

# RUNNING LEAN

hashtag: #leanstartup

ASH MAURYA

[@ashmaurya](#)

<http://www.ashmaurya.com>



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**.

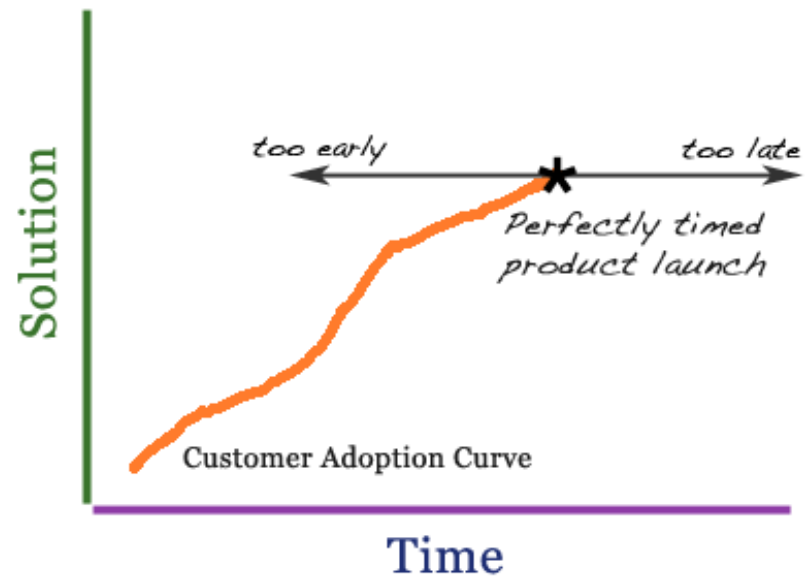


**Why** are products  
hard?

1

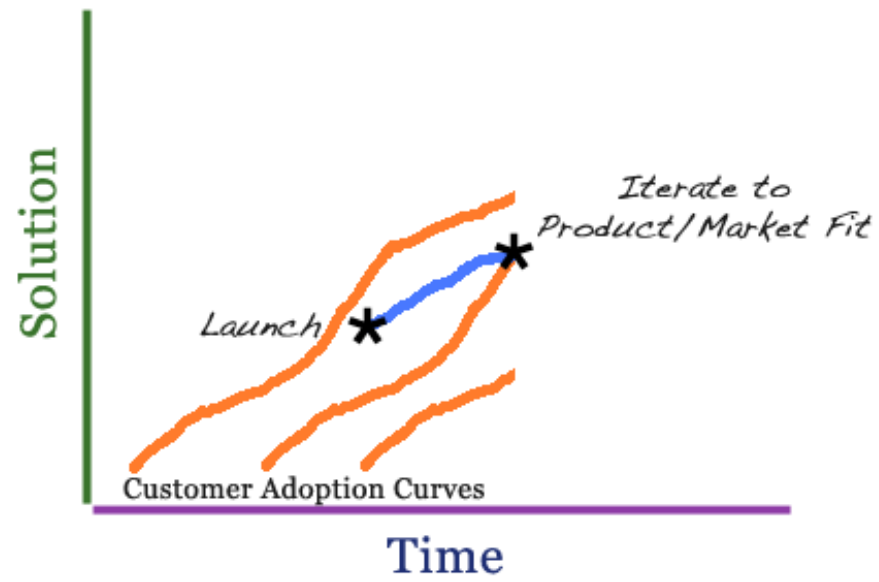
The **myth** of the **visionary** launch.

## The Visionary Launch





## The Iterative Launch

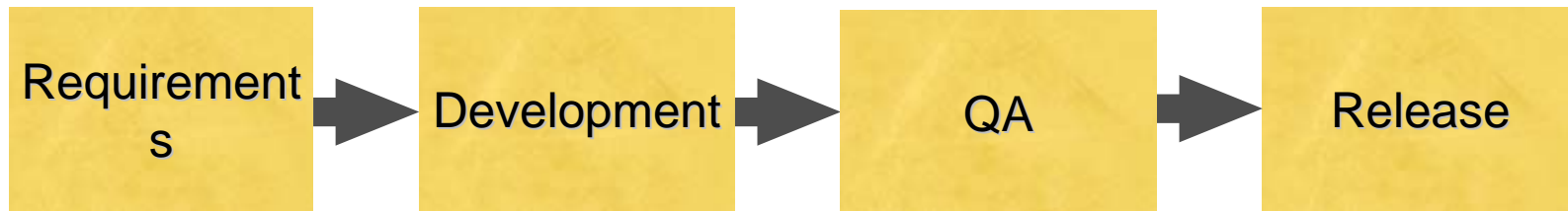


2

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



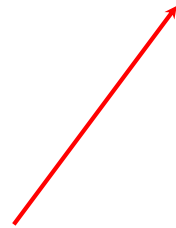
# Business Model versus Business Plan

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





# Business Model versus Business Plan



A single diagram of your business





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

PRODUCT

MARKET



# 1

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

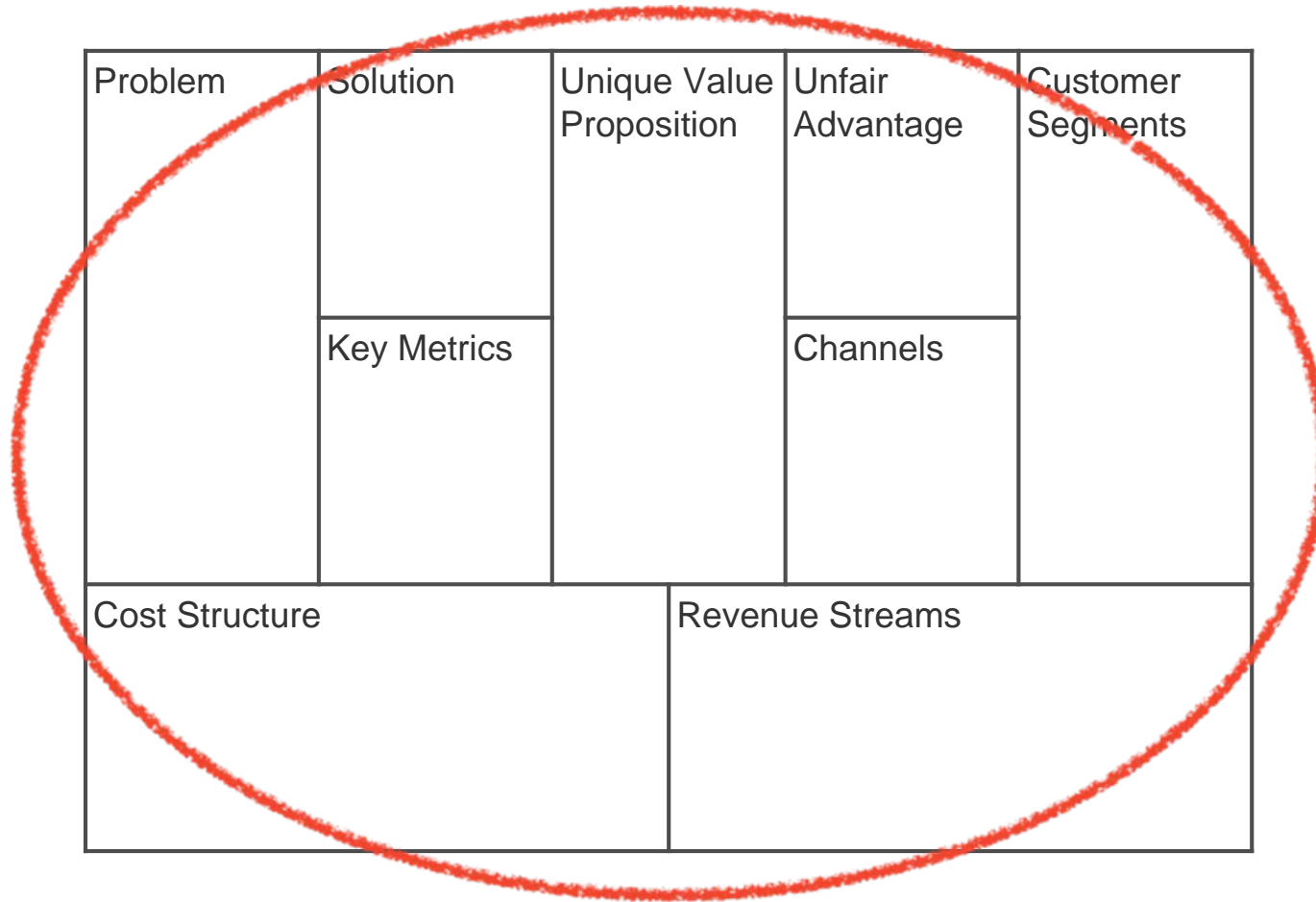


## Your “product” is NOT the product

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



## Your “business model” IS the product

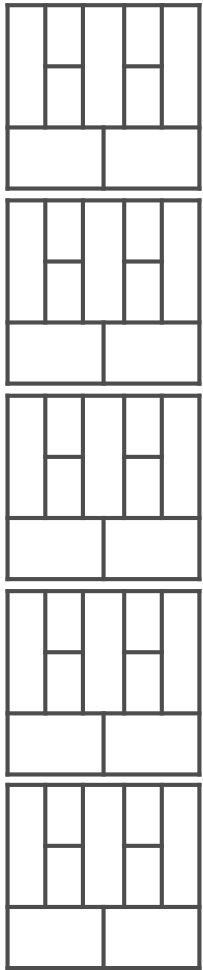




2

Brainstorm multiple models.

# Brainstorm possible models



Time

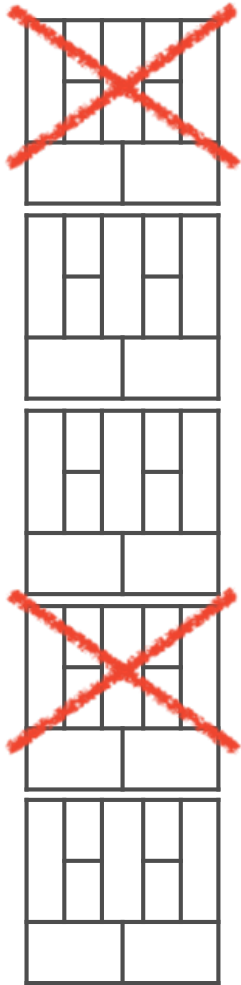


3

**Prioritize** where to start.



# Prioritize where to start



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



Time





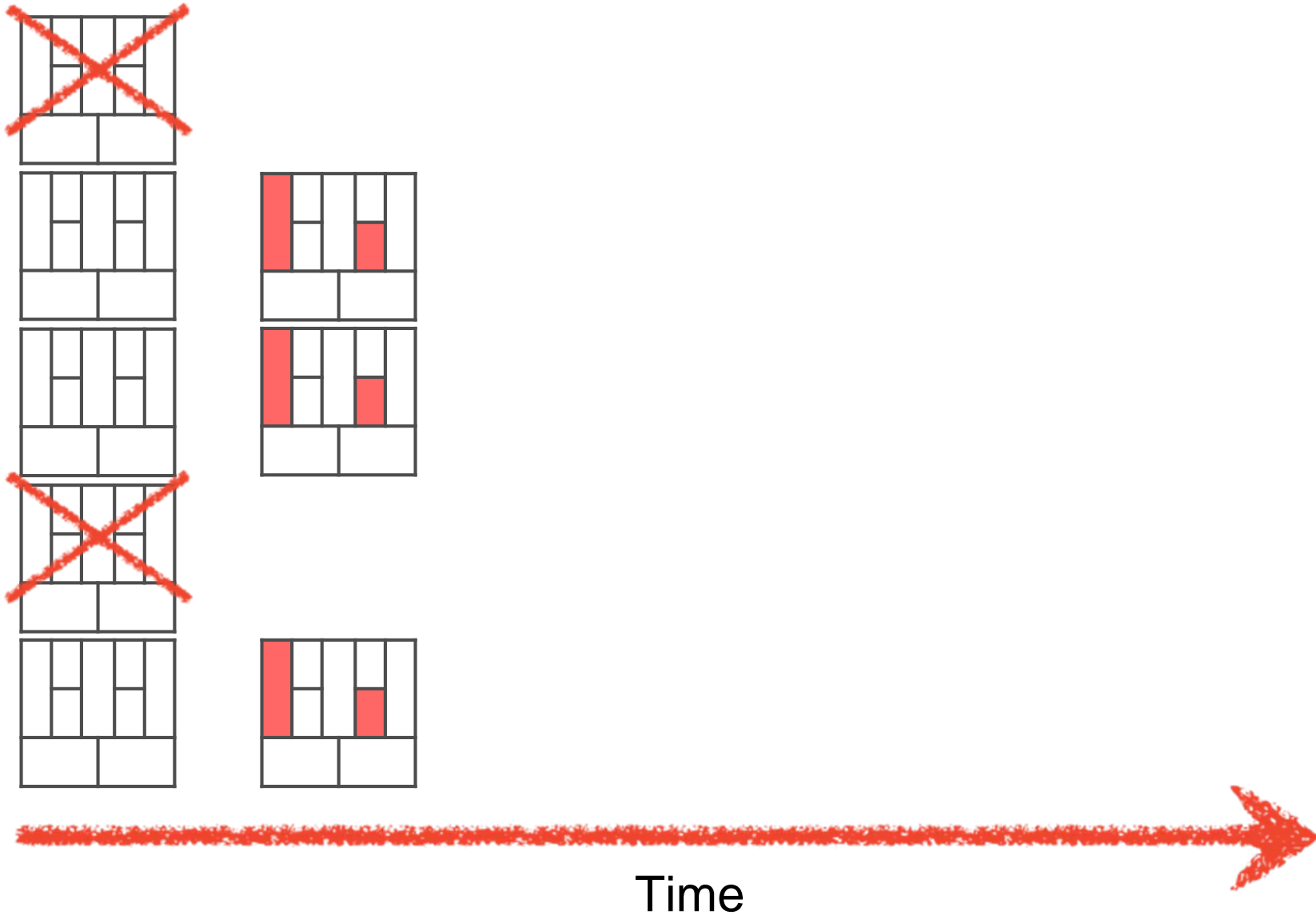
# Meta-principles

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



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

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

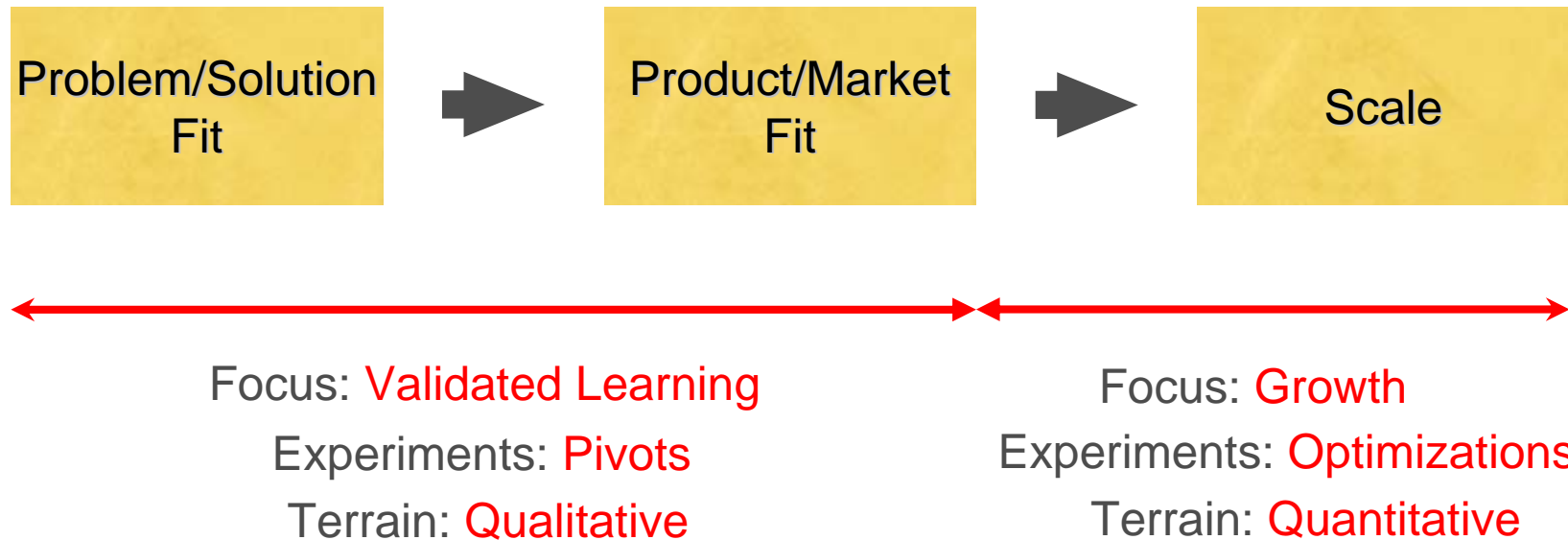


Focus: **Validated Learning**

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

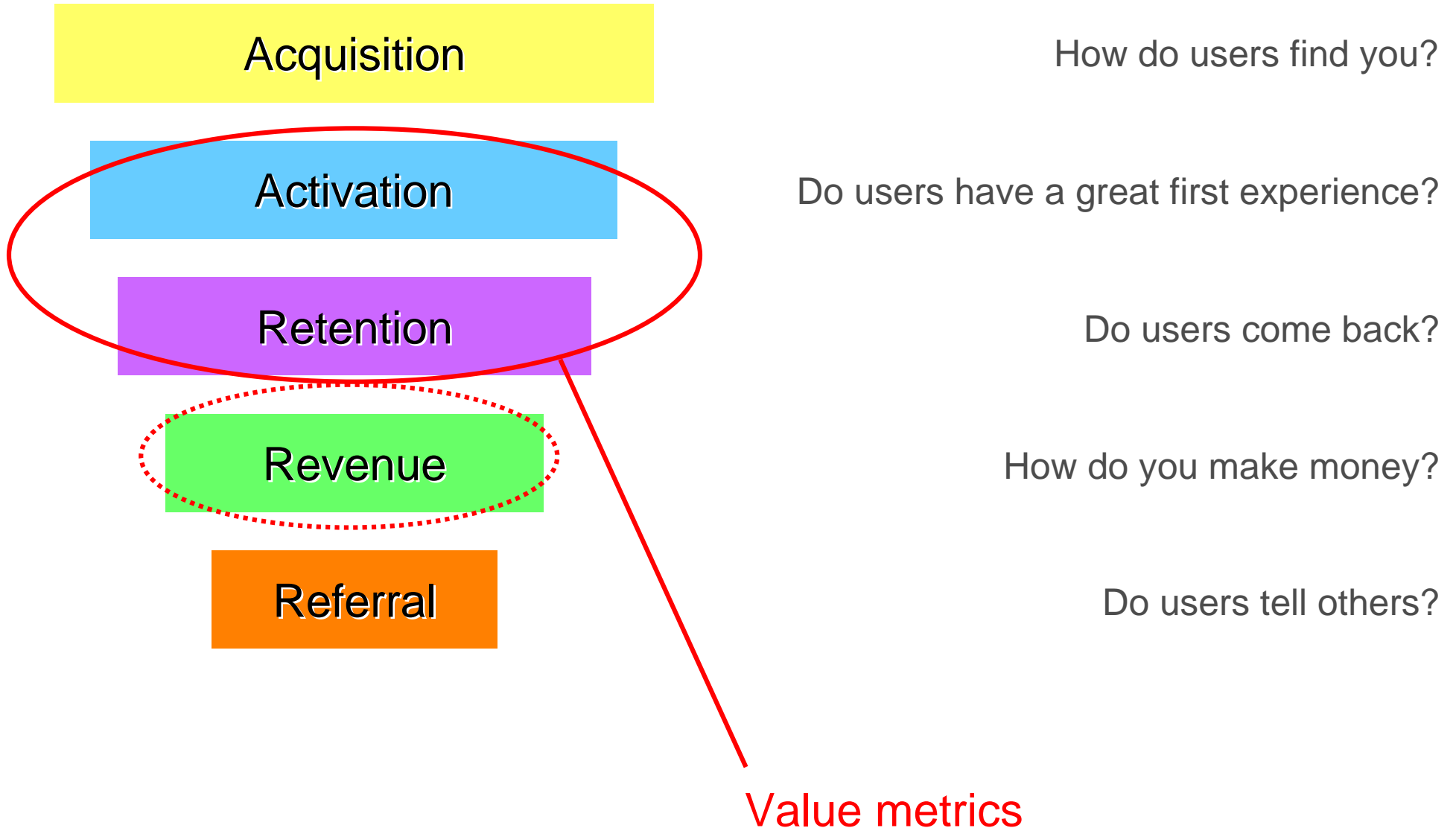
How do you make money?

Referral

Do users tell others?

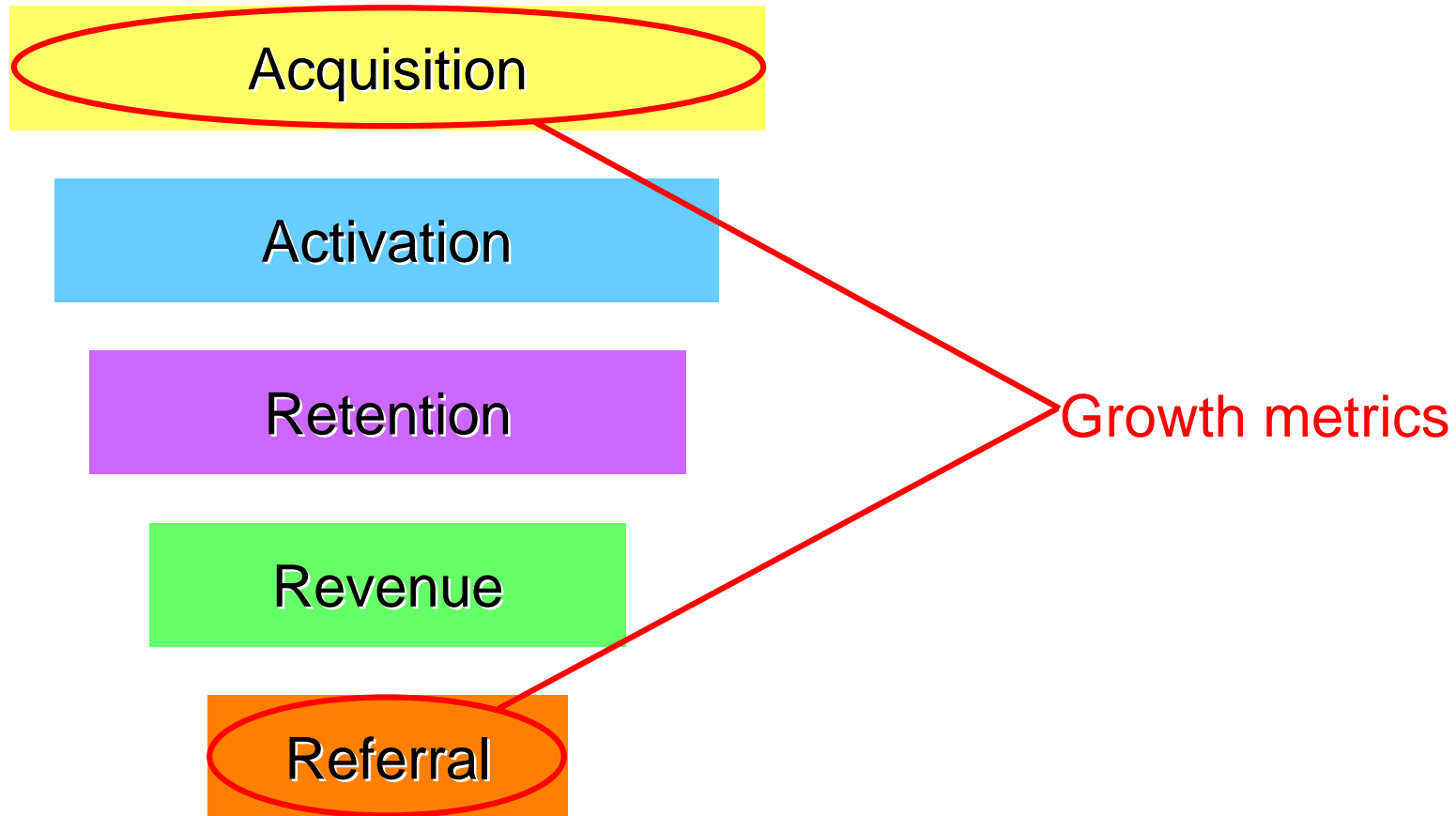


# Before Product/Market Fit





# After Product/Market Fit



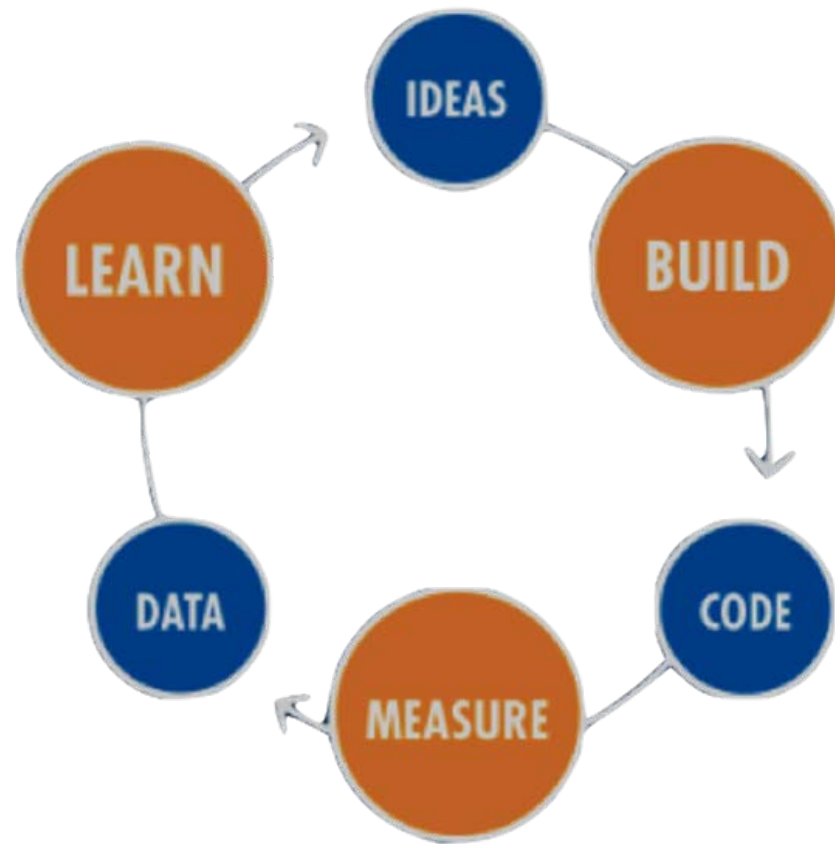


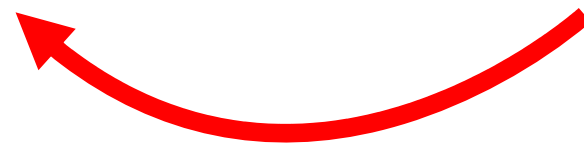
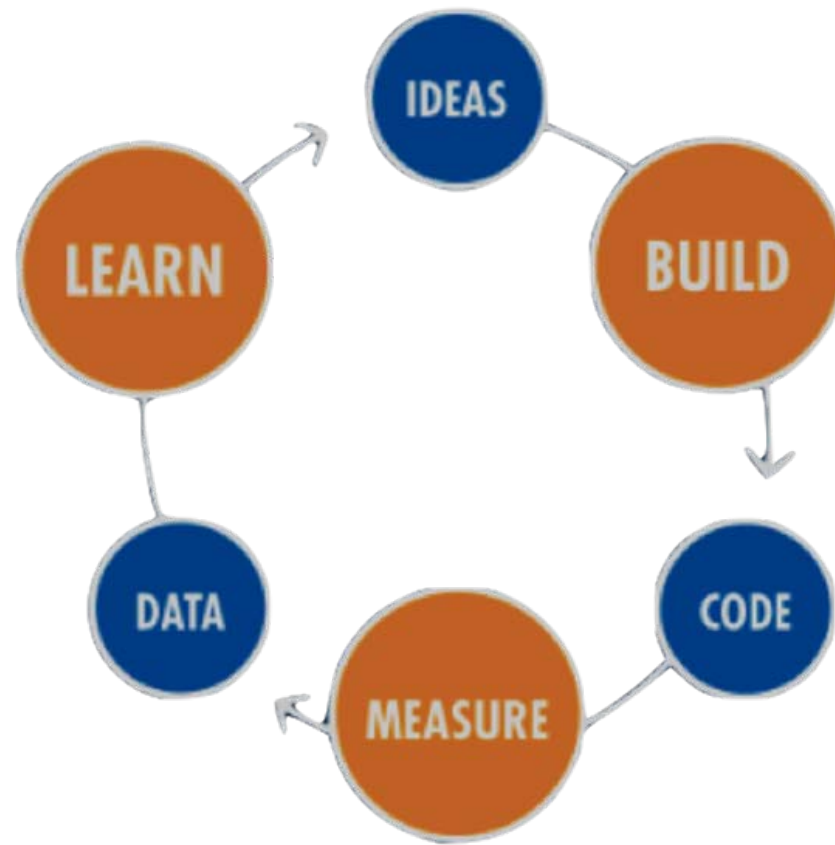
# Roadmap

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



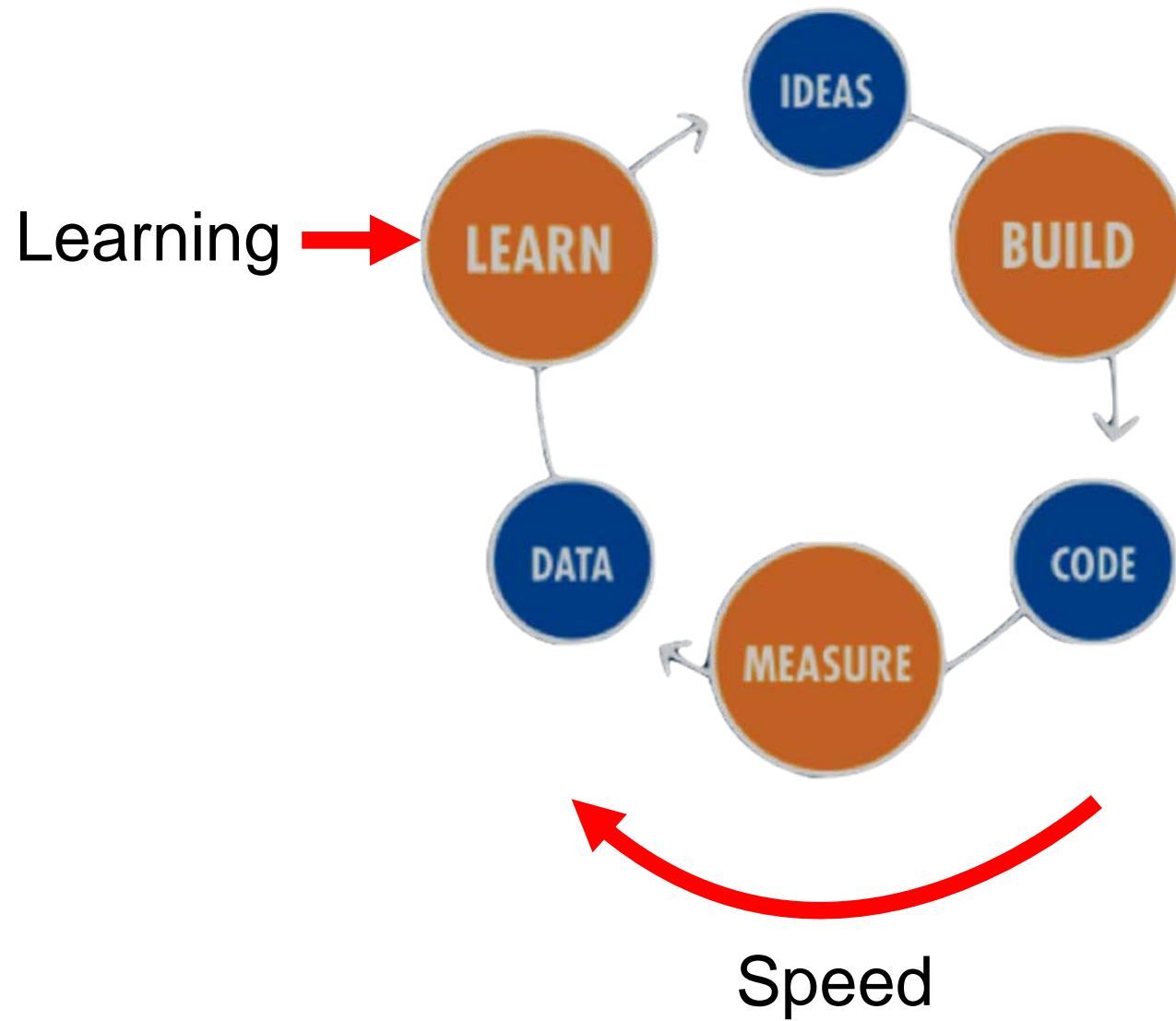
# What is an experiment?

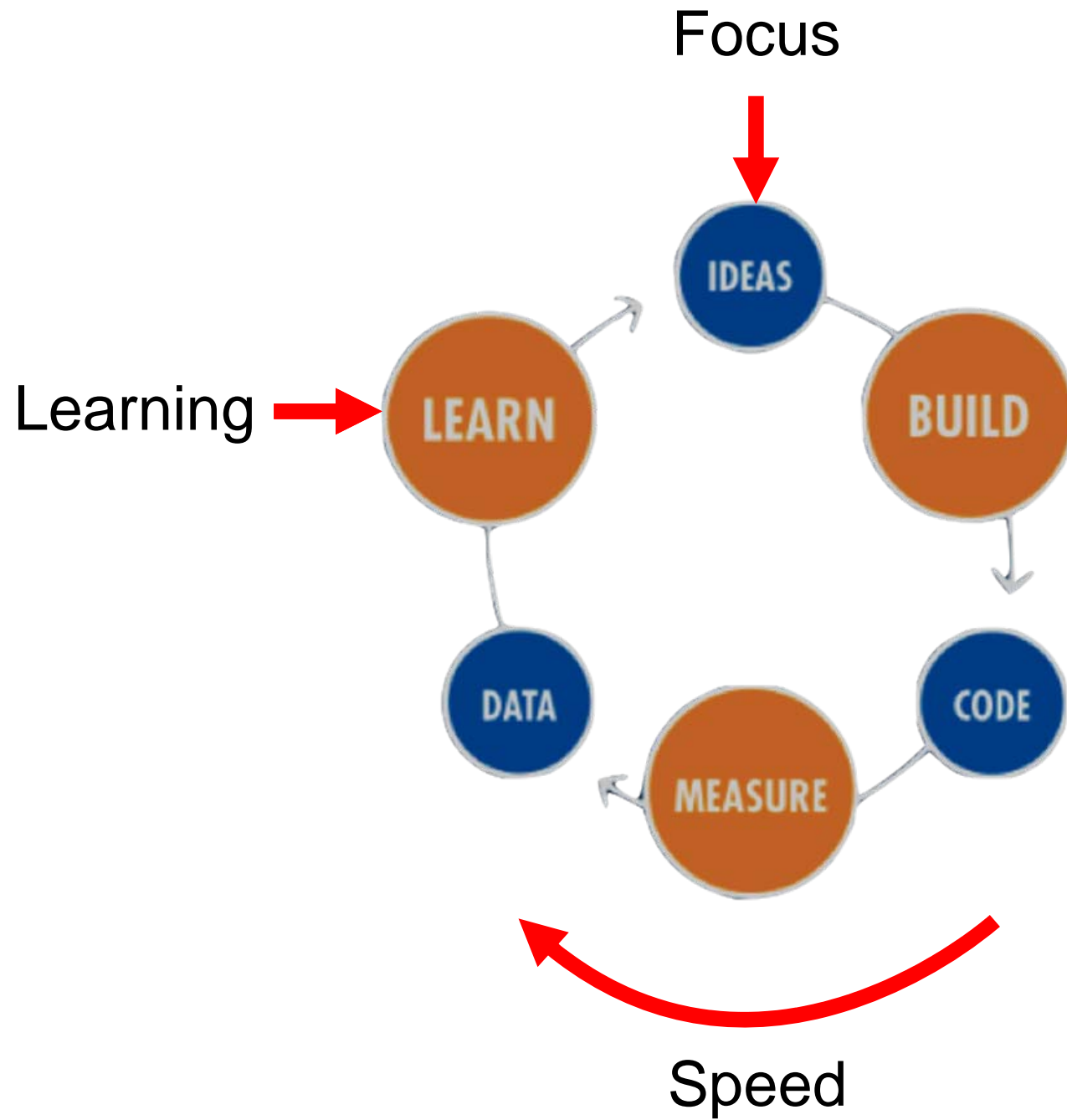


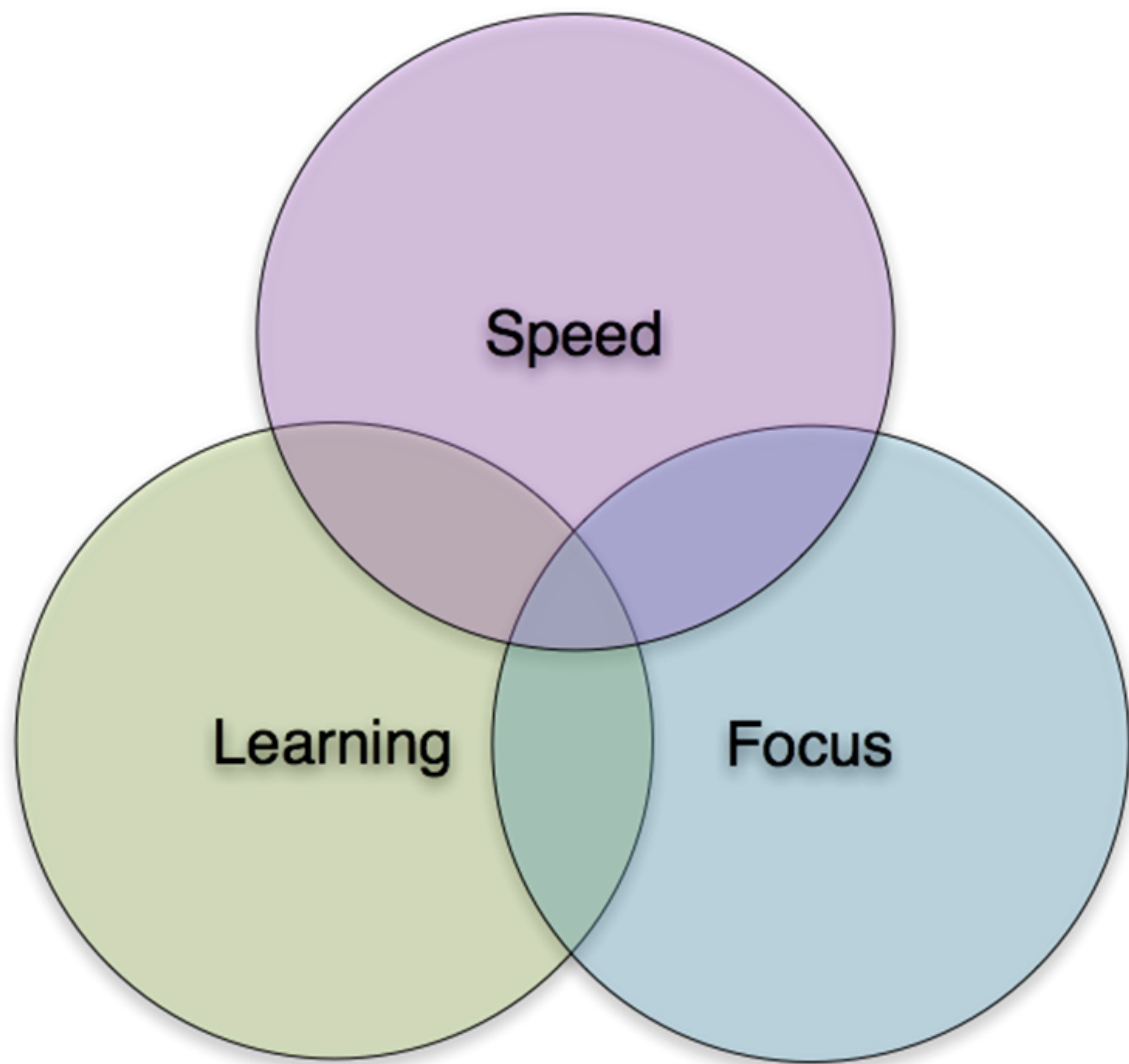


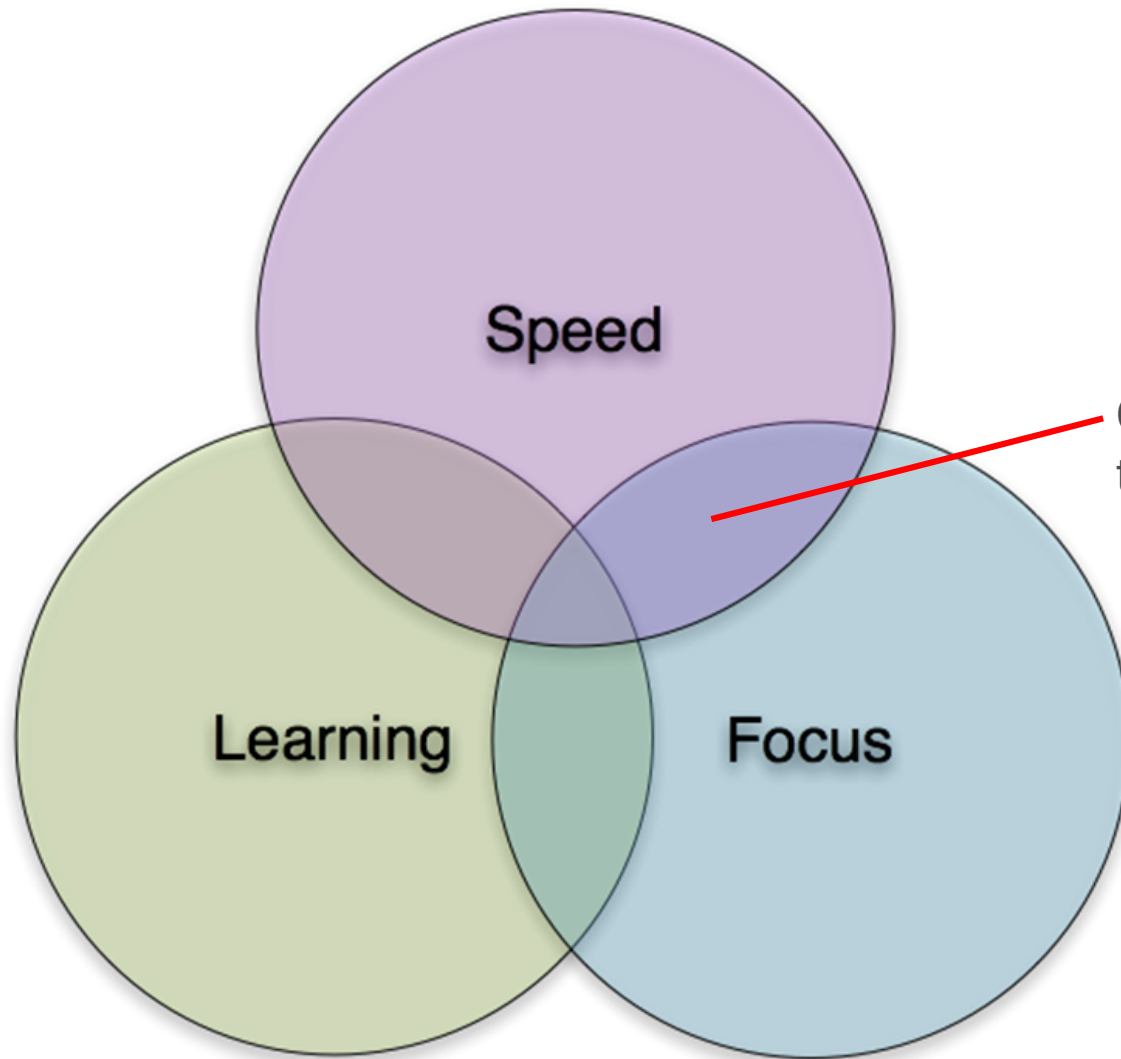
Speed





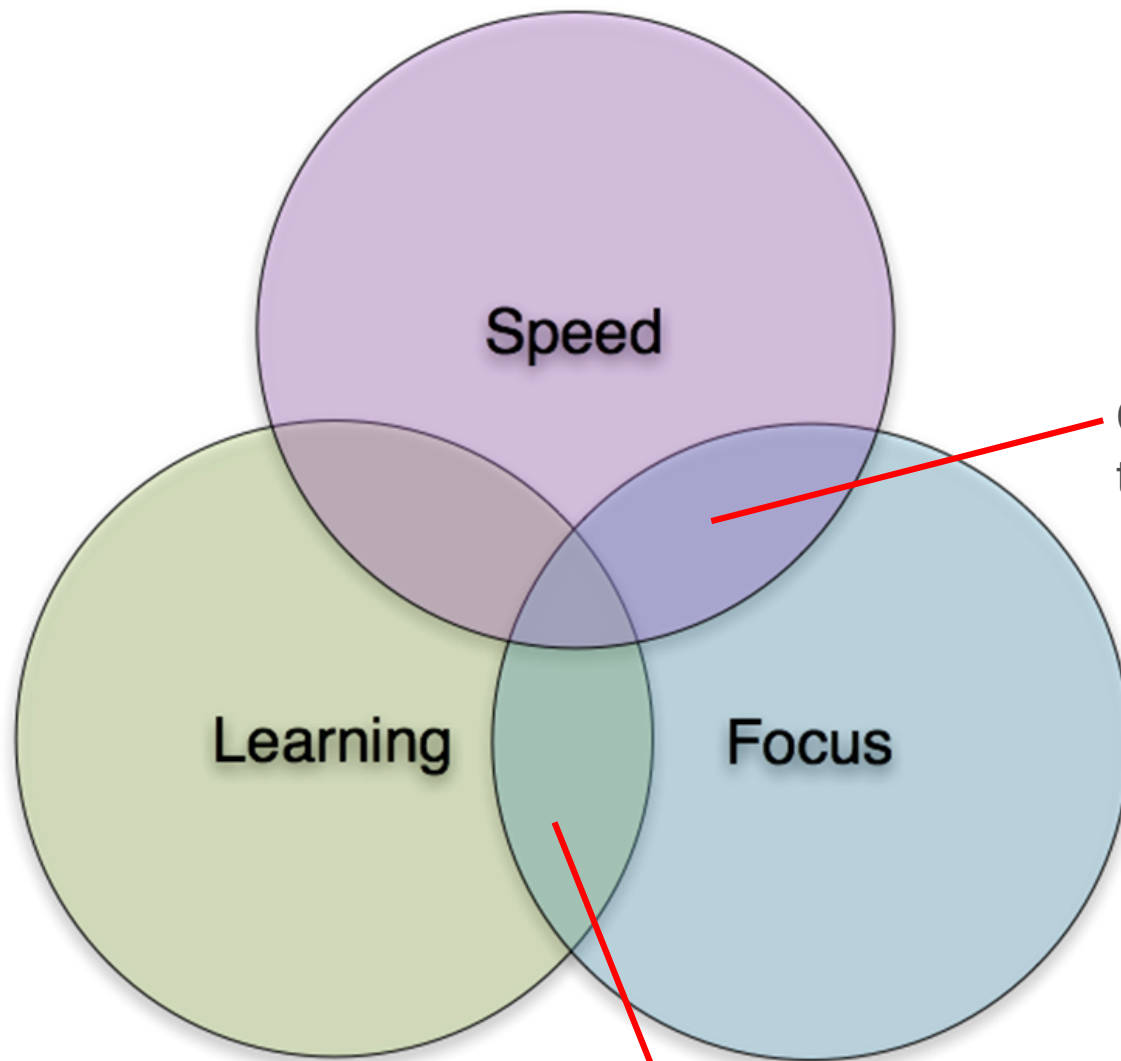






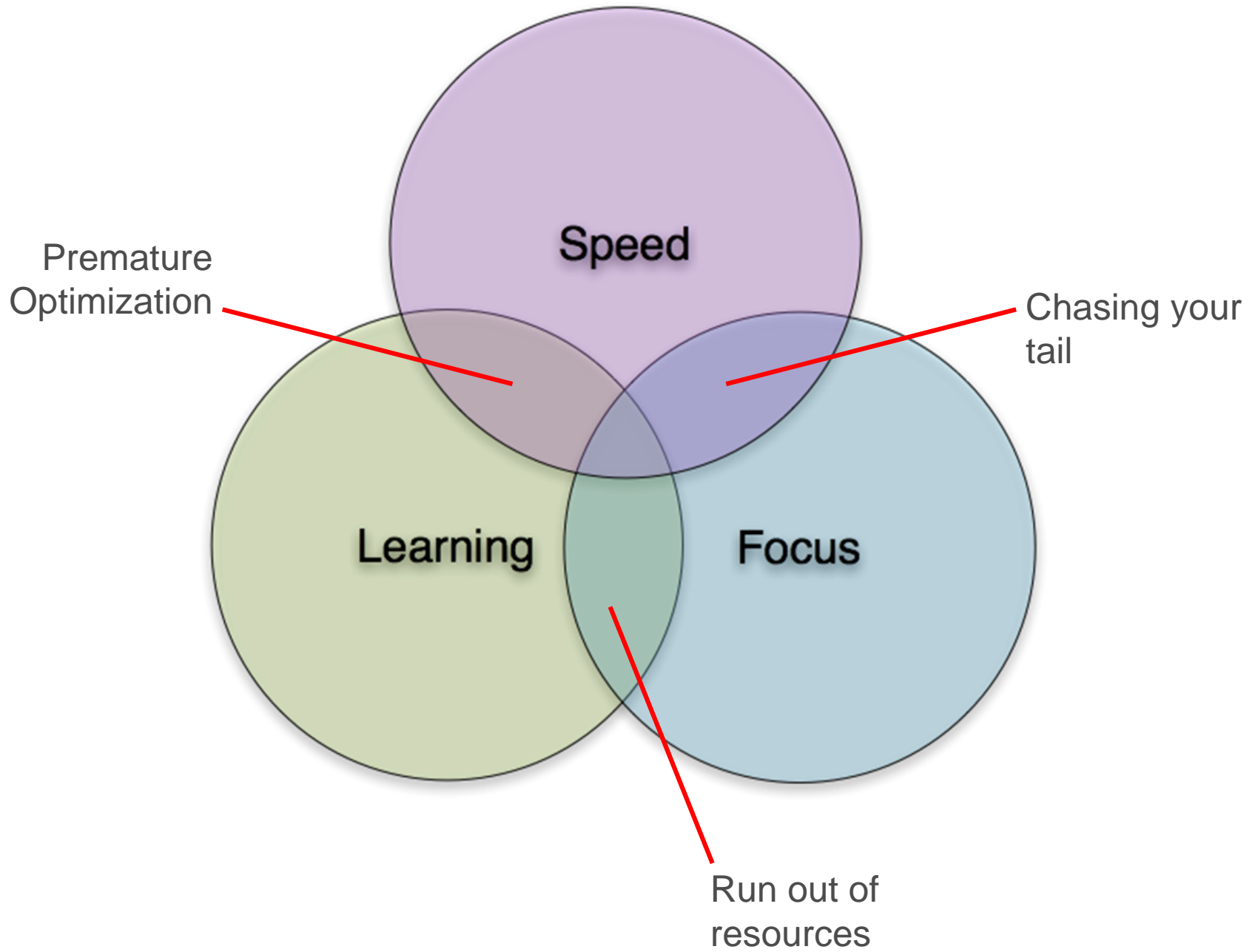
Chasing your tail

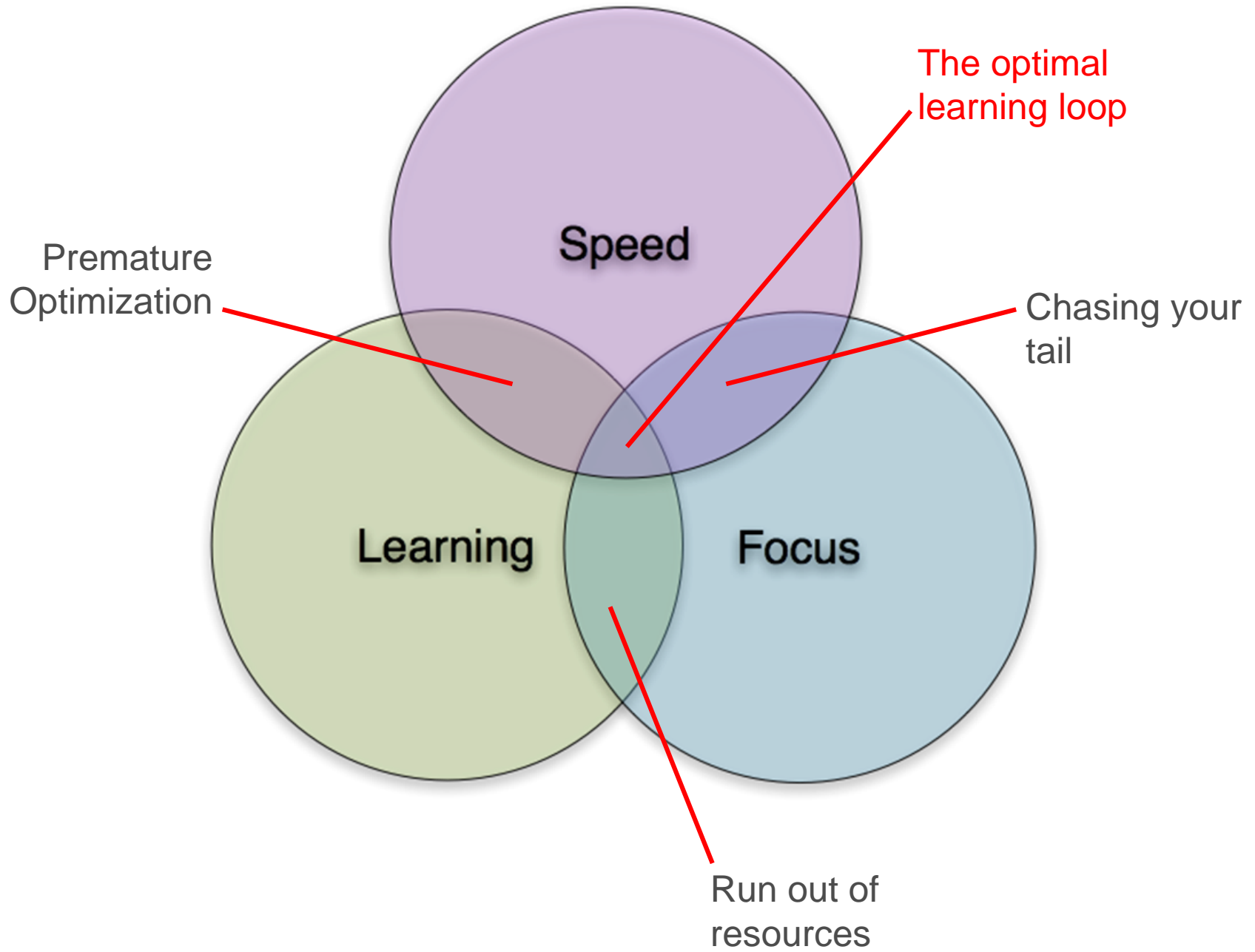




Chasing your tail

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):

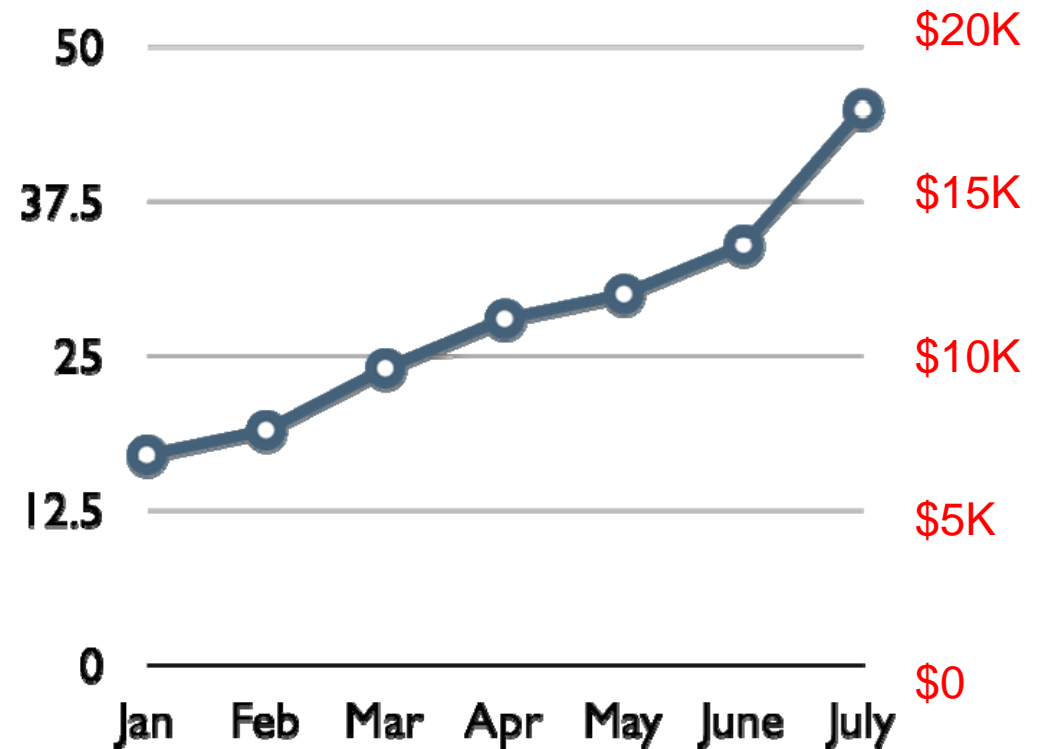
- Personal Authority would be a viable channel to early adopters
- Customers would vote the problem as “must-have”
- Customers would pay \$49/mo

## Our Customers told us (Insights):

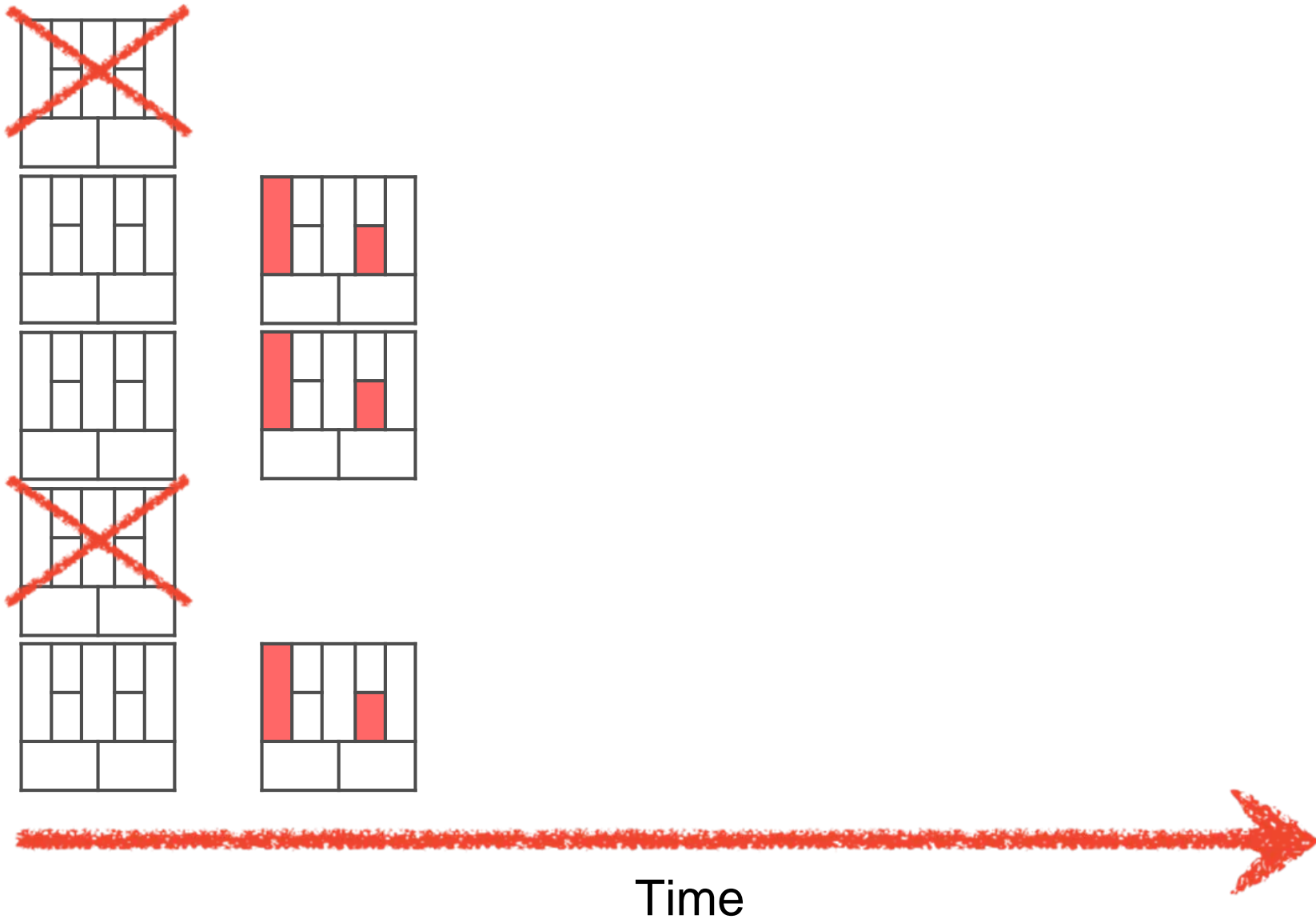
- Most early adopters did come through blog and twitter
- Customers voted #3 problem as “must-have”. Others as nice-to-have
- \$49/mo works for customers with early traction

## Next Steps (Future Experiments):

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

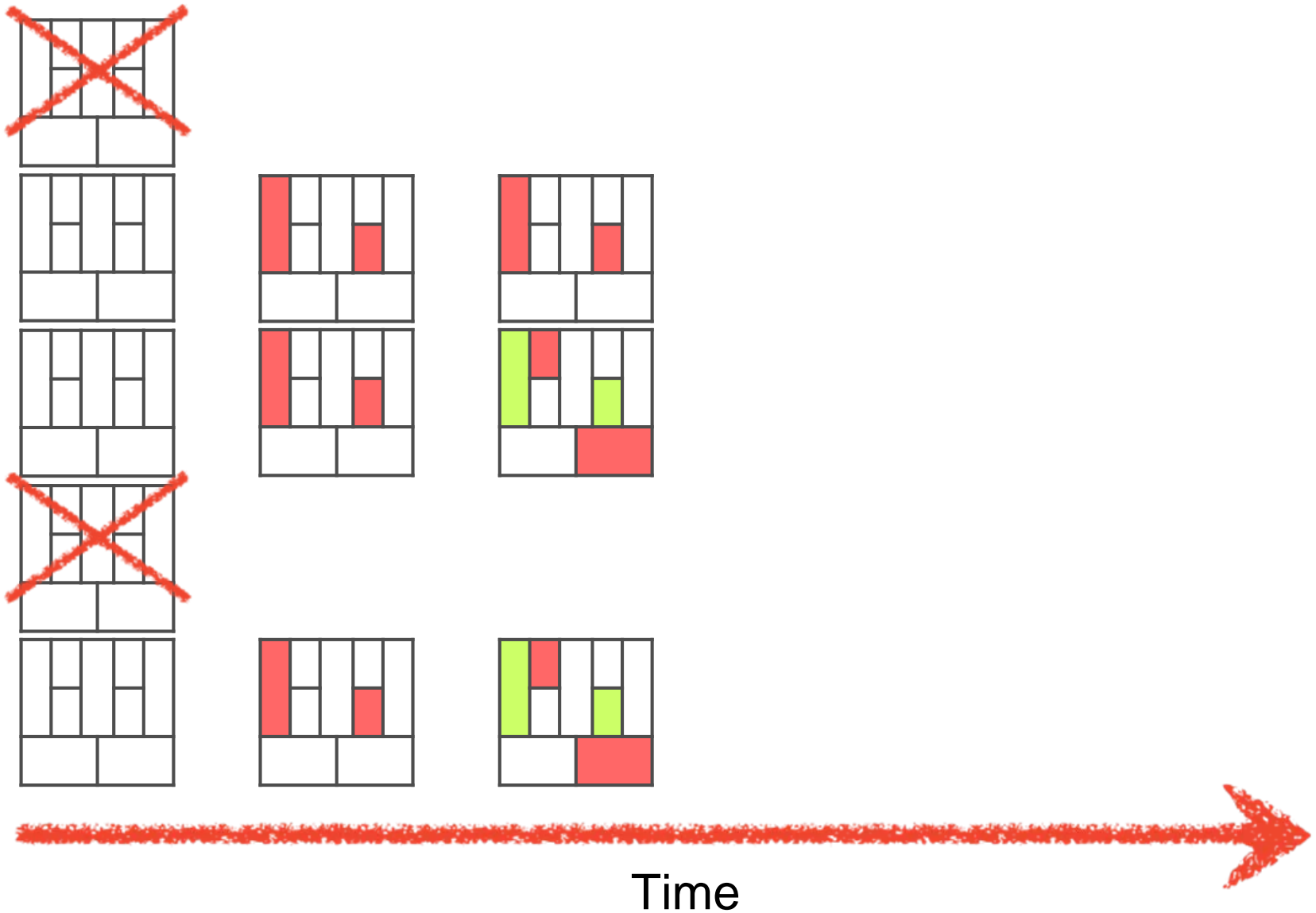


# Systematically test your model

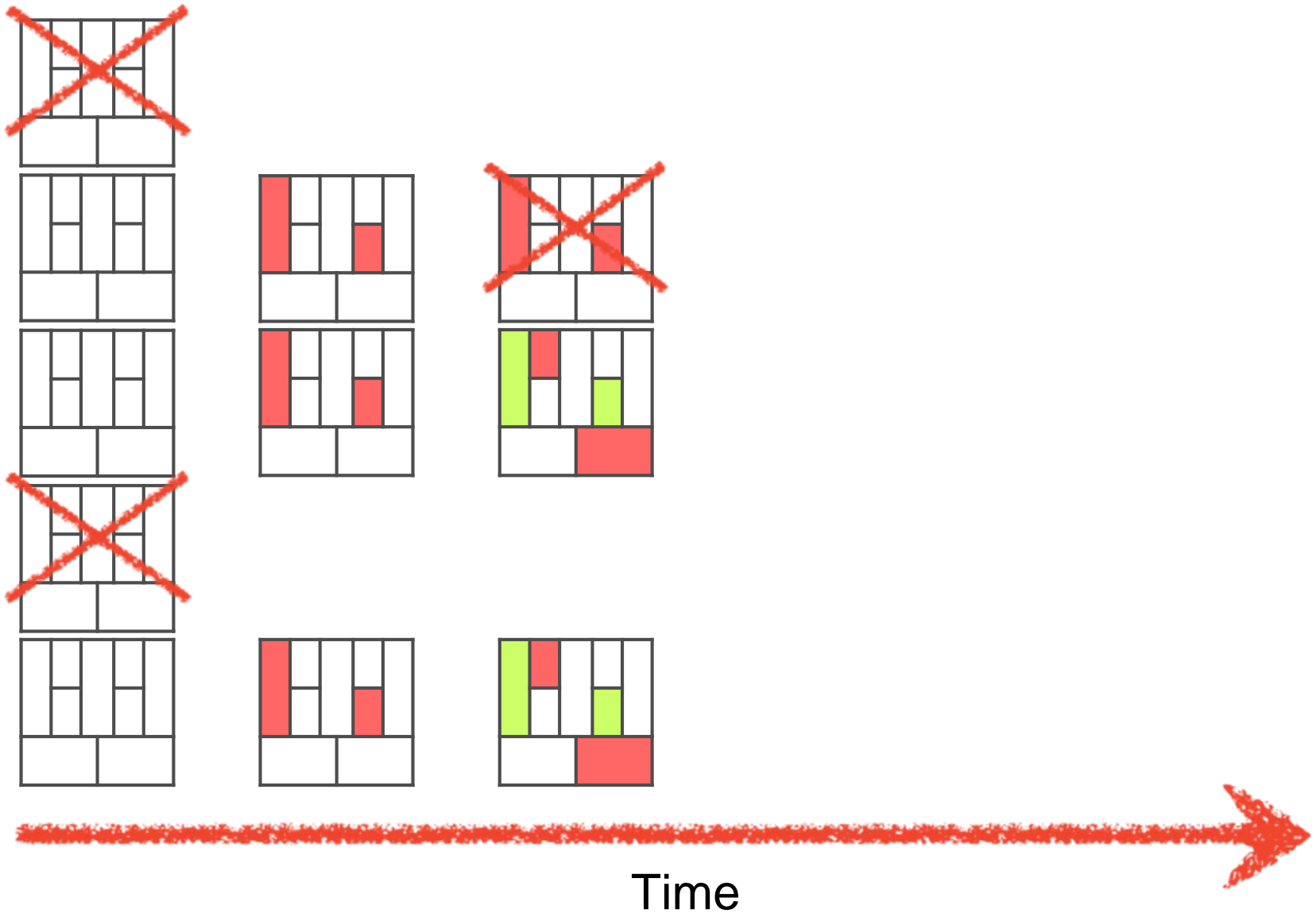




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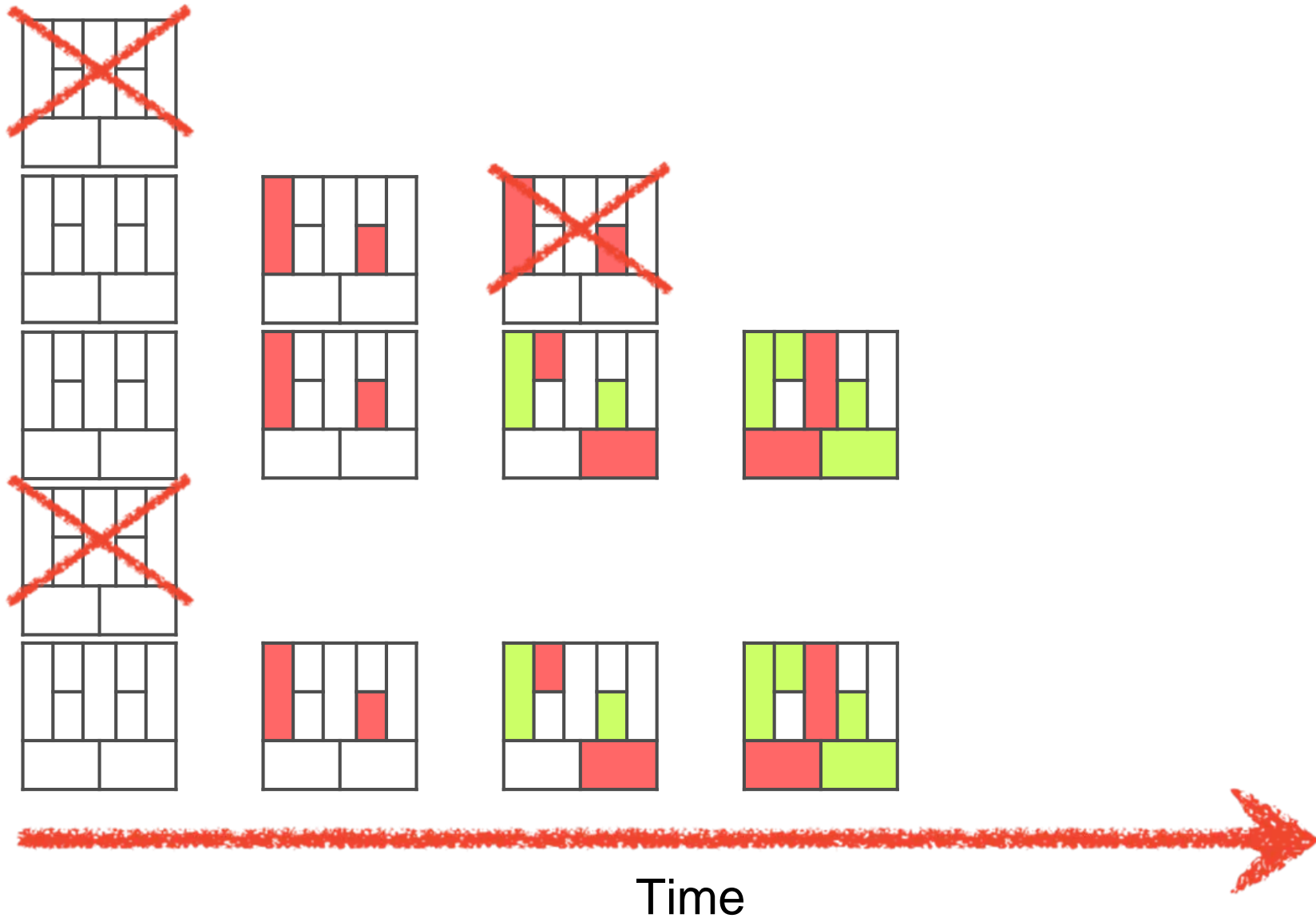


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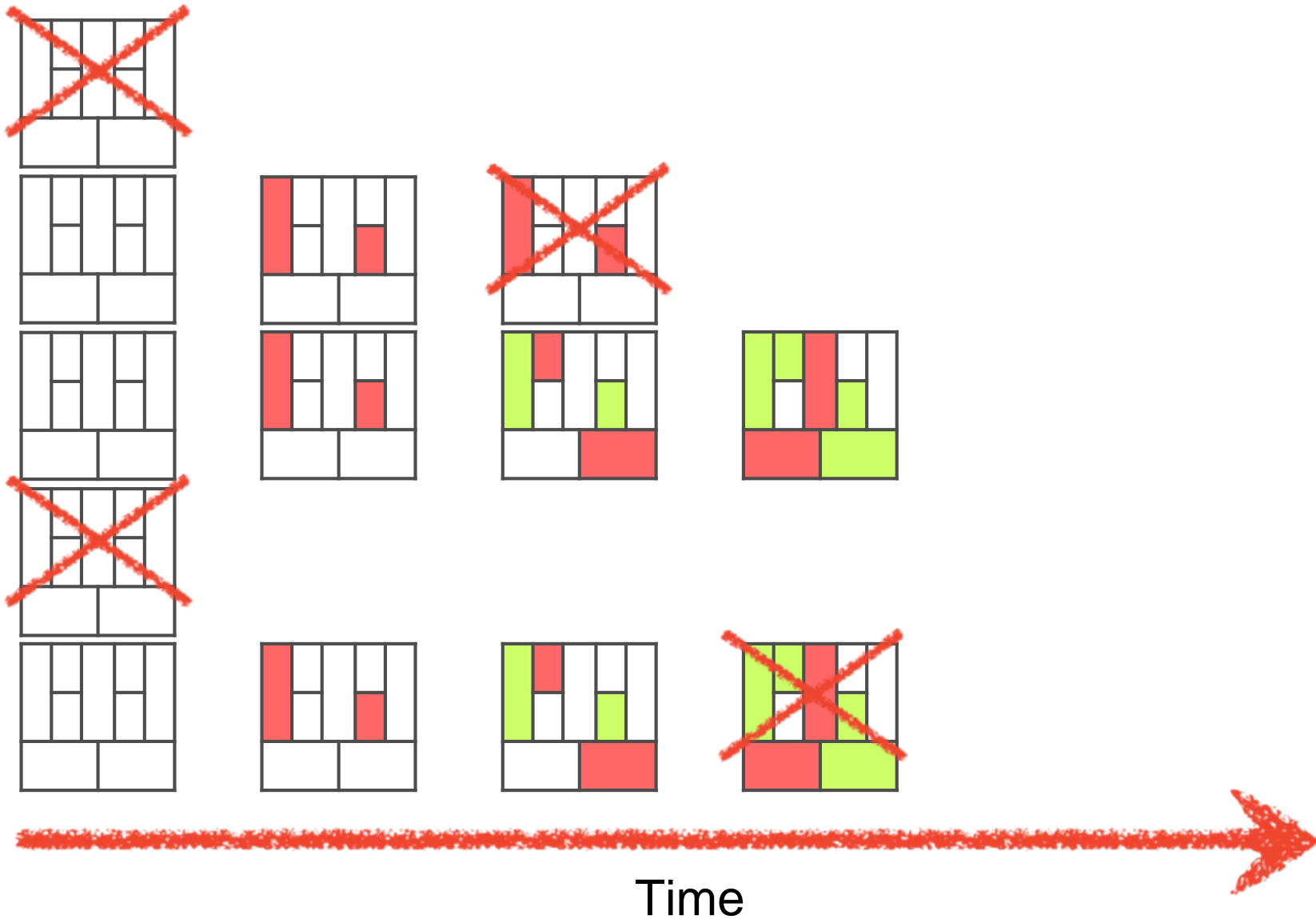


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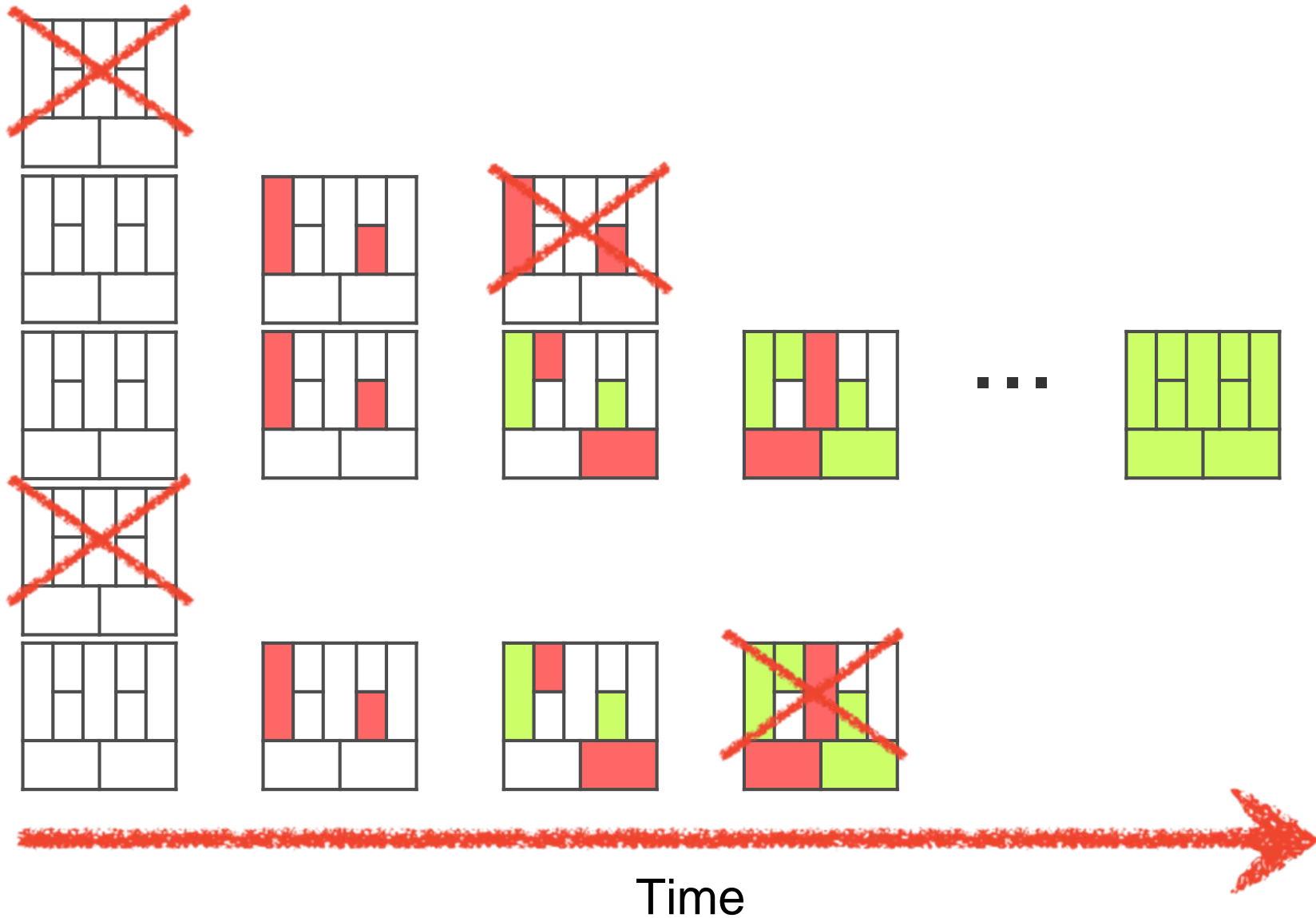


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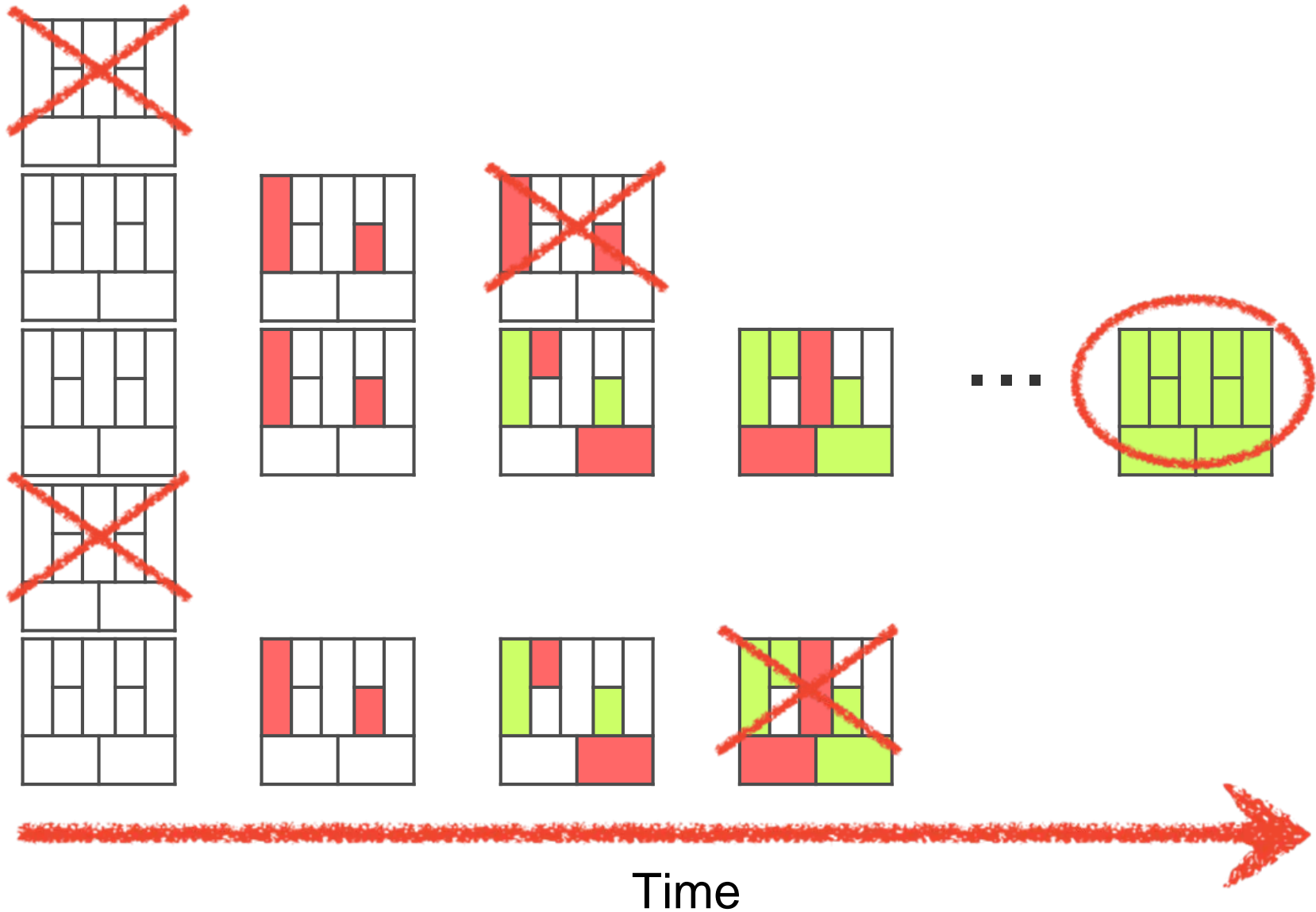




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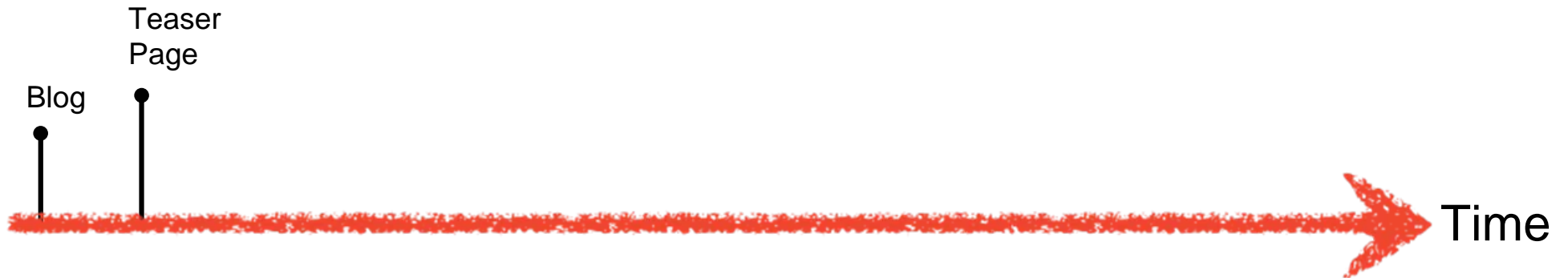


# Running Lean

## 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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## RUNNING LEAN

HOW TO PIVOT YOUR WEB  
APPLICATION TO PRODUCT/MARKET FIT

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### Introduction

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

### Running Lean Roadmap

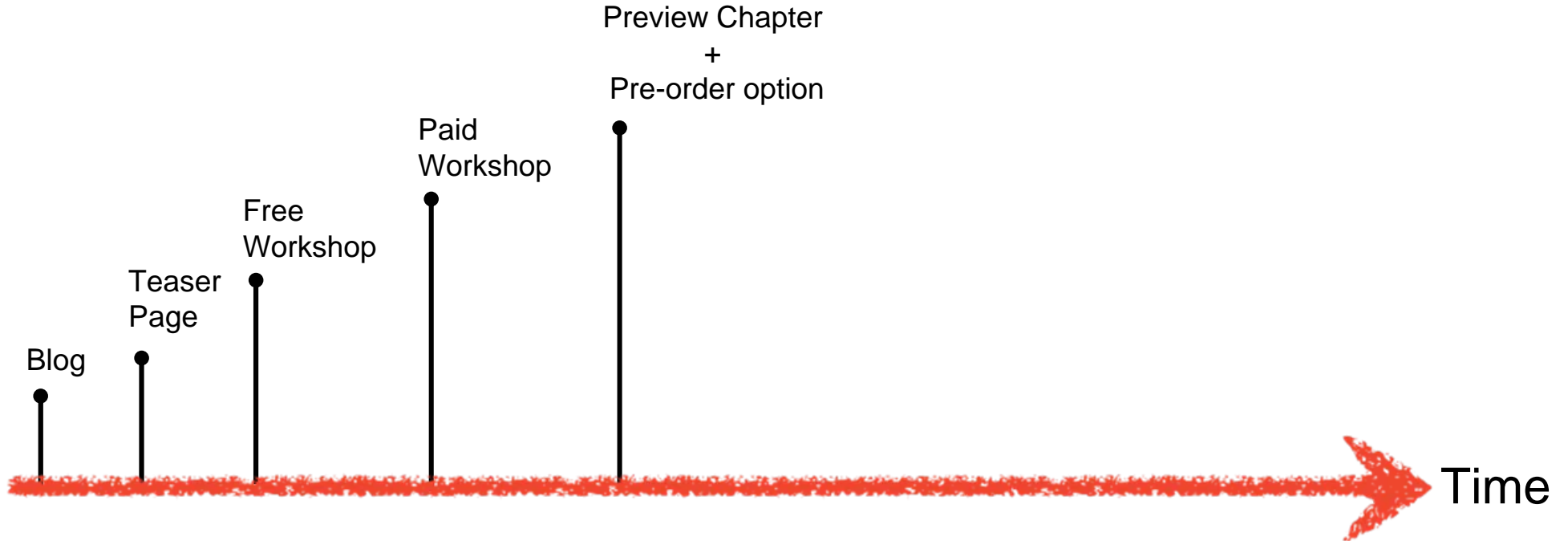
### STEP 3: Pivot to Product/Market Fit

#### Pivot, Don't Optimize

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

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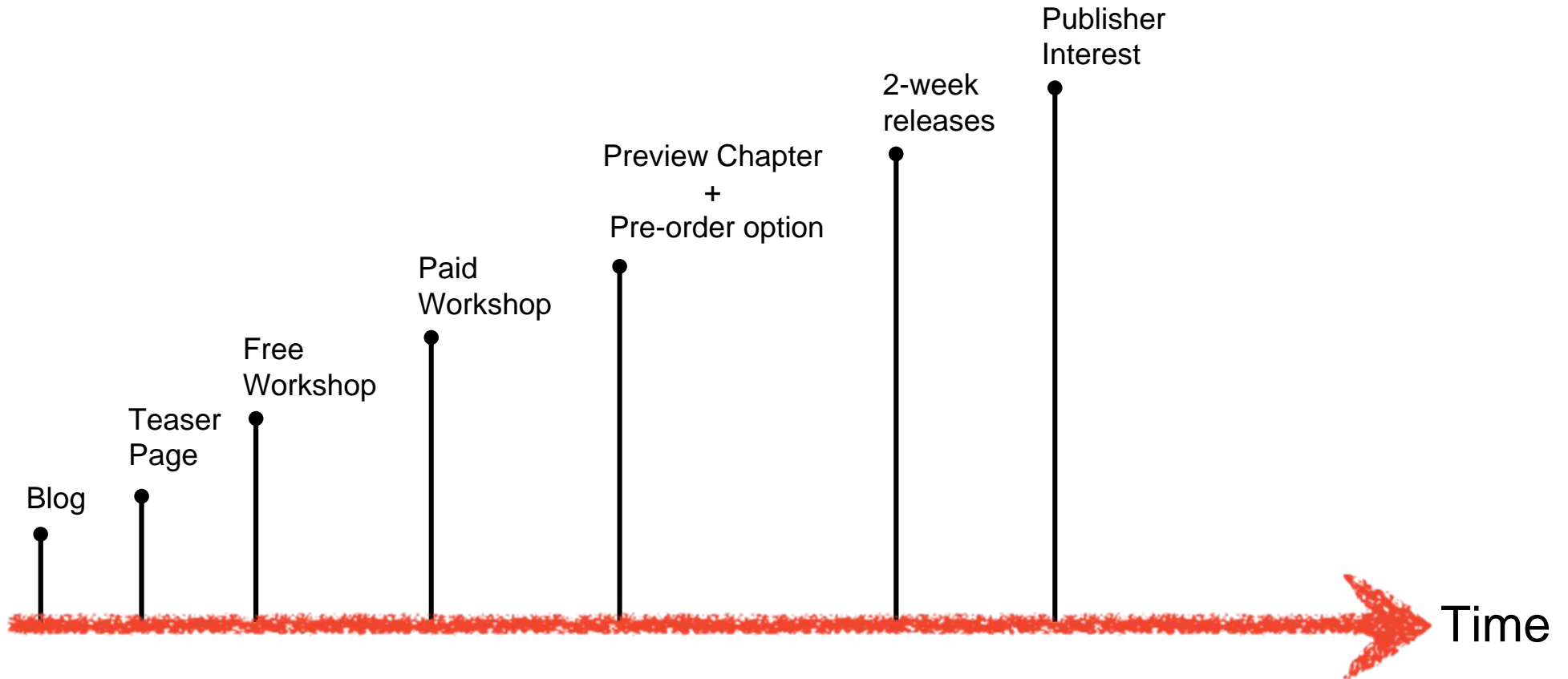
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Most startups fail. Not because they fail to launch what they set out to build, but because they waste time building the wrong product.

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.

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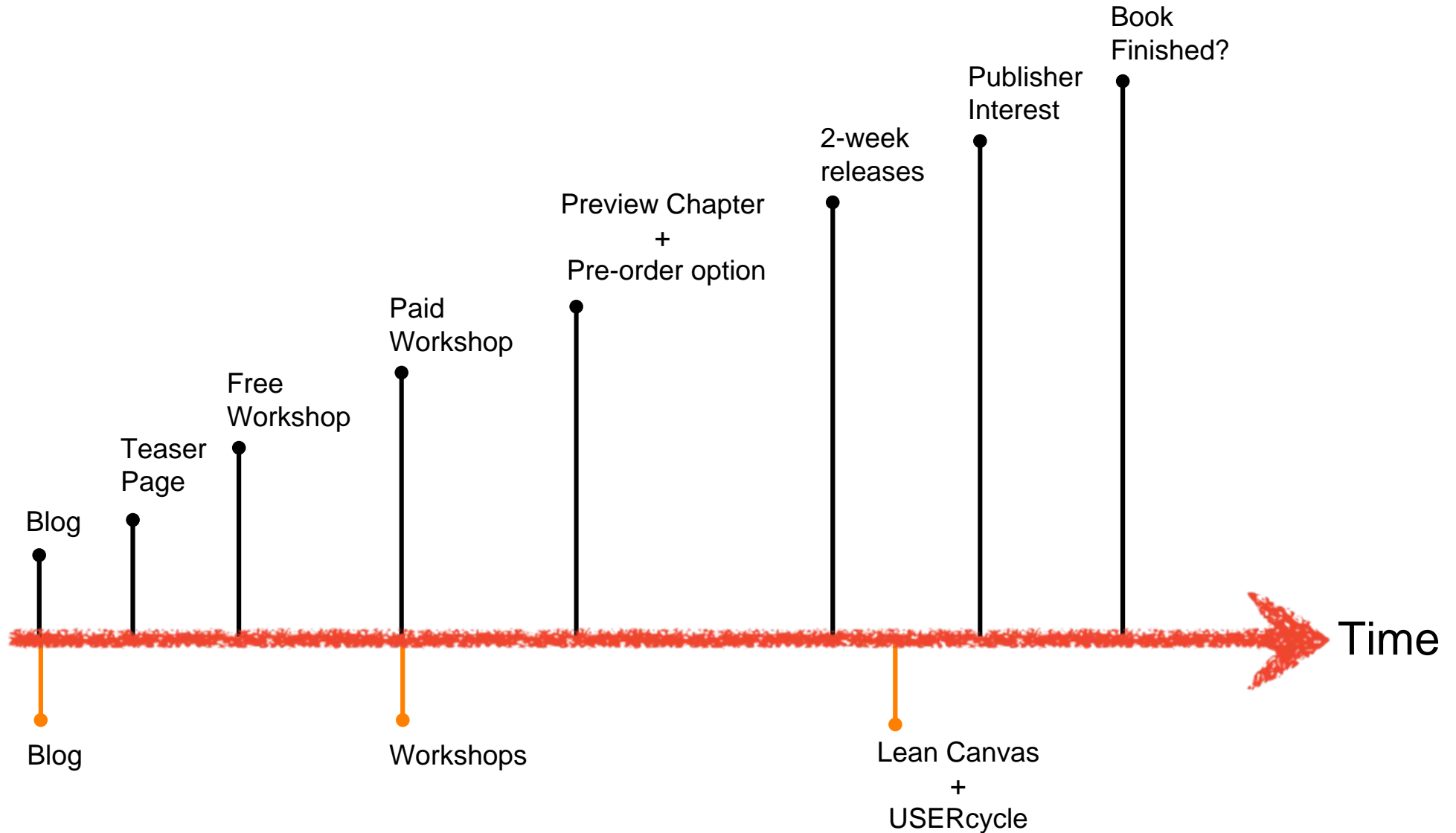
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**David Skok, Matrix Partners**

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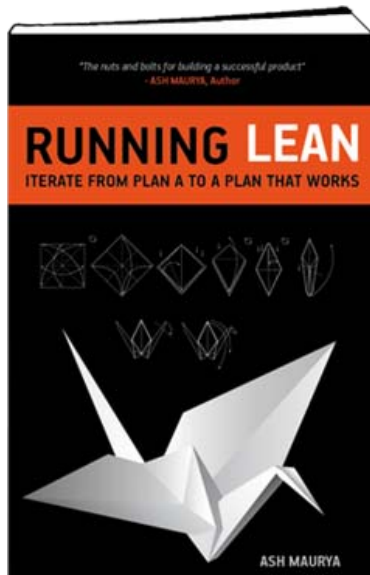
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# Questions?



## RUNNING **LEAN** WORKSHOP

How to go from plan A to a plan that works



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Ash Maurya

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blog: <http://www.ashmaurya.com>