software pilots
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The Lean Startup
validated learning over working software

Troels Richter, Agile Coach

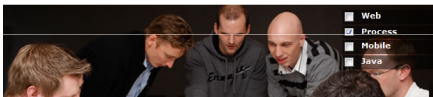Trifork Agile Excellence

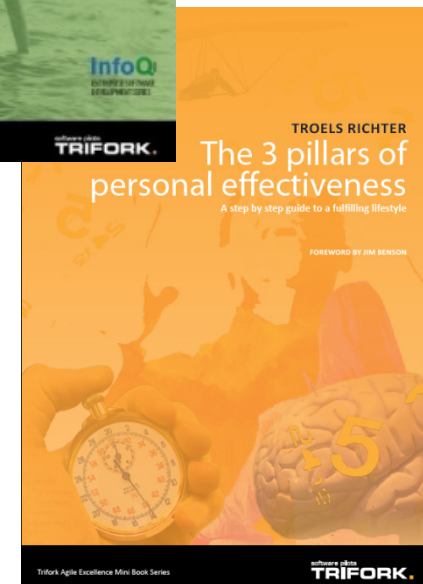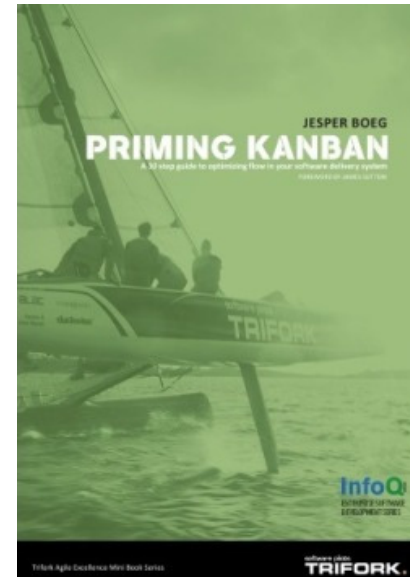trc@trifork.com

@troelsrichter

Trifork Agile Excellence

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
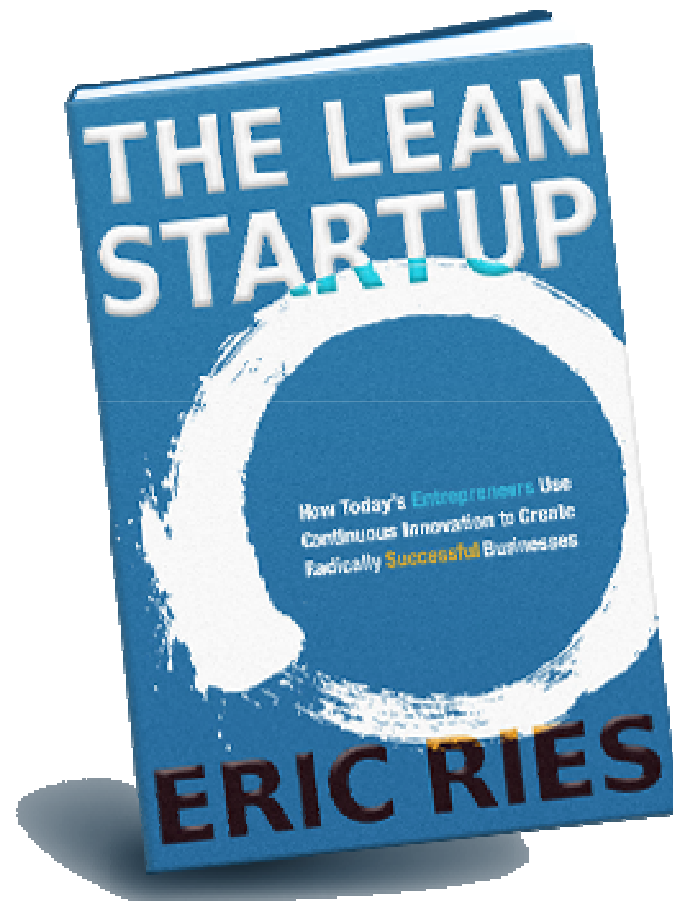
http://theleanstartup.com/book

http://www.startuplessonslearned.com/

Why The Lean Startup?

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LEGO Universe vs. Minecraft

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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"

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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

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The five principles

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

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Validated Learning

a new unit of progress

Backlog → Development → Working Software → **Validated Learning**

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- *"if we do not know who the customer is, we do not know what quality is"*

the lean startup, ch. 6.

Build→Measure→Learn

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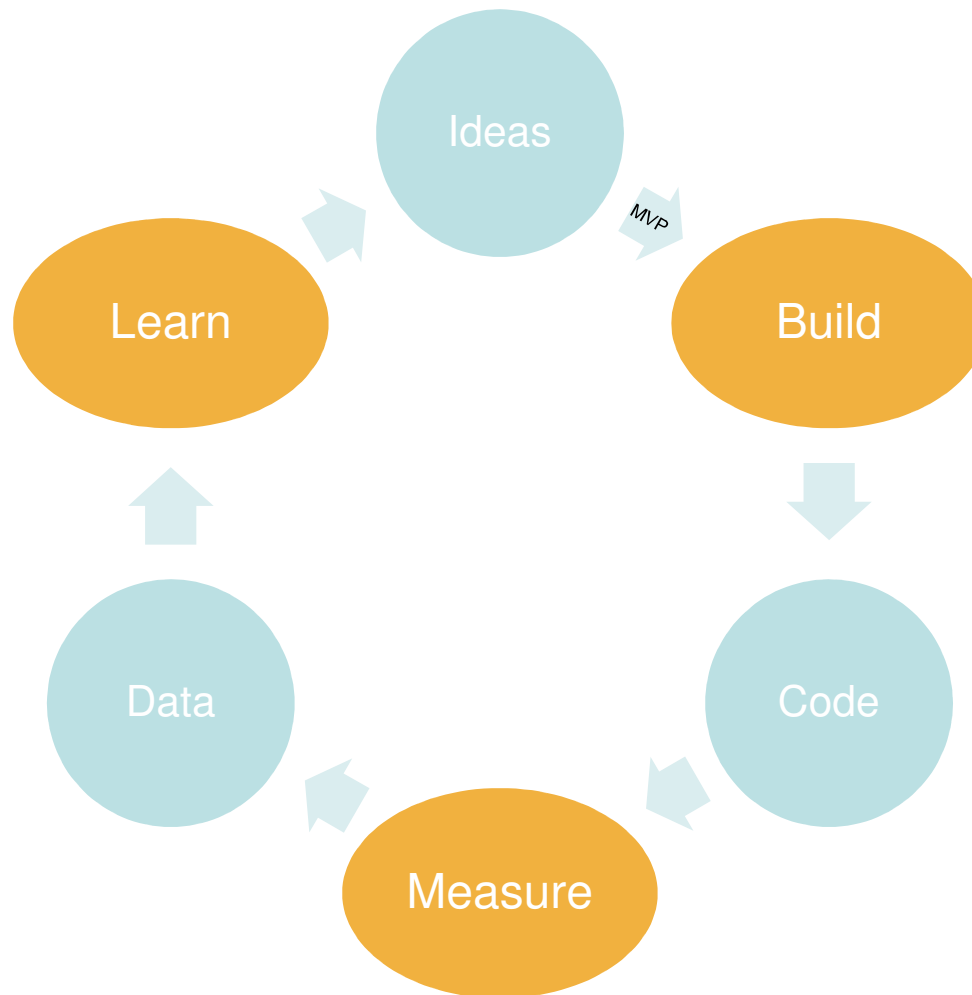
Minimal Viable Product

smallest solution to get you through the build → measure → learn feedback loop

Dropbox MVP
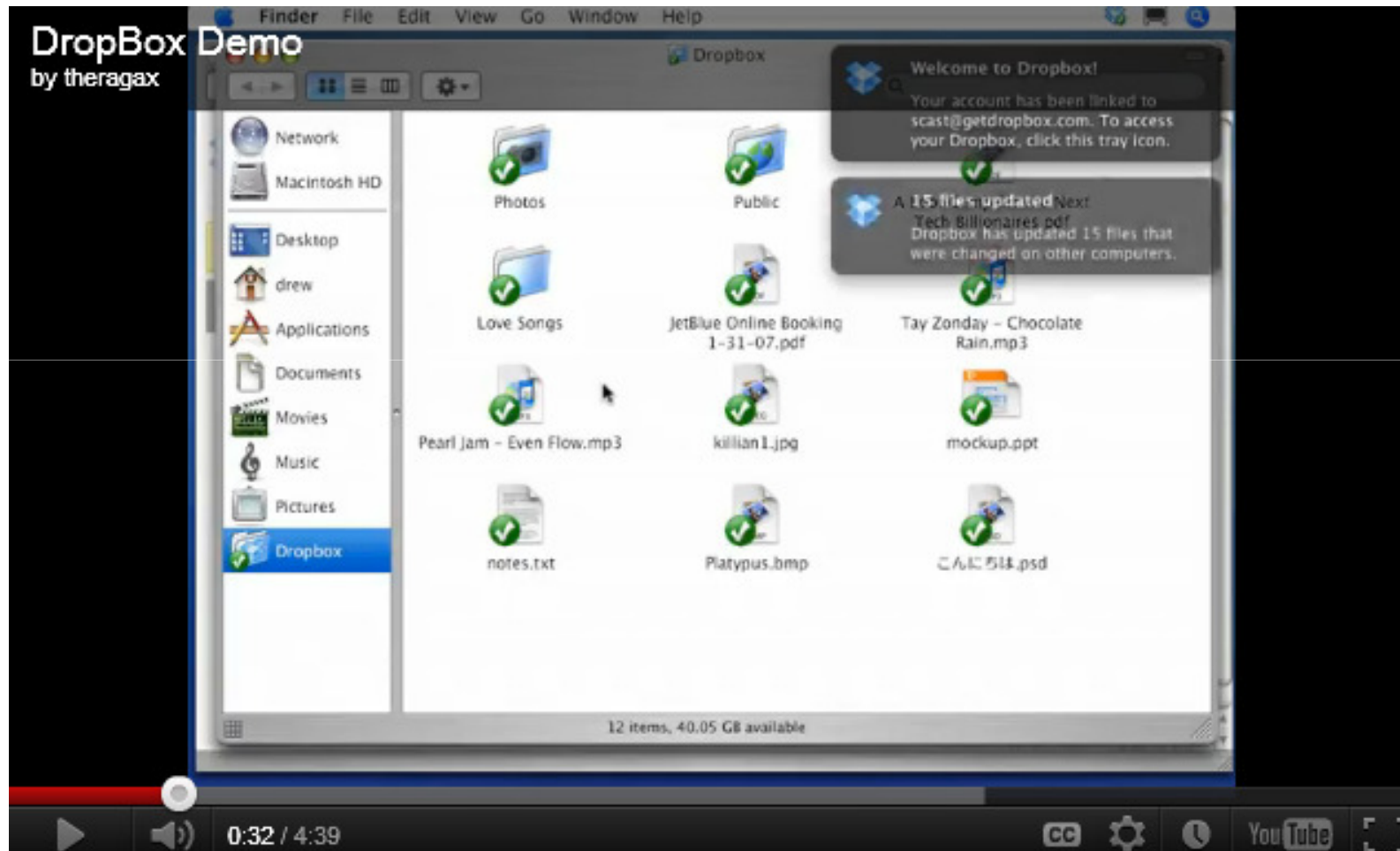
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Testable hypotheses

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

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Kanbana Metrics

Legend:
- Newsletter signups
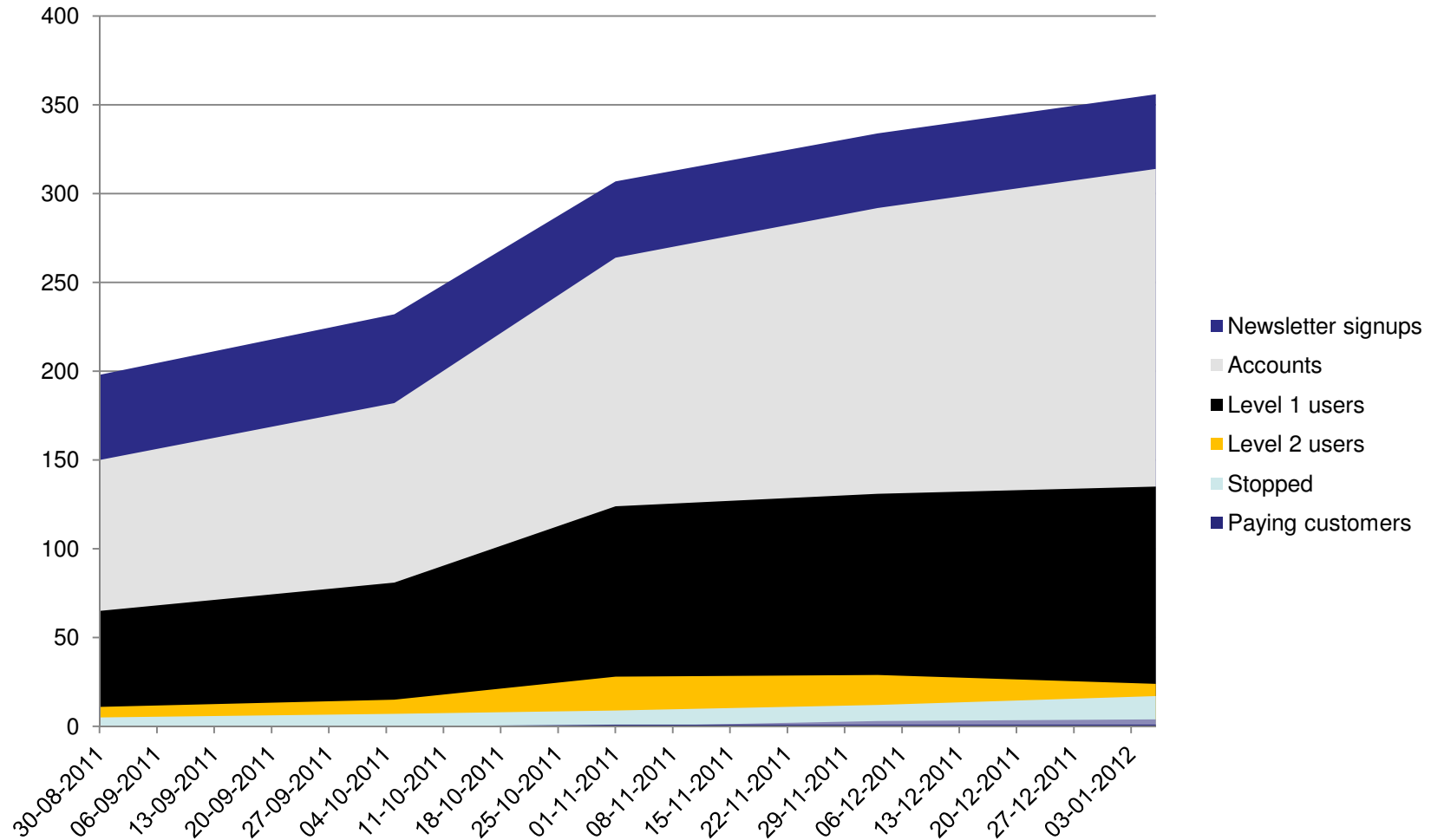- Accounts
- Level 1 users
- Level 2 users
- Stopped
- Paying customers

X-axis dates: 30-08-2011, 06-09-2011, 13-09-2011, 20-09-2011, 27-09-2011, 04-10-2011, 11-10-2011, 18-10-2011, 25-10-2011, 01-11-2011, 08-11-2011, 15-11-2011, 22-11-2011, 29-11-2011, 06-12-2011, 13-12-2011, 20-12-2011, 27-12-2011, 03-01-2012

Y-axis: 0 to 400

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Vision vs. Strategy

Leap of faith hypotheses

Value hypothesis

Growth hypothesis

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Value proposition

- kanbana is a simple graphical task board that helps you visualize and optimize your personal workflow

Validated value hypothesis?

SURVEY.io

Responses to "What is the primary benefit that you have received from Kanbana?"   ◀ Back

Overview Good Better Dont Getting Great Just Kanbana Leanki Less More
None Organized Postit Reducing SCRUM Simple Structure Structuring TODO

	Answer
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

SurveyMonkey™

| 1. What was your main motivation for creating an Kanbana account	Create Chart	Response Percent
I want to improve my workflow		9.1%
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%

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Pivot or Persevere

"I'm not leaving you. I'm pivoting to another man."

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Continuous Deployment
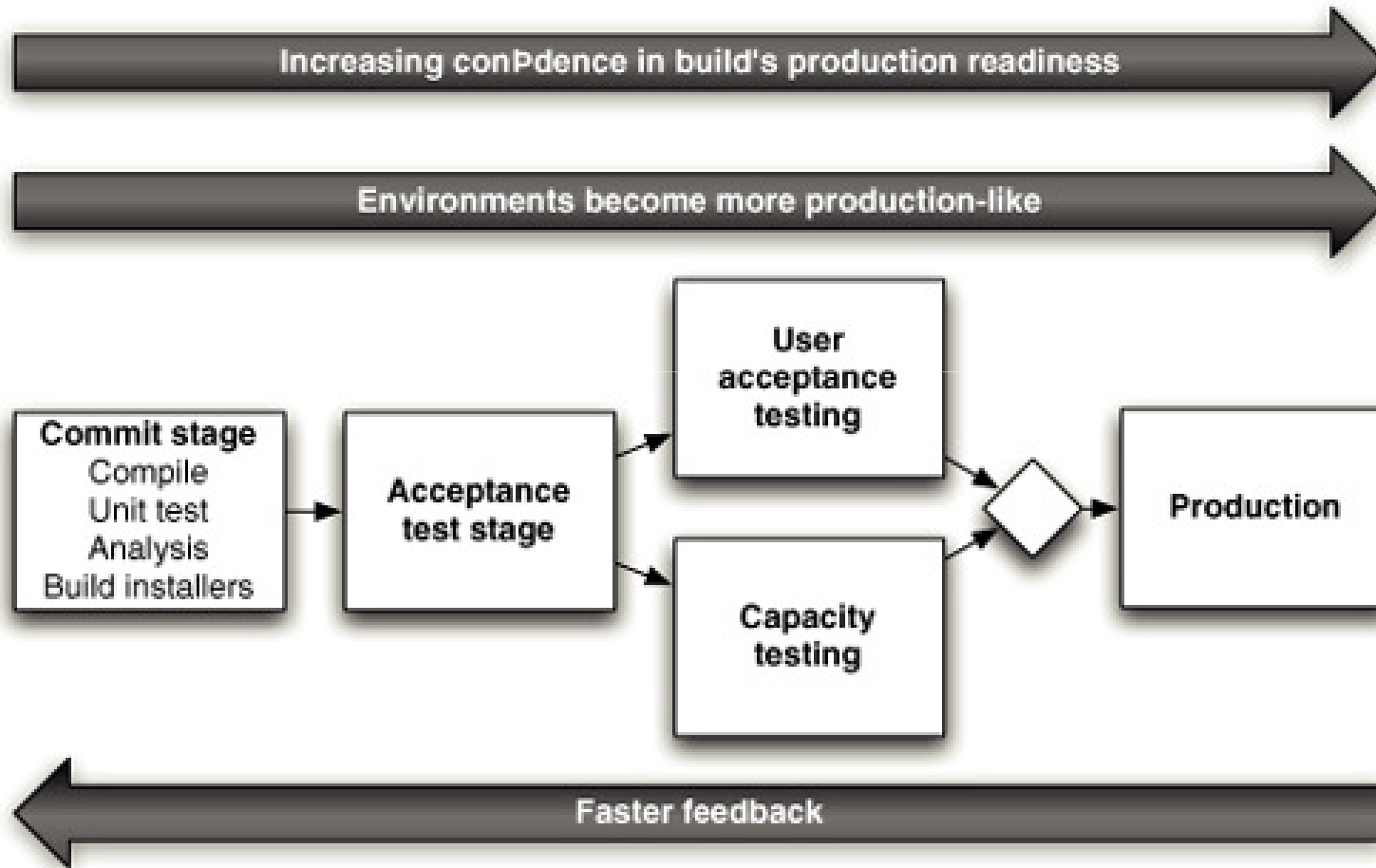
There's much more…

From Web 2.0 Expo SF 2010 by Eric Ries

The Lean Startup Movement

Lean Startup Meetup Groups

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

http://lean-startup.meetup.com

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The end

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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/

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Where to find me?

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http://agilebrains.dk

http://www.blog.troelsrichter.dk/

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Extra

Business Model Canvas

PROBLEM	SOLUTION	UNIQUE VALUE PROPOSITION	UNFAIR ADVANTAGE	CUSTOMER SEGMENTS
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)	Taskboard to get a clear overview of all your everyday activities Add Comment | Add Experiment **KEY METRICS** Recruitment: Convertion rate of level 2 users Retension: Rate of level 2 users that has stopped using the product Number of paying customers	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	The owners knowledge and experience in personal effectiveness Kanbana will help you to get started fast and easily 💬 1 | Add Experiment **CHANNELS** Search engine Twitter Personal effectiveness talks Mouth to mouth	Self-managing office workers juggling with many different kinds of projects, stakeholders and activities at once Students
Add Comment | Add Experiment	Add Comment | Add Experiment	Add Comment | Add Experiment	Add Comment | Add Experiment	Add Comment | Add Experiment

COST STRUCTURE	REVENUE STREAMS
List your fixed and variable costs 7 Add Comment | Add Experiment	List your sources of revenue 6 Add Comment | Add Experiment

http://leancanvas.com/

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Innovation Accounting

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

The Three Learning milestones

- Establish the baseline
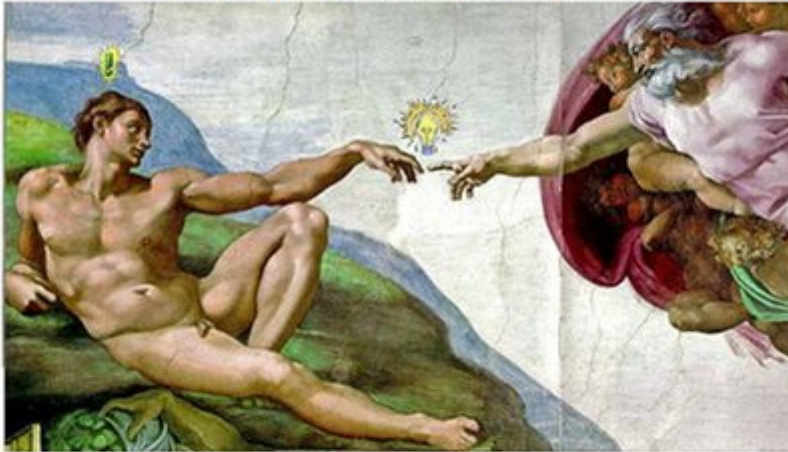- Tune the engine
- Pivot or persevere

The Big Picture

- Waterfall → Scrum →Kanban

- Continuous Integration → Continuous
  Delivery → Continuous Deployment →
  Cluster Immune System

- Customer Development → Lean Startup

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Customer Development

Steven Gary Blank

http://steveblank.com/

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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

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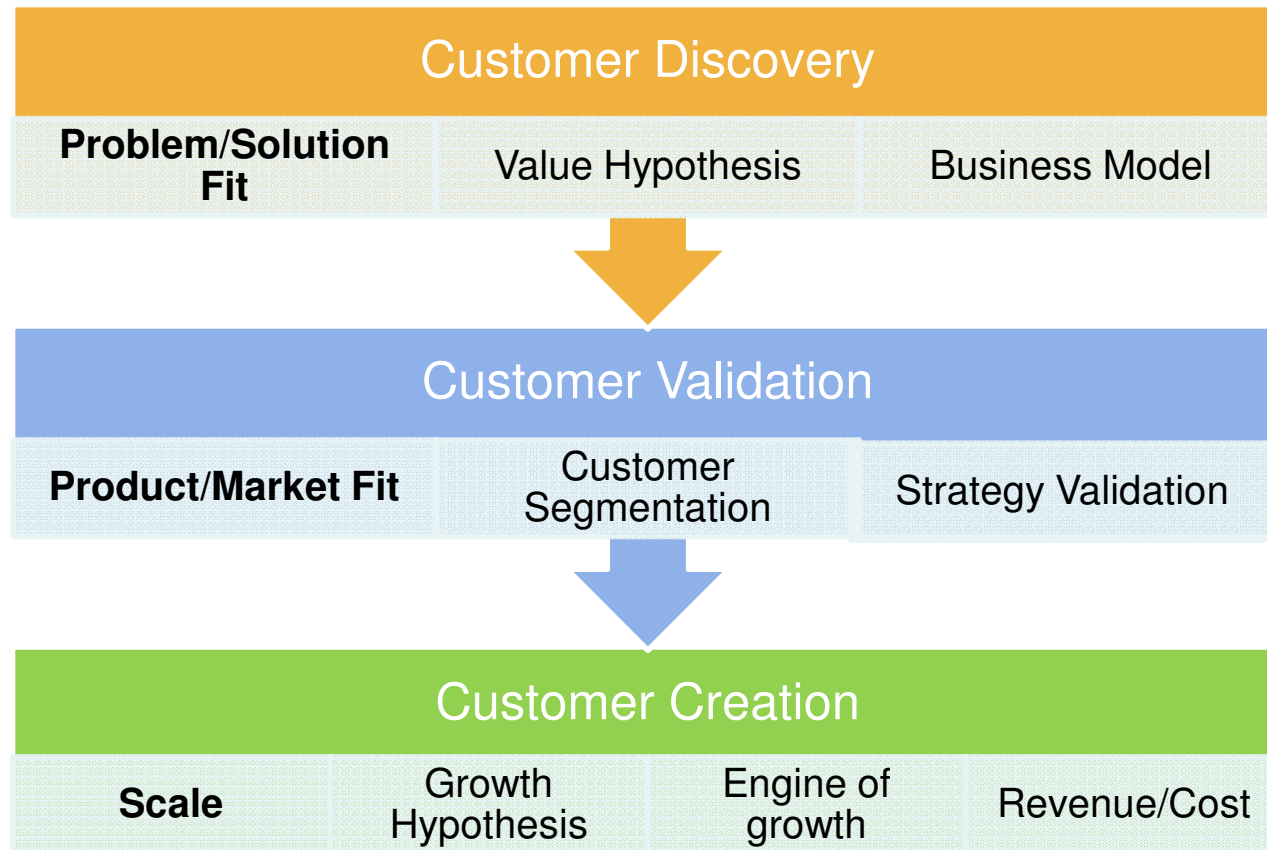
Product-Market-Fit

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 Andreesen's post, **June 25, 2007**

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User Story Assumptions

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