



LEAN STARTUP PRINCIPLES

# Module 4

## Readings



1 HR

# MAKING SENSE OF WHAT YOU LEARN

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You've thought long and hard about who your customers are and what they might need. You've gotten out of the building and talked to them, and then hopefully even built a minimum viable product and run an experiment. Congratulations. It takes guts and creativity just to get to this point.

Now it's time to start asking yourself the hard questions. Do you have an idea that is really worth pursuing? Are people not just telling you that they like your idea, but actually showing you? Did you have to pull your minimum viable product out of their hands or did they eagerly let it go? Do your metrics indicate absolute success, or did you have to fudge the data a bit to say that your experiment worked?

The quicker you can put aside your ego and pay attention to these early signals about whether your value proposition is really working, the faster you can build something your customers really want.

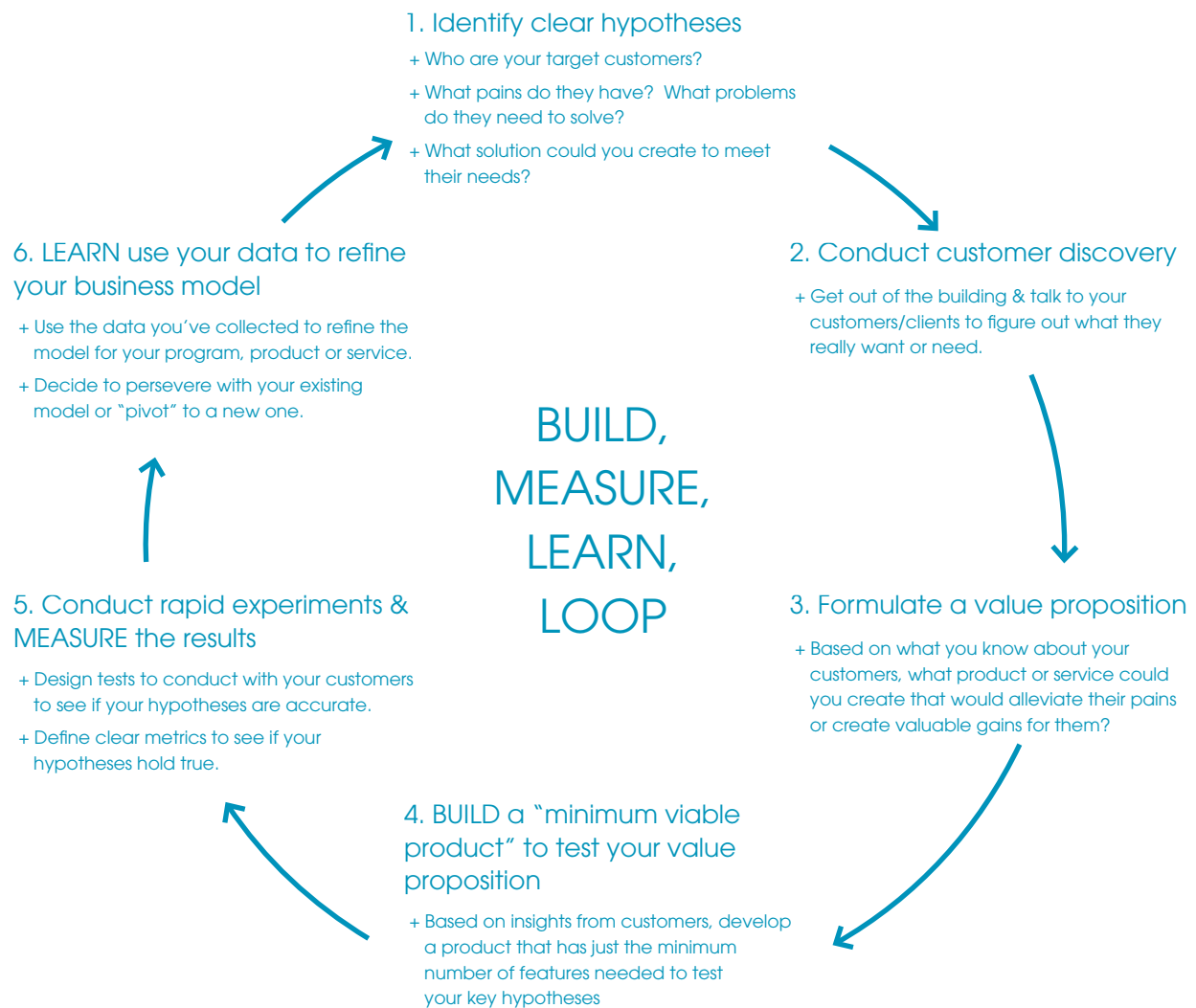
Staying Lean requires discipline & humility. You've invested some time into this idea and process now, but you'll need to invest a lot more moving forward. Therefore, it's important to fail fast rather than waiting until you write all that code, create all those powerpoints, source all that raw material, or write the 100th page of that book that no one really wants to read.

You've reached an important juncture. In this module, we'll help you synthesize what you've learned and figure out if you should pivot, iterate, or move forward.

# RECALL THE BUILD-MEASURE-LEARN LOOP

You've built and you've measured. Now what does it mean to "Learn"? How do you figure out what you know and what you still need to find out? This might actually be the most crucial piece in the Lean Startup

method. It requires you to have the humility and commitment to think objectively about whether your idea is working and scrap it if its not. Remember, fail fast.

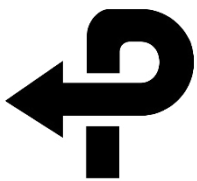


# TO PIVOT OR PERSEVERE?

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You might have heard the terms “pivot” or “iteration” before. What do they mean? Are they the same thing? Below we’ll lay out the different types of steps your start-up can take based on what you learn from early customer discovery and experiments. See more on [his blog](#).

Definitions from David Cummings:



## **Pivot**

A wholesale change of the current business model in an attempt to capitalize on a different market opportunity



## **Iterate**

A minor change of the current business model in an attempt to capitalize on a closely related market opportunity



## **Persevere**

Your experiments and interviews validate your hypotheses. These are the “green light” signaling you to move forward with your current model.



# CASE STUDY:

## LINKAGE

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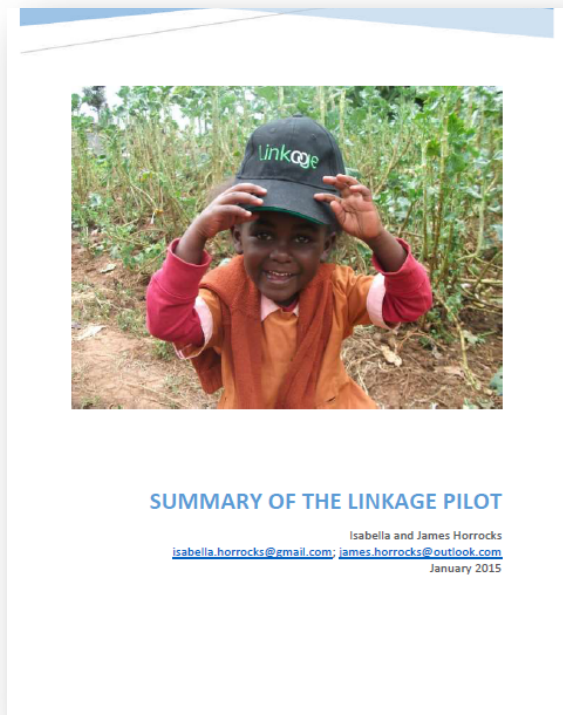
Isabella and James Horrocks are two social entrepreneurs who launched Linkage, a social enterprise based in Kenya to increase the livelihoods of smallholder farmers by better linking them to markets. They ultimately found that their model was not rapidly scalable, but learned lots along the way and assiduously documented their process, including their major decisions to pivot or iterate based on what was not working.

As you start to think about how you will document what you've learned and how you'll uncover what is not working in your model, we think it can be hugely valuable to read and hear from the experiences of other entrepreneurs.

Take 30 minutes or so to read through the [Linkage case study](#).

Pay particular attention to pages 12-17 where they describe the pivots and iterations that the company underwent.

We applaud the work of entrepreneurs like Isabella and James who have been able to figure out quickly what doesn't work and document honestly and transparently what they have learned from successes as well as failures so that other social entrepreneurs can learn from their experience too.



What major lessons can you take away from their experiences?