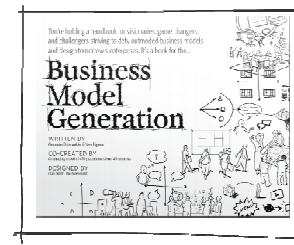
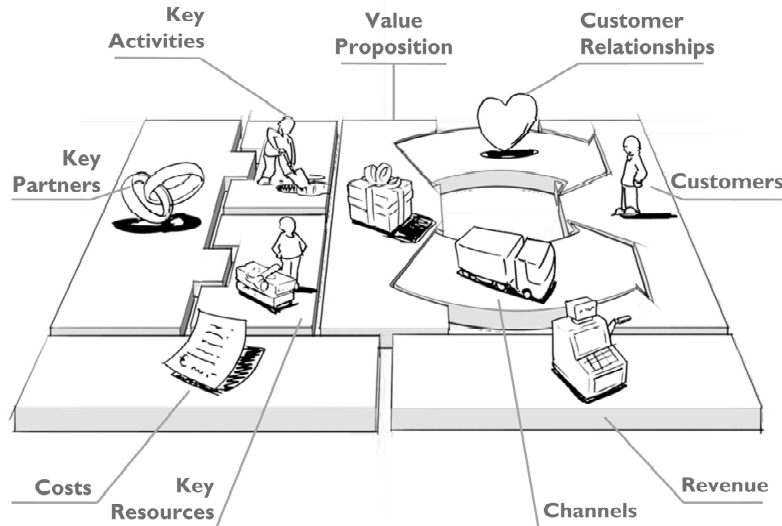


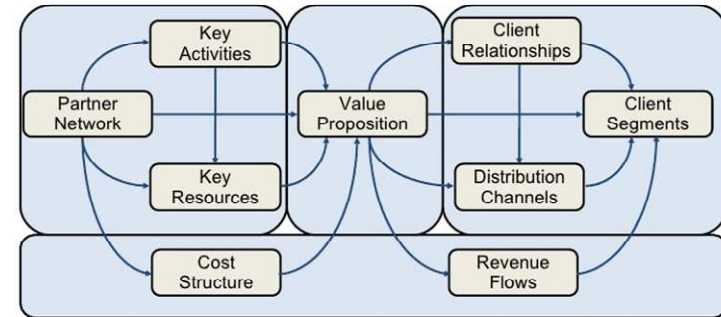
Business Model Map Workbook

The **Business Model Map** is a business analysis tool developed by Tony Johnston as a strategic management template for the development and validation of new and existing business models. By presenting a comprehensive visual chart showing 12 key elements or blocks briefly describing a firm's mission, value proposition, deliverables, competitive advantage, infrastructure, customers, and financial matters, the Business Model Map helps firms to correctly orient themselves to their customers, market, suppliers and required resources and trade-offs. This work is meant to serve as a support tool for the Lean Launch Pad / Evidence-Based Entrepreneurship approach to new venture creation / existing venture validation championed by Steve Blank (refer Resources Links on page 28) and it is an adaption of the Business Model Canvas concept described in the book **Business Model Generation** published in 2010 by Alexander Osterwalder and Yves Pigneur.

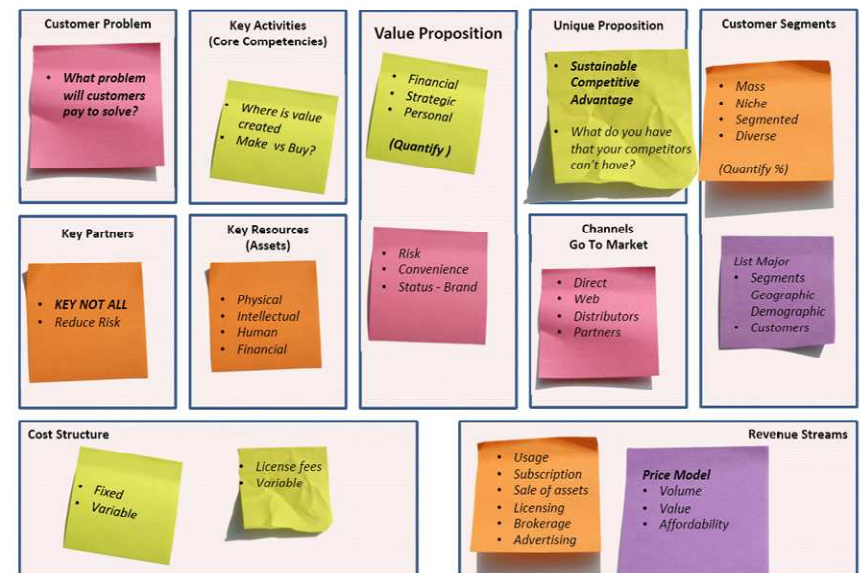
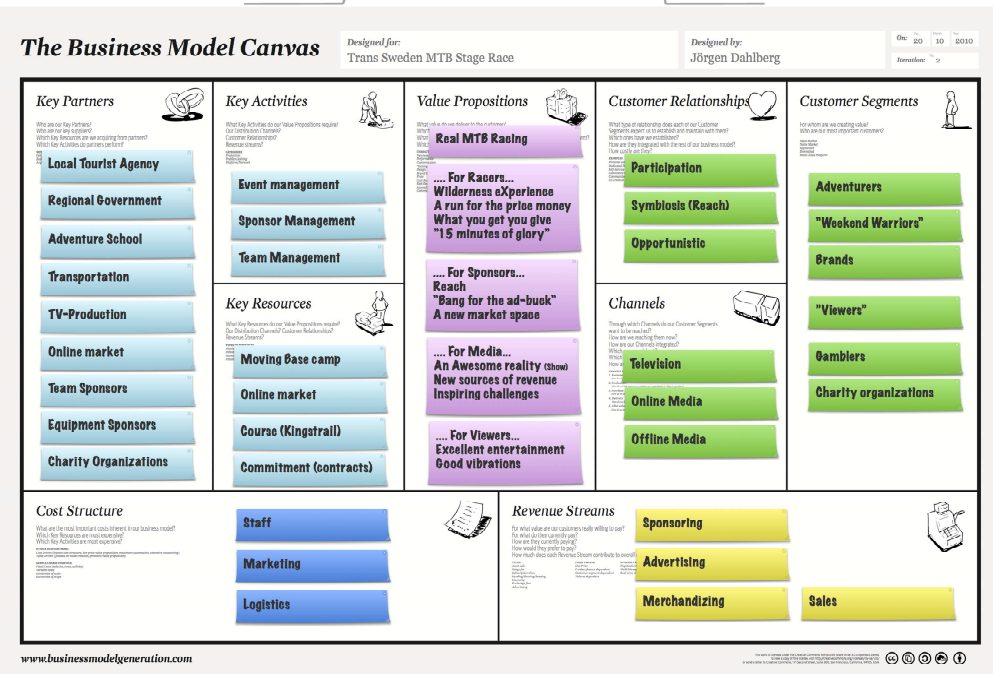


Business Model Canvas

A business model is nothing else than a representation of how an organization makes (or intends to make) money. This can be nicely described through the 9 building blocks illustrated in the graphic below, which we call "business model canvas".



What is a business model? Alex Osterwalder, 5-10-2005, <http://business-model-design.blogspot.com/2005/11/what-is-business-model.html>



BUSINESS MODEL MAP WORKBOOK

Quotes from Steve Blank, the champion of validated business model development, 'Evidence-Based Entrepreneurship', and Lean Launch concepts:

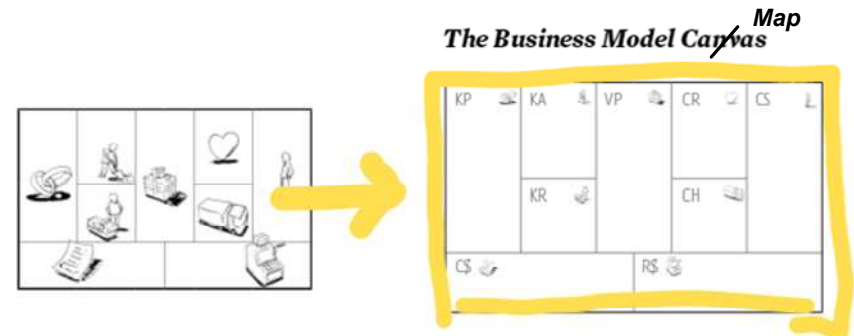
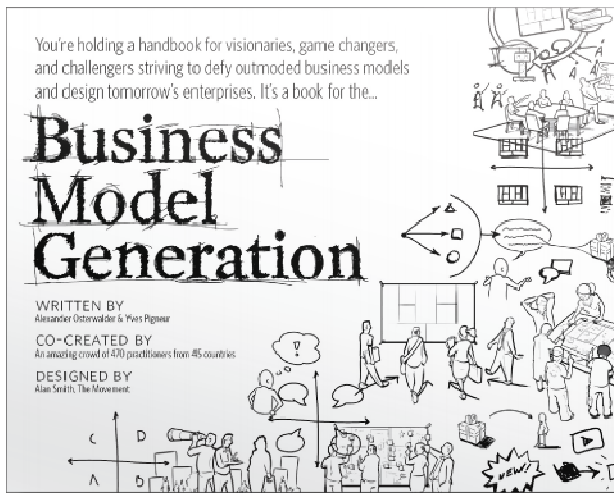
"A startup is a temporary organization in search of a repeatable, scalable business model. A corporation, by contrast, is a permanent organization designed to execute a repeatable, scalable business model."

"No business plan survives first contact with customers."

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Page 28:	Lean LaunchPad Stage 3 – Maximized Mission Execution > Get / Keep / Grow Customer Base
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How to Create a Business Model Visualization

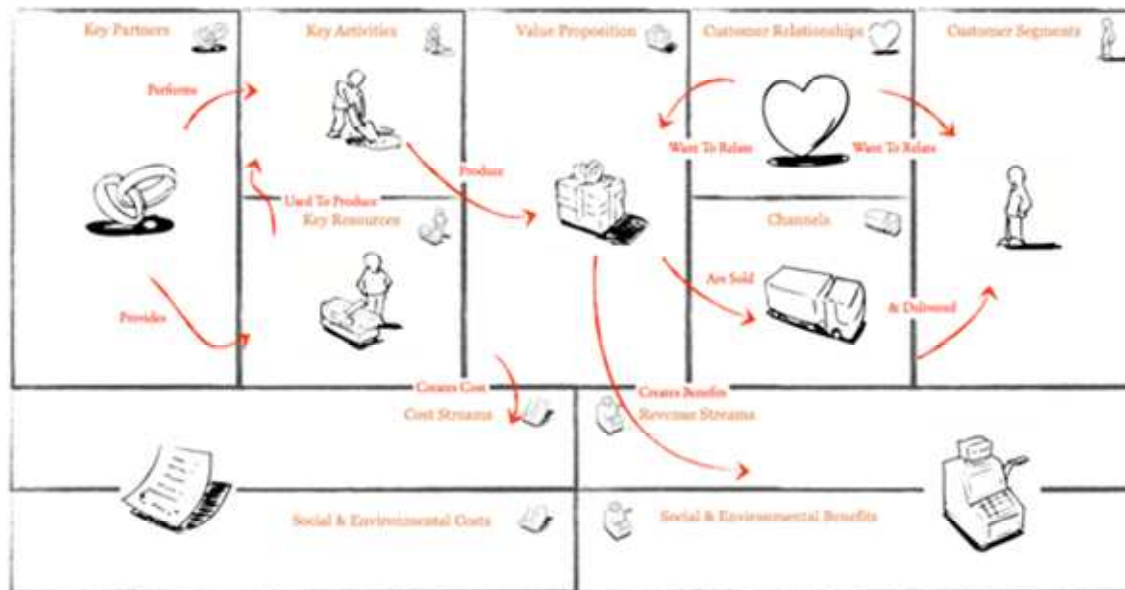


¹²
The ~~nine~~ business model Building Blocks form the basis for a handy tool, which we call the Business Model Canvas Map.

This tool resembles a painter's canvas — preformatted with the nine blocks — which allows you to paint pictures of new or existing business models.

The Business Model Map works best when printed out on a large surface so groups of people can jointly start sketching and discussing business model elements with Post-it® notes or board markers.

It is a hands-on tool that fosters understanding, discussion, creativity, and analysis.



Sketch Out Your Hypotheses

The business model canvas lets you look at all nine building blocks of your business on one page. Each component of the business model contains a series of hypotheses that you need to test.

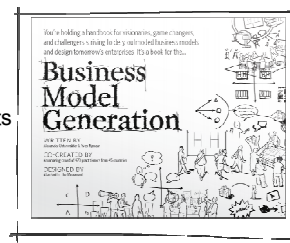
KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITIONS	CUSTOMER RELATIONSHIPS	CUSTOMER SEGMENTS
Who are our key partners? Who are our key suppliers? Which key resources are we acquiring from our partners? Which key activities do partners perform?	What key activities do our value propositions require? Our distribution channels? Customer relationships? Revenue streams?	What value do we deliver to the customer? Which one of our customers' problems are we helping to solve? What bundles of products and services are we offering to each segment? Which customer needs are we satisfying? What is the minimum viable product?	How do we get, keep, and grow customers? Which customer relationships have we established? How are they integrated with the rest of our business model? How costly are they?	For whom are we creating value? Who are our most important customers? What are the customer archetypes?
KEY RESOURCES	CHANNELS			
What key resources do our value propositions require? Our distribution channels? Customer relationships? Revenue streams?	Through which channels do our customer segments want to be reached? How do other companies reach them now? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?			
COST STRUCTURE	REVENUE STREAMS			
What are the most important costs inherent to our business model? Which key resources are most expensive? Which key activities are most expensive?	For what value are our customers really willing to pay? For what do they currently pay? What is the revenue model? What are the pricing tactics?			

SOURCE: WWW.BUSINESSMODELGENERATION.COM/CANVAS. CANVAS CONCEPT DEVELOPED BY ALEXANDER OSTERWALDER AND YVES PIGNEUR.

Business Model Map Development Methodology:

Step 1) Simple BM Sketch: Outline Rough Idea

- > create simple map of business model by describing the idea using only key components
- objective is to develop broad-view / high-level outline the business as conceptualized
- focus on proposed customers, mission, value proposition, and competitive advantage
- also include main revenue streams and key cost elements



Step 2) Elaborate Concept: Explore What It Would Take to Make Idea Work

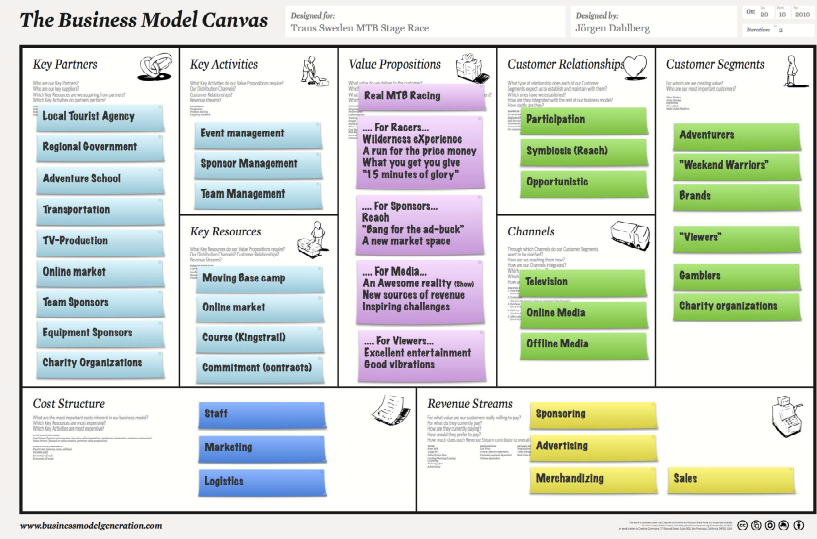
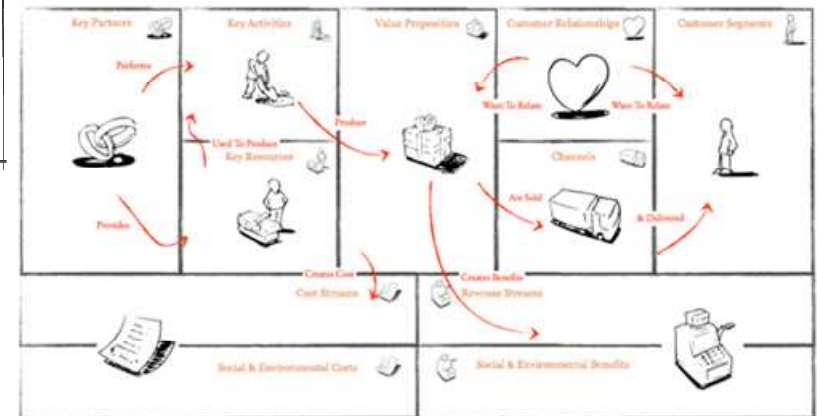
- > elaborate on step 1 map by expanding coverage to include all components needed to make the business model work
- seek to develop a complete business model map using brief simple phrases
- make sure you think through your business logic in a careful and methodical manner
- consider possible economic payoff available by estimating market potential
- work to understand the relationships between building blocks
- undertake basic fact checking

Step 3) Develop Business Case: Examine the Viability of the Idea

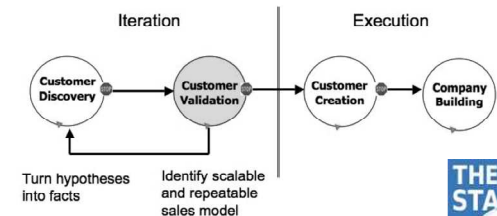
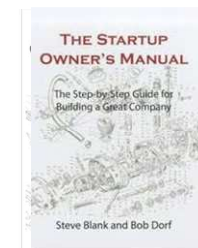
- > turn the detailed canvas into a projections spreadsheet to estimate your model's earning's potential
- create a full canvas if not already done
- include key data not presented
- calculate basic profitability by considering unit costs and revenues
- estimate overall profit potential
- run financial scenarios based on different assumptions

Step 4) Field Test Ideas: Confirm Customer Acceptance and Feasibility Hypotheses

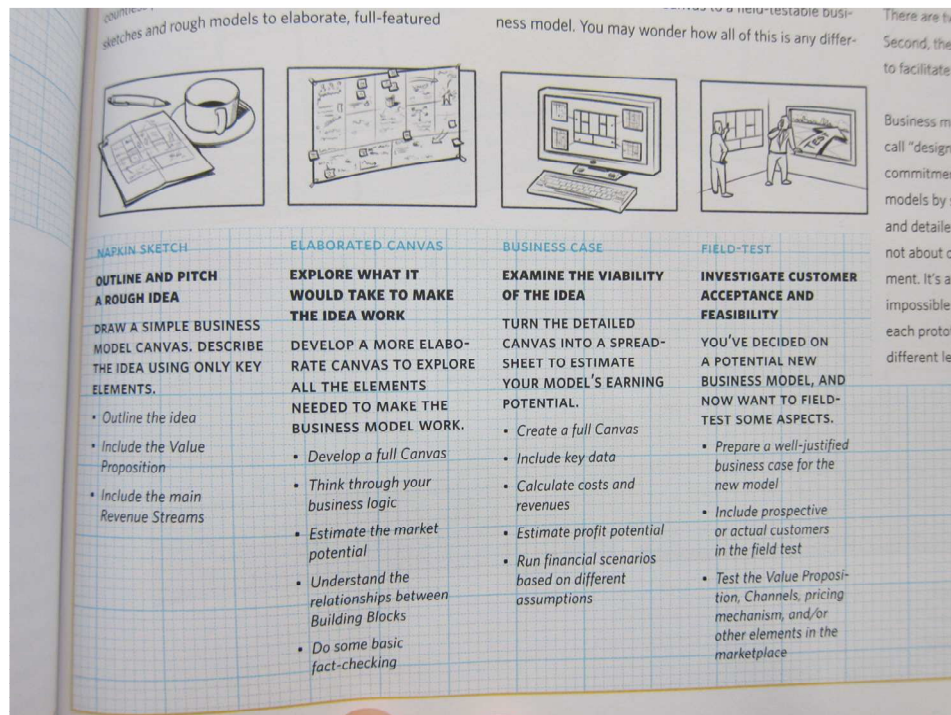
- > once you have decided on a particular business model map, now you need to field test its aspects
- include prospective or actual customers in the field test
- test the value proposition, channels, pricing mechanism and/or other elements in the marketplace
- using data / information obtained and developed, document the business case for the model as mapped as required

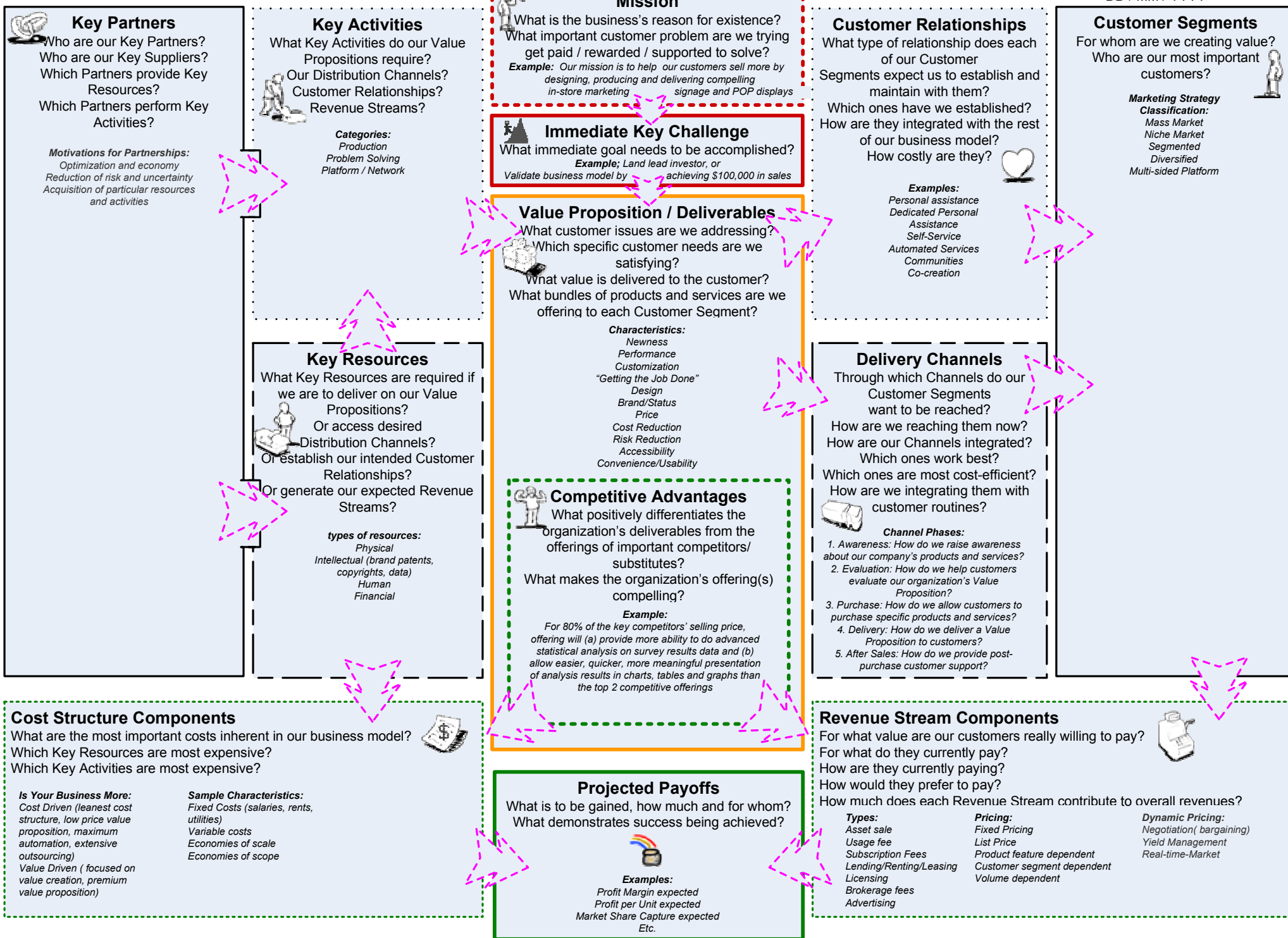


Development of a Business Model Map fits well with the Customer Development concepts (which advocates product development based on customer feedback) put forward in the **Startup Owner's Manual** by Steve Blank and Bob Dorf >>> take their free course by going to: <https://www.udacity.com/course/ep245>



When a venture in hypothesis-test mode simultaneously undertakes Customer Development and Agile Product Development, such a venture is called a 'Lean Startup' > refer book by Eric Ries called *The Lean Startup* and its principal concepts at <http://theleanstartup.com/>





HERE IS HOW TO FILL IN ALL 12 BOXES OF THE BUSINESS MODEL MAP

< DO IT IN ORDER

FROM 1 TO 13 >

Business Model Map: WRITE COMPANY NAME HERE














Designed for:

Designed by:

Date:

Iteration:

DD / MM / YYYY

 Key Partners 10 <p>Who are our PARTNERS?</p> <p>Who are our key SUPPLIERS?</p> <p>What are we giving and getting from them?</p>	 Key Activities 11 <p>What ACTIVITIES do we require: manufacturing? software development? supply chain?</p>	 1 Organizational Mission <p>What is the CUSTOMER PROBLEM we want to get paid to solve?</p>	Customer Relationships 7  <p>How will we GET, KEEP and GROW CUSTOMERS?</p>	Customer Segments 3  <p>Who are our most IMPORTANT CUSTOMERS or CUSTOMER GROUPS?</p> <p>What are their archetypes?</p>
		 Immediate Key Challenge 2 <p>What is the IMMEDIATE GOAL?</p>		
		Value Proposition / Deliverables 4  <p>Which specific CUSTOMER NEEDS are we trying to satisfy?</p> <p>What JOB do they want us to get done for them?</p> <p>What key FEATURES of our product are a match with CUSTOMER NEED / PROBLEM?</p>	Delivery Channels 6  <p>Through which CHANNELS do our customer segments want to be reach?</p>	
	Key Resources 12  <p>What key RESOURCES do we require: human? management? capital? intellectual property? equipment? facilities? connections?</p>	Competitive Advantages 5  <p>In what WAYS important to our customers do we deliver materially better than the competition or problem-resolution substitutes?</p>		
Cost Structure Components 13  <p>What are the important COSTS pillars that allow our business model to function as required (name them / characterize them; are they fixed / variable / scarce?)</p>		9 Projected Payoffs  <p>What is our SUCCESS CRITERIA?</p>	Revenue Stream Components 8  <p>What are the important different ways we make money?</p> <p>What is our REVENUE MODEL?</p> <p>What PRICING tactics are we using?</p>	

A) >> What is a business model? *There are various appropriate answers to this question, which are:*

- 1) in Business Philosophical terminology: It is an explanation of the logic or the rationale of how an organization creates, delivers, and captures value.*
- 2) in Economic terms : It is a statement / depiction of how a firm will make money and sustain its profit stream over time.*
- 3) in Operational Engineering terms: It is a blueprint of how a company does business.*
- 4) in Analytic conceptual terms: It is the totality of how a company selects its customers, defines and differentiates its offerings, defines the tasks it will perform itself and those it will outsource, configures its resources, goes to market, creates utility for customers and captures profits.*
- 5) as a Strategic concept: It is the design of key interdependent systems that create and sustain a competitive business.*

B) >> What is a Business Model Map? *It is an organizational visualization communication tool that identifies, succinctly describes and maps the interrelationships of all key strategic elements of a venture so that people can quickly understand what a business is trying to accomplish as well as how and why it trying to do that.*

C) >> The 12 Business Model Map Component Descriptions:

- 1) Organizational Mission: This is the description of what important identified customer problem the business is trying to get paid / rewarded / supported to solve, expressed in high level terms stating 'what is the business's reason for existing' in language that specifies how the business will do something named to solve a described important problem for customers targeted.*
- 2) Immediate Key Challenge: This the immediate pressing challenge the company must focus its efforts on addressing or achieving if it is to succeed or survive.*
- 3) Customer Segments: These are the different segmented groups within the universe of targeted customers the business aims to serve.*
- 4a) Value Proposition: This is a description of the benefits that targeted customers are expected to receive.*
- 4b) Deliverables: This is a description of the key components of the bundle of satisfaction (i.e. products or services) that targeted customers will receive.*
- 5) Competitive Advantage: This is a description of what the organization will provide targeted customers that they value not provided by competitors or substitutes.*
- 6) Key Partners: This is a list of the groups / entities providing key inputs / resources required by the business to produce and deliver its deliverables.*
- 7) Key Activities: This is a list of the key activities the business needs to engage in to produce and deliver its deliverables.*
- 8) Key Resources: This is a list of the key inputs the business needs to obtain or access if it is to produce and deliver its deliverables.*
- 9) Customer Relationships: This is a list that gives the breakdown of target customers by different needs and/or behaviours.*
- 10) Delivery Channels: This is a list of the different offering placement methodologies the business will use to get its bundles of satisfaction to target customers.*
- 11) Cost Structure Components: This is a list of the most important costs that will have to be incurred by the business.*
- 12) Revenue Stream Components: This is a list of the different ways the business will get paid / rewarded / supported for its producing its deliverables.*
- 13) Projected Payoffs: This is a listing of the venture's success criteria.*

Business Model Map:

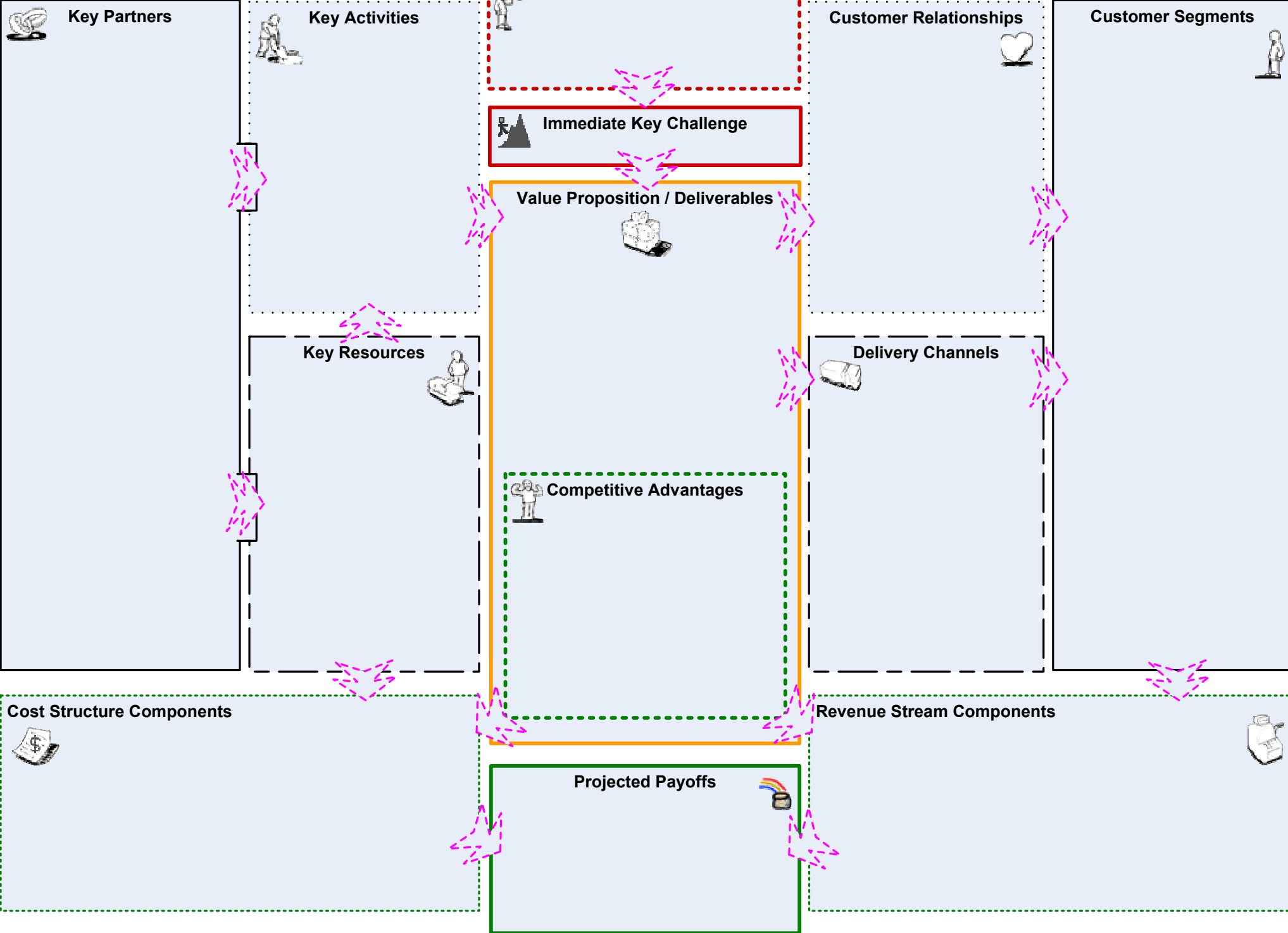
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<<<< Alternate Strategic Decision Sets >>>>>>>

<<<< Tactical Execution Decision Sets >>>>>>>>>>>>>>>>

Promotion:

Promotion:

Promotion:

Alternate Model 1 Deliverables

Assumptions:

- 1) Market
- 2) Revenues
- 3) Costs
- 4) Manpower
- 5) Other Key Factors / Conditions Required for Success by the Business

Real World Marketplace Confirmations:

- 1) Confirmation or Evidence that Customer Cares for Proposed Offering (i.e. proposed mission addresses important customer problem that they will pay to have solved)
- 2) Confirmation or Evidence that Needs of Customer will be Adequately Addressed by Offerings Proposed Deliverables:
- 3) Confirmation of Relative Competitive Advantage or Offering Differentiation Perceived Relevant & Valuable by Target Customers:
- 4) Confirmation of Willingness to Buy Offering at Proposed Price Range:
- 5) Confirmation of Startup's Ability to Deliver as Promised to Customer:



Organizational Mission (OM)

What is the organization's reason for existence?
What customer problem are we trying to solve?

Example:

Our mission is to help our customers sell more



Immediate Key Challenge

What immediate goal needs to be accomplished?

Example; Land lead investor, or

Validate business model by achieving \$100,000 in sales



Customer Segments (CS)

For whom are we creating value?

Who are our most important customers?

Marketing Strategy

Classification:

Mass Market

Niche Market

Segmented

Diversified

Multi-sided Platform



Value Proposition / Deliverables (VP/D)

What do customers really want and why?

Which specific customer needs are we satisfying?

What value do we / will we deliver to the customer?

What is our offering bundles of products and services for each Customer Segment?

Which customer needs are we satisfying?

Characteristics:

Newness

Performance

Customization

"Getting the Job Done"

Design

Brand/Status

Price

Cost Reduction

Risk Reduction

Accessibility

Convenience/Usability

Value Proposition Elements Circle >

**Proposed Transaction: Will Provide Offering for Rewards
(money and/or other things)**

Gain Achievers

Offering
Features &
Functionality

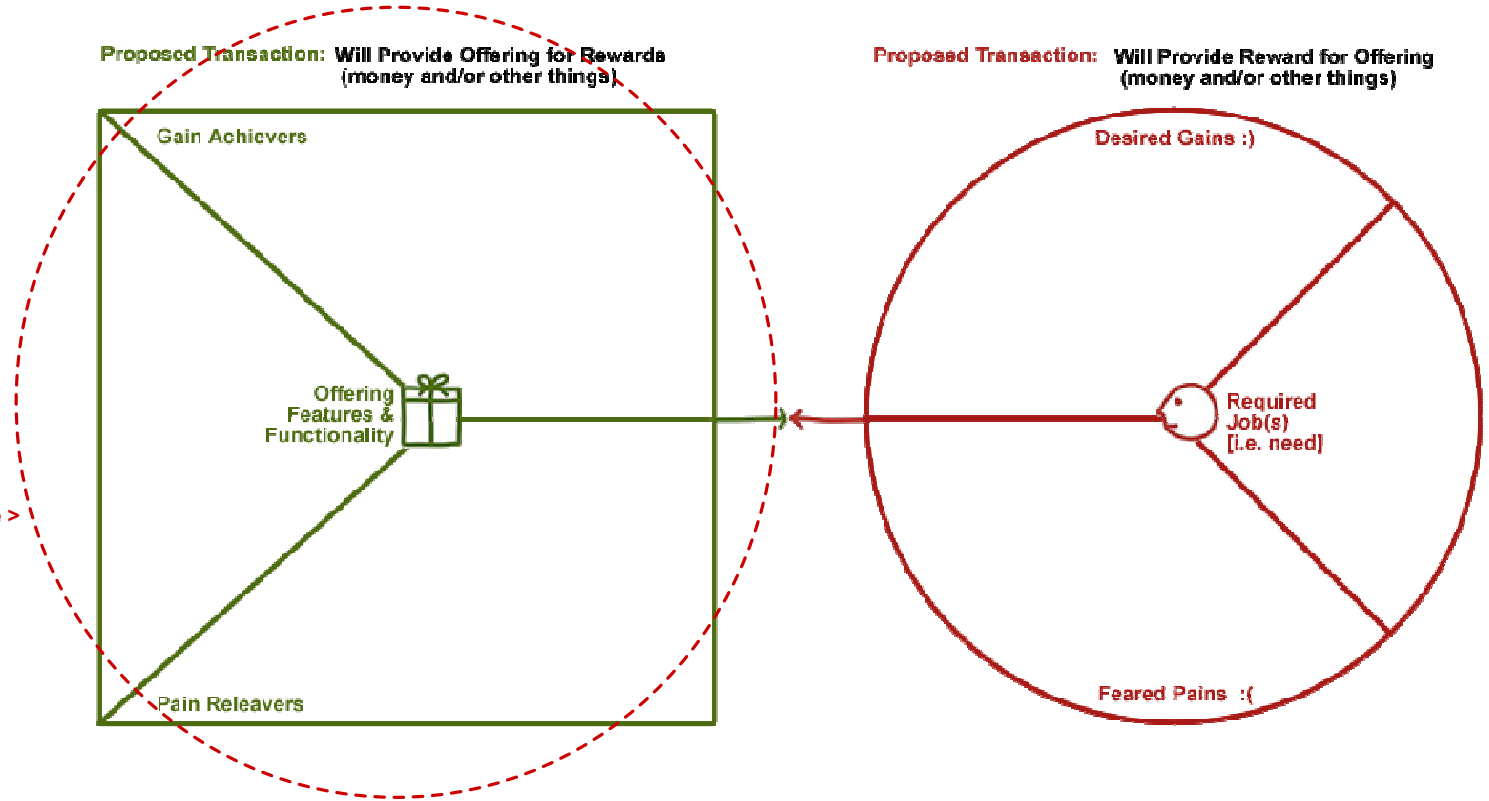
Pain Relievers

**Proposed Transaction: Will Provide Reward for Offering
(money and/or other things)**

Desired Gains :)

Required
Job(s)
(i.e. need)

Feared Pains :(





Competitive Advantages (CA)

What positively differentiates the organization's deliverables from the offerings of important competitors/substitutes?

What makes the organization's offering(s) compelling?

Example:

For 80% of the key competitors' selling price, offering will (a) provide more ability to do advanced statistical analysis on survey results data and (b) allow easier, quicker, more meaningful presentation of analysis results in charts, tables and graphs than the top 2 competitive offerings



Delivery Channels (DC)

Through which Channels do our Customer Segments want to be reached?

How are we reaching them now?

How are our Channels integrated?

Which ones work best?

Which ones are most cost-efficient?

How are we integrating them with customer routines?

Channel Phases:

1. *Awareness: How do we raise awareness about our company's products and services?*
2. *Evaluation: How do we help customers evaluate our organization's Value Proposition?*
3. *Purchase: How do we allow customers to purchase specific products and services?*
4. *Delivery: How do we deliver a Value Proposition to customers?*
5. *After Sales: How do we provide post-purchase customer support?*



Customer Relationships (CR)

What type of relationship does each of our Customer

Segments expect us to establish and maintain with them?

Which ones have we established?

How are they integrated with the rest of our business model?

How costly are they?

Examples:

Personal assistance

Dedicated Personal

Assistance

Self-Service

Automated Services

Communities

Co-creation



Revenue Stream (R\$)

What are customers willing to pay for our Value Proposition/Deliverables?

How much do customers currently pay?

For what are they currently paying?

How are they currently paying?

How would they prefer to pay?

How much does each Revenue Stream contribute to overall revenues?

Types:

Asset sale

Usage fee

Subscription Fees

Lending/Renting/Leasing

Licensing

Brokerage fees

Advertising

Pricing:

Fixed Pricing

List Price

Product feature dependent

Customer segment dependent

Volume dependent

Dynamic Pricing:

Negotiation(bargaining)

Yield Management

Real-time-Market



Projected Payoffs (P\$)

What is to be gained, how much and for whom?
What demonstrates success being achieved?

Examples:

Profit Margin expected

Profit per Unit expected

Market Share Capture expected

Etc.



Key Partners (KP)

Who are our Key Partners?

Who are our key suppliers?

Which Key Resources are we acquiring from partners?

Which Key Activities do partners perform?

Motivations for Partnerships:

Optimization and economy

Reduction of risk and uncertainty

Acquisition of particular resources and activities



Key Activities (KA)

What Key Activities do our Value Propositions require?

Our Distribution Channels?

Customer Relationships?

Revenue streams?

Categories:

Production

Problem Solving

Platform / Network



Key Resources (KR)

What Key Resources do our Value Propositions require?

Our Distribution Channels? Customer Relationships?

Revenue Streams?

types of resources:

Physical

*Intellectual (brand patents,
copyrights, data)*

Human

Financial



Cost Structure (C\$)

What are the most important costs inherent in our business model?

Which Key Resources are most expensive?

Which Key Activities are most expensive?

Is Your Business More:

Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)

Value Driven (focused on value creation, premium value proposition)

Sample Characteristics:

Fixed Costs (salaries, rents, utilities)

Variable costs

Economies of scale

Economies of scope

The following is Osterwalder's original conceptualization of what a makes up a business model:

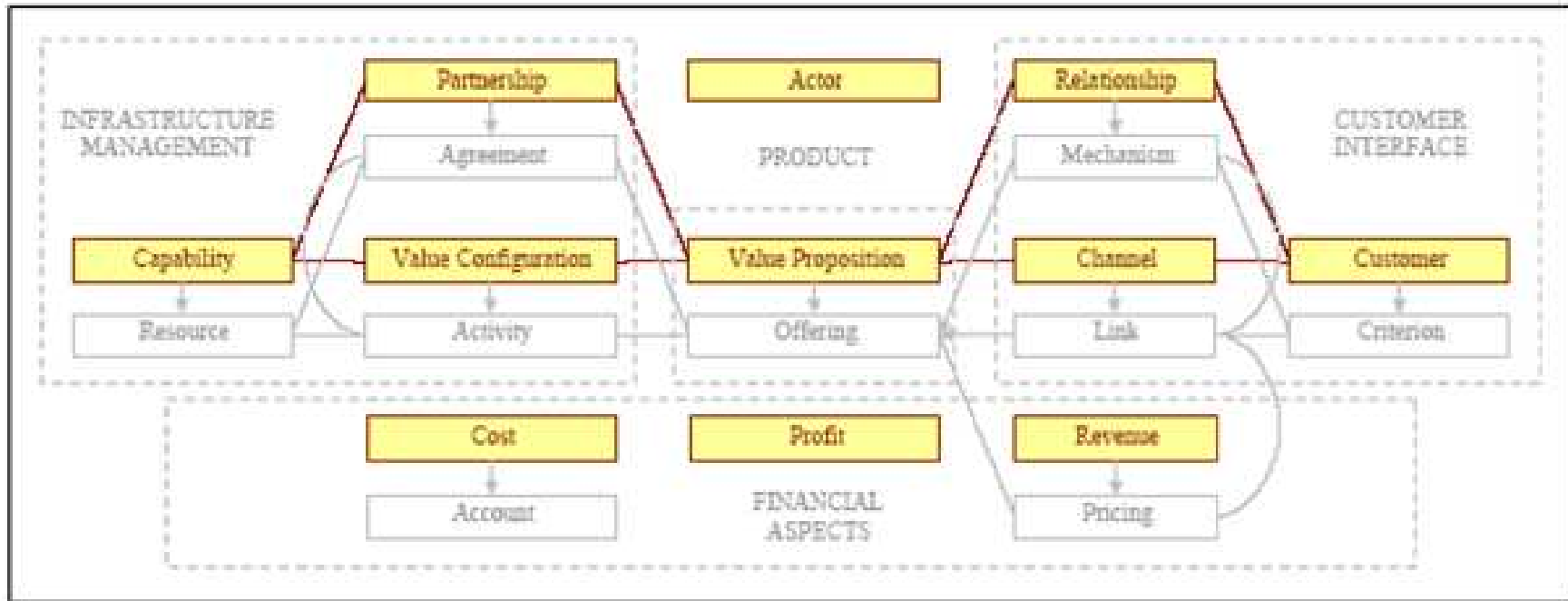


Figure 21: The Business Model Ontology

Source: Alexander Osterwalder PhD l'Ecole des HEC de l'Université de Lausanne Thesis: Business Model Ontology - published 2004
source: http://www.hec.unil.ch/aosterwa/phd/osterwalder_phd_bm_ontology.pdf

Ontology is the philosophical study of the nature of being, becoming, existence, or reality, as well as the basic categories of being and their relations. Principal questions of ontology are "What can be said to exist?", "Into what categories, if any, can we sort existing things?", "What are the meanings of being?", "What are the various modes of being of entities?"

What is a business model? There are various possible answers to this question, such as:

- 1) Philosophical: *It is an explanation of the logic or the rationale of how an organization creates, delivers, and captures value.*
- 2) Economic: *It is a statement of how a firm will make money and sustain its profit stream over time.*
- 3) Engineering: *It is a blueprint of how a company does business.*
- 4) Analytic: *It is totality of how a company selects its customers, defines and differentiates its offerings, defines the tasks it will perform itself and those it will outsource, configures its resources, goes to market, creates utility for customers and captures profits.*
- 5) Strategic: *It is the design of key interdependent systems that create and sustain a competitive business.*

The **Business Model Map** is an organizational visualization communication tool that identifies, succinctly describes and maps the interrelationships of all key strategic elements of a venture so that people can quickly understand what a business is trying to accomplish as well as how and why it trying to do that.

LEAN LAUNCHPAD > 3 Stage Startup Approach Defined

<< before **STARTUP** >>

(id customer need & ability to serve it)



Formulate Business Model Map

● **STRATEGY**

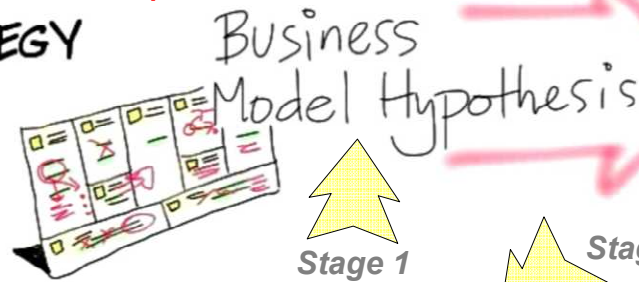
Startup strategy focuses on execution of search for a repeatable and scalable business model and once discovered, validated and maximized, execute.

<< in a **STARTUP** >>

(resolve unknowns & uncertainty)



Find Repeatable & Scalable Business



<< in an **ESTABLISHED BUSINESS** >>

(work on execution & produce results)

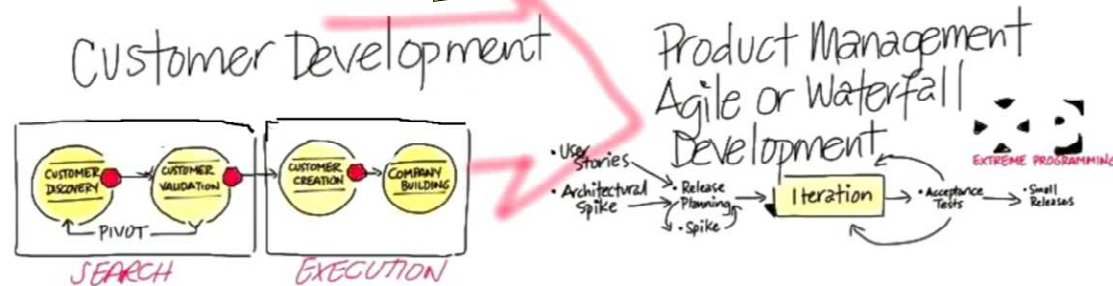


Get / Keep / Grow Customer Base

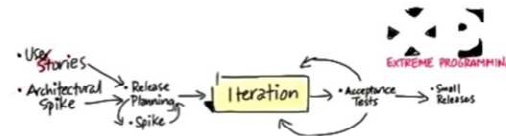


● **PROCESS**

Process combines simultaneous Customer Development and Agile (Product) Development.



+



Achieving the above allows organization to evolve from one geared for creativity, flexibility and discovery to one structured for delegation and process execution.

● **ORGANIZATION**



LEAN LAUNCHPAD STAGE 1 > VISION DEVELOPMENT [i.e. Startup Vision Articulation via Business Model Development]

I) Product Creation & Business Model Development

Based on a hypothesis for a new business, an entrepreneur's vision / educated-guess about what is or could be a solution to an important current or developing problem people have, the **Business Model Map** is a tool for brainstorming the creation of the new venture's product and its required supporting business model components, which then needs formalized real-world testing, the quicker and cheaper the better, in order to reduce risk through marketplace validation (this is what Steve Blank calls '*Evidence-Based Entrepreneurship*').

HERE IS HOW TO FILL IN ALL 12 BOXES OF THE BUSINESS MODEL MAP
 < DO IT IN ORDER FROM 1 TO 13 >

Business Model Map: **WRITE COMPANY NAME HERE**

Designed for: _____
 Designed by: _____
 Date: DD / MM / YYYY
 Iteration: _____

1 Organizational Mission
 What is the **CUSTOMER PROBLEM** we want to get paid to solve?

2 Immediate Key Challenge
 What is the **IMMEDIATE GOAL**?

4 Value Proposition / Deliverables
 Which specific **CUSTOMER NEEDS** are we trying to satisfy?
 What **JOB** do they want us to get done for them?
 What key **FEATURES** of our product are a match with **CUSTOMER NEED / PROBLEM**?

5 Competitive Advantages
 In what **WAYS** important to our customers do we deliver materially better than the competition or problem-resolution substitutes?

9 Projected Payoffs
 What is our **SUCCESS CRITERIA**?

10 Key Partners
 Who are our **PARTNERS**?
 Who are our key **SUPPLIERS**?
 What are we giving and getting from them?

11 Key Activities
 What **ACTIVITIES** do we require: manufacturing? software development? supply chain?

12 Key Resources
 What key **RESOURCES** do we require: human? management? capital? intellectual property? equipment? facilities? connections?

7 Customer Relationships
 How will we **GET, KEEP and GROW CUSTOMERS**?

3 Customer Segments
 Who are our most **IMPORTANT CUSTOMERS** or **CUSTOMER GROUPS**?
 What are their archetypes?

6 Delivery Channels
 Through which **CHANNELS** do our customer segments want to be reached?

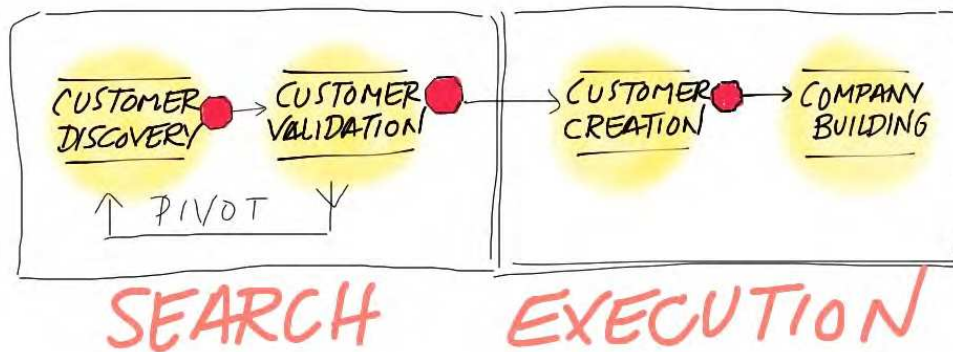
13 Cost Structure Components
 What are the important **COSTS** pillars that allow our business model to function as required (name them / characterize them; are they fixed / variable / scarce?)

8 Revenue Stream Components
 What are the important different ways we make money?
 What is our **REVENUE MODEL**?
 What **PRICING** tactics are we using?

LEAN LAUNCHPAD STAGE 2 > SEARCH PHASE [i.e. Startup Hypothesis Confirmation via Real-World Validation]

II) Customer Development: The **Business Model Map** is, at the end of the day, a tool for brainstorming hypotheses without a formal way of testing them. The process used to organize and implement the search for the business model is Customer Development. And that is a search which must undertaken outside of the building you operate in. The Customer Development model breaks out customer-related activities into four steps. The first two steps of the process outline the “search” for the business model. Steps three and four “execute” the business model that’s been developed, tested, and proven in steps one and two.

A) Search: The Lean LaunchPad Approach focuses on the first two “search” steps when the goal is to find a repeatable and scalable business quickly:



1a) Customer Discovery captures the founders’ vision and turns it into a series of business model hypotheses. Then, the idea is to develop a plan to test customer reactions to those hypotheses and turn them into facts.

1b) Customer Validation tests whether the resulting business model is repeatable and scalable. If not, employ Agile Development to refine or revise offering or pivot direction on returning to Customer Discovery (abandon initiative is also an option). *Use of Steve Blank and Bob Dorf’s The Startup Owner’s Manual as the text to teach Customer Development concepts is recommended.*

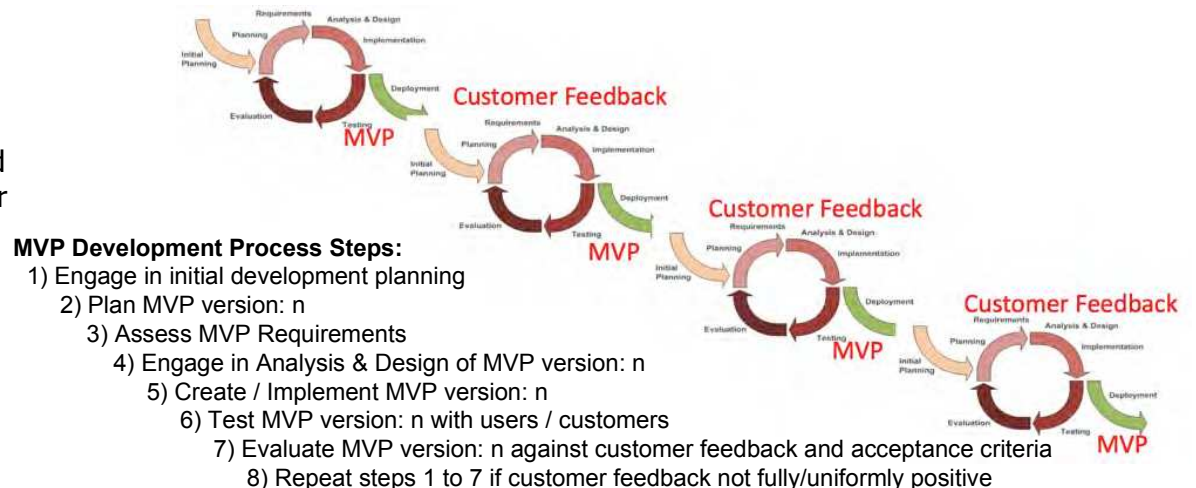
B) Execution: With real world validation suggesting a repeatable and scalable business model has been found, it is time focusing on growth:

2a) Customer Creation is the last stage of start-up where operational focus starts shifting to execution and beginning the scale-up process; with a validated business model in hand, now comes the critical test, can this model become proven through the generation of repeatable sales for, to prove it can grow, the company needs to build end-user demand and drive it into the sales channel to demonstrate management can scale the business.

2b) Company Building completes the transformation of the organization from a start-up to a company as focus turns to executing the now validated business model by scaling up operations and building the organization required to support the increased activities.

Agile Development > a simultaneous activity

In contrast to traditional product development, in which each activity occurs in a linear order and lasts for months, agile development builds products iteratively and incrementally in short, repeated cycle in parallel with your customer development / validation search. All startups should aim first to produce a “**minimum viable product**” (**MVP**) containing only the critical features, next gather feedback from customers to test receptivity, then revise the minimum viable product based on what was learned. The Lean LaunchPad Approach describes the process of engaging in simultaneous Customer Development and Agile Development.

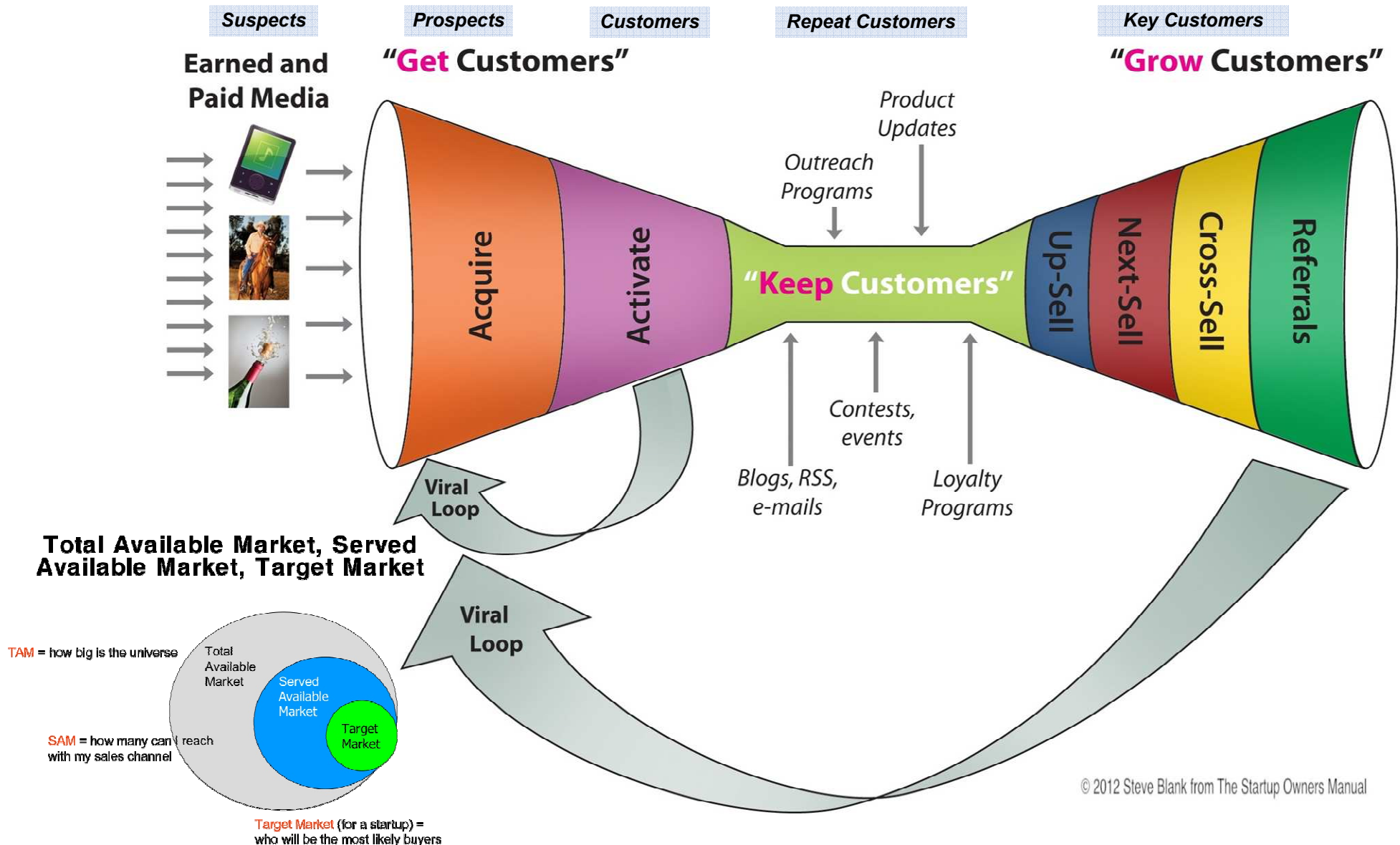


LEAN LAUNCHPAD STAGE 3 > EXECUTION PHASE [i.e. Transition from Startup to Company]

III) Customer Base Expansion

Once the [Business Model Map](#) is developed, validated and maximized, customer base expansion begins as the business transitions into growth oriented-oriented business model execution mode while at the same time transitioning into marketing-oriented product management, a management- (not founder-) led linear process of product and service planning, implementing and refinement.

The following **front-end / back-end sales funnel diagram** depicts how a company in the execution phase should look to drive growth through customer base expansion as in this stage of the 'search for growth' process, the firm's objective is to get / keep / grow its customer base:



LEAN LAUNCHPAD RESOURCES

Links

The following are links to web resources that help explain the concepts in this workbook and assist entrepreneurs to use lean launch techniques, procedures and processes:

>> **Steve Blank bio** > *Steve Blank is a seasoned Silicon Valley entrepreneur. Translation: he has failed and--more often--succeeded, in a 21-year career building 8 Valley startups, including several with major IPO's. Along the way, he's learned an incredible amount, and has spent the last decade sharing what he's learned with entrepreneurs all over the world. Author of two famous books on entrepreneurship, The Four Steps to the Epiphany, and The Startup Owner's Manual. Steve teaches entrepreneurship at Udacity, Stanford, Berkeley, Columbia, and other major universities worldwide. He was named "Master of Innovation" by Harvard Business Review and is an advisor to many successful entrepreneurs. He is also an avid conservationist, contributing generously to preserve the California Coast.*
> http://en.wikipedia.org/wiki/Steve_Blank

>> **Steve Blank's website** > <http://steveblank.com/>

>> **FREE Online Lean-Approach Training by Steve Blank via the Koffman Foundation** > *The lean approach is a way to think about the start up process that emphasizes the business model over the business plan, and encourages a process of customer discovery and development, and iteration to achieve the right product/market fit. Steve Blank explains this method and several of its crucial elements, providing practical advice about how to implement this approach in your startup.*
> <http://www.entrepreneurship.org/en/Founders-School/>

>> **FREE Online Lean-Approach Training by Steve Blank via Udacity** > *Learn the key tools and steps to build a successful startup (or at least reduce the risk of failure). An introduction to the basics of Steve Blank's famous Customer Development process, where entrepreneurs "get out of the building" to gather massive amounts of customer and marketplace feedback, and then use that feedback to continuously iterate and evolve their startup business models, improving the chances of success at every step.*
> <https://www.udacity.com/course/ep245>

Key Concepts

The following are key Lean Launch concepts:

A startup is a temporary organization in search of a repeatable, scalable business model. A corporation, by contrast, is a permanent organization designed to execute a repeatable, scalable business model. > http://www.huffingtonpost.com/steve-blank/why-internal-ventures-are_b_5034707.html

"No business plan survives first contact with customers." Steve Blank quote

Stage 3 Get / Keep / Grow Product Management

> Requirements Document Acronyms

Here is a list of the most common acronyms used when people refer to product management requirements documents:

- BRD - **Business Requirements Document**
- MRD - **Market Requirements Document**
- PRD - **Product Requirements Document**
- FSD - **Functional Specifications Document**
- PSD - **Product Specifications Document**
- SRS - **Software Requirements Specification**

1) BRD - Business Requirements Document

A Business Requirements Document (BRD) focuses on defining the business needs of a project. The BRD identifies one or more business problems faced by customers that can be solved by the company's product. It then proposes a solution - usually a new product or enhancement to an existing product to address these problems.

It may also include a high-level business case -- such as revenue forecast, market & competitive analysis, and sales/marketing strategy.

It is usually written by someone with the title of Product Manager, Product Marketing Manager or Business Analyst. In small companies, it may be written by senior execs or even founders.

It is usually a Word document running 1-3 pages, or a PowerPoint document running no more than 10 slides.

Example:

Let us assume your company is developing a customer relationship management (CRM) software.

The BRD may focus on problems faced by sales managers in keeping track of all ongoing deals and being able to create reliable forecasts. It may identify:

- Who have the pains
- Sales Managers at Fortune-500 companies
- What the pains are
- No real-time visibility into deal status
- Inability to create reliable forecasts
- Proposed solution
- Create web-based software to track deals and create forecasts

2) MRD - Market Requirements Document

A Market Requirements Document (MRD) focuses on defining the market requirements for a proposed new product or enhancement to an existing product.

Whereas the BRD identifies business problems and solutions to those problems - the MRD delves deeper into the details of the proposed solution. It may include some or all of these details:

- Features required to solve the business problems
- Market and competitive analysis
- Functional and non-functional requirements
- Prioritization of features/requirements
- Use cases

It is usually written by someone with the title of Product Manager, Product Marketing Manager or Business Analyst.

It is usually a Word document running 5-25 pages, or even longer in some organizations as described later.

Example:

Let us continue with the above example of a company developing a customer relationship management (CRM) software.

The MRD may focus on identifying and prioritizing requirements, as well as describing use cases. Requirements include functional and non-functional requirements such as:

Functional Requirements

- Must work in Internet Explorer (version 6.0 and above) and Firefox (versions 1.5 and above)

- Must use SSL to ensure security

- ...

- User should be able to enter data through browser interface for: customers, companies, contacts, opportunities, deal size, etc.

Non-Functional Requirements

- Must be able to support up to 100,000 simultaneous users

- Must have uptime of greater than 99.9%

- ...

- Need comprehensive user guide in English, German and Japanese

Please check out this [article](#) on writing MRDs for further details.

Alert: Some organizations combine MRD and PRD as described here into one document, and call the resulting document MRD. In this case, the MRD will include what is described in this section as well as what is described in the PRD section below - and may run more than 50 pages.

3) PRD - Product Requirements Document

A Product Requirements Document (PRD) focuses on defining the product requirements for a proposed new product or enhancement to an existing product.

Whereas the MRD focuses on requirements from the perspective of market needs, PRD focuses on requirements from the perspective of the product itself. It usually delves into more details on features and functional requirements, and may also include screen shots and user interface flows.

In organizations where the MRD doesn't include detailed requirements and use cases, the PRD covers those details.

It is usually written by someone with the title of Product Manager, Business Analyst or Product Analyst.

It is usually a Word document running 20-50 pages, or even longer for complex products.

Example:

Let us continue with the above example of a company developing a customer relationship management (CRM) software.

The PRD may focus on detailed requirements such as:

Login screen should include username and password fields. It should also include a 'Forgot Password' link.

'Contacts' screen should include fields for first name, last name, phone, email,...

...

'Forecast' screen should have a 5-step wizard that walks user through the steps required to create annual forecasts. Each step should be as described below...

The PRD may also include detailed use cases.

Alert: Some organizations combine PRD and MRD as described here into one document, and call the resulting document PRD. In this case, the PRD will include what is described in this section as well as what is described in the MRD section above.

4) FSD - Functional Specifications Document

A Functional Specifications Document (FSD) defines the complete details of a product's functional requirements with a focus on implementation. FSD may define the product specifications screen by screen and feature by feature. This is a document that can be directly used by engineers to create the product.

Whereas the MRD and PRD focus on requirements from the perspective of market needs and product, FSD focuses on defining the product details in a form that can be implemented by engineers. FSD may also include complete screen shots and UI design details.

It is usually written by someone with the title of Product Analyst, Engineering Lead, or Program Manager - the author(s) usually belong to the engineering department.

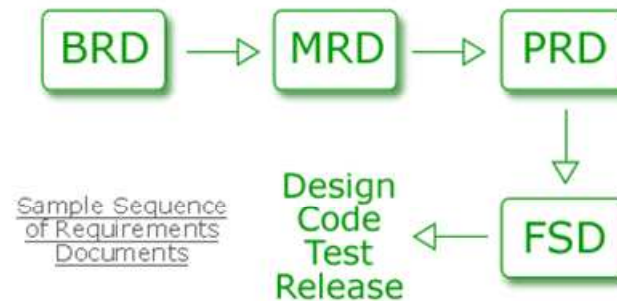
It is usually a Word or similar document running several dozen pages.

5) PSD - Product Specifications Document

Product Specifications Document (PSD) is a less popular acronym, but in organizations that have such a document, it is by and large the same as the Functional Specifications Document (FSD) described above.

6) SRS - Software Requirements Specification

A Software Requirements Specification (SRS) is another less popular acronym. In organizations that create an SRS, it has contents and details somewhere close to what is described above for PRD or FSD.



Okay, there you have it - 6 requirement document acronyms deconstructed and explained. Just want to alert you again - all organizations do not use these terms in the same way. Think of these documents as points on a spectrum. Each organization defines which documents to create and where in the spectrum those documents fall - depending on what best fits their unique needs.

About the Author: I'm your author, Michael Shrivathsan, an expert in product management and product marketing with successful experience spanning two decades. I live in Silicon Valley, USA. For my day job, I manage the product management & marketing teams at Accompa, makers of requirements management software and product management tools.

Source: http://michael.hightechproductmanagement.com/2006/08/requirements_document_alphabet_1.html