capital comes before any large investment rounds have been taken on, often during the pre- or low-revenue stages of a company. The capital is typically used to help build traction in order to attract attention from venture capitalists in later stages of fundraising.

**Stock option pool:** When a company takes on an investment, the investor will usually request (or, more accurately, insist) that you allocate a certain percentage of the company's shares to a Stock Option Pool for future employees. That pool comes out of your portion of the stock, not the investors. Stock option pools will range from as little as 5 points of equity to as much as 20 points.

**Term sheet:** A non-binding outline of the terms and conditions according to which an investment is to be made—for example, the interest rate of a debt investment, or the valuation for equity. It's similar to a Letter of Intent in that it indicates a strong interest to move forward, but it's not the same as guaranteeing an actual deal gets done.

**Valuation:** An estimation of what your company is worth at a given point in time. While you may be the person who sets the valuation of your company, until an investor agrees to that valuation, and writes a check based on that valuation, it's not validated.

**pre-money valuation** is how much the company is worth before the investor puts money into your company. So if you set your valuation to be \$2 million, and the angel investor puts in \$500,000, your pre-money valuation is \$2 million.

**post-money valuation** is how much the company is worth after the angel investor puts money into your company. So if you set your valuation to be \$2 million, and the angel investor puts in \$500,000, your post-money valuation is \$2.5 million.

**Vesting:** a process by which you "earn" your stock over time, much like you earn your salary. The purpose of vesting is to grant stock to people over a fixed period of time so they have an incentive to stick around. A typical vesting period for an employee or

Founder might be 3 – 4 years, which would mean they would earn 25% of their stock each year over a 4 year period. If they leave early, the unvested portion returns back to the company.



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# References

<https://www.fundable.com/learn/resources/guides/investor-guide/>

**More Entrepreneurial Life at European Schools**



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# Present your idea

More Entrepreneurial Life at European Schools



# Learning Outcomes

**What Present your idea will do:**

- **Teach you how to prepare valuable presentation**
- **Show you what is the basic structure of the idea presentation**
- **Point out the most important non-verbal communication elements**
- **Show you an example of good presentation**

# Agenda

- Motivation and goal
- Examples
- VC pitching
- Presentation slides
- Desired skills

# Goal

## Main goals of every presentation:

- sell yourself
- sell your product or service
- be convincing

**Expand main goals of lecture:**

**Selling yourself as a person that can be trusted, can be believed and can be convincing,  
Selling your product, no matter if it's real product, idea, science research results, lectures, etc.  
You must talk in the way, that people will understand you and believe you.**

# Good examples

**It's always important to check the examples:**

- TED talks
- YouTube
- slideshare.net
- uncle Google

**Use them in smart way!**

Tell few things about each of these services. Introduce them to the audience, even if the audience knows something about them (Wikipedia cited).

**TED talks** - TED (Technology, Entertainment, Design) is a global set of conferences owned by the private non-profit Sapling Foundation, under the slogan: „Ideas Worth Spreading”. TED was founded in 1984 as a one-off event. The annual conference began in 1990, in Monterey, California. The TED main conference is held annually in Vancouver, British Columbia and its companion TEDActive is held in Whistler, B.C. In 2014, both conferences moved to British Columbia from Long Beach and Palm Springs, California respectively. TED events are also held throughout North America and in Europe and Asia, offering live streaming of the talks. They address a wide range of topics within the research and practice of science and culture, often through storytelling. The speakers are given a maximum of 18 minutes to present their ideas in the most innovative and engaging ways they can. Past presenters include Bill Clinton, Jane Goodall, Malcolm Gladwell, Al Gore, Gordon Brown, Richard Dawkins, Bill Gates, Bono, Mike Rowe, Google founders Larry Page and Sergey Brin, and many Nobel Prize winners. Since June 2006, the talks have been offered for free viewing online. As of April 2014, over 1,700 talks are available free online. By January 2009 they had been viewed 50 million times. In June 2011, the viewing figure stood at more than 500 million, and on Tuesday, November 13, 2012, TED Talks had been watched one billion times worldwide [[https://en.wikipedia.org/wiki/TED\\_%28conference%29](https://en.wikipedia.org/wiki/TED_%28conference%29)].

**YouTube** - a video-sharing website headquartered in San Bruno, California. The service was created by three former PayPal employees in February 2005 and has been owned by Google since late 2006. The site allows users to upload, view, and share videos, and it makes use of Adobe Flash Video and HTML5 technology to display a wide variety of user-generated and corporate media video. Available content includes video clips, TV clips, music videos, and other content such as video blogging, short original videos, and educational videos. Most of the content on YouTube has been uploaded by individuals, but media corporations including CBS, the BBC, Vevo, Hulu, and other organizations offer some of their material via YouTube, as part of the YouTube partnership program. Unregistered users can watch videos, and registered users can upload videos to their channels. Videos considered to contain potentially offensive content are available only to registered users affirming themselves to be at least 18 years old. YouTube, LLC was bought by Google for US\$1.65 billion in November 2006 and now operates as a Google subsidiary [<https://en.wikipedia.org/wiki/YouTube>].

**Slideshare.net** - a Web 2.0 based slide hosting service. Users can upload files privately or publicly in the following file formats: PowerPoint, PDF, Keynote or OpenDocument presentations. Slide decks can then be viewed on the site itself, on hand held devices or embedded on other sites. Launched on October 4, 2006, the website is considered to be similar to YouTube, but for slideshows. The website was originally meant to be used for businesses to share slides among employees more easily, but it has since expanded to also become a host of a

large number of slides that are uploaded merely to entertain. The current list of SlideShare's investors includes Venrock, David Siminoff and Dev Khare. The website gets an estimated 58 million unique visitors a month, and has about 16 million registered users. SlideShare was voted among the World's Top 10 tools for education & e-learning in 2010. Some of the notable users of SlideShare include The White House, NASA, World Economic Forum, State of Utah, O'Reilly Media, Hewlett Packard and IBM [<https://en.wikipedia.org/wiki/SlideShare>].

Google - an American multinational corporation specializing in Internet-related services and products. These include online advertising technologies, search, cloud computing, and software. Most of its profits are derived from AdWords. Google was founded by Larry Page and Sergey Brin while they were Ph.D.

students at Stanford University. Together they own about 14 percent of its shares but control 56 of the stockholder voting power through supervoting stock. They incorporated Google as a privately held company on September 4, 1998. An initial public offering followed on August 19, 2004. Its mission statement from the outset was „to organize the world's information and make it universally accessible and useful”. Revenue for 2013 was US\$ 59.825 bilion, employees numer was 55,030 (Q3 2014) [<https://en.wikipedia.org/wiki/Google>]

Conclude it with following sentence: The biggest value in the examples is to not reinvent the wheel. Use only high quality examples, use them in smart way. Always adapt it to your needs, never copy it directly. Try to find some common parts in the examples you are checking – common things are the „must-haves”.

# Good examples

- **Example of good example:**
- **Pitching to VC – David S. Rose**
- **Link to the movie [[David Rose, 2007](#)]**



„The Pitch Coach” David S. Rose is an expert on the business pitch. As an entrepreneur, he has raised millions for his own companies. As an investor, he has funded millions more. He’s been both a mentor to hundreds of startup hopefuls. His rapid-fire seminars on pitching to venture capitalists are celebrated and sought-after. He’s helped invest many millions of dollars in startups through New York Angels, meanwhile raising tens of millions for his own companies. His New York Times bestselling book Angel Investing has become the definitive how-to guide for anyone considering making or receiving angel investments. And as Associate Founder and Founding Track Chair for Finance, Entrepreneurship & Economics of Singularity University, he is one of the world’s leading theorists on

the future of business in a world of exponential technology growth. Fusing these interests under Rose Tech Ventures, Rose’s mission is to give future movers-and-shakers support and encouragement. Gust, the international financing platform that he founded, connects hundreds of thousands of entrepreneurs to tens of thousands of angel investors in over 100 countries, and powers many of the world’s major startup ecosystems. Gust was named the world’s most innovative financial technology company by SWIFT, and has won the CODiE Award for Best Collaboration Solution for three years in a row. David’s new technology incubator is a „greenhouse to nurture the seedlings of future entrepreneurial superstars”. [[https://en.wikipedia.org/wiki/David\\_S.\\_Rose](https://en.wikipedia.org/wiki/David_S._Rose)]

# Let's talk!

- length of the presentation
- VC's target
- 10 important things
- grab the attention
- presentation flow
- two presenters
- good slides for presentation
- technical stuff

Start the discussion with audience about the movie. Main points of the TED talk are given below.

Expand each of these points:

length of presentation – no more than 18 minutes. After this time people start focusing on other things. Try to not exceed 10 minutes,

VC' target – this is YOU. They invest money in you! VC stands for Venture Capital,

10 important things – look at the slide 8,

grab the attention – be like a rocket, grab the attention in 10 to 30 seconds after the presentation starts, then be steady and solid,

presentation flow – look at the slide 9,

two presenters – comparison between Steve Jobs (no slides) and Bill Gates (lot of slides with huge amount of text),

good slides for presentation – look at the slide 10,

technical stuff - use presenter mode (show people how it works!), use remote control, never read the slides.

# Most important for VC

- team
- passion
- experience
- knowledge
- skills
- leadership
- commitment
- vision

Expand each of given points in few sentences:

- team – without the team it's impossible to create good product and working business. Everyone in the team is responsible for different part of the project (both technical and business). If not, then you have to find more people VCs invest their money in people, not in the idea. Without the team ideas remain only the ideas,
- passion – the team must believe in the success,
- experience – you must have some experience in creating organizations, teams, etc. No matter if it is positive or negative,
- knowledge – you must know the subject you are working on,

- skills – are essential to use the knowledge in correct way (technical, business, marketing, ...),
- leadership – there must be a person who knows how to give energy for others team members, and how to motivate people,
- commitment – you must believe in the project and show that you will be with it to the very end. If you don't believe in projects, then who on Earth will?
- vision – without the vision you never know where to go, it is your lighthouse. –

# Presentation flow

## Good:

- + logical progression
- + things that can be understood
- + validators

## Bad:

- things not true
- things that can't be understood
- things that make others to think
- inconsistencies
- errors, mistakes, typos

Engage people in discussion on every step. Divide the presentation flow into two parts: good and bad factors.

Good flow factors of the presentation are:

logical progression – everything is on its correct place (example of presentation on next slides),

things that can be understood – use simple words and examples that are clear to the audience. Avoid technical and scientific language. Use comparisons, validators – show the audience, that the things you are saying are right.

Bad flow factors of the presentation are:

things not true – when VC notices the lie, everything else looks like a lie,  
things that can't be understood – if someone doesn't understand a thing, it is huge possibility that he won't understand the rest of idea,  
things that make others to think – it defocuses the audience and takes VCs' precious time that you have,  
inconsistences – double check your numbers! All calculations must be correct and common to every slide,  
Errors, typos – lack of professionalism.

# Best slides



## Main principles:

- don't use fancy templates
- trust the simplicity
- avoid „walls of text”
- less text is better
- use images



Example: Dave McLure – How to pitch a VC  
by Slides That Rock



Tell few things about current trends in presentations. Nowadays the presentation should be simple, without lot of text, with few colors, with images (sometimes they can say more than the text). Next slides present Dave McClure's presentation about pitching a VC. You can use it as a receipt for slides content for 10 minutes.

Give the intro about Dave and 500 Startups (Wikipedia cited).

Dave McClure is an entrepreneur and prominent angel investor based in the San Francisco Bay Area, who founded and runs the business incubator 500 Startups. He is often described as one of the super angel investors. McClure was born in and grew up in West Virginia. He graduated from Johns Hopkins University in 1988 with a Bachelor of Science in Mathematical Sciences Engineering. McClure founded Aslan Computing, a technology consultancy, in 1994, and later sold the company to Servinet/Panurgy in 1998. He subsequently worked as a technology consultant to Microsoft, Intel, and other high-tech companies. He was Director of Marketing at PayPal from 2001 through 2004. He launched and ran marketing for Simply Hired in 2005 and 2006. After leaving PayPal, McClure became a frequent investor in consumer Internet startup companies, investing in and advising more

than 15 consumer internet startups, including virtual goods monetization and payments platform Jambool (acquired by Google in 2010) and US online education directory TeachStreet (acquired by Amazon in 2011). During the summer of 2009, McClure was acting investment director for Facebook fbFund (a joint venture incubator/accelerator with prominent venture capital firms Founders Fund and Accel Partners), which provided early-stage capital to startups developing applications using Facebook Platform & Facebook Connect.

McClure gained attention both for his opinionated blog 500 Hats (as of 2011 one of the ten most-read blogs on venture capital finance), and as one of the so-called „Super Angel” investors involved in the Angelgate controversy. [[https://en.wikipedia.org/wiki/Dave\\_McClure](https://en.wikipedia.org/wiki/Dave_McClure)]

500 Startups is a seed accelerator and related investment fund McClure founded in 2010. The fund admitted a first „class” of twelve startups to its incubator office in Mountain View, California in February, 2011. They expanded to a second class of 21 in June 2011 and a third class of 34 in October 2011. As of July 27, 2013, 500 Startups had invested in over 500 companies, including Safe Shepherd, Markerly, idreambooks, Fileboard, myGengo, Artsicle, Cucumbertown Visual.ly, E la Carte, Canva, Udemy, 24/7 Techies. ZipMatch, and RidePal. Of current investments, more than 20% have participated in other incubators, 10-15% are international, and 10 have been acquired. [[https://en.wikipedia.org/wiki/500\\_Startups](https://en.wikipedia.org/wiki/500_Startups)]



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# Dave McClure

# HOW TO PITCH A VC

by Slides That Rock

REDESIGNED

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**Dave McClure**

@davemcclure

500startups.com

This is Dave McClure.

**More Entrepreneurial Life at European Schools**

# 10 SLIDES TO AN AWESOME PITCH!

**1 Elevator Pitch**

**2 The PROBLEM**

**3 The Solution**

**4 Market Size**

**5 Business Model**

**6 Proprietary Tech**

**7 Competition**

**8 Marketing Plan**

**9 Team**

**10 Money**

10 slides for about 10 minutes.

# 10 SLIDES TO AN AWESOME PITCH!

- |                         |                          |                           |
|-------------------------|--------------------------|---------------------------|
| <b>1</b> Elevator Pitch | ← Teaser slide goes here | <b>6</b> Proprietary Tech |
| <b>2</b> The PROBLEM    |                          | <b>7</b> Competition      |
| <b>3</b> The Solution   | ← DEMO goes here         | <b>8</b> Marketing Plan   |
| <b>4</b> Market Size    |                          | <b>9</b> Team             |
| <b>5</b> Business Model |                          | <b>10</b> Money           |

Remember about two very important parts of the presentation – teaser slide and demo of your product and put them into designated places.



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Erasmus+



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# TEASER SLIDE

Memorable teaser slide.

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# Make the TEASER SLIDE MEMORABLE!



Teaser slide must be memorable – it grabs the attention of the audience. This is something, what will be the „business card” of your presentation.



Images are preferable. These are worth much more than the words.

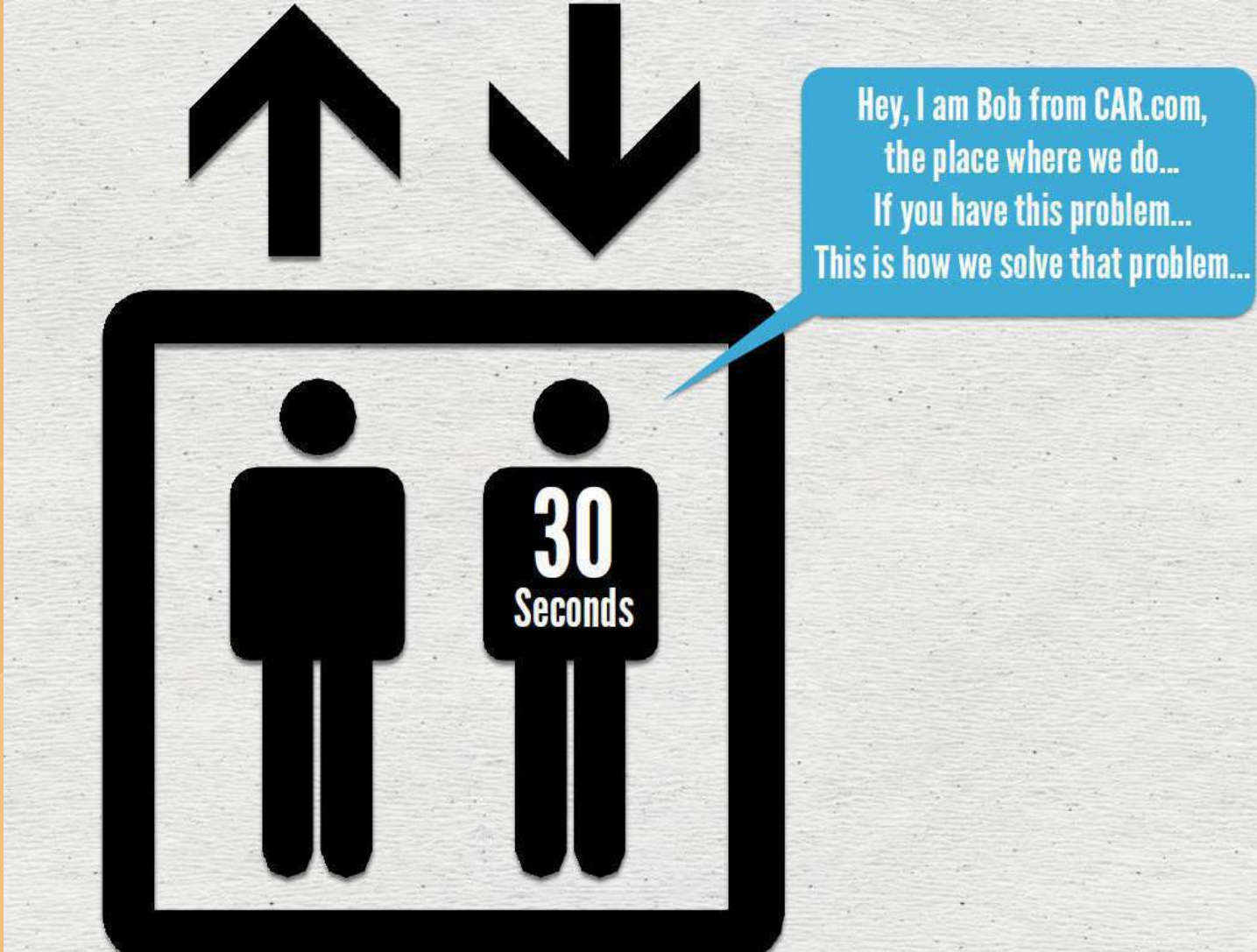
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**1** ELEVATOR PITCH

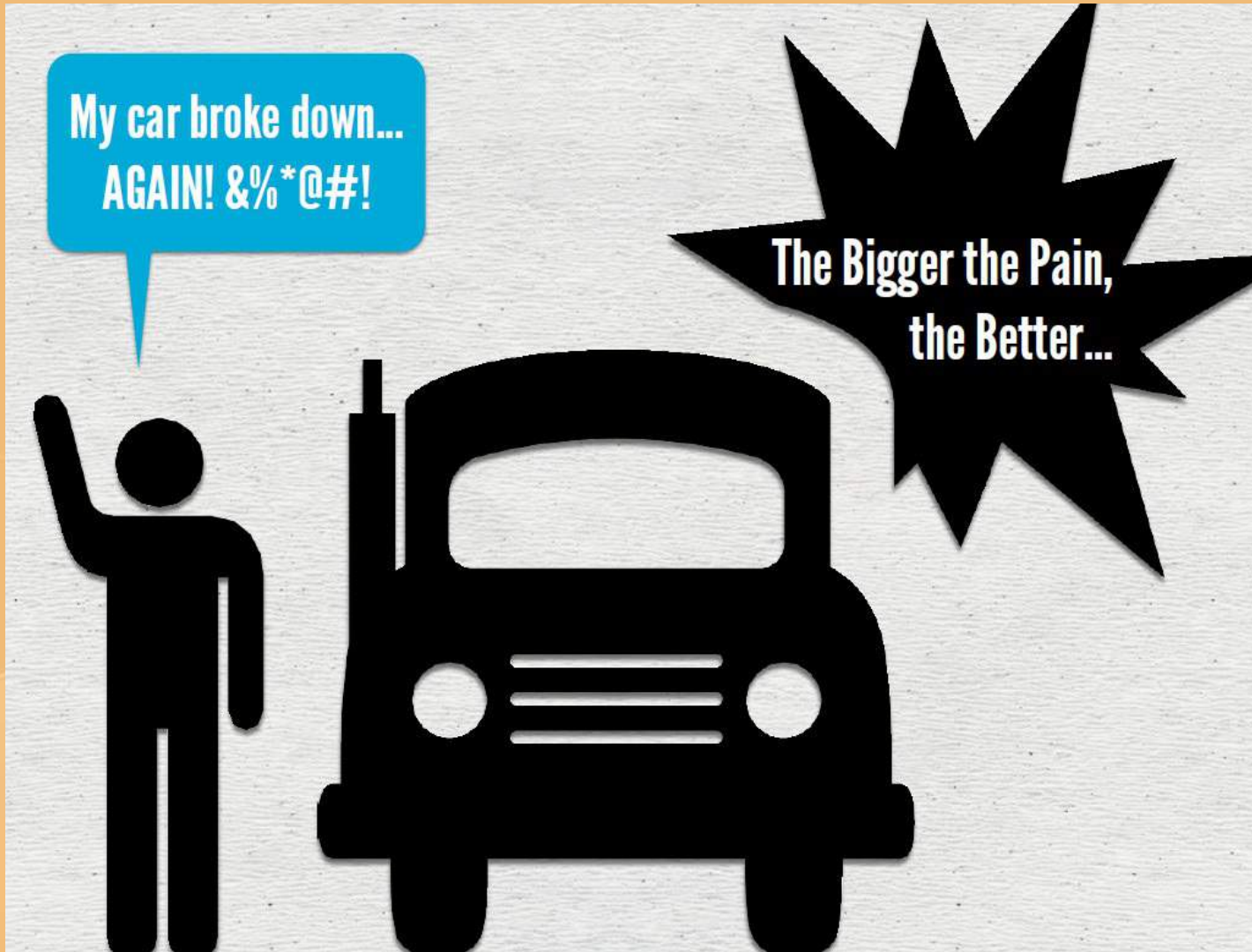
Images are preferable. These are worth much more than the words.



You need to introduce your solution to the audience in simple words, using comparisons, in 3 sentences. One sentence for the problem you solve, second for your solution and third about your market/potential customers.



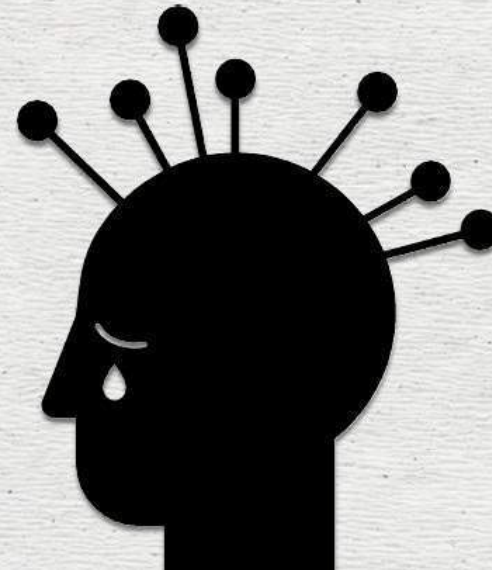
Second slide – problem.



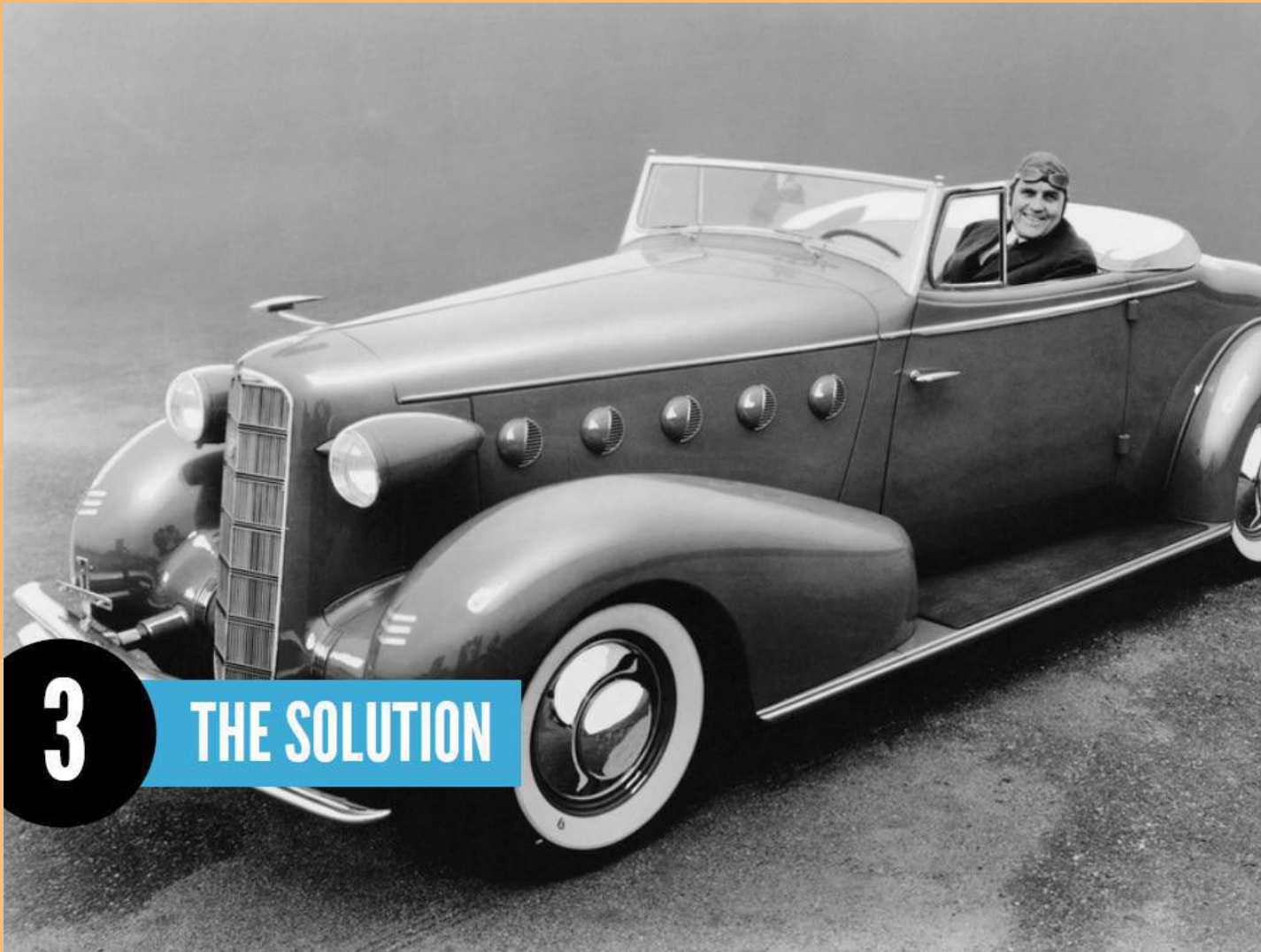
The bigger pain problem makes, the better.  
Show problem in the way, that most people  
could understand it.

# REMEMBER!

The problem ALWAYS comes  
BEFORE the solution!



Order of two very important slides – first the problem, then the solution. Never reverse this!



Third slide – solution.

# How do you solve the problem?



Describe how your solution makes your customers  
**happy** and does it **better or different** than anyone else!

Describe how you solve the problem and  
what impact on your customers the solution  
has.



universidade de aveiro  
theoria poiesis praxis

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# DEMO

Demo of the product.

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# Demo Your Product



Try to avoid live demos – it tends to break down in most important moment. Prepare a cammed demo. If you have to present live demo, always have some B plan, if something goes wrong.



Fourth slide – market size.



The bigger market – the better. But this is where you show your goal. You probably won't have enough resources or experience to start globally at the beginning. Show your planned path to get to the global market.



Fifth slide – business model.

# How will you make money?



DEALERS



ONLINE



AFFILIATES

**Describe 1-3 Revenue Sources!**

Business model describes how you will make the money. Present few most important revenue sources. Give some brief introduction about each of them.



Sixth slide – proprietary tech.

# What advantages do you have?



**PATENTS**



**EXPERIENCE**



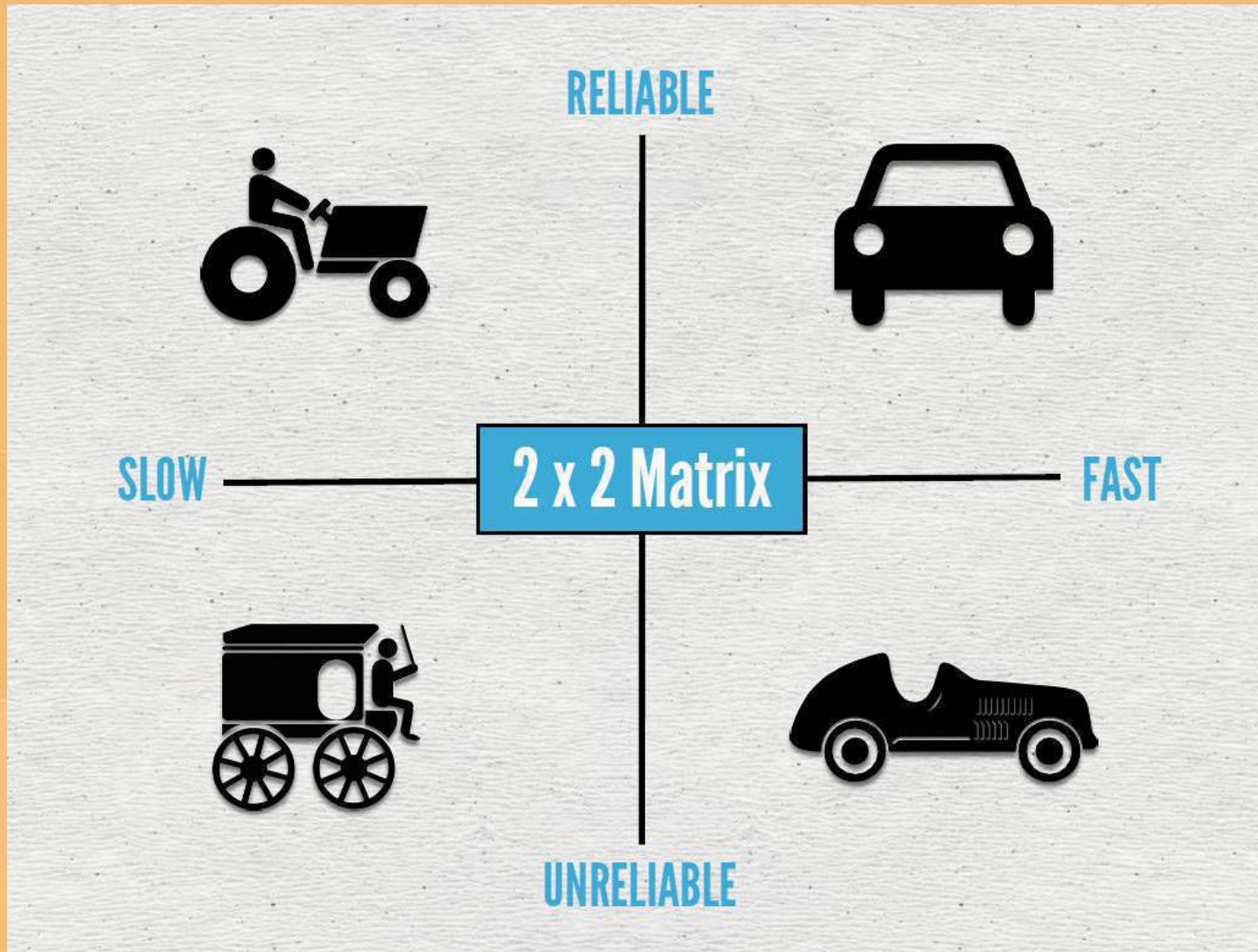
**MARKET LEAD**

This is the place where you should show your advantages over the competitive solutions, as well as crucial resources you have (eg. patents, unique experience or how-to, market lead if your company is working).



Seventh slide – competition.





Remember that there is always a competition. Sometimes it is not direct one, is it just a workaround of the problem. But it is still the competition. You can use some kind of graph to mention, that you are better than any of your competitors.

Show you are  
**BETTER**



Always show that you are better in some aspects.

Show you are  
**BETTER**  
or at least  
**DIFFERENT!**



Or at least different.



8

MARKETING PLAN

Eighth slide – marketing plan.

# How do you get customers?



EMAIL



TV



SOCIAL MEDIA

**What's your channels? Focus on volume, cost and conversion!**

Tell how you want to reach your customers. Show what are your channels and methods to keep them with your proposition. Do not put here all channels – focus on the most important ones.



9

TEAM

Ninth slide – the team

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# Who is on your team?



**GEEKS**

with deep tech  
experience



**ENTREPRENEURS**

who have sold  
companies



**SALES**

who bring in  
customer \$\$\$

Introduce your team. Say few words about each team member, his experience and competences.



10

MONEY

Tenth slide – money.



# What have you achieved so far?



**REVENUE &  
PROFITS?**



**CUSTOMERS**



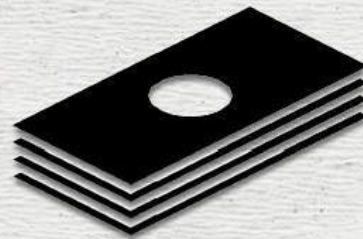
**TESTIMONIALS  
ROCK!**

Remember to show your achievements – no matter if it is money, prizes, first customers or just testimonials. It is a proof that someone except you believes in the project or finds it usable.

# What do you need?



How much are  
you raising?



How much have  
you raised?



How will you spend  
the money?

Answer these three fundamental questions:

1. How much are you raising? How much money do you need?
2. How much have you raised? Maybe you have invested some of your money (or time)?
3. How will you spend the money? Focus on biggest sinks in terms of spending the money.

# 10 SLIDES TO AN AWESOME PITCH!

- |   |                |                        |    |                  |
|---|----------------|------------------------|----|------------------|
| 1 | Elevator Pitch | Teaser slide goes here | 6  | Proprietary Tech |
| 2 | The PROBLEM    |                        | 7  | Competition      |
| 3 | The Solution   | DEMO goes here         | 8  | Marketing Plan   |
| 4 | Market Size    |                        | 9  | Team             |
| 5 | Business Model |                        | 10 | Money            |

Ten slides again – make a short one sentence summary for each slide. Remind students, that this is just a proposition. Some parts can be skipped if these are not suitable for the event.

# Presentation skills

## 5 most important things

- eye contact
- focus and concentration
- non-verbal communication
- storytelling – link to the movie [Stanford, 2005]
- anchoring

**Point out the most important presentation skills. Remember that about 70% of information interchanged during human communication is non-verbal communication.**

**Skills:**

**eye contact – one of the most important things in presentations. You must have the contact with your audience. Look from left to the right, don't ignore anyone, no matter how „wide” your scene is,**

**focus and concentration – stay focused on that what you are talking about. It is important condition to have „good flow”,**

**non-verbal communication – most of the communications between humans is made through the body, not the words. Use your hands, smile, show your emotions. You will be more convincing,**

**storytelling – always use this trick. It attracts the audience, makes you more convenient and helps grabbing audience's focus. Show students the movie (you can start from 7:33 and show only first story, depending on the time you have),**

**anchoring - don't walk too much on the scene, but do not be afraid to change the place where you stay.**

# Connection

Live summary of this lecture:

Link to the movie [[Startupbootcamp, 2013](#)]

Show the movie.

Give the information about Twoodo project:

Team cooperation solution. A recent study that Twoodo team carried by interviewing 127 of their clients has shown that people and teams have a huge motivation to be more organized and productive but also that the #1 reason why these teams fail is because the tools they use are too complicated to adopt. Employees lack confidence in their ability to make proper use of such tools. User-onboarding is tedious and inputting information is felt more as a pain rather than a benefit. Twoodo is team collaboration tool for the #hashtag generation. Getting organized is as simple as #hashtags and @ mentions. It's as simple as Twitter. All your communication is organized by +teams and #topics. [<https://www.twoodo.com>]

# References

- [David Rose, 2007] - [http://www.ted.com/talks/david\\_s\\_rose\\_on\\_pitching\\_to\\_vcs](http://www.ted.com/talks/david_s_rose_on_pitching_to_vcs)
- [Stanford, 2005] - <http://news.stanford.edu/news/2005/june15/jobs-061505.html>
- [Startupbootcamp, 2013] - <https://www.youtube.com/watch?v=XSk3xO2-3rE>





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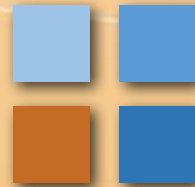


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# Practise your presentation



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# Learning Outcomes

**What Practise your presentation will do:**

- **Teach you how to prepare valuable presentation**
- **Show you what is the basic structure of the idea presentation**
- **Let you get some experience related to public speaking**

# Agenda

- Goal of the exercise
- Main rules
- Preparation

# Goal

**Prepare your idea presentation and show it to the group.**

**Main goal of this meeting is to test teams understanding of ideas presentation. Perfect situation is when most teams will perform the presentation in front of the group. Do not make people to go the stage if they resist to do this. In most cases volunteers will be ready to do this.**

**Steps of the exercise are presented below and on next slides.**

#### **1. Preparation**

**Students should have their teams created and ideas for business settled by these classes. During the exercise all teams must prepare their presentation in relation to Dave McLure “receipt”. They do not have to create the final slides – it’s rather to prepare presentation content for about 10 minutes long. Give them 20 minutes for preparation, but present group the rules before this. Each team can use 10 slides template (next slides in this file) to present their ideas.**

# Rules

## Main rules:

- focus on text and non-verbal parts of your pitch
- use simple and empty template (eg. this presentation)
- your team have 10 minutes for the presentation
- give and take feedback

## 2. Present everyone the rules

Following rules apply:

- focus on text and non-verbal parts of your pitch,
- use simple and empty template (eg. this presentation),
- your team have 10 minutes for the presentation,
- give and take feedback.



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# Ready? Go!

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### **3. Start the presentations**

In most cases it will not be possible to give time for presentation for all teams, so ask for volunteers (1-2 teams) and give them extra points for final grade (if planned). Always give feedback for each team (also ask audience to do this) and conclude their pitch positively (no matter how it looked like).

### **4. Finish the presentations and draw the conclusions**

The most important goal of this exercise is to verify team preparation and give feedback about their pitch. Remember to talk about non-verbal communication, voice modulation, pauses, anchoring on stage and audience eye-contact. Focus on emotions in voice, what brings life and attractiveness to the presentation.



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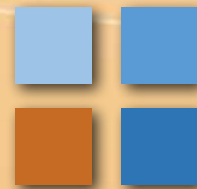


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# Business communication in English



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# Learning Outcomes

The present component aims to provide **BOTH** future entrepreneurs and their tutors with ideas, tools, resources and materials which will help the former:

- Find their way around in the complicated jargon-ridden literature of the field
- Fine-tune their sales' pitches
- Improve their presentation skills



# Learning Outcomes

## And to

- Communicate their ideas to future investors or relevant stakeholders
- Hone their speaking, listening, writing and reading skills in specific contexts and
- Acquire a general meta-knowledge concerning what they do and what they do NOT know which will enable them to monitor their own learning and acquire learners' autonomy.



# Agenda

- In Needs Analysis\*, start by answering the simple questions:
  - what do learners need
  - how are we going to give it to them\*\*
- What do future entrepreneurs need in terms of English for Specific Purposes (ESP)?

## According to Ellis and Johnson (1994):

- Job-specific skills
- Topic interests
- Language areas

## According to the author of this presentation \*

- Content
- Language Areas
- Skills

**\* Needs Analysis Tool: cf Richard West (1994). Needs analysis in language teaching. Language Teaching, 27, pp 1-19. doi:10.1017/S0261444800007527.**

**\*\*Based on a short, informal Needs Analysis, conducted in the course of the MELES project and adjusted to the situation.**

**\*\*\*The “who” and “when” questions will be answered by the tutors themselves.**

# Agenda

## As to Content

Sales Pitch

Business Plan

Legal Entities

How to fund their startups

Networking/Socializing

Social Media Marketing

and many more in all  
probability but that will do  
for now\* ...

**\*This is by no means an exhaustive list.**



# Agenda

As to **Language and Skills**:

Vocabulary

Special Terminology

Oral practice for short notice presentations

**Marketing is  
enthusiasm transferred  
to the customer.**

Gregory Ciotti, Content @ Help Scout

**Grammar items related to specific needs  
(i.e. writing a Business Plan in English may  
be harder than you think so you need  
help)**

**\*This is by no means an exhaustive list.**

# Agenda

How are we going to give it to them?

Workshop in Communication

Self-study

Introduction of a component to an  
already existing course (of English?)

Special Seminar

You can't learn  
in school what  
the world is  
going to do  
next year.

Henry Ford

**OR CAN YOU?**

Simulation Session (a long one, in English  
of course, where they will simulate making  
a business from scratch)

**\*This is by no means an exhaustive list.**

# A Short List of Items (materials, resources, ideas)

Hold on a second! What is the difference between

- Materials
- Resources

And

- Ideas?

Ideas are.... **well...** ideas...

# Vocabulary

**For Startups : Good Idea to start with a seminal text such as**

- How to fund a startup**
- or**
- Entrepreneurial Ecosystems around the Globe and Company Growth Dynamics**

**You can then either give a set of Comprehension Questions (of the T/F or multiple choice or open ended type) or You can use the same text and a Lextutor or tool like VocabProfile make sure learners are aware of the jargon**

# Special Terminology

Question: Is **jargon** necessary?

Answer: It shows to the **Community of Practice** that you belong, and to **Investors** that you know your stuff

Example: Notice the use of the term “proprietary” in the *Dragon’s Den Activity* coming up next, or that of “seed funding firms” in *How to Fund your Startup text*.



# Special Terminology for Learners

You can use a specialized  
glossary to practice with

sch.wordpress.com/glossary/

**Angel Investor**

"An angel is a wealthy individual willing to invest in a company at its earlier stages in exchange for an ownership stake, often in the form of preferred stock or convertible debt. Angels are considered one of the oldest sources of capital for start-up entrepreneurs." (Source: WSJ)

+ B +

**Burn Rate**

"The rate at which a new company uses up its venture capital to finance overhead before generating positive cash flow from operations. In other words, it's a measure of negative cash flow." (Source: Investopedia)

When your burn rate increases or revenue falls it is typically time to make decisions on expenses (eg reduce staff)

**Bootstrapping**

"Bootstrapping or booting refers to a group of metaphors that share a common meaning: a self-sustaining process that proceeds without external help." (Source: Wikipedia)

The meaning will vary depending on context. Bootstrapping in computing and software development, varies slightly to bootstrapping in business. The commonality is the characteristics of 'self-sustainability' and creating something that can be 'grown'.

**Bootstrap Startup**

"Bootstrapping involves launching a business on a low budget. Practically this means that you'll outsource (most likely off-shore) your design and development, you'll rent your servers, you won't have

**The one you see here is Startups Buzzwords Glossary (or Startups Dictionary) provided by Spark n Launch: Biz Startup Tech Blog Journey of a entrepreneurial dreamer... It was brought to my attention by one of my students, a process that guarantees that it is within my students' comfort zone of vocabulary.**

# Special Terminology for Learners

You can make activities out of it.

Here is an example of Matching (provide terms and definitions and ask learners to match them).

Terms	Definitions
<b>Venture Capital</b>	a strategic management template for developing new or documenting existing business models (Source: <a href="#">Wikipedia</a> )
<b>Business Model</b>	concise, carefully planned, and well-practiced description about your company that your mother should be able to understand in the time it would take to ride up an elevator.” (Source: <a href="#">Business Know How</a> )
<b>Disruption</b>	The core idea is to maximize customer value while minimizing waste. Simply, _____ means creating more value for customers with fewer resources.” (Source: <a href="#">Lean Enterprise Institute</a> ) Note that a bootstrap and _____ startup have differences and bootstrapping does not mean spending any money.
<b>Pivot</b>	Companies usually _____ when their current idea is not working or has lost momentum. However you may _____ when you have launched an early version of your product/idea (prototype) and it needs improvement.
<b>Elevator Pitch</b>	The term _____ is now often used by startups to describe any product or idea that may change existing markets or products (planned or unplanned). However to be used correctly it should link to Christensen’s original theory. The confusion is best explained <a href="#">here</a> . An example is the _____ Wikipedia caused to the Encyclopedia market.
<b>Lean</b>	provides long-term, committed share capital to help unquoted companies grow and succeed. Obtaining _____ is very different from raising a loan. Lenders have a legal right to interest on a loan and repayment of the capital, irrespective of your success or failure. _____ is invested in exchange for a stake in your company and, as shareholders, the investors’ returns are dependent upon the growth and profitability of your business.” (Source: <a href="#">Startups</a> )

**You can even use Quizlet to build a set of keywords if you wish for them to be available to a larger audience and have some extra tools to build games with.**

# Special Terminology - Sales Pitch

Example of a ready-made activity including **Listening**, suitable for self-study:  
sales-pitches-dragons-den

You can also use a Business Communication Book available online,  
like *Business Communication for Success*.

**Added value: this episode of the Dragon's Den is available on Youtube and a lot of articles are dedicated to the series for some serious recycling, see for instance The five worst Dragons' Den pitches and what we can learn from them**

**Tutors should make sure to adapt it the level of the learners, notably by adding vocabulary, grammar functions etc. which may have been taken for granted by the book's author.**



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# And what can we do with that?

**More Entrepreneurial Life at European Schools**

# Special Terminology for Tutors

## Sales Pitch as Public Speaking

### Example

1. Start  
with  
the  
most  
generic  
form

Table 12.3 Five-Finger Model of Public Speaking

Attention Statement	The attention statement is the way you focus the audience's attention on you and your speech.
Introduction	Your introduction introduces you and your topic, and should establish a relationship with your audience and state your topic clearly.
Body	In the body, or main content area of your speech, you will naturally turn to one of the organizational patterns.
Conclusion	Your conclusion should provide the audience with a sense of closure by summarizing the main points and relating the points to the overall topic.
Residual Message	The residual message is an idea or thought that stays with your audience well after the speech.



# Sales Pitch as a Persuasive Message

2. Move to something  
more specific

Attention Statement	Use humor, novelty, surprise, or the unusual to get attention.
Introduction	Build interest by appealing to common needs and wants, and include a purpose statement to set up expectations.
Body	Establish credibility, discuss attractive features, and compare with competitors, addressing concerns or potential questions before they are even considered.
Conclusion	Sum it up and offer solution steps or calls to action, motivating the audience to take the next step. The smaller the step, the more likely the audience will comply. Set up your audience for an effective closing.
Residual Message	Make the sale, make them remember you, and make sure your final words relate to the most important information, like a contact phone number.

# Sales Pitch as a Persuasive Message

Example: Five Main Parts of a Persuasive Message and what to add

3. Add  
your own  
input  
according  
to your  
Learners'  
Needs

A S  
t t  
t a  
e t  
n e  
t m  
i e  
o n  
n t

- Grammar: **\*\*Rhetorical questions as persuasive devices common in persuasive discourse**  
Example "Do you know of a mother who would NOT want to make the baby's bath an easier affair?"  
Phonetics/Phonology/Pitch/Intonation
- Falling Intonation  
*We use falling intonation when we say something definite, or when we want to be very clear about something:*  
*I think we are completely lost.*  
Source [Cambridge Dictionaries Online](#)

**\*The Imaginary Product in question is called the Bubble Maker/Bubble Bather. It is designed by the author of the present presentation and consists of a classic a Bubble Maker Toy that has the competitive advantage to work with Extra Sensitive Liquid Soap thus making it easy to bathe your baby with it instead of just using it as a toy during bath time. Needless to say, it is completely imaginary and serves only pedagogical purposes.**

**The innovative idea was born by observing very closely how babies under one year of age adore bubbles but generally hate having their hair an/or body washed.**

**\*\*A rhetorical question is more like a forceful state-**

**ment than an exclamation. A positive rhetorical question is like a strong negative statement; a negative rhetorical question is like a strong positive statement. POSITIVE "Is that a reason for desp'air?" (Surely that is not a reason....)**

**NEGATIVE "Didn't I t'ell you he would forg'et?" (You know I told you....)**

**There are also rhetorical wh-questions: "What d'ifference does it make?" (It makes no difference)**

**"Who doesn't know th'at?" (Everyone knows that).**

**As the name suggests, rhetorial questions are often rather <rhetorical> in tone.**

**Source: Geoffrey Leech and Jan Svartvik, A Communicative Grammar of English**

# Sales Pitch as a Persuasive Message

Example: Five Main Parts of a Persuasive Message and **what to add**

3. Add your own input according to your  
Learners' Needs

**Body**  
**Compare with**  
**Competitors**

- **Grammar: Comparison and Contrast**  
**Conjunctions**  
Contrasting: However In contrast/ By contrast /On the other hand /Unlike/Nonetheless/Nevertheless/ Still  
Comparison: Like X, Y is.... /Similarly /Likewise/ In the same way

# Sales Pitch vs Elevator Pitch

Example: Five Main Parts of a Persuasive Message and Parts of an Elevator Speech

## 4. Move to something EVEN more specific

Table 12.3 Five-Finger Model of Public Speaking

Attention Statement	The attention statement is the way you focus the audience's attention on you and your speech
Introduction	Your introduction introduces you and your topic, and should establish a relationship with your audience and state your topic clearly.
Body	In the body, or main content area of your speech, you will naturally turn to one of the organizational patterns.
Conclusion	Your conclusion should provide the audience with a sense of closure by summarizing the main points and relating the points to the overall topic.
Residual Message	The residual message is an idea or thought that stays with your audience well after the speech.

Table 14.7 Parts of an Elevator Speech

Speech Components	Adapted to Elevator Speech
Attention Statement	Hook + Information about you
Introduction	What you offer
Body	Benefits; what's in for the listener
Conclusion	Example that sums it up
Residual Message	Call for action



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**Source Business Communication for Success**

**More Entrepreneurial Life at European Schools**

# Sales Pitch vs Elevator Pitch + Real Content

**Example: Real Content (source: Business Communication for Success)**

**+ One Activity**

*-How are you doing?*

*-Great! Glad you asked. I'm with (\_\_\_ Company) and we just received this new (\_\_\_product)-it is amazing. It beats the competition hands down for a third of the price. Smaller, faster, and less expensive make it a winner. It's already a sales leader. Hey, if you know anyone who might be interested, call me!  
(Hands business card to the listener as visual aid)*

5. Add content and an activity

**Activity: Do you find the Sales Pitch above effective and why?  
Is there anything missing in your opinion?**



Table 12.3 Five-Finger Model of Public Speaking

Attention Statement	The attention statement is the way you focus the audience's attention on you and your speech
Introduction	Your introduction introduces you and your topic, and should establish a relationship with your audience and state your topic clearly.
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Table 14.7 Parts of an Elevator Speech

Speech Components	Adapted to Elevator Speech
Attention Statement	Hook + Information about you
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Conclusion	Example that sums it up
Residual Message	Call for action

- How are you doing?

-Great! Glad you asked. I'm with (\_\_\_ Company) and we just received this new (\_\_product)-it is amazing. It beats the competition hands down for a third of the price. Smaller, faster, and less expensive make it a winner. It's already a sales leader. Hey, if you know anyone who might be interested, call me!  
(Hands business card to the listener as visual aid)

# Oral practice for short notice presentations, for tutors

1. Start with the most  
generic form

2. Move to something  
more specific

## Example

Writing and Organizing a  
Winning Speech  
Organizing Your Speech  
What Are the Five  
Organizational Patterns for  
Public Speaking?

## Example

Business Proposal to  
Investors

**1. Start with the most generic form: take for example the Summary of Important Guidelines for Effective Management Communication and assign it as a “Best Practice” list when it comes to presentations.**

**Think strategically—always.**

**Be aware of the power of context on communication.**

**Remember presentations are a performance—if need be, adopt a “persona” that is more enthusiastic, engaging, and lively than you really feel.**

**Make sure any document (or presentation, for that matter) has one and only one main idea. Make sure everything you include supports and furthers that idea.**

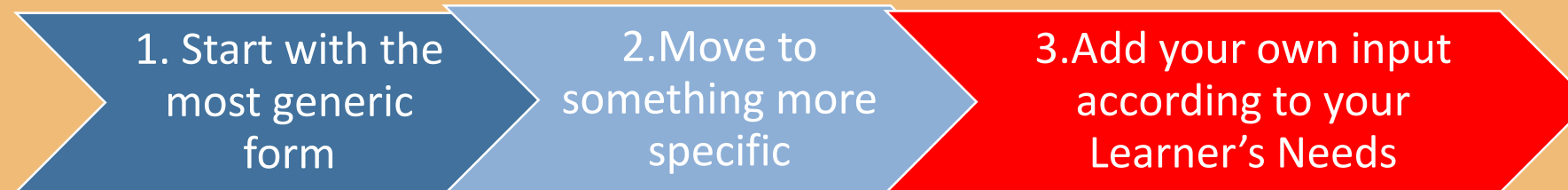
**Always be ready to answer the question, “How do you know that?”**

**Remember your job as a writer or speaker is to make it easy for your readers/listeners to understand you.**

**If readers/listeners don’t understand what you’ve written or said, 99 out of 100 times, it’s your fault, not theirs**

**2. Move to something more specific, take for example the Variants or Examples of Speech Outlines: Example: Business Proposal to Investors from <http://sixminutes.dlugan.com/speech-preparation-3-outline-examples/> and make students practice using it as a template**

# Oral practice for short notice presentations, for tutors



**Example:**

Writing and Organizing a Winning Speech  
Organizing Your Speech  
What Are the Five Organizational Patterns for Public Speaking?

**Example:**

Business Proposal to Investors

**Example:**

**DATA COMMENTARY**

**3. Add your own input according to your Learners' Needs**  
(adapted from Academic Writing for Graduate Students by Swales & Feak, 1994, pp. 77-104)

**1) Summary: Tell what it shows.**

This line graph/bar graph/pie-chart/table shows/The x-axis/y-axis represents/The shaded/dark/light area indicates

**2) Highlighting statements: Point out generalizations from the details of the data. As shown in the/As revealed by the /As can be seen in the/It is interesting to see that/Notice that**

**3) Concluding a commentary: Explain the data and/or discuss implications: This was probably because/The could have been the result of/This trend indicates that if/This has several implications for the future.**

**Qualifying comparisons: Which is the most effective comparison? 1.Sixty-ni-**

**ne percent of girls reported restrictions on going out late at night as opposed to thirty-five percent of boys**

**2. More girls reported restrictions on going out late at night than did boys.**

**3.Thirty-four percent more girls reported restrictions on going out late at night than did boys**

**4. Almost exactly twice as many girls reported restrictions on going out late at night as did boys.**

**Other useful alternatives**

**A marginally smaller percentage of X reported/Slightly over twice as many X reported/Close to three times as many X reported/X exceeded Y in the times they reported by a ratio of 3.5 to 1/The percentage of X who reported . . is roughly twice that of Y.**

# Oral practice for short notice presentations

#369

Without data  
you're just  
another person  
with an opinion.

W. Edwards Deming

Add some internet  
wisdom

#593

People don't buy  
what you do...  
They buy why  
you do it.

Simon Sinek, author & speaker

# Grammar items related to the specific needs (i.e. writing a Business Plan in English) for Tutors

**Topic: Business Plan**

**Activity: run a simulation** by using a Startup Business Plan Template\* providing good vocabulary content and making sure learners can fill in the rubrics

Unit one looked at some of the nouns and verbs used to describe quantity and amount, for example

**3. Add your own input according to your Learner's Needs**

These can be qualified with an adjective or adverb to describe a change more precisely. Complete the table.

	Adjective
Used to show a small change:	a) slight
Used to show a regular movement:	a) gradual
	b) steady
Used to show considerable, striking or unexpected change:	a) sharp
	b) dramatic
	c) sudden

Trends Describing

Noun	Verb
an increase	to increase
a rise	to rise
a decrease	to decrease
a drop	to drop
a fall	to fall

Source: Tullis and Trappe: *New Insights into Business*

**Disclaimer:** We do not pretend to know whether or not this is a GOOD business plan template. It is only vocabulary-wise I can assure you it may work.

**Activity example for Vocabulary**

Lexical Items for “trends in target market growth, consumer preferences and product development” or Related tasks in a critical thinking perspective

**Example 1:** Learners are assigned a report on the sales trends for a specific product in a relatively new market in the context of a Startup Business Plan. They should highlight trends, spotlight factors that contribute to the increase or decrease and include projections for the next years. Make them brainstorm about the sort of content that corresponds to the given assignment, the sort of information necessary to fulfill the specific expectations of the

assignment. Source of the original task: Business Communication for Success  
**Example 2** First put the words Features and Benefits on the board and then make the students brainstorm about them concerning their product in the context of a Startup. They should be made aware of the difference between features and benefits, and think about them. Provide the example of the house that gives shelter and lasts a long time, and is made with certain materials and to a certain design; those are its features. Its benefits include pride of ownership, financial security, providing for the family, and inclusion in a neighborhood. They should be reminded that they build features into their product so that they can sell the benefits. Source of the original task: Startup Business Plan Template



# Legal Entities for Tutors

Example of a Text on Different  
sorts of companies:  
Key Corporate Features  
Interesting Added Value: there is  
an audio file you can download  
and make a Listening Activity out  
of.

- And....
- either give a set of Comprehension Questions (T/F type or multiple choice type or open ended type)
- or use the same text and a Lextutor of tool like VocabProfile
- or follow the steps

# Networking/Socializing for Learners (Self-study)

A set of ready-made online activities exist with a lot of interactive material by such renowned institutions as the British Council and the BBC

Socializing 1: [Breaking the Ice](#)

Socializing 2: [Keeping conversations going](#)

Socializing 3: [Social networking](#)

Socializing 4: [Active Listening](#)

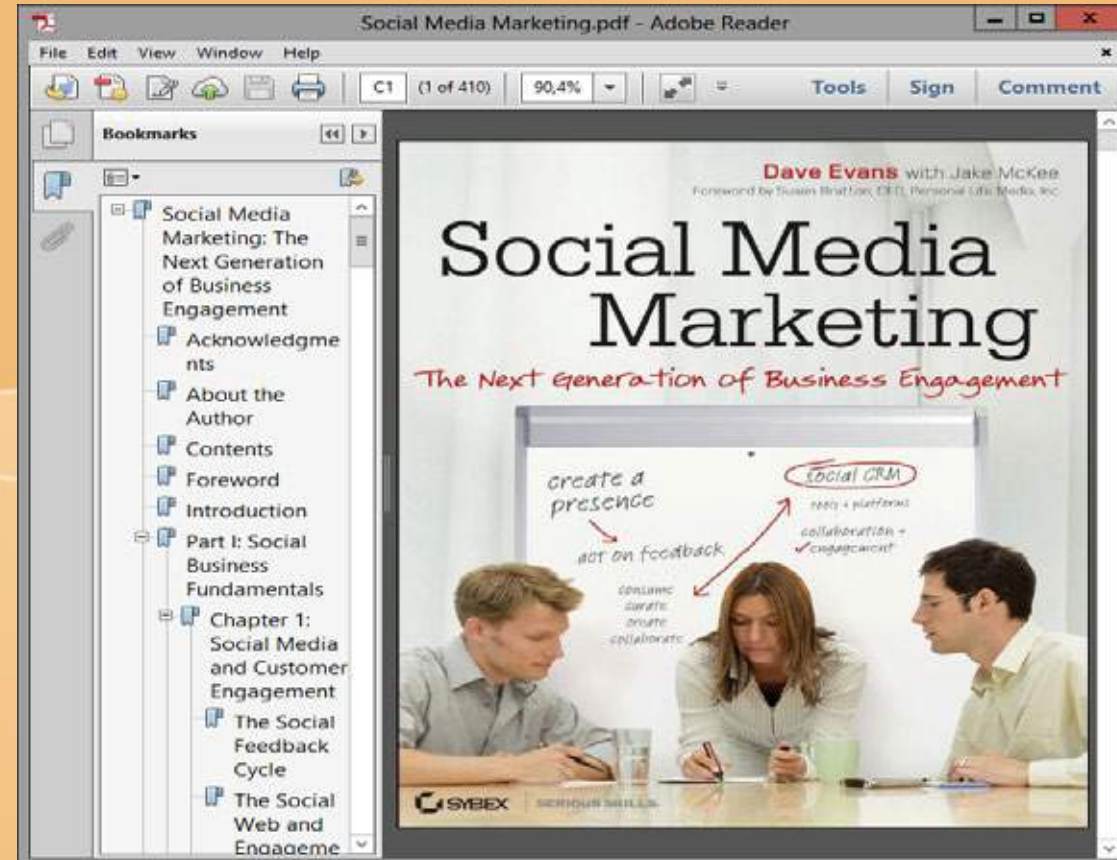
Socializing 5: [From contact to partner](#)

and

[Networking: a few simple steps](#)

# Social Media Marketing

A book guaranteed to be within the students' comfort zone, since it was brought to my attention by MY students. Follow the steps.



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