CS-E280
SOCIETAL
DESIGN
PROJECT

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Hanna Hämäläinen
November 2nd , 2020

Course Schedule

Project work for client case

Individual values in work

7.9.

14.9. Societal role

21.9. Business goal

28.9. Customer Group

5.10. Insight

12.10. Value prop

19.10. break

26.10. Journey

2.11. Validation & Biz Model

9.11. MVP

16.11. Final prez

Group reflections

23.11.

Individual reflections

30.11.
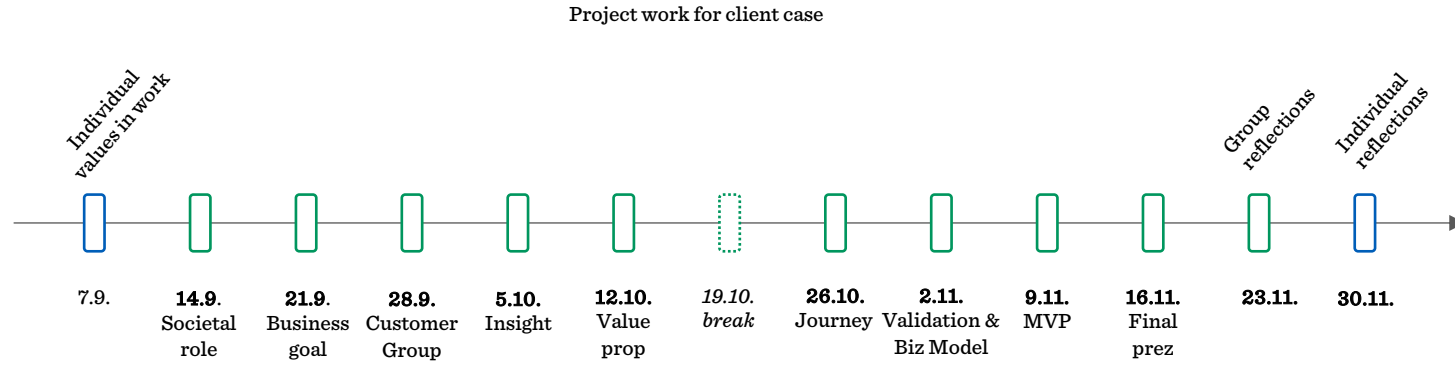
2.11. Business Model & Validation

14:15 — 15:00
Last last week.

This week.

Business model.

15:05 — 15:45
Team work.

16:00 — 17:00
Courtroom Evidence & Experiments.

17:00 — 18:00ish
Team work.

17:45
Wrapping up
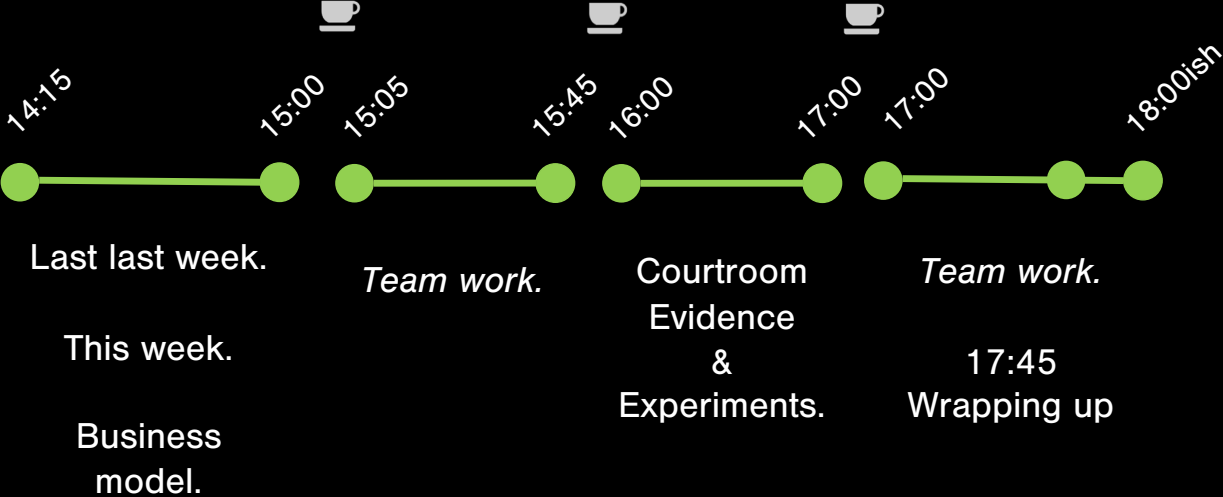
Part I
Last week & This week

Let's look at one video

LAST WEEK'S LEARNING GOAL:
What are we designing,
as a journey?

How do they hear about it?
How do they engage with it?
How do the "buy" it?

Customer Journey as a
"tool that brings it all together"

Plus:
3 foundation blocks of a business model

Shadow Lessons Learned?

Power of storytelling?

So many perspectives,
which one to look at?

Is it all about awareness?
Yes, kinda, but aware about what?

THIS WEEK'S LEARNING GOAL:
Business model = your engine.
Defense lawyer = your job.

Your revenue model?
Your cost structure?
In a balance?

Prototype + experiment
= your 2nd interviews
= evidence for your assumptions.

NEXT WEEK:
MVP & presentation

Weekly intros!

Part II
Business model is the engine

Business model IS NOT *business case.*

Business model =
how do you make that work?

Business case =
should we do this?

Key activities:

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

Key resources:

What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships? Revenue Streams?

Key partners:

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

Business Model & Market Size

Thinking through the high level business case.

Who pays whom? How much?

What is the revenue model?

How are customers paying today? How much?

Where and how do you anchor price perception?

Total addressable market:

1st year sales:
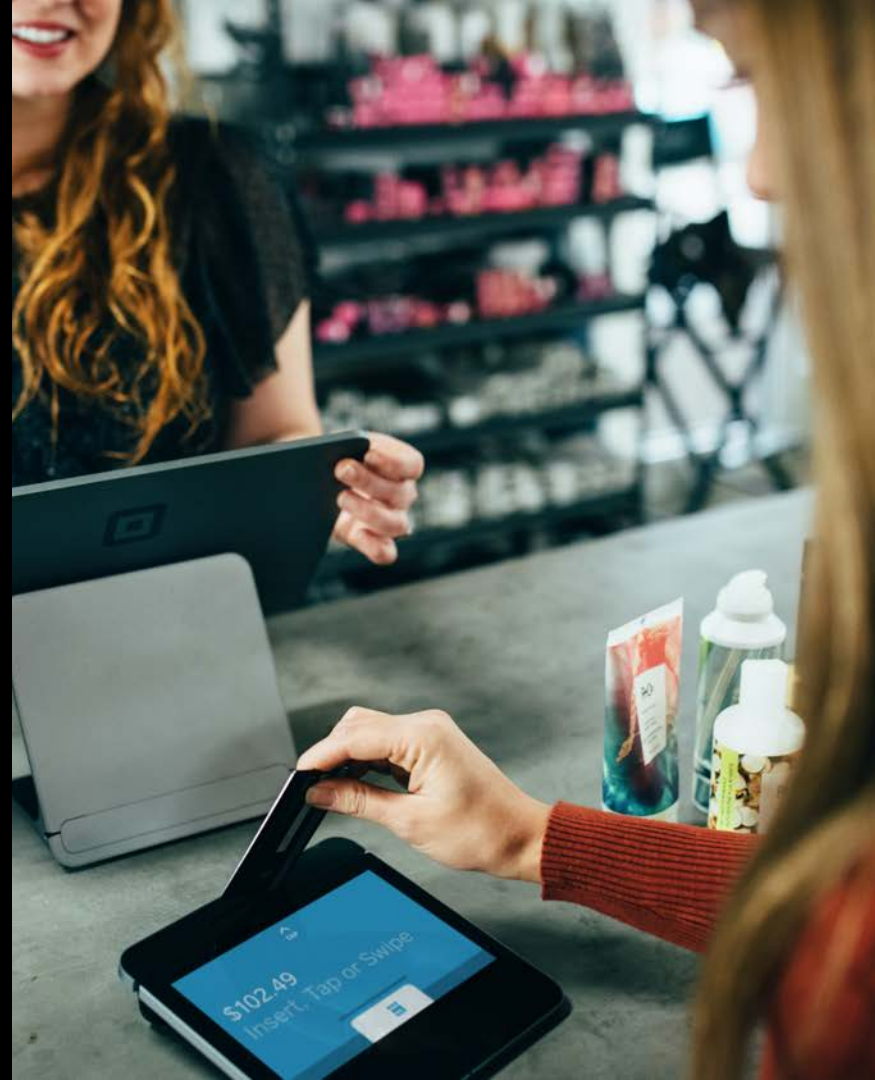
Potential target market:

Plan for 1st month sales:

Cost structure?

Key elements for EBIT?

Revenue model

- What is the **value** the customer is paying for in your model?

- How are customers paying for solving the problem now (money, time, stress, what is the currency)?

- How much are they paying (do they even know)?

- What is your **revenue model**: Transaction, subscription, rental, advertisements, freemium...?

- What is your **pricing strategy**: fixed, dynamic?

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1st year sales:

Potential target market:

Plan for 1st month sales:

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Cost structure

Not development costs!

- What are the costs and expenses to **<u>operate</u>** your customer journey?
    - Costs of activities?
    - Costs of resources?
    - Costs of partnerships?

- What are the most important costs?

- What are the most expensive resources?

- What are the most expensive activities (personnel, FTEs)?

- Fixed cost? Variable cost?

Total addressable market:

1st year sales:

Potential target market:

Plan for 1st month sales:

Cost structure?

Key elements for EBIT?

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Key elements of "EBIT"

- (*value* x *number of customers*) – costs = ?

- The critical elements influencing your profit?
Bottlenecks? Unknowns?

    - Customer acquisition (awareness, interest)?

    - Cost of resources? Cost of activities?

    - Pricing? Pricing model?

    - Customer retention? Customer churn?

    Make sure you know whether you need to make a profit
    (how much?), only cover your costs, or perhaps be non-
    profitable due to value generate elsewhere?

Homework!

Total addressable market:

1st year sales:

Potential target market:

Plan for 1st month sales:

Cost structure?

Key elements for EBIT?

Business Model & Market Size

Thinking through the high level business case.

Who pays whom? How much?

What is the revenue model?

How are customers paying today? How much?

1.

Where and how do you anchor price perception?

Total addressable market:

1st year sales:

Potential target market:

Plan for 1st month sales:

Cost structure?

2.

Key elements for EBIT?

3.
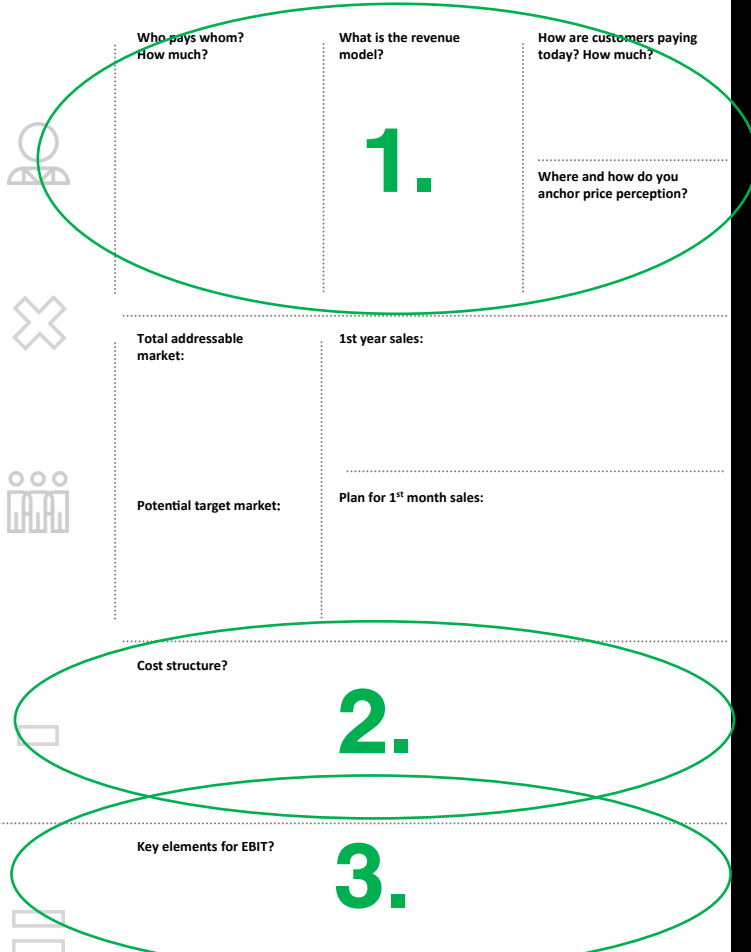
Work on the business model. Finalize it during the week.

Keep your eyes open for changes into your customer journey & concept as you tweak the business model.

Take the key activities, key resources, and key partners from last week.

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Work on your business model.
How do you make it work?

Back here 16:00.
Take a break as well.

Part III
Validation & evidence

Why do we build prototypes?

Evidence to prove you're onto something.

Defense (you)

Jury
(Maria, Hanno, Samuel)

Judge
(Risto, Hanna)

Defendant
(your concept)

Prosecutor (reality, status quo)

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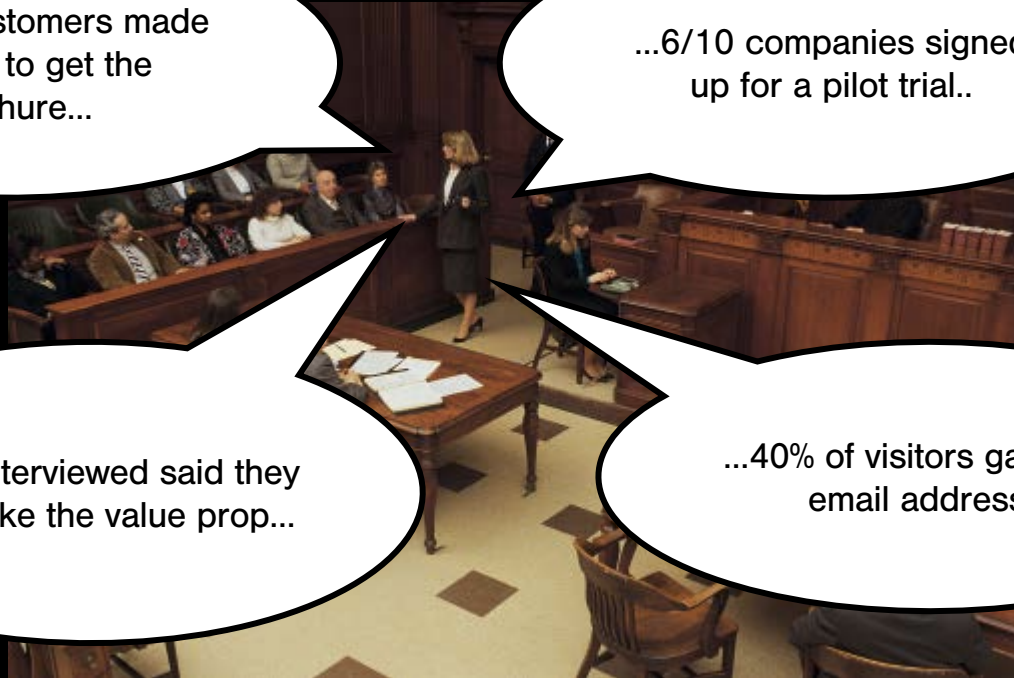
Also, evidence to stop fooling yourselves
(suom. itsensä kusettaminen).

Don't just guess.
Don't blindly build version 1.0.
Don't rely (too much) on your own wisdom.
Don't rely (too much) on wisdom of others.

Create objective evidence!

(stop designing, start gathering evidence☺)

"Let's do a proof of concept."

"Yes. To prove what?"

Experimenting

A prototype is passive.
An experiment is active.

An experiment has an objective:
to gather evidence for you to learn.

Prototypes... what can we prototype?

5127 prototypes
5126 failures

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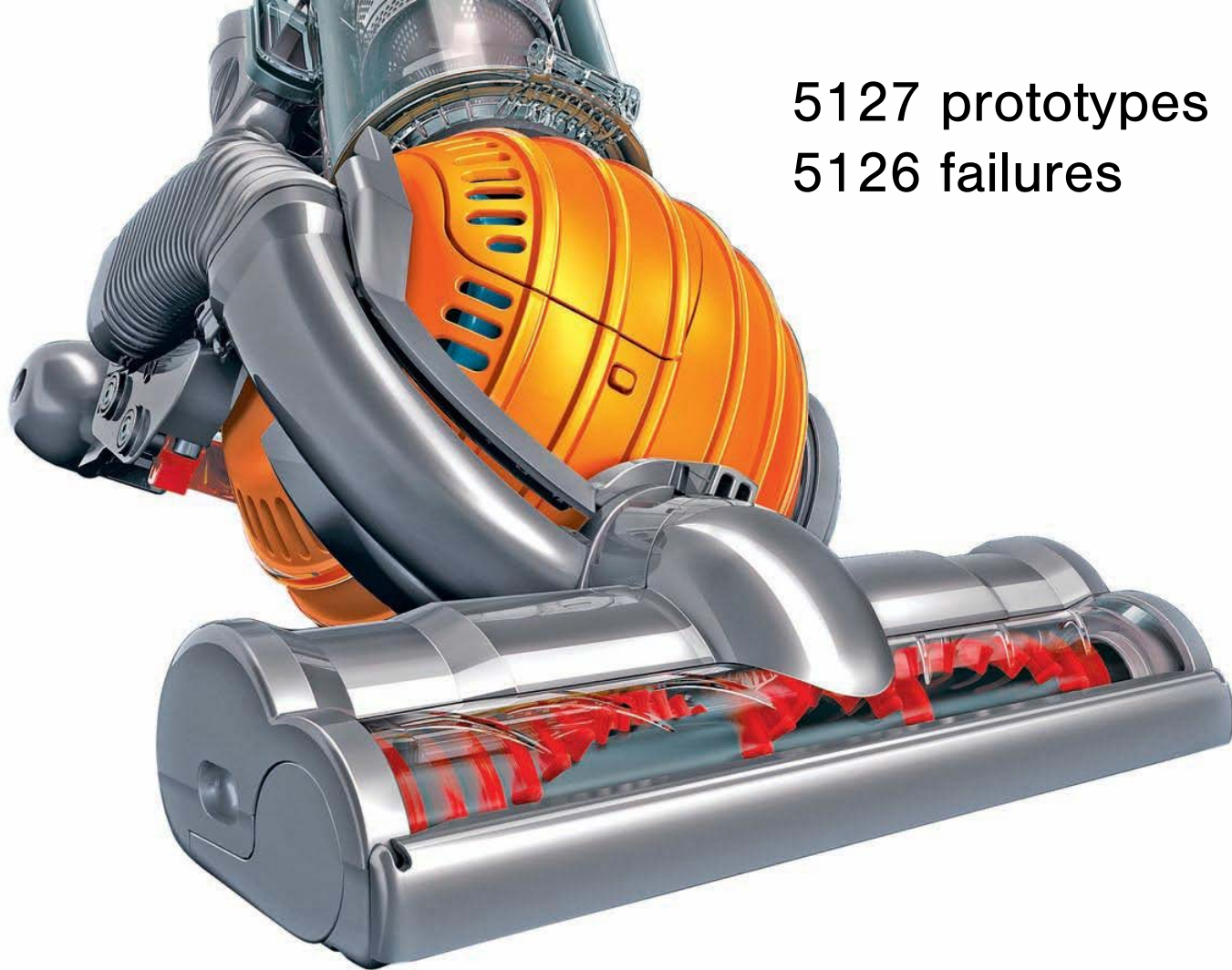
Prototypes invite interactions

Prototypes help understand things that don't exist.
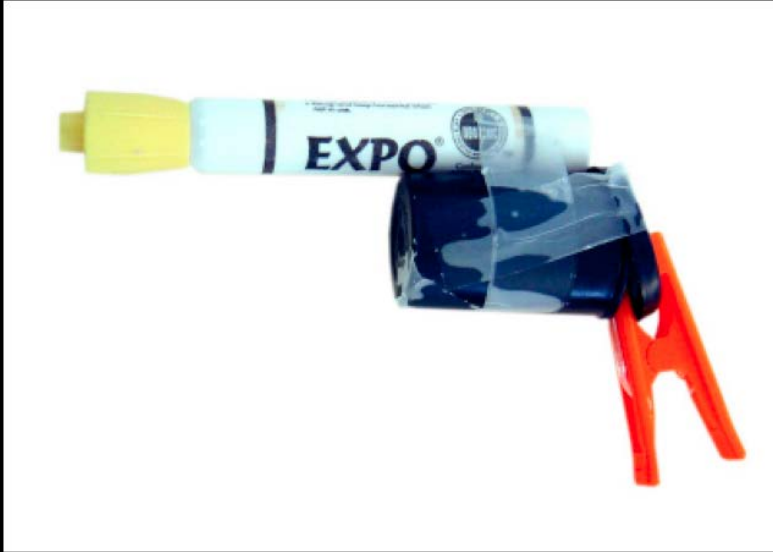
RECHARGE YOUR BATTERY ON THE MOVE

No more worrying if your cellphone battery lasts until the end of the day.
Charge your phone on your way to living to the fullest.
In a bus.

GROW YOUR STARTUP WITH US!

uutesi.

maamatta. N
rmmat turvaa
vaisuuttasi. P
mahdollisuus

jjoitus.

We love to give men-
toring and guidance to
the startups to survive
in the market.

We provide tech
supports to the st
ups to accelerate th
product developme

KONE

The Journey to Gr

www.kone.com/en/the-journey-to-

When did you last check your pipes?

Did you know Tapiolan Lämpö's service got
9 949 / 1 0000 points for tested quality. Our
experts will find even the smallest issues in
your building.
Let's find them and fix them!

TRUST LÄMPÖ

Order your yearly inspection now a
www.tapilanlampo.fi/inspection or
020 310 310

Prototypes enable communication & co-creation.

Is it difficult?

No, if you have the right mindset.

Checkbox / /

Radio Button

Marco Bottoni
Tuttofare
Mariah Maclachlan
Better Half

34

37 Patata

✓ Toggle Item
Disabled Item
Exit   CTRL+Q

Add and sub-menu
Delete
(Cancel)
Two Labels, and a comma   yup
✓ A Checkmark
• A Bullet
Space for an icon
Space for a big icon
On button   ON
Off button   OFF
✓ An empty row   (above)

3

Icon Name

Home › Products › Xyz › Features   Home | Products | Company | Blog

Window Name

Item One

Group Name

?

Item Two
Item Three
Item Four

A Big Title   a tooltip

B I U style ≡ ≣ ≣

Multiline Button
Second line of text

a link

search   Some text

Use f for closed folders
Use F for open folders
You may also use this
and this
or this
and this
or even this
and this
Use - for a file icon
or _ to leave a space for your
use spaces or dots for
just like
this

8 00
9 01 AM
10 02 PM
11 03
12 04

Alert
Alert text goes here
No   Yes

ON   Button

Q W E R T Y U I O P
A S D F G H J K L
Z X C V B N M
123   space   return

First Tab
Second Tab
Third Tab
Fourth Tab

A comment

A paragraph of text.
A second row of text.

A paragraph of text.
A second row of text.

One Two Three Four

software statistics

Create a Page

Create a Facebook Page to build a closer relationship with your audience and customers.

Local Business or Place

Company, Organization or Institution

Brand or Product

Artist, Band or Public Figure

Entertainment

Cause or Community

EVIDENCE!!!

Defense (you)

Jury (panel)

Judge (Risto, Hanna)

Defendant (your concept)

Prosecutor (reality, status quo)

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How does it sound to you?

Three approaches to gathering evidence*

*your end-user strategy this week!
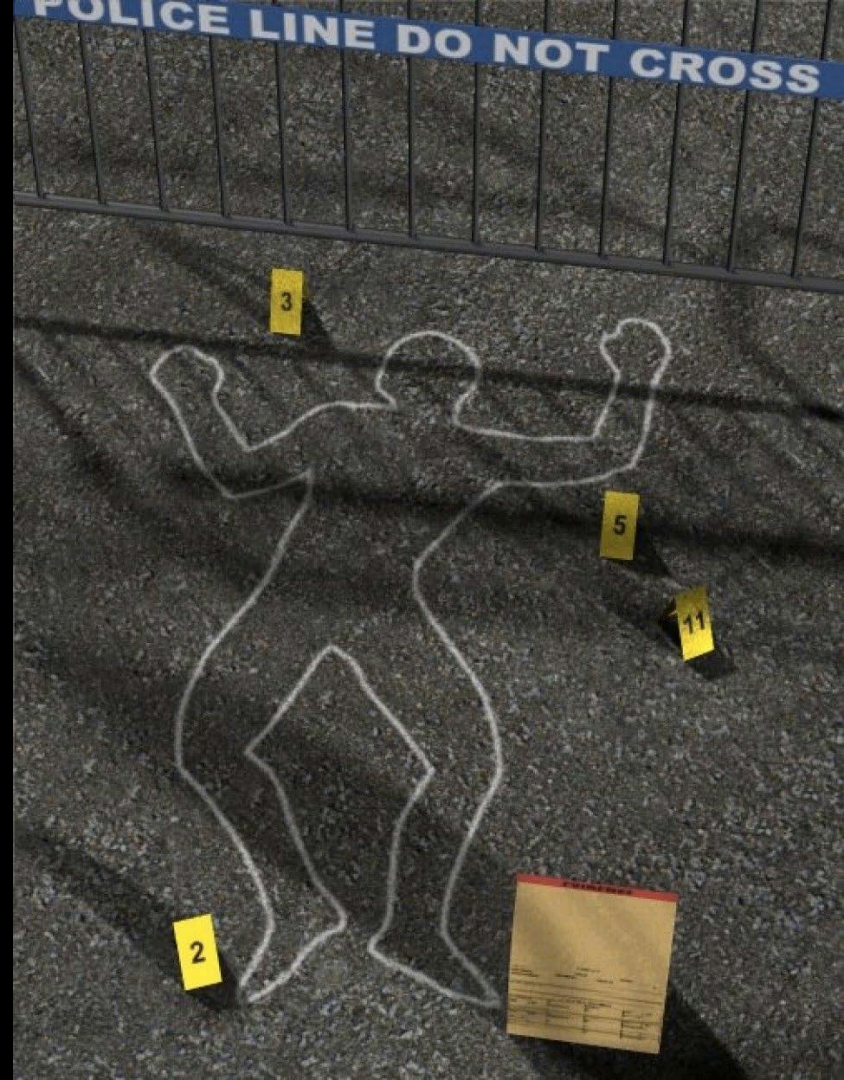
INTERVIEW

Are we solving the right problem?

Do we know the motives?

Is our solution understandable?

Am I talking to the right person?

Is our value prop attractive?

Do we speak the same language?

What are their processes?

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Interview:

Find a problem worth solving

Who are our customers?
What are our segments?

What are their practical problems?
What are their business goals & problems?

How is the customer organized?
Who decides what?

Getting to know the customers.
Building rapport.

Fuzzy data.
Eyes and ears open.
Walking a mile in their shoes.

Pitching

Declan Squared - Microfiber pocket squares & handkerchiefs

by Jason Fullmer

Home Updates **6** Backers **1,561** Comments **37** Salt Lake City, UT Fashion

▶ PLAY
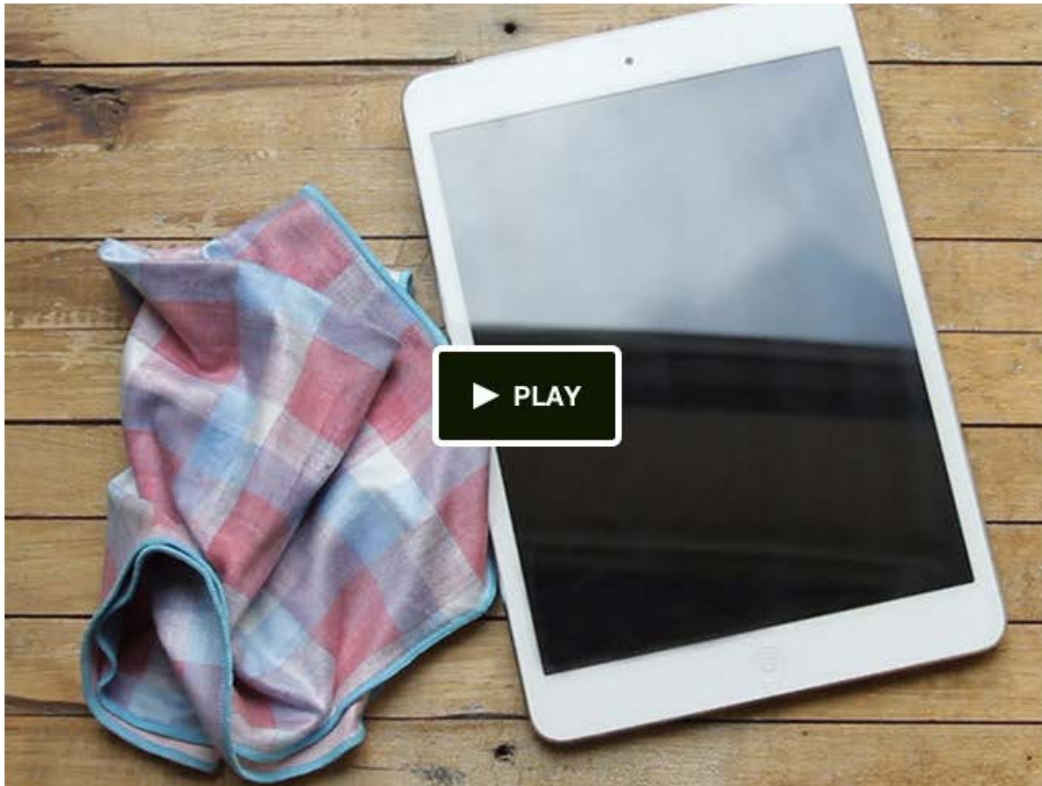
1,561
backers

$50,673
pledged of $6,000 goal

10
days to go

Back This Project
$1 minimum pledge

This project will be funded on Thursday Jan 16, 9:00pm EST.

Share Tweet Embed Remind me

Project by
Jason Fullmer

jolla.com

jolla

JOLLA   ABOUT   LOGIN   FIN **ENG**
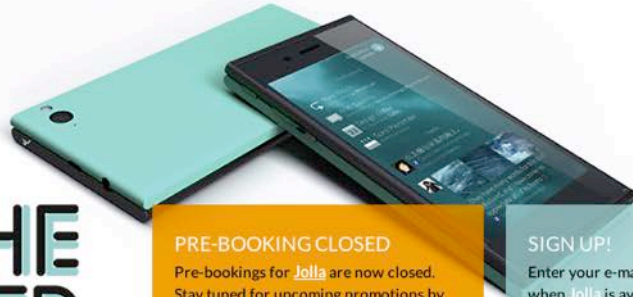
BE THE OTHER HALF

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Pre-bookings for Jolla are now closed. Stay tuned for upcoming promotions by subscribing to our newsletter.

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Enter your e-mail address below and hear when Jolla is available in your country.

| Your e-mail address | SIGN UP |

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Pitch

Validate your solution

How can I test this in a real environment?
Can I add a realistic spin into this?
How can I prove that I am wrong?

Can I scale this up?
I need more quantitative data.

Do I have a business here?
Is my value proposition working?

Fuzzy and/or clear data.
Getting real!
Quid pro quo: value for value.

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Take the stress out of dinner today!

Five weekly dinner menus based on your preferences, delivered to your app, with a grocery list and sales for your local store.

Start Now »

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Concierge

going all the way

How to test the whole service, not just a feature?

What details, emotions, practicalities etc are there?

Would someone pay me to do all this?
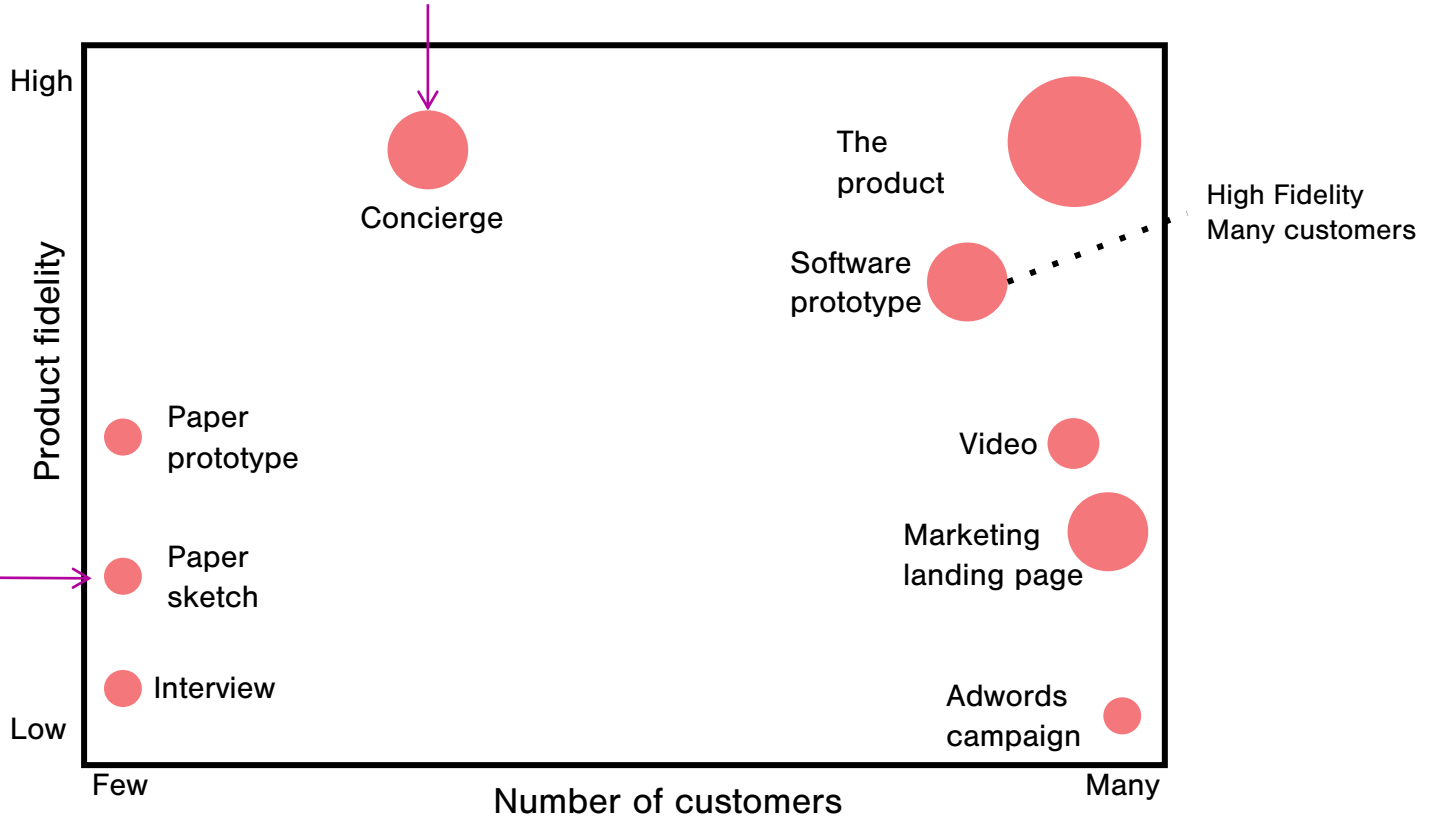Is my value proposition working? Really working?

Fake it till you make it!

Fuzzy and clear data
Only few customers.
What to automate? What NOT?

Zappos
Food on the table

High

Product fidelity

Concierge

The product

High Fidelity
Many customers

Software prototype

Paper prototype

Video

Fake ads → Paper sketch

Marketing landing page

Interview

Adwords campaign

Low

Few

Number of customers

Many

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...one more thing.

How do you know what to experiment first?

Of all the decisions, best guesses, and design decisions

(i.e., assumptions about your final thing)...

which one is most critical at this stage?
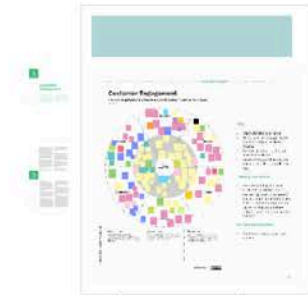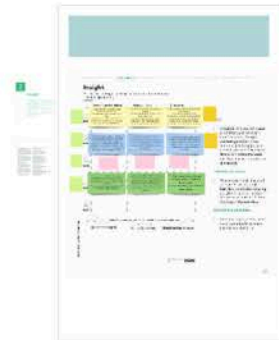
If this assumption is wrong, our whole concept falls apart.

Where do we need evidence the most?

Recipe for solid defense

1. Identify with your team, what is your *most critical assumption*.
   (start by listing all critical assumptions alone, share them, and choose one)
2. Discuss what do you want to learn about that assumption?
3. Discuss what kind of evidence would be ideal to make the assumption solid.

4. Plan an experiment that can generate the evidence.
   (Interview, Pitch, Concierge or a combination of these?)
5. Make sure the experiment can prove you wrong!!!

6. Build the experiment.
7. Measure the results.
8. Learn about your assumption.

9. Revise concept.
10. Return to step 1.

THE LEAN STARTUP

How Constant Innovation Creates Radically Successful Businesses

ERIC RIES

'Mandatory reading for entrepreneurs' Dan Heath

Keep in mind!

A prototype without an experiment
is useless.

An experiment is to generate evidence
to back up your guesswork.

A good experiment can
prove YOU wrong!
And it should.

Keep the threshold low!

What can we experiment
before lunch / tomorrow / this week
to get more evidence?

What is our weakest point at the moment?
Customer knowledge?
Technical feasibility?
Lack of strategic alignment?
Unproven value prop?
Anything that requires more knowledge!

Work on your experiment this week. Do the recipe.

Back here 17:45.

How to prototype a value prop?

Fake brochure

What is the first thing your customer's see of your product / service?

Your value proposition!
(not your "solution")

LAYOUT

Order of importance:

Picture, headline, copy
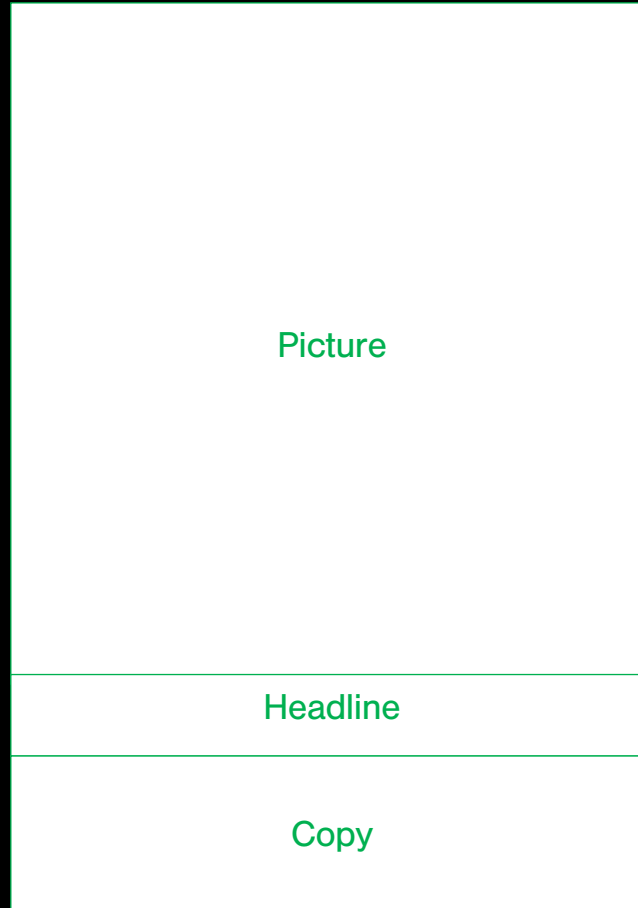
Picture

Headline

Copy

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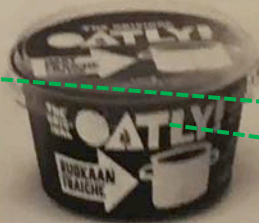
The Fake Ad/Brochure forces your team to communicate:

What is it we are doing?

What's the value to the customer?

How does it differentiate from other solutions?

KEEP CALM AND FAKE IT

NOTE!

The idea is NOT to become an Art Director for an advertisment agency!

Think more of a brochure than a super stylized advertisment.

Your three biggest risks <u>this week</u>

Doing "just a user test",
not having an evidence mindset.

Not seeing the business model
as a key piece of design.

Not starting to see the **value** for
the client organisation
(you're too solution focused)

Final Prez Structure?

Positioning: what was the brief? Business goals? Societal connection?

Strategic Focus of Customer Groups:
how well did you argue your focus?

Customer transformation (video, perhaps):
the story of who do you want them to become.

The whole concept (under the hood):
what is it, how does it work, how does it differentiate,
benefits to client & end user? Which parts are critical at this stage?

Evidence: what is your argumentation + evidence to back up
your decisions, focus, and next steps.

Your contribution: what is the value of your work?

Clarity of presentation. Remember, it should be understandable to outsiders.

Video #7: Experiment & Evidence

What is the most critical assumption in your concept?

What kind of an experiment did you do? How did you maximize realism?

What is your evidence after the experiment?

What did you learn?

How has this changed or validated your concept?