

# Insights from *The Lean Startup* by Eric Ries

**"As an engineer and later as a manager, I was accustomed to measuring progress by making sure our work proceeded according to plan, was high quality, and cost about what we had projected. After many years as an entrepreneur, I started to worry about measuring progress in this way. What if we found ourselves building something that nobody wanted? In that case what did it matter if we did it on time and on budget?" – Eric Ries**

## The Core Question:

How can I build an innovative product without wasting a bunch of time and effort?

Entrepreneurship and innovation inherently result in wasted time and effort because there isn't an exact roadmap you can follow to achieve success. Without a clear roadmap, you may be tempted to rely on intuition, expert advice, or focus group surveys to determine if the work you are doing will ultimately be valuable. However, author Eric Ries says this is the wrong approach.

In 2004 Eric Ries was the Chief Technology Officer of a Silicon Valley Startup called IMVU. After wasting six months building a product nobody wanted, Eric Ries and his team discovered they could avoid wasted effort by building preliminary (and somewhat embarrassing) products and presenting them to target customers to measure their behavior. Eric Ries calls this the Lean Startup method.

## The Lean Startup Method:

### 1. Create a Vision

Write out a brief, high-level description of your product or service. This is NOT a step-by-step execution plan. It is simply a framework you can use to explain the value proposition of your idea to others and discover critical assumptions. I like to write out a vision for a new business in list-form and from an end user's experience – a narrative detailing how a target customer would experience my product or service for the first time.

### 2. Identify Critical Assumptions

Look at your vision and ask yourself: "What value assumptions have I made, which if wrong, would result in a significant amount of wasted time and effort?" It's easy to overlook the list of assumptions within your vision/value proposition because the value seems obvious to you. What you consider simple and meaningful is often complex and meaningless to others. Failing to identify and test assumptions inherent in your value proposition can lead to wasted work and frustration down the road.

### 3. Build Minimum-Viable Products (MVPs) to Test Critical Assumptions

Pick one critical assumption and ask yourself: "What early version of my desired product can I build to test this assumption?"

Here is a guideline you can use to create your MVP: "What component, feature, or process of my ideal product is not absolutely necessary to test my assumption?" An MVP is a lean version of your final product, BUT it is still functional and valuable to your loyal customers.

IMVU's Minimum-Viable Product development strategy: **"Instead of spending years perfecting our technology, we build a minimum viable product that is terrible, full of bugs and crash-your-computer-yes-really stability problems. Then we ship it to customers way before it's ready. And we charge money for it. After securing initial customers, we change the product constantly—much too fast by traditional standards—shipping new versions of our product dozens of times every single day."** - Eric Ries

### 4. Release MVP & Measure Behavior

Once you've built an MVP with enough functionality to test a critical assumption, it's time to release your MVP to a small segment of potential customers. This process is scary, but it's important to remember: "Am I willing to temporarily look foolish to customers on route to building a great product? Would I rather delay and risk wasting a significant amount of time and effort?"

If you had an idea for an innovative new board game, you could:

- Create a Facebook ad and target a small group of avid board game players.
- Direct people to a webpage with an animated video describing your board game (the Minimum Viable Product in this case).
- Install a "Pre-order: \$20" button on the bottom of the webpage with an estimated release date of the board game.

Once the MVP is public, you need to evaluate key metrics to validate your product or service. In this example, you could measure the amount of clicks your ad gets versus a typical Facebook ad, the average watch time on your video, or the percentage of pre-orders you receive for every person who visits your webpage.

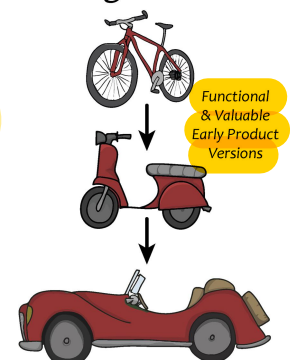
### 5. Pivot OR Persevere

Make tweaks to your MVP to get the desired customer behavior (clicks, engagement time, pre-orders, etc.). If you don't observe the desired customer behavior after several iterations, it's time to pivot to a new product strategy and vision.

**"The sign of a successful pivot is that these engine-tuning activities are more productive after the pivot than before."** – Eric Ries

When doing innovative, creative work always ask yourself: "Which of my efforts are value-creating and which are wasteful?" Then seek empirical data from live experiments rather than relying on market research, focus groups, or pure intuition.

## Proper MVP Progression:



## NOT:

