

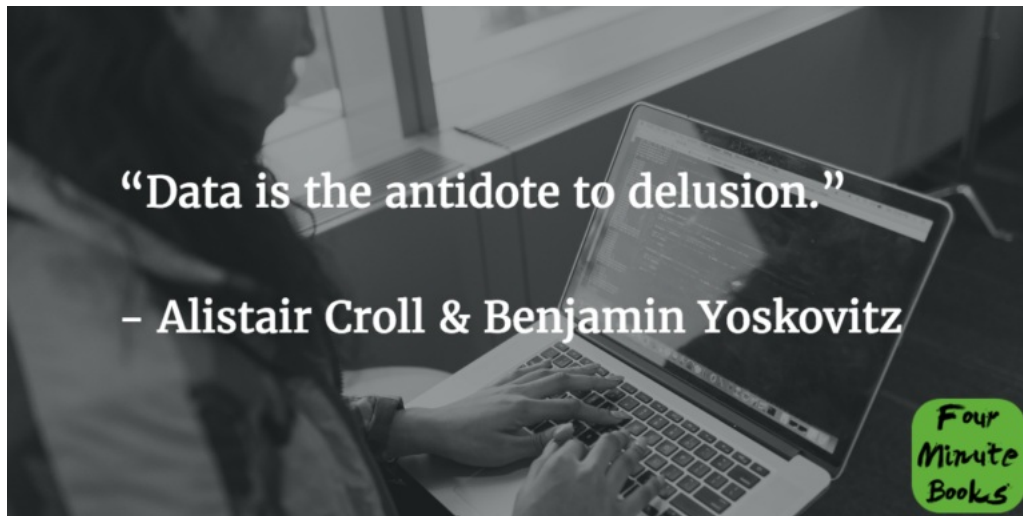
Lean Analytics Summary

 fourminutebooks.com/lean-analytics-summary

1-Sentence-Summary: *Lean Analytics opens up the world of collecting and analyzing data to new entrepreneurs, by showing them how to use data as a powerful tool without getting consumed by it to build, launch and grow their startup faster while focusing on the right metrics.*

Read in: 4 minutes

Favorite quote from the author:



Lean Analytics is part of the Lean series, a collection of books curated by Eric Ries, founder of the movement and author of *The Lean Startup*, to help people implement a lean philosophy into their businesses and startups.

For each book, Ries has brought in experts in their fields, in this case Alistair Croll and Benjamin Yoskovitz, who co-founded one of the first startup accelerators that embraces the lean methodology, Year One Labs. What they learned from funding five startups, three of which went on to get follow-up funding after the initial year, is how to use data in a lean philosophy environment, and that's what this book is about.

Here are 3 lessons from *Lean Analytics* to help you build a better startup faster:

1. Be data-informed, not data-driven.
2. All successful startups go through five distinct stages.
3. Determine one metric that matters for each stage to not get lost in your data.

Ready? Aim...fire!

Lesson 1: You want to be data-informed, not data-driven – you're the one who calls the shots.

Unless you've taken a lot of statistics classes in school or college, you might not even have come across data as a tool that much until this point. Sure, it's part of predicting election outcomes based on political polls in the paper and you know that Facebook and Google are "after your data" but when it comes to business, what is it for?

When it comes to creating a company, data is really just *all vital, numerical information that describes your business*.

Every business collects and amasses hundreds of kinds of data in its lifetime. These are called *metrics* and for each metric you in turn gain thousands of so-called data points (that is specific values) over time – for example there's a session, user and page view count for every single day on Four Minute Books.

Without data, any good entrepreneur will lie to themselves about how good their business really is – they have to! However, when self-belief turns into delusion, that's no good. Successfully building a company comes down to finding the golden middle between believing in your dream and building something the world actually needs – and data is the balancing pole that lets you walk on this tightrope.

Data is the antidote to delusion, making sure your feet are planted firmly on the ground of reality.

That said, that's also *all* it is.

Experts often talk about "data-driven strategies," but you don't really want to be data-driven. Think about the meaning of the word. If your business was a car, would you let data take the driver's seat? Of course not. Data should be in the passenger seat, with you driving and making the decisions. Therefore, you want to be data-informed, but not let data make your decisions *for* you.

Lesson 2: For your startup to be successful it has to move through five distinct stages.

Describing the life cycle of companies in stages of mental models has become a popular approach and can help you understand how a business must transform over its lifetime. For example, People Over Profit discusses four stages of honesty and deceit that can corrupt a business, while Predictable Success describes a five-stage sink-or-swim model to tell failed companies from prosperous ones.

Lean Analytics has its own model too, and it describes five clear-cut stages startups must move through:

1. **Empathy.** This is where you connect with other people to determine a real problem that they have, which you can solve.
2. **Stickiness.** Where you figure out how to efficiently solve that problem in a way that

people would be happy to pay for.

3. **Virality.** Here you build product features that keep people coming back and referring friends to make the product itself better.
4. **Revenue.** That's when you start growing, expanding, and making sure you're profitable.
5. **Scale.** When your company tries to enter new markets and starts hiring a lot, you know you're scaling up.

Take Q&A platform Quora, for example. The problem they solve is that people have questions even Google can't point to good answers to for. The creators felt the same curiosity and disappointment people feel before they sign up to the platform.

Because Quora offers answers on almost any topic and is free, people keep coming back. You can upvote, comment and share answers, which makes the best answers show up on top. Thus, the product gets better with more users. With 200 million monthly users Quora is very scaled up, and they've just introduced ads as their revenue model.

Lesson 3: Find the one metric that matters most, depending on what stage you're in, to not get lost.

This felt like a smack on the head. I've long been a fan of focusing on only one goal, but I never thought about changing that one goal over time, even before a set milestone is accomplished.

To stay lean and easily make decisions, Alistair and Benjamin suggest you should **focus only on one, key metric at a time**. That makes perfect sense, but more specifically, they mean focusing on the right thing *at the right time*. The metric and goal depend on the stage you're going through, of course!

For example, when I started my blog back in 2014, I vowed to focus on email subscribers as my key metric – but it was just the wrong metric at the wrong time.

Your **One Metric That Matters or OMTM**, as the authors call it, should depend on the stage you're in. So when you notice you're about to shift stages, shift your metric!

For example, with a brand new blog where you're trying to figure out what to talk about, the only "metric" should be number of posts written. The more you write, the faster you'll find a topic that resonates you'll want to stick to. In the stickiness stage, you could look at something like "time spent on page" per visitor, then move to email subscribers in the virality part, before moving to revenue per subscriber and ultimately, customer lifetime value.

Lean Analytics Review

Here I sat, thinking I knew a lot about the lean methodology already, just to be taken to school, such a surprise hit! *Lean Analytics* is especially valuable if you're doing something online (and what isn't online these days), like a blog, work on social media or an e-commerce store, but a

good approach for brick and mortar businesses too.

Highly recommended read!

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What else can you learn from the blinks?

- The three characteristics of good metrics and what makes ratios great
- How to make skill, passion and money come together in your startup
- What ratio is a great OMTM for a restaurant
- Why not all customers are good for you
- The best metrics for e-commerce and media sites to focus on

Who would I recommend the Lean Analytics summary to?

The 15 year old aspiring blogger, the 28 year old duo of co-founders, ready to launch an app startup, and anyone who thinks they think too much about what other people think.