The Lean Startup
validated learning over working software

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The goal of this talk

- Introduce you to "The Lean Startup"
- Maybe start a "Lean Startup Meetup" in Denmark?
- Learn from your experiences – how do you manage innovation?
Why am I here today?

I believed in "working software" until the lean startup
Eric Ries and his book

http://theleanstartup.com/book

http://www.startuplessonslearned.com/
Why The Lean Startup?
LEGO Universe vs. Minecraft

INCLUDES FIRST MONTH OF PLAY
Subscription required for brand new content and continued game play!
Internet connection required

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What is a startup?

"A startup is a human institution designed to deliver a new product or service under conditions of extreme uncertainty"

by Eric Ries from the book "The Lean Startup"
What is a Lean Startup?

- "having an original vision and then refining and testing it along the way through tightly controlled experiments"

- “not about asking what customers wants but testing the original vision based on what customers do”

Ash Maurya, 2010
The five principles

1. Entrepreneurs are Everywhere
2. Entrepreneurship is Management
3. Validated Learning
4. Innovation Accounting
5. Build-Measure-Learn
Validated Learning

*a new unit of progress*

- Backlog
- Development
- Working Software
- Validated Learning
“if we do not know who the customer is, we do not know what quality is”

the lean startup, ch. 6.
Build → Measure → Learn
Minimal Viable Product

smallest solution to get you through the build → measure → learn feedback loop
Dropbox MVP
Testable hypotheses

I'M ALWAYS WRONG ABOUT EVERYTHING. WHAT CAN I DO TO FIX THAT?

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Vanity vs. Actionable Metrics

“Now, keep in mind that these numbers are only as accurate as the fictitious data, ludicrous assumptions and wishful thinking they’re based upon!”
Vanity vs. Actionable Metrics

- “The only metrics that entrepreneurs should invest energy in collecting are those that help them make decisions”
- “Unfortunately, the majority of data available in off-the-shelf analytics packages are what I call Vanity Metrics. They might make you feel good, but they don’t offer clear guidance for what to do”

Eric Ries blogpost, 2009
Vision vs. Strategy
Leap of faith hypotheses

Value hypothesis

Growth hypothesis
kanbana is a simple graphical task board that helps you visualize and optimize your personal workflow
Validated value hypothesis?

Responses to “What is the primary benefit that you have received from Kanbana?”

Overview

1. A simple, yet “personal” list of tasks
2. Visual overview of my current work at hand
3. A sense of achievement, an overview of the tasks have done already
4. Stay organized of all my tasks
5. If I feel stressed, Kanbana helps me organize my
6. Overview
7. Simple TODO tasks

1. What was your main motivation for creating an Kanbana account

- I want to improve my workflow: 0.1%
- I want to improve my personal effectiveness: 36.4%
- I want to lower my stress level: 0.0%
- I want to balance my workload: 18.2%
- I want to balance my worklife and private life: 0.0%
- I need a better overview of my activities: 36.4%
Pivot or Persevere

“I’m not leaving you. I’m pivoting to another man.”
Continuous Deployment

Increasing confidence in build's production readiness

Environments become more production-like

Commit stage
Compile
Unit test
Analysis
Build installers

Acceptance test stage

User acceptance testing

Capacity testing

Production

Faster feedback

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There’s much more...

From Web 2.0 Expo SF 2010 by Eric Ries
The Lean Startup Movement

Lean Startup Meetup Groups

Groups: 209
Members: 41,622
Interested: 6,575
Cities: 120
Countries: 26

http://lean-startup.meetup.com
The end
Where do I go to learn more?

- Lean Startup
  - http://www.ashmaurya.com/
  - http://www.runningleanhq.com/
  - http://steveblank.com/

- Related topics
  - http://www.startupbook.net/
  - http://www.startupsfortherestofus.com/
Where to find me?

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http://www.agilebrains.dk
Extra
# Business Model Canvas

## PROBLEM
- It is hard to get a clear overview of my everyday activities.
- It is hard to balance my workload (It is hard to say no and respect my own capacity).
- It is hard to prioritize my activities according to value.
- It is hard to balance my time between different stakeholders and projects.
(Work related stress)

## SOLUTION
- Taskboard to get a clear overview of all your everyday activities.

## UNIQUE VALUE PROPOSITION
- Kanbana is a simple and easy to use task board that will help get a clear visual overview of all your everyday activities and achieve a stress less day, good decision making and easy prioritization according to your own goals and values.

## KEY METRICS
- Recruitment: Conversion rate of level 2 users
- Retention: Rate of level 2 users that has stopped using the product
- Number of paying customers

## UNFAIR ADVANTAGE
- The owner's knowledge and experience in personal effectiveness.
- Kanbana will help you to get started fast and easy.

## CUSTOMER SEGMENTS
- Self-managing office workers.
- Junior office workers.
- Students.

## CHANNELS
- Search engine
- Twitter
- Personal effectiveness talks
- Mouth to mouth

## COST STRUCTURE

List your fixed and variable costs

## REVENUE STREAMS

List your sources of revenue

Innovation Accounting

- If you cannot fail you cannot learn
- Learning milestones instead of product and business milestones
The Three Learning milestones

- Establish the baseline
- Tune the engine
- Pivot or persevere
The Big Picture

- Waterfall → Scrum → Kanban
- Continuous Integration → Continuous Delivery → Continuous Deployment → Cluster Immune System
- Customer Development → Lean Startup
Customer Development

The Four Steps to the Epiphany
Successful Strategies for Products that Win

Steven Gary Blank

http://steveblank.com/
# 3 Stages of a Lean Startup

## Customer Discovery
- **Problem/Solution Fit**
- **Value Hypothesis**
- **Business Model**

## Customer Validation
- **Product/Market Fit**
- **Customer Segmentation**
- **Strategy Validation**

## Customer Creation
- **Scale**
- **Growth Hypothesis**
- **Engine of growth**
- **Revenue/Cost**
Product-Market-Fit
Product-Market-Fit

- “In a great market - a market with lots of real potential customers - the market pulls product out of the startup”
- “Conversely, in a terrible market, you can have the best product in the world and an absolutely killer team, and it doesn't matter - you're going to fail.”

Marc Andreessen’s post, June 25, 2007
User Story Assumptions

- User story assumptions should be a part of the acceptance criteria.
- Assumptions should be tested.