RUNNING LEAN

hashtag: #leanstartup

ASH MAURYA
@ashmaurya
http://www.ashmaurya.com
9/10 startups 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

Perfectly timed product launch

Customer Adoption Curve
The Iterative Launch

Customer Adoption Curves

Solution

Time

Iterate to Product/Market Fit

Launch
Product development gets in the way.
“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
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
3. Systematically test your plan
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
<table>
<thead>
<tr>
<th>Problem</th>
<th>Solution</th>
<th>Unique Value Proposition</th>
<th>Unfair Advantage</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 3 problems</td>
<td>Top 3 features</td>
<td>Single, clear, compelling message that states why you are different and worth buying</td>
<td>Can’t be easily copied or bought</td>
<td>Target customers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key Metrics</th>
<th>Key activities you measure</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Cost Structure</th>
<th>Revenue Streams</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Acquisition Costs</td>
<td>Revenue Model</td>
</tr>
<tr>
<td>Distribution Costs</td>
<td>Life Time Value</td>
</tr>
<tr>
<td>Hosting</td>
<td>Revenue</td>
</tr>
<tr>
<td>People, etc.</td>
<td>Gross Margin</td>
</tr>
</tbody>
</table>

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Lean Canvas is adapted from The Business Model Canvas ([http://www.businessmodelgeneration.com](http://www.businessmodelgeneration.com)) and is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported License.
Your product is NOT “the product”.
Your “product” is NOT the product

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Your “business model” IS the product

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</table>
2 Brainstorm multiple models.
Brainstorm possible models
Prioritize where to start.
Prioritize where to start

1. Customer Pain Level
2. Ease of Reach
3. Price/Gross Margin
4. Market Size
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
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<td></td>
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</tr>
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<td></td>
<td>2</td>
<td>Channels</td>
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3 Stages of a Product

1. Problem/Solution Fit
2. Product/Market Fit
3. Scale

Stage 1  Stage 2  Stage 3
3 Stages of a Product

Do I have a problem worth solving?
3 Stages of a Product

Problem/Solution Fit → Product/Market Fit → Scale

Have I built something people want?
3 Stages of a Product

Problem/Solution Fit ➔ Product/Market Fit ➔ Scale

How do I accelerate growth?
Before Product/Market Fit

Focus: Validated Learning
Experiments: Pivots
Terrain: Qualitative
After Product/Market Fit

Problem/Solution Fit → Product/Market Fit → Scale

Focus: Validated Learning
Experiments: Pivots
Terrain: Qualitative

Focus: Growth
Experiments: Optimizations
Terrain: Quantitative
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

**Value 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?
After Product/Market Fit

- Acquisition
- Activation
- Retention
- Revenue
- Referral

Growth metrics
Roadmap

1. Document your Plan A
2. Identify the riskiest parts of your plan
3. Systematically test your plan
What is an experiment?
Speed
Learning

LEARN — IDEAS — BUILD — CODE — MEASURE — DATA — LEARN

Speed
Focus

Learning

Speed
Chasing your tail
Run out of resources

Chasing your tail
Premature Optimization

Chasing your tail

Run out of resources
Chasing your tail
Run out of resources
Premature Optimization
The optimal learning loop
Chasing your tail
Run out of resources
The optimal learning loop
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
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
# Personal authority will drive early adopters

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<tr>
<th>Hypotheses</th>
<th>Metrics</th>
<th>Week 1</th>
<th>Week 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blog post will drive &gt;100 early sign-ups</td>
<td>Number of teaser page sign-ups</td>
<td>72</td>
<td>20</td>
</tr>
<tr>
<td>Conduct 30–50 customer interviews within 4 weeks</td>
<td>Number of customer interviews</td>
<td>5</td>
<td>9</td>
</tr>
</tbody>
</table>

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

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<td>80% of Early Adopters will be founders</td>
<td>Percentage of interviewees that fit this description</td>
<td>4/5</td>
<td>6/9</td>
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# Problem Fit

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<tr>
<td>80% of Early Adopters will vote problem as must-have</td>
<td>Number of must-have votes from customer interviews</td>
<td>3/3</td>
<td>7/9</td>
</tr>
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</table>

# People will pay for this product
Communicate learning early and often
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
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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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TABLE OF CONTENTS

Introduction
- 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 Force on the Right Move

RUNNING LEAN

HOW TO PIVOT YOUR WEB APPLICATION TO PRODUCT/MARKET FIT

ASH MAURYA
Iterated
How I Wrote My Book

Blog
Teaser Page
Free Workshop
Paid Workshop
Preview Chapter + Pre-order option
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

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 Macro
Iterated

How I Wrote My Book

- Blog
- Teaser Page
- Free Workshop
- Paid Workshop
- Preview Chapter + Pre-order option
- 2-week releases
- Publisher Interest

Time
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.

Running Lean was developed through rigorous testing of Lean Startup, Customer Development, and Bootstrapping techniques on dozens of products. Buy the book to learn how to raise your odds for building a successful product while reducing wasted time, effort, and money.

Pay with a Tweet* or Buy the Book - $19

* Send a tweet and get a 20% discount code

"Of all the material out there for entrepreneurs to read, this book stands out as being one of the very best."

David Skok, Matrix Partners
Iterated
How I Wrote My Book

- Blog
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- 2-week releases
- Publisher Interest
- Lean Canvas + USERcycle
- Book Finished?

Time
Questions?

RUNNING LEAN WORKSHOP
How to go from plan A to a plan that works

http://thousandseeds1.eventbrite.com/

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blog: http://www.ashmaurya.com