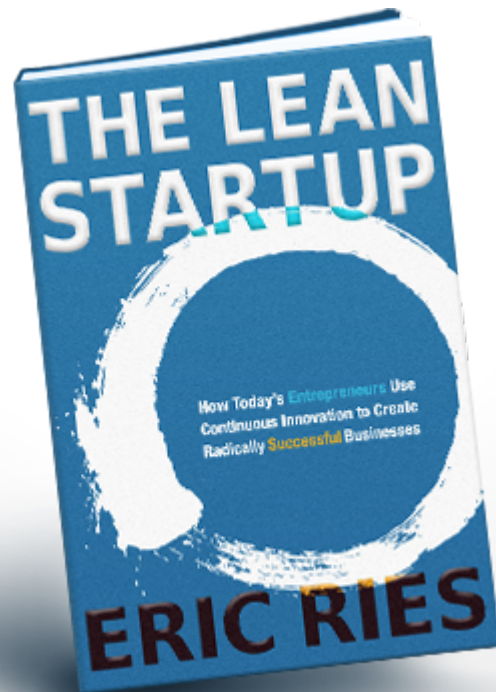


LEAN MANAGEMENT



'We often lose sight of the fact that a startup is not just about a product, a technological breakthrough, or even a brilliant idea. A startup is greater than the sum of its parts; it is an acutely human enterprise.'

INTRODUCTION



BUILDING AN INSTITUTION

- hiring creative employees,
- coordinating their activities,
- creating a company culture that delivers result.

This result is a **value**.

VALUE

Value - providing benefit to the customer.
(Anything else is waste).

Value is **more important** than profit.
Without it you cannot success.

Many organizations that are wildly profitable in the short term but ultimately value-destroying are on their way to fail.

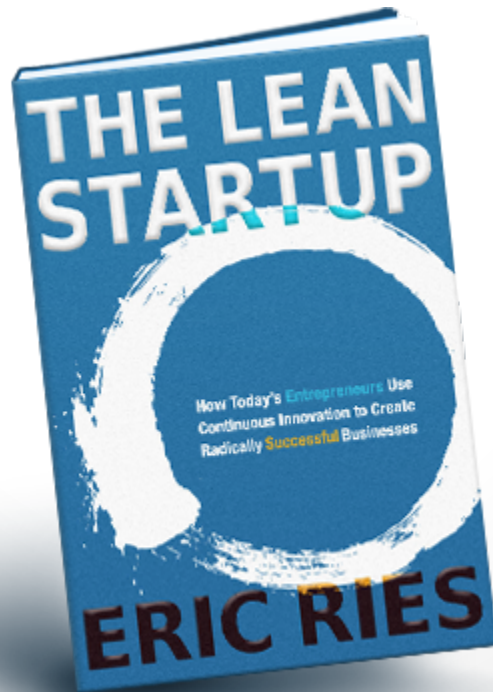
PLAN

There is nothing more important than a good plan.

BUT

Instead of making complex plans that are based on a lot of assumptions, you can make **constant adjustments** with a steering wheel called the Build-Measure-Learn feedback loop.

FEEDBACK LOOP



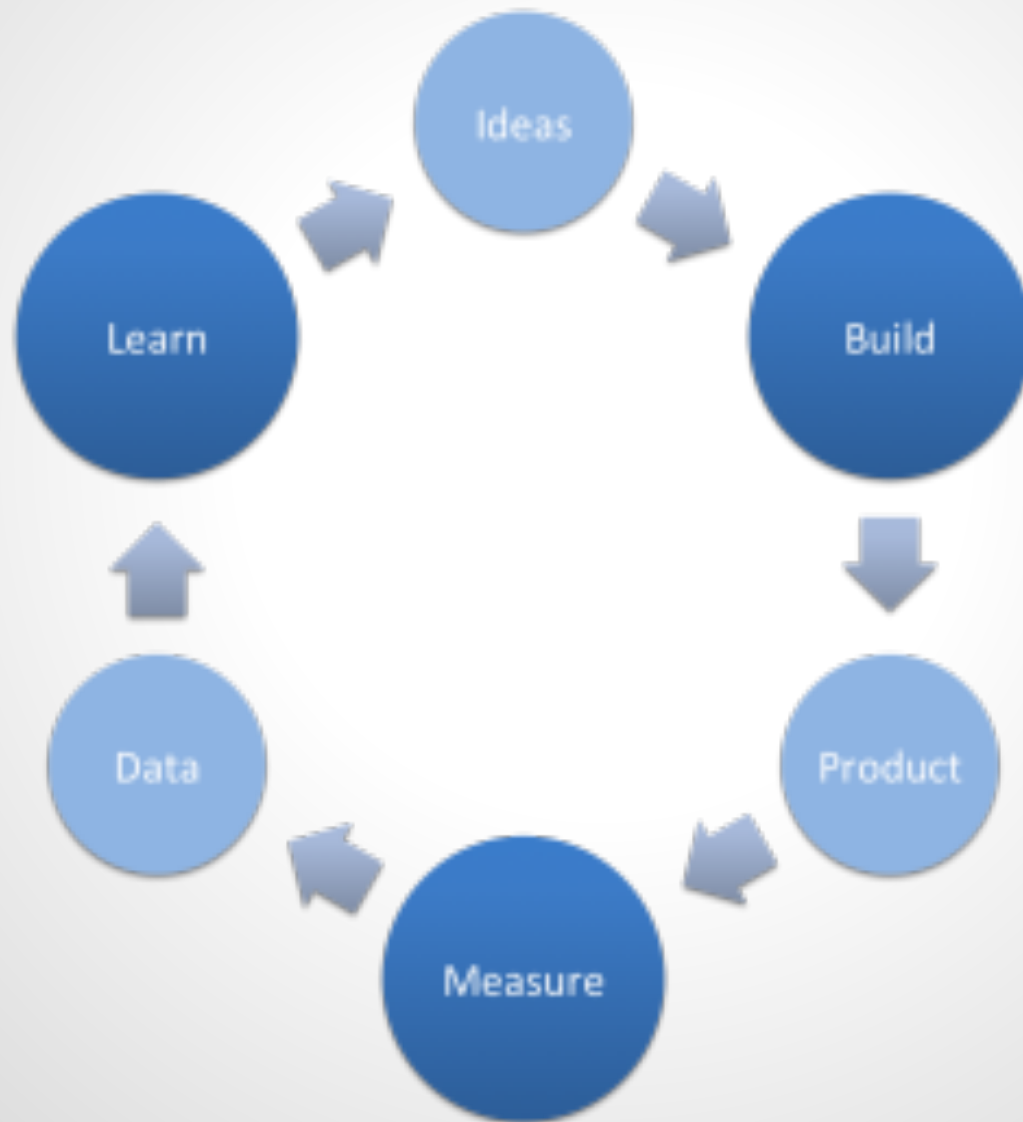
FEEDBACK LOOP

Plenty of entrepreneurs focus their energies on the individual nouns:

- * having the best product idea
- * having the best-designed initial product
- * obsessing over data and metrics.

The truth is that none of these activities by itself is of paramount importance. We need to focus our energies on minimizing the total time through this feedback loop.

FEEDBACK LOOP



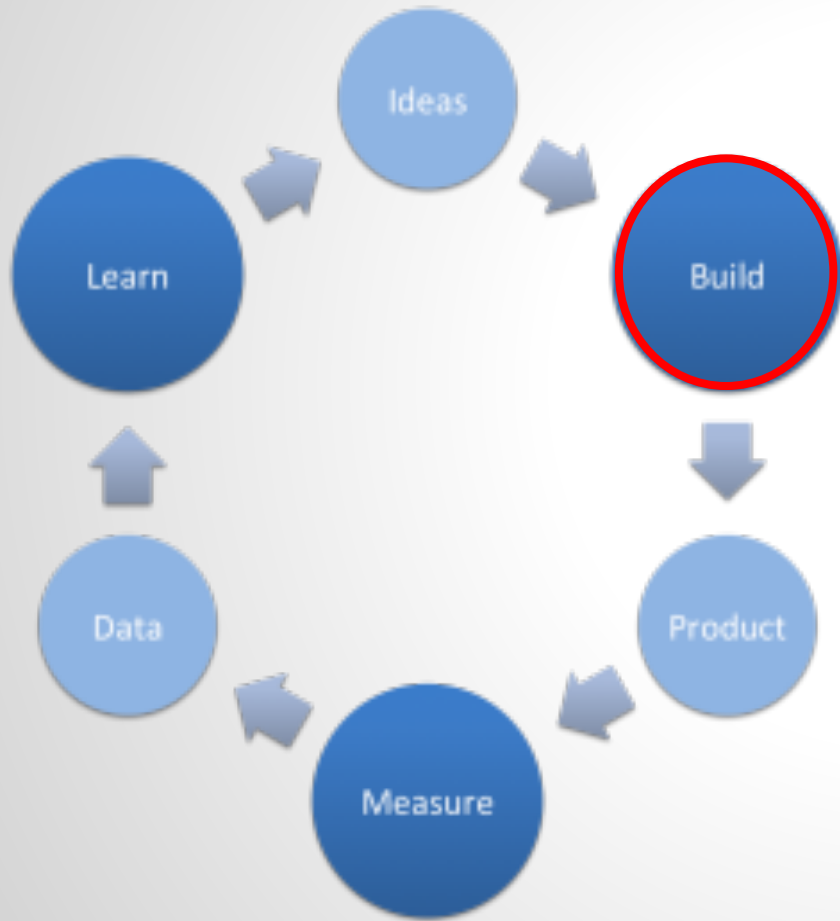
HYPOTHESIS

To apply the scientific method to a startup, we need to identify which hypotheses to test.

The riskiest elements of a startup's plan: the parts on which everything depends, leap-of-faith assumptions.

The two most important assumptions are the **value hypothesis** and the **growth hypothesis**. These give rise to tuning variables that control a startup's engine of growth.

BUILD PHASE



The first step is to enter the build phase as quickly as possible with a minimum viable product.

MINIMUM VIABLE PRODUCT

That version of the product that :

- enables a full turn of the Build-Measure-Learn loop with a minimum amount of effort and the least amount of development time.
- lacks many features that may prove essential later on.

MINIMUM VIABLE PRODUCT

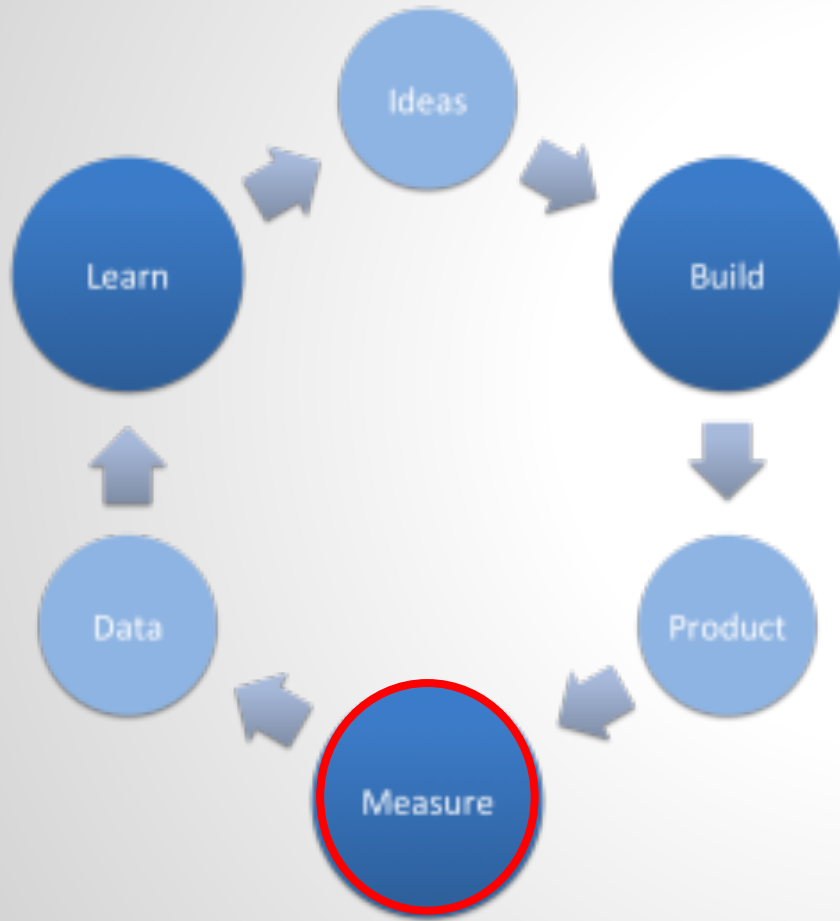
Before new products can be sold successfully to the mass market, they have to be sold to **early adopters**.

These people are a special breed of customer. They accept—in fact prefer—an 80 percent solution; you don't need a perfect solution to capture their interest.

HOW TO PROMOTE MVP?

1. **The video** - simple three-minute demonstration of the technology as it is meant to work targeted at a community of technology early adopters (Dropbox)
2. **The concierge** - one early adopter who gets the concierge treatment. Personalized service. You are learning more and more about what is required to make their product a success.

MESURE PHASE



When we enter the Measure phase, the biggest challenge will be determining whether the product development efforts are leading to real progress.

MESURE

You: are you making your product better?

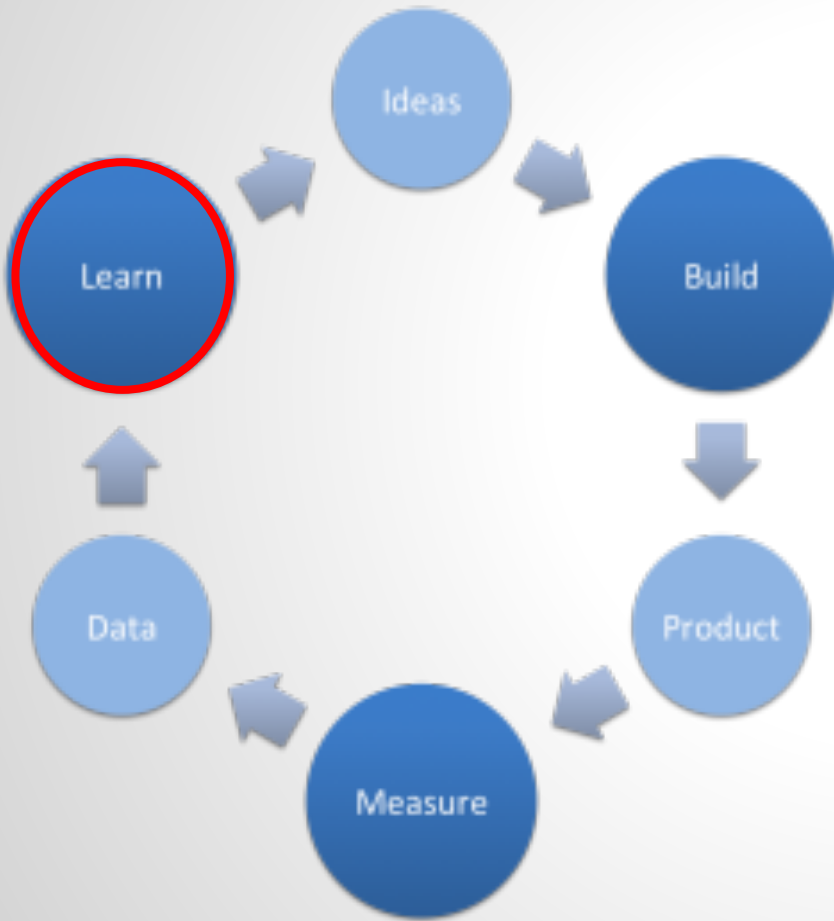
Any entrepreneur: yes.

You: how do you know?

Any entrepreneur: we made a number of changes last month, and our customers seem to like them, and our overall numbers are higher this month. We must be on the right track.

Unfortunately, this is not a good indicator of whether a startup is making progress.

LEARN PHASE



If we've discovered that one of our hypotheses is false, it is time to make a major change to a new strategic hypothesis.

3 STEPS OF INNOVATION ACCOUNTING

1. Use a MVM to establish real data on where the company is right now.
2. Micro changes from baseline toward the ideal.
3. Pivot or persevere

ANALOGS & ANTILOGS

Analogs - similar companies you can learn from

Antilogs - similar companies which histories will help you to lead your business in a particular way.



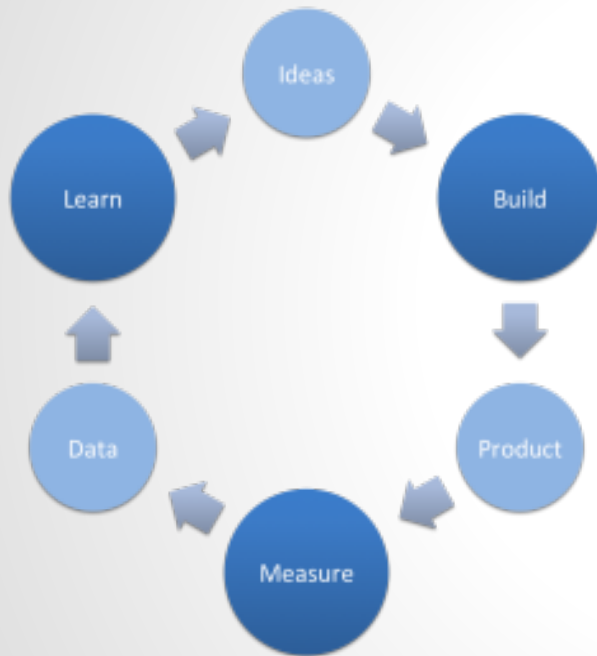
Will people listen to music in public place using earphones?



Will people pay for music?
LEAP OF FAITH



FEEDBACK LOOP



1. Good idea that creates a value.
2. MVP - create, promote
3. Measure how MVP adapts to the market
4. Get as many data as possible
5. Learn from your success or failure
6. Pivot or persevere

BASIC RULES



GENCHI GEMBUTSU

Basing strategic decisions on **firsthand** understanding of customers.

You cannot be sure you really understand any part of any business problem unless **you go and see** for yourself firsthand.

It is unacceptable to take anything for granted or to rely on the reports of others.

GET OUT OF THE BUILDING

Customers are breathing, thinking, buying **individuals**. Their behavior is measurable and changeable.

Even when we are selling to large institutions, as in a business-to-business model, it helps to remember that those **businesses are made up of individuals**.

CUSTOMER ARCHETYPE

- * important: **early contact** with customers
- * goal: to clarify **who** is our potential customer and **what problems** does he have.
- * that leads us to **customer archetype** - a brief document that seeks to humanize the proposed target customer. This archetype is an essential guide for product development.

ANALYSIS PARALYSIS

ANALYSE, ANALYSE, ANALYSE.

BUT There are two dangers:

- 1) Entrepreneurs are **impatient to get started** and don't want to spend time analyzing their strategy.
- 2) Other entrepreneurs can fall victim to analysis paralysis, **endlessly refining** their plans.

4 QUESTIONS BEFORE EVERY MOVE

Product manager: I just want this.

Engineer: I'm going to build it.

Instead, try to push your team to first answer four questions:

- 1.** Do consumers recognize that they have the problem you are trying to solve?
- 2.** If there was a solution, would they buy it?
- 3.** Would they buy it from us?
- 4.** Can we build a solution for that problem?

CONCLUSION

There are few things that are extremely important for a company's success:

First and the most important: **people**.

Second: **value**.

Third: **learning**.

With those three there's no way to fail.

THANK YOU

