ITI8740/ITX8522: Software Development Team Project. 2023

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

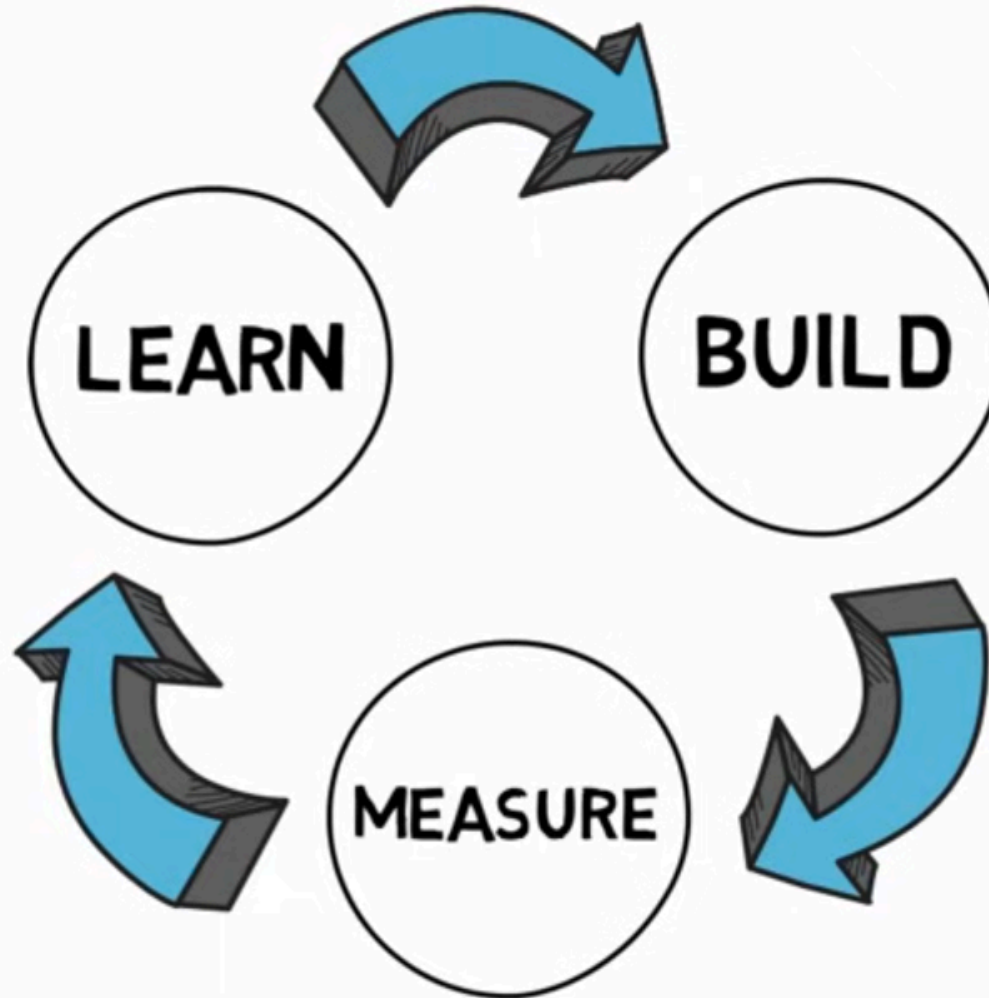# 1. THE BUILD-MEASURE-LEARN FEEDBACK LOOP

What 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
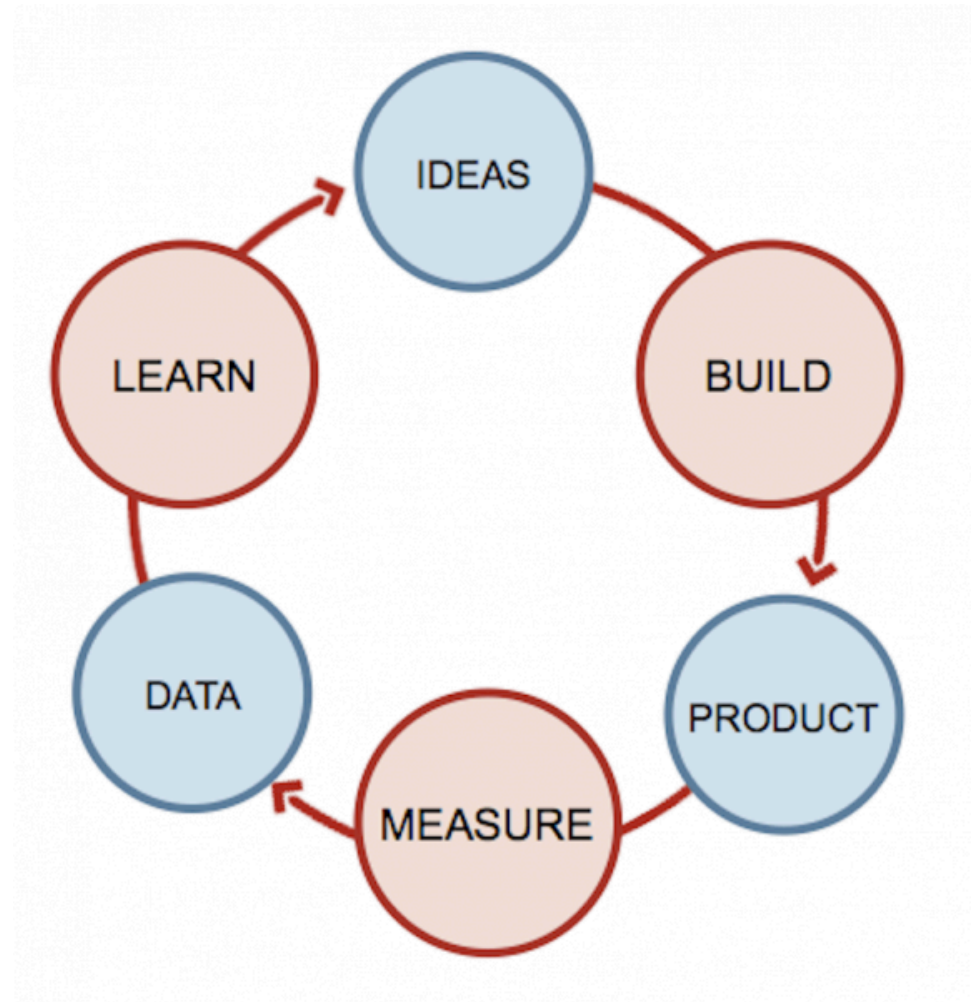
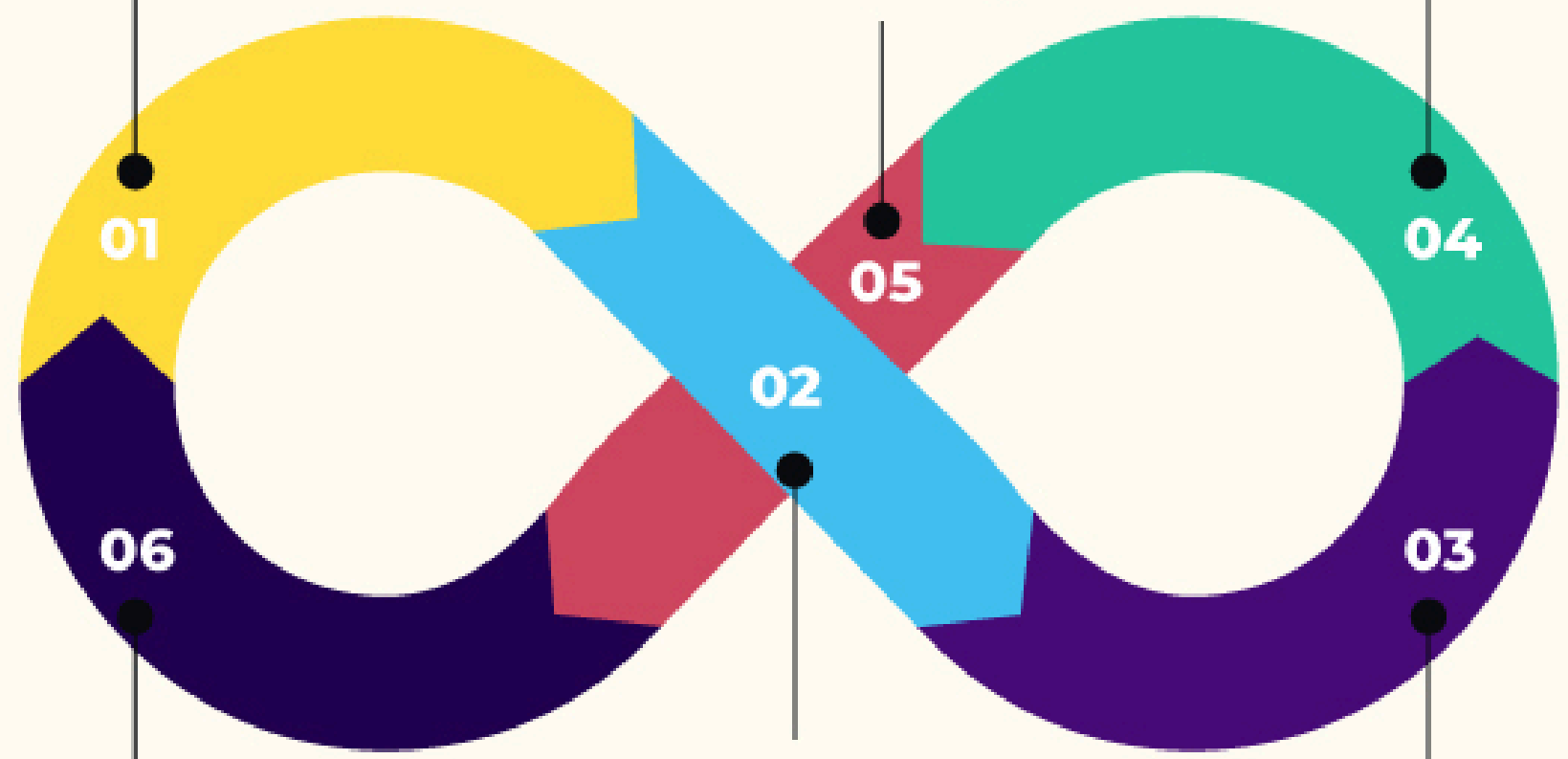|	
Rapid	Measured

Lean Startup Meta Process

1. **Document your Plan A**

2. Identify the **riskiest** part of the plan

3. Systematically **test** your plan

Hypothesis/Idea

Measuring

Feedback

01

05

04

02

06

03

Validated learning

Creating (MVP)

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
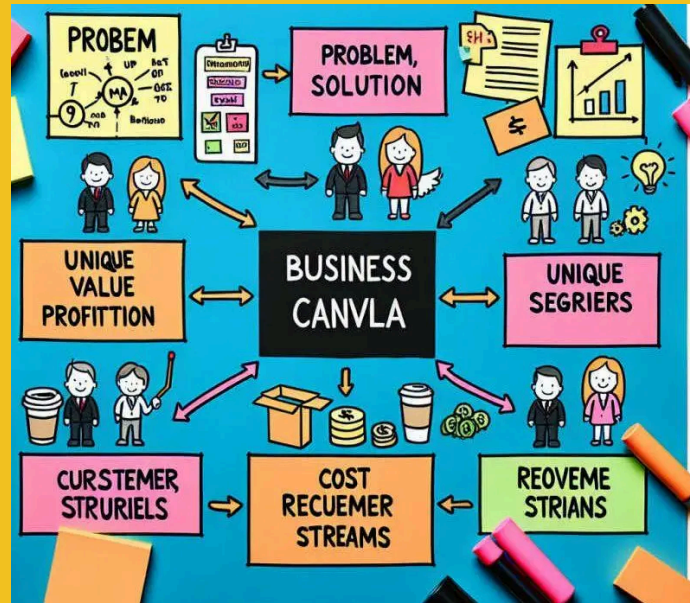
References

- 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!