

UMD I-Corps Vocabulary

- **Angel Investor**
 - An angel investor (also known as a private investor, seed investor or angel funder) is a high-net-worth individual who provides financial backing for small startups or entrepreneurs, typically in exchange for ownership equity in the company. Often, angel investors are found among an entrepreneur's family and friends.
 - This type of investment is generally earlier than Venture Capital.
- **Business Model**
 - The set of assumptions, actions, and interactions that comprise how an organization creates, delivers, and captures value.
- **Business Model Canvas**
 - Strategic management tool to design, test, build, and manage (profitable and scalable) business models.
 - Includes 9 elements (or “boxes”): Value Propositions, Customer Segments, Channels, Customer Relationships, Cost Structure, Revenue Streams, Key Activities, Key Partnerships, and Key Resources; which together make up a one page tool to visualize the core components of a business model.
 - In addition to the I-Corps course itself, an excellent resource for understanding BMC is the book [Business Model Generation](#), by Alexander Osterwalter and Yves Pigneur.
- **Customer Acquisition Cost (CAC)**
 - The cost of winning a customer to buy your product/service. Often underestimated in B2C business models, this cost reflects the total money spent on marketing, salaries, and other things to acquire a customer.
 - A key element of customer acquisition cost that is sometimes harder to value is the time spent per customer acquisition.
 - The CAC number should be less than the LTV (LifeTime Value; see below) of a customer otherwise the business is not viable.
- **Call to Action (CTA)**
 - Prompts a subject to perform an action.
 - CTA usually refers to a particular moment when a potential customer or their organization acknowledges that a need or “pain point” is sufficiently acute and important that they are compelled to take action to address and solve it.
- **Customer Discovery**

- Process conducted to reduce the risk and uncertainty in entrepreneurship by continuously testing the hypotheses underlying all aspects of a business model (see [Business Model Canvas](#)) with customers and stakeholders.
- **Customer Gains**
 - Outcomes and benefits customers must have, expect, desire, or dream to achieve. These gains should be closely linked to [pain relievers](#).
- **Customer Hypothesis**
 - A hypothesis designed to validate or invalidate assumptions we have about the priorities and needs of a particular customer or customer segment.
- **Customer Insight**
 - Minor or major breakthrough in your customer (Stakeholder) understanding helping you design better [value propositions](#) and business models.
- **Customer Pains**
 - Bad outcomes, risks, and obstacles that customers want to avoid, notably because they prevent them from getting a job done (well).
 - Ideally, a product's value proposition addresses a customer pain and provides a "pain reliever." Note that a particular customer pain may not be immediately obvious to a customer, until a pain reliever is proposed. For example, most travelers may not have identified the absence of "local living" home rentals as a pain point before AirBnB was created. Well done customer discovery can help tease out whether a dormant pain exists.
- **Customer Profile**
 - Business tool that constitutes the right-hand side of the [Value Proposition Canvas](#). Visualizes the jobs, pains, and gains of a customer segment (or stakeholder) you intend to create value for.
- **Customer Segment**
 - A collection of (prospective) customers with similar traits, needs, preferences - that distinguish them from other segments.
 - Traits: e.g., R&D managers for new vehicles at multinational automakers
 - Needs: similar to "jobs to be done," e.g., manage technology integration across the platform for a new car
 - Preferences: e.g., prefer optimization over lowest cost, or, e.g., max power over durability, etc..
- **Customer Ecosystem**

- The network of individuals, companies, customers, partners, suppliers, stakeholders, etc. that are involved or connected in some substantive way to the business.
- An Ecosystem Map is often encouraged to be developed as I-Corps teams conduct discovery and find out who the key players are in the ecosystem they are selling into.
 - Ecosystem maps are often external to the customer's own organization or industry segment; an internal ecosystem map, akin to an organization chart combined with a list of roles and "jobs to be done" is also a helpful tool.
- **Ecosystem Hypothesis**
 - A Hypothesis that is designed to test how various players in an ecosystem interact and/or impact the business model.
- **Evidence**
 - Proves or disproves a (business) hypothesis, customer insight, or belief about a value proposition, business model, or the environment.
 - This should include direct feedback from a large sample of customers that validate or invalidate hypotheses
- **Experiment/Test**
 - A procedure to validate or invalidate a value proposition or business model hypothesis that produces evidence.
- **Product-Market Fit**
 - When the elements of your [Value Map](#) meet relevant jobs, pains, and gains of your [Customer Segment](#) and a substantial number of customers "hire" your value proposition to satisfy those jobs, pains, and gains.
- **Gain Creators**
 - Describes how products and services create gains and help customers achieve the outcomes and benefits they require, expect, desire, or dream of by getting a job done (well).
- **Hypothesis**
 - Something that needs to be true for your idea to work partially or fully but that hasn't been validated yet.
- **Jobs to be done**
 - Individual tasks that customers perform (not their roles or titles) that reflect what they need, want, or desire to get done in their work and in their lives.
 - Can also refer to the job a customer will hire a solution to do for them
- **Lean Start-up**
 - Approach by Eric Ries based on Steve Blank's Customer Development process to eliminate waste and uncertainty from product development by

continuously building, testing, and learning in an iterative fashion, so as to identify product-market fit, and launch a business around that fit.

- Ries' book [The Lean Startup](#) is a good resource, as is the [Lean Startup website](#)

- **Lifetime Value (of a customer)**

- Lifetime Value or LTV is an estimate of the average revenue that a customer will generate throughout their lifespan as a customer

- **Minimum Viable Product (MVP)**

- An MVP is a product - beyond a prototype and before a final product with a full feature set- developed with sufficient features for a market segment comprised of early adopters. The MVP is usually based on feedback given through the customer discovery process and the iterations of lean startup or "agile;" the final product is designed and developed after incorporating feedback from the initial users.

- **Pain Relievers**

- Describes how products and services alleviate customer pains by eliminating or reducing bad outcomes, risks, and obstacles that prevent customers from getting a job done (well).

- **Pivot**

- A change in one or more aspects of a business model - including the primary offering or product - based on evidence from Customer Discovery.

- **Customer Discovery Tracking Tool**

- Strategic management tool to manage and monitor the customer discovery process and track progress interviewees and insights towards developing a successful value proposition and business model.

- **Prototyping (low/high fidelity)**

- The practice of building quick, inexpensive, and rough study models to learn about the desirability, feasibility and viability of alternative value propositions and business models.

- **Value Map**

- Business tool that constitutes the left-hand side of the Value Proposition Canvas. Makes explicit how your products and services create value by alleviating pains and creating gains.

- **Value Proposition:**

- Describes the benefits customers can expect from your products and services, i.e., the ways in which the product is a [pain reliever](#) or provides a [gain](#). The value proposition is not the offering's features.

- **Value Proposition Canvas**

- Strategic management tool to design, test, build, and manage products and services. Fully integrates with the [Business Model Canvas](#). It

includes pains, gains, and customer jobs in order to establish what value is being created for a customer.

- **Value Proposition Design**

- The process of designing, testing, building, and managing value propositions over their entire lifecycle.

- **Venture Capital**

- Venture capital (VC) is a form of private equity and a type of financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential. Venture capital generally comes from well-off investors, investment banks, and any other financial institutions and are more formal than Angel Investors.

Definitions are from the I-Corps team, Strategyzer.com, Value Proposition Canvas book, or google