



## **MGT 1022 – Lean Start-up Management**

### **Assignment- I**

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**Explain the Eric Ries's talk on "The Lean Start-up" at Google in your own language.**

Eric Ries is an American citizen born on September 22, 1978. He is an entrepreneur, blogger and author. In 2008, Ries began to document the lean start-up methodology on his blog with a post titled "The lean start-up". He is the founder of the lean start-up movement.

He quoted "Start-up success can be engineered by following the process, which means it can be learned, which means it can be taught."

The Lean Start-up movement is taking hold in companies both new and established to help entrepreneurs and managers do one important thing: make better, faster business decisions. Bringing principles from lean manufacturing and agile development to the process of innovation, the Lean Start-up helps companies succeed in a business landscape riddled with risk. He wrote a book and that book shows us how.



He was called on 'Talks at Google' where he discussed his ideas or principles on the lean start-up which was very informative and motivating for young people like me who want to start a new business or invest time and money in new start-ups.



Eric Ries started his speech with telling the five principles of the Lean start-up.

- **Entrepreneurs are everywhere**
- **Entrepreneurship is management.**
- **Validated Learning**
- **Build-Measure-Learn**
- **Innovation Accounting**

## **What is a start-up?**

### **Start-up == Experiment**

He told the definition of lean start-up that it isn't about being cheap [but is about] being less wasteful and still doing things that are big. A start-up is a human institution designed to create something new under conditions of extreme uncertainty. Nothing to do with the size of company, sector of the economy or industry.

Then he told about what is the methodology about lean start-up?

So basically, the Lean Start-up provides a scientific approach to creating and managing start-ups and get a desired product to customers' hands faster. The Lean Start-up method teaches you how to drive a start-up-how to steer, when to turn, and when to persevere-and grow a business with maximum acceleration. It is a principled approach to new product development.

Too many start-ups begin with an idea for a product that they think people want. They then spend months, sometimes years, perfecting that product without ever showing the product, even in a very rudimentary form, to the prospective customer. When they fail to reach broad uptake from customers, it is often because they never spoke to prospective customers and determined whether the product was interesting. When customers ultimately communicate, through their indifference, that they don't care about the idea, the start-up fails

Lean startup methodology



## **ELIMINATE UNCERTAINTY**

The lack of a tailored management process has led many a start-up or, as Ries terms them, "a human institution designed to create a new product or service under conditions of extreme uncertainty", to abandon all process. They take a "just do it" approach that avoids all forms of management. But this is not the only option. Using the Lean Start-up approach, companies can create order not chaos by providing tools to test a vision continuously. Lean isn't simply about spending less money. Lean isn't just about failing fast, failing cheap. It is about putting a process, a methodology around the development of a product.

## **WORK SMARTER NOT HARDER**

The Lean Start-up methodology has as a premise that every start-up is a grand experiment that attempts to answer a question. The question is not "Can this product be built?" Instead, the questions are "Should this product be built?" and "Can we build a sustainable business around this set of products and services?" This experiment is more than just theoretical inquiry; it is a first product. If it is successful, it allows a manager to get started with his or her campaign:

enlisting early adopters, adding employees to each further experiment or iteration, and eventually starting to build a product. By the time that product is ready to be distributed widely, it will already have established customers. It will have solved real problems and offer detailed specifications for what needs to be built.

## **DEVELOP AN MVP**

A core component of Lean Start-up methodology is the build-measure-learn feedback loop. The first step is figuring out the problem that needs to be solved and then developing a minimum viable product (MVP) to begin the process of learning as quickly as possible. Once the MVP is established, a start-up can work on tuning the engine.

## **VALIDATED LEARNING**

Progress in manufacturing is measured by the production of high-quality goods. The unit of progress for Lean Start-ups is validated learning-a rigorous method for demonstrating progress when one is embedded in the soil of extreme uncertainty. Once entrepreneurs embrace validated learning, the development process can shrink substantially. When you focus on figuring the right thing to build-the thing customers want and will pay for-you need not spend months waiting for a product beta launch to change the company's direction.

## **ENTREPRENEURSHIP IS MANAGEMENT**

A start-up is an institution, not just a product, so it requires management, a new kind of management specifically geared to its context.

## **BUILD-MEASURE-LEARN**

The fundamental activity of a start-up is to turn ideas into products, measure how customers respond, and then learn whether to pivot or persevere. All successful start-up processes should be geared to accelerate that feedback loop.

## **INNOVATION ACCOUNTING**

The three-learning milestone

1. Establish the baseline
  - Build a MVP
  - Measure how customers behave right now

2. Tune the engine
  - Experiment to see if we can improve metrics from the baseline towards the ideal
3. Pivot or persevere
  - When experiments reach diminishing returns, its time to report.

Though there are many benefits of this lean start-up movement but to sum up, I'll put it into three points i.e.

- ❖ **Be more innovative.**
- ❖ **Stop wasting people's time.**
- ❖ **Be more successful.**