

DAN OLSEN

THE

**LEAN
PRODUCT**

PLAYBOOK

HOW TO **INNOVATE** WITH
MINIMUM VIABLE PRODUCTS AND
RAPID CUSTOMER FEEDBACK

WILEY

500
startups

MARCH 2015

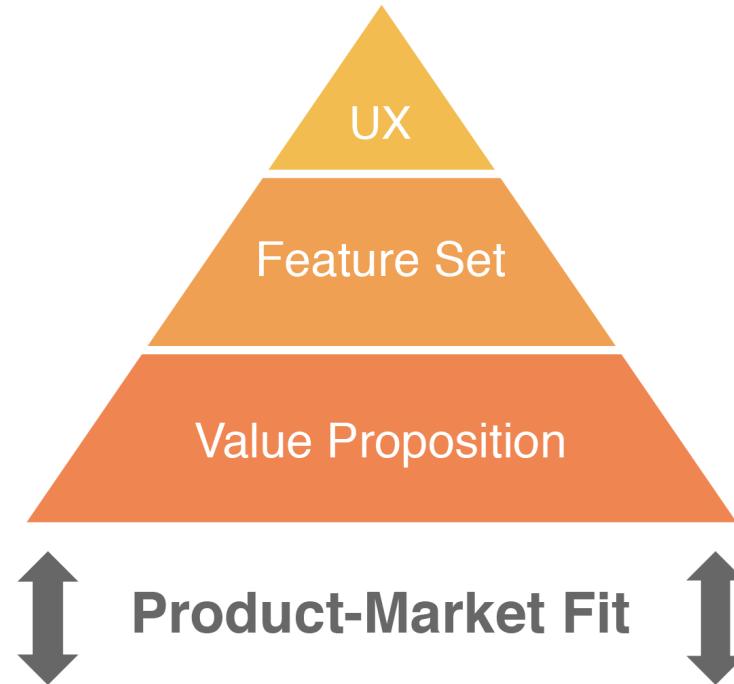
My Background

- Education
 - Engineering background
 - Stanford MBA
 - Web development and UX design
- Deep Product Management Experience
 - Submarine design
 - Led Quicken Product Management at Intuit
 - Led Product Management at Friendster
 - CEO & Cofounder of YourVersion, “Pandora for your news”
 - PM consultant: Box, YouSendIt, Medallia, One Medical

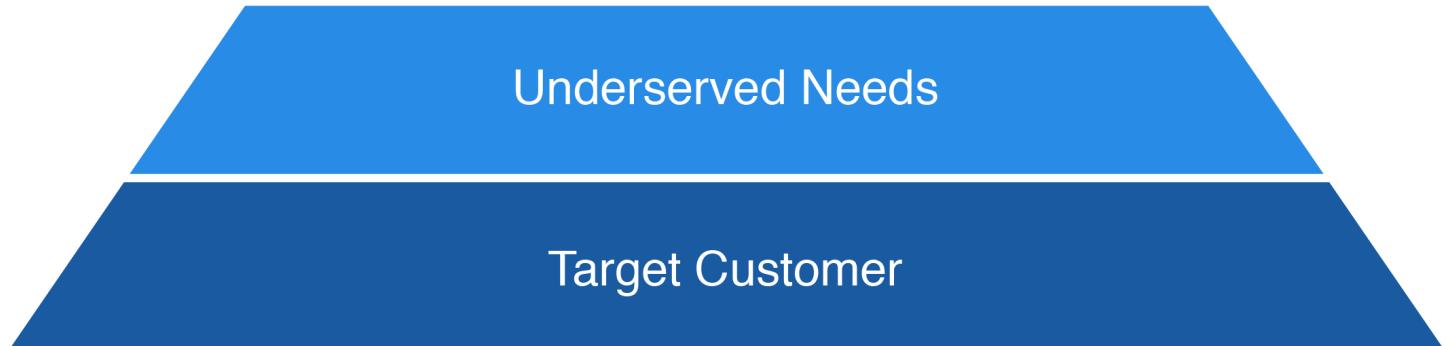
Slides at http://slideshare.net/dan_olsen

What is Product-Market Fit?

Product:



Market:

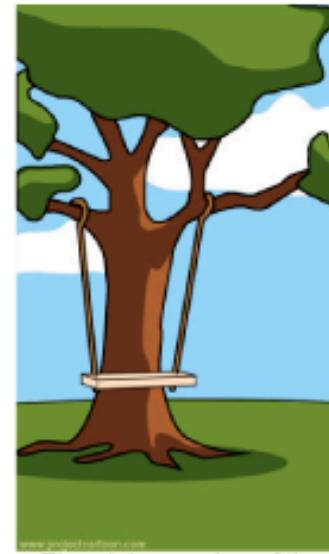




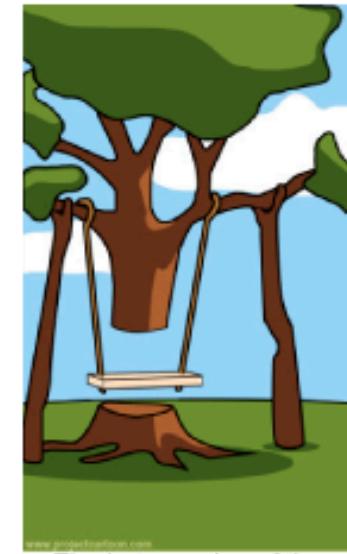
How the customer
described it



How the product manager
envisioned it



The alpha version of the
product

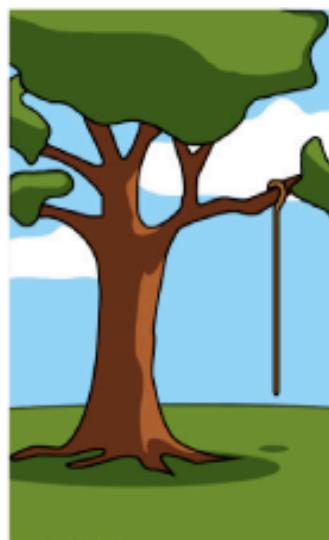


The beta version of the
product

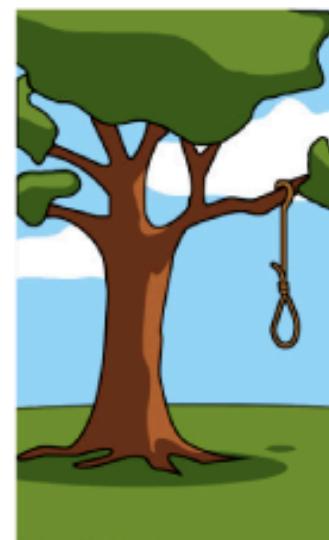


iSwing

What marketing advertised



What was ready by the
original launch date



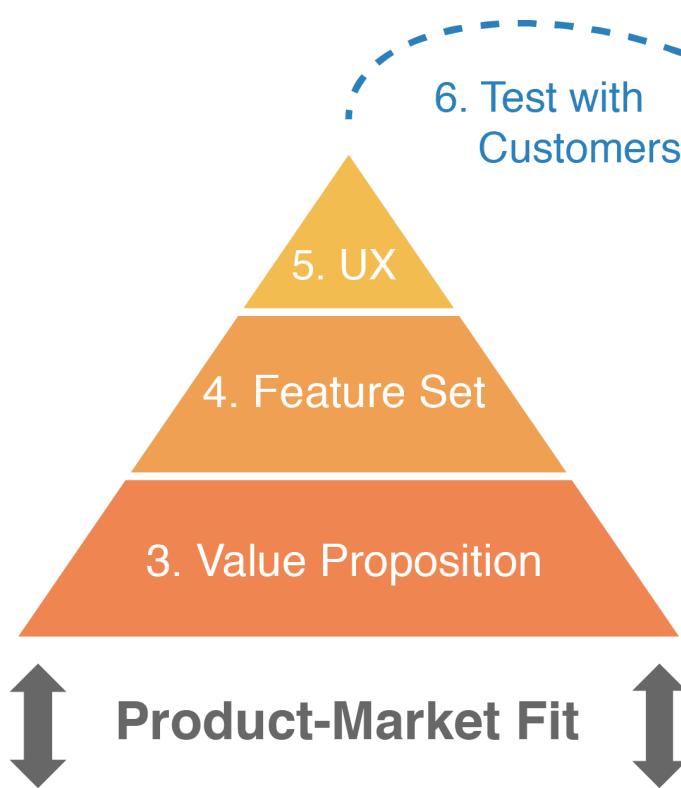
What the press had to say
about it



What the customer really
wanted

The Lean Product Process

Product:



Market:

1. Target Customer
2. Underserved Needs

The Lean Product Process

1. Determine your target customer
2. Identify underserved customer needs
3. Define your value proposition
4. Specify your MVP feature set
5. Create your MVP prototype
6. Test your MVP with customers

Target Customer Has Distinct Needs

High-level need:

Transportation within 100 miles of my home

Target Customer:



Soccer Mom



Speed Demon

Detailed needs:

- Carry kids & gear
- Safety
- Fuel economy

- Go fast
- Looks cool
- Makes me look cool

Ideal Product:



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Problem Space vs. Solution Space

■ Problem Space

- A customer problem, need, or benefit that the product should address
- A product requirement

Example:

- Ability to write in space (zero gravity)

■ Solution Space

- A specific implementation to address the need or product requirement



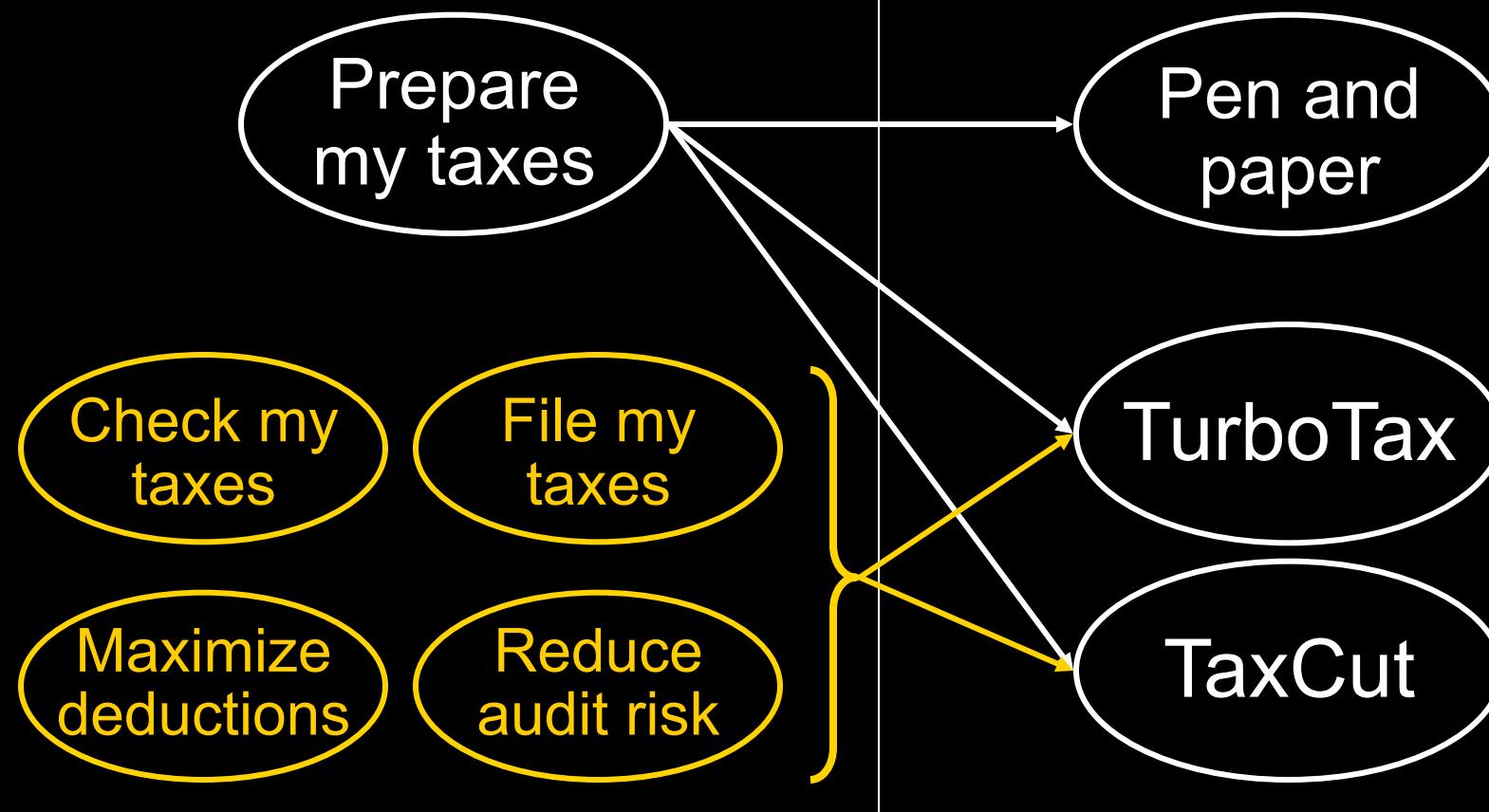
- NASA: space pen (\$1 M R&D cost)
- Russians: pencil



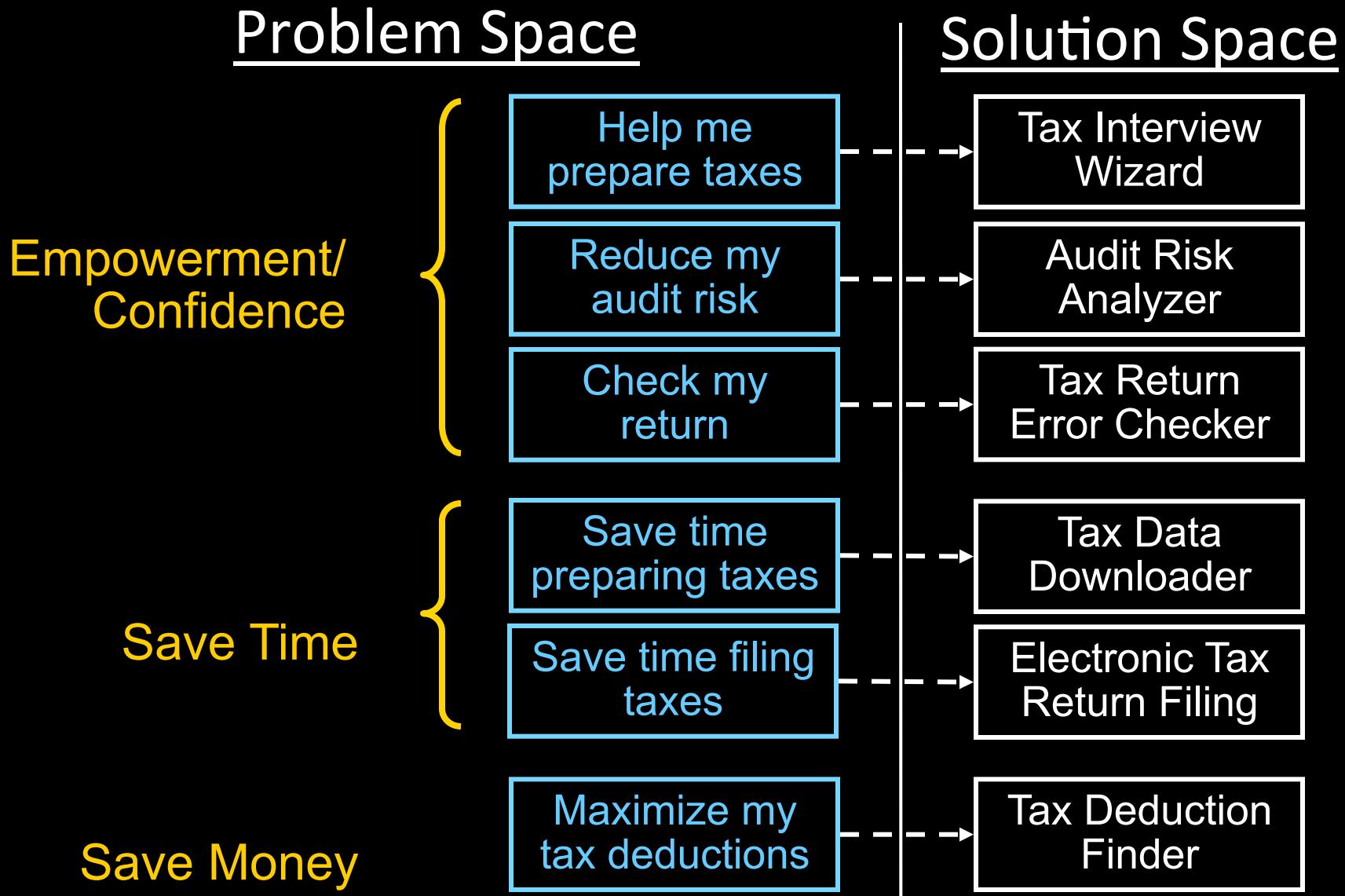
Problem Space vs. Solution Space: Product Level

Problem Space
(user benefit)

Solution Space
(product)



Problem vs. Solution Space: Feature Level

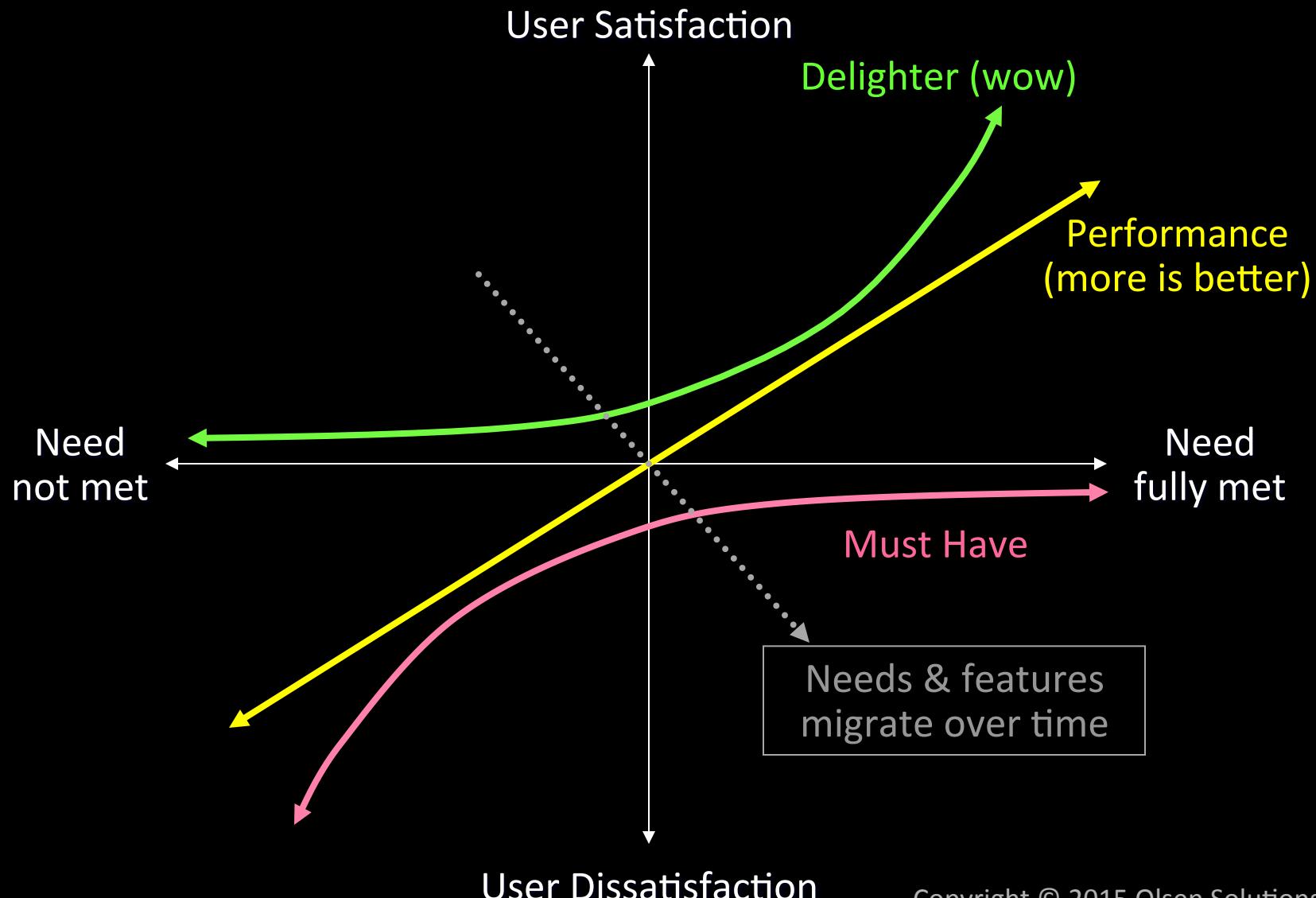


Prioritizing Customer Needs: Importance vs. Satisfaction



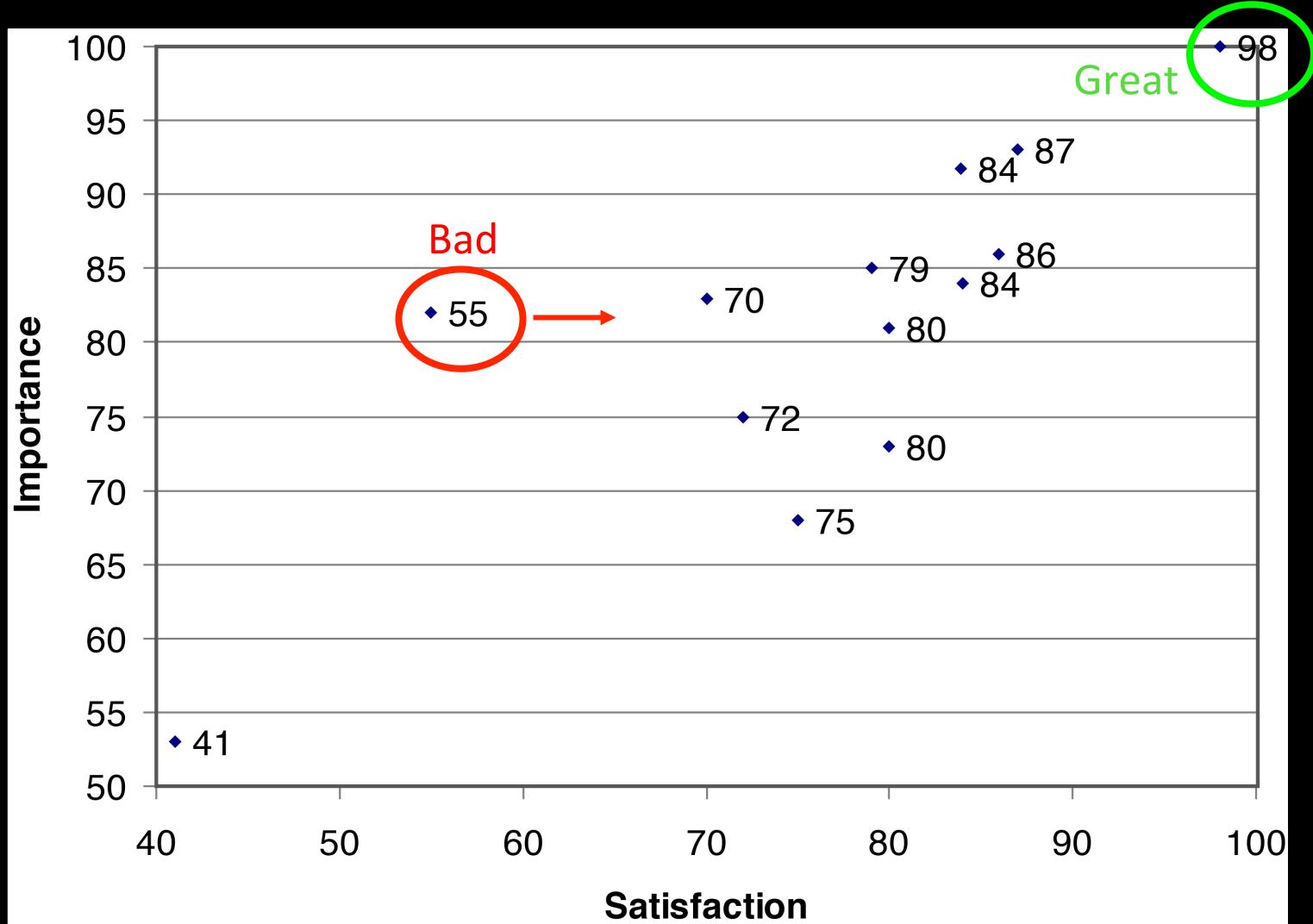
User Satisfaction with Current Alternatives

Kano Model: User Needs & Satisfaction



Importance vs. Satisfaction

Ask Users to Rate for Each Feature



Recommended reading:
“What Customers Want” by Anthony Ulwick

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The Lean Product Process

1. Determine your target customer
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What is Your Value Proposition?

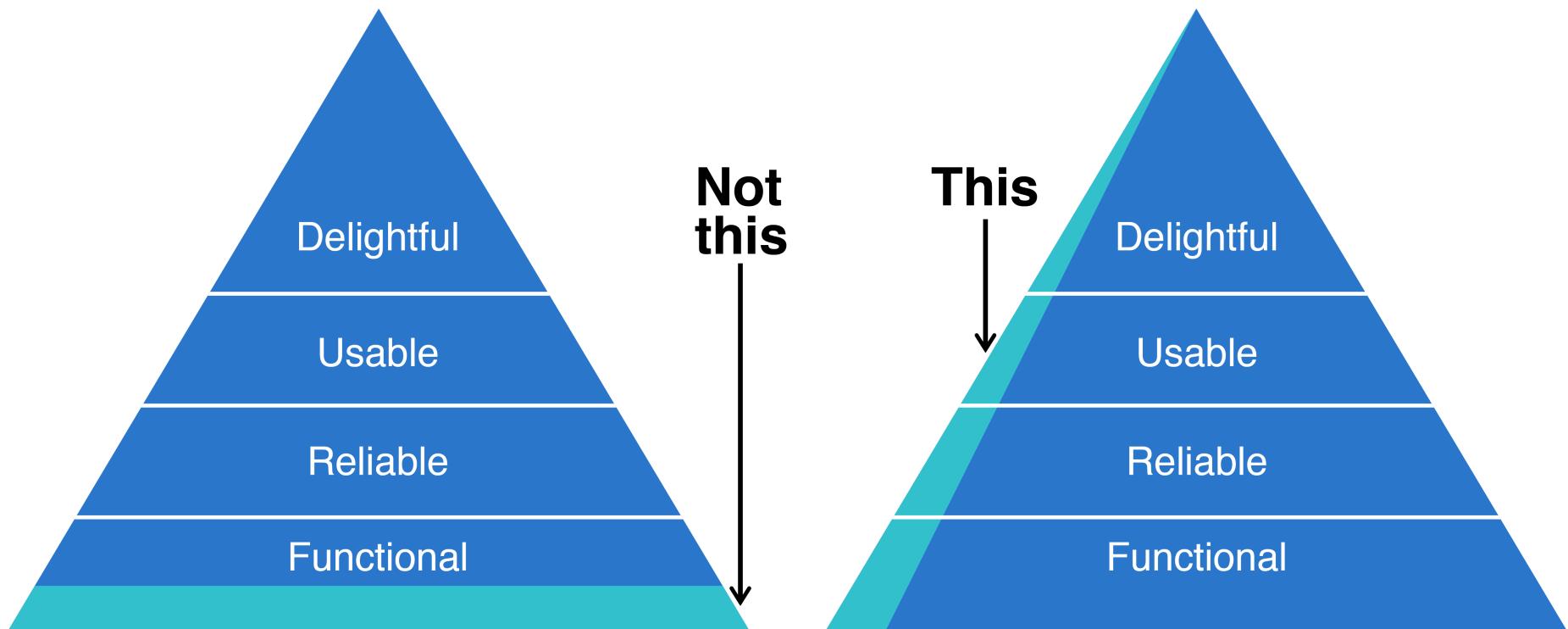
- Which user benefits are you providing?
- How are you better than competitors?

	Competitor A	Competitor B	You
Must Have Benefit 1	Y	Y	Y
Performance Benefit 1	High	Low	Med
Performance Benefit 2	Low	High	Low
Performance Benefit 3	Med	Med	High
Delighter Benefit 1	Y	-	-
Delighter Benefit 2	-	-	Y

The Lean Product Process

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What is an MVP?

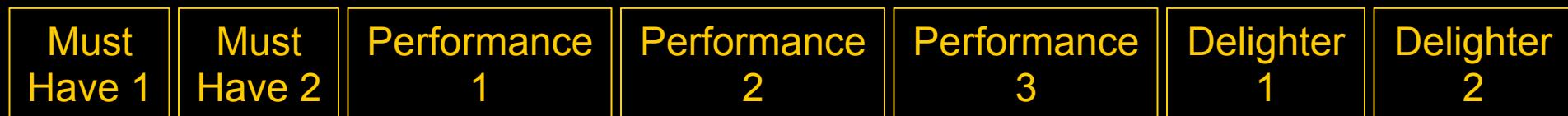


Courtesy of Jussi Pasanen
See Aaron Walter's book *Designing for Emotion*

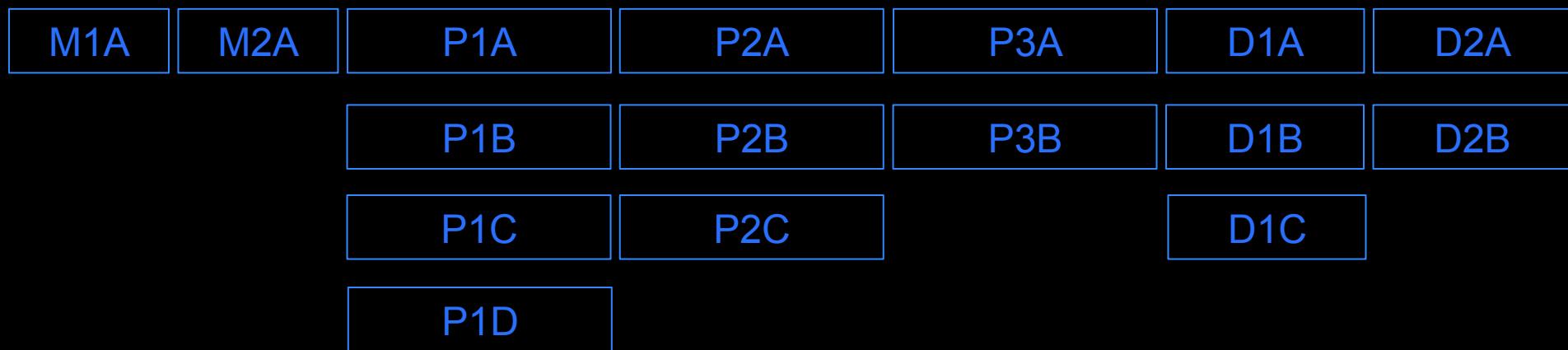
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Breaking Features Down into Chunks

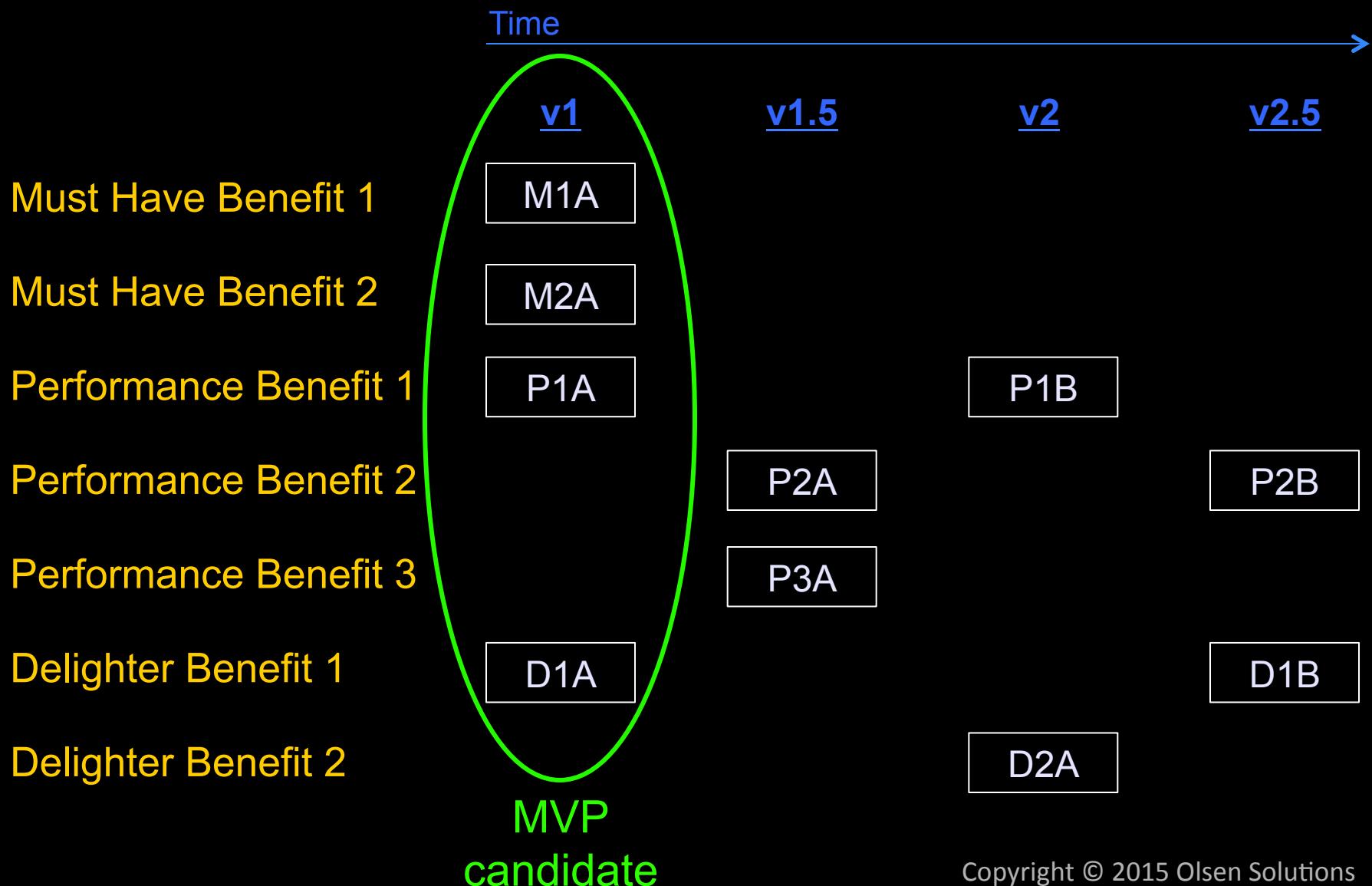
Benefits:



Features:



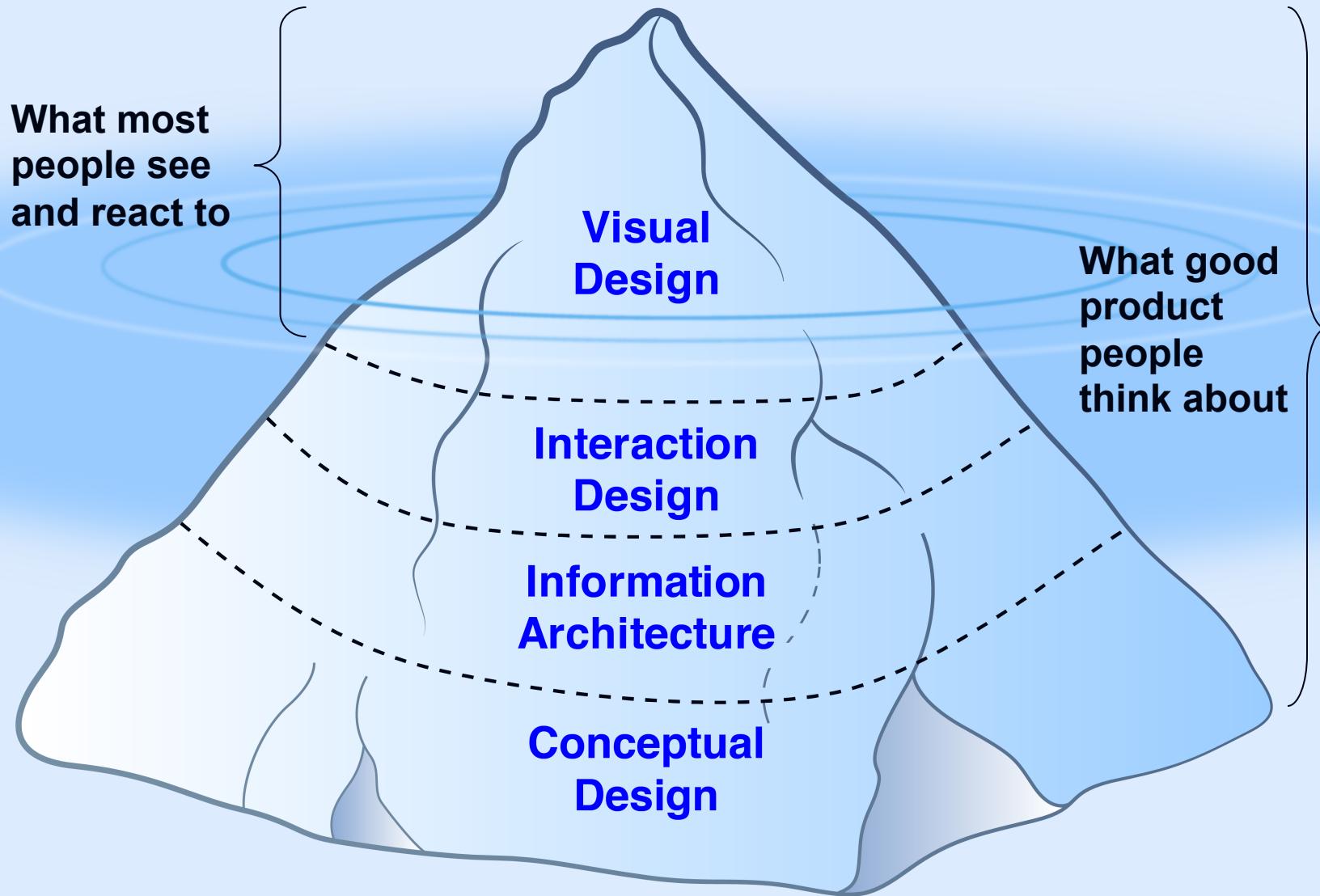
Product Roadmap: Features by Version or Time



The Lean Product Process

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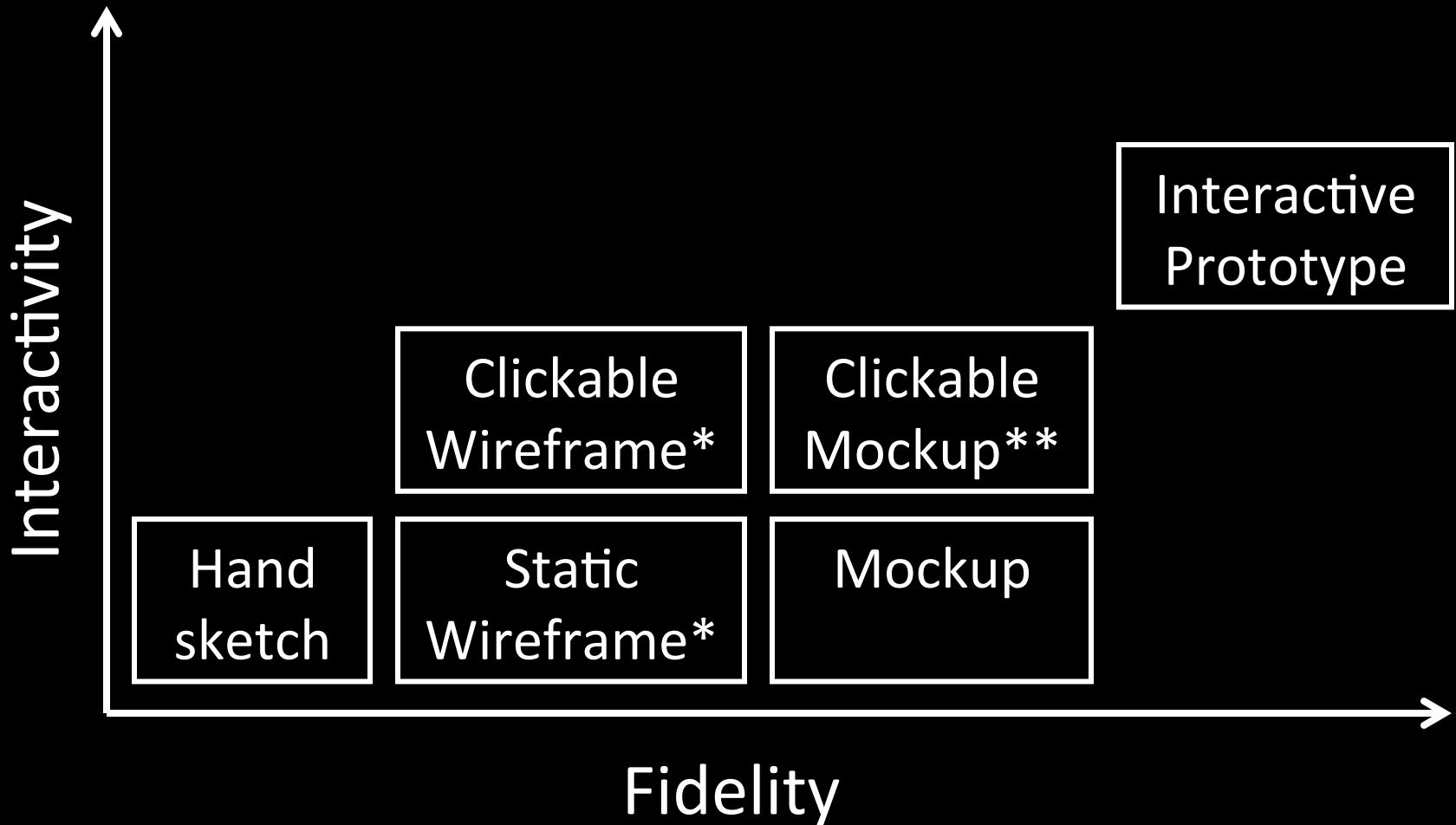
The UX Design Iceberg



Getting Customer Feedback: Problem Space vs. Solution Space

- Customers CAN'T articulate problem space
- Customers CAN react to solution space
- That's why you need something tangible to show to customers to get good feedback

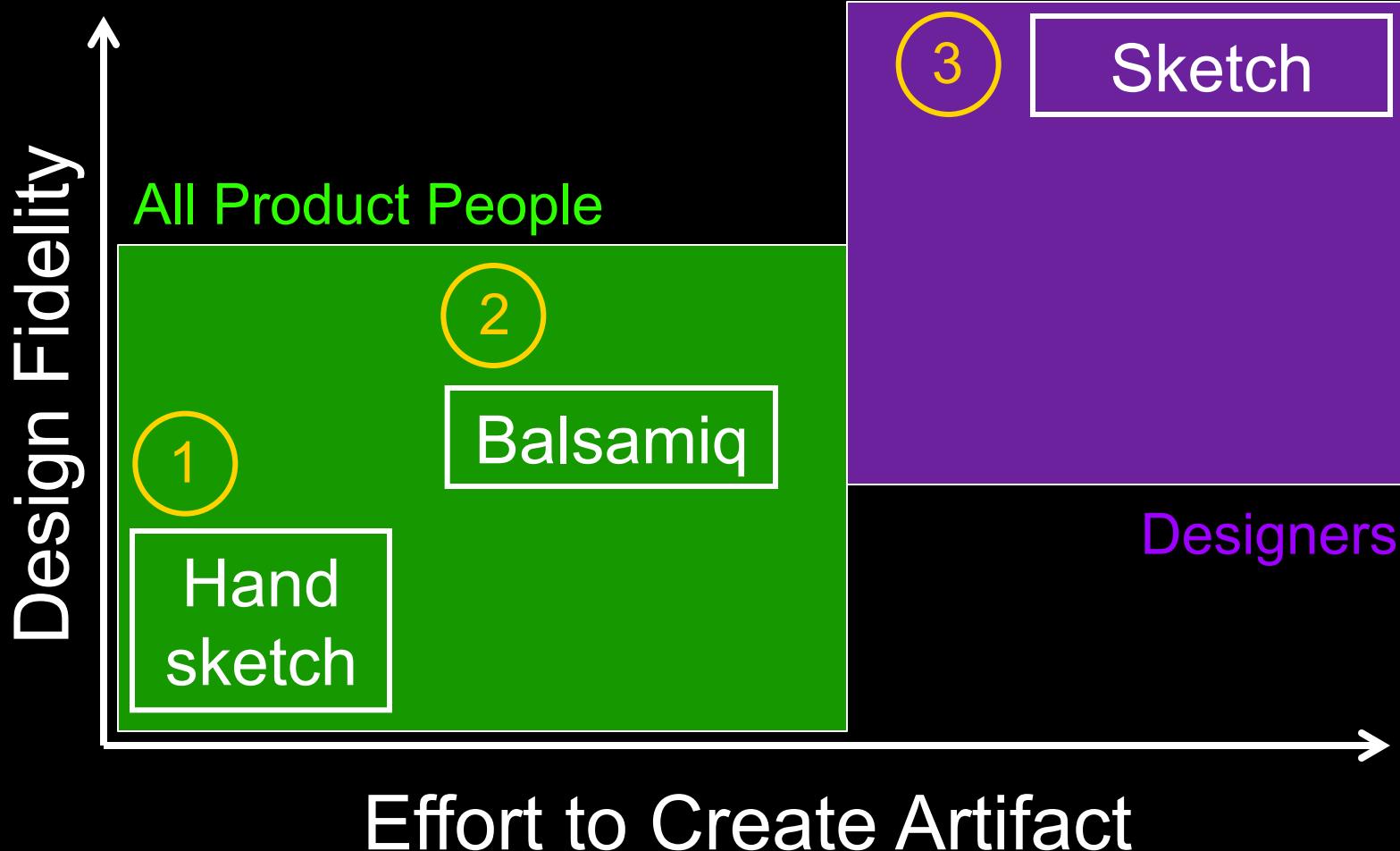
Design Artifacts: Interactivity vs. Fidelity



* Balsamiq: balsamiq.com

** InVision: invisionapp.com

Design Tools: Fidelity vs. Effort



Why You Should Wireframe

- In case you don't have UX designer (often)
- To clarify and refine your thinking:
 - Information Architecture, layout, navigation
- To communicate your ideas to others
- Modern tools make it easy and fast

The Lean Product Process

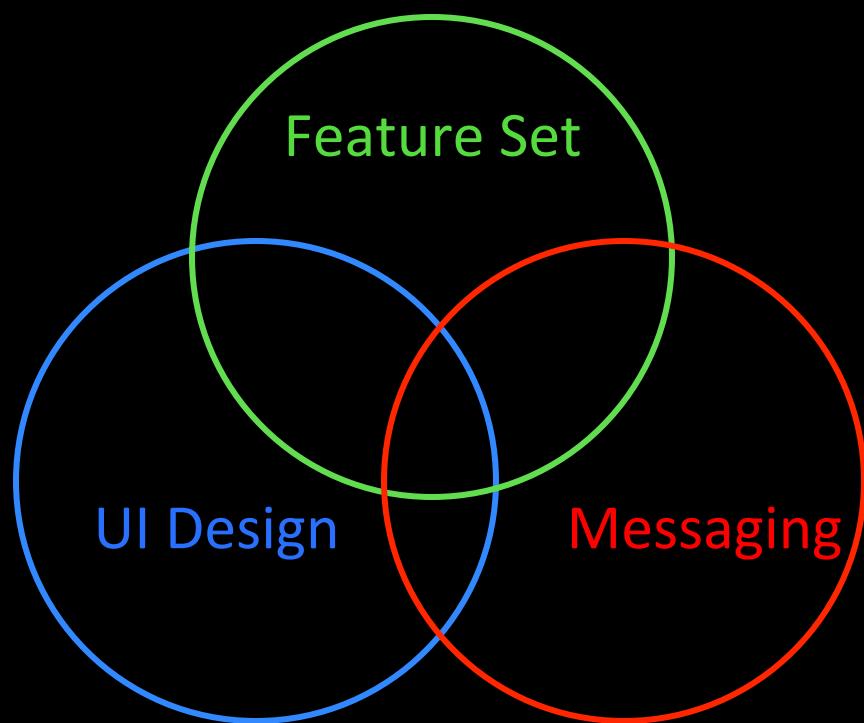
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What Are You Going to Get Feedback & Learnings About?

Problem Space
(your mental model)



Solution Space
(what users can react to)



“Ramen” User Feedback for Startups

- Anyone can do it!
- Ingredients:
 - Solution-space product/mockup to test
 - 1 customer (with laptop if testing code)
 - 1 desk
 - 1 person to conduct the session
 - Pen and paper
 - Optional note-taker and observers

Typical Format for User Testing Session

- 5 - 10 min: Ask questions to understand user needs and solutions they currently use
- 30 - 50 min: User feedback
 - Show user product/mockup
 - Non-directed as much as possible
 - When necessary, direct user to attempt to perform a specific task
- 5 - 10 min: Wrap-up
 - Answer any user questions that came up
 - Point out/explain features you want to highlight
 - Ask them if they would use the product

Dos & Don'ts of User Testing Sessions

- Do
 - Explain to the user:
 - Their feedback will help improve the product
 - Not to worry about hurting your feelings
 - “Think Aloud Protocol”
 - Ask user to attempt the task, then be a fly on the wall
 - Ask non-leading, open-ended questions
 - Take notes and review them afterwards for take-aways
- Don't
 - Ask leading or close-ended questions
 - “Help” the user or explain the UI (e.g., “click over here”)
 - Respond to user frustration or questions (until test is over)
 - Get defensive
 - Blame the user

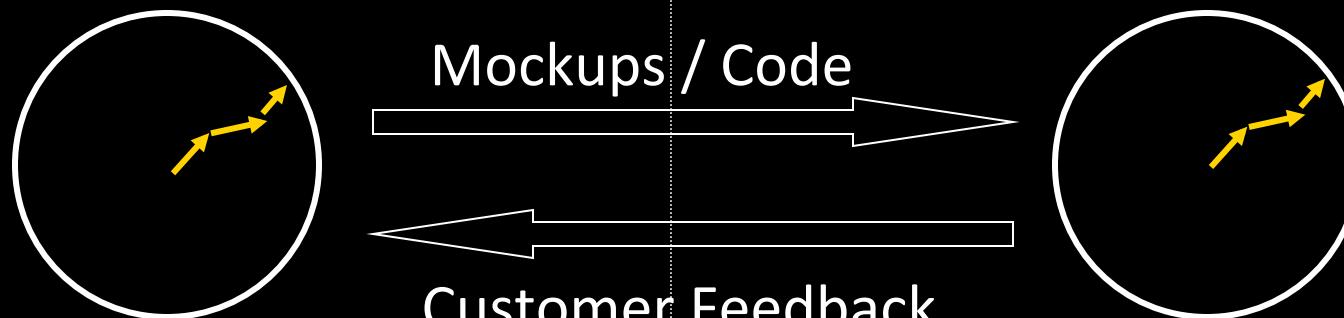


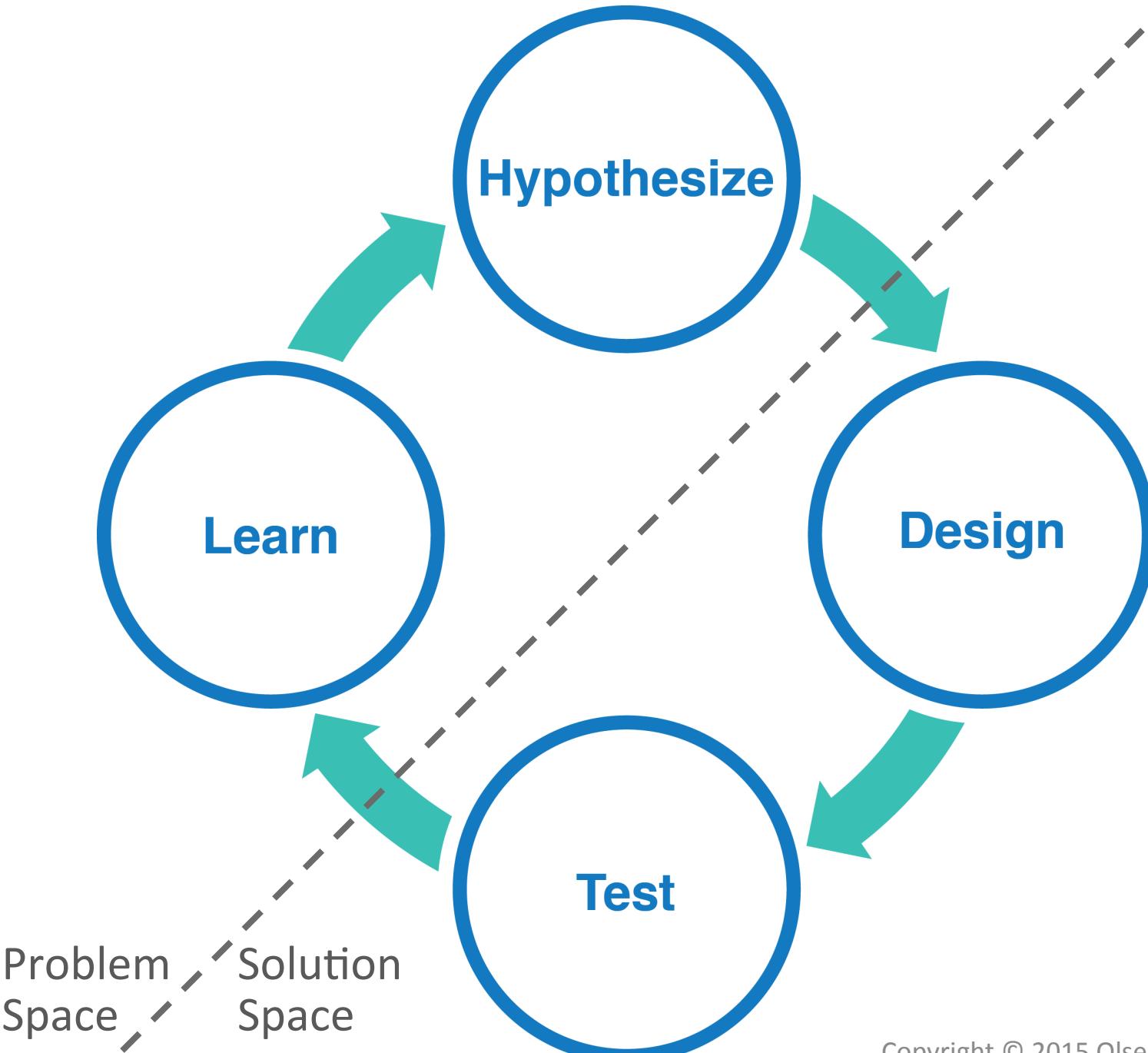
KEEP
CALM
AND
CONTINUE
ITERATING

Iterating Your Product Vector Based on User Feedback in Solution Space

Problem Space
(your mental model)

Solution Space
(what users can react to)





Case Study on Product-Market Fit: MarketingReport.com

Product-Market Fit Case Study: MarketingReport.com

- My consulting client (CEO) had an idea for a new product
- Team: me, CEO, head of marketing, UI design consultant
- Goal:
 - Validate product-market fit quickly, cheaply without writing a single line of code
 - Determine if there was a business opportunity here

Product-Market Fit Case Study: Developing Product Concept

- Product Concept was “marketing report” that let consumers control the direct mail that they receive
- Concept was fuzzy with various components, so I broke it into 2 different “flavors”:
 - #1 “Marketing Shield”: Service to reduce/stop junk mail
 - #2 “Marketing Saver”: Opt in & receive money-saving offers

Clustering Potential User Benefits to Create Product Concepts

“Shield” Concept

Reduce
Junk Mail

Save
Trees

Find out what
“they” know
about you

Marketing
Report

Marketing
Score

Marketing
Profile

“Saver” Concept

Money
Saving
Offers

Compare
Yourself
to Others

Social
Networking



See Your Marketing Report & Score Today

Now available for the first time ever!

The Secret to Saving Hundreds of Dollars!

Every wonder about the secret to getting better offers and more money saving discounts? Now for the first time, you can see and correct information that can help you save hundreds of dollars per year: your Marketing Report and Marketing Score!

Enter your invitation code now

Code:

[See Report](#)

- ✓ Find out what advertisers know about you
- ✓ Receive valuable offers
- ✓ Save hundreds of dollars per year
- ✓ Safe, secure website
- ✓ Free Service

Haven't been invited? [Request your invitation today.](#)



Marketing Report

Marketing Profile



Home Sweet Home

Home Sweet Home – Occupying the nation's suburbs, the residents of Home Sweet Home tend to be upper-middle-class married couples living in mid-sized homes with few children. Most are in their 40s and 50s, own their home, have gone to college, and hold professional jobs. With their upscale incomes and small families, these folks have fashioned comfortable lifestyles, filling their homes with toys, TV sets and pets.

[Learn More](#)

Marketing Shield™



MarketingShield gives you new levels of control over how your Marketing Report information is used.

Each year, advertisers send over 100 billion pieces of junk mail to Americans. Now, for the first time, you can tell marketers exactly what kind of mail you want to stop!

- ✓ Reduce your junk mail
- ✓ Opt-out of mail from specific types of companies
- ✓ Increase your privacy

[Learn More](#)

Your Privacy

MarketingReport.com Privacy Promise
Your privacy is our top priority. We realize MarketingReport.com contains sensitive, personal information. We pledge to protect your information. We will:

Maintain the complete confidentiality of all information;
Release your information only with your explicit approval
Use the highest level of technology available to protect your information

For additional details, please review MarketingReport's complete [Privacy Policy](#) and [Terms of Use](#).

Marketing Score

755

Out of 900

How well do marketers know you? How attractive is your report to a marketer? How could your marketing score effect the quality of marketing offers you get?

755
Low ----- High

[Learn More](#)

Compare Yourself



Advertisers make decisions about whether to market to you by comparing you to other people. Now, for the first time, you can compare your marketing profile to others – either across the street or across the country.

- ✓ See advertisers' maps of your neighborhood
- ✓ Find out how your income stacks up
- ✓ See top cities for people like you

[Learn More](#)

Product-Market Fit Case Study: Recruiting People

- Telephone recruit of prospective customers
 - Wrote phone-screen questionnaire to create rough target customer segmentation
 - Wanted users who work full-time & use internet
 - Fit for opt-in offers: use coupons, Costco membership
 - Fit for anti-junk mail: use paper shredder, block caller ID
- Paid each person \$75
- Scheduled 3 groups of 2 or 3 people to discuss each product concept for 90 minutes
- Moderated each group through the paper mockups to hear their feedback

Product-Market Fit Case Study: Findings on Concepts & User Benefits

“Shield” Concept

“Saver” Concept

Reduce
Junk Mail

Find out what
“they” know
about you

Money
Saving
Offers

Compare
Yourself
to Others

Social
Networking

Save
Trees

Marketing
Report

Marketing
Score

Marketing
Profile

Legend

Strong appeal

Some appeal

Low appeal

Product-Market Fit Case Study: Learnings from Research

- Learned that “Shield” (anti-junk mail) concept was stronger than “Saver”
- People didn’t like many of the “Saver” concept components
- Learned users’ concerns / questions about “Shield” concept
- Refined “Shield” concept:
 - Removed irrelevant components
 - Improved messaging to address user concerns / questions
- Validated revised “Shield” concept with quick 2nd round of tests
 - No customer concerns
 - Clear willingness to pay

Junk mail causes identity theft. We **stop it.**

Tired of shredding those credit cards you never asked for, checks you never ordered and refinance offers that look too good to be true? Why not cut the junk mail off at the source. With JunkmailFreeze™, a free service from the people at Trusted ID, that's exactly what you can do. [Learn More](#)

- ✓ Reduce the risk of identity theft
- ✓ Stop the junk mail ID thieves want
- ✓ Spend less time shredding mail
- ✓ Help the environment. Save 43 trees!
- ✓ 100% free service



[Pick categories](#) [Register](#) **Stop junk mail**
In less than 3 minutes, you can stop your junk mail



Stop your junk mail today!

Pick the categories you want to stop:

Cash advance checks 

New credit card offers

Pre-approved credit card offers

Over 50 additional categories on the next page!

Get Started

Product-Market Fit Case Study: Summary

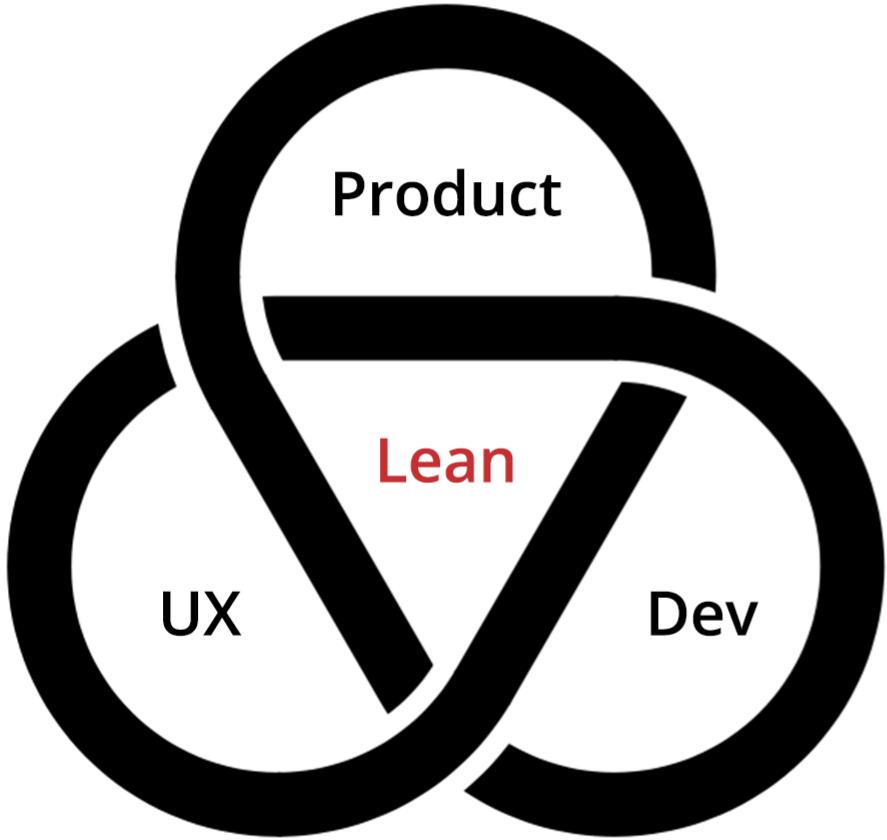
- 4 weeks from 1st meeting to validated product concept with zero coding
- Reasonable cost
- 1 round of iteration on product concept
- Identified compelling concept that users are willing to pay \$10/month for
- Trimmed away non-valuable pieces
- You can achieve similar results

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Iterate:

- Hypothesize-Design-Test-Learn loop
- Improve product-market fit

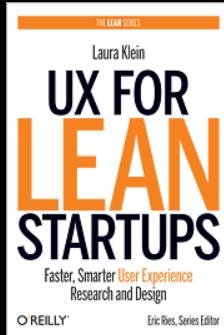


Lean Product & Lean UX Silicon Valley Meetup

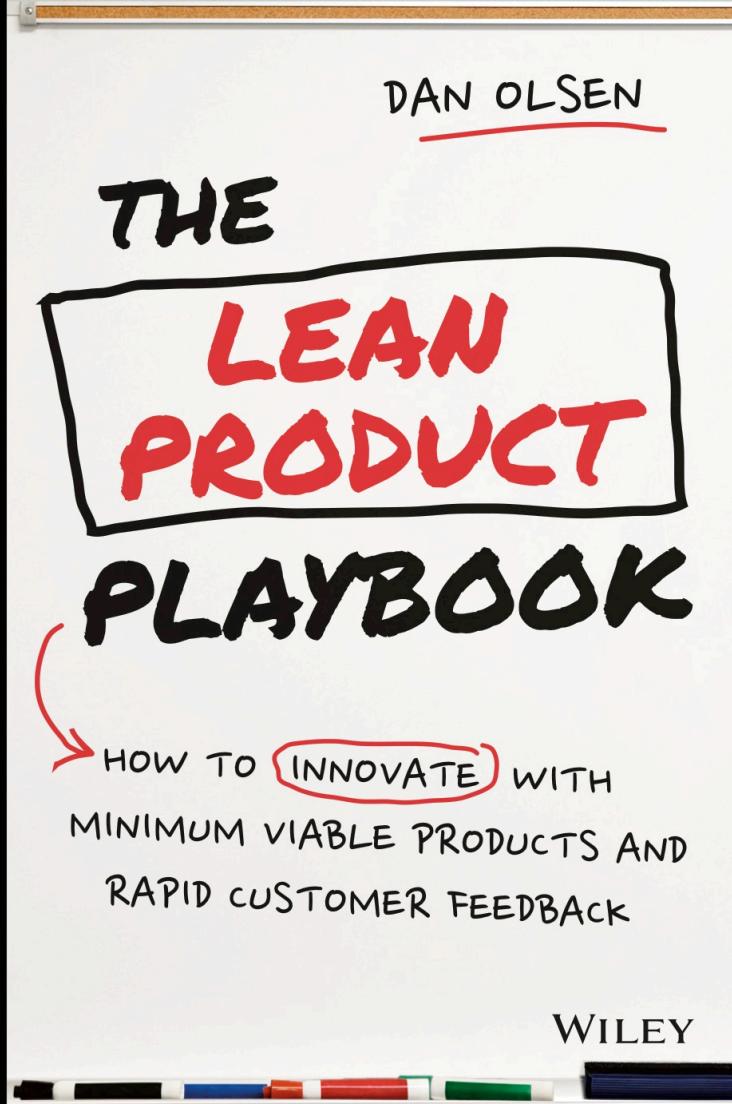
meetup.com/lean-product



Laura Klein: April 14 in Palo Alto
Author of *UX for Lean Startups*
How to use Qualitative & Quantitative Research



The Lean Product Playbook



- Published by Wiley
- Comes out May 26th
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- Available for preorder on Amazon:
<http://tiny.cc/LPP>

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QUESTIONS?

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meetup.com/lean-product

Book: <http://tiny.cc/LPP>