

An investment that works.

Business Model Canvas and Experiment Design

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REDF CONNECT. GROW. LEAD. community

The REDF Community is a national network of more than 160 employment social enterprises (and growing) that offer transitional employment and supportive services to individuals seeking to build better lives and create more economic themselves after for opportunity experiencing barriers to accessing quality experiences jobs related to with homelessness, mental health issues including addiction, incarceration, and refugee status, among others.

Core Program Focus



Meet the Team







JALPA Alumni Relations



METTE **Community & Outreach**



SEAN Community



Part of Continuing Education Week





If implementing what you learn today feels overwhelming, our approach to the Office Hours is designed to help you get to small, doable steps for progress over time





Where we're Going

- Learn a business modeling framework for communicating the product or service we sell: The Impact Canvas
- Form assumptions around key customers and our strategy for repeatedly acquiring new ones



Let's warm up



How would you define a business model?

Drop your answer in chat, but don't hit enter yet.



Any experience with a Business Model Canvas?



The Business Model Canvas



A "blueprint" of your business model



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		The Impac				
. Why do you exist? What are you on a mi	ssion to achieve, and for whom?	Anchor P	urpose			
Key Partners	Key Activities	Value Pr	oposition	Customer Relationships	Key Customers	
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- Collaborative
- Responsive
- Illustrative
- Iterative



		The Impact	Canvas		
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Open your workbook.

Linked in the chat >>>



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Think about what your enterprise might look like at it's next growth milestone.

- ~2 years from now
- Revenue (earned and contributed) is repeatable and predictable
- Operating systems are proven and functioning
- Fully staffed and resourced



- Listen to the prompts for each of the following slides
- Place assumptions in the corresponding sections using the available "sticky notes". One thought per post-it!
- Be as specific as possible
- Focus on the business model for paying customers (earned and contributed revenue)
- Last step: color all assumptions that are not yet proven (with evidence) orange.

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© RED	Adapted from Impact Strategy Advis	ors Social Impact Blueprint Canv	las				KEDI	

The Impact Canvas

Anchor Purpose

1. Why do you exist? What are you on a mission to achieve, and for whom?

Key Partners

9. Which partners will increase your ability to reach, convert, and deliver value to your key customers?

Which partners will allow you to operate your business? and tasks must your and your team complete on a consisten basis to deliver value to customers and operate your business? 3. What problem do you solve for your key customers? What additional value do you offer them that they could not achieve without you? i. How do you convert, retain, and grow your key customers? Key Customers 2. What is the profile of your target

customers? Be descriptive and specific. What shared qualities do they have?

Customers:

 Who are the specific groups of people or entities your enterprise aims to reach and create value for? (Value for which they pay for

0. What are a miley of Cate the final is are variable? Fixed?

One post-it per customer

^r How is your business competitive relative to others in your market? What advantage do you have over existing/potential new players (this is different from value proposition).

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	6. Describe your revenue model - how does your company make money, and with what margin?	
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The Impact Canvas

Anchor Purpose

1. Why do you exist? What are you on a mission to achieve, and for whom?

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가 <mark>추성공29</mark> 2d from Impact Strategy Advise			Increase f	family income 2x wi	thin 6 months	

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Let's take a breath



Where we're Going

- Practice forming assumptions to consider **new ideas and changes** to your business
- Build a common language
 around Experiment Design
- Begin designing a customer experiment



Return to the business model your created earlier.

What about your business model feels the *most* risky, or the *most* unknown?

Drop them in the chat, but don't hit enter yet.



A framework to make the **right** business decisions, in **less** time, with **less** waste.



Path to Disaster

Product/Service-focused

Path to Epiphany = Customer-focused



Customer:

- 1. Discovery
- 2. Validation
- 3. Creation
- 4. Building

Customer can mean:

- 1. Investor
- 2. Funder
- 3. Partner
- 4. User (end beneficiary)
- 5. Participant
- 6. An actual paying customer


Customer can mean:

- 1. Investor
- 2. Funder
- 3. Partner
- 4. User (end beneficiary)
- 5. Participant
- 6. An actual paying customer



• There is a group of individuals or entities with shared characteristics and a common challenge



- There is a group of individuals or entities with shared characteristics and a common challenge
- They are willing to commit resources (time or \$\$) in exchange for resolving the challenge



- There is a group of individuals or entities with shared characteristics and a common challenge
- They **are** willing to commit resources (time or \$\$) in exchange for resolving the challenge
- We can reach new customers with our value proposition predictably and repeatedly

- There is a group of individuals or entities with shared characteristics and a common challenge
- They are willing to commit resources (time or \$\$) in exchange for resolving the challenge
- We can reach new customers with our value proposition predictably and repeatedly
- We **believe** we can build processes and systems to operate a company around these working hypotheses

- Customer Discovery: There is a group of individuals or entities with shared characteristics and a common challenge
- Customer Validation: They are willing to commit resources (time or \$\$) in exchange for resolving the challenge
- 3. **Customer Creation:** We **can** reach new customers with our value proposition predictably and repeatedly
- Company Building: We believe we can build processes and systems to operate a company around these working hypotheses

Putting it all together

- **Customer Discovery:** There **is** a group of individuals or entities with shared characteristics and a common challenge
- 2. **Customer Validation**: They **are** willing to commit resources (time or \$\$) in exchange for resolving the challenge
- Customer Creation: We can reach new customers with our value proposition predictably and repeatedly
- Company Building: We believe we can build processes and systems to operate a company around these working hypotheses

Let's design and run an experiment



- 1. Make sure your assumption is strong
- 2. Design your experiment
- 3. Commit to a go/no-go metric
- 4. Actually run your experiment

- 1. Make sure your assumption is strong
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- 4. Actually run your experiment

Customer + affirmative (will, does, is, etc.) + behavior, quality, or capability.



- Pertain to observable actions, events, and behaviors
- Are specific enough to be proven wrong
- Are critical to the success of the business



Open the workbook.

Linked in the chat >>>



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 Form a strong assumption (Customer + affirmative (will, does, is, etc.) + behavior, quality, or capability) 	2. Design your experiment. Who will you talk to (specifically)? When? How many interviewees?
2a. Stick to the script! Build a prototype	3. Commit to a go/no go metric
2a. Stick to the script! Build a prototype interview script. What is most important to	3. Commit to a go/no go metric
	3. Commit to a go/no go metricIf we do X, Y will happen Z% of the time
interview script. What is most important to	
 interview script. What is most important to learn? Set the stage Explore the problem 	
 interview script. What is most important to learn? Set the stage Explore the problem Seek stories, seek alternatives 	
 interview script. What is most important to learn? Set the stage Explore the problem 	



1. Make sure your assumption is strong

2. Design your experiment

- 3. Commit to a go/no-go metric
- 4. Actually run your experiment

There are lots of types of experiments.



Customer Interviews (customer segments)



High Hurdle

Dry Wallet (Value proposition)





Fake Door (channels/ relationships)



Fish Bowl (Pilot)



Imposter



Customer Interviews

Do's of customer interviews

- 1. **DO** prioritize meeting face to face (or video)
- 2. **DO** interview at least 10 **SIMILAR** customers before drawing conclusions
- 3. **DO** stick to the script
 - a. Set the stage, introduce yourself
 - Explore the problem or assumption with open ended questions
 - c. Seek stories, seek alternatives
 - d. Follow up with 'why?"
- 4. **DO** follow up with thanks

- 1. **DON'T** ask binary questions
- 2. **DON'T** lead the witness
- 3. **DON'T** sell
- 4. **DON'T** leave questions unanswered
- 5. **DON'T** fish for answers or false positives





Return to your workbook.



1. Form a strong assumption (Customer + affirmative (will, does, is, etc.) + behavior, quality, or capability)	2. Design your experiment. Who will you talk to (specifically)? When? How many interviewees?
 2a. Stick to the script! Build a prototype interview script. What is most important to learn? Set the stage Explore the problem Seek stories, seek alternatives Follow up with 'Why'? 	3. Commit to a go/no go metric If we do X, Y will happen Z% of the time



- 1. Make sure your assumption is strong
- 2. Design your experiment
- 3. Commit to a go/no-go metric
- 4. Actually run your experiment

- A go / no-go metric represents the minimum affirmative results you need to witness to be confident moving forward with your assumption.
- Your metric will guide business **decisions**.
- It is **NOT** a goal or a prediction.

Tip: Start from 100% if you're having trouble deciding

If we do X, Y will happen Z% of the time.



Activity

Return to your workbook



1. Form a strong assumption (Customer + affirmative (will, does, is, etc.) + behavior, quality, or capability)	2. Design your experiment. Who will you talk to (specifically)? When? How many interviewees?
 2a. Stick to the script! Build a prototype interview script. What is most important to learn? Set the stage Explore the problem Seek stories, seek alternatives Follow up with 'Why'? 	3. Commit to a go/no go metric If we do X, Y will happen Z% of the time



- Test a BEHAVIOR
- Be specific enough to be proven false
- Contain a go/no-go metric
- Run in a specific time period
- Have a substantial sample size

- 1. Make sure your assumption is strong
- 2. Design your experiment
- 3. Commit to a go/no-go metric
- 4. Actually run your experiment

If implementing what you learn today feels overwhelming, our approach to the Office Hours is designed to help you get to small, doable steps for progress over time





Thank you!

