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Lean Startup

Definition

Lean methodology can be summed up as the process of creating more value for customers and reducing waste. Lean Startup is a methodology, coined by Eric Reis, to shorten the product development cycle by using hypothesis-driven experimentation and continuous improvement through iterative product releases and validated learning. The distinct characteristics of lean startup are experimentation (instead of elaborate planning), customer feedback (instead of intuition), and iterative design (instead of doing big design up front). This is the crux of the build-measure-learn loop.

Key resources

- Learn more about [Lean Startup](#)
- Learn more about [Lean UX](#)
- Learn more about [18F's Lean Product Design Guide](#)

- Read [The Machine That Changed the World](#)

Key terms

- **Actionable metrics:** Metrics used to help determine outcomes of experiments and better understand product performance. These metrics tie “[specific and repeatable actions to observed results.](#)”
- **Innovation Accounting:** An accounting method to figure out if a startup is making progress before there is enough gross numbers for traditional accounting to kick in. It’s a way to define, measure, and communicate outcomes to stakeholders.
- **Minimum Viable Product:** As [Ash Maurya](#) states, a Minimum Viable Product is the smallest thing you can build that delivers a customer value (and as a bonus captures some of that value back).
- **Pivot:** A structured course correction taken by an organization designed to test a new fundamental hypothesis about the product, strategy, and engine of growth.
- **Validated learning:** Determining whether to pivot or persevere on a decision using actionable metrics from experiments.

History

When you hear Lean [insert noun] you can thank Toyota. Taiichi Ohno started working as an engineer at Toyota Motor Corporation in 1943 and is considered the father of the Toyota Production System (TPS), also known as just-in-time production. His system was devised to eliminate the eight common [forms of waste](#).

This philosophy has been applied to other industries such as Lean Thinking, Lean UX, Lean Startup, Lean Product Design, etc. These are all just lean principles applied to different contexts. The Lean processes are to help you when you’re refining a process or find solutions when the product, customer, or business models are not well defined.

Lean Startup, coined by Eric Ries, is a principled approach to new product development. His work was influenced by Steve Blank’s [The Four Steps to Epiphany](#), and it’s built upon five core principles:

1. Entrepreneurs are everywhere — and you may be one of them.

2. Entrepreneurship is management — it helps you identify a sustainable business model with the least amount of waste possible.
3. Validated learning — results from running experiments that can test elements of a product vision.
4. Innovation accounting — method of measuring progress, setting up milestones, and prioritizing work when developing.
5. Build-measure-learn — the process of turning ideas into products based on customer feedback.

Common questions about Lean Startup

Q: How do I decide between using agile, Lean, and Lean Startup methods?

A: [Salim Virani](#) explains it best as, “Agile usually fits better into existing businesses as a way to improve product development when the customer and the need is known. Lean usually makes more sense when a process needs to be improved and managed for effectiveness. Lean Startup usually makes the most sense when the customer, the product, or the ways to grow the business are not well-established.”

Deeper dive

- [The Lean Startup](#)
- [The History Of Lean Startup](#)
- [Lean Canvas](#)
- [Lean Product Design](#)
- [Lean UX](#)