

HOW TO CREATE YOUR LEAN CANVAS. Capture your business model in a portable 1-page diagram. The Lean Canvas is the perfect format for brainstorming possible business models, prioritizing where to start, and outlining your business concept.

As you look at the Canvas, you will see boxes for each subject. The Canvas is designed to be customer centric on the right hand side, product centric on the left, with the middle box of "Unique Value Proposition" linking the two sides and their contents. We recommend that you also complete the necessary financial projection pages, which are provided in template form (Excel) on the SBDC's home page, www.santacruzsbdc.org

Early Adopters:

- Identify initial potential customers...the people who are waiting for your product or service to become available.
- The first people who will pay you for your product or service and may give you feedback that will help you perfect your product or services.
- 2-3 demographic segments at the most, e.g., women between the ages of 25-35, hikers, hobbyists.

Customers:

- Overall customers who will eventually buy your product or service, possible customers beyond your early adopters above.

Opportunity:

- What is the opportunity in the market that you have identified? Is there a problem or a gap in the marketplace that you will fill?
- What is your market niche?
- List 2-3 opportunities for your product or service.

Existing Alternatives:

- List existing competition, identify their strengths and weaknesses, how do they currently address the existing opportunity?

Solution:

- This describes what your product/service and business model is. Brief description of your initial product or service, identify your top features.

Unique Value Proposition:

- Why is what you're selling different and worth buying? Why does this difference matter to your consumer?
- Unique Value Proposition (UVP): *"A single, clear compelling message that states why you are different and worth buying."* Steve Blank
- Steve Blank's template: *"We help X do Y doing Z"*.
- **Note:** Your competition is not who you think it is but who your customers think it is.
- **Note:** UVP must resonate with your customers.
- **Note:** UVP will be on your website's homepage. You have approximately 8 seconds to hold the visitor's attention otherwise they will move on. The UVP must be clear and concise, no jargon, no superlatives.

Channels:

- Identify how your early adopters get their information, i.e. print media, Social Media, radio, TV, direct contact, word of mouth?
- List 2-3 outreach channels only to conserve your limited resources of time and money.
- **Note:** Track the outcomes/results of your outreach strategies and make the necessary changes if results are not meeting expectations.

Revenue Streams:

- Where is the money coming from ?, i.e., subscriptions, product sales, contracts, on-line sales, hourly rate, memberships, wholesale accounts
- Note: How volatile/variable/consistent are the revenue streams? Identify yearly or seasonal buying patterns.

Cost Structure:

- What are your recurring expenses -- i.e., rent, insurance, product costs, shipping, labor costs (include taxes), owner salary, office supplies, website hosting, advertising (radio, TV, Social Media, utilities, attorneys, accounting?)

Metrics:

“Find the key number that tells you how your business is doing in real time, before you get the sales report.” - Norm Brodsky and Bo Burlingham

- What will you measure before you get your monthly financial statements?
E.g., number of referrals, client retention, client/customer acquisition costs, lifetime value of client/customer/employee retention, units sold.

Unfair Advantage:

*“A real unfair advantage is something that cannot be easily copied or bought.”
Jason Cohen...”A Smart Bear”*

- Answers the question of how you deal with your competition.
- Examples: insider information, great team, large network, existing customers, excellent SEO (search engine optimization) very low COGS (cost of goods/raw product cost), extensive community (Facebook followers, how well connected are you?)

Key Canvas Relationships (How do the boxes link)

- The solution must solve the identified opportunity[s] in the market...also called product/market fit
- Channels must connect with early adopters...how do they get their information?
- Unique Value Proposition must resonate with early adopters and eventual customers
- Unfair advantage must set you apart from existing alternatives/competition
- Customers and opportunity in the market are the key components in the planning canvas. If they are not in alignment, the rest of the canvas will not be valid.

Once you have completed the Lean Canvas and financial projections (not always necessary) contact the SBDC at 831-479-6136 for a referral to a Business Planning Advisor. We hope to make your launch successful!