

Publication



Shumka Centre for
Creative Entrepreneurship

How to Realize Your Next Great Business Idea



How to Realize Your Next Great Business Idea

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Do you have a great idea but don't know how to make a business out of it? Does starting a company as an artist or designer seem intimidating? Have you wondered how other people connect with mentors and advisors?

All innovative and wildly successful businesses start with an idea.

What makes an idea great is not its originality, but rather its scalability.

An idea that's well fostered and thoroughly tested is the key measure in determining the success of a business. The good news is, you don't need any prior experience or an MBA to scale a business idea. Here are some tools to help get an idea out of your head and into the real world.

Entrepreneurship as Creative Thinking

Entrepreneurship is commonly known as the process of starting and maintaining a financially stable business. However, at its core, entrepreneurship is a way of creative thinking— a mindset or a set of tools that help innovators solve problems and provide solutions in the form of businesses.

Becoming an entrepreneur is possible for anybody regardless of their background or experience. There is no formula for success; the process involves trying, stumbling, failing, and getting back up to try again. Entrepreneurs must form the ability to be resilient and to learn from experiences and failures— these teach entrepreneurs about potential customers and specific situations for the future.

A startup is a temporary organization searching for a repeatable and scalable business model. Startups are a great way to test an idea or an assumption about customers, products, or services. These assumptions remain hypotheses until they are validated based on a repeatable business model.

9/10 startups fail.

There are a lot of different reasons behind start-up failures including:

- No market need
- Poor product
- Lack of business model
- Poor marketing
- Ignored customers
- Mistimed product
- Lost focus
- Not the right team
- Got outrun by competitors
- Ran out of cash
- Pricing/Cost issues

Quick Tips for Creative Entrepreneurs

Do

- Do get used to being uncomfortable; nobody (even the founders of large companies today) knew what they were doing in the beginning—this is all part of the process.
- Do get out of your bubble—think of the bigger picture surrounding your problem; situate your issue out there in the world.
- Do spend time to really understand the customers and the problem you are trying to solve. The majority of startups fail because they create an unwanted product that fails to solve actual problems for their customers.
- Do learn from failure! Failure is not final and should not be taken personally—approach situations with the perspective: what can I learn from this?

Don't

- Don't get discouraged if you have an idea but feel overwhelmed with what to do next. There is no perfect road to success; each entrepreneurial journey is unique to you and your idea. Execution is key!
- Don't be afraid to be a beginner—everyone starts somewhere. Don't get scared away because you think you might not know all the answers right away.
- Don't mistake working in the business (doing daily tasks such as working on the startup) as working on the business. What is the bigger problem that will have long term impact? Work on the bigger steps, validate customers, and discover minimum viable product first.

Applying Design Thinking to Startups

Broadly speaking, the steps involved in realizing a business idea are:

1. Problem Discovery
2. Customer Delivery
3. Customer Validation
4. Product Market Fit/Minimum Viable Product
5. Customer Creation
6. Company Building

Empathy is a great tool when tackling problem discovery. You can't build a scalable startup unless you have discovered a real issue you are trying to solve. A substantial problem needs to go beyond the scope of just you, it needs to be something that affects multiple people. It's important to understand the problem, the customer, and the solution – as a fit equation. Spend a bit of time upfront to understand the problem you are trying to solve as a founder: are you solving a real problem that has scale, and one that customers care about – or is it just a problem you experience? Don't be afraid to talk to strangers at this phase and

discover how they experience your problem. Don't feel rushed in this beginning stage – it will be worth it in the long run!

When founder Tara Bosh was launching SmartSweets, the “first candy [customers] can feel good about”, Tara had various product ideas for her candy including marshmallows. Upon her customer discovery period, Tara talked to a lot of different people and realized that most people do not eat marshmallows regularly, unlike gummy bears. Tara then focused her energy on creating different skews of gummy bears instead.

Your problem can be a symptom of a bigger problem. If you just end up addressing the symptom, you'll be creating a “band aid” solution. These resolutions alleviate symptoms instead of digging at the source. If you discover that you're addressing a symptom, try focusing on an authentic root cause instead. When Taran & Bunny Ghatora launched Blume, a feminine self-care company, they started out with organic & natural period products marketed to young women and teenagers. As the company started the customer validation process, they discovered a bigger problem:

Introducing: Business Model Canvas

most young women were not properly educated on period products. To rectify this, Blume launched “States of Sex Ed”, a digital resource that provides comprehensive sex education information for free.

You have identified a problem and have a solution in mind, what’s next?

The lean startup methodology and mindset has revolutionized the way we think about creating startups and how we actually create them by shortening our path from idea to execution. This has made startups more accessible to a wide range of individuals. Over time, more tools have been built off of the BMC to really provide founders different tools at different stages of building their startups – including the Value Proposition Canvas, Lean Canvas, Social Impact Canvas, and even the Customer Forces Canvas. These tools have evolved as we started to understand the unique needs of startups at different stages, and the particular bottlenecks and obstacles that lead to failure.

The old methods for building a startup were twofold: founders would either start executing

their ideas right away without any research, or they would spend a substantial amount of time writing business and strategy plans. Both methods were problematic as the majority of the life of a startup is spent between problem discovery and customer validation; these

“No plan survives first contact with customers”

— Steve Blank, inventor of Lean Methodology for Entrepreneurs

Modeled out by Alexander Osterwalder, the Business Model Canvas (BMC) is a tool that organizes and defines the key concepts, offerings and of a startup, thus moving the entire process of composing large business plans to a post startup phase. The BMC building blocks allow startups to concentrate on the relationship between the product/service and the customer, as well as the problem that is trying to be solved. A clear understanding of the BMC model in startups produces traction and growth.

The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

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?
KEY PARTNERS FOR PARTNERSHIPS
Reduction of risk and uncertainty
Acquisition of particular resources and activities

Key Activities

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue Streams?
KEY ACTIVITIES
Customer Relationship
Production
Problem Solving
Platform/network

Value Propositions

What value do we deliver to the customer?
Which one of our customers' problems are we helping to solve?
Which of our products and services are we offering to solve customer problems?
Which customer needs are we satisfying?
CHARACTERISTICS
Newness
Performance
Customization
Design and Look/Feel
Price
Quality
Convenience
Accessibility
Compatibility

Customer Relationships

What types of relationships does each of our Customer Segments expect us to establish and maintain with them?
What types of relationships do we want to establish?
How are they integrated with the rest of our business model?
How costly are they?
EXAMPLARS
Dedicated Personal Assistance
Self-Service
Automated Services
Communities

Customer Segments

For whom are we creating value?
Who are our most important customers?
KEY MARKET SEGMENTS
Segmented
Multi-sided Platform

Key Resources

What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?
TYPES OF RESOURCES
Physical
Intellectual
Human
Financial
Social

Channels

Through which Channels do our Customer Segments want to be reached?
How are we reaching them today?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?
CHANNELS
1. How do we visit awareness about our company's products and services?
2. Evaluation: Help customers evaluate our organization's Value Proposition?
3. Purchase: Allow customers to purchase specific products and services?
4. Delivery: Deliver our Value Proposition to customers?
5. After sales: How do we provide post-purchase customer support?

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?
Cost Categories (based on structure, how prices relate production, maximum automation, extensive outsourcing)
Value Drivers (focused on value creation, premium value production)
Fixed Costs (salaries, rent, utilities)
Variable Costs (materials, shipping)
Economies of Scale

Revenue Streams

For what value are our customers really willing to pay?
For what do they currently pay?
How much does each Revenue Stream contribute to overall revenues?
How would they prefer to pay?
PRICE MECHANISMS
Fixed Price
Customer Segment
Product Feature dependent
Volume dependent
PRICING MECHANISMS
Usage fee
Subscription Fee
Performance based
Licensing Fee
Advertising

Filling out your first Business Model Canvas

The BMC is meant to be a fail fast, fail smart model. You should never dwell on your first BMC. Once you have identified a problem or a challenge and have an idea of how to solve this problem, you can start filling out your first BMC—it should take about 20 minutes to complete.

BMC focuses on hypotheses made by startups about their customers, products or services—every part of the model is a guess. Even if you don't yet have a product to sell, you can hypothesize about potential revenue streams. Look at the current market and your competitors—what are they charging?

If you are dealing with a complex problem, you may need to fill out separate BMCs or colour code the building blocks (e.g. Customer Segment if you're serving different segments or Revenue Streams if you plan to provide products or services through different revenue channels).

By determining these series of assumptions made about the components of the BMC, you can then strategically go out and test your hypotheses to determine whether your solution will be effective.

Testing Your Solutions: Customer Development

Building and testing your business model is an iterative process. As startups get into customer delivery and validation process, they will need to make small changes, or sometimes even pivot their model and revise their hypotheses. Startups repeat this process until they can prove their business model works.

In order to determine your customer base, you need to get out of your comfort zone and talk to strangers. At the pre-launch/pre-growth stage, go out and talk to people on a regular basis. This is usually 10-100 people a week.

Here are some ways to communicate with your community:

- Direct contact through in-person interviews, email, or social media surveys.
- When setting up interviews, make sure you ask the right questions that lead to storytelling—do not ask “yes” or “no” questions!

- The length of interviews do vary; some interviews are short, while other interviews are longer and take the form of conversations.
- You can test if your product fits a market via A/B testing or crowdfunding campaigns—these methods assess the potential for people buying your product.

In this phase, you should measure what matters. Take note of how many people you are talking to and interviewing—you need numbers!

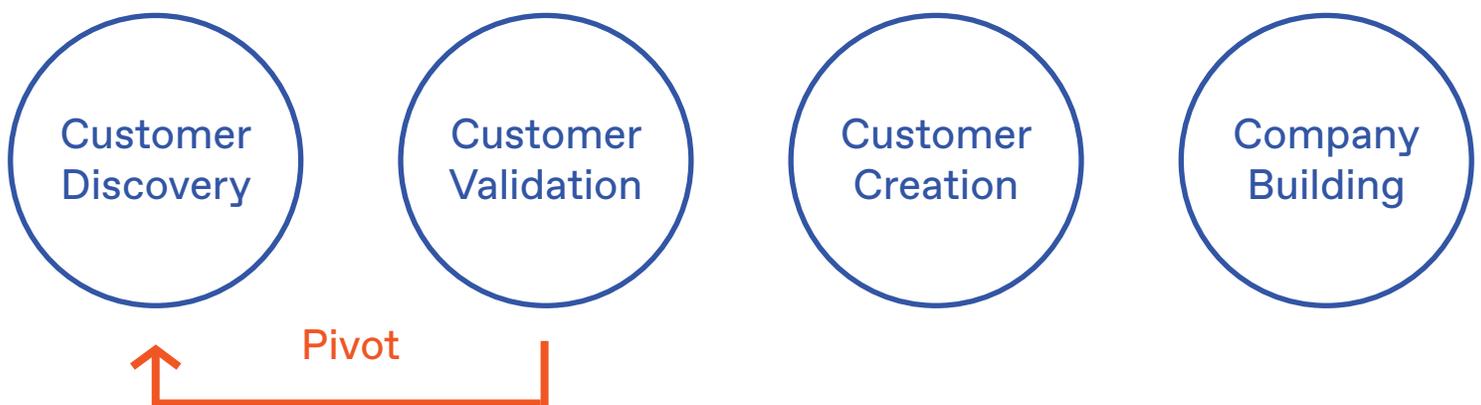
Testing Your Solutions: Customer Development

Take the time to understand why and how your community make their choices and do not dismiss “obvious” decisions. Investigate the alternatives to your solution, this doesn’t necessarily have to be competitors. For example, if you were to start a meal delivery service, but found that your target group is not responding to your service, the obvious alternative here may be that your target group prefers going to the grocery store to get their food.

Once the hypothesis has been validated, the next step is to look into delivering a minimum viable product, a prototype. Understanding all the circumstances that surround the product or service allows for successful product market fit. When you find product market fit, there will be exponential growth.

This includes:

- Building the startup around solving a real problem.
- Being critical to success.
- Knowing the market and the customer.
- Being aware of external factors.
- Understanding timing.
- Having a good team.
- Using technology.
- Taking advantage of the environment.



Next Steps

Starting a business requires a village of support. Opportunities for learning are useful for acquiring experience; for example, classroom settings are great because everyone has similar goals and mindsets. Outside of this, incubators and accelerators are programs and organizations that work with startups that can help you validate, pivot or iterate your hypotheses and connect you with peers, mentors, advisors and investors.

League of Innovators

League of Innovators is a national Canadian charity that works with young entrepreneurs (ages 15 - 25) to provide learning environments for the creation and growth of startups with the goal of building entrepreneurial acumen for youth, at scale. League of Innovators (LOI) offers a suite of accessible programs and tools to provide youth educational experiences that allows entrepreneurs to make an impact in the startup world both effectively and efficiently.

The LOI focus is sector agnostic and aims to democratize entrepreneurship by reaching youth across gender, ethnic, socio demographic and geographic divides.

All LOI programming is free of charge to participants—this includes accessible virtual programs and resources, online sessions as well as speaking engagements, crash courses, a national Connector hub, LOI Labs and Launch.

- LOI Labs is a national virtual accelerator that runs twice a year for youth ages 15-25. It helps shorten the path to success by providing community, education, access, network and credibility.
- Launch is a post seed residency program for young entrepreneurs who have raised money.

Next Steps

Groundswell

Groundswell is an alternative business school that delivers small business programs, training and mentorship to aspiring socially conscious entrepreneurs of all ages.

Groundswell's programs are tailored for people who don't necessarily have any orientation to business, probably don't self-identify as entrepreneurs, and want to make positive change in the world.

Their programs can support those:

- Launching a small business or start-up
- Creating a not-for-profit organization or community project
- Turning expertise into self-employment
- Pursuing a dream job that's aligned with purpose
- Adding a side gig to what one already does

Further Resources

Tools from Steve Blank

An online list of resources created by Steve Blank that includes links to over 500 of his presentations, syllabi, slides, videos, and podcasts about the Business Model Canvas and the lean startup method.

Steve Blank initiated the lean startup movement through the establishment of the customer development method. The approach teaches startups and entrepreneurs that determining a better understanding of their customers improves product success. Blank teaches and writes about both these procedures at UC Berkeley, Columbia University, and as a professor of entrepreneurship at Stanford.

Online Bootcamp by Ash Maurya

Learn how to launch a product or startup with a free 4-week online bootcamp, with no prerequisites required. Join a network of over 5,000 like-minded entrepreneurs.

Ash Maurya, the founder of Spark 59, and author of “Running Lean”, built and popularized the Lean Canvas—a 1 page business plan that

helps startups and entrepreneurs dismantle ideas into key assumptions. His process has helped replace long business plans with concise models that can be created in less than 20 minutes.

The Emily Carr University Library Professional Practice Library Guide

Find books and print materials on professional practices and creative entrepreneurship, with select books specifically on Business Model Canvas and Value Proposition in both electronic and physical form.

Appendix

This document is based on the Business Model Canvas talk delivered within the scope of Discovery Foundation Art, Design, Business (ADB3) Speaker Series by [Joanna Buczkowska-McCumber](#), Executive Director at League of Innovators in Fall 2019. These resources are produced by the Shumka Centre for Creative Entrepreneurship at Emily Carr University of Art + Design with the generous support of the Ministry of Advanced Education, Skills & Training.

[Joanna Buczkowska-McCumber](#) is an impact leader, a start up strategist, and an entrepreneur advocate, whose focus is to explore new ways to rewire business to create social change. Joanna's career has been driven to rally people around the power of using business for social good. She has mobilized individuals and their purpose in all of her roles: at the Centre for Social Innovation and Impact Investing, at the Coast Capital Savings Innovation Hub, at the Next Big Thing, running the Propelling Social Ventures Conference, or bringing key stakeholders to the BC Social Venture Mapping Study. She is currently the Executive Director of the League of Innovators, a national charity mobilizing the next generation of entrepreneurs through a series of programs such as Crash Courses, Connectors Hubs and the LOI Labs Accelerator.

Produced in partnership with the Discovery Foundation, [ADB3 Speaker Series](#) engages experts in business, technology, interaction design, industrial design, and materials-based research in order to transfer knowledge to emerging entrepreneurs who demonstrate the desire and capability to establish technology companies in BC. By bringing experts from different backgrounds to the University, the program will build relationships and networks that can support students as they create, refine, and launch the next generation of technology-driven businesses and products.

[The Shumka Centre for Creative Entrepreneurship](#) launched in 2018 to create programs and partnerships that help artists and designers realize their ideas in the world. The Centre is a place where creative practitioners can find the community, knowledge, and resources they need to launch, fund, and organize projects across the spectrum of contemporary art and design activities- products, projects, curatorial initiatives, platforms, companies, organizations, and more. We believe that tactical support specifically designed for the needs of artists and designers is the first step in achieving a systemic change to empower creative people. The Centre is operated by Living Labs.



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