Lean Startup
„Perseverance“ vs. „Genchi Gembutsu“

Fredi Schmidli
Presented @ GOTO Zürich, 11.04.2013
Fredi Schmidli

Entrepreneur
Business Angel
Agile Management Coach
Community Builder

http://www.management30.com
Content

- What?  Goals
- How?  2 ways
- Conventional way
- Lean startup way
- Examples
- Conclusions

Based on the Book: The lean startup, Eric Ries, 1st ed. 2011
What?   Goals

• Increase capital efficiency
• Increase survival rate
  • 60% last 3 years, 35% last 10 years
    (US: http://idee.vc/tag/uberleben-von-startups/)
  • 66% last 3 years, 50% last 5 years
    http://www.bfs.admin.ch/bfs/portal/de/index/themen/06/02/blank/key/02/ueberlebensraten.html
  • 56% losses in 3.5, 10% bring 80% return in 7 years
    (UK: Nesta-Studie 2009 mit BBAA and more than 1000 firms)
• Fail early

11.04.2013  fredi@pragmatic-solutions.ch, Lean Startup: „Perseverance“ vs. „Genchi Gembutsu“
How? There are 2 ways

1. Conventional way or do the things right
   - Assumption: machine, excellent plan and execution
   - Focus: Perseverance myth
   - Example: hp

2. Lean startup way or do the right things
   - Assumption: Dynamic systems require self-organisation
   - Focus: Genchi Gembutsu
   - Example: Google, Liip
Conventional way

• Culture: „Cowboy Mentality“ - „Paralysis by Analysis“
• Method: Waterfall with long „cycles“
• Goal: best product possible
• Characteristics - symptoms:
  • Which product can we build with this technology?
  • Long business plans with hockey stick
  • Need funds for sales & marketing boost
  • Long discussions about plans or features
Lean startup way

- Culture: Success can be engineered, learned, taught
- Pre-requisites: Transparency, trust and courage
- Method: Short feedback loop
- Goal: MVP asap and minimise cycle time
- Characteristics
  - Can we build a sustainable business?
  - No business plan or at least transparent assumptions
  - Every product, marketing campaign, etc. is experiment
Feedback loop

Entrepreneurial Mgt: Stupid! It’s the boring stuff, ......

Pivot or persevere?

Turn ideas into products

Min. viable Prod. (MVP)

Innovation accounting
Examples

1. Test distribution channel for portable robot

[Diagram showing the cycle of LEARN, DATA, IDEA, BUILD, PRODUCT, MEASURE]

Creation of video and marketing material instead of GG with MVP

fredi@pragmatic-solutions.ch, Lean Startup: „Perseverance“ vs. „Genchi Gembutsu“
Examples

2. Test BP assumptions for TM app: price, cost of sales

Pivot to public health?

70 interviews & pattern

MVP: Questionnaire & live demos

Interview MDs by pig

11.04.2013

fredi@pragmatic-solutions.ch, Lean Startup: „Perseverance“ vs. „Genchi Gembutsu“
Examples

3. Test business model for Zappos

Picture of shoe online
Examples

4. Test vision of service offering for Dropbox

MVP: Video
Conclusions

• Resource limitations can be an asset: CH
• Genchi Gembutsu, experiment and succeed or .....  
• Be courageous and transparent
• Can we build a sustainable business?  
• MVP  
• Minimise TOTAL time through the loop 
• Your preferred example?