

ITI8740/ITX8522: Software Development Team Project. 2024

# 03. Intro to Lean Startup

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## Common myths:

- **Myth 1:** Effort + Idea + Timing + Great Product = Success
- **Myth 2:** Ideas are precious.

# Reality:

- Execution of is everything

**95%** of all startups fail

**Root Cause:**

**Building a product that nobody wants**



**“Relentless execution without knowing what to execute is a crime.”**

**— Steve Blank, *The Startup Owner's Manual: The Step-By-Step Guide for Building a Great Company***

# 9 Deadly Sins of New Product Development

- Assuming you know what the customer wants
- The “I know what features to build” flaw
- Focusing on the launch date
- Emphasizing execution instead of testing, learning, and iteration
- Writing a business plan that doesn’t allow for trial and error
- Confusing traditional job titles with a startup’s needs
- Executing on a sales and marketing plan
- Prematurely scaling your company based on a presumption of success
- Management by crisis, which leads to a death spiral

Source: <https://www.inc.com/steve-blank/startup-owners-manual-9-deadliest-startup-sins.html>

**Solution:**

**The Lean Startup Methodology**



# 1. THE BUILD-MEASURE-LEARN FEEDBACK LOOP

WHAT IF NOBODY  
WANTS THIS  
ANYWAYS?

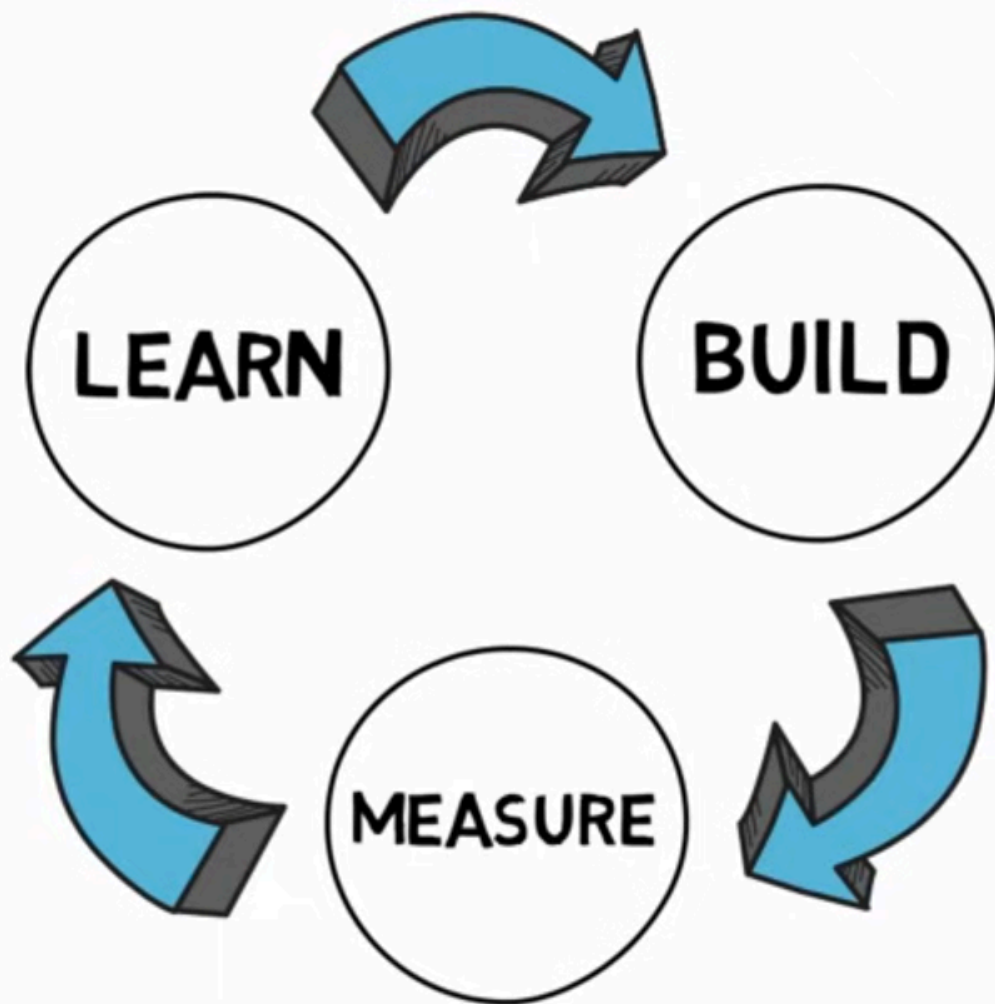


JUST  
DO IT!



# 1. THE BUILD-MEASURE-LEARN FEEDBACK LOOP

IF NOBODY  
DOES THIS  
WAYS?



JUST  
DO IT!



# What Lean Start-Ups Do Differently?

Source: <https://hbr.org/2013/05/why-the-lean-start-up-changes-everything>

## Strategy

Business Model  
Hypothesis-driven

Business Plan  
Implementation-driven

## New-Product Process

Customer Development  
Get out of the office and test hypotheses

Product Management  
Prepare offering for market following a linear, step-by-step plan

## Engineering

Agile Development  
Build the product iteratively and incrementally

Agile or Waterfall Development  
Build the product iteratively, or fully specify the product before building it

## Organization

Customer and Agile Development Teams  
Hire for learning, nimbleness, and speed

Departments by Function  
Hire for experience and ability to execute

## Financial Reporting

Metrics That Matter  
Customer acquisition cost, lifetime customer value, churn, viralness

Accounting  
Income statement, balance sheet, cash flow statement

## Failure

Expected  
Fix by iterating on ideas and pivoting away from ones that don't work

Exception  
Fix by firing executives

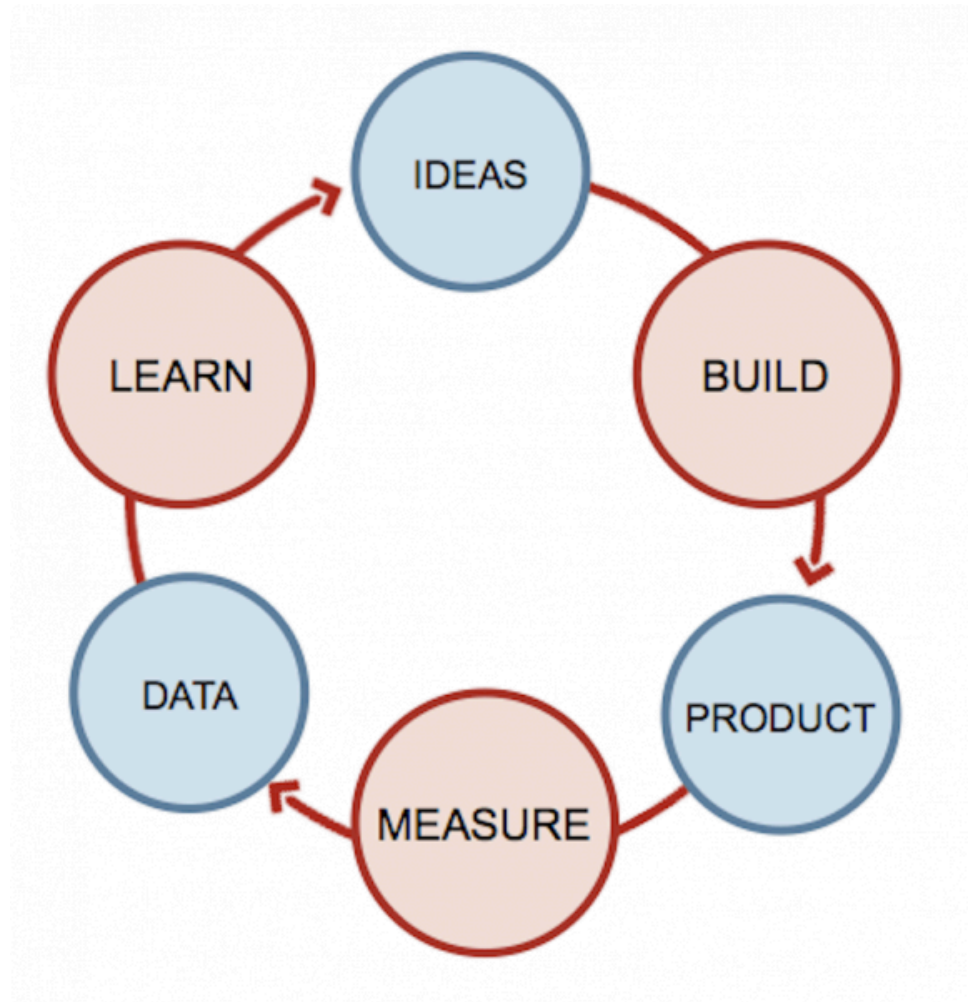
## Speed

Rapid

Measured

# Lean Startup Meta Process

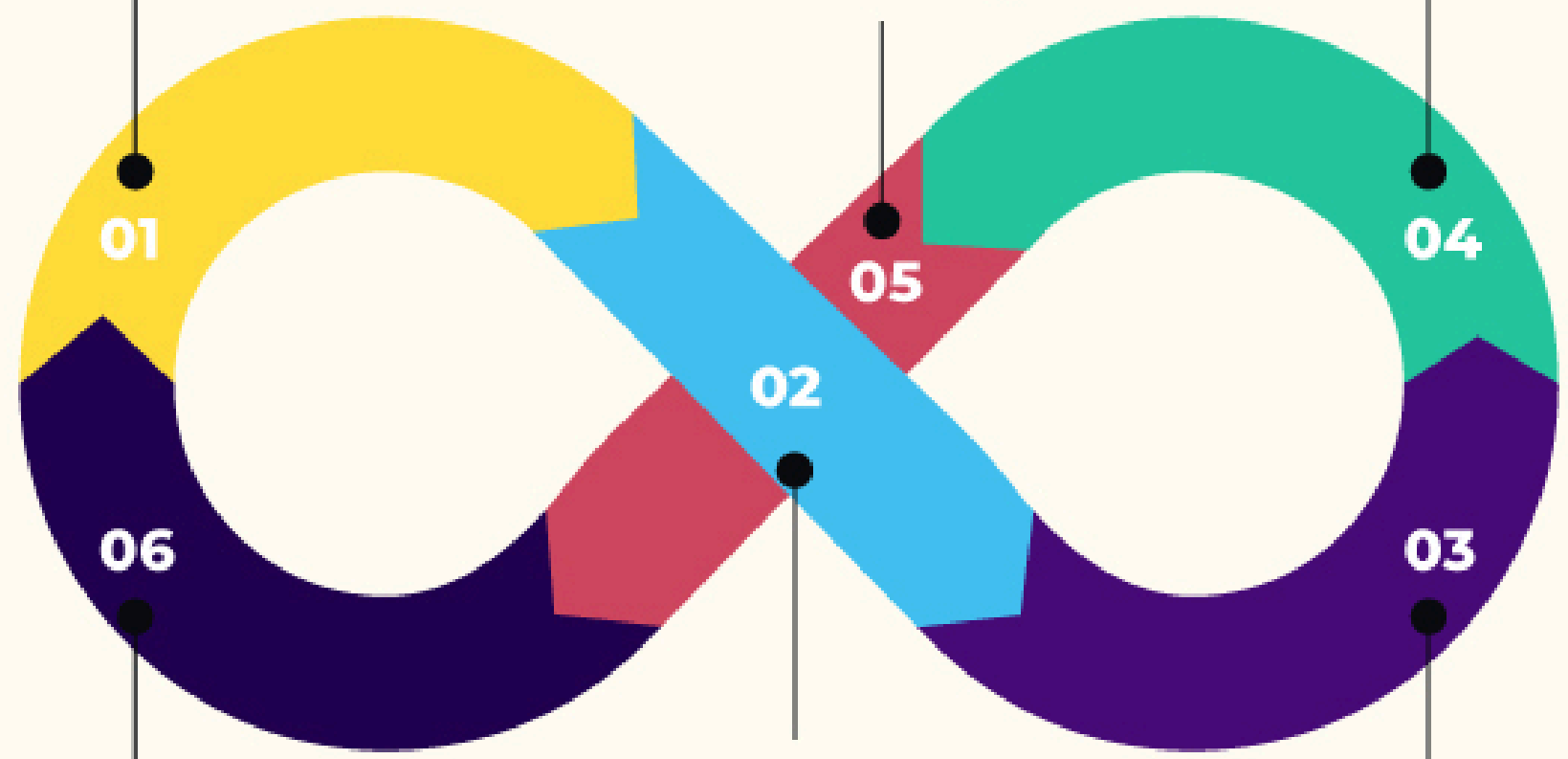
1. Document your Plan A
2. Identify the **riskiest** part of the plan
3. Systematically **test** your plan



**Hypothesis/Idea**

**Feedback**

**Measuring**



**01**

**05**

**04**

**02**

**06**

**03**

**Creating (MVP)**

**Validated learning**

**Testing**

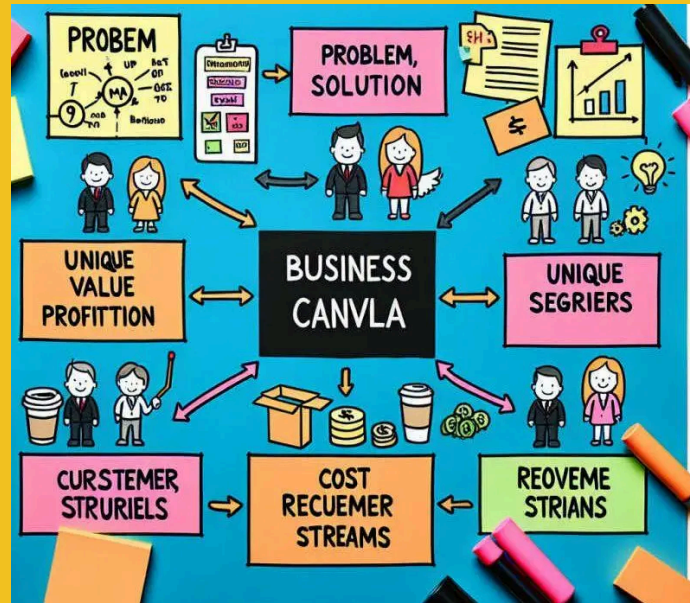
# Everything is an experiment

Observe - do not assume or ask!

- **Learn experiments**, also called Research or Generative Experiments, are used to learn more about a certain topic. They create new assumptions.
- Their counterpart is called **Confirm experiments**. With Confirm Experiments, you confirm whether an existing assumption is valid or invalid.

The next step

# The Lean Canvas



# References

- For God's sake, follow the Lean Startup Method. <https://www.june.so/blog/lean-startup-method-2024>
- Write Down Your Concept. <https://learningloop.io/plays/write-down-your-concept>
- Validated Learning with the Learn-Build-Measure Loop.  
<https://thoughtbot.com/blog/validated-learning-with-the-learn-build-measure-loop>
- 18 of the most used Lean Startup experiments (+examples)  
<https://togroundcontrol.com/blog/10-experiment-design-examples/>



**Thank you!**