build => measure => learn

- rapid-fire introduction
- Slides: online, pdf, 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

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!


AVAILABLE AT..
T-MARTS
TOYO
MOTHERS
TOYO
MOTUL

don't be a rocket ship!

space or bust?

mostly bust

pets.com, webvan

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 servie

over $1 billion in revenue

aquired 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
- Slides: online, pdf, source on github