

RUNNING LEAN

hashtag: #leanstartup

ASH MAURYA

[@ashmaurya](https://twitter.com/ashmaurya)

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9/10 ~~startups~~ products fail



66%

drastically change
their original plans



Not a better **Plan A** but a path
to a **plan that works.**



Running Lean is a systematic process for **iterating** from **Plan A** to a **plan that works** before **running out of resources**.

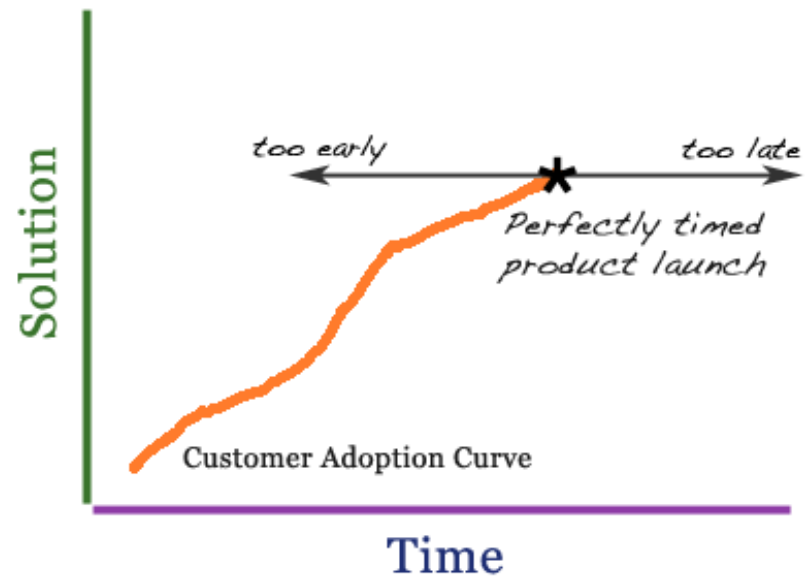


Why are products
hard?

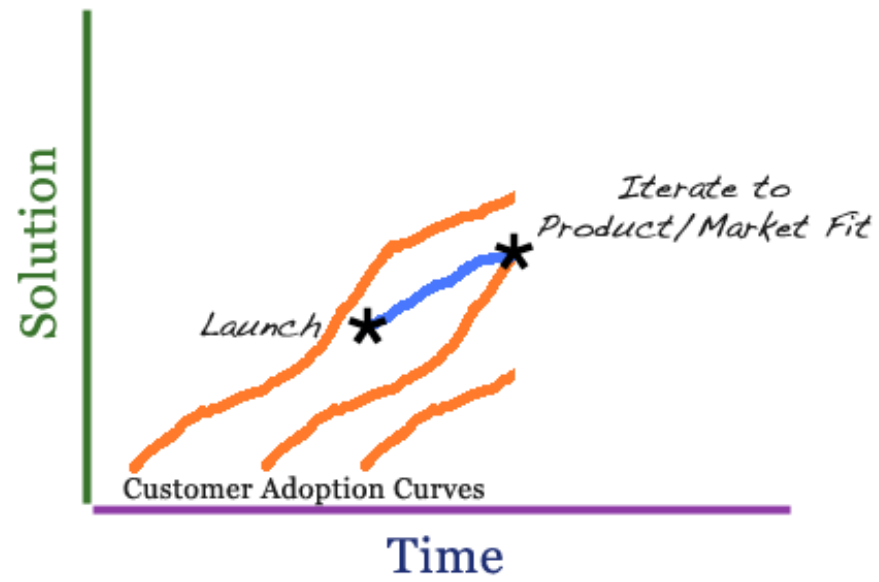
1

The **myth** of the **visionary** launch.

The Visionary Launch



The Iterative Launch

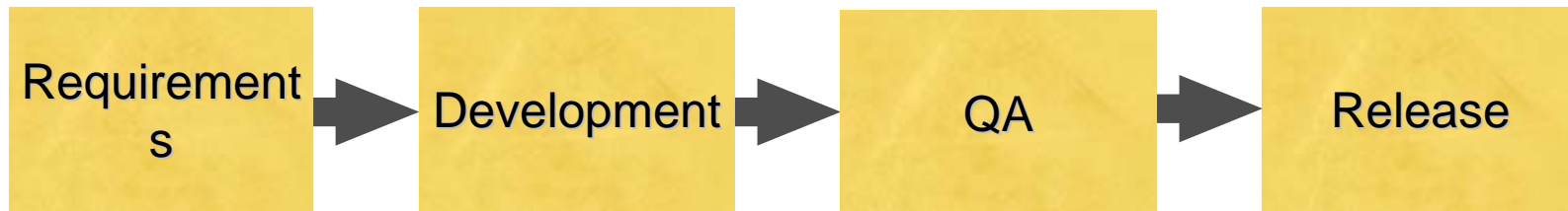


2

Product development **gets in the way.**

Some learning

Most learning happens here



Very little learning

“Greatest risk is not development of new product,
but development of customers and markets.”

- Steve Blank

3

Listening to customers is key,
but you have to know how.

If I had asked people what they **wanted**,
they would have said **faster horses**.

- Henry Ford

It is not your customer's job
to know what they **want**.

- Steve Jobs



What is Running Lean

Customer Development

+

Lean Startup

+

Bootstrapping



Customer Development

Get out of the building.

- Steve Blank



Lean Startup

Startups that succeed are those that manage to **iterate** enough times **before running out** of resources.

- Eric Ries



Bootstrapping

Right **Action**, Right **Time**.

- Bijoy Goswami

About Me

Life's too short to build something
nobody wants.

Listening to customers is key,
but you have to know how.

Disclaimers

Practice **Trumps** Theory

There are no **silver bullets**

Running Lean **does not guarantee success**
but raises the odds for building a successful product

Running Lean

Overview



Meta-principles

1. Document your Plan A
2. Identify the riskiest parts of your plan
3. Systematically test your plan



Meta-principles

1. Document your Plan A
2. Identify the riskiest parts of your plan
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Reasonably smart people can **rationalize** anything
but entrepreneurs are **especially gifted** at this.



Business Model versus Business Plan



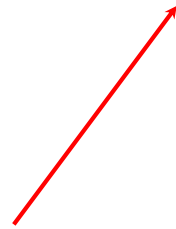
Business Model versus Business Plan

A document investors make you write
that they don't read





Business Model versus Business Plan



A single diagram of your business



Problem Top 3 problems	Solution Top 3 features	Unique Value Proposition Single, clear, compelling message that states why you are different and worth buying	Unfair Advantage Can't be easily copied or bought	Customer Segments Target customers
	Key Metrics Key activities you measure		Channels Path to customers	
Cost Structure Customer Acquisition Costs Distribution Costs Hosting People, etc.		Revenue Streams Revenue Model Life Time Value Revenue Gross Margin		

PRODUCT

MARKET



1

Your product is **NOT** “the product”.

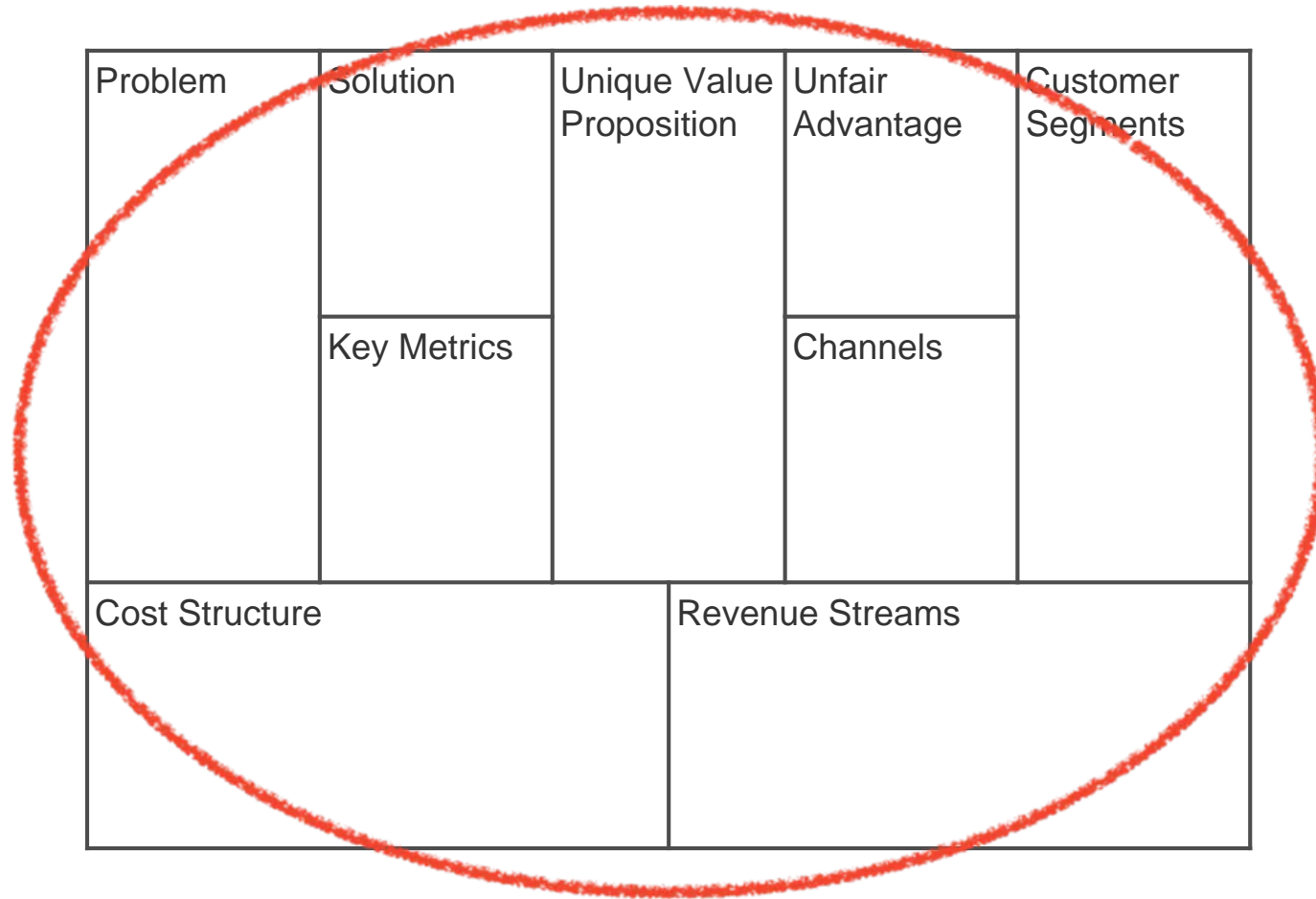


Your “product” is NOT the product

Problem	Solution	Unique Value Proposition	Unfair Advantage	Customer Segments
	Key Metrics		Channels	
Cost Structure			Revenue Streams	



Your “business model” IS the product

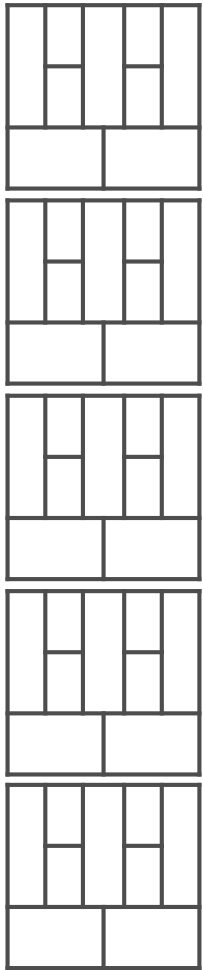




2

Brainstorm multiple models.

Brainstorm possible models



Time

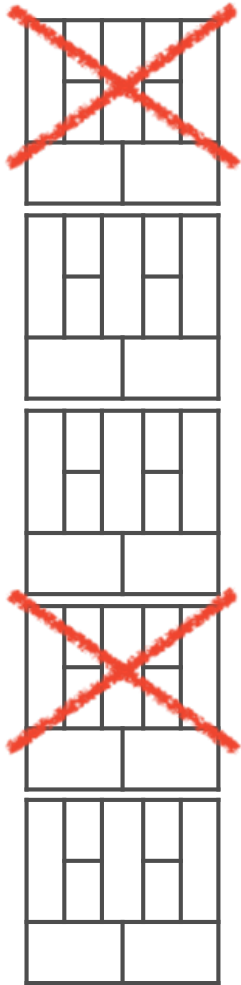


3

Prioritize where to start.



Prioritize where to start



1. Customer Pain Level
2. Ease of Reach
3. Price/Gross Margin
4. Market Size



Time



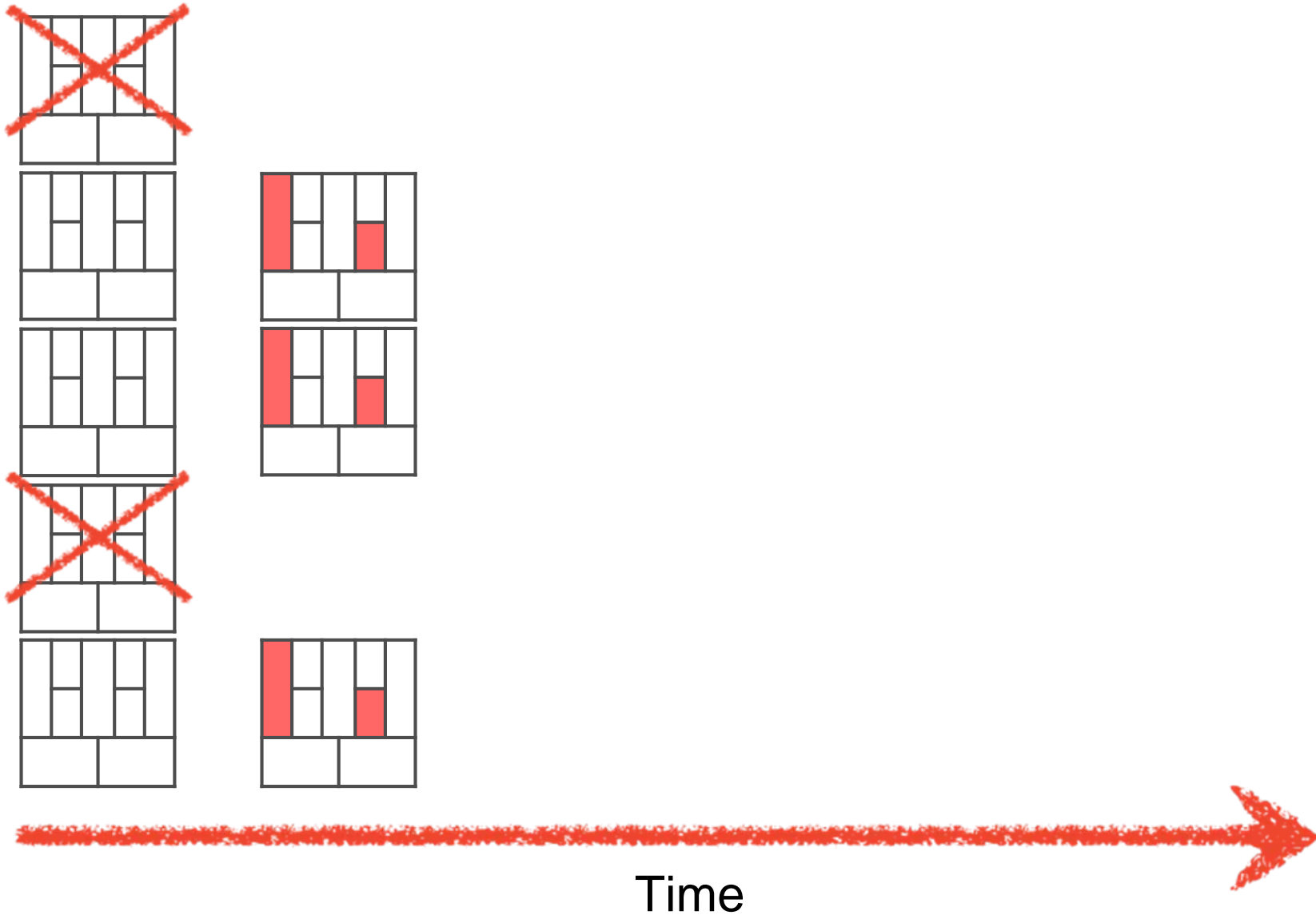
Meta-principles

1. Document your Plan A
2. Identify the riskiest parts of your plan
3. Systematically test your plan



Building a successful product is
basically about **risk mitigation.**

Identify the riskiest parts of your plan



1 Problem	Solution	Unique Value Proposition	Unfair Advantage	Customer Segments
	Key Metrics		Channels	
Cost Structure		Revenue Streams		
		3		

Lean Canvas is adapted from The Business Model Canvas (<http://www.businessmodelgeneration.com>) and is licensed under the Creative Commons Attribution-Share Alike 3.0 Un-ported License.

3 Stages of a Product



3 Stages of a Product



Do I have a problem worth solving?

3 Stages of a Product



Have I built something people want?

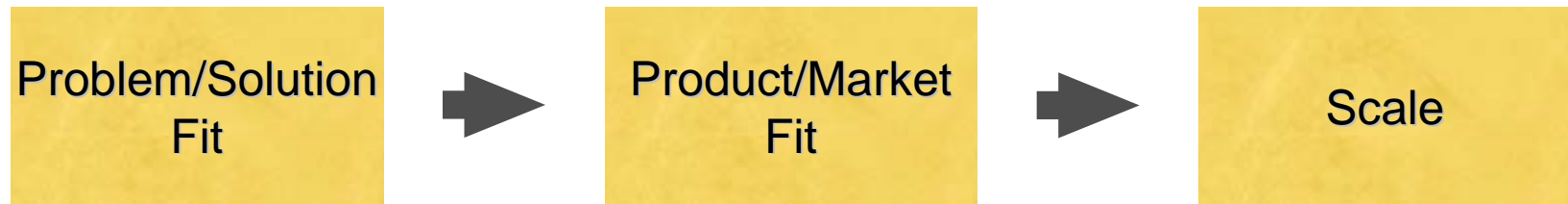
3 Stages of a Product



How do I accelerate growth?



Before Product/Market Fit

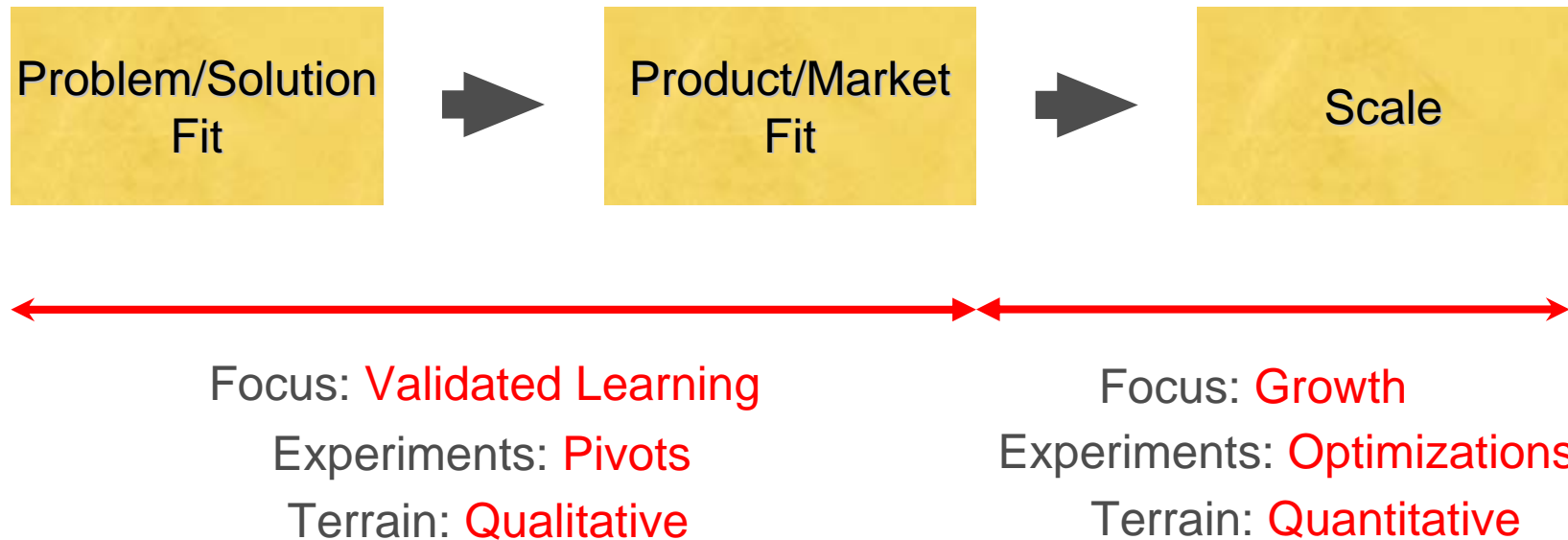


Focus: **Validated Learning**

Experiments: **Pivots**

Terrain: **Qualitative**

After Product/Market Fit





Key Metrics

Acquisition

How do users find you?

Activation

Do users have a great first experience?

Retention

Do users come back?

Revenue

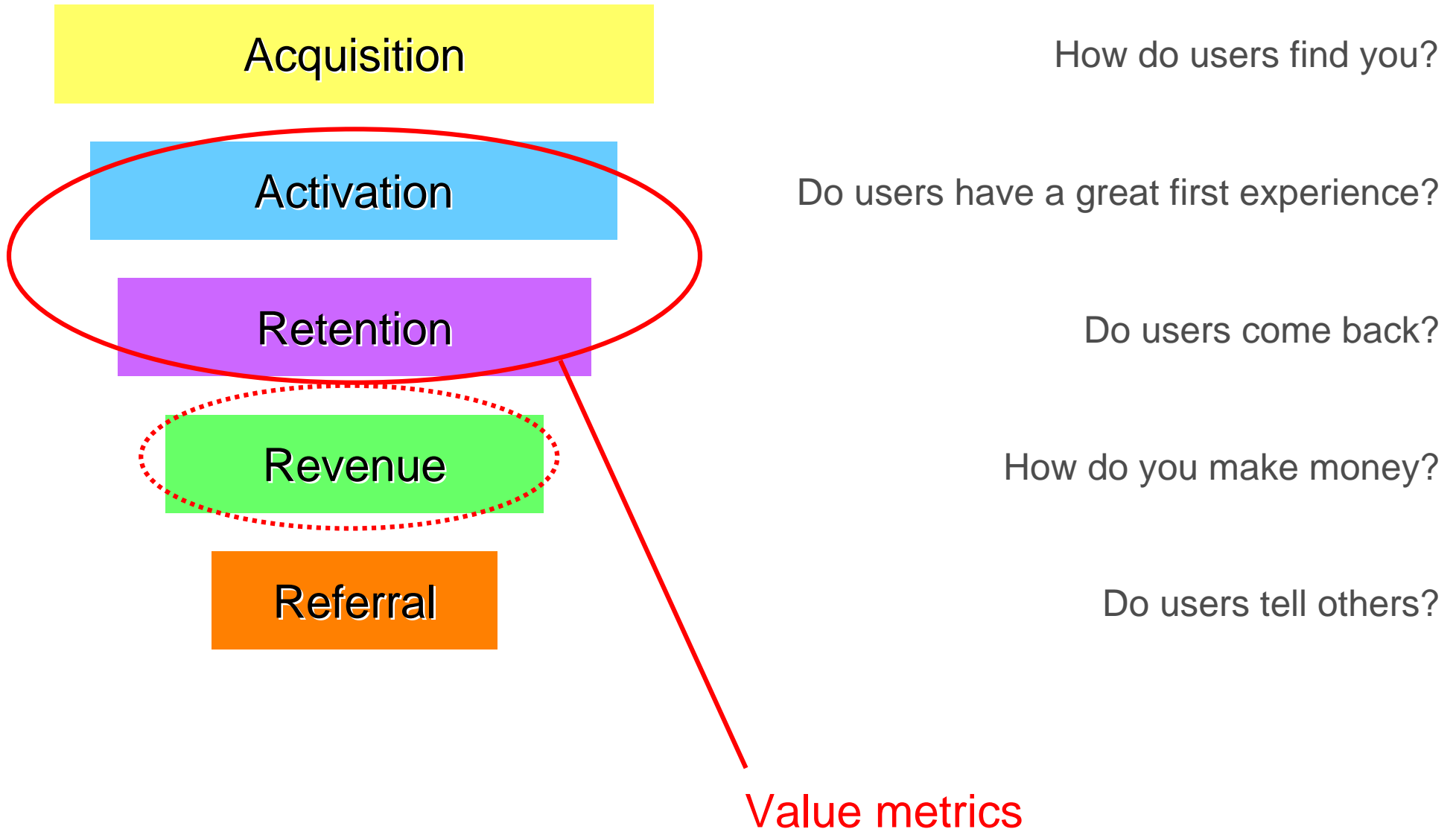
How do you make money?

Referral

Do users tell others?

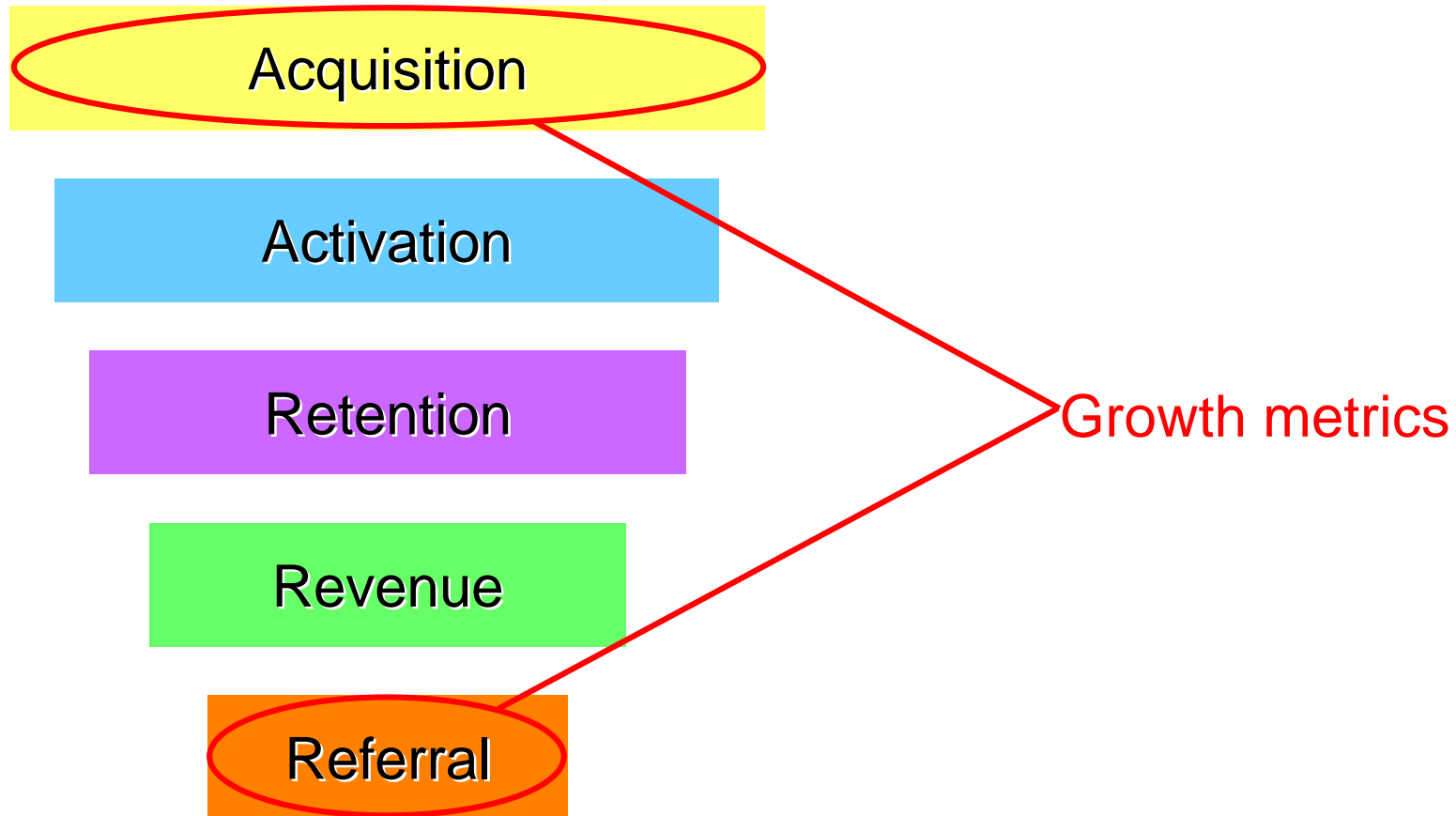


Before Product/Market Fit





After Product/Market Fit



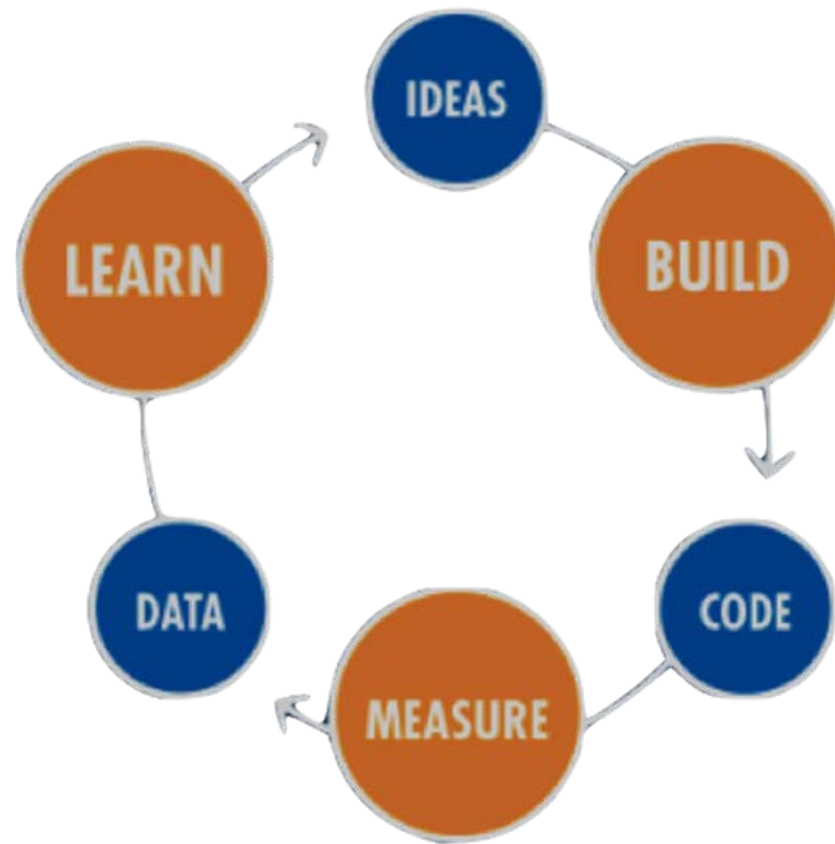


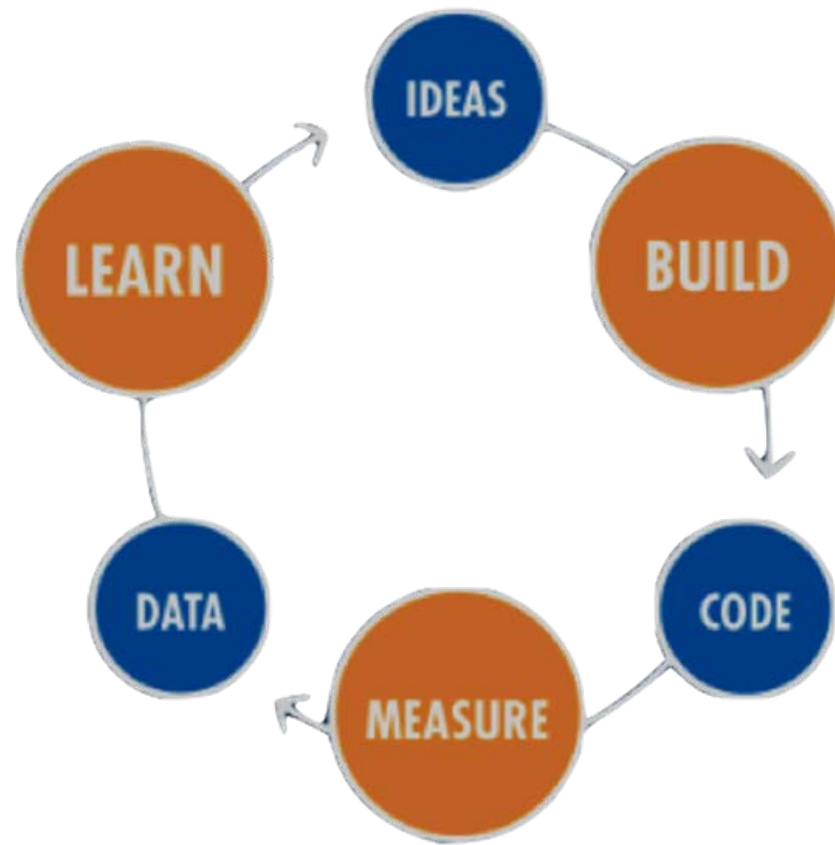
Roadmap

1. Document your Plan A
2. Identify the riskiest parts of your plan
3. **Systematically test your plan**

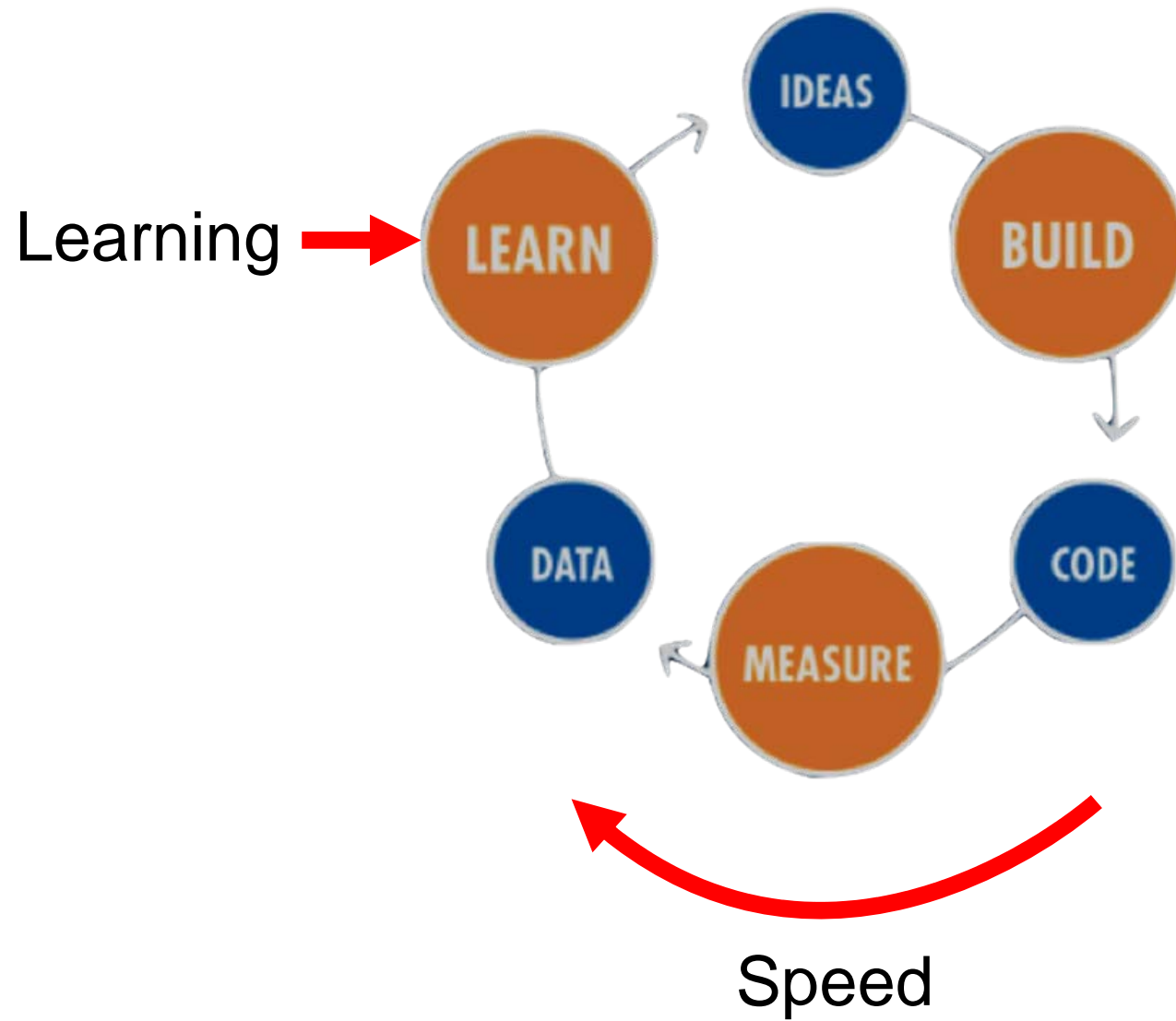


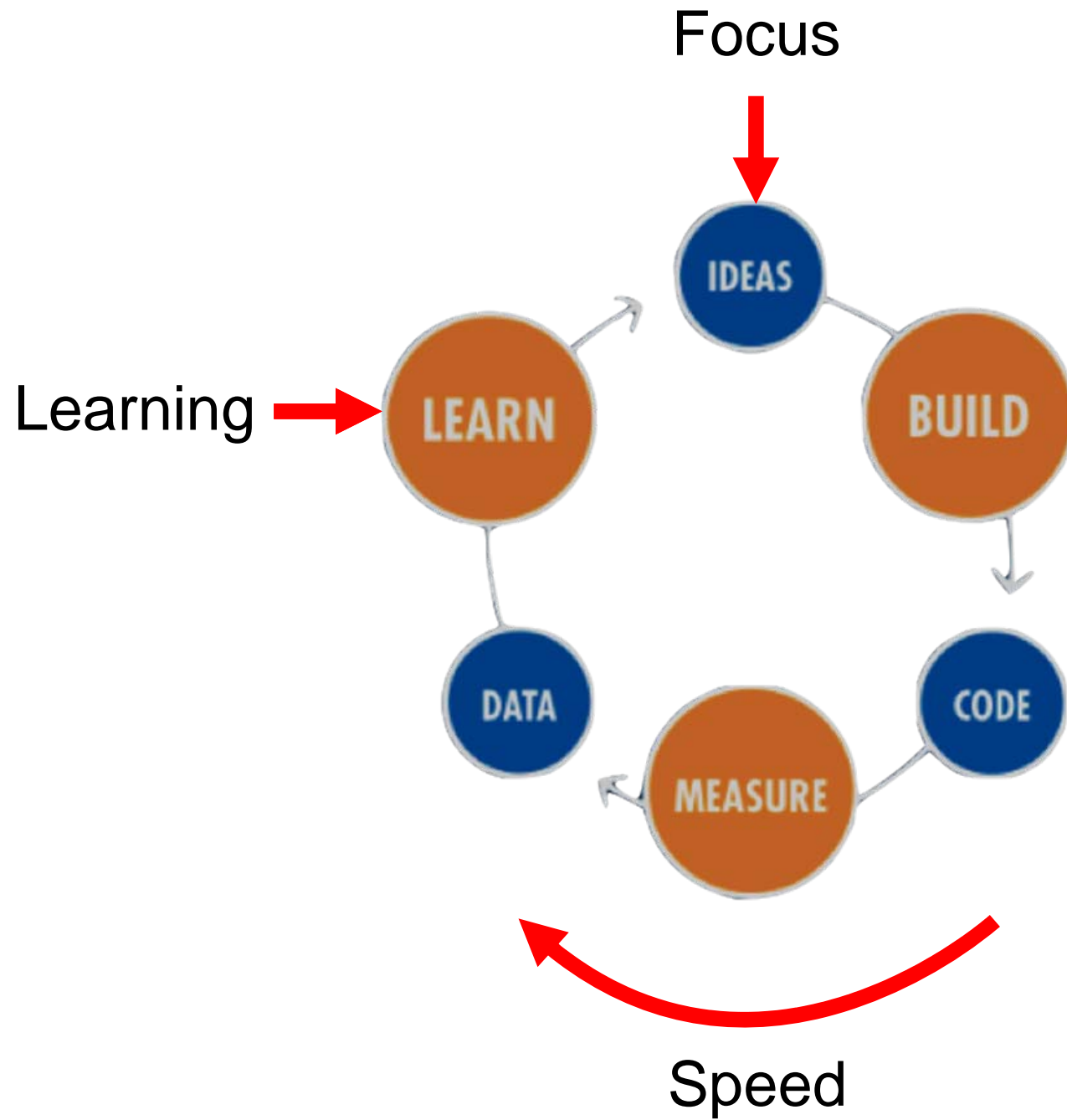
What is an experiment?

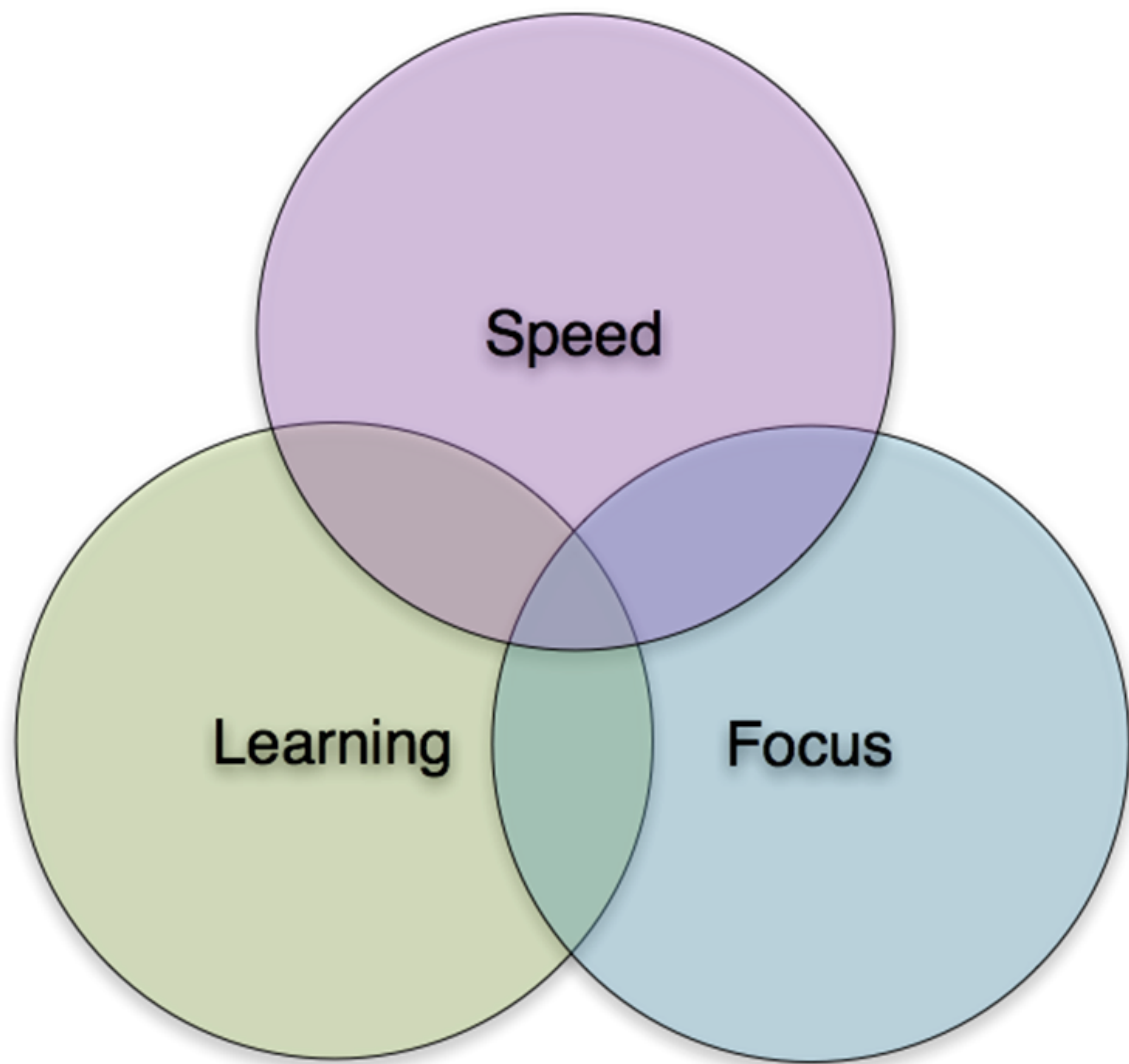


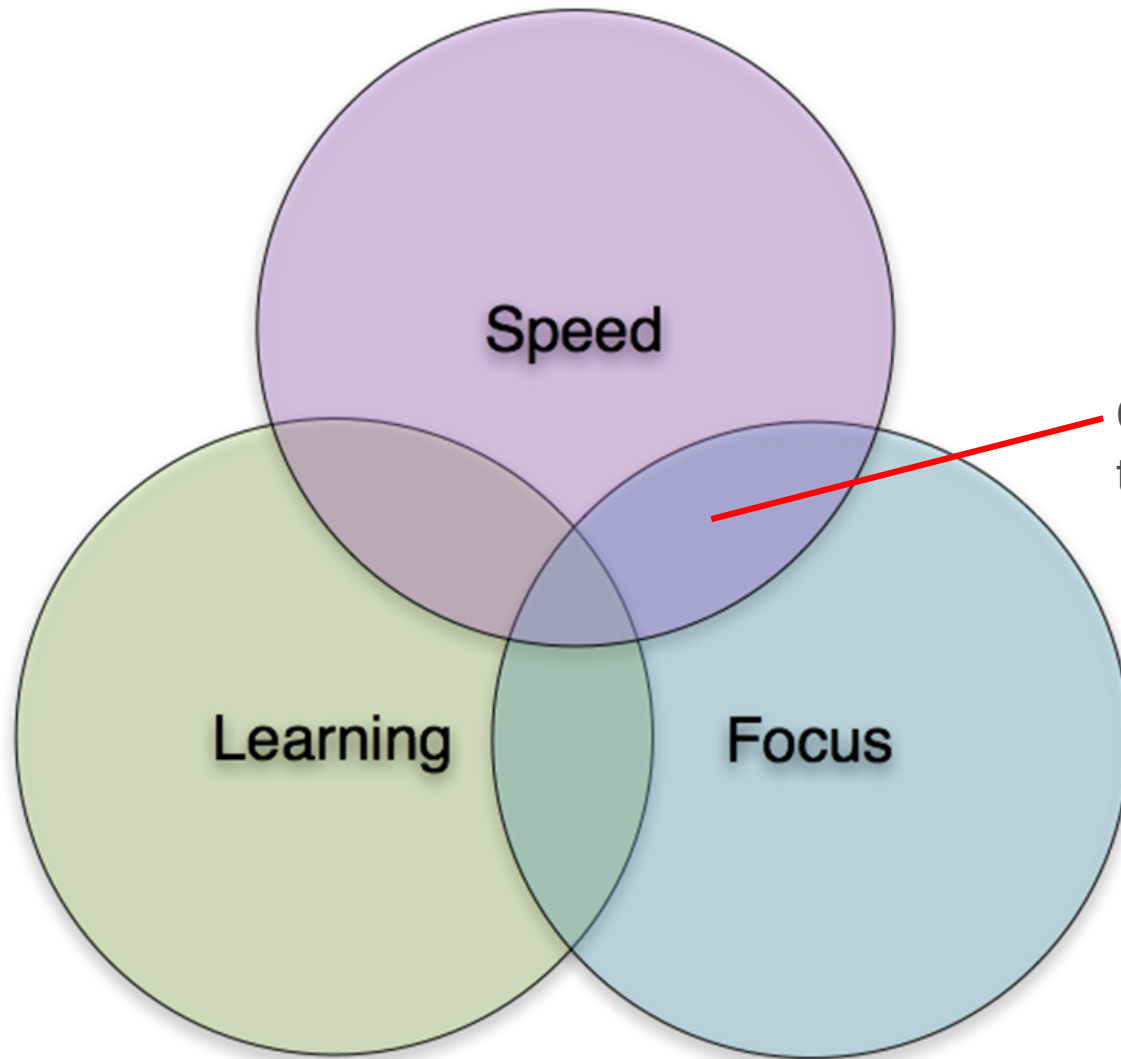


Speed



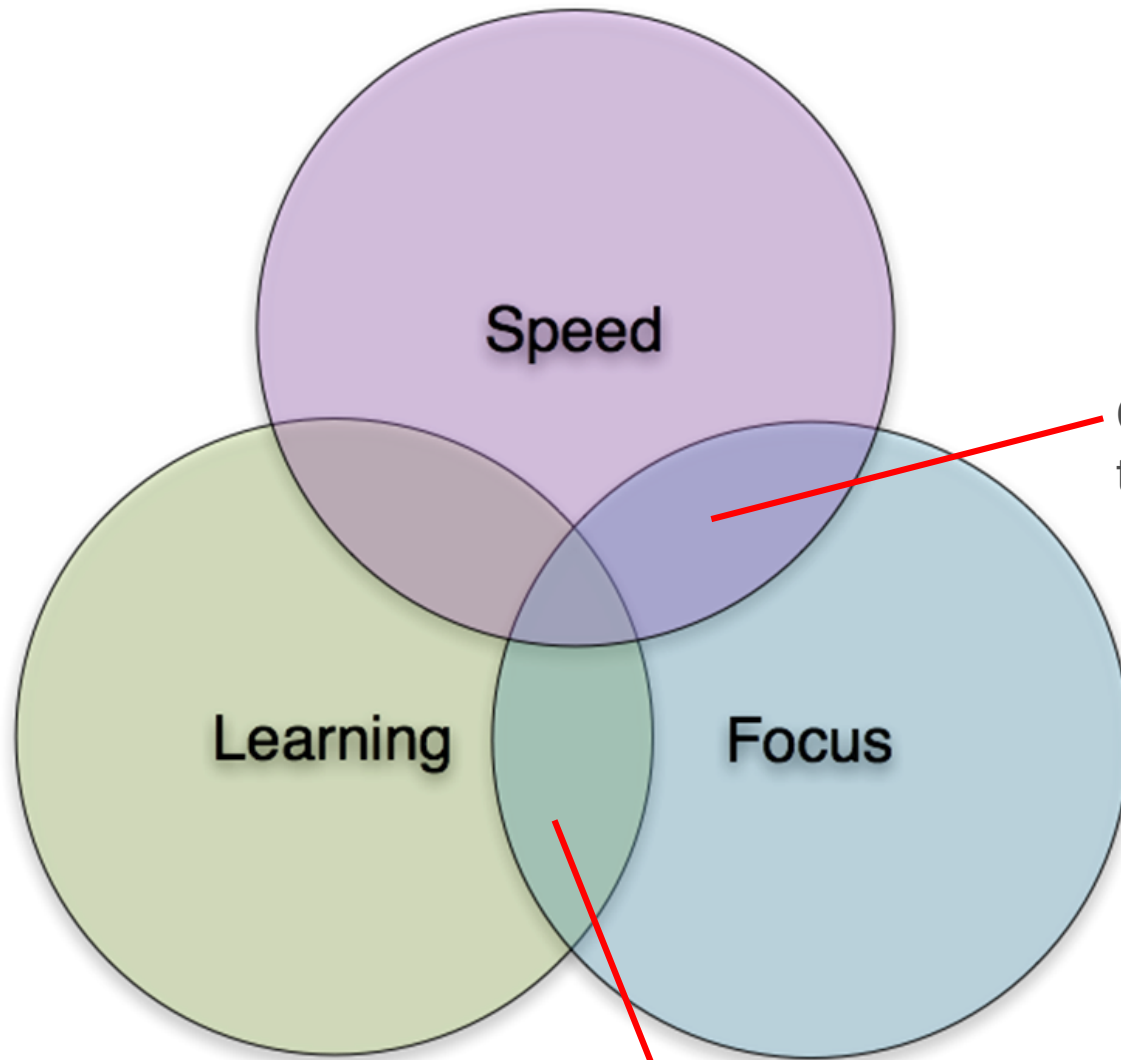






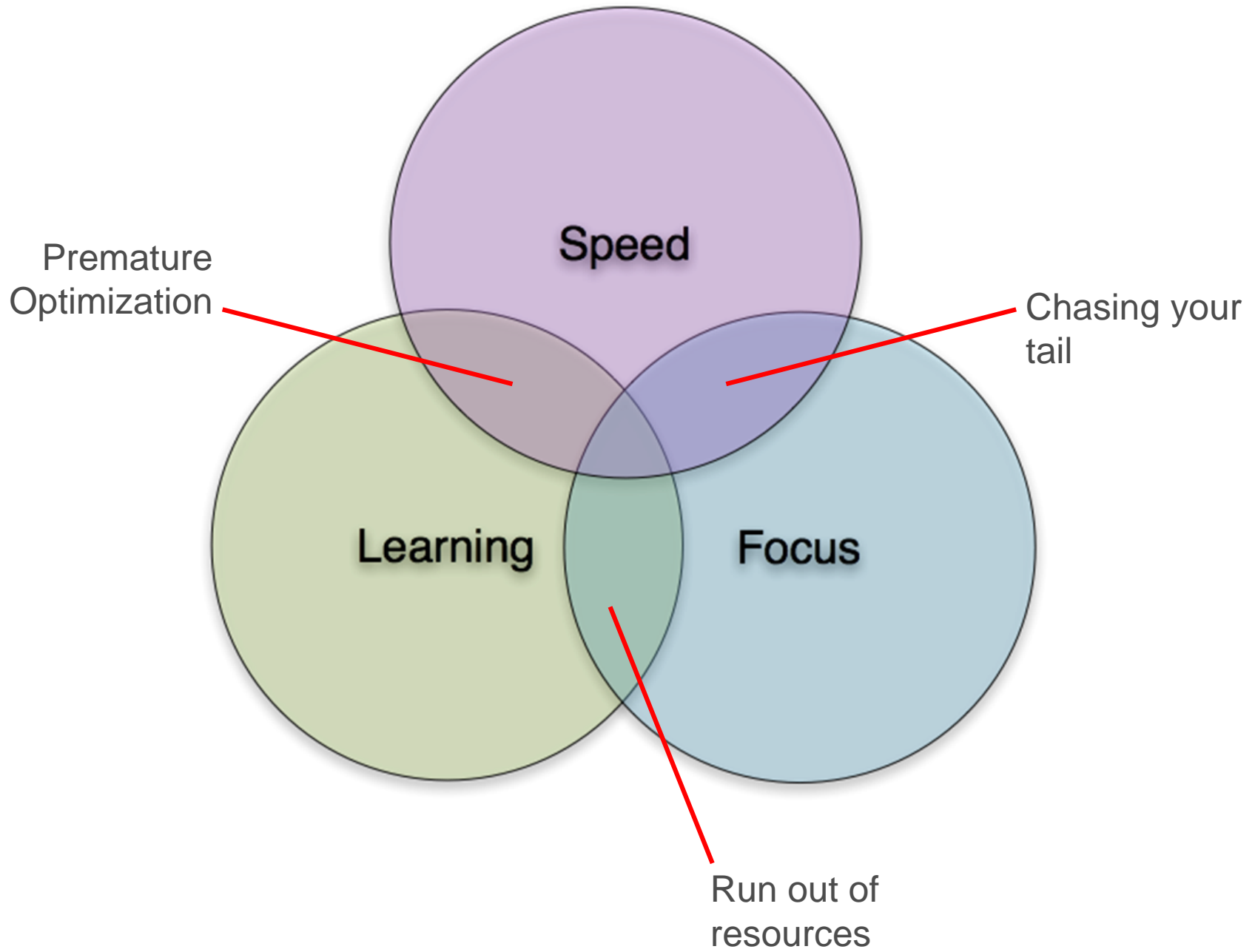
Chasing your tail

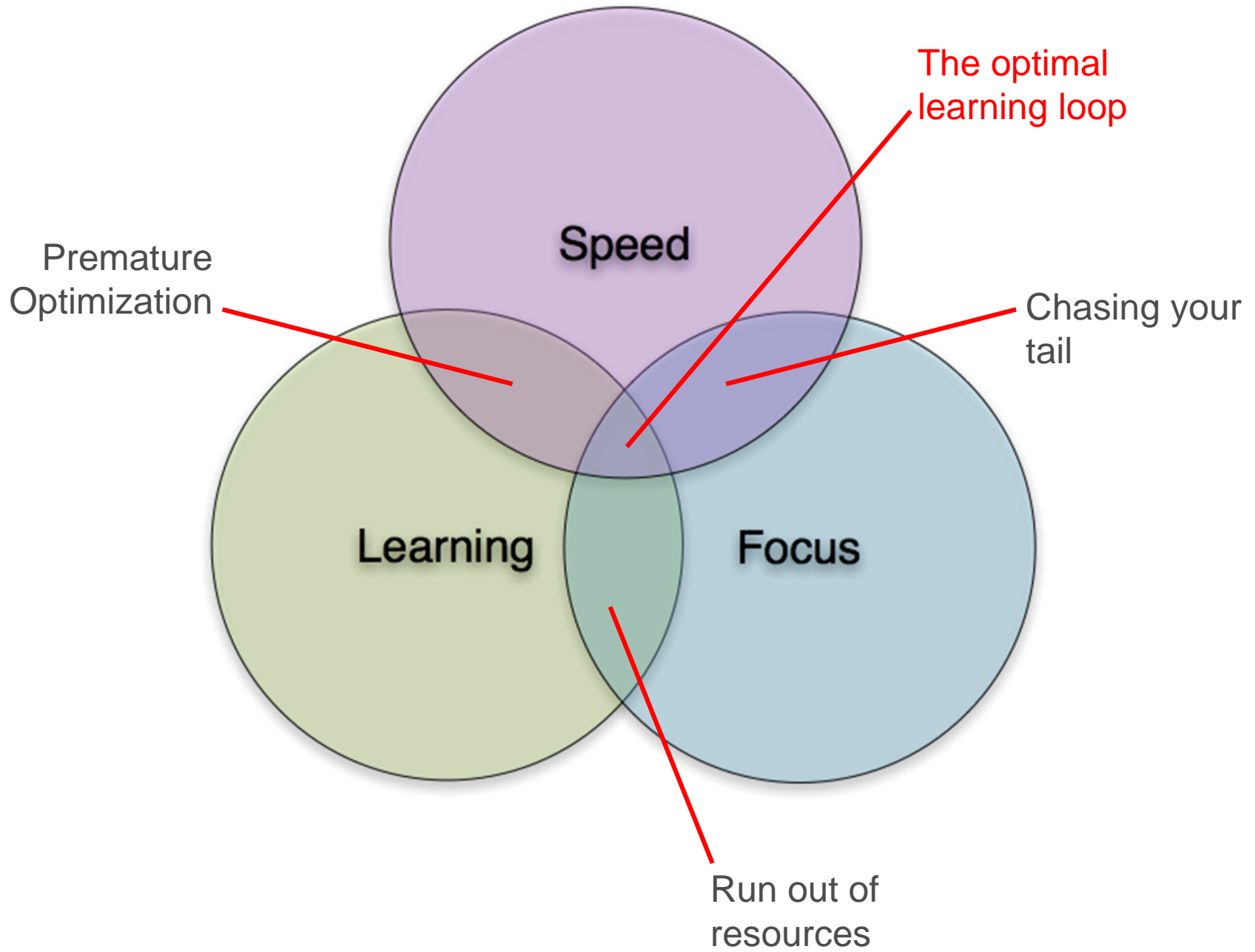




Chasing your tail

Run out of resources





How to Run an Effective Experiment



1

Formulate testable hypotheses

Too Vague: Being known as an “expert” will drive early adopters

Specific and Testable: Blog post will drive >100 early sign-ups



2

Create accessible dashboards

A business should be run like an aquarium,
where **everybody** can see what's going on.

- Jack Stack, The Great Game of Business

CH Personal authority will drive early adopters

Hypotheses	Metrics	Week 1	Week 2
Blog post will drive >100 early sign-ups	Number of teaser page sign-ups	72	20
Conduct 30-50 customer interviews within 4 weeks	Number of customer interviews	5	9

CS Early adopters will primarily be pre-product/market fit companies

Hypotheses	Metrics	Week 1	Week 2
80% of Early Adopters will be founders	Percentage of interviewees that fit this description	4/5	6/9

P Problem Fit

Hypotheses	Metrics	Week 1	Week 2
80% of Early Adopters will vote problem as must-have	Number of must-have votes from customer interviews	3/3	7/9

RS People will pay for this product



3

Communicate learning early and often

Results from last iteration

We thought (Hypotheses):

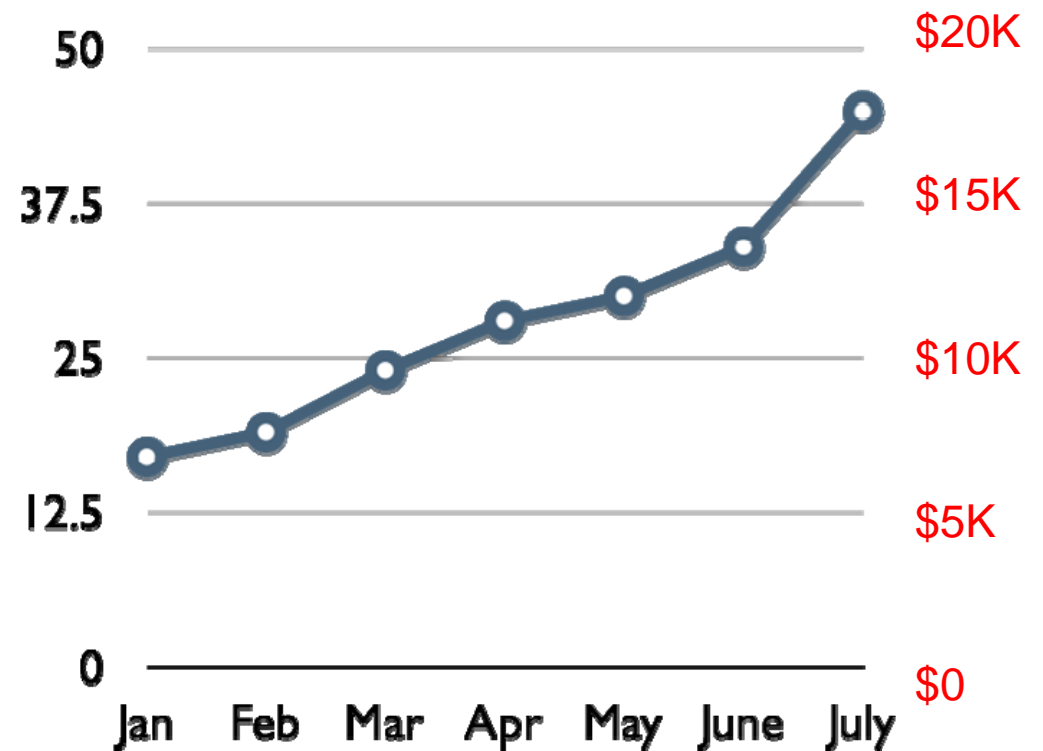
- Personal Authority would be a viable channel to early adopters
- Customers would vote the problem as “must-have”
- Customers would pay \$49/mo

Our Customers told us (Insights):

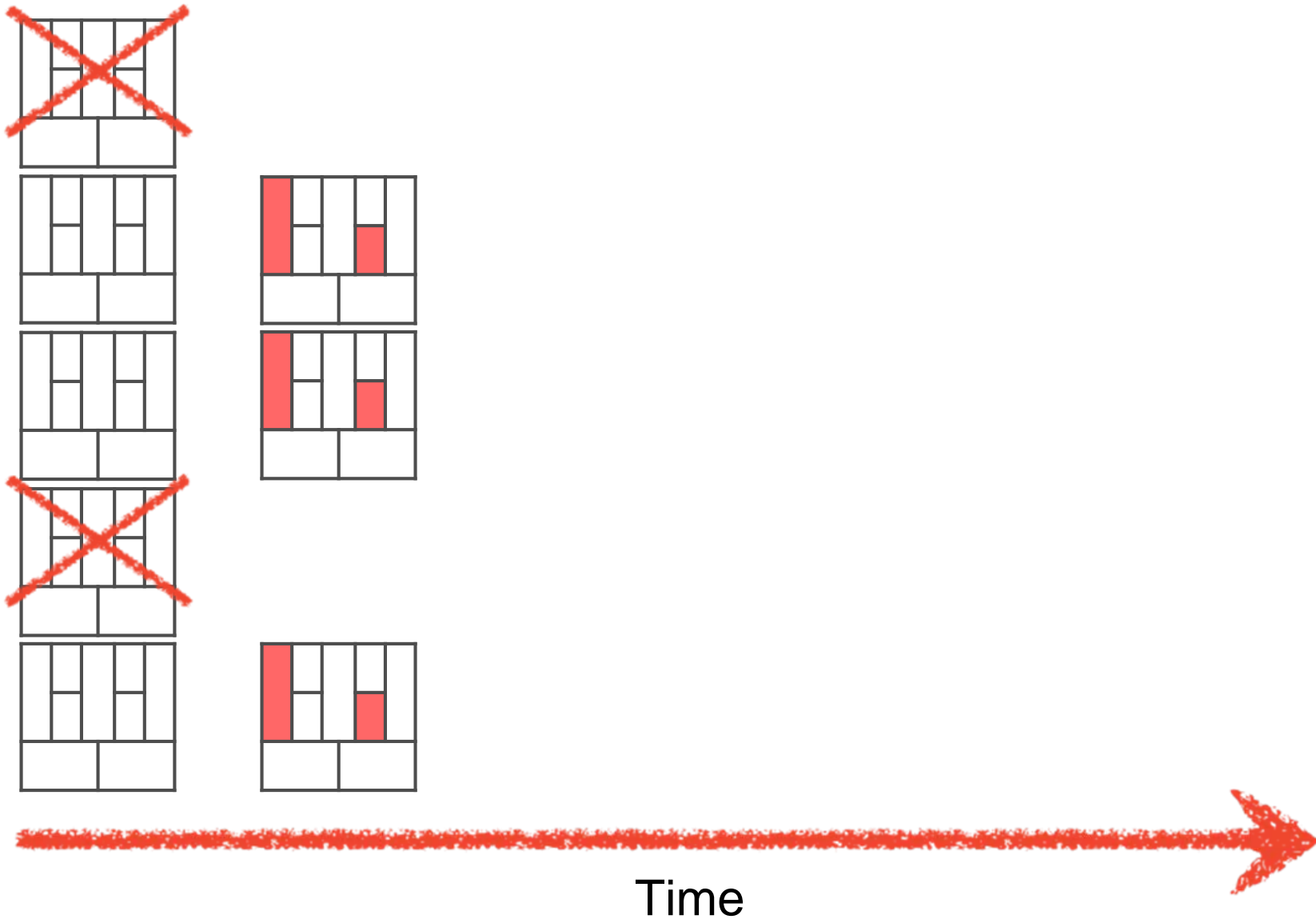
- Most early adopters did come through blog and twitter
- Customers voted #3 problem as “must-have”. Others as nice-to-have
- \$49/mo works for customers with early traction

Next Steps (Future Experiments):

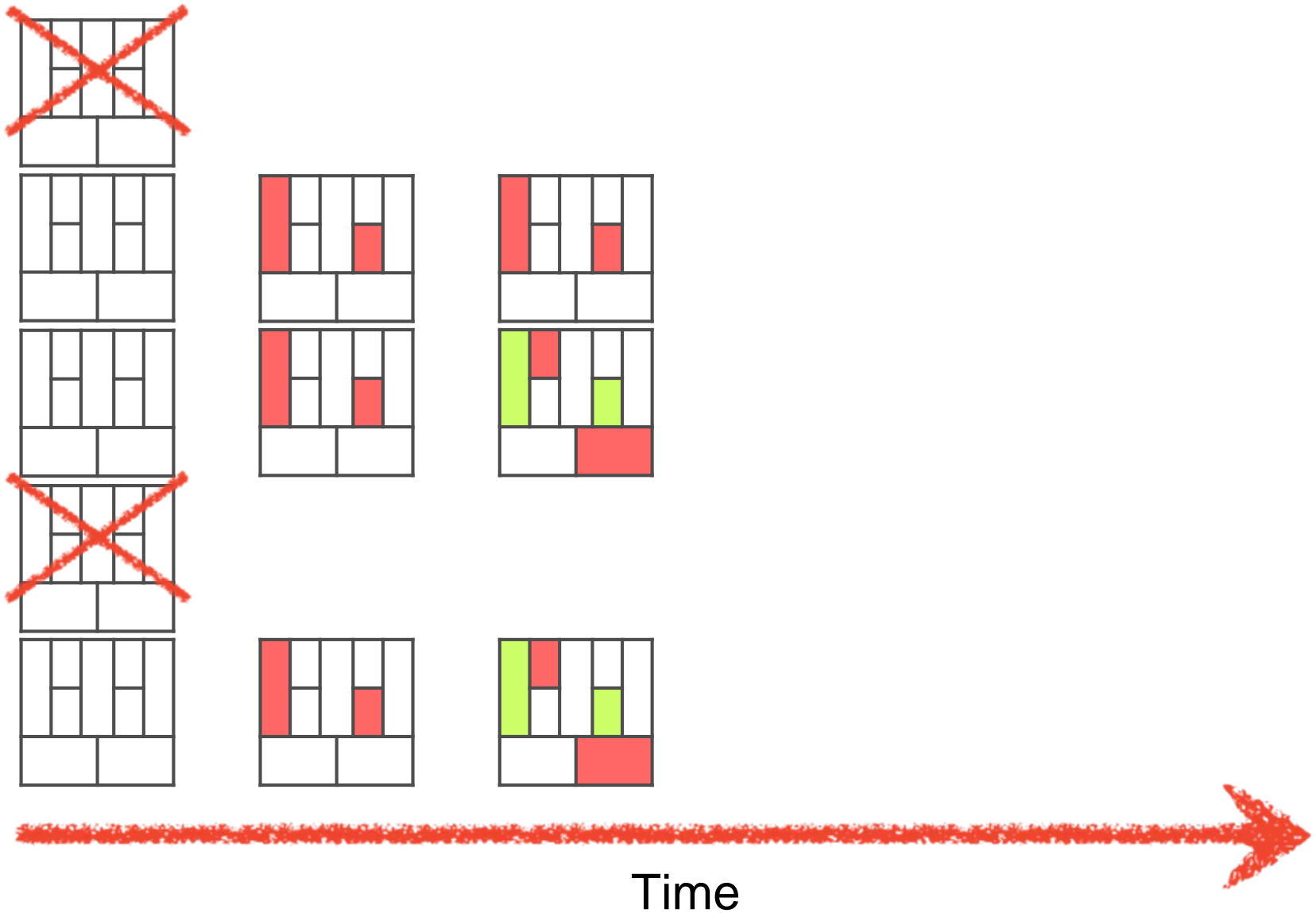
- Test MVP based on “must-have” problem
- Test a “Free” model



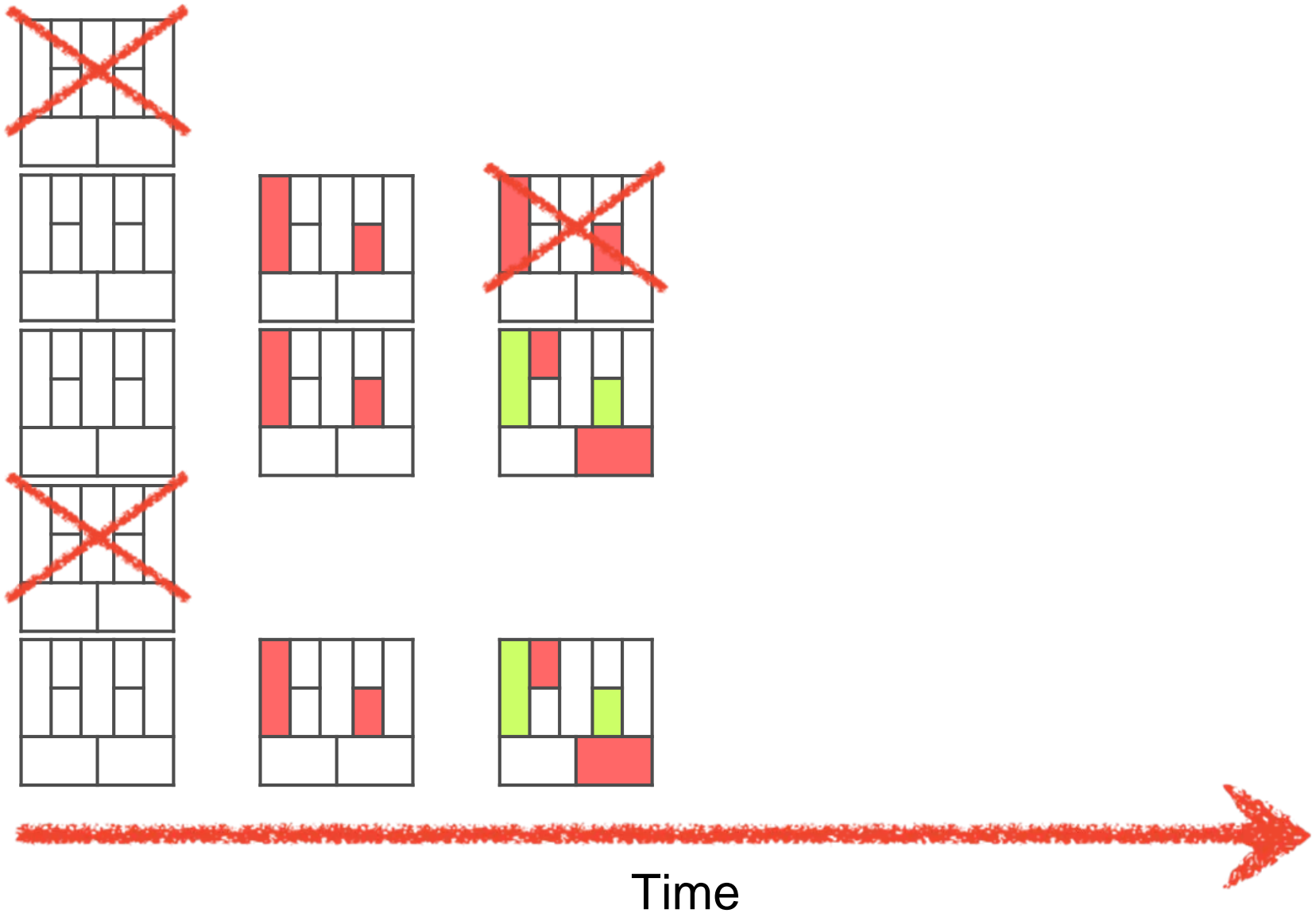
Systematically test your model



Systematically test your model

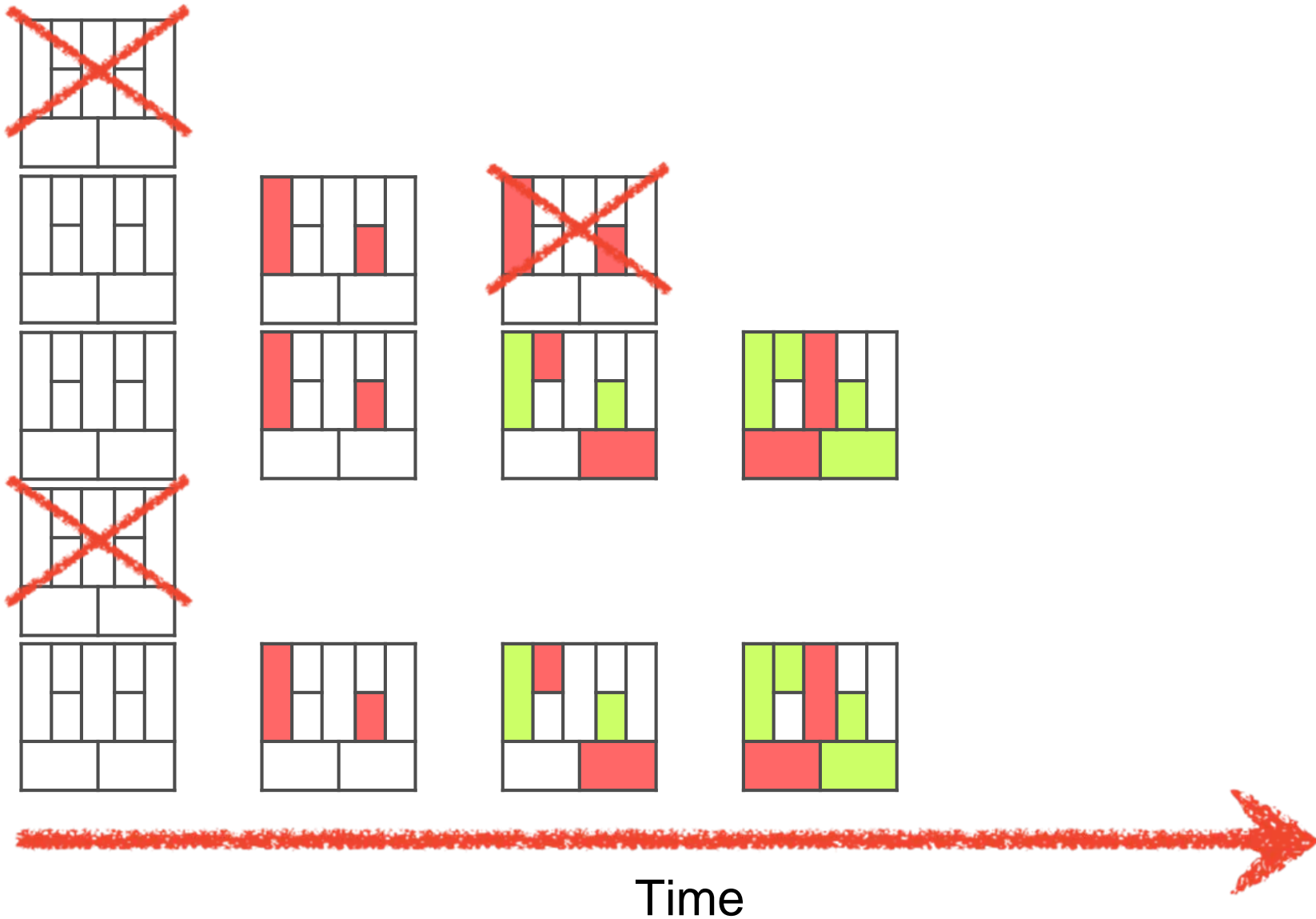


Systematically test your model



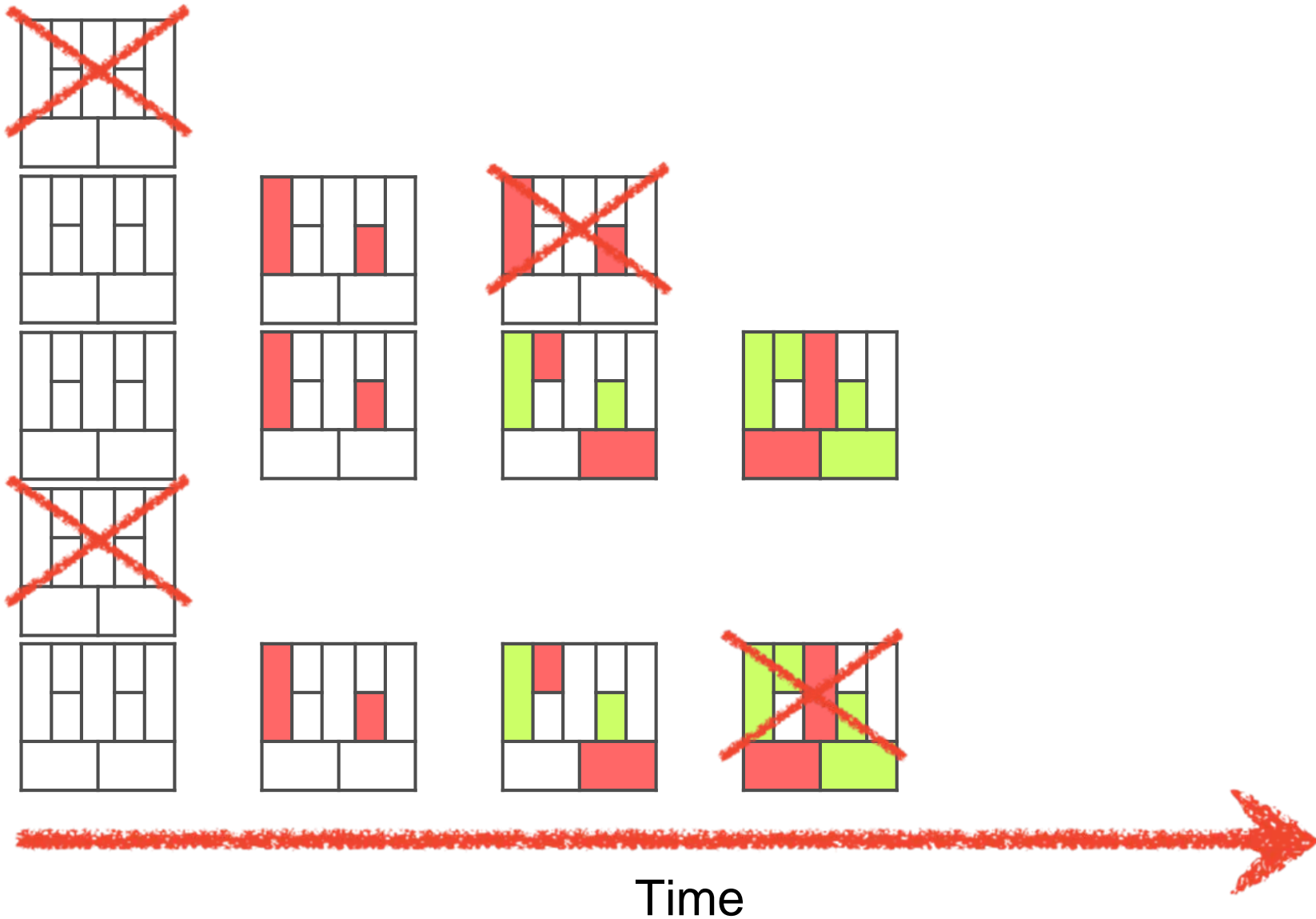


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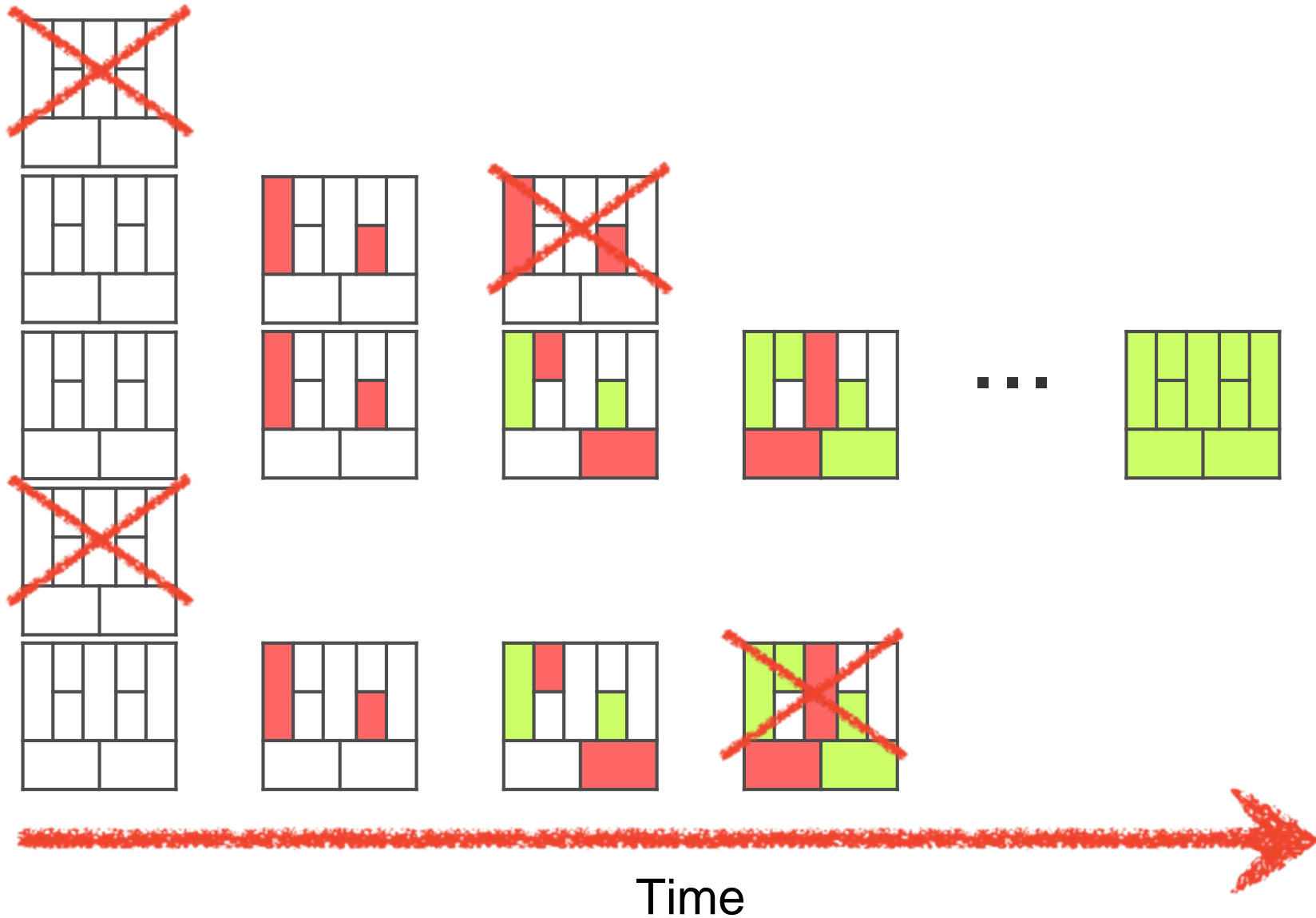


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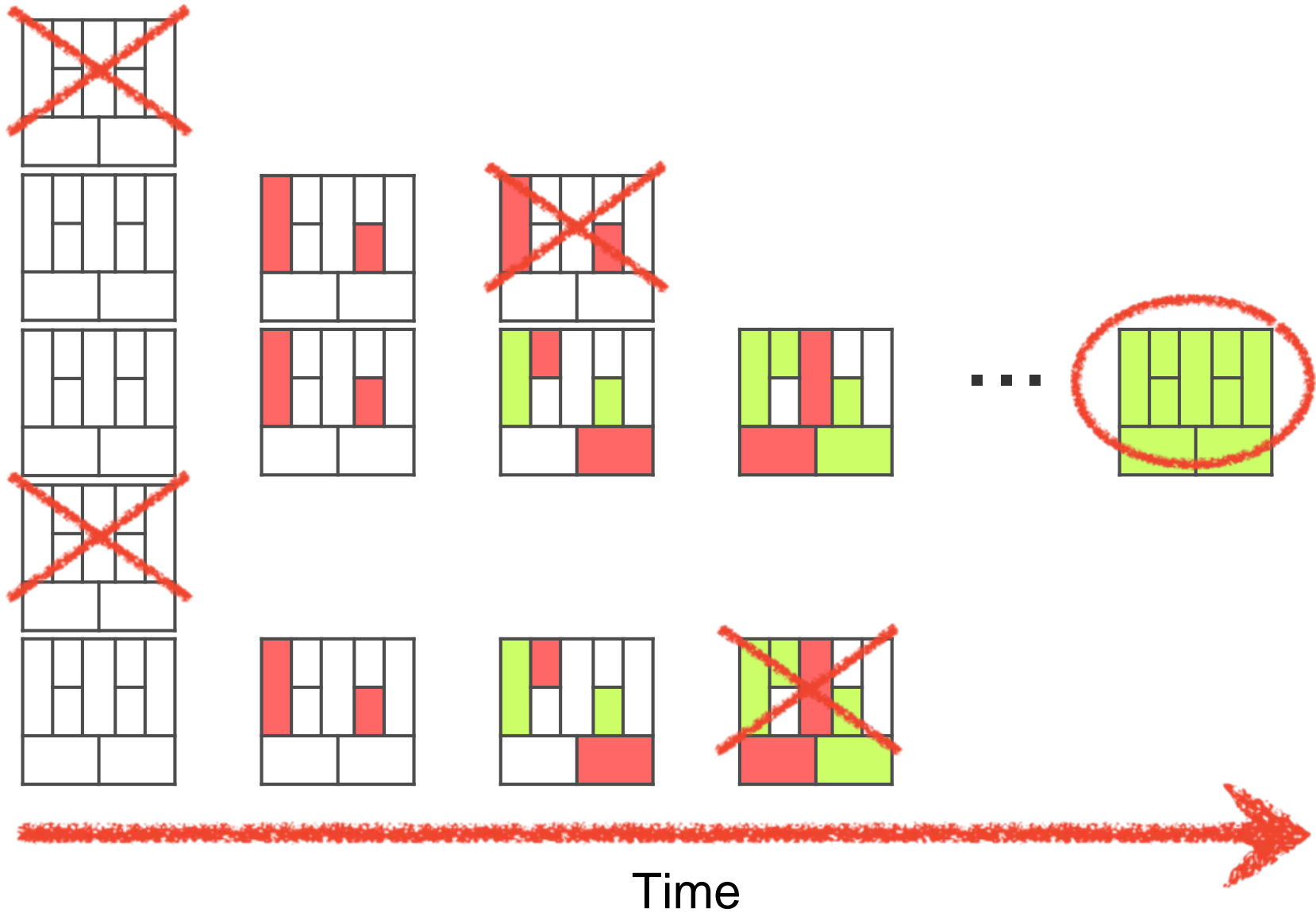




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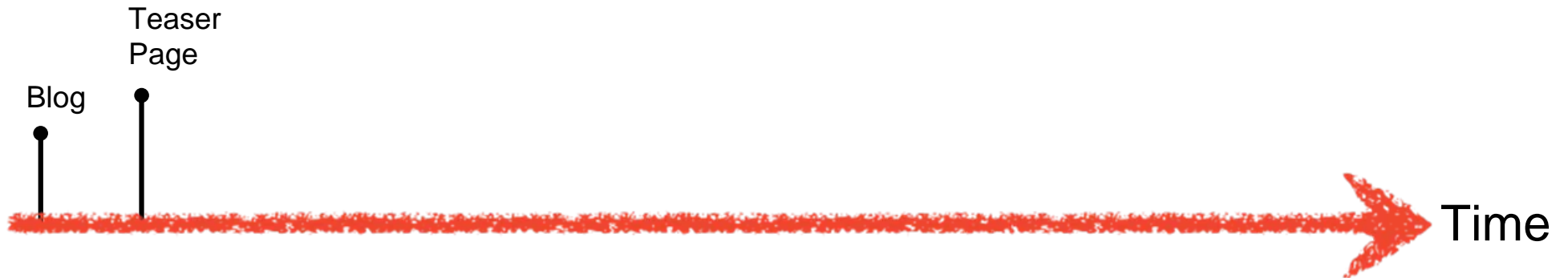
Systematically test your model



Running Lean Illustrated

Iterated

How I ~~Wrote~~ My Book



Running Lean

Learn how to apply bootstrapping, customer development, and lean startup techniques to pivot your way to product/market fit.

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HOW TO PIVOT YOUR WEB
APPLICATION TO PRODUCT/MARKET FIT

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- What is Running Lean?
- About the Author
- Disclaimers

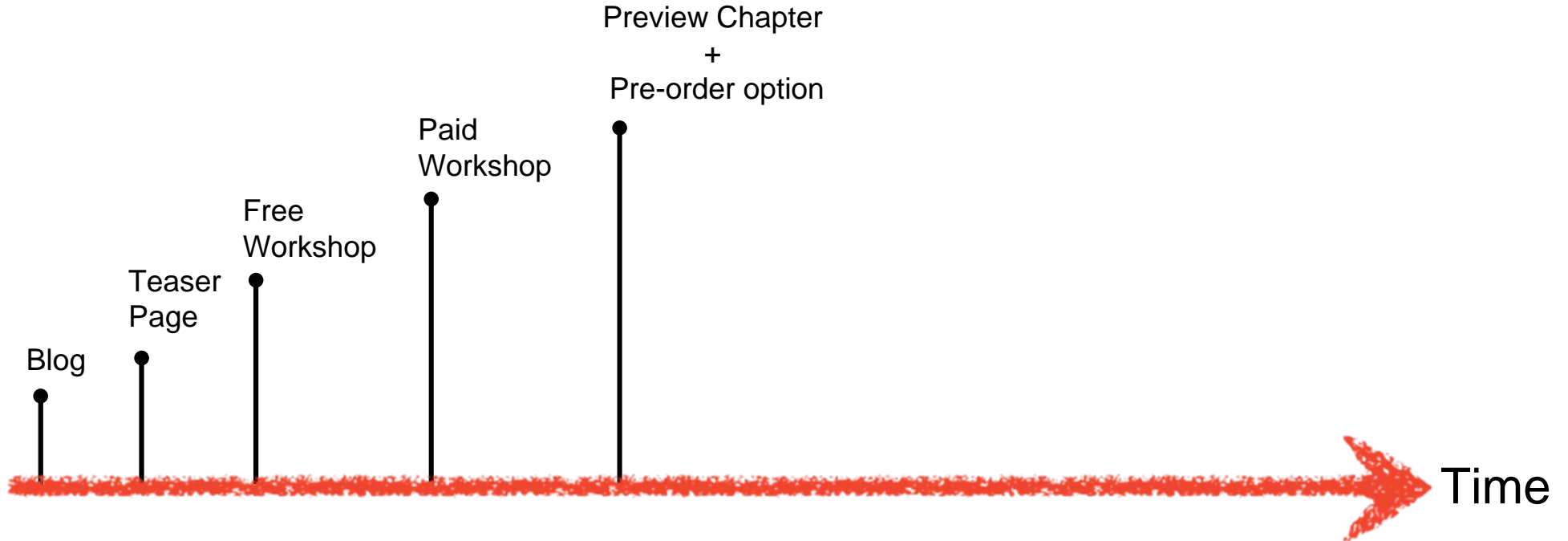
Running Lean Roadmap

STEP 3: Pivot to Product/Market Fit

Pivot, Don't Optimize

- What is a Pivot?
- The 3 Facets of a Pivot
- The Pivot Litmus Test
- Always Focus on the Right Magn

Iterated How I ~~Wrote~~ My Book



Running Lean

Learn how to apply bootstrapping, customer development, and lean startup techniques to pivot your way to product/market fit.

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- The 3 Stages of a Startup

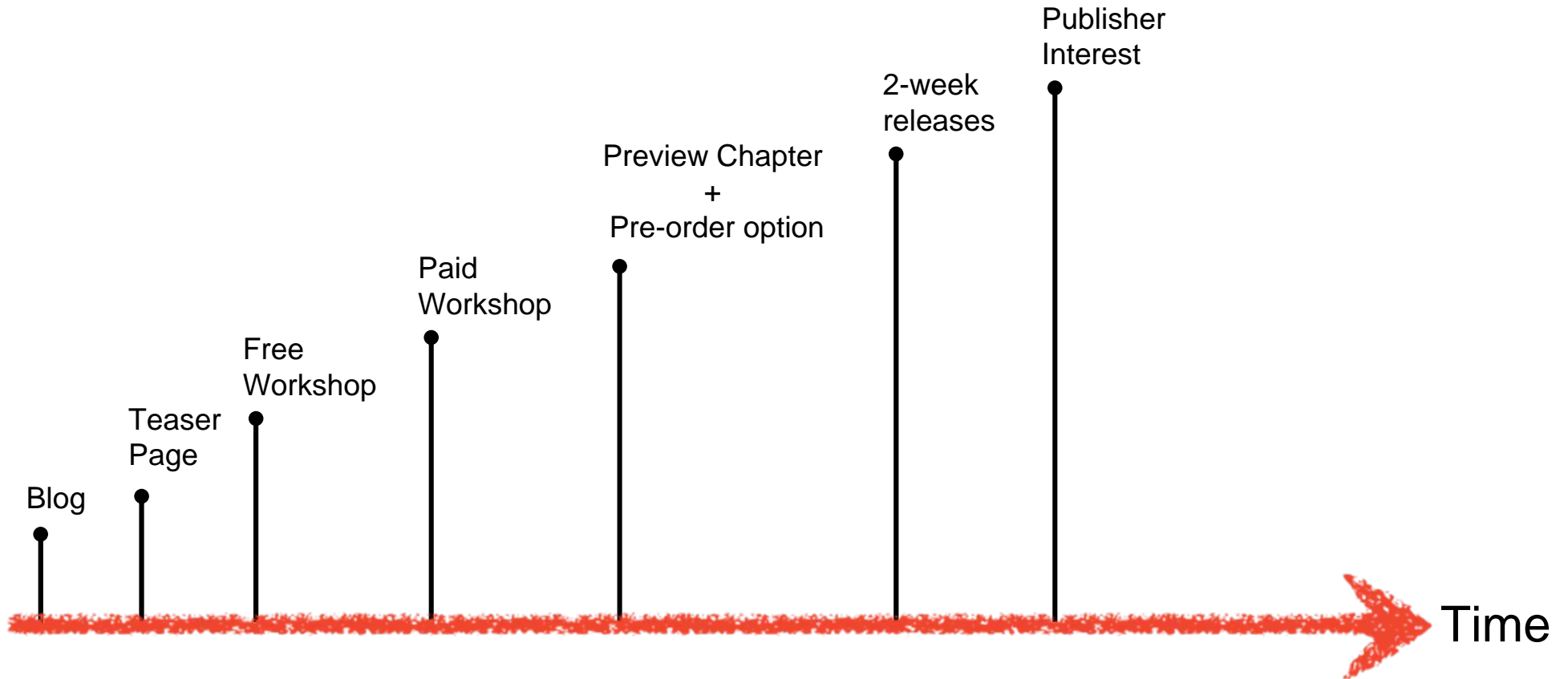
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Life's Too Short to Build Something Nobody Wants.

Join over 10,000 entrepreneurs like you who have discovered Running Lean - the better, more systematic way for building successful products. A book by Ash Maurya.

Most startups fail. Not because they fail to launch what they set out to build, but because they waste time building the wrong product.

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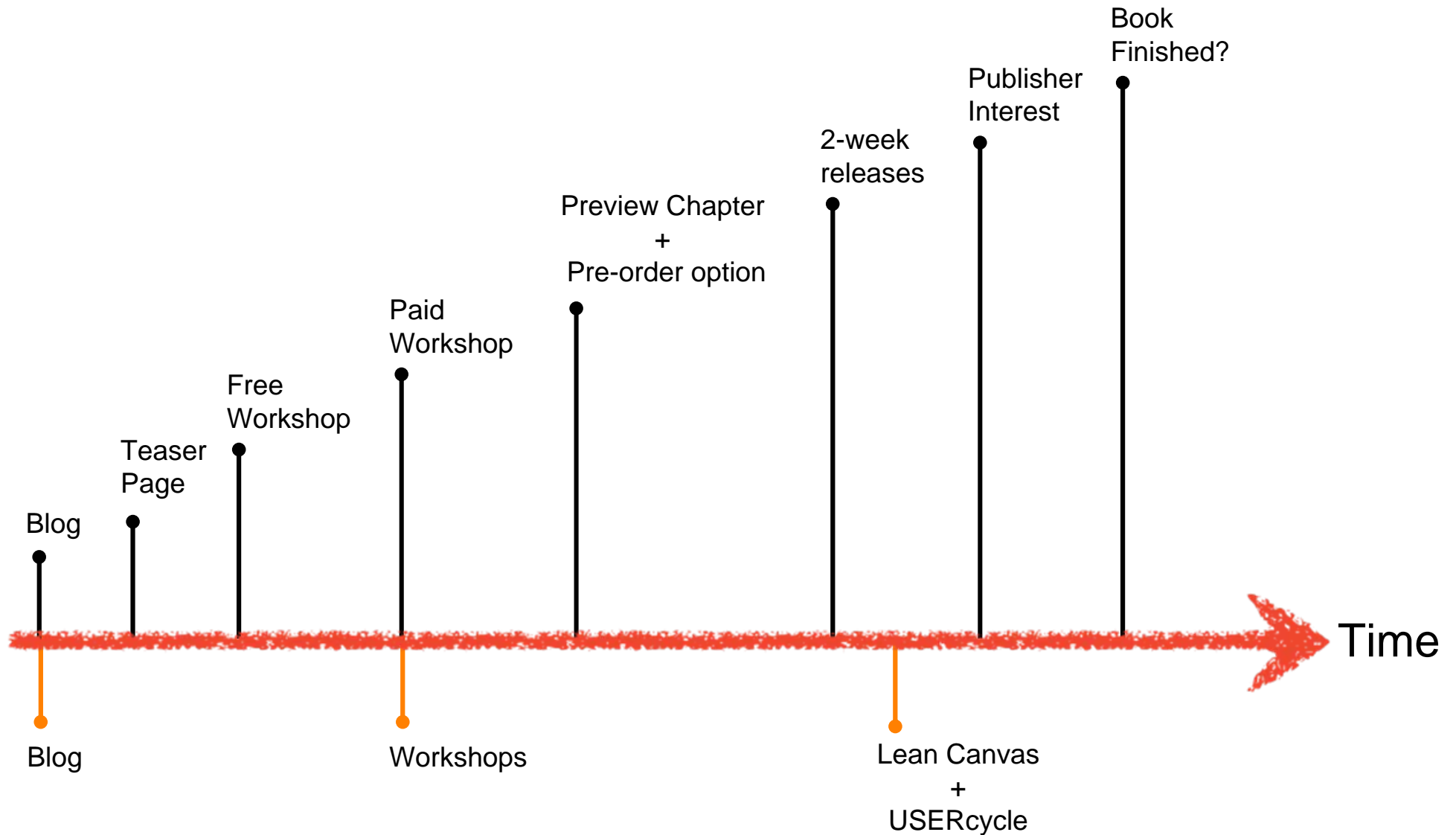
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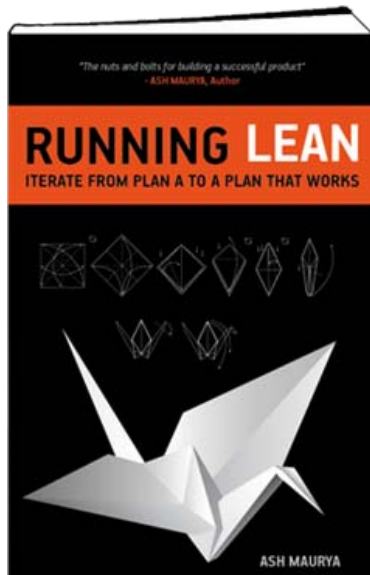
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Questions?



RUNNING **LEAN** WORKSHOP

How to go from plan A to a plan that works



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