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MINIMUM VIABLE PRODUCT IN LEAN START-UP MANAGEMENT

Hundreds of mobile apps are released to app stores every day but how many of them succeed till date? Thousands of apps have failed in the app market resulting in huge losses for their creators. Everpix was a brilliant app with great features, launched in 2010. The photo organizer app had 55 thousand users and decent funding. By 2012 but it all went downhill from there. What happened was that they were obsessed with creating the perfect app and spent one and a half years on development. The employees had to be paid and they did not have means to gain funding. Auctionata was another app with a brilliant idea that had to be shut down early in its day. The app idea was online live streamed options of fine art and collectibles. What happened was that the company did not understand real world market challenges well enough and faced financial difficulties, finally shutting down in 2017. Halo was a taxi finding app. They began in 2013 with 100 million dollars funding but went broke by 2014. What happened was emerging stiff competition from uber and trying the same business model in different markets without any market study.

What is a Minimum Viable Product? MVP or a Minimum Viable Product is the first version of a product the solution to a problem and it is one that contains enough features of high enough quality to attract a first set of customers and crucially to be able to gather valuable feedback and information about how customers use and value that product. Frank Robinson coined the term Minimum Viable Product in 2001 but it was Steve Blank and Eric Reis who popularized the term first with Blank’s launch of the Lean Start-up movement and then with the release of Reis’s 2009 book “The Lean Start-up”.

Eric Reis defines an MVP as that version of a new product which allows a team of workers or entrepreneurs to collect the maximum amount of validated learning about customers with the least effort. If you ask potential customers about how they will use, how they will value, how much they would pay for a product when it is a hypothetical product that might be delivered you will get potentially a very different set of answers to asking them the same question about a real product, giving it to them and seeing how they actually use it, offering it to them and seeing how much they will actually pay for it.

Minimum Viable Product is used to avoid cost and risk associated with developing the wrong product by testing a hypothesis, reducing waste or increasing speed to customers for feedback and adoption. It identifies the smallest set of features or requirements that are required to deliver value to stakeholders and satisfy early adopters in the shortest time possible.

The core purpose of a Minimum Viable Product is to gather data, to find out whether people actually buy it and when they buy it how they actually use it. It is a real thing for some start-ups. It also has a secondary purpose of course which is to generate some revenue to be able to sell something to customers in the early stages of the start-up so that you can return some revenue to the business. Not only to give confidence to investors and to hook perhaps new investors but also to inject some valuable cash flow into a business particularly if your lean start-up doesn't have a lot of funding. So, once you have produced an actual product, a simple version of what you might aspire to produce; it could be as simple as a single web page, it could be a product that appears to be automated but it is actually backed by manual operation behind the users awareness. Once you have got that you can collect valuable information and feedback you can allow customers to use the product and to ask them questions about how they use it or indeed gather information in numerous different ways.

The sooner you find out how customers use your product the sooner you can adjust your plans and therefore the less commitment you need to make and of course if customers do not value the product, do not use it, do not want it then if you find that out early while you've made a minimal investment into your Minimum Viable Product and then you've minimized the risk the amount of money and time and resources that are wasted.

It is important to note that the idea of a Minimum Viable Product is not about producing the absolute minimum functionality that you can get away with and maintenance. It is actually about producing the minimum functionality and quality that will allow you to learn what you need to know. This is because an MVP is about gathering information and it is about managing risk. It is also important to recognize that although Minimum Viable Product appears to be very specific it is going to be problematic defining what you actually mean by minimum, what you mean by viable and what you mean by product.

However, it is fundamentally about risk management because if you think about it, producing the MVP adds a stage to your project or your product development lifecycle that has a cost. It has time implications but in exchange for those costs you can reduce risk and you reduce risk because you learn what the customer needs and are able to adjust before producing the final product. You can also look at the MVP process as a part of quality management the ability to produce a Minimum Viable Product and then to find out what its shortcomings are in terms of quality and where you need to boost quality for the final product will allow you to plan a better end product.

Let us take an example for creating an MVP for an app. You want to make a list of what the features are that you think are absolutely critical to have and then you want to break them down in terms of ease of creating because your goal on a MVP is to get your product or in this case the app into the hands of the marketplace for as little money and time as humanly possible. So, there is going to be some stuff in the app that you are going to want to add desperately, that you are going to think are really going to push the app over the edge. But the important thing here is getting to the market as quickly as possible because inevitably whatever you think the market is going to do with your product or how they are going to respond to it or what needs it is that you are meeting, it is going to be slightly different than the way that the market actually responds and you are going to want to be prepared to be nimble to change and adjust things in order to address whatever it is that the market is telling you.

So, making sure that you break down that architecture that it starts with, very simple things like are we going for Android, are we going for iOS. There are very big differences between them like the android market is much larger but people are much less willing to pay for their app.

The iOS market is smaller but people are much more willing to pay. So, depending on who you are trying to target also iPhone users tend to be a little bit more upscale since they tend to be living on the coasts Certainly that is true in the US. As for Android users, the more that you go inward the more that you are going to find them so and then age groups and demographics like all of that is going to be very important to make sure that you break down, to make sure that you choose one or the other.

I think choosing one or the other to begin with is a very smart idea because you are going to have limited resources so trying to apply them to every feature you can think of across multiple devices is definitely not the way because then you will just be wasting unnecessary time and resources. So, pick a very small subset of features that you believe really execute against your product offering, the way that you are going to deliver value. Again, rank them in order of easiest to implement as well as cross-referencing highest impact. So, when you find something that is very easy to implement and has a high impact on the product, those are going to be the things you want to do first. So, prioritizing that in that order and only getting to the hard, low impact stuff when you have already got something that is out in the market and is already delivering value, you are already getting feedback. There are many products that have been out on the market five, ten years that still do not have some relatively obvious features because they know that it is either hard to implement or it is low impact. Therefore, you want to make sure that you are doing something that people that really meets a need and people are willing to pay for it.

So, to summarize, a Minimum Viable Product is an investment. It is an investment in managing risk, it is an investment in producing a better product, it is an investment in managing quality and that investment is recouped because the Minimum Viable Product allows you to study customer and user behaviours in the real world, to find out if they want the product, what they will pay for it and how they use it so we create an MVP.

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