

build => measure =>  
learn

- rapid-fire introduction
- slides-online: <http://bit.ly/indy-BML>
- also: [pdf](#) and [source on github](#)

# hello

- Wes Winham, software engineering background
- Director of Product Development, PolicyStat
- PolicyStat: SaaS and sold to hospitals

# what is the BML loop?

core of Lean Startup

tool to (in)validate hypothesis

scientific method for businesses

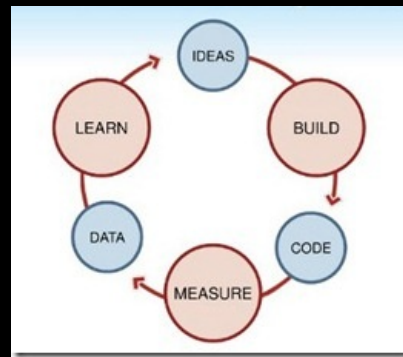


photo: [Abby Fichtner](#)

why?

building things nobody cares  
about

SUCKS

the ultimate waste

# we are not omniscient

we're bad at prediction

anyone who says otherwise is  
selling something

startups are fundamentally  
uncertain (by definition)

give up?

business plans don't survive  
customer contact

"be a no-planning cowboy!?"

if you're ok with never learning

# analogy.rocket\_ships

exact thrusts, vectors, weights

meticulous planning up-front

tiny errors in planning can  
compound to produce  
catastrophies





# analogy.driving

steering a car is easy

describe the specific motions for  
your commute?

impossible

feedback loops!



# don't be a rocket ship!

space or bust?

mostly bust

[pets.com](#), [webvan](#)

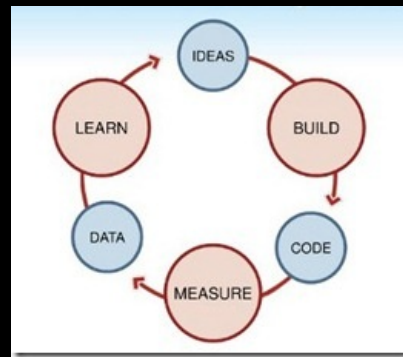


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# build

- create your MVP

# measure

- quantitatively or qualitatively

# learn

- analyze what you measured
- this is where the magic happens



# planning happens in reverse

what do you want to validate?  
*Learn*

what data would change your  
belief? *Measure*

what must you do to gather that  
data? *Build*

# case studies

stolen from The Lean Startup

Consumer Federal Protection  
Bureau (CFPB)

Intuit's Snaptax

Zappos

# CFPB

Created by Dodd-Frank act to  
protect against predatory lending,  
fraud

\$500 million budget

# CFPB: assumptions

if americans know it exists, they'll  
call for help

not the same: Fact- Lots of fraud  
in America

# CFPB: rocketship

use the \$500 million budget to  
staff up call centers

develop training materials based  
on expert suggestions

develop marketing plan and  
advertisements for big launch

# CFPB: BML

**build-** pick one tiny high-fraud geographic area, saturate with ads, forward 800 number to cell phones

**measure-** call volume per population in saturated area

**learn-** what volume can you expect on extrapolation?

what questions are real people

# Snaptax

Started in 2009 as an internal  
Intuit project

350k users in 2011

# Snaptax: assumptions

people want to use their W2 to  
start tax returns via their  
fax/scanner



# Snaptax: rocketship

spend millions to develop  
application for entering W2 info  
via fax/scanner

write versions for all 50 states

# Snaptax: BML part 1

talked to actual customers before  
building *gasp*

MVP was a quick survey

people didn't know how to use  
scanners/fax

people wanted their entire return  
completed automatically

# Snaptax: BML part 2

**build-** build a smartphone app  
using CA rules for simplest  
returns

**measure-** who actually  
downloads and submits their  
1040-EZ?

**learn-** are there people willing to  
use their phone to file returns at  
all?

# Zappos

online clothing retailer known for  
great customer service

over \$1 billion in revenue

acquired by Amazon for \$1.2  
billion

# Zappos: assumptions

frustrated that there was no  
central online place to buy shoes

assumed that customers would  
buy online for a superior retail  
experience

# Zappos: rocketship

build distribution infrastucture

aquire partners (Nike, Adidas,  
etc)

plan large sales/marketing launch

# Zappos: BML

**build-** take pictures of local merchants shoes, put them online, buy at full price and ship by hand

**measure-** who actually buys?  
what do they buy? what are their concerns?

**learn-** price affected perception.  
returns are very important.

# so many examples

media loves the big-bang  
visionary story

it's a *lie*

**flickr**- video game

**groupon**- social activism  
platform

**google**- just info on Stanford and



# tactics

individual tactics are not the BML  
strategy, but

tactics that get you through the  
loop faster, better

# summary

be a car, not a rocketship

use the BML loop to steer

lower latency through the loop,  
more learning

# tactics addendum: A/B testing

a specific tactic to aid  
measurement during experiments

# tactics addendum: A/B testing

aids analysis for questions like:

what call to action is most  
compelling to potential  
customers?

# A/B testing: call to action experiment

randomly divide potential customers as groups A and B

show group A "double your sales force"

show group B "halve your sales cost"

measure conversions (signups, demos, whatever)

# tactics addendum: multivariate testing

more complex or overlapping A/B  
tests- multivariate tests

"which of these 7 options are  
best?"

requires higher volume for  
statistical significance

if possible, stick to A/B tests for  
clarity (you'll know when it's not

## further resources

- The Lean Startup
- [Startup Metrics for Pirates](#)
- [Building a Lean Startup](#)
- Google like crazy

# thanks

- Me- Wes Winham  
[@weswinham](mailto:@weswinham)
- slides-online: <http://bit.ly/indy-BML>
- also: [pdf](#) and [source on github](#)