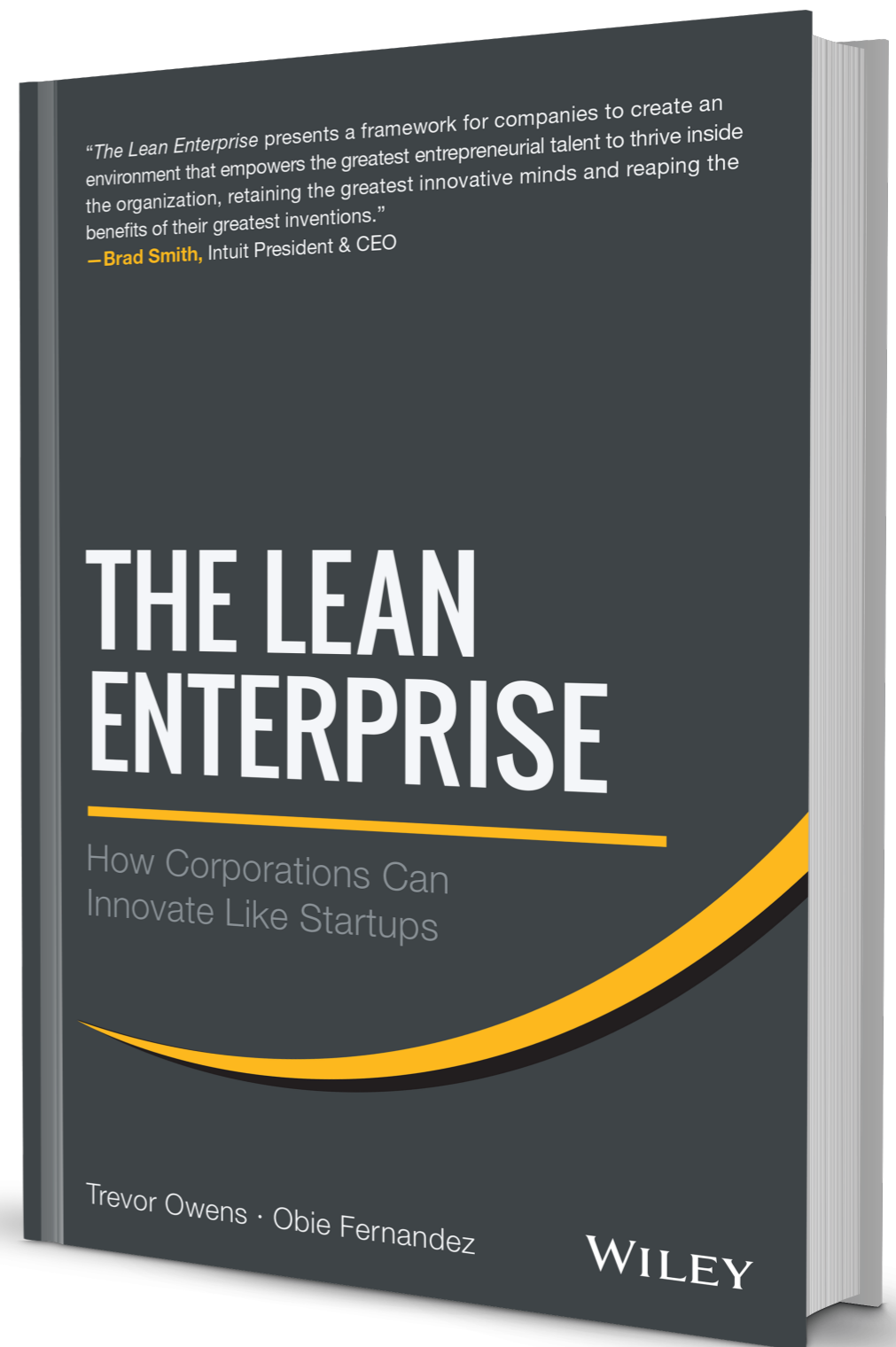


# THE LEAN ENTERPRISE

**Trevor Owens**  
CEO, Javelin.com











# **Biz Stone**



**Founder, Twitter**

# X-Google Employees

twitter

*foursquare*<sup>®</sup>

Instagram

asana:

*Pinterest*

cloudera<sup>®</sup>





Square

GILT  
G R O U P E



U B E R



 coinbase

**Fab.**

**tumblr.**

**Docu***Sign*

**cloudera**

*foursquare*

YAHOO!

BAIN & COMPANY



SONY

Google

Disney

  
CISCO

ebay

intuit.

IBM

Goldman  
Sachs

VIACOM

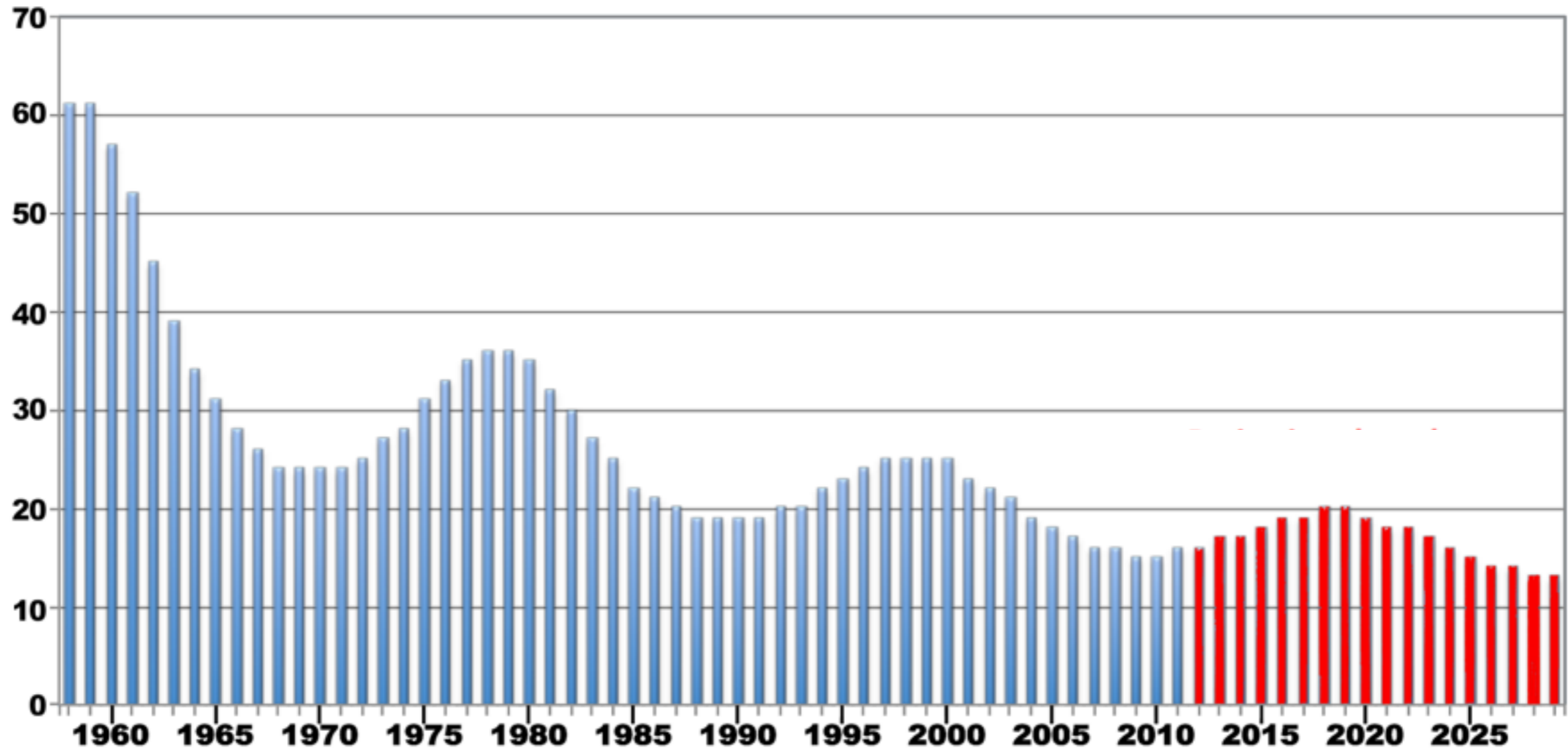


at&t

Ac



**Average company lifespan on S&P 500 Index (in years)**



*Year (each data point represents a rolling 7-year average of average lifespan)*

DATA: INNOSIGHT/Richard N. Foster/Standard & Poor's



# Process

**Structure**

**Process**



**Strategy**

**Structure**

**Process**



**Strategy**

**Structure**

**Process**











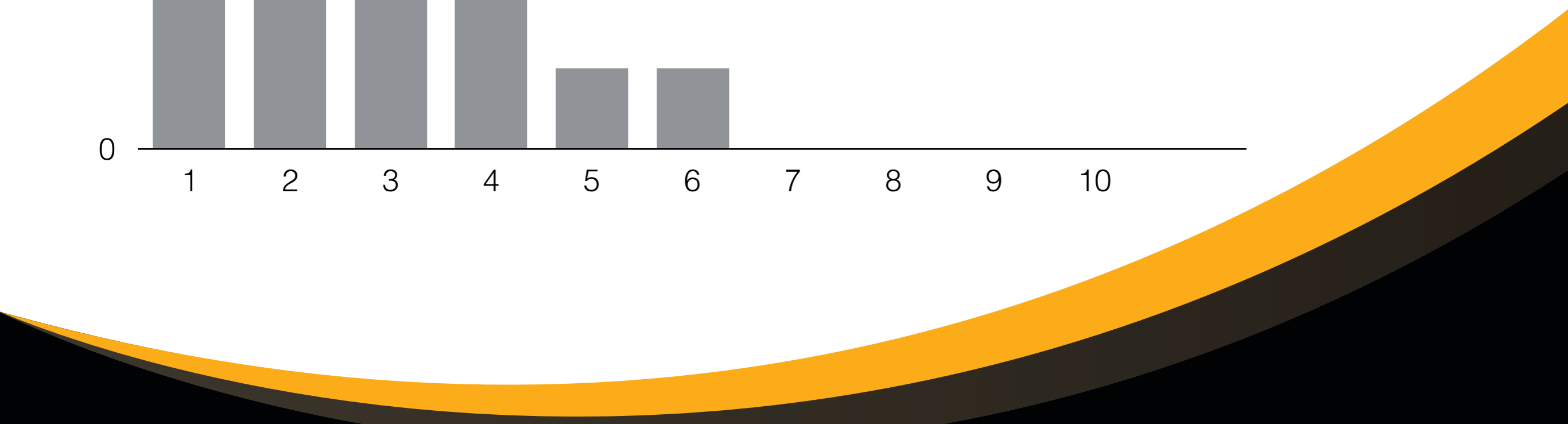
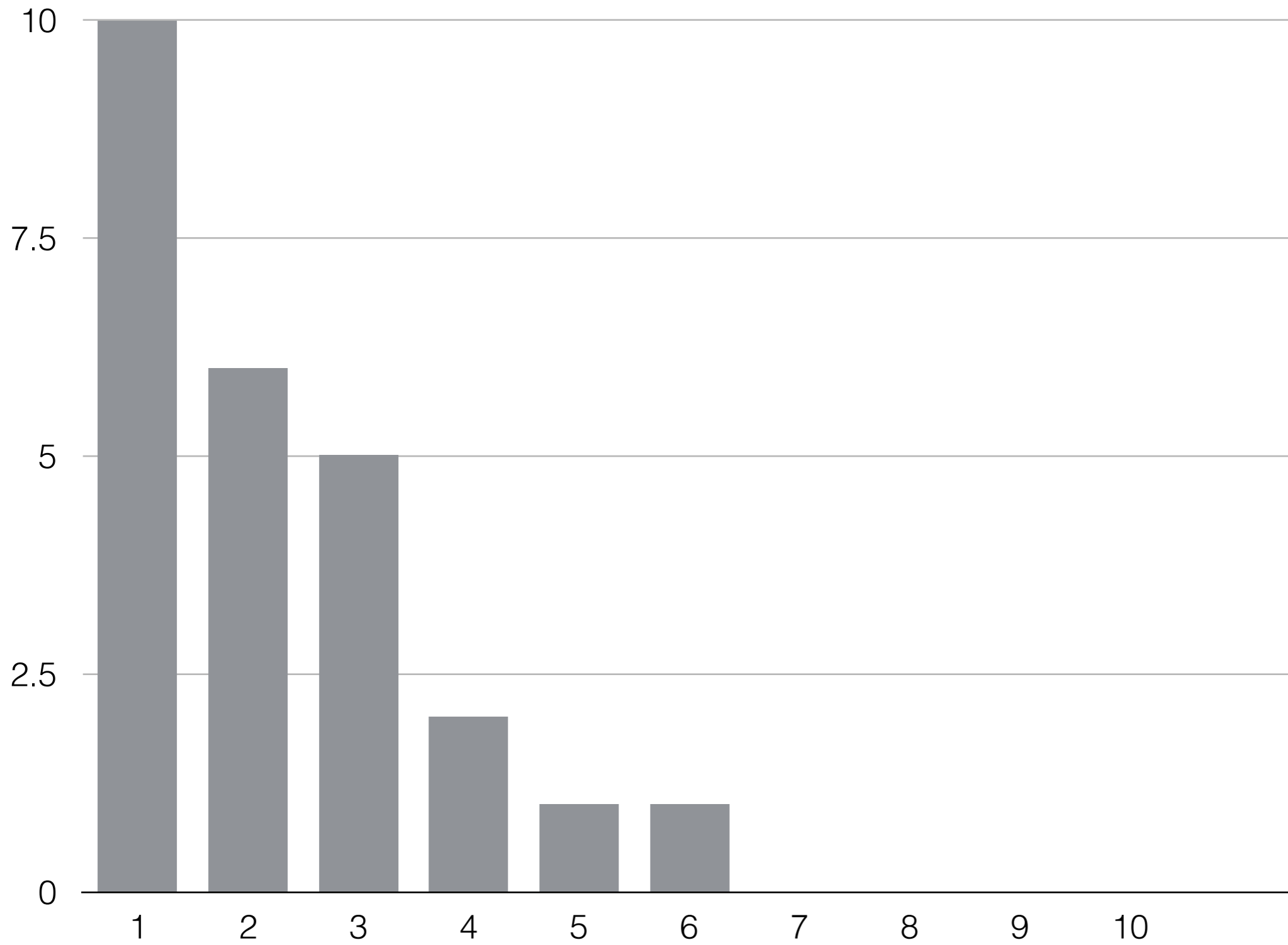


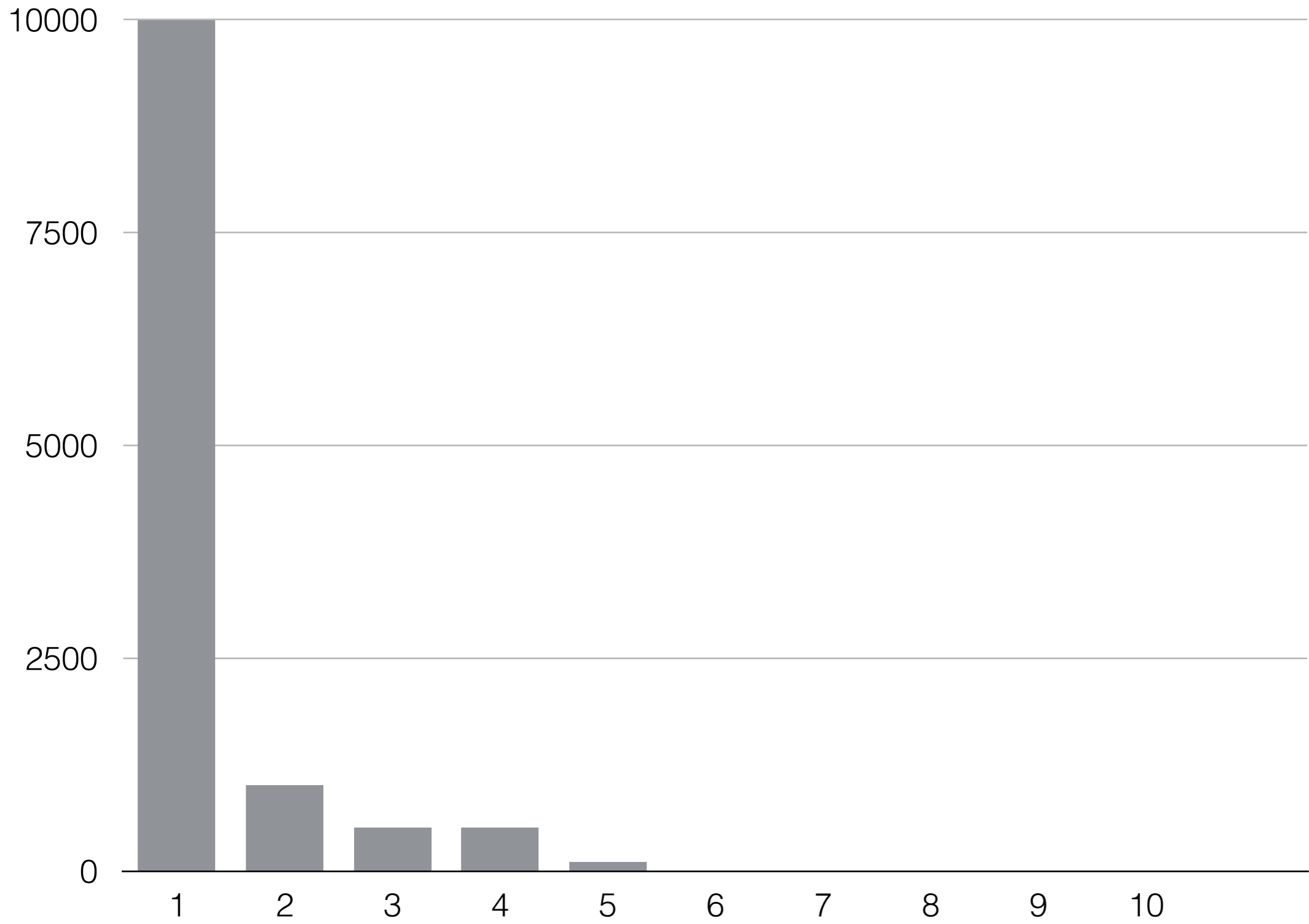


**\$30M**


**100 PPL**







# Three Rules

- 1. Innovation is Unpredictable**
  - 2. Small Teams Win**
  - 3. One Success = Thousand Failures**
- 

# Three Strategies

- 1. Prepare Don't Plan**
  - 2. Fund Small Teams**
  - 3. Fund Many Projects**
- 



# **BIG IDEA**

**Companies need to  
measure and scale  
Innovation Flow.**



**Strategy**

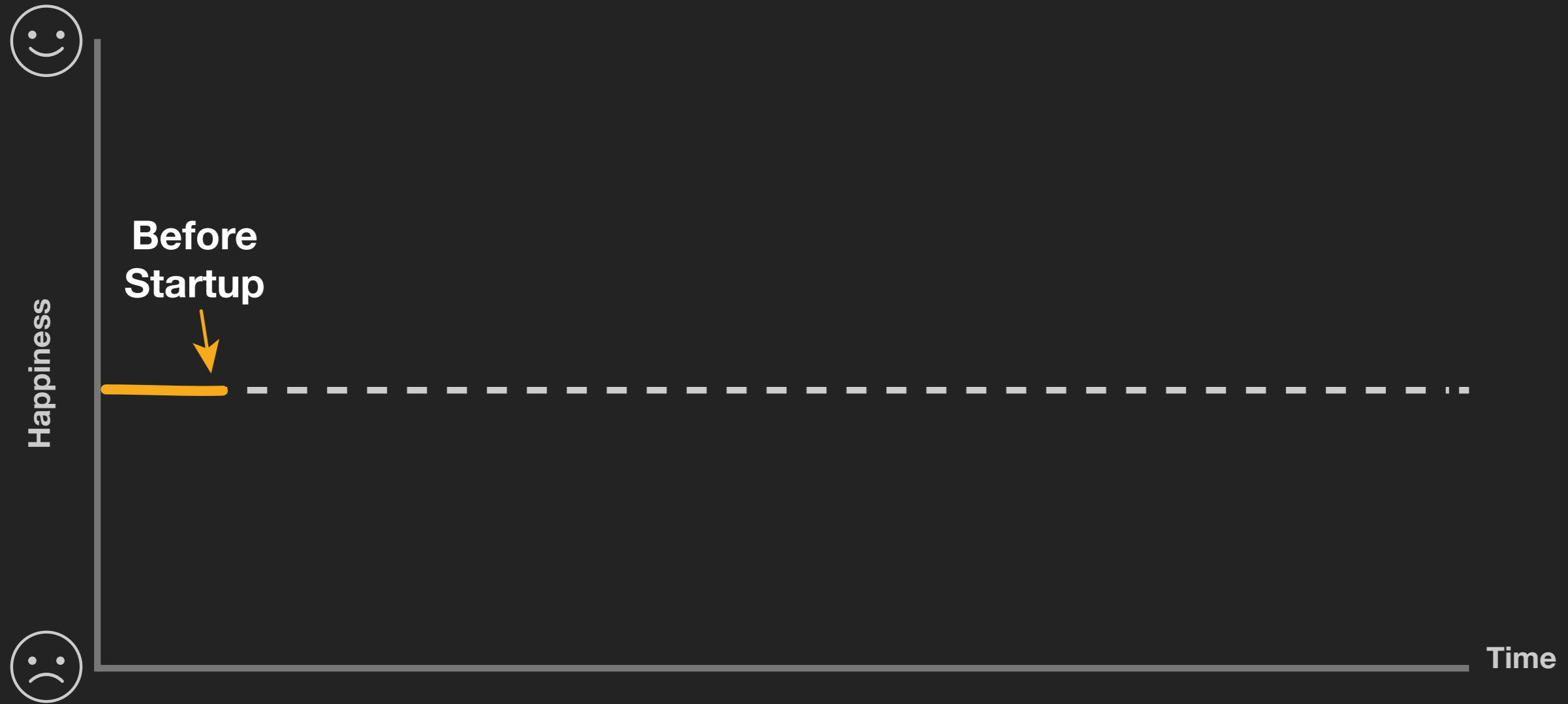
**Structure**

---

**Process**

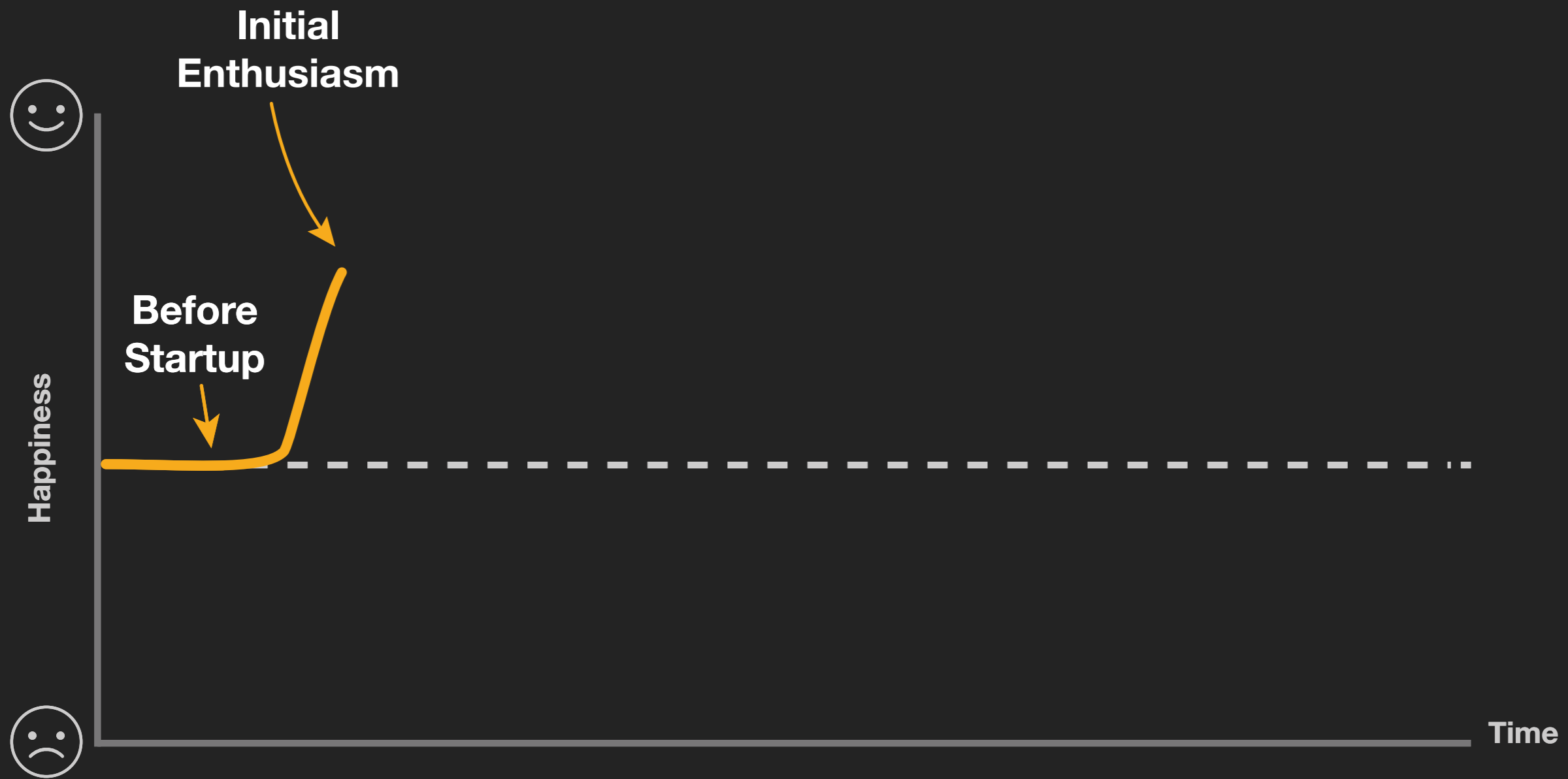


# The Startup Curve



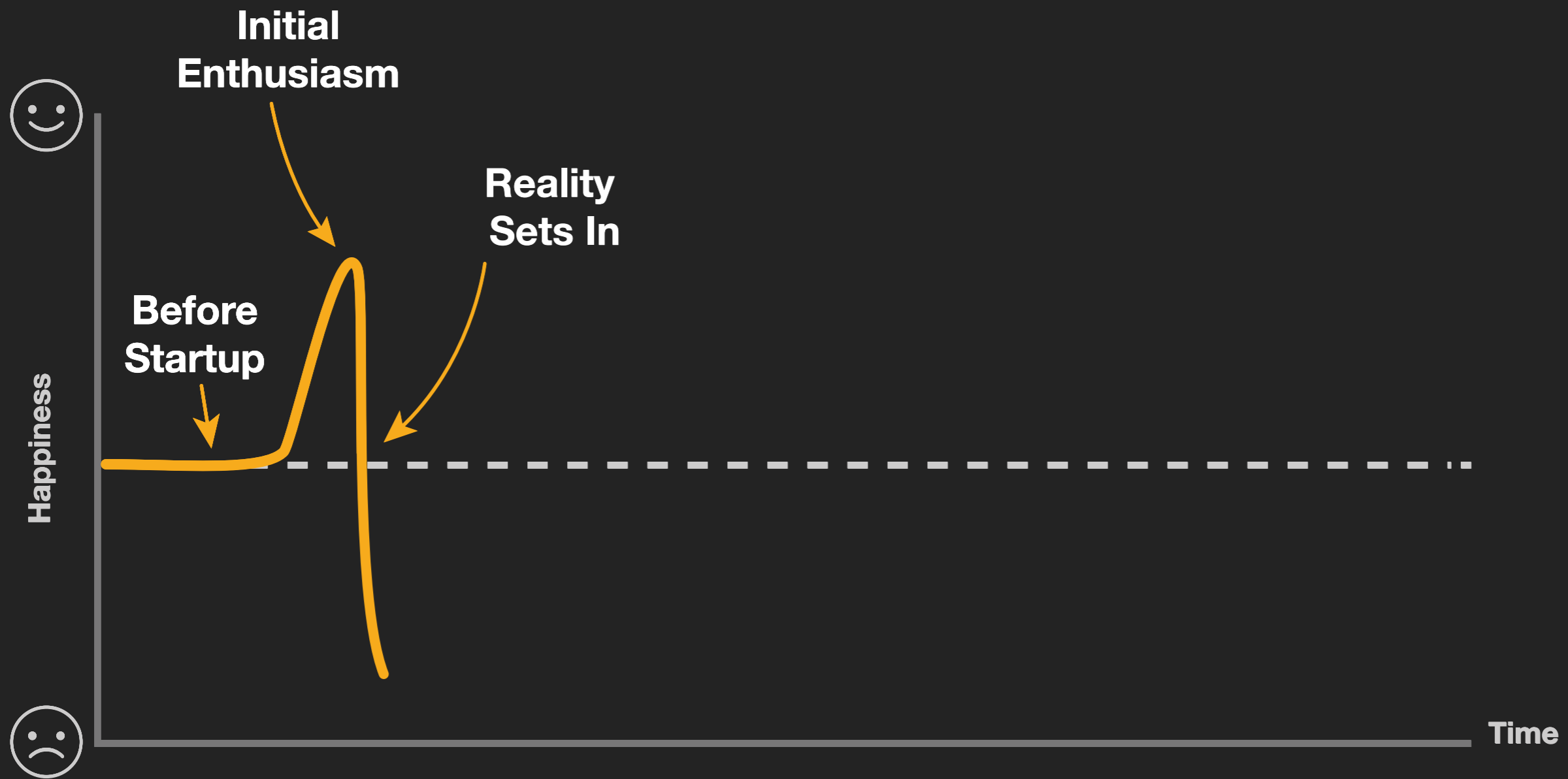
Source: Paul Graham; [avc.com](http://avc.com)

# The Startup Curve



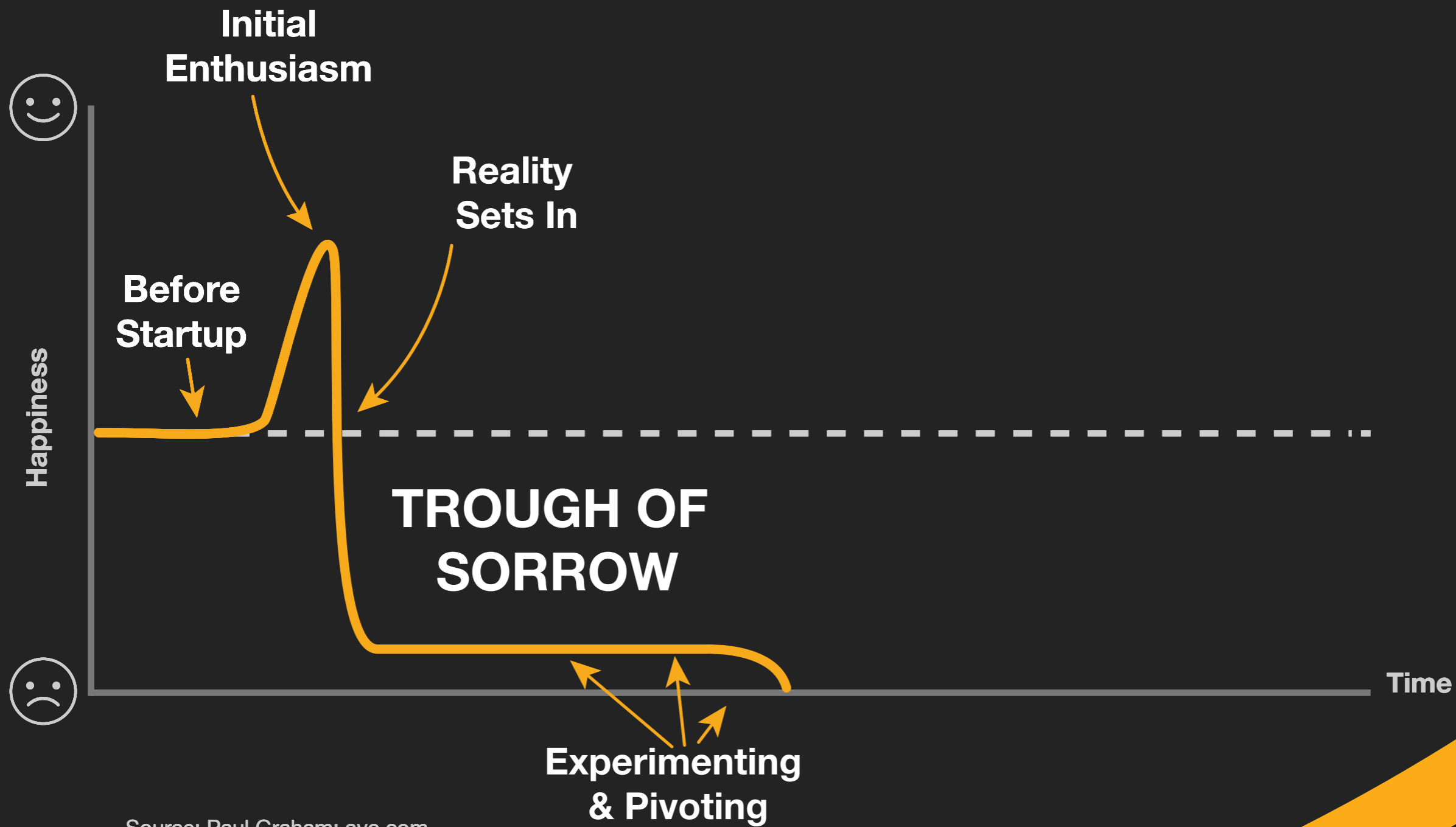
Source: Paul Graham; [avc.com](http://avc.com)

# The Startup Curve



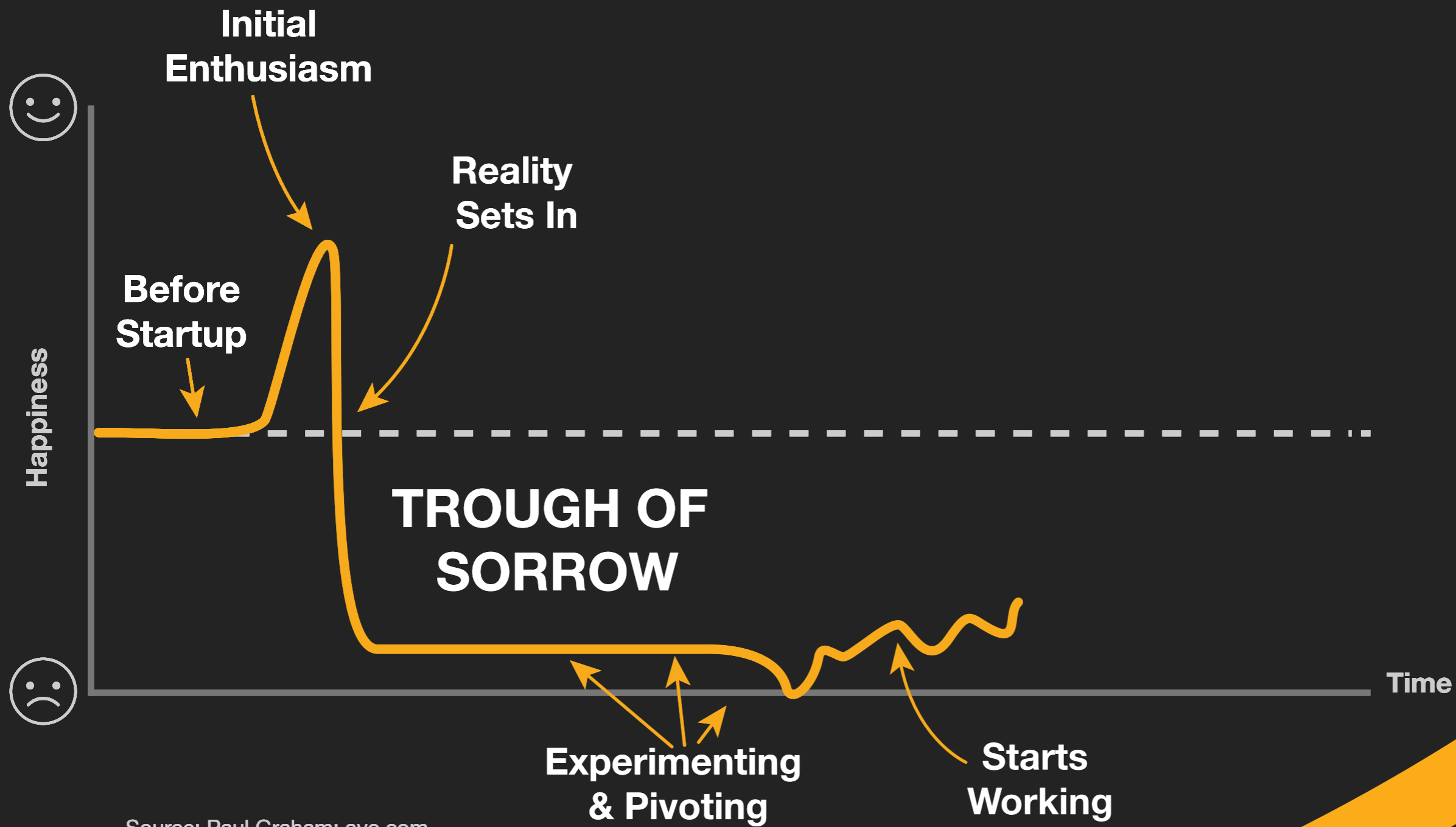
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# The Startup Curve



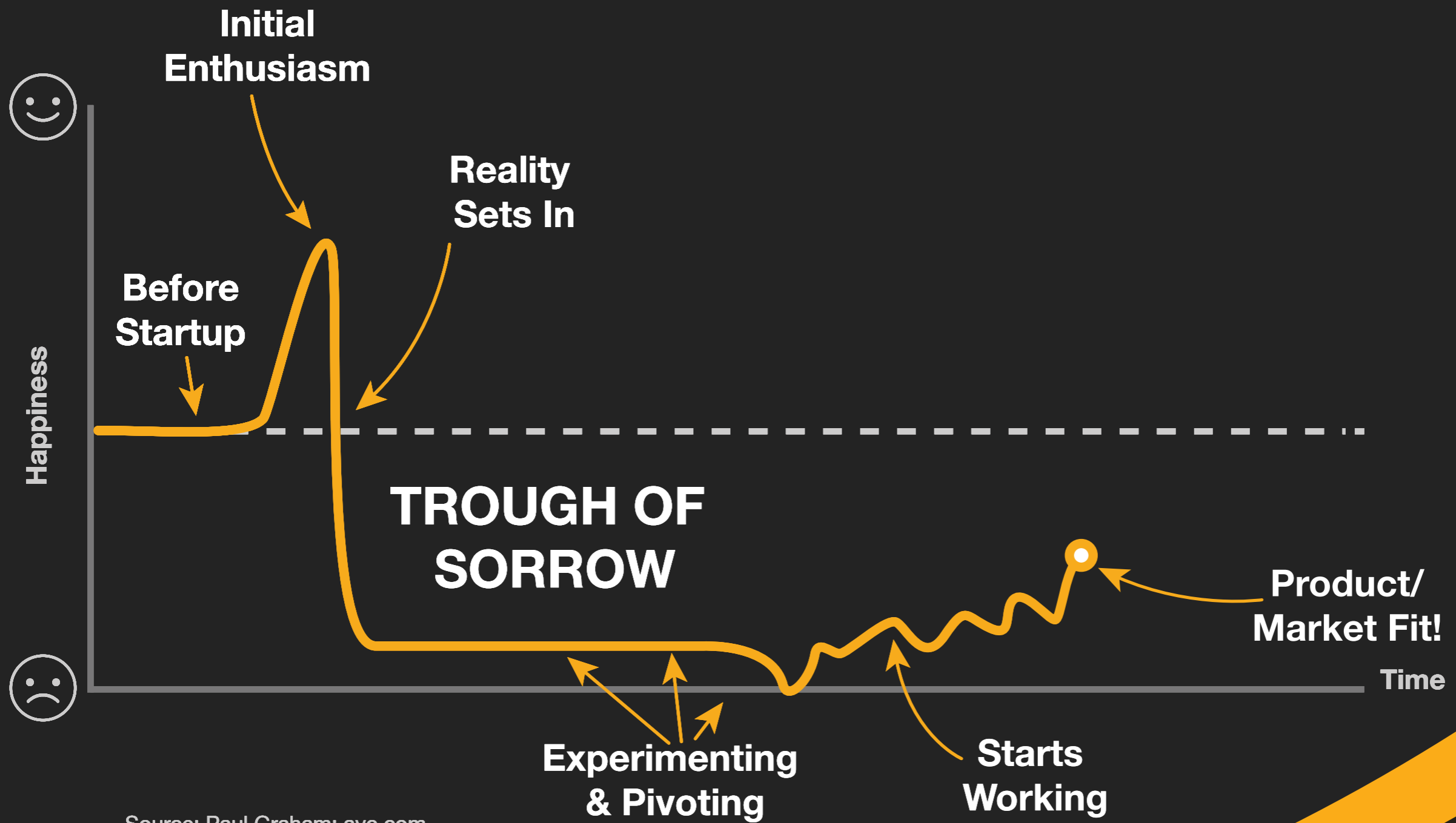
Source: Paul Graham; [avc.com](http://avc.com)

# The Startup Curve



Source: Paul Graham; [avc.com](http://avc.com)

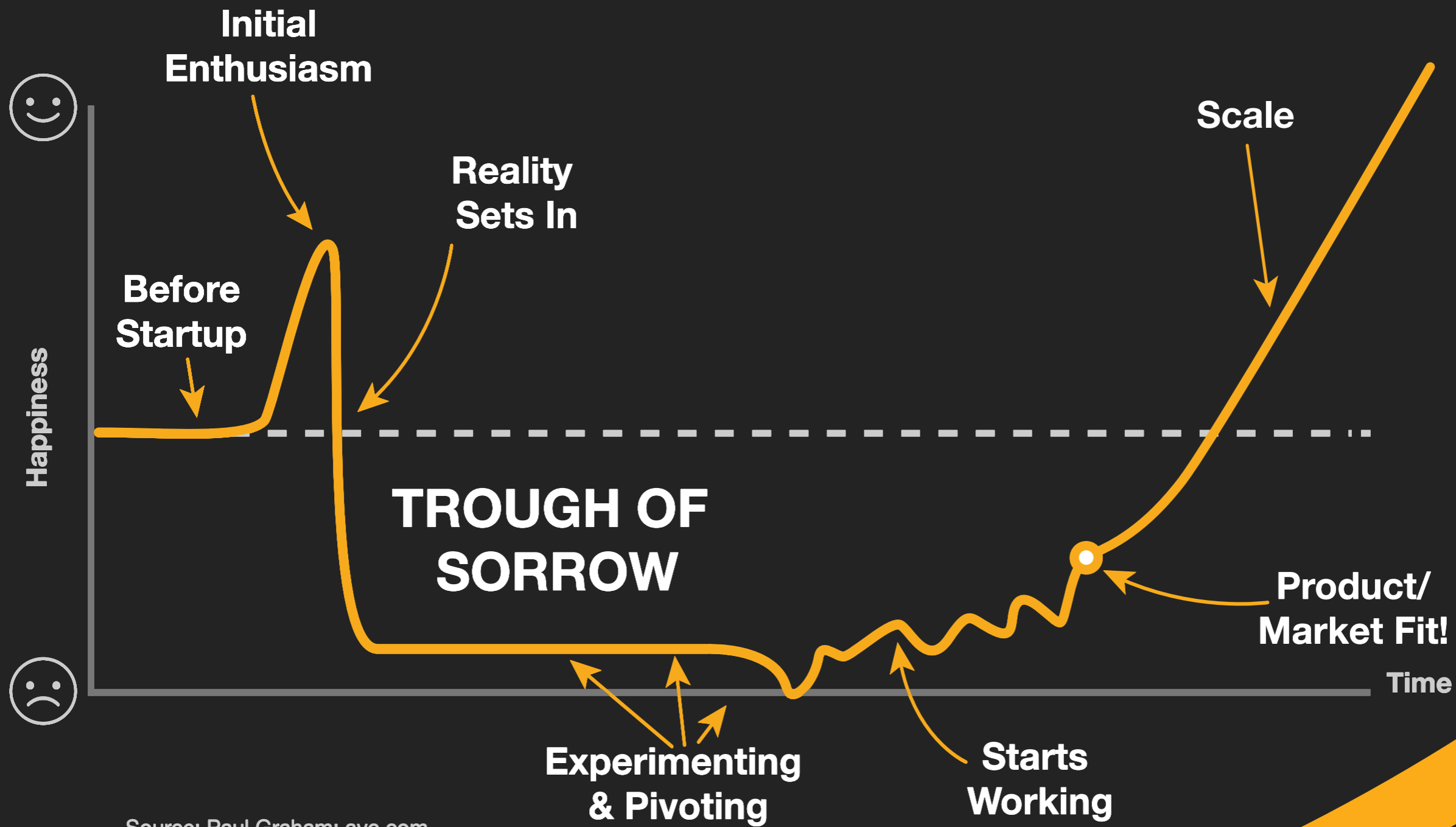
# The Startup Curve



Source: Paul Graham; [avc.com](http://avc.com)



# The Startup Curve



Source: Paul Graham; [avc.com](http://avc.com)





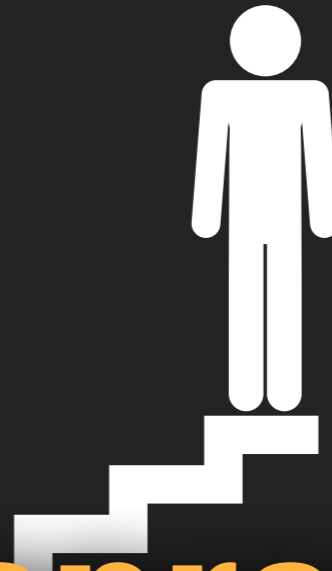
# Employee

1. Security
2. Recognition



# Employee

1. Security
2. Recognition



# Entrepreneur

1. Power
2. Control



# Employee

1. Security
2. Recognition



# Entrepreneur

1. Power
2. Control
- ...
- 12. Recognition**
- 13. Security**

“Ownership is why you stay up all night. It’s why you think about this all day, every day.”

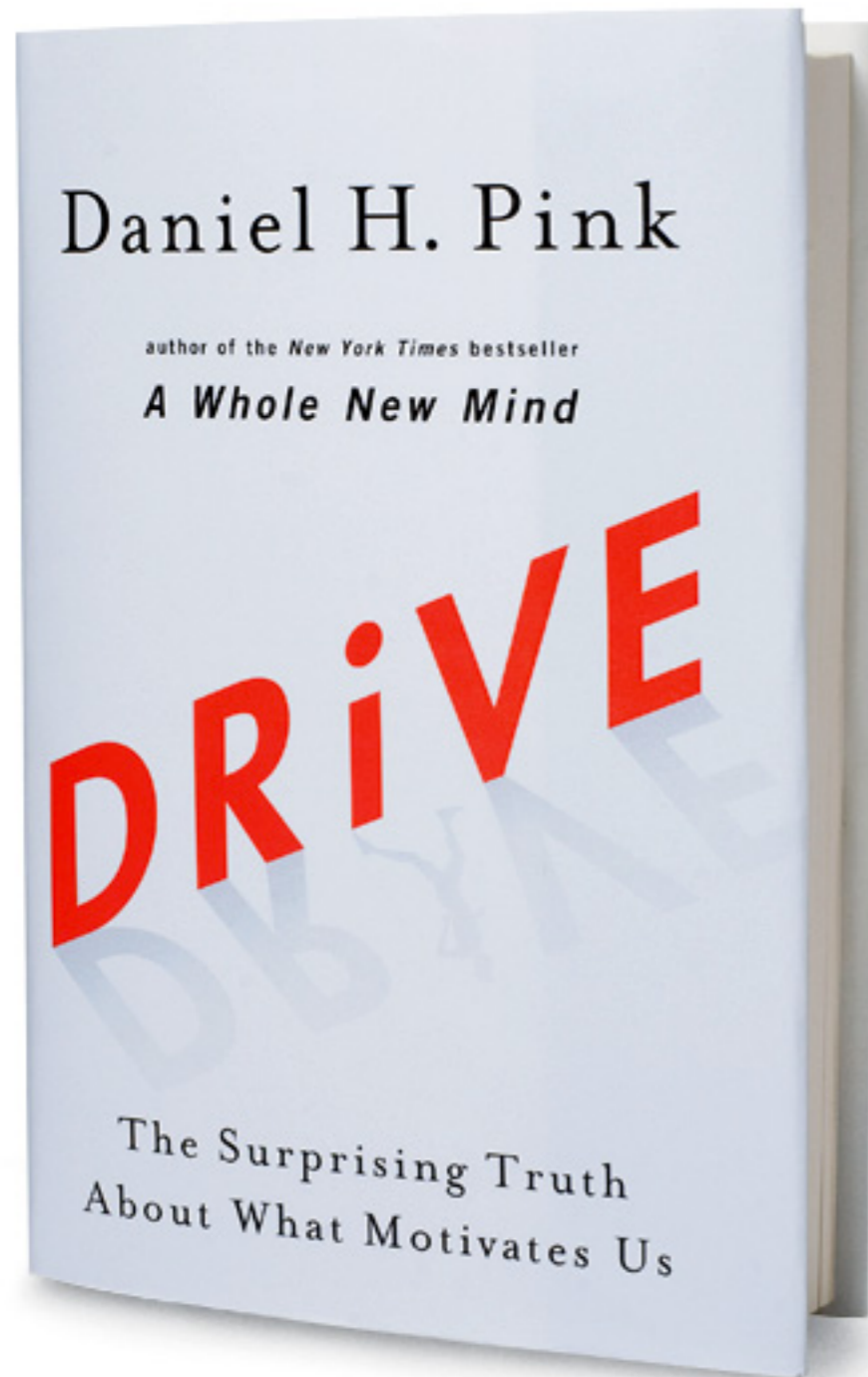
-Chris Dixon  
Andreessen Horowitz



“Stock options in a  
[large corporation] can  
never feel like ownership.”

-Chris Dixon  
Andreessen Horowitz





**Extrinsic Rewards  
Lead to  
Worse  
Performance**







**1. Innovation Labs**

**2. Intrapreneur Programs**

**3. Skunkworks**



**~~1. Innovation Lab~~**

**~~2. Intrapreneur Program~~**

**~~3. Skunkworks~~**

WESTERN NEW WORLD or HEMISPHERE



EASTERN OLD WORLD or HEMISPHERE.



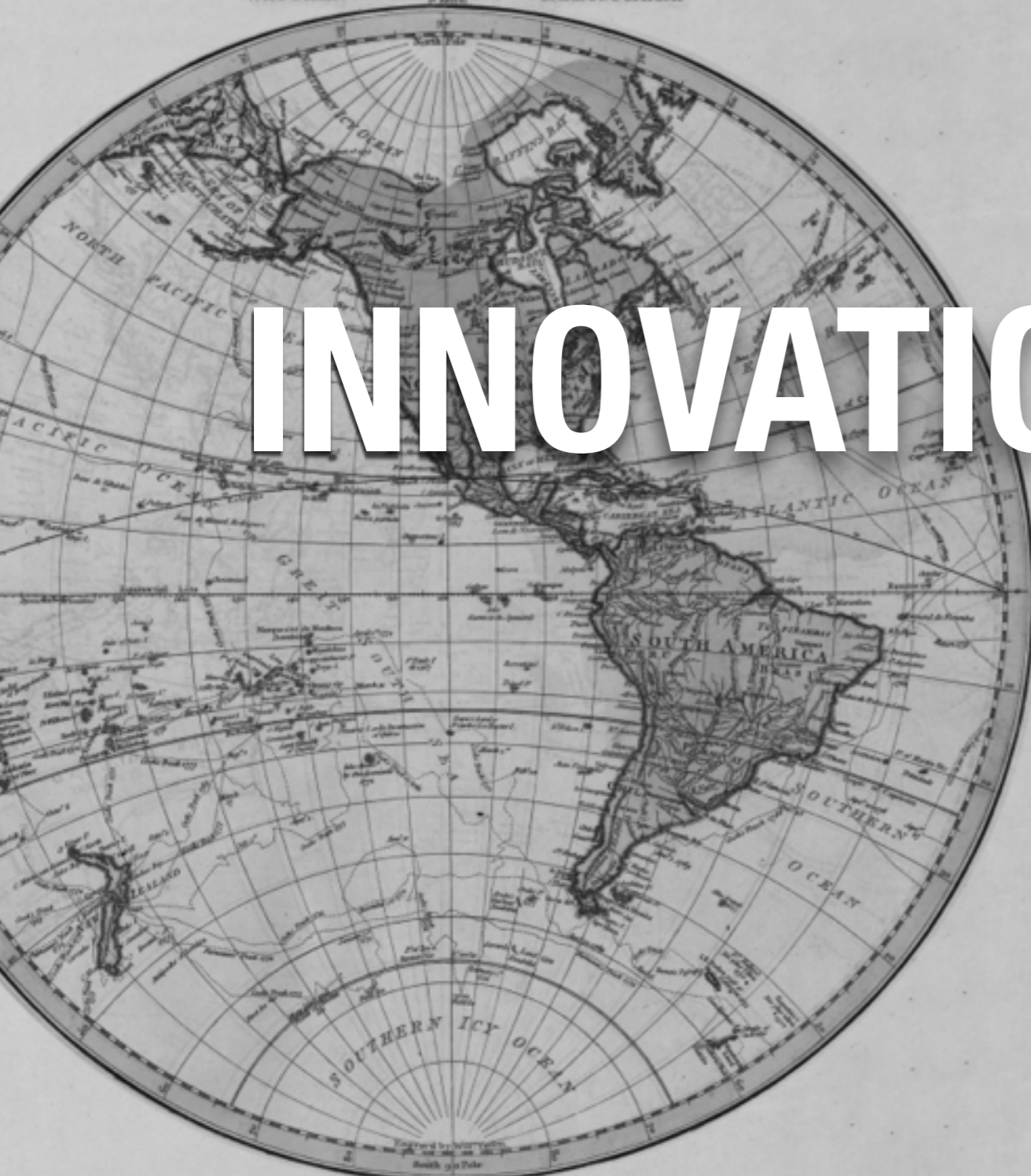
London Published according to Act of Parliament, 27<sup>th</sup> October, 1766 by WILLIAM FADEN, Geographer to the King, Charting Cook

London Published according to Act of Parliament, 27<sup>th</sup> October, 1766 by WILLIAM FADEN, Geographer to the King, Charting Cook

WESTERN NEW WORLD or HEMISPHERE

EASTERN OLD WORLD or HEMISPHERE.

# INNOVATION COLONY



London Published according to Act of Parliament. 27<sup>th</sup> October 1786 by WILLIAM FADEN, Geographer to the King, Charting Cook

London Published according to Act of Parliament. 27<sup>th</sup> October 1786 by WILLIAM FADEN, Geographer to the King, Charting Cook

# **Innovation Colony**

**The best parts of an  
Innovation Lab and a  
Corporate Venture Fund.**



# **Innovation Colony**

**Employee projects are formed  
as separate legal entities**





# Benefit

Enables **employees** to become  
**entrepreneurs** for benefit of the enterprise



# Benefit

Enables **ownership** and **autonomy**  
yet **limits risk** for the enterprise



# Autonomy to Navigate Uncertainty



# **Autonomy to Navigate Uncertainty**

## **1. Allocate Resources**



# **Autonomy to Navigate Uncertainty**

**1. Allocate Resources**

**2. Change direction (pivot)**



# **Autonomy to Navigate Uncertainty**

**1. Allocate Resources**

**2. Change direction (pivot)**

**3. Raise money from outside investors**





# **Innovation Colony 1**

**Xerox Technology Ventures  
Circa 1988**





# Robert Adams



# XTV Structure

**\$30M, Corp Division**

**Agreement Similar to LP**

**\$2M with No Approval**

**Gave Researchers 20%**

# Results

**7 Years Later**

**12 Years Later**

**How do we know it worked?**

**Documentum (IPO, \$75M rev)**

**Document Sciences (IPO)**

**Advanced Workstation Products (Acquired)**

**VS.**

**LiveWorks (\$35M invested, failed)**

**Customers and Technologies (no rev, failed)**

**Xerox ColorGraphX (no rev, failed)**



# Innovation Colony 2



techstars



# Techstars Structure

**1,000 Applicants**

**Internal & External Talent**

**Mentoring**

**Raise Outside Capital**





**Microsoft**

# Results





# Results

75%

**Strategy**

**Structure**

**Process**



**180 DAYS**



**1 DAY**





# Lean Startup

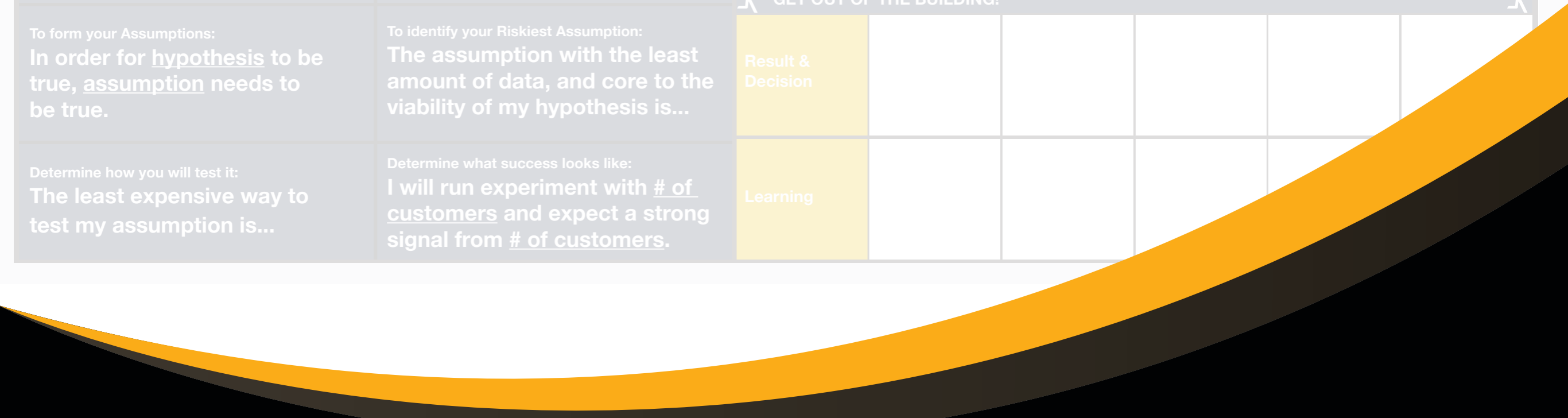


Start here. Brainstorm with stickies, pull it over to the right to start your experiment.		Experiments	1	2	3	4	5
Who is your customer? <small>Time Limit: 5 Min</small>	Customer						
What is the problem? Phrase it from your customer's perspective. <small>Time Limit: 5 Min</small>	Problem						
Define the solution only after you have validated a problem worth solving. <small>Time Limit: 5 Min</small>	Solution						
List the assumptions that must hold true if your hypotheses are true. <small>Time Limit: 5 Min</small>	Assumption						
Need help? Use these sentences to help construct your experiment.							
To form a Customer/Problem Hypothesis: I believe <u>my customer</u> has a problem <u>achieving this goal</u> .	To form a Riskiest Assumption: I believe <u>my customer</u> will <u>achieve this goal</u> because <u>my customer</u> will <u>achieve this goal</u> .						
To form your Assumptions: In order for <u>hypothesis</u> to be true, <u>assumption</u> needs to be true.	To identify your Riskiest Assumption: The assumption with the least amount of data, and core to the viability of my hypothesis is...	Result & Decision					
Determine how you will test it: The least expensive way to test my assumption is...	Determine what success looks like: I will run experiment with <u># of customers</u> and expect a strong signal from <u># of customers</u> .	Learning					

# 18 MONTHS RESEARCH

# 1,000 CASE STUDIES

 GET OUT OF THE BUILDING! 



# **HYPOTHESIS**

**C-P-S**

A decorative graphic at the bottom of the slide consisting of two curved, overlapping bands. The upper band is a bright yellow-orange color, and the lower band is a dark grey or black color. Both bands curve upwards from left to right, creating a sense of motion or a stylized underline.

**“I BELIEVE customer  
HAS A PROBLEM WITH problem”**





**“I BELIEVE solution  
WILL RESULT IN outcome”**



# **RISKIEST ASSUMPTION**

**CORE + UNKNOWN**



# **METHOD**

**INTERVIEW - SELL - CONCIERGE**



# **SUCCESS CRITERIA**

**GOAL / SAFE PREDICTION**



**DECISION**

**PIVOT - PERSEVERE**



# **LEARNING**

## **MOST IMPORTANT LESSONS**



Start here. Brainstorm with stickies, pull it over to the right to start your experiment.

Who is                                                                                                                               Time Limit: 5 Min

STICKY NOTE   STICKY NOTE   STICKY NOTE   STICKY NOTE   STICKY NOTE

---

What is                                                                                                                               Time Limit: 5 Min

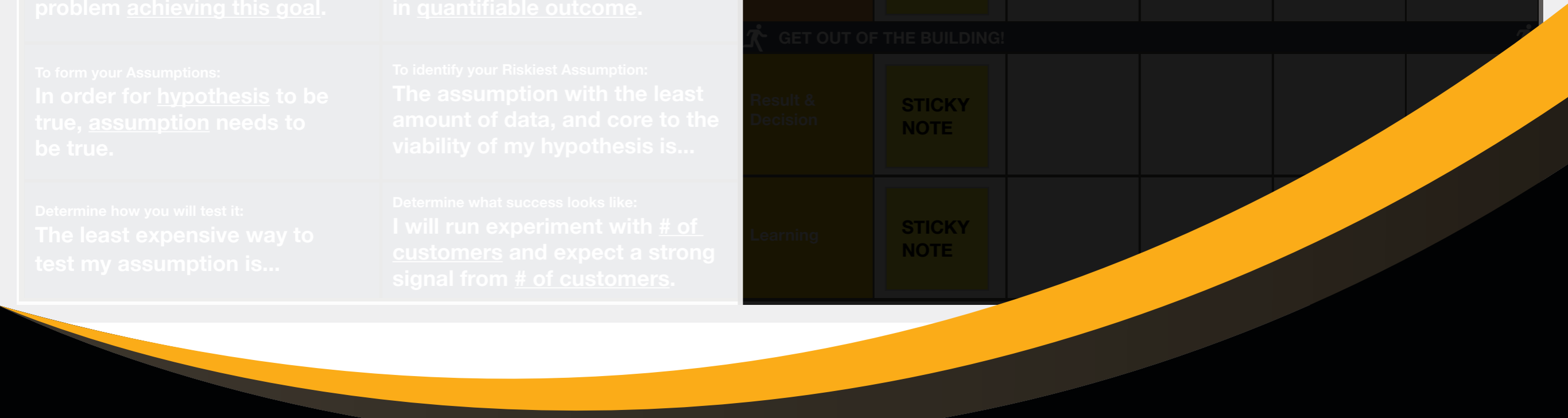
STICKY NOTE   STICKY NOTE   STICKY NOTE   STICKY NOTE   STICKY NOTE

# VALIDATE THE PROBLEM FIRST BRAINSTORM (QUICKLY)

Need help? Use these sentences to help construct your experiment.

<p>To form a Customer/Problem Hypothesis: I believe <u>my customer</u> has a problem <u>achieving this goal</u>.</p>	<p>To form a Problem/Solution Hypothesis: I believe <u>this solution</u> will result in <u>quantifiable outcome</u>.</p>
<p>To form your Assumptions: In order for <u>hypothesis</u> to be true, <u>assumption</u> needs to be true.</p>	<p>To identify your Riskiest Assumption: The assumption with the least amount of data, and core to the viability of my hypothesis is...</p>
<p>Determine how you will test it: The least expensive way to test my assumption is...</p>	<p>Determine what success looks like: I will run experiment with <u># of customers</u> and expect a strong signal from <u># of customers</u>.</p>

Experiments	1	2	3	4	5
Customer					
Problem					
Riskiest Assumption					
Success Criterion	STICKY NOTE				
<b>GET OUT OF THE BUILDING!</b>					
Result & Decision	STICKY NOTE				
Learning	STICKY NOTE				



Start here. Brainstorm with stickies, pull it over to the right to start your experiment.		Experiments	1	2	3	4	5
Who is <u>the</u> <u>customer</u> ? <small>Time Limit: 5 Min</small>	<div style="display: flex; justify-content: space-around;"> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> </div>	Customer	<div style="background-color: yellow; padding: 5px;">STICKY NOTE</div>				
What is <u>the</u> <u>problem</u> ? <small>Time Limit: 5 Min</small>	<div style="display: flex; justify-content: space-around;"> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> </div>	Problem	<div style="background-color: yellow; padding: 5px;">STICKY NOTE</div>				
Define <u>the</u> <u>solution</u> . <small>Time Limit: 5 Min</small>	<div style="display: flex; justify-content: space-around;"> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> </div>	Solution					
List <u>the</u> <u>assumptions</u> . <small>Time Limit: 5 Min</small>	<div style="display: flex; justify-content: space-around;"> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> <div style="background-color: yellow; padding: 5px;">STICKY NOTE</div> </div>	Riskiest Assumption	<div style="background-color: yellow; padding: 5px;">STICKY NOTE</div>				
Need help? Use these sentences to help construct your experiment.		Success Criterion	<div style="background-color: yellow; padding: 5px;">STICKY NOTE</div>	<div style="background-color: yellow; padding: 5px;">STICKY NOTE</div>			
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To form your Assumptions: In order for <u>hypothesis</u> to be true, <u>assumption</u> needs to be true.	To identify your Riskiest Assumption: The assumption with the least amount of data, and core to the viability of my hypothesis is...	Result & Decision	<div style="background-color: yellow; padding: 5px;">STICKY NOTE</div>	<div style="background-color: yellow; padding: 5px;">STICKY NOTE</div>			
Determine how you will test it: The least expensive way to test my assumption is...	Determine what success looks like: I will run experiment with <u># of customers</u> and expect a strong signal from <u># of customers</u> .	Learning	<div style="background-color: yellow; padding: 5px;">STICKY NOTE</div>	<div style="background-color: yellow; padding: 5px;">STICKY NOTE</div>			



[CampusPride EM](#)

[RacingBike EM](#)

[Folding E-Bicycle](#)



## What is CampusBike?

Simply put, the most flexible and affordable transportation solution for students. Our vehicles are high quality, built to last, and good for the environment. They produce zero emissions and are powered by electricity, just plug one in for a full charge that costs less than twelve cents.

## Why ride a CampusBike?

- **Low cost:** \$1 = 500 miles.
- **Stylish:** students rate our mopeds as better looking than other brands.
- **No hassle:** street legal, no license required.
- **Convenient:** one overnight charge lasts about a week around Iowa State's campus.
- **Great support:** we're located in Ames, help is always close by.

**FREE  
SHIPPING**

On All Orders - Ends Oct. 1, 2009

**SAVE  
\$500 OFF**

On All Mopeds - Ends Oct. 1, 2009

“ It's a relief to not have to worry about the increasing gas prices. CampusBike rocks! ”

-Michelle Almquist, Senior in Marketing

Experiments	1	2	3	4	5
Customer	VESPA BUYERS CRAIGSLIST				
Problem	RELYING ON OIL				
Solution					
Riskiest Assumption	CARE ABOUT ENVIRON- MENT				
Success Criterion	INTERVIEW 5 / 20				
 GET OUT OF THE BUILDING!					
Result & Decision					



## 2006 Vespa LX150 in red - \$1400

---

Date: 2012-01-21, 7:37AM PST

Reply to: [sale-jxmaw-2810766917@craigslist.org](mailto:sale-jxmaw-2810766917@craigslist.org) [\[Errors when replying to ads?\]](#)

---

2006 Vespa lx150 scooter for sale.



The bike is in very good condition and has approx. 2000 miles.

Runs perfectly. Just inspected and serviced.

The bike has a salvage title from the previous owner who had it stolen and then recovered. The scooter needs nothing and has no problems at all. Ready to ride.



Call me 917-222-3045




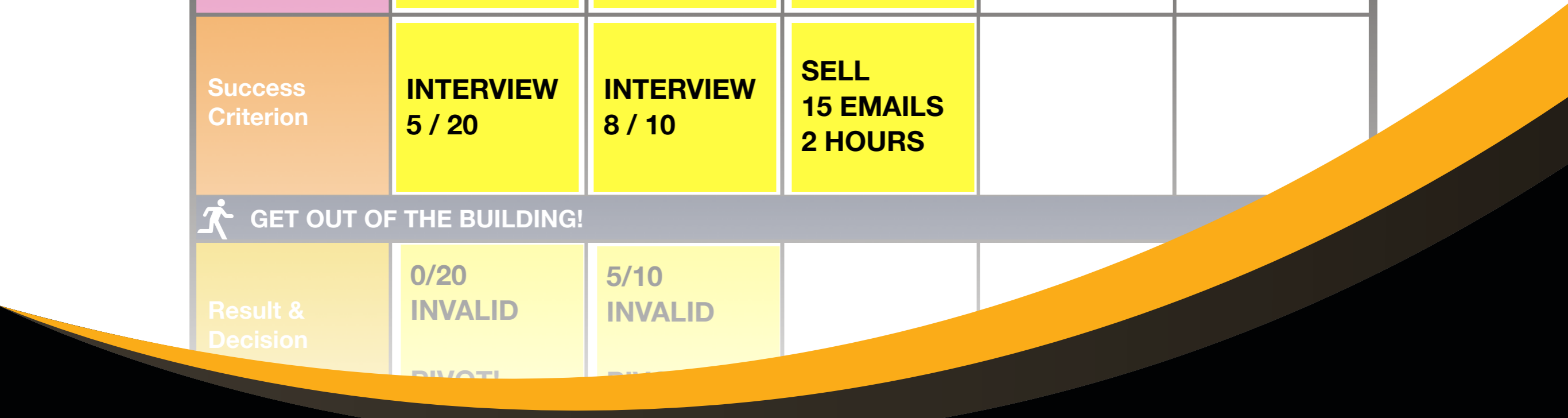
Solution					
Riskiest Assumption	<b>CARE ABOUT ENVIRONMENT</b>				
Success Criterion	<b>INTERVIEW 5 / 20</b>				
 <b>GET OUT OF THE BUILDING!</b> 					
Result & Decision	<b>0/20 INVALID PIVOT!</b>				
Learning	<b>SKINNY TIE BUYING LIFESTYLE</b>				

Experiments	1	2	3	4	5
Customer	VESPA BUYERS CRAIGSLIST	DIFFICULT COMMUTE			
Problem	RELYING ON OIL	SEEING BENEFIT & SAFETY			
Solution		ONE-PAGER + TRIAL			
Riskiest Assumption	CARE ABOUT ENVIRON- MENT	NO VESPA FRIENDS			
Success Criterion	INTERVIEW 5 / 20	INTERVIEW 8 / 10			
 GET OUT OF THE BUILDING!					
Result & Decision	0/20 INVALID				



Solution		ONE-PAGER + TRIAL			
Riskiest Assumption	CARE ABOUT ENVIRONMENT	NO VESPA FRIENDS			
Success Criterion	INTERVIEW 5 / 20	INTERVIEW 8 / 10			
 GET OUT OF THE BUILDING! 					
Result & Decision	0/20 INVALID  PIVOT!	5/10 INVALID  PIVOT!			
Learning	SKINNY TIE  BUYING LIFESTYLE	"SCOOTER PERSON" LIFESTYLE RISK			

Experiments	1	2	3	4	5
Customer	VESPA BUYERS CRAIGSLIST	DIFFICULT COMMUTE	DIFFICULT COMMUTE		
Problem	RELYING ON OIL	SEEING BENEFIT & SAFETY	TOO EXPENSIVE IDENTITY RISK		
Solution		ONE-PAGER + TRIAL	RENT VESPA BEFORE BUY		
Riskiest Assumption	CARE ABOUT ENVIRON- MENT	NO VESPA FRIENDS	PAY \$250 / MONTH		
Success Criterion	INTERVIEW 5 / 20	INTERVIEW 8 / 10	SELL 15 EMAILS 2 HOURS		
 GET OUT OF THE BUILDING!					
Result & Decision	0/20 INVALID	5/10 INVALID			





# Rent this Vespa for \$250 a month.

And if you love it, buy it  
at a discounted price!

[Click here to sign up!](#)



(MSRP \$4,500)

LX150

brought to you by

## ScotScooters



Convenient. Fun. Affordable.

"I never thought about owning a scooter before but it cut my commute in half and now I don't show up at work sweating from a bike ride."

- Andrew Firestone

"My Vespa has been fun to ride, great for errands and better for the environment than driving. Plus I get compliments on it daily and the ScotScoot staff helped prepare me for safe riding."

- Emily Adler

Solution					
Riskiest Assumption	<b>CARE ABOUT ENVIRONMENT</b>	<b>NO VESPA FRIENDS</b>	<b>PAY \$250 / MONTH</b>		
Success Criterion	<b>INTERVIEW 5 / 20</b>	<b>INTERVIEW 8 / 10</b>	<b>SELL 15 EMAILS 2 HOURS</b>		
 <b>GET OUT OF THE BUILDING!</b> 					
Result & Decision	<b>0/20 INVALID PIVOT!</b>	<b>5/10 INVALID PIVOT!</b>	<b>50 VALID PERSEVERE!</b>		
Learning	<b>SKINNY TIE BUYING LIFESTYLE</b>	<b>“SCOOTER PERSON” LIFESTYLE RISK</b>	<b>ALL CAPS JUMPING SEAT</b>		

WHAT TAKES YOU  
**6 MONTHS**  
TOOK ME  
**3 DAYS**

lean**startup**machine

# THE LEAN ENTERPRISE

**Trevor Owens**  
CEO, Javelin.com

