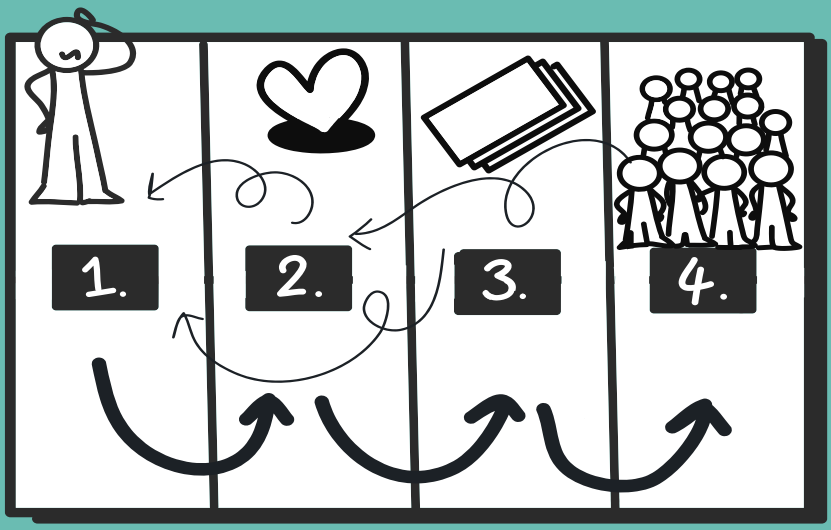
The LAUNCH framework

IN 4 STAGES TO SCALE



"Battle tested with hundreds of startups and VC's "

"The first step to a structured innovation approach "

GroundControl

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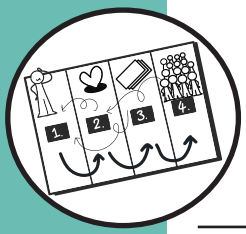
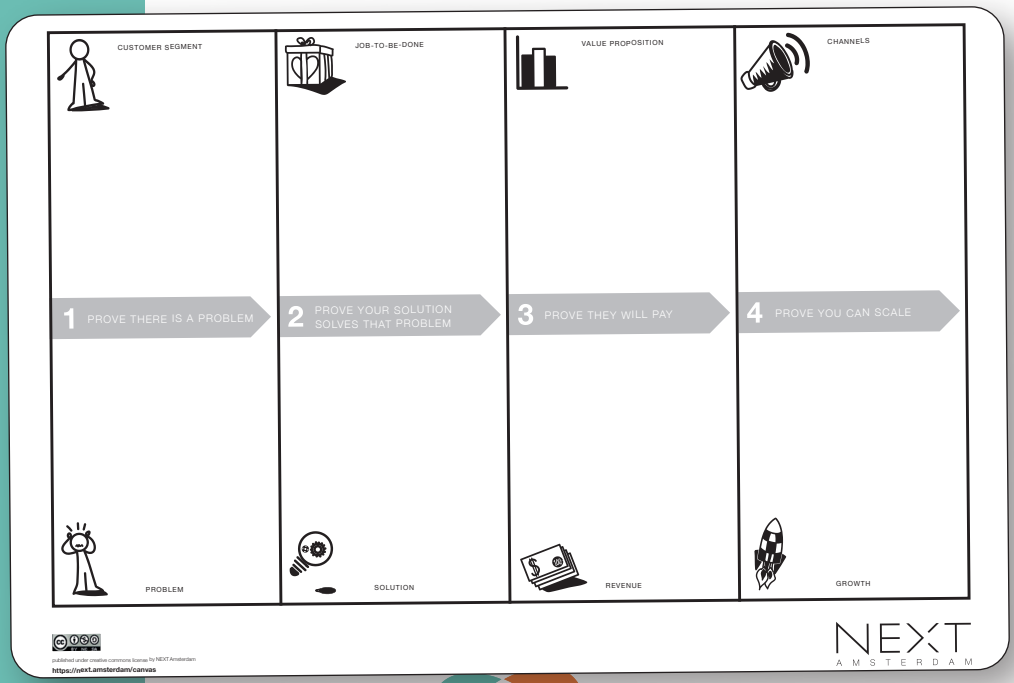
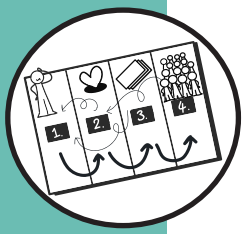


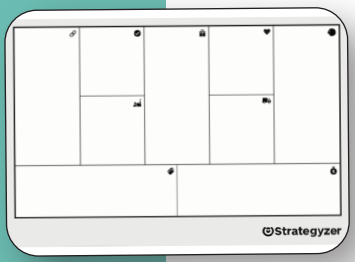
Why we created this idea lifecycle framework

The Launch Framework is the core of GroundControl's way of working. This is not a canvas, although we designed it like one, but a full idea lifecycle framework that recognizes stages in the journey of a startup from idea to a proven business model. Each stage recognizes the areas to focus on and validate before moving on to the next stage. The areas of each stage are based on the building blocks that are used in other canvases such as the Business Model Canvas and the Lean Canvas.

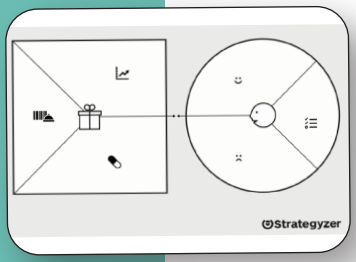




Current canvases used for developing new business models



Business Model Canvas (Strategyzer)
The Business Model Canvas is a design tool for the creation or renewing of business models. The Business Model Canvas is often used during ideation sessions and to regularly check the viability and feasibility of business models.



Value Proposition Canvas (Strategyzer)
The Value Proposition Canvas is an add-on to the Business Model Canvas to help designing new business models based on customer needs and insights. The Business Model Canvas itself only looks at a more mature version of the business model and starting something completely new requires different building blocks to validate the business model.

Lean Canvas (Leanstack)
The Lean Canvas is developed because although the Business Model Canvas was very useful to design or redesign existing models, it lacked building blocks for starting with just an idea. The left side of the canvas focuses on the problem for instance, rather than the feasibility.

The Launch Framework

The Launch Framework, however, is a product lifecycle framework used to test business models and track the progress of an idea transforming into a validated and profitable business model. It guides startups into a stage-gate driven approach to innovation.

Working with the Launch Framework has multiple benefits.:

- It forces startups to work in a structured way of working by using validated learning.
- It gives a clear overview of all the current stages of the startup teams, making it easier to compare or evaluate them. That's also why the framework is perfect for portfolio management and investment decisions.
- It functions as a tool to make data-driven decisions when used in combination with Innovation Accounting.

All of these benefits make The Launch Framework the go-to framework to de-risk your innovation efforts and build a strong foundation for your innovation ecosystem.

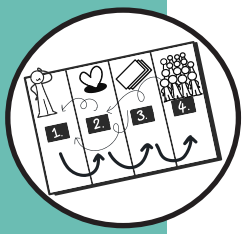
The difference between the Launch Framework and other canvases

The Launch Framework is based on the building blocks of both the Business Model Canvas and the Lean Canvas, as well as the Value Proposition Canvas. Where these three canvases are used to design or ideate on the assumptions of your idea, the Launch framework gives you guidance through the entire journey of validating your idea for a new business model. Providing focus on each step of the way.

We created the Launch framework because we realized that certain blocks from the other canvases should be validated together: you really need to understand the problem of a specific customer segment to be able to identify the customer's job to be done, on which you can base a solution. With this knowledge, we reordered the building blocks joining up related ones, focussing on Problem, Solution, Revenue and Scale.

Teams can use this order to understand what is currently relevant for them and what they sould not yet focus on. We call this the stage relevant assumptions. When you do not yet understand your customer's problem, you should not try and validate potential revenue models, for example.

Each stage also has their own key questions that a team should be able to answer, to progress to the next stage. If the focus of the first stage is on validating customer segments and their problems, the key questions should be around the identification of customer segments and problems. Backed up by the data of experiments and learnings.



Who is the framework for?
Searching versus executing

There is a big difference between an established company and a startup. Or even between corporate startups in an innovation lab and the rest of the company. This difference can be explained in how they operate.

An established company is optimised to execute on a proven business model, whereas a startup is a temporary organization in search of a scalable, repeatable, profitable business model.

There are two words that are important in the definition of a startup as stated above: temporary and search. Let us start with explaining the search part.

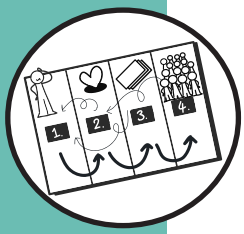
There is a difference between a starting business and a startup. A starting business is trying to replicate an already proven business model. You can tweak the business model to better fit your vision, but it doesn't make you a startup. Starting a really cool and exclusive hair salon has a proven business model: You get paid to cut hair. No need to validate that people go to hairdressers or how people are willing to pay you.

For a startup it is completely different. The founders have a vision and an idea, but might not even know yet what

problem it is solving. It might not know who its customers are and doesn't know how it can make money. All the important components of its business model need to be figured out by the founders. Once a business model has been found to be working and profitable, the startup has to transform itself into a business to start executing on that proven business model. That is why a startup is *a temporary organisation*. You are only a startup while *searching* for a working business model, afterwards, you become an established company.

We call the difference between startups and established companies: Search versus Execute.
The big difference between Search and Execute is that executing a proven business model is a rather linear process. You take something that is already working and make it better or make it fit your specific situation.

The search for a new and unproven business model however is much more iterative, because there is so much more uncertainty than executing an existing business model. The main reason for us to create the framework described in this Playbook is to *de-risk* all the parts of the business model as fast as possible and in the right order.



How to apply the Launch Framework

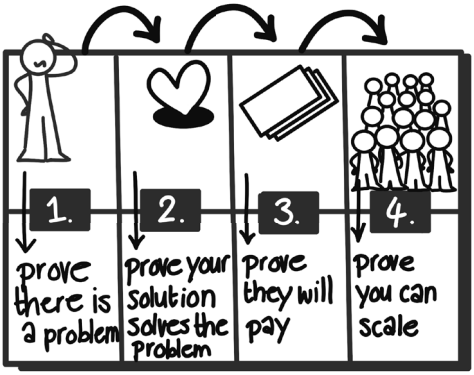
We have learned by working with hundreds of startups and corporates, that every startup goes through the same four stages in their journey from an initial idea to a proven and profitable business model.

Each stage comes with their own set of challenges, possible experiments to run and ultimately has a form of a stage gate to determine whether you are ready to go to the next stage.

They work as a shared language to describe and communicate the progress.

The goals of each of the four stages are:

- **Problem**: Is there a problem worth solving?
- **Solution**: Can the team find a solution that the customer wants?
- **Revenue**: Will customers pay for the solution?
- **Scale**: Can the business model scale?



In the next four chapters, we describe each stage in more detail, but first we want to explain something very important.

A puzzle
The Launch Framework is not a linear process. It is, unfortunately, not the case that when you have proven who your customer segment is, it is set in stone. When proving you can scale you have to start broadening your initial customer segment, but also when trying to prove your solution you may already find out that the customer segment in mind was not the one that actually needed or wanted a solution.

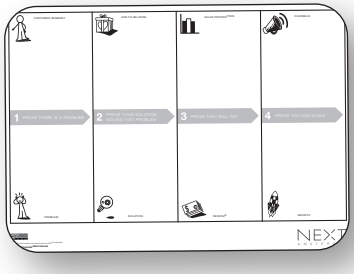
We view the journey more as a puzzle than stages, where every step forward makes the puzzle a little bit more complicated. When trying to prove your revenue model you are actually proving all the first three stages of your business model.

"When you're navigating a labyrinth, remember that going backwards is part of moving forwards."
-Rob Fitzpatrick

So when you encounter a situation where you need to go back, remember that you are trying to solve a puzzle or, like Rob Fitzpatrick calls it, you are navigating a labyrinth. Going back means you validated a way that doesn't work for your business model and can eliminate it from your search. That is a good thing! You are closer to finding a way that leads to scaling your business. If you are able to keep this mindset and see that invalidations are a success as well, it becomes easier to keep running experiments and to keep learning as long as needed to find a proven business model and transform yourself into a business.

Start here
To start using the Launch framework, every team fills in their assumptions into the framework. Starting at the problem phase. After finishing this exercise, the teams start to validate or invalidate their assumptions by running experiments. If there is enough evidence gathered through these experiments, the assumption will be validated or invalidated.

In order to move to the next stage, the team needs to validate enough assumption to have clear proof of what you believe. For example, in the first stage the team needs to prove that a defined customer segment has a big enough problem. If that's the case, the team can move on to the next stage, to start understanding and validating what type of solution could solve that problem.
It is also possible that all of the team's assumptions are invalidated, or that the team has not learned any lessons at all. In that case, the team has to reconsider their idea and modify it (make a pivot), or even stop it altogether.



Stage 1: Prove there is a problem worth solving

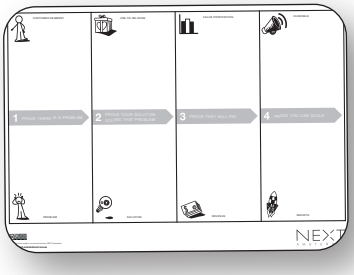
Building blocks to focus on: *customer segment* and their ***problems***

Most people start with an idea for a product or a service. But to start, it is important to understand who you are trying to help and with what. The first stage sounds like an easy one you can do quickly, but it is the foundation of your whole business model.
It is easy to define the problem and the ideal early customer in a brainstorm session, but to prove that it is actually a real problem and the problem is big enough to pay for, takes time.

To find the problem, you need to get out of your office building. Only by talking to the people you want to help, can you figure out what they need help with. What are they trying to get done and how they are doing that now?

Relevant key questions:

- Have you validated a clear problem for at least one customer segment?
- Is the identified problem worth solving?
- Have you identified an early adopter?



Stage 2: Prove your solution solves that problem

Building blocks to focus on: ***Job-to-be-done*** to be able to design a better ***solution***

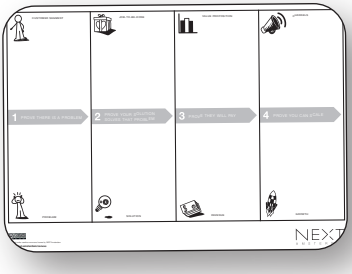
After you have validated the problem of your early adopter, it is important to understand why they would use a solution. What "job" are they trying to get done? Only if you know that, you can start thinking of a solution.

While working on your solution, you might notice that you are targeting the wrong customers or haven't really nailed down the problem. It helps to make an iteration back to the Problem stage to revisit your assumptions and proof, to be able to build a product or service your customers really need.

Relevant key stage questions:

- Is the customer job to be done validated?
- Is the customer committed enough to use the solution?

- Is the team offering real value to the early adopter via a solution experiment?



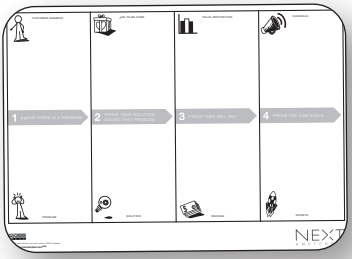
Stage 3: Prove people will pay

Building blocks to focus on: ***Value proposition*** and ***revenue models***

After building a solution that your customers want, it is important to understand and prove what value your solution is bringing to the customer and how they are willing to pay for that value. There can be no profitable business model, without customers taking out their wallet and transferring money to yours.

At this stage, it regularly happens (again) that it turns out the envisioned perfect customer segment is not so perfect and is not willing to pay or pay enough. You will have to make a pivot. Making a pivot means you have to revisit all previous stages. From Problem to Solution and coming back to Revenue.

Relevant key stage questions:
- Is the value proposition validated?
- Is the early adopter willing to pay for the solution?



Stage 4: Prove you can scale

Building Blocks to focus on: *Channels* and ***Growth engine***.

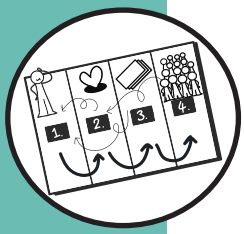
This stage is often overlooked, but is the most important stage of all!

After you have proven the problem, your customer, your solution and your revenue model, it is time to start scaling your business. Congratulations, you have found product/market fit!
Now the real hard part starts, you have to prove you can scale your business model from a small set of early adopters, to a broad segment of customers.

The hardest stage towards a profitable business model is proving you can scale. You have to be able to grow from a very small early evangelist customer segment to a much larger and broader segment. This broader customer segment has (slightly) different problems, might have another job to be done, might need a different solution and might not want to pay the same or in the same way as your current customer segment. You are now juggling all eight puzzle pieces from the canvas, to prove the final stage.

Relevant key stage questions:

- Has the team identified clear channels through which customers can be acquired?
- Has the team broadened the customer segment or found adjacent segments that they are able to sell the solution to?
- Has the team identified baselines and targets that prove a scalable, repeatable, business model and growth?

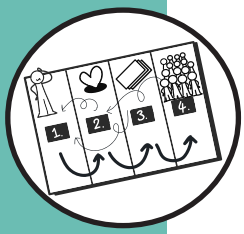


How to make data-driven decisions using the launch framework

Now that each stage has a focus, you can define the related key questions related to them. These are the same for every single startup. Instead of basing your decision on a pitch, it is now possible to start comparing with data. The evidence from experiments that help answer the key stage questions gives you a means to make an informed decision on whether a startup is allowed to go to the next stage or not.

The structured way of working also makes it possible to start measuring how fast a startup is innovating, by looking at the number of experiments per quarter. We call that the experiment velocity. How well a team is innovating is measured via the learning ratio: The number of successful experiments, divided by the total number of experiments in a quarter. Fast-moving teams without any learnings are still failing.

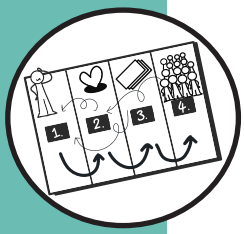
After a month or two, you should already see which teams are working hard and which are learning fast. It will also become clear why some teams make more progress than others. When you have these team innovation metrics in place and make them actionable, you can continue by looking at how long each of your startup teams takes to progress through your gates.



How to use the frame-work for a VC-approach on innovation

If you want to start investing more in innovation, you have to adopt a VC-mentality to investing in innovation in your company. This means treating these investments as high-risk investments. Venture Capitalists invest only a little money in the first, highly risky stages, and invest more in those initiatives that have proven their business model enough to move ahead into less risky stages. Starting with a lot of little bets and ending up, over time, with a few less risky, high potentials that you can double down on.

The stages in the framework can be used as a risk indicator. For example, whenever a startup has proven that people are willing to pay for the solution, it is less risky to invest in this startup, than in a startup that has not validated its value proposition yet. So the Framework helps you to create a VC-approach on investing in innovation.



How to implement the framework into your company

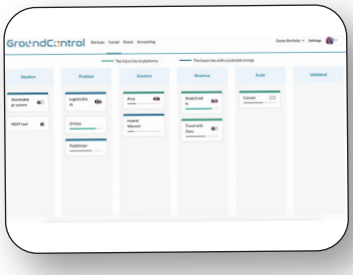
Now that you know what the framework is, and how it works. It is time to make use of it!

Having a framework in place is the first step towards professionalizing innovation within your company. It helps you to create a common language and understanding for innovation initiatives. It is a prerequisite for innovation accounting and it helps startup teams better understand their goals in de risking a business model.

You can start by looking at your own startups and plot them on our stages. Have they validated enough of the blocks they should focus at? Did they skip a beat? If they evaluate themselves being in a different stage than you do, can they back this up by experiment data?

As a next step, have your startups start working with our framework. Their focus should be on the relevant building blocks and validating the related most risky assumptions in a specific stage.

GroundControl, our software platform, uses the framework for the startup teams as well as for portfolio management. In the assumptions view, teams can fill in all their assumptions, they can create experiments to validate or invalidate those assumptions. The framework is used to make sure that teams are testing the right things using the right way of working.



On the platform there is also a funnel overview. Here the framework functions as a portfolio management tool. In the funnel you'll see all the startups in their current stages. This way, you can keep track and see if they are moving forward.

The platform also offers an automated way to track the innovation KPIs over time. It is a great tool for start-up teams to create and execute their experiments and track their learnings In real time. For innovation managers, it offers a transparent way to compare innovation performance across teams and report on relevant KPIs to the board.

If you have any more questions on the framework, or on our approach to innovation, Feel free to contact us.
majortom@togroundcontrol

If you're curious about how this framework would apply to your company, start a free trial or request a demo at
togroundcontrol.com

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