2019

BUSINESS INNOVATION TOOLKIT

presented by the *i*Center
and the Brad D. Smith Schools of Business

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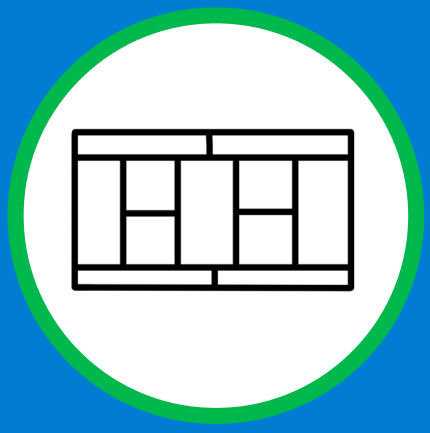
toolkit

Find Your Drive

Innovate for Impact



Launch Lean

MARSHALL

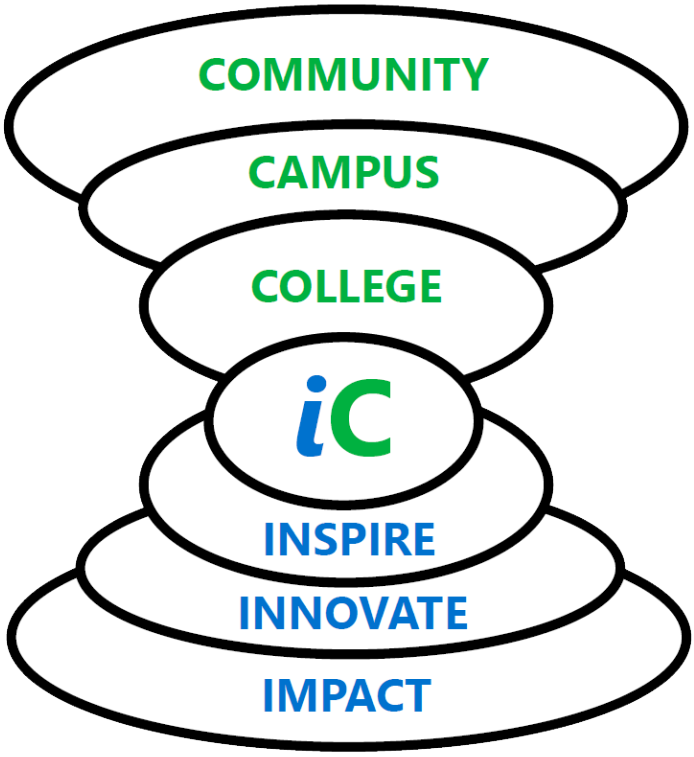
TABLE OF CONTENTS

INNOVATING FOR IMPACT

Center for Entrepreneurship & Business Innovation

Born out of the Intuit Design for Delight Innovating for Impact Challenge, the Innovating for Impact Center for Entrepreneurship & Business Innovation (***i*Center**) aims to power prosperity across West Virginia and Appalachia.

Our approach to reframing the future of WV and Appalachia is centered on igniting a passion in our community for innovating game changing business ideas that solve our state and region's biggest challenges. By doing so, we simultaneously solve our own problems while creating prosperity in our economy. Better business ideas breeds better businesses and better businesses breeds economic and social value for the entrepreneur, the state, and the region.



Mission

Our mission at the ***i*Center** is to inspire the inner-entrepreneur in everyone and empower them with the innovation knowledge they need to reframe the future of our state and region.

Vision

The ***i*Center** imagines a day when an entrepreneurial mindset drives inspiration, innovation, and impact across our college, campus, and community.

Values

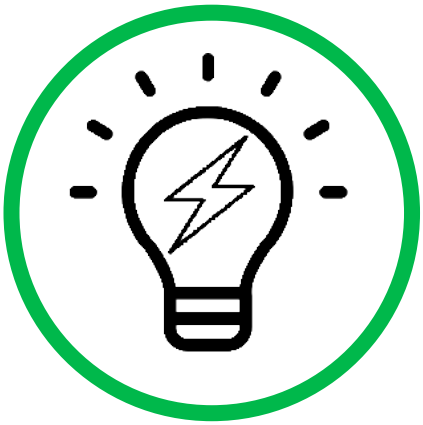
We believe...

THE BIGGER THE CHALLENGE, THE BIGGER THE OPPORTUNITY • YOU HAVE TO START SOMEWHERE • INNOVATION HAPPENS WHEN UNLIKE MINDS FIND LIKE HEARTS •YOU HAVE TO BREAK A FEW EGGS TO MAKE AN OMELET • "NO" DOES NOT EXIST, THERE IS ONLY "NOT YET"

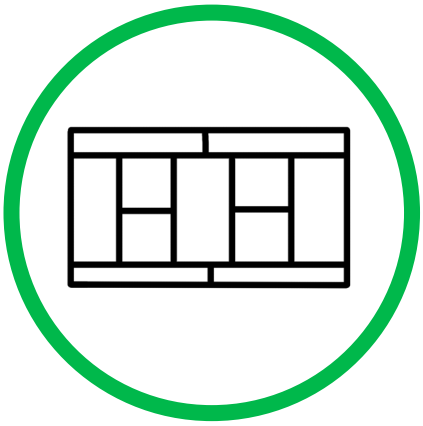
*i*Center Business Innovation Process

1. **INSPIRE** - Find a big problem that drives you

2. **INNOVATE** - Create a solution that changes the game



3. **IMPACT** - Launch your solution with a lean business model



*i*Canvas

As you work through the ***i*Center** business innovation process, keep track of your progress on the ***i*Canvas**.

The ***i*Canvas** is comprised of the main elements of a business.

This is your "business model"!

The top part of the ***i*Canvas** is your mission. This is your "north star" and everything your business does should align with it. The bottom part of the ***i*Canvas** is your profit model (revenues minus costs). It's important to have a profitable business model so you have to resources to solve bigger and bigger problems. The middle part of the ***i*Canvas** is your solution/product (the left side) and your customer/market (the right side).

When you're innovating a new business, it's not a good use of your time to write a big long business plan because you'll be making a lot of adjustments as you build out your business concept.

A business model is way easier and faster to adjust than a business plan.

*i*Canvas

designed by: ***date:*** ***iteration #:***

mission *Why does our business exist?*

problem
What are our customers' top 1-3 challenges?

solution
How might we solve our customers' challenges?

resources
What does our UVP require?

unique value proposition
What specific benefit(s) do we offer our customers that our competitors do not?

customer relationships
How do we attract and keep our customers?

channels
How do we get our UVP to our customers?

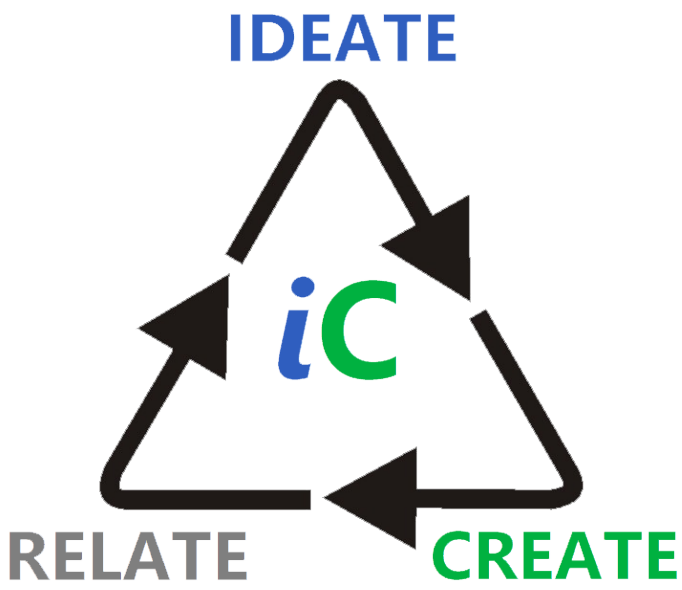
customer and user segments
Who are we solving problems for?

cost structure *What are our fixed and variable costs?*

revenue streams *What are our sources of revenue?*

*i*terate

When you're filling out the various parts your ***i*Canvas** you don't actually know if they'll work in real life. You're just predicting they'll work. These predictions are called "hypotheses".



For example, you might predict that your value proposition is valuable to your customers, but you don't know for sure.

To find out if your hypothesis are true, validate them by testing them on an actual customer.

If your customer confirms your hypotheses then you've "validated" your hypothesis. But if not, that's OK, because now you've learned what you need to improve. Just "pivot" by ideating adjustments, creating a new updated version of your ***i*Canvas**, based on those adjustments, and validating it again with another customer. Iterate a new and improved ***i*Canvas** as often times as you need to until a customer validates all 10 parts of it. Fail fast to learn fast!

*i*terate

designed by: ***date:*** ***iteration #:***

hypotheses *What critical assumptions on our iCanvas must we test for it to succeed?*	**test** *How might we test our assumptions?*	**lessons learned** *What insights did we gain from our test?*	**validate/pivot** *Did we find support for our assumptions or should we change our assumptions?*

*i*Center

FIND YOUR DRIVE

The best businesses in the world have great purpose. They convey their purpose with their mission statement. Their mission statement tells the world why they exist and why they're driven to make the world a better place.

A good mission statement conveys how you'll apply your superhero skills on a problem you're passionate about solving. Next, you'll define your mission statement.

Brainstorm relay

The bigger the problem, the bigger the opportunity! Individually, come up with as many problems as you can think of using a "brainstorm relay."

Go back and forth from "Community Problems" to "World Problems" as many times as you can. "Community" could mean your hometown, your team, your school, your church, etc.

Go for quantity over quality - this is a speed and volume game; and there is NO JUDGING.
This is a team sport. Look at other people's ideas for inspiration. Build on them by saying, "Yes, and..."

There are no bad ideas, but try not to repeat ideas.

Choose a problem

Look at what everyone has written and choose 1 problem you feel passionate about solving - Choose a problem that you personally understand and care about.

Try picking a problem that is more specific and less broad.

Reframe problems as opportunities

Next, turn the problem into an opportunity. An "opportunity" is what your community/world look like if you solved the problem.

Turn your problem into something you can work towards and cast your problem in a positive light. Think about who your problem specifically affects.

Your opportunity should complete this statement:
"We should solve this problem so that..."

Problem: Bullying at school Opportunity: All students feel accepted at school

Find your superhero skills and leadership strengths

Think about what superhero skills you have. What are you good at? What are you passionate about doing and/or learning? Think about a time when you were a leader. Which of your strengths helped make your teammates better?

Define your personal mission statement

The Girls Driving for a Difference (www.girlsdrivingforadifference.com) cracked the code on how to find a personal mission statement that drives you. By applying your superhero skills and strengths on your opportunity, you'll uniquely be able to make an impact on the problem.

Bring everything together into a single personal mission statement.

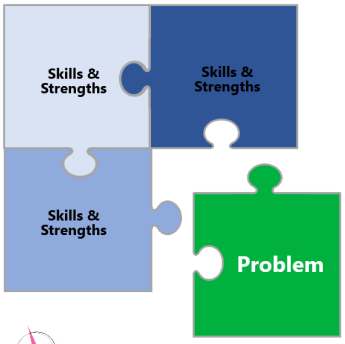
My name is: _____.

Using my strengths in: _____and_____,

I'm driving for a future where: _____.

Define your team mission statement

Share your personal mission statements with your team and, together, pick one problem/opportunity that your team collectively has passion to solve and pick two skills/strengths that collectively represents the entire team.



Mission = Skills + Problem

Finally, together, pick a team name for your business! Then, bring everything together into a single, team mission statement.

Our team name is: _____.

Using our superhero strengths in: _____and_____,

we're driving for a future where: _____.

Your team has now found it's drive! Go ahead and write this statement into the "mission" box of your *i*Canvas

But what about those other boxes on the *i*Canvas? And how will you innovate a solution for your problem? Design thinking is how you'll start tackling them.

INNOVATE FOR IMPACT

Design Thinking is a process for innovating solutions to wicked problems.

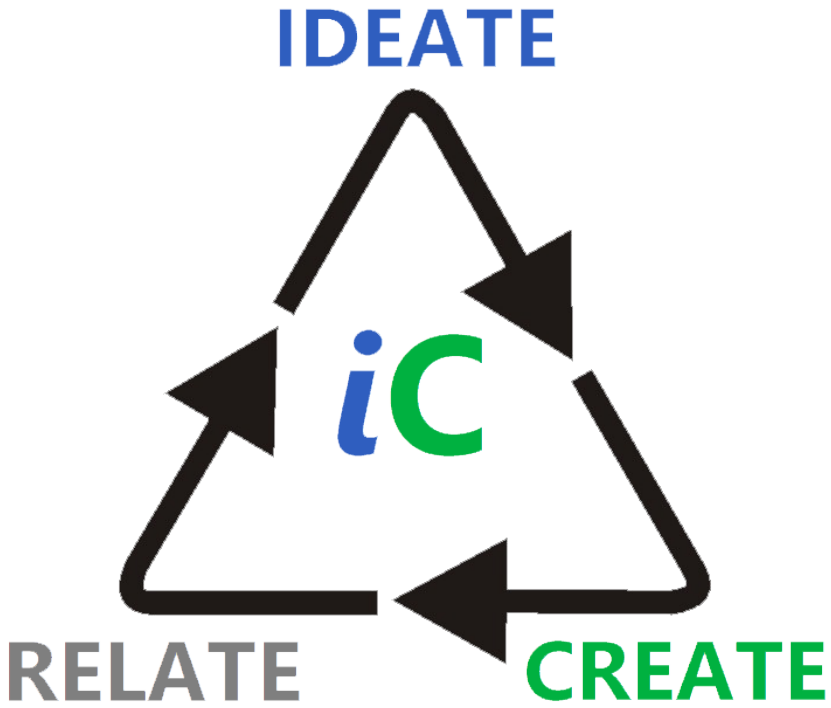
Why is it better to solve wicked problems than simple problems? Because the bigger the challenge, the bigger the opportunity for someone to solve it!

Design Thinking process

1. IDEATE
Create a daring idea by developing a broad pool of potential solutions and then narrowing them down to one

2. CREATE
Rapidly build an inexpensive and scrappy prototype of your idea

3. RELATE
Test your prototype on a customer and hunt for insights by gaining deep empathy for them



...and then start the design thinking process over again by ideating a new and improve prototype v2.0 to validate. Iterate until the prototype solves the problem!

Three Keys to Design Thinking
1. Truly care about your customers
2. Find a wicked problem you're passionate about solving
3. Fail intelligently

How do you fail intelligently?
- FAIL FAST to learn quickly
- FAIL OFTEN to learn a lot
- FAIL CHEAP to learn inexpensively

Design Thinking starts with defining a problem statement and HMW question

Now restate your mission as a meaningful challenge that your team is inspired to take on and design a solution for. You can do this by reframing your mission/customer problem into a "How might we" question.

Example - Nike's Mission Statement: "To bring inspiration and innovation to every athlete in the world."

Nike's HMW question: "HOW MIGHT WE bring inspiration and innovation to every athlete in the world?"

Write your problem statement and HMW question in the "problem" box of the *i*Canvas.

IDEATE

7 to 1 Brainstorm sketching

Next, each team member should sketch 7 potential solutions to the problem in 7 minutes. Use the "7 to 1" worksheet in the appendix to help keep your sketches organized.

Draw your ideas, no matter how crude. Annotate them with words to help explain your sketch.

Remember to think about how you might apply your superhero skills to the problem. Also, how might you apply technology to the problem. Combine odd or unexpected things to spark ideas (GPS + walking).

Don't worry about if your idea will solve the problem. Assume it will for now and we'll test that assumption later when we "validate" it.

Every idea is a good idea right now. Ideas can be realistic or ridiculous. Be playful and crazy. This is a time for QUANTITY NOT QUALITY. Obvious ideas will come to you first. Your last ideas will be your most innovative because you have to stretch your imagination.

Share your solutions and get feedback

Take your sketches and quickly share them with your teammates. Take turns until each teammate shares all their ideas.

As you listen to the ideas of others, build on their ideas by coming up with new ideas. Use your teammates' ideas as inspiration for your new ideas.

No critiquing at this point.

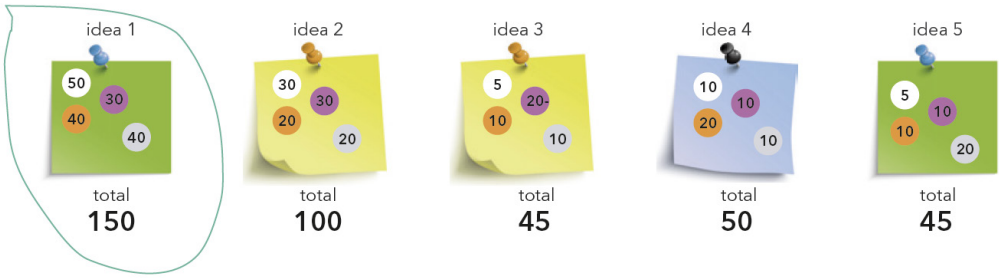
If necessary, do another round by generating 7 more ideas.

Narrow to 1 potential solution

Hang up all the sketches in a clearly visible place.

Each team member should silently and individually allocate 100 points across the ideas that they think will best solve the customer's problem.

After all the team-members have allocated their 100 points, add up the total points for each idea.



CREATE

Create a prototype!

Using your sketch with the most points as a guide, create a physical prototype that your customer can interact with.

Try to focus on building a solution to just one of your customer's problems.

Prototypes aren't supposed to be perfect, they're a quick and rough draft.

Use whatever scrappy materials are available including space. Prototypes can also be drawn or role played (if it's a service). If you have an app, you can build a digital prototype here: https://proto.io/

RELATE

Test your prototype by gaining deep customer empathy

Share your prototype with the customer. Observe their reactions, have a conversation with them by asking open-ended questions, and listen to their feedback for insights that can improve your prototype. Then make the necessary adjustments by ideating new solutions to prototype and validate.

Use the ***i*terate** table to validate an idea:

1. decide what you want to learn about your idea. What are some things about your idea that you assume will work but aren't 100% sure? These things are called hypotheses.
2. find a customer that represents your target customer
3. observe and have a conversation with your customer about your hypotheses
4. record and reflect on what you learned from your customer
5. decide on if you validated your hypothesis or if you need to pivot and make changes

Picking your hypotheses

A hypothesis is something about your product that you assume your customer will like, but aren't 100% sure. To identify a hypothesis, ask yourself, "In order for this idea/prototype to work, what MUST happen?"

For example, are you making assumptions about how certain feature of the product will work? Are you making assumptions about how the customer will use the product? Or how they enjoy using it? Are you making assumptions about certain technologies that exist?

Try to identify 1-3 hypotheses to validate with a customer and record them on the ***i*terate** table.

Test your hypotheses by observing and conversing with a customer

Find a customer who you think is impacted by the problem area you are trying to solve. Observe HOW your customer uses/misuses it. Ask WHY they reacted that way. Ask HOW your customer feels when using the prototype. Look for patterns, look at behaviors, look at things that prompt behaviors, look for "hacks/work arounds", look for thing that people care about, and look for body language. Make sure to take notes of things you find interesting or surprising and take pictures/videos to document their actions.

After observing your customer, have a conversation with them. Ask them their likes/dislikes – and WHY they like/dislike. Ask them how you can build on the idea. Let them do the talking - Fight the urge to sell or defend your ideas. Hunt for insights. Again, take note of things you find interesting or surprising.

Start with easy "get to know you" questions, then move onto to "factual" questions about your topics of interest, and conclude by digging deeper into the most interesting areas with "emotional" questions. Ask open-ended naïve questions (why?); ask them to share a story about the problem; ask them to show you things they interact with; maintain body language that shows your engaged and interested in them; be conversational rather than interrogative; allow for pauses.

Lessons learned

Now collect your thoughts, reread your notes, reflect, and record them on the ***i*terate** table. As you reflect, think about your customer's needs & wishes. Think about key insights that made you say "Ah ha!" - What were key discoveries that might help you create a solution?

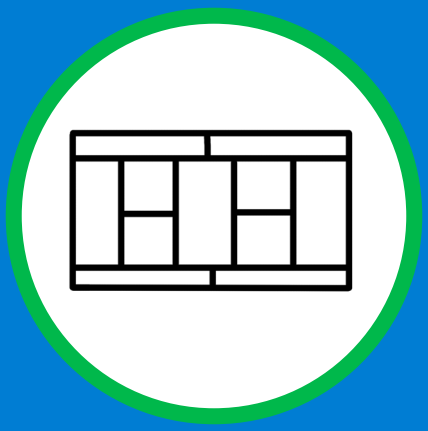
Validate/Pivot

VALIDATE hypotheses that your customer liked by keeping it in your business model.

PIVOT on hypotheses that your customer didn't like by innovating a new way using the design thinking process and adjusting your ***i*Canvas**.

Write the features of the prototype that worked in the "solution" box of the *i*Canvas.

LAUNCH LEAN



On your *i*Canvas, you should now be able to fill in your mission, problem, solution, and customer segments.

You've innovated a prototype, but a prototype alone is not a business. What resources will it take to turn the prototype into a product? How will you tell your customers about your product? How will you get your product to your customers? What will your costs be? How will you price your product?

Let's fill out the rest of the *i*Canvas to build out the rest of your business model!

Unique Value Proposition (UVP)

Your UVP describes ALL the benefits that make your business uniquely valuable. It specifically identifies the reasons why your customer segment would choose you over your competition. It lists the benefits that makes your products worth the price to your customers.

These benefits could come from your product. They could also come from the way that you get your products to you customer (i.e. a special channel) or the way that you attract customers to your products (i.e. customer relationships). They could come from any box on the iCanvas including your mission!

e.g., Walmart's Value Proposition: "**Everyday low prices** for a **broad range of goods** that are **always in stock** in **convenient locations**." (benefits in **bold**)

List your benefits by order with the most beneficial at the top of the list

How are you different in a way that matters to customers?

What customer pain-points are your addressing?

You can propose value to customers, but ultimately it's up to them to decide if you actually are of value to their life

Target early adopters with bold, clear messaging. If you can "win" early adopters then it increases your chances at winning over the mainstream

Focus on finished story benefits – does the customer's WHY align with WHY you are problem-solving? (*e.g.*, Domino's: Hot fresh pizza delivered to your door in 30 minutes or it's free.)

Resources

Resources are what your UVP requires to be created and offered. Resources are what allow a business to reach markets, maintain relationships with customer segments, and earn revenues. Key resources can be physical, financial, intellectual, or human. Key resources can be owned or leased by the company or acquired from key partners.

Resources can be internal or external. Resources can be external to your business like partnerships, networks, and suppliers for ingredients/parts. Some examples of internal resources are your superhero skills, physical tools, people, finances. Some resources could be both external and internal such as technology.

Customer and User Segments

Who are we solving problems for? Users use our product/service but don't pay for it. For example, people that watch videos on YouTube for free are users. On the other hand, customers pay for our product/service. A good example – advertisers that pay YouTube to promote their products on the videos are customers. Sometimes you'll only have customers, other times you'll have both customers and users.

Customer Relationships

Customer relationships are how you will attract and keep your customers.

Tell your customers about your UVP via social media, website, advertising, hiring sales people, WOM

What type of relationship does each of your customer segments want? How do they want to be reached? How are we reaching them now? Which are most cost efficient?

Make sure that you have a plan for building relationships at each of the places that you come into contact with your customers. These places are called "touch points".

It's far less expensive to keep existing customers than it is to find new customers so make sure to retain your current customers by keeping them happy. Make sure you think of ways to provide post-purchase customer support!

Use social media technology to build brand communities so that your customers have a space to come together. There they can share their experiences with each other and come up with common challenges and solutions.

"Pirate metrics" are good metrics for start-ups to measure and track the strength of their relationships with their customers. The pirate metrics are AARRR!

Acquisition - How many customers find you?
Activation - How many customers have a great first experience?
Retention - How many customers come back?
Revenue - How many customers buy something from you?
Referral - How many customers tell others about you?

Channels

Channels are how you will get you UVP to your customers.

Think though all the places you want to come into contact with your customer (i.e. touch points).

Get your UVP to customers via sales people, web, a "brick and mortar" store retailers, wholesalers, self-service (*e.g.*, kiosk, vending machines)

Think about how you can get your UVP to your customers in the quickest, most efficient way with the least amount of resources required.

Think about places where your customer segment frequent.
Sometimes your communication and channel will be the same thing (*e.g.*, website).

Cost Structure

Creating and delivering value, maintaining Customer Relationships, and generating revenue all incur costs. Your cost structure lays out your variable and fixed costs.

Variable costs are costs that go up or down depending on the number of units made (*e.g.*, more pizzas, more cheese)

Fixed costs are overhead costs that don't change no matter how many units you make (*e.g.*, your pizza oven, your building you rent)

Sometimes some costs are both fixed and variable (*e.g.*, salary and commission). These are called mixed costs.

Revenue Streams

Think about all the different ways in which you might generate sales. For example a movie theatre sells movie tickets, concessions, party space, arcade games. Each of those are a revenue stream.

Each revenue stream may have different pricing strategy. For example, maybe for one revenue stream occurs from transaction revenues that come from a one time payment (e.g. buying a blu-ray disc of a movie) while another revenue stream might come from recurring payments (e.g. a monthly subscription to Netflix).

How much will you charge for these different revenue streams?

A start-up doesn't become a business until they find their revenue streams. It's just a hobby until then!

Congrats! You've filled out the entire *i*Canvas. You now have a complete business model!

ITERATING YOUR *i*CANVAS

Now that you have a complete business model it's time to validate it by testing critical elements of the *i*Canvas on a real customer to make sure that those elements will be successful.

Iteration

Just like when you validated your prototype and iterated a new and improved prototype, now you'll do the same thing and iterate a new and improved version of your entire ***i*Canvas** (v2.0).

Remember, you don't know if all the parts of your ***i*Canvas** will work. You're just predicting and assuming it will work. These predictions/assumptions are called hypotheses. To find out if your hypotheses are true, test them out on actual customers.

Start by picking the most important and critical assumption/hypothesis on your ***i*Canvas** and test them on a customer.

To determine your most ciritcal assumption/hypothesis ask yourself "In order for this business to succeed, _____ has to be successful."

VALIDATE hypotheses that your customer liked by keeping it in your business model.

PIVOT on hypotheses that your customer didn't like by innovating a new way using the design thinking process and adjusting your ***i*Canvas**.

Perhaps your most ciritcal hypothesis is something related to your prototype. Or maybe it's something related to your channels. It could come from anywhere on your ***i*Canvas**. It's even possible you'll want to go back, test, and iterate on your mission.

Keep track of your hypotheses, how you tested them (e.g. interviews, observation, etc.), what you learned (e.g. what they like/dislike, questions that emerge, and new ideas that come up) using the ***i*terate** table.

This process will result in a new iteration of your *i*Canvas...an *i*Canvas v2.0. Repeat this process for a v3.0, v4.0, etc. until all the parts of your business model have been validated and are ready to go!

SHARING YOUR INNOVATION STORY

Now that you have a business model that's ready to roll, share your innovation story with the world to build support for your mission. Perhaps you'll earn the support of an investor who will join you on your mission by investing in you and your business model to take it to the next level!

Storytelling

Your story should cover these topics:

- ***Title Slide:*** Who are you and what is your mission, beliefs, and purpose?
- ***Problem Slides:*** What problem are you trying to solve? What did customer(s) do/say that gave you insight that this is a problem worth solving? What are they missing? What is the current reality like without your idea/prototype?
- ***Solution Slides:*** How did you attempt to solve the product problem worth solving? How did you use design thinking to iterate solution prototype? How did the tests impact iteration of the solution?
- ***Canvas Iteration Slides:*** How did you test key assumptions of the canvas? What specific tests did you conduct? How many and what types of people did you interact with?
- ***Result Slides:*** What information was discovered? How were initial assumptions validated? What pivots/changes did team make?
- ***Lessons Learned Slides:*** Telling the story of lessons learned from testing. What worked well? What would you do differently?
- ***Next-Steps Slides:*** What are the next steps your team needs to take to advance your project? How would you use the prize money awarded to gain more traction? What do you need to make this a reality? Who do you need to involve? What funds, time, or resources do you need?
- ***Concluding Slide:*** Make a call-back to your mission to remind the audience of your purpose. Make a call to action by letting them know how they can join you on your mission. Thank them and open the floor for questions and comments.

PRO TIPS

GET IN TOUCH WITH YOUR INNER STORYTELLER. Great insights don't just 'appear' out of your observations and conversations. You have to craft them.

BRING CREATIVITY AND YOUR OWN PERSPECTIVE TO THIS PROCESS. There's no 'right' answer. It's about sharing your unique point of view to motivate others. Try out different storytelling techniques such as photography, video, metaphors and vignettes.

EXPERIMENT with the wording and structure to best communicate your insights.

INTUITION IS YOUR GUIDE. Rely heavily on what 'feels' meaningful and push yourself to take leaps and make connections.

GATHER FEEDBACK from others as you develop your story. What's working and what isn't?

STAY AWAY FROM GENERALIZATIONS. Such as judgments, evaluations, assumptions and prescriptions (thoughts that start with "should, would or could")

TELL SPECIFIC STORIES. Focus on the individuals and talk about what actually happened. It helps to begin stories with "One time..." or "After such and such happened..."

TELL IT THROUGH WORDS AND PICTURES. Experiment with words, charts, images, and prototypes until you have a robust way to express your thinking. Show sketches of early prototypes

BE DESCRIPTIVE. Share vivid details - physical senses & emotions to give texture to stories.

EDIT AND FILTER. Don't be afraid to let go of superfluous information or patterns.

MAKE IT PERSONAL • GET EMOTIONAL • SHOW VISUALS
USE ANECDOTE AND REFLECTION • INCLUDE A CALL TO ACTION

APPENDIX

iCanvas

designed by: ***date:*** ***iteration #:***

mission *Why does our business exist?*

problem
What are our customers' top 1-3 challenges?

solution
How might we solve our customers' challenges?

resources
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unique value proposition
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hypotheses *What critical assumptions on our iCanvas must we test for it to succeed?*	**test** *How might we test our assumptions?*	**lessons learned** *What insights did we gain from our test?*	**validate/pivot** *Did we find support for our assumptions or should we change our assumptions?*

iCenter

1.

2.

3.

7 to 1

Initially, each member of the team works independently developing 7 solutions for the stated problem. Your initial idea(s) will come quickly...to generate 7 solutions you may want to "go broad" looking for and combining designs used in other companies, in other industries, and in nature. Draw your ideas, no matter how crude and annotate with words to provide clarity — it will later help spark new creativity in those viewing your solutions. Or use this page to storyboard one idea and other pages to storyboard other ideas.

When all squares are filled with unique ideas — share them with the team. As they are shared, the team is responsible for building on these ideas and combining them with others.

iCenter

To get one great idea, you need lots of ideas

4.

7.

6.

5.

*i*Center