Article for Module 5
What is MVP in a Startup?

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For as long as there have been products and people — or teams — making them, companies have struggled with issues like productivity, efficiency, performance and competition. Today, every startup company in existence needs to deal with finding the right problem to solve and the right market to sell it. And they need to do it fast and well. Up to nearly a decade ago, they would do it with heavy product management, following a top-down — or waterfall — approach. Things changed with the introduction of Lean Startup. These types of goals are much better served using an MVP approach.

An MVP (Minimum Viable Product), contrary to a fully specified product followed by a waterfall type of product management, can liberate founders from having to develop the entire thing before learning if customers need it, find it easy or are willing to pay for it. Notwithstanding that, an MVP is not easy to produce. Understanding what it is and what purpose it needs to serve will help avoid common pitfalls or misunderstandings regarding the direction to take in developing it.

What is an MVP and why do you need it?

History has it that tech CEO Frank Robinson coined the term in 2001, advocating that customer research and product development should happen in tandem, for a product to succeed.

Eric Ries described the term in 2011, in his book "The Lean Startup". An MVP, short for Minimum Viable Product, is a free-standing product. One that can stand with the minimum number of features, solving the one, most important problem for the customers it's supposed to serve. But it does need to solve it well, without causing other problems in the process.

Definition

According to Eric Ries, an MVP is 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, it's not supposed to start making money. It's actually there to help understand how to develop a process — or SOP — to make money.

Why a Minimum Viable Product?

Typically, startup companies tend to look for funding, to help cover the expenses of developing their product. But first, they need to test their idea and assumptions over what it is their target audience needs and what resonates with them. And the fastest way is to develop a minimal product with the least amount of effort and minimal budget.

Of course — and this is not a side effect, but by design — this gives a startup company the opportunity to release a product (a version of it) to the market, really quickly. Perhaps, even allowing them the benefit of being the first to reach a specific market or market type. However, this type of benefit is, oftentimes, overpriced. Crudely put, it largely depends on the type of product and business model.

The main goal of a Minimum Viable product is to collect knowledge and validate assumptions in the business model. Knowledge is the currency the entire company will be using until they can learn all they need towards a viable business model. That's what it's all about, after all; a healthy, viable business.

The alternative to that is to develop a minimum product that people will just love. And as Sam Altman from Y Combinator indicates:

It's better to build something that a small number of users love than a large number of users like.

How your startup can benefit from an MVP

The most prominent benefit of an MVP is understanding whether customers really need or want the product. One can gather customers' interest without fully developing the product. In essence, the sooner we can find out whether it's appealing to customers, the less the risk of wasting effort and budget developing something that will fail in the market. That said, an MVP will bring focus to the product's value proposition and promote efficiency; all without being the end-product.

These are 6 ways on how your startup can benefit from an MVP:

1. **Validation**
2. **Iterative process**
3. **Customer feedback**
4. **First to market potential**
5. **Growth to scale**
6. **Manageable investment**

For more details on how MVP may benefit you, please access the *full article.*

An MVP must be Viable

For a product to be viable — any product, really — it needs to be something that people want, need and can use to solve an existing problem. One that they would look for a solution for, on their own; one that costs them much more if it remains unsolved. Additionally, it needs to be easy to use, so they can understand it; get a great experience out of using it. Not to mention, it needs to be affordable. Making it good and making it easy is not enough. If the buying power of the target market is less than what the product costs, it will remain on the shelf.

Given all the aforementioned considerations are kept in mind, people will be interested in the product. Incoming feedback from demos, interviews, free — or paid — trials or subscriptions will yield results in receiving strong signals from market segments; signals that will provide the team with valuable information as to the direction the product development should take. It's the most effective way to develop a product that people really want to use.

In a nutshell (summary)

The value of an MVP has been proven repeatedly in developing a robust, reliable and scalable product. In a high-speed market, it's exceptionally helpful to understand how the market works, what it needs and how it can be described. Older methods of product management, such as the top-down — or waterfall — approach have proven to be inadequate in such cases.

The Lean Startup methodology, in conjunction with Agile Development are probably the most efficient tools to build an MVP the right way, while achieving high responsiveness and minimal waste, leveraging adaptability and high performance; all while still under development.

There are several different types of MVP; that is, depending on the type of pro type of market and the relevant attributes and characteristics that describe any o pertinent customer segments. But, one of them is bound to work for any type o product.

Notwithstanding that, there's no secret recipe to a successful MVP. The Lean Startup methodology, the Build-Measure-Learn model and the Agile manifesto are all tools at the product owner's disposal, to use at their discretion towards mitigating — or even eliminating — the risk of failure involved in their endeavor; all the while maximizing the available runway, giving the team the opportunity — and resources — to be able to take off with their product. Just like they wanted.