Summary

Introduction to Minimum Viable Product

Eric Ries describes minimum viable product (MVP) as ‘that version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort.’ In other words, an MVP is when a product is developed with the least set of minimum features required to test the product idea out with your early adopters.

While building a product, the first milestone is the MVP to assess if your product idea is worth the time and resources. You can quickly ship it out to the market to evaluate how it solves the user’s pain points and how it keeps him/her engaged.

The Basics of Minimum Viable Product (MVP)

As a PM, you would build a minimum viable product when you don’t have enough market validation and user data. With a lack of any concrete data, an MVP helps you narrow down product requirements through iterations.

For example, if you want to start a pizzeria and sell pizzas, your minimum viable product would be the margherita pizza. This is because it meets both criteria. It’s minimum as it only has a base, cheese, and one topping. It’s viable because it’s a version of pizza that users would be willing to buy and consume.

Take another example — suppose your hypothesis is that people want a mode of transport which is faster than walking. In this case, your MVP would be a skateboard; then you would proceed to a bicycle, a motorbike and, finally, a car. It’s important to note that your problem is to get the user from A to B faster than walking, not to build a car. This would allow you to avoid the wrong way to go about it, i.e. first building a tyre, then another tyre, then the chassis, and then the car.

A good example to understand what is not an MVP is Reliance. Along with its SIM card Jio, Reliance also launched a wi-fi device and 14 apps. This is in no way a set of minimum features. Further, Reliance launched on the data that there was a need in the market for affordable telecom services. Therefore, this is not an MVP.

You can create a minimum viable product for various purposes:

- You can validate your hypotheses and assumptions with minimal resources
- MVP is an essential tool for startups who have limited resources
- With an MVP, you can avoid building a product that users do not need and would not use
- You can collect data from real customers quickly and easily
- An MVP can help you build a better product through iterations and refinements

For example, if your business idea is about the fashion rental startup, your hypotheses would be:

1. People are willing to rent clothes online
2. People are willing to wear clothes worn by others
3. People are willing to pay ₹500/day to rent clothes

Your MVP would be a Facebook business page where you could post your listings along with the price points.

An MVP also helps to ascertain which minimum features are required to launch your product. A good example is Facebook, where the founders were able, through an MVP, to ascertain that people would be interested in a basic social networking website which connects them to their peers.

The Build-Measure-Learn Framework for MVP

To create a minimum viable product, you have to follow the build-measure-learn framework.

- Build: You build your MVP and release it into the market to test your core assumptions.
- Measure: You track the performance of the MVP in the market and with your users through specific metrics. You could do this through surveys, user interview and contextual inquiries.
- Learn: You gather clear, actionable data to learn and improve the product through iterations.

A good example of this framework is Zappos. When they started, their hypothesis was that customers would order shoes online without trying them out. This is how they validated it:

- Build: They took photos of shoes in the local shoes stores and listed them on a sample web page
- Measure: When orders started coming in, they measure the demand of shoes with regard to the types and sizes of shoes being ordered
- Learn: They analysed the customers’ interest in buying shoes online, as well as their thoughts and actions to iterate the product and continue the cycle

When it comes to the ‘learn’ stage, there are two options based on the data collected — persevere or pivot.

1. Persevere: Continue product development with the same strategy and goals
2. Pivot: Change some or all aspects of product strategy

Let’s take another example — a community food app. If your hypothesis is to connect people interested in cooking with people who want to buy home-cooked food, you can validate it through the build-measure-learn framework.

- Build: You could make a WhatsApp group to connect people living in a large apartment complex, where the cooks would list the items of the day
- Measure: You would track metrics like the numbers of orders per day, and the volume of orders
- Learn: If enough people are interested in your product, it would validate your hypothesis

Identifying the Riskiest Assumptions

In the process of building your MVP, the first step is to identify the riskiest assumptions about your product, its customers, the implementation of the product, and the market. The riskiest assumption would be the one on which the core offering of your business depends. These are primary assumptions you would want to validate through an MVP before building your product, to check if there is a market for the product.

For example, for an Airbnb-type service, the assumptions would be:

- People are willing to stay in someone else's home, hosts are willing to allow strangers into their house
- People are willing to pay ₹1,000 a day to stay in someone else's home which is cheaper than hotel
- People and hosts are able to develop a mutual sense of trust after meeting online

The riskiest assumption is the first one, because the core business offering depends on it. When Airbnb started, it validated this hypothesis in this way: the founders could not afford the rent of their San Francisco apartment. So, they opened up their lounge to people attending a conference in town as cheap accommodation. They listed their apartment on a simple web page and soon got three paying guests. This is how they validated the hypothesis that people would be willing to host strangers, and live in the homes of strangers.

Another example to understand this is a dessert subscription service. In this case, your problem solution hypothesis would be — you would make it easy for people to get handcrafted desserts which are not available at any standard dessert shop delivered to their doorstep by creating this online platform. You assumptions would be as follows:

- People would want to gift the dessert box to someone
- People would want it delivered at specific times, e.g. lunch/dinner
- People would love being surprised with different desserts every time
- People would subscribe for fortnightly/monthly deliveries
- People would be willing to buy unique gourmet desserts over the regular ones

The riskiest assumption in this case would be that people would be willing to subscribe for fortnightly or monthly deliveries. This is your core offering, and if it’s false, you would have no customers.

To create the MVP for this kind of service, you would follow the build-measure-learn framework.

Option 1:

- Build: You could build a landing page containing pictures of desserts, your value proposition, the launch date, and a CTA for users to submit their email IDs
- Measure: You would check what the demand is for this kind of service
- Learn: According to the data collected, you would take a call to persevere or pivot

Option 2:

- Build: Alternatively, you could create a Facebook business page and collect orders from customers
- Measure: Collect data on user personas, pain points, motivations and user goals
- Learn: With this, you would be able to make a decision to persevere or pivot

You should be able to:

- Understand what a minimum viable product is and why it’s important for a PM
- Create a minimum viable product through the build-measure-learn framework
- Identify the riskiest assumptions about your product