

LEAN START UP WORKSHOP



This 'cult' topic integrates entrepreneurship and innovation. Techniques such as the 'Minimum Viable Product', 'Pivoting' and 'Kanban' are explained. You are taken through the 'Lean Start Up' approach from identification of opportunity to delivery of the user-friendly solution.


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1. INTRODUCTION

Innovation has often been thought to be a slow and vague process. It is shown how lean principles enable rapid innovation and the lean principle of small batches is explained in the context of innovation. During the introduction basic terms are quickly explained. What is lean? What is a start up? What is an entrepreneur? What is an Innovator? A fundamental principle of Lean Start Up is that Innovation Work that does not gain knowledge is wasted.

2. INNOVATION AND ENTREPRENEURSHIP

The difference between an Innovator and an Entrepreneur is explained. An innovator introduces something new and changes anything established while an entrepreneur organizes and manages an enterprise, with initiative and risk. Innovators are driven by a new idea they are determined to see 'realized' while an entrepreneur is driven by the prospect of making money. An innovator will often give up everything to realize their idea whereas the entrepreneur is more cash conscious. An entrepreneur does not have to be an innovator but for an innovator to succeed they will need to be an entrepreneur.

3. LEARN ABOUT THE CUSTOMER

The process starts with talking to your customer and asking the right questions. The aim is to find what are the customers needs and then match those needs with your capabilities. You may well source capabilities from outside your organization or develop them internally. You move quickly to test the opportunity with a 'minimum viable product'. This will require a high degree of trust with the customer and the ideal customer is the 'early

adaptor'. Two case studies are explained where customer needs are found to be different from those originally stated. One with Video Games where young people wanted new friends rather than to play the game and the Toyota Sienna where the customer is found to be the children, not the driver.

4. EXPERIMENT

Testing the hypothesis occurs throughout the journey. We observe real customer behaviour and note the unexpected. Where does the customer waste time? What are the customer emotions. Why and How many customers want to come back in the future? What is the value the customer would like to have and we are not yet giving them? The Case Study of Zappo Shoes shows how a solution was tested manually before going 'live'. At the low tech end a village laundry in Bangalore starts out with minimal equipment.

5. THE FEEDBACK LOOP

At the beginning knowledge is more important than revenue. Data is just numbers, Information is patterns in the Data and Knowledge is information we can act on. 'Build Measure Learn' is the protocol here with Action being the outcome. This is where we find the direction for the project and we aim to minimize the feedback cycle time.

6. CAN WE CREATE VALUE?

This is the next question and to answer it we must get outside the building. We test the assumption with customers out there and find the potential customer 'pain'. We may face a 'Leap of Faith' on whether we can we create value or can we grow

but we should avoid that leap if at all possible. While we are testing at the start we don't charge customers and we look for money to come later. Case studies here are Facebook which had no income at the outset and Amazon which had huge losses before succeeding.

7. TEST THE IDEA

We test our idea with a 'Minimum Viable Product' (MVP) and learn what's missing from our solution. This can be a 'Quality Problem' on the MVP and conformance to customer requirements may not be met. We must work with a customer we trust and we must be clear who is the customer. Ideally we work with early adopters who are 'developers in the market' and add to the idea. Video is a great tool to both find a problem and explain a solution. We need to think about the legal, competitor and brand risks but we don't worry about secrecy. The competition has plenty of its own ideas. Case Studies here are Groupon who started their service with very basic offerings like T-shirts and Sushi and then Dropbox who discovered an unseen opportunity with the 'file synchronization problem'.

8. MEASURING RESULTS

Sales Funnel metrics such as Customer registration, Customer Trial and Repeat and then Purchase are misleading. We test assumptions and test the riskiest assumptions. This is where our metrics focus. For example split testing of a new idea with independent groups finds what customers don't want. We use Kanban to progress split tests and collect 'Actionable Data and Information'. Storing and Accessing Data and Data Validity are critical. We may be faced with decisions on whether to Pivot, but those decisions must be based on sound knowledge. We 'Sprint' after each iteration of a test. Cases here are Grockit using Kanban and Lands End with Split testing.

9. PIVOT OR PERSEVERE

Killing an idea is difficult and we must have the courage to change. As we gain knowledge we will change direction. The pivot should only be done after through discussion in the pivot meeting. There are different types of pivot and we should use Scientific Method to make decisions. Our judgement will improve with repeated testing and we will make decisions based on validated reality versus early instinct. The final offering may be quite different from the initial idea. Again we must get to the next pivot quicker than the last pivot and a pivot means a new strategy. The Case of Votizen shows fast metrics drove major pivots.

10. GROWTH AND SCALABILITY

Once we are delivering we need to consider the metrics of growth and sustainable growth and also find the right growth engine. This will mean finding new markets but also having metrics that show when growth is fading. Success comes from having an adaptable organization and through continued entrepreneurship and innovation.

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