final report

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Teys Business Accelerator: Design

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Executive Summary

Teys Australia Food Solutions (TAFS) has developed a set of strategic growth goals in the context of the broader Teys Australia (TA) strategy to become a leading provider of innovative red meat supply chain solutions linking Australian producers to global customers. As part of this growth strategy, TAFS had previously undertaken a Strategic Portfolio Review to develop and refine a process for identifying, analysing and recommending new growth options for the TAFS business, with associated governance and reporting activities. A key strategic reason for developing a portfolio of growth initiatives is to 'future proof' the business, in particular to extend the value of the current business model/technological trajectory and to simultaneously drive and shape the development of new growth paths, often linked to new technologies or business model paradigms. The Strategic Portfolio Review project produced a 'short list' of twelve opportunity areas as promising sources of growth for the TAFS business.

The key operational question remaining for Teys was how to best organise resources and management attention to ensure that appropriate development efforts and investment occur to respond appropriately to these opportunities, by taking advantage of immediate growth options and also positioning the company well for continued strength in the future. The current project has been undertaken to explore the concept of an Accelerator, as a potential solution to this operational challenge.

Modern day accelerators are designed to provide an intensive and usually time-limited focus on speeding the transition of ideas from concept to commercial viability, with a dedicated team and structured program of work. This can be achieved through internal resourcing, external partnerships, investment in start-ups, or a hybrid of these. In Australia at the present time, most corporate accelerators are focused on investment in start-up companies whose technologies may provide a future source of competitive advantage for the investing company. The primary objective of this project has been to establish a recommended design, including operating structure, success criteria and budget, for a potential Teys Business Accelerator.

A key overarching aim of the Teys Accelerator is to achieve a **demand-pull** approach to new business development, contrasting with the **supply-push** approach, which has characterised much of Teys' recent growth as a dominant player in mature markets. The proposed Teys Accelerator is differentiated in two ways from existing corporate Accelerator models: (i) it is based on partnership with an external innovation services provider and University Business School; and (ii) its core is a dedicated team following a structured commercialisation framework (Lean Launch Pad) over a twelve month period. The Accelerator requires a small team of highly skilled and experienced people. Four key full time roles have been identified and scoped to ensure the correct balance of industry knowledge and innovation skill exists.

The core team's impact will be expanded through engagement with the University of Queensland Business School MBA cohort. The current project undertook a trial engagement with two MBA student groups, facilitated to work through the Lean Start Up framework over an intensive five week period. The projects defined to support this trial engagement are described in appendices to this report.

The proposed twelve-month program will use the Lean Launchpad commercialisation framework (appendix A) and an agile project management approach to develop 4-6 concepts. Each concept will initially progress through a 6 week intensive learning stage in a sequential manner followed by a 2 week review and debrief. At the conclusion of this first stage a go/no-go program review will be held to assess the program against interim goals and determine whether the overall project is creating value and if so, which concepts will be further matured during the subsequent stage.

The first iteration of the Business Accelerator will focus on program-level commercial outcomes plus learning about the model itself. Specifically, Teys' goal is for the development of 1-2 commercially viable new products or services, ideally with an identified customer who has demonstrated a willingness to pay for the product or service. In addition, Teys' focus is on the learnings that emerge from the first twelve months of the program, in terms of:

- The effectiveness of the commercialisation framework;
- The suitability of the partners;
- The optimal scope of concepts to be developed in this way;
- Effective mechanisms for engagement of existing Teys and TAFS employees;
- Customer perceptions of the initiative;
- The potential for return on investment.

Over time, Teys will consider implementation of a set of metrics for the Accelerator linked to innovation and performance metrics that have been implemented within the wider Teys Australia business.

The Teys Business Accelerator design presents a detailed plan for setting up a separate entity with the specific goal of identifying new products, services and associated business models for future commercialisation. Without the constraints of existing business processes and pressure to execute the current business model, the development process will move at a much faster pace while identifying new strategic growth opportunities. The benefits of separation from the existing business combined with the scientific approach of the Lean Launchpad framework has the potential to increase the returns from innovation while at the same time reducing financial risk to the red meat industry.

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1 Background

Teys Australia Food Solutions (TAFS) has developed a set of strategic growth goals in the context of the broader Teys Australia (TA) strategy to become the leading provider of innovative red meat supply chain solutions linking Australian producers to global customers.

It is recognised that the achievement of substantial growth for TAFS will likely require expansion into new markets (domestic and export) and development of new products for new and existing customers. It is acknowledged that continuation of 'business as usual' will not generate the required EBIT impact to meet TAFS' growth targets.

TAFS undertook a Strategic Portfolio Review to develop and refine a process for identifying, analysing and recommending new growth options for the TAFS business, with associated governance and reporting activities.

As shown in Figure 1, the basic concept for defining a strategically aligned portfolio is the three horizons through time.

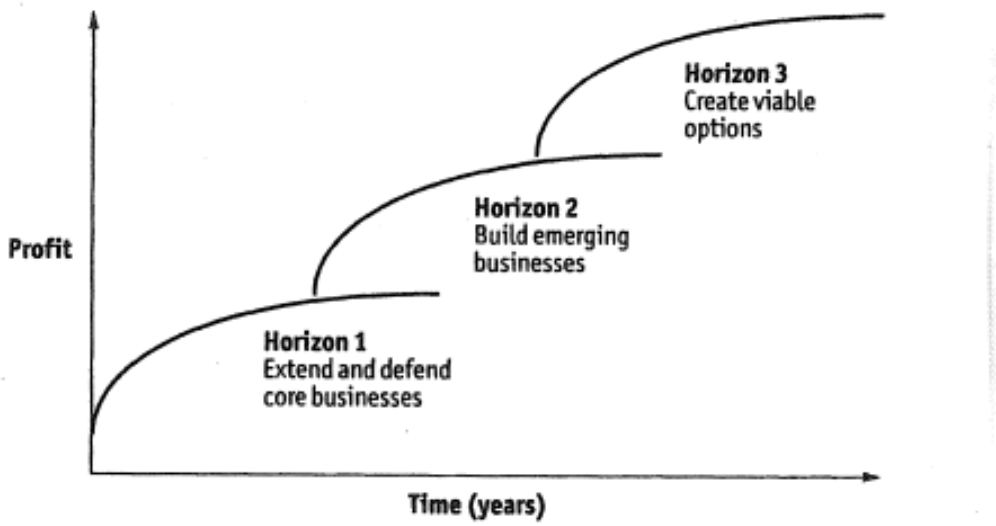


Figure 1: Defining the Three Horizons

A key strategic reason for developing a portfolio of growth initiatives is to 'future proof' the business, in particular to extend the value of the current business model/technological trajectory (often depicted as a S curve or logistic diffusion curve as shown in Figure 3 below), and to simultaneously drive and shape the development of new growth paths, often linked to new technologies or business model paradigms.

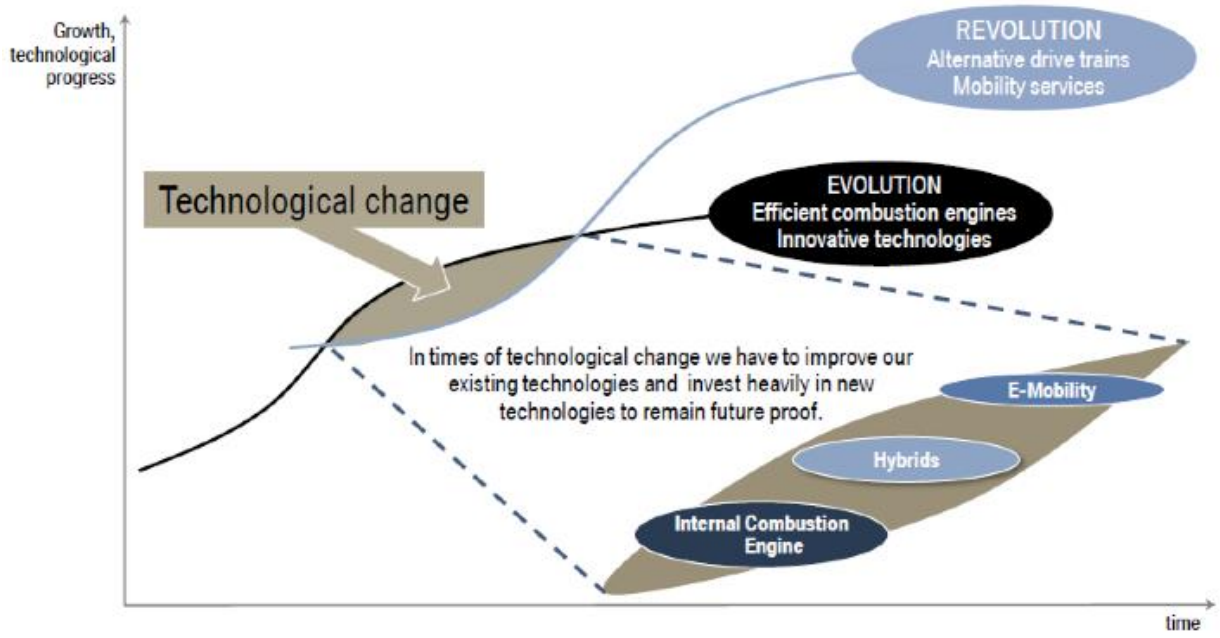


Figure 3: The Double S Curve Model of 'Future Proofing' through a Strategically Diversified Portfolio

When implemented systematically, this approach generates a well-aligned set of strategic portfolios, underpinned by foundation capabilities that maintain agility and responsiveness of the organisation to ongoing change within and across the portfolios, ad depicted in Figure 4 below.

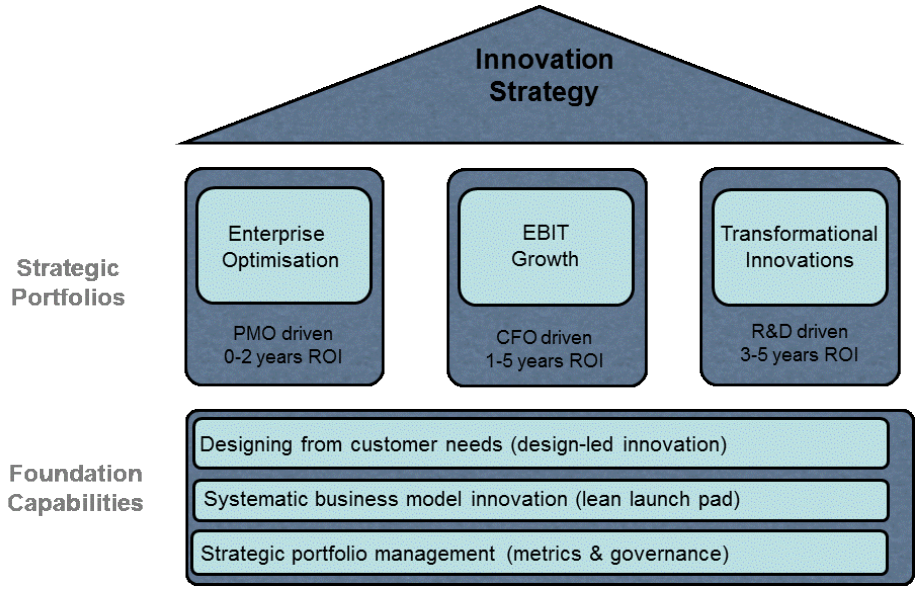


Figure 4: Portfolio Based Strategic Innovation Management (example content only)

The Strategic Portfolio Review project produced a 'short list' of twelve opportunity areas as promising sources of growth for the TAFS business. This short list was narrowed down from a 'long list' of thirty-six potential growth areas covering new markets, segments, categories

and products. The analysis also identified key information gaps and additional data requirements.

This analysis has cemented the value of developing a strategic portfolio of growth initiatives within the Teys and TAFS executive. The key operational question for Teys now is how to best organise resources and management attention to ensure that appropriate development efforts and investment are occurring across the defined horizons, to take advantage of immediate growth opportunities and also position the company well for continued strength in the future. The concept of an Accelerator has been advanced to address this operational challenge, as outlined in the following sections.

2 Project Objectives

The primary objective of this work has been to establish a recommended design, including operating structure, success criteria and budget, for the proposed Teys Business Accelerator.

The specific objectives of the project were defined as:

- Present an overview of the Accelerator approach as an innovation model – including understanding how existing Business Accelerators in food and other sectors, define success over the short/long term, and how effective programs of work are developed and possible applications/learnings for Australian red meat enterprises
- Identify the required roles and responsibilities of the Business Accelerator team, including the skill sets necessary to fulfil each role;
- Establish expectations of success within the Teys and TAFS Executive, and develop Key Performance Indicators and metrics to reflect these success criteria, including definition of target outputs and outcomes and then alignment to MLA strategic innovation goals regarding capability and growing red meat demand;
- Examine options for effective management of Intellectual Property and contracting issues;
- Define an appropriate reporting structure within the Accelerator team and back to the Teys and TAFS Executive, with recommendations for key reporting and go/no-go decision points;
- Finalise the starting list of concepts for the Accelerator to develop, by refining the outputs of the Strategic Portfolio Review Project (P.PIP.0419) in line with TAFS' current business priorities;
- Develop a draft program of work for an initial twelve month period, including specification of an appropriate accelerated learning framework such as Lean Launch Pad;
- Identify and engage with key partner organisations, specifically Meat and Livestock Australia and University of Queensland Business School, to assess their willingness to support the Business Accelerator and learn from its operation.
- Define a budget and execution timeframe appropriate to the implementation of the Business Accelerator as designed.
- Evaluate the potential for partnering with a university (University of Queensland Business School) to allow structured engagement with a group of MBA-level students to provide an assessment of market opportunities.

3 Methodology

3.1 The Accelerator Model

The Accelerator model has evolved from the concept of the 'skunkworks' originally pioneered by Lockheed Martin, designed to encourage the employees of large organisations to come up with original ideas. It usually consists of a small team taken out of their normal working environment and given freedom from the organisation's standard management constraints. For example, it was a skunkworks that enabled IBM in the 1980s to break out of its mainframe-centric production model into the successful commercial development of the PC[i].

More recently, the skunkworks model has evolved into different variations including incubators and accelerators. Modern day accelerators are designed to provide an intensive and usually time-limited focus on speeding the transition of ideas from concept to commercial viability, with a dedicated team & structured program of work. This can be achieved through internal resourcing, external partnerships, investment in start-ups, or a hybrid of these. In Australia at the present time, most corporate accelerators are focused on investment in start-up companies whose technologies may provide a future source of competitive advantage for the investing company.

Recent Australian examples include:

- **muru-D:** launched by Telstra in February 2014, provides a purpose-built facility offering a 6 month tailored incubation program for promising Australian tech start-ups, providing Telstra with 'grassroots' access to potential breakthrough digital innovators;
- **the Hive:** opened by Westpac in September 2014, providing a $4m dedicated facility in the old St George Bank headquarters to allow the bank to "quickly test and develop ideas for new products and services that will set us apart from our competitors";
- **Mondalez Asia Pacific Innovation Centre**: official opening in October 2014 in Victoria, home to ANZ's largest food research and development team (100 food innovators) and a program to connect 20 small to medium sized enterprises, industry, higher education and technology through collaborative programs to deliver world-class innovations[ii];
- **Innovation Lab:** launched by the Commonwealth Bank in October 2014 in the Sydney CBD, a purpose-designed, dedicated space to allow the Bank to "work collaboratively, to quickly incubate ideas and deliver capabilities that will ensure our customers can adapt their business models, seize opportunities and respond to the challenges of a changing landscape".

The proposed Teys Accelerator is differentiated from the above models in two ways (i) it is based on partnership with an external innovation services provider and University Business School; and (ii) its core is a dedicated team following a structured commercialisation framework (Lean Launch Pad) over a twelve month period. The primary aim of the Teys Accelerator is to achieve a **demand-pull** approach to new business development,

contrasting with the **supply-push** approach, which has characterised much of Teys' recent growth as a dominant player in mature markets.

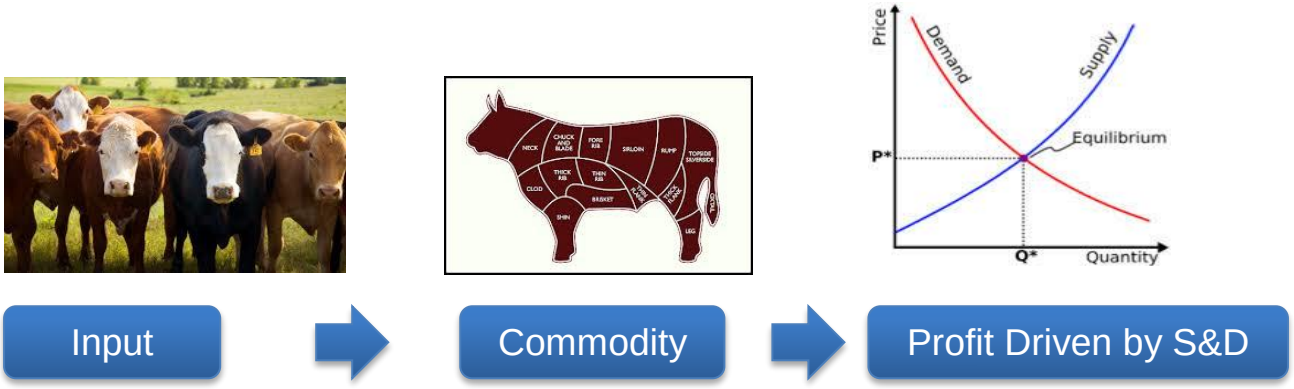


Figure 5. Current Teys Australia Supply Push Model

Figure 6. Accelerator Demand Pull Model

3.2 Measuring Success

Internal success metrics for corporate accelerators are not publicly available, due either to commercial confidentiality or to the fact that many accelerators are only recently established and therefore their true value is still being evaluated. The public-facing success criteria for contemporary Accelerator models are a mix of the following:

- The number or percentage of startups that raise additional funding;
- The number of customers or revenue per customer;
- The number of jobs created; and,
- The percentage of startups that remain in operation 3-5 years post accelerator program.

For start-up based accelerators, the selection process for admission is based on:

- Quality and track record of the applicants;
- The size of the market opportunity; and,
- Portfolio fit.

For these accelerators focused on incubating start-ups, it is typical for an equity model to be

implemented, for example Telstra's muru-D takes a 6% stake in return for a $40,000 investment, while Food-X (a New York-based business accelerator program focused on launching food-related ventures with a multi-stage evergreen fund) takes an 8% equity stake for $50,000. In the case of corporate accelerators such as those developed by Telstra, Westpac, Commonwealth Bank a significant marketing benefit is generated through the perception of being supportive of a young, dynamic and home-grown start-up culture, and it is likely that internal success metrics would reflect this public relations aspect. Another example deemed a public success is Nike's financing of ten startups to push the Nike Fuel concept, which raised the profile of the company's move into movement-based data tracking although none of the individual start-ups led to commercially successful outcomes.

Overall, success measures appear to be developed on a case-by-case basis in light of the specific goals of the program. It is worth noting that while this is still an emerging space with no dominant design or established models of success, there does appear to be a push to move away from measuring success solely on financing at the individual start-up level and towards commercial goals at the program level, specifically:

1. To identify a validated market opportunity with customers that are willing to pay; and
2. Development of a product or service that addresses this opportunity.

Teys have determined that the first iteration of the Business Accelerator should focus on program-level commercial outcomes plus learning about the model itself. Specifically, Teys' goal is for the development of 1-2 commercially viable new products or services, ideally with an identified customer who has demonstrated a willingness to pay for the product or service. In addition, Teys' focus is on the learnings that emerge from the first twelve months of the program, in terms of:

- The effectiveness of the commercialisation framework;
- The suitability of the partners;
- The optimal scope of concepts to be developed in this way;
- Effective mechanisms for engagement of existing Teys and TAFS employees;
- Customer perceptions of the initiative;
- The potential for return on investment.

Over time, Teys will consider the implementation of a set of metrics for the Accelerator linked to innovation and performance metrics that have been implemented within the wider Teys Australia business. As a guide, general innovation metrics are commonly broken into activity and include both quantitative (e.g. number of ideas conceptualized; number of projects initiated; number of people trained in specific methodology etc) and impact measures (e.g. market share; cost reduction; new product/service revenue). While separate initiatives within Teys are addressing this issue on an organisation-wide basis, it is worth noting here that the five most commonly used innovation metrics within firms are[iii]:

1 Revenue generated by new products
2 Number of projects in the innovation pipeline
3 Stage-gate specific metrics, i.e. projects moving from one stage to the next
4 P&L impact or other financial impact
5 Number of ideas generated

Figure 7: Lean Start-Up Based Investment Readiness Tool

It is also recommended that Teys consider the use of a specific evaluation tool called the Investment Readiness Level (IRL), which has been adapted from the NASA Technology Readiness Level Scale to incorporate the key principles of the lean start-up approach. The IRL can be applied to start-ups or other types of fledging new businesses to determine their commercial viability from an investment perspective. Appendix A contains more information on the development of the Investment Readiness Level toolset.

3.3 Engagement and Reporting Model

Report Type	Frequency	Description
Progress Update	Fortnightly	Written update on concept development, assumptions verified and new hypotheses – adaptive gate process for concept lifecycle management (i.e. continue, pivot, kill)
Devil's Advocate (Informal)	Fortnightly (Alternate)	Key TA & TAFS personnel act as 'devil's advocates' to challenge assumptions and identify gaps in reasoning
TAFS Team Update	Quarterly	Half-day interactive session to discuss methods, results & issues with TAFS Team (with a focus on knowledge transfer)
TA SLT Update	Quarterly	Progress report to TA Senior Leadership Team on activities, results, issues and next quarter plan
Go/No Go	Stage 1 completion	Presentation to TA and MLA to inform go/no-go decision (including IP review)

3.4 Collaboration with UQ Business School

Two teams of University of Queensland MBA students were engaged to work on commercial concepts as part of the TIMS7811 Innovation Leadership subject in September 2015 (see Appendix C for Course Outline and Appendices D and E for project scopes). The teams utilised the Business Model Canvas, Value Proposition Canvas, Lean Launchpad and customer development frameworks to begin development of each concept, assess the market opportunity and produce a set of recommendations for further research which can be continued within the Teys Accelerator program of work.

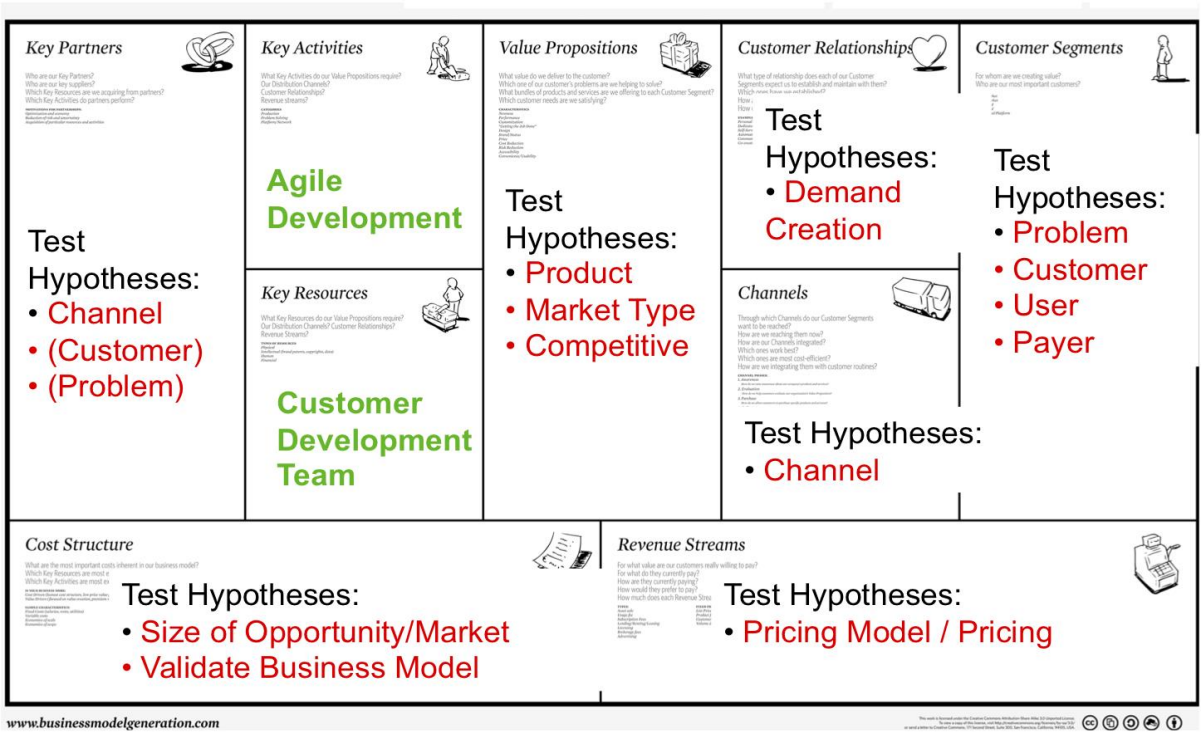


Figure 8: Round One Collaboration with UQBS will have students developing a Value Proposition to determine a Minimum Viable Product

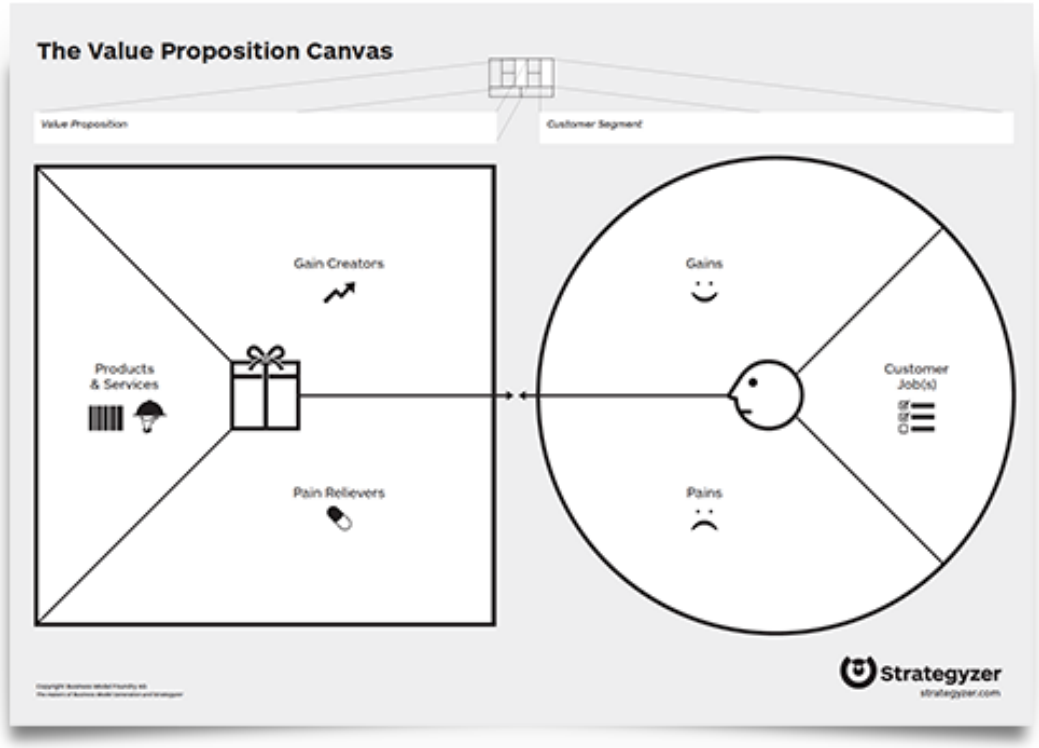


Figure 9: Round One Collaboration with UQBS will have students developing a Value Proposition to determine a Minimum Viable Product

The teams had four weeks to develop each concept and were given space to take the projects in the direction they felt was best, with the guidance that the customer focused 'right hand side' of the canvas would be more appropriate as products would not be developed during the project. Each team used the Strategyzer online collaboration tool, which allowed both the team to collaborate online as well as Vulture Street to assist where required.

The projects were well received by students and the UQ Business School. Despite having no previous knowledge of the Lean Launchpad framework, both project teams produced a significant volume of high quality work that can inform the development of each concept within the accelerator. The projects were mutually beneficial for Teys, Vulture Street and the UQ Business School. Considerations for improving further collaborations include greater up-front clarification and agreement on legal aspects such as non-disclosure, confidentiality and intellectual property; increasing alignment with subject marking criteria and offering a mid-project feedback session involving clients and students.

An opportunity may be available to collaborate with UQBS and their innovation or marketing subjects during the accelerator. This will be used to further progress concepts that have shown to be a significant business opportunity or alternatively to investigate those concepts that have not yet been initiated.

4 Accelerator Program Design

4.1 Program of Work

The twelve-month program will use the Lean Launchpad commercialisation framework (appendix A) and an agile project management approach to develop 4-6 concepts. Each concept will initially progress through a 6 week intensive learning stage in a sequential manner followed by a 2 week review and debrief. At the conclusion of this first stage a program review will be held to assess the program against interim goals and determine which project or projects will be continued during stage two. This remaining period of the 12 month Accelerator will be used to continue the Lean Launchpad development process with a greater focus on commercialisation options such as potential joint ventures, contract manufacturing, capex requirements and integration with the existing Teys business.

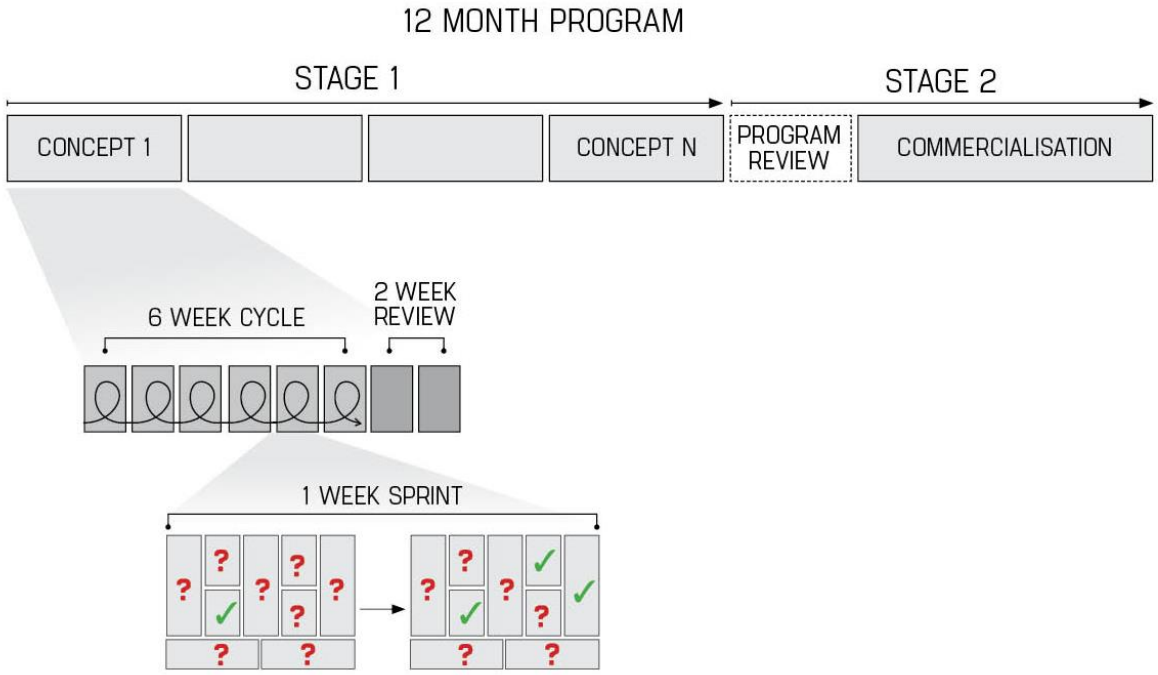


Figure 10. 12-Month Program Timeline

The iterative nature and inherent uncertainty in innovation projects means each concept will develop differently based on knowledge gained by the customer development process. The concepts have been identified as potential high growth opportunities in previous research by Teys and will contain specific restraints such as geographic market, but will be predominantly customer led which will require the team to adapt quickly and potentially add new skillsets when required. Prototyping of products and packaging will be required at different stages of each development cycle and consideration will be given to how best to utilise the Food Technologist role. Each cycle will focus on identifying a customer verified value proposition and associated business model leading to a decision to either continue or terminate concept development. The program will also conduct a post project lessons learned analysis where key stakeholders will participate in structured interviews to inform future commercialisation project design.

The process to determine the twelve-month program of work considered the following options:

- Firstly in a "***simultaneous or parallel****"* method, which would see, all concepts start and conclude on roughly the same dates. This method has very high demand for skilled personnel and does not easily allow learnings to be transferred from project to project as the learning or discoveries happen concurrently. A large project team is required, as they must focus on a very broad range of issues in different projects at any one time. This method also delivers all the outcomes or results at once in approximately nine months from the start date.
- Secondly in a "***successive***" manner where each project is completed one after the other in intensive six to twelve week blocks. This allows for a small, dedicated team of highly skilled individuals to focus on a single project and reduces the time for an outcome or result in comparison with the "***simultaneous or parallel" method***. A two-week break would occur between the projects to allow for any learnings to be formulated and transferred into the approach for the next project.
- Thirdly considered a combination of the "***simultaneous and successive***". This process sees the team working on a project for only one week then changing to the second project for a week and so on repeatedly until all projects are complete. This would have the effect of working on all four projects in a staggered manner over a four-week period, with the focus on a single element of the business model during each period. This method has high switching costs and would only allow for some transfer of learnings. The outcomes or results would all be delivered in eight to nine months time from the start date. At this time and with limited personnel this process was not considered further.

The ***successive*** process containing an eight-week cycle has been chosen. This process allows the required critical focus of a small team to achieve an outcome in a short six-week span of time. Should roadblocks be encountered then the team can remain agile and pivot the project to deliver the next minimum viable product. This agility and fast learning is paramount to overall all success as it allows the team to build on learnings and to leverage these in the next project. Between the six-week project blocks a two week break is proposed to allow the team to reflect and develop the lessons learned, to re-orient themselves to the next project and to manage any team personnel changeovers. It may also be used as a contingency period where the initial six-week learning period needs to be extended.

5 Discussion

Teys have determined that the first iteration of the Business Accelerator should focus on program-level commercial outcomes plus learning about the model itself. Specifically, Teys' goal is for the development of 1-2 commercially viable new products or services, ideally with an identified customer who has demonstrated a willingness to pay for the product or service. Over time, Teys may wish to implement a set of metrics for the Accelerator linked to innovation and performance metrics that have been implemented within the wider Teys Australia business.

The specific objectives of the project were:

- Present an overview of the Accelerator approach as an innovation model – including understanding how existing Business Accelerators in food and other sectors, define success over the short/long term, and how effective programs of work are developed and possible applications/learnings for Australian red meat enterprises
    - The proposed Teys Accelerator approach is structured in two ways (i) it is based on partnership with an external innovation services provider and University Business School; and (ii) its core is a dedicated team following a structured commercialisation framework (Lean Launch Pad) over a twelve month period.
    - The first iteration of the Business Accelerator should focus on program-level commercial outcomes plus learning about the model itself. Specifically, Teys' goal is for the development of 1-2 commercially viable new products or services, ideally with an identified customer who has demonstrated a willingness to pay for the product or service. In addition, Teys' focus is on the learnings that emerge from the first twelve months of the program
- Identify the required roles and responsibilities of the Business Accelerator team, including the skill sets necessary to fulfil each role;
    - The accelerator requires a small team of highly skilled and experienced people. Four key full time roles have been identified, defined and scoped to include responsibilities to ensure the correct balance of industry knowledge and innovation skill exists in the team.
- Establish expectations of success within the Teys and TAFS Executive, and develop Key Performance Indicators and metrics to reflect these success criteria, including definition of target outputs and outcomes and then alignment to MLA strategic innovation goals regarding capability and growing red meat demand;
    - Over time, Teys may wish to implement a set of metrics for the Accelerator linked to innovation and performance metrics that have been implemented within the wider Teys Australia business. While separate initiatives within Teys are addressing this issue on an organisation-wide basis, it is worth noting here that the five most commonly used innovation metrics within firms are[iv]:
        - Revenue generated by new products
        - Number of projects in the innovation pipeline
        - Stage-gate specific metrics, i.e. projects moving from one stage to the next
        - P&L impact or other financial impact
        - Number of ideas generated
- Define an appropriate reporting structure within the Accelerator team and back to the Teys and TAFS Executive, with recommendations for key reporting and go/no-go decision points;
    - A reporting structure, Go/No Go stage completion and timing schedule have been defined. The detailed reporting structure is seen in 4.3
- Finalise the starting list of concepts for the Accelerator to develop, by refining the outputs of the Strategic Portfolio Review Project (P.PIP.0419) in line with TAFS' current business priorities;
    - While a starting list of concepts has been identified, these cannot be published due to commercial sensitivity.

- Develop a draft program of work for an initial twelve month period, including specification of an appropriate accelerated learning framework such as Lean Launch Pad;
    - Each of the four starting concepts will initially progress through a 6-week intensive learning stage in a sequential manner followed by a 2-week review and debrief. At the conclusion of this first stage a program review will be held to assess the program against interim goals and determine which project or projects will be continued during stage two. This remaining period of the 12 month Accelerator will be used to continue the Lean Launchpad development process with a greater focus on commercialisation options such as potential joint ventures, contract manufacturing, capex requirements and integration with the existing Teys business.
- Identify and engage with key partner organisations, specifically Meat and Livestock Australia and University of Queensland Business School, to assess their willingness to support the Business Accelerator and learn from its operation.
    - The projects were well received by students and the UQ Business School. The projects have produced a significant volume of high quality work that will inform the development of each concept within the accelerator. The outcome has proven mutually beneficial for Teys and the UQ Business School.
- Define a budget and execution timeframe appropriate to the implementation of the Business Accelerator as designed.
    - The detailed budget has been prepared but has not been published due to commercial sensitivity.
- Evaluate the potential for partnering with a university (University of Queensland Business School) to allow structured engagement with a group of MBA-level students to provide an assessment of market opportunities.
    - An opportunity and willingness exists to collaborate with UQBS and their innovation subject during the accelerator. This will be used to further progress concepts that have shown to be a significant business opportunity or alternatively to investigate those concepts that have not yet been initiated.

6 Industry Benefits

Developing new products, services or business models within existing business units is particularly difficult, requiring different processes, risk tolerance and incentives than would typically be used in an execution focussed business. Alternative methods for managing longer-term innovation include acquisition or direct investment in new ventures.

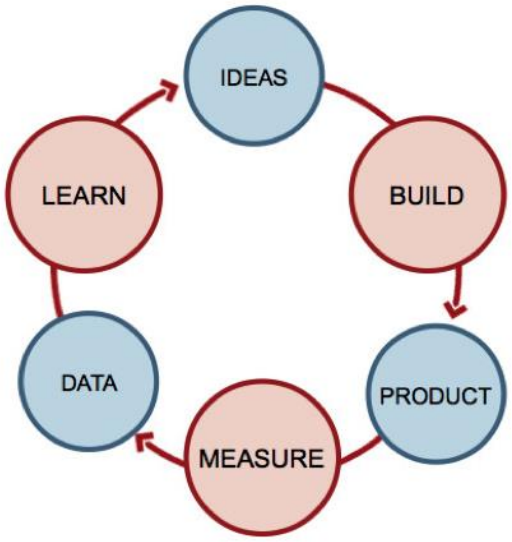
The Teys Business Accelerator design presents a detailed plan for setting up a separate entity with the specific goal of identifying new products, services and associated business models for future commercialisation. Without the constraints of existing business processes and pressure to execute the current business model, the development process will move at a much faster pace while identifying strategic growth opportunities. The benefits of separation from the existing business combined with the scientific approach of the Lean Launchpad framework has the potential to increase the returns from innovation while at the same time reducing financial risk to the red meat industry.

7 Appendix

7.1 Lean Launch Pad Framework (Overview from UQ Business School)

About LLP

The Lean LaunchPad has its origins in Silicon Valley in 2011, where the program was designed to assist entrepreneurs improve the success rates of technology start-ups. Taking elements of agile development, the program has an intensive focus on customer development and business model design, providing a framework that encourages experimentation and learning over traditional methods such as writing business plans and financial forecasting. It involves working closely with potential partners and customers to test a range of hypotheses, with the ultimate goal being the creation of a validated, data driven business model.



Objectives

New technologies require new business models to succeed. A serious constraint to research commercialization is often the lack of robust business model development to support applied research. To address this issue, the UQ Business School has developed a unique set of skills, which combine:

- extensive evidence-based research on innovation and entrepreneurship,
- effective experiential teaching approaches, and
- a unique network of industry, government and entrepreneurial partners.

We are currently developing programs that combine these assets in order to promote the growth of the entrepreneurial and innovative ecosystem within our region, and within Australia as a whole.

One key element of this is the Lean LaunchPad (LLP) workshop. This is a program that combines the business model canvas, customer development and agile engineering to help startups find customer-verified, scalable business models. There is clear evidence in the United States that using this approach significantly improves the survival rate and growth of startups in a wide variety of markets (discussed in broad terms here: http://steveblank.com/2013/11/25/its-time-to-play-moneyball-the-investment-readiness-level/). We aim to achieve similar results here, while also extending the methodology into new settings. This means that in addition to using this approach to support startup development, we will work in partnership with the developers of the program at Stanford and UC Berkeley to build programs suitable for research-intensive organisations, large corporates and other types of organisations.

Lean LaunchPad Background

The LLP program was developed by serial entrepreneur Steve Blank in collaboration with

the Stanford University School of Engineering and the University of California – Berkeley Business School. The program uses teaching material that is available on the internet through Udacity, in combination with intensive mentoring and feedback locally. Participants experientially learn the key elements of commercialization success as they progress through the program. The core activity is to use extensive interviews (on average more than 100 face-to-face or Skype) with potential customers, suppliers and stakeholders for the startups to develop a robust evidence-based business model. In parallel, they use agile engineering or other rapid prototyping approaches to test and build their product.

The outcome for participants is a validated business model canvas, which can be used to launch the business, attract funding, apply for grants or incubators, etc.

Why LLP?

The LLP approach has been in use for seven years in Silicon Valley, and its use is now widespread throughout the United States. In addition to Stanford and Berkeley, the program has run successfully at many other universities including Columbia, Princeton, Arizona State and University of Colorado.

In addition, LLP has been used with the National Science Foundation to prepare research teams for commercialization grant applications (details here: http://steveblank.com/2013/10/26/300-teams-in-two-years/). The program has been so successful in this setting that **the NSF plans to make it mandatory** for all applicants for commercialization funding from 2015 (See here for a discussion of the NSF I-Corps: http://www.nsf.gov/news/special_reports/i-corps/about.jsp).

The program has worked successfully with startups in many fields, including software, hardware (drones, robotics, printers, etc.), medical devices, scientific research commercialization and health. ***It is the state-of-the-art in startup training and mentoring.***

Why UQ?

The UQ Business School is the top-ranked business school in Australia. According to the Economist, it is the top-ranked business school outside of North America and Europe. We have substantial expertise in entrepreneurship and innovation training and support, and an extensive network of potential mentors. This program builds on our unique strengths in teaching and research in the fields of entrepreneurship and innovation. We have been successful at leveraging our excellence in research in these areas to benefit local startups, incubators, and corporations through mentoring, consulting and training.

Several of our staff members have been trained in delivering the LLP program by Steve Blank and Jerry Engel at UC Berkeley, and we have direct connections not just with them, but with others that are running this program. We also have access to LaunchPad Central, the software that has been developed specifically to support delivery of the LLP program. We will combine this unique network with our research and industry engagement capabilities to develop new applications of the the LLP program.

There is no other institution that matches our staff and resources for delivering a program such as this.

How it Works (draft subject to final confirmation of program design)

Many organisations use NASA's Technology Readiness Level Scale to track their progress in developing effective new technology. However, successfully building new technologies is only one part of successful commercialization – the other critical component is developing an effective business model to support the technology. The LLP program is designed to address this issue.

The program works with best when used in conjunction technologies that are still in development – this enables the use of market feedback to adapt the technology to fit clearly identified needs. Consequently, LLP is designed to:

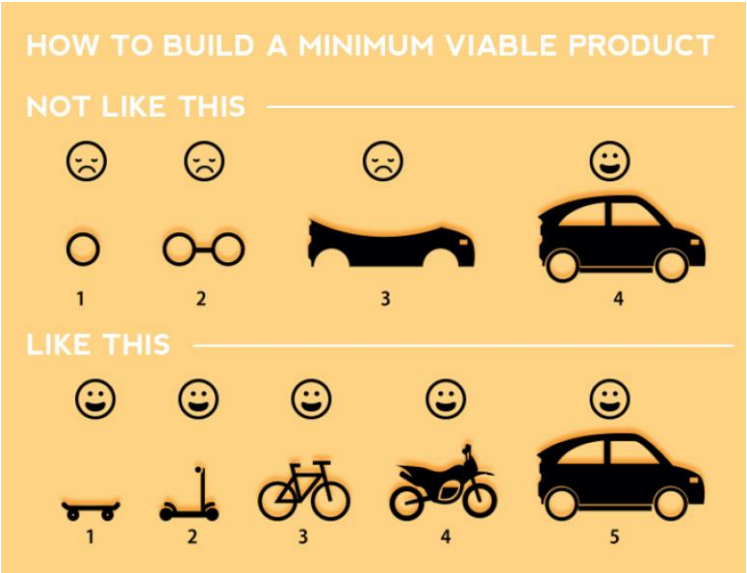
- run with 4-8 teams of 3 or 4 people, including those who "own" the technological development,
- run over 10-12 weeks with one meeting per fortnight

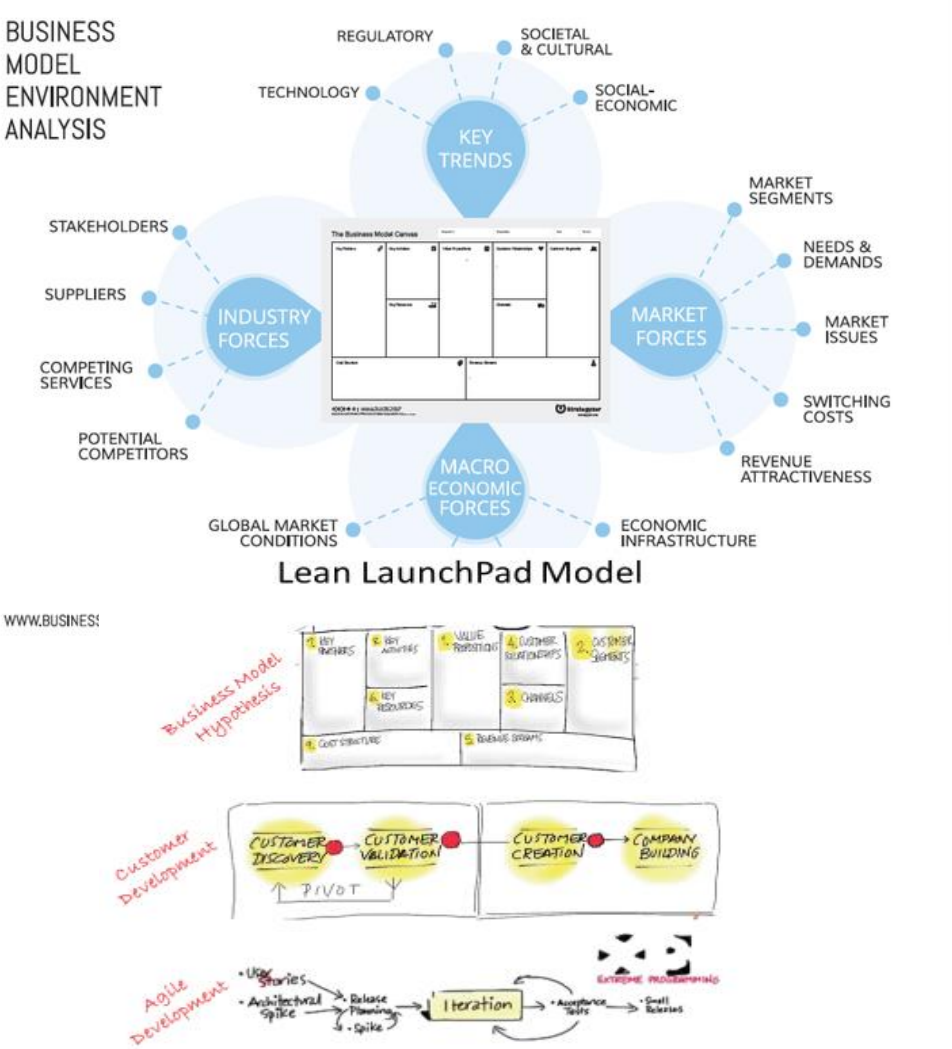
Each week, the teams test their hypothesis for a different part of the business model canvas (value proposition, market segment, customer relationships, channels to market, revenue generation, key activities, key resources, partnerships and cost structure) by conducting interviews with prospective clients and partners. Each week concludes with classroom time, where teams report their findings and outline their upcoming plans. These meetings also provide the opportunity to deliver teaching material concerning the next steps, and mentoring.

The program is supported by a great deal of material in books and on blogs, a free course on Udacity developed by Steve Blank, mentoring, and direct teaching time.

Key Concepts

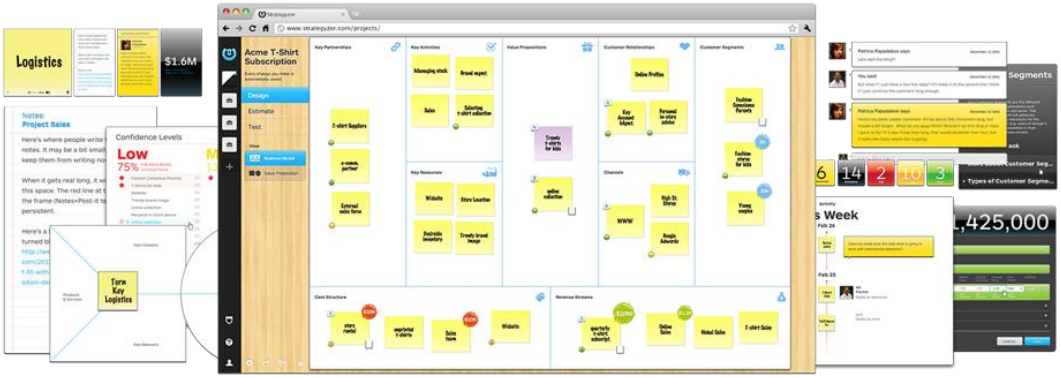
"Get Out of the Building" "Build Measure Learn"





7.2 Strategyzer: Value Proposition & Business Model Development Software

An annual subscription to this software will be used to manage all collaboration with MBA students and the work of the core team, building a complete record of content as value propositions and business models are developed and refined for each concept.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Acme T-Shirt Subscription
Design
Estimate
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Low
75%
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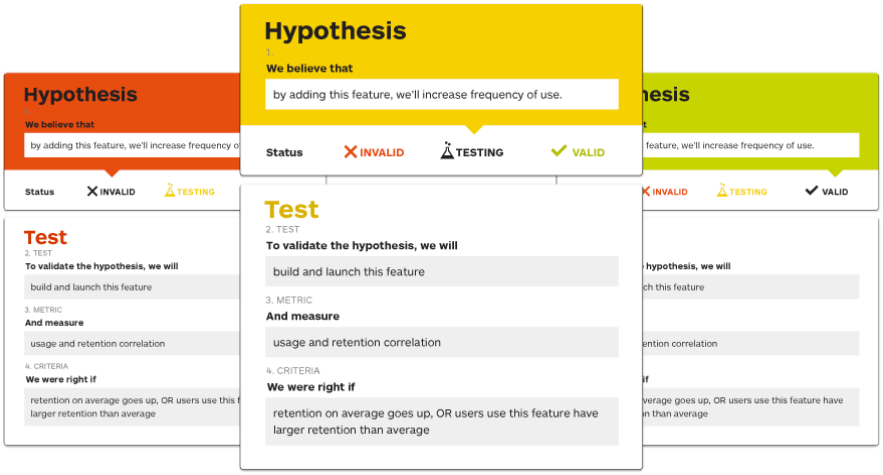
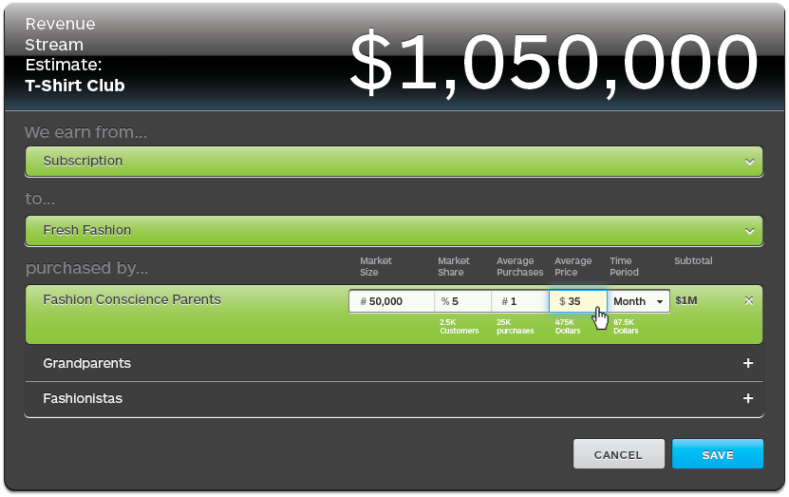

Hypothesis
We believe that
by adding this feature, we'll increase frequency of use.
Status
INVALID
TESTING
VALID
Test
2. TEST
To validate the hypothesis, we will
build and launch this feature
3. METRIC
And measure
usage and retention correlation
4. CRITERIA
We were right if
retention on average goes up, OR users use this feature have larger retention than average


Revenue Stream Estimate:
T-Shirt Club
$1,050,000
We earn from...
Subscription
to...
Fresh Fashion
purchased by...
Market Size
Market Share
Average Purchases
Average Price
Time Period
Subtotal
Fashion Conscience Parents
50,000
% 5
# 1
$ 35
Month
$1M
2.5K Customers
25K purchases
475K Dollars
87.5K Dollars
Grandparents
Fashionistas
CANCEL
SAVE

7.3 Course Outline for Innovation Leadership (UQBS MBA)

Course Details

Course Code: TIMS7811 **Course Title:** Innovation Leadership

Coordinating Unit: School of Business **Semester:** Semester 2, 2015 (TP4)

Mode: Intensive **Level:** Postgraduate Coursework **Location:** St Lucia **Number of Units:** 2 **Contact Hours Per Week:** 40

Recommended Pre-Requisites: MGTS7801 **Restrictions:** GCBA, GDipBA, MBA **Incompatible:** MGTS7711

Course Description: Innovation has been described as the fundamental source of competitive advantage. The purpose of this course is to analyze the importance and nature of innovation and how managers can lead innovation for sustainable competitive advantage. The course is based on robust analytical frameworks and contemporary empirical evidence on international best practice in innovation leadership.

Course Introduction

The Innovation Leadership course prepares participants to lead and manage in an economic environment where the only long-term source of competitive advantage is the capacity to create value through innovation. The course involves discussions on the importance of innovation in the economy to more specific frameworks for leading innovation at the business and team level.

An important objective of the course will be to understand the broader context of innovation. It is unfortunate that innovation has become synonymous with ‘high-technology industries’ such as IT and biotechnology because innovation is important for the sustainability and performance of all businesses and the public sector. Some of the most innovative firms in Australia can be found in the agricultural, resources and infrastructure sectors that are often dismissed as being part of the ‘old’ economy. Service firms such as legal practices and management consultancies can also be innovative through changing business processes and service offerings to customers.

After considering the changing nature of innovation, which places demands on collaboration skills and using knowledge from outside the organization, the course moves to considering innovation as an integral part of business strategy. New technologies that allow modeling and visualization of products and processes are also changing the innovation process. Leading innovation also means managing in the face of uncertainty and in this regard we introduce frameworks for strategy and finance for unknowable futures.

The course has a strong practical emphasis and assessment is based upon developing innovation strategies for real businesses. In addition, it is grounded in research-driven understanding of innovation based on case studies of world-leading innovators.

A series of guest presentations will be made by leading Brisbane business figures.

Course Staff

Course Coordinator: Sarel Gronum **Email:** S.Gronum@business.uq.edu.au
Lecturer: Dr Sarel Gronum

[i] The Economist http://www.economist.com/node/11993055

[ii] http://www.mondelezinternational.com.au/~/media/InnovationHub/en/PDFs/About_Us/Innovation/FoodIndustryWhitePaper-FINAL.pdf

[iii] 2015 study in HBR of 200 firms

[iv] 2015 study in HBR of 200 firms