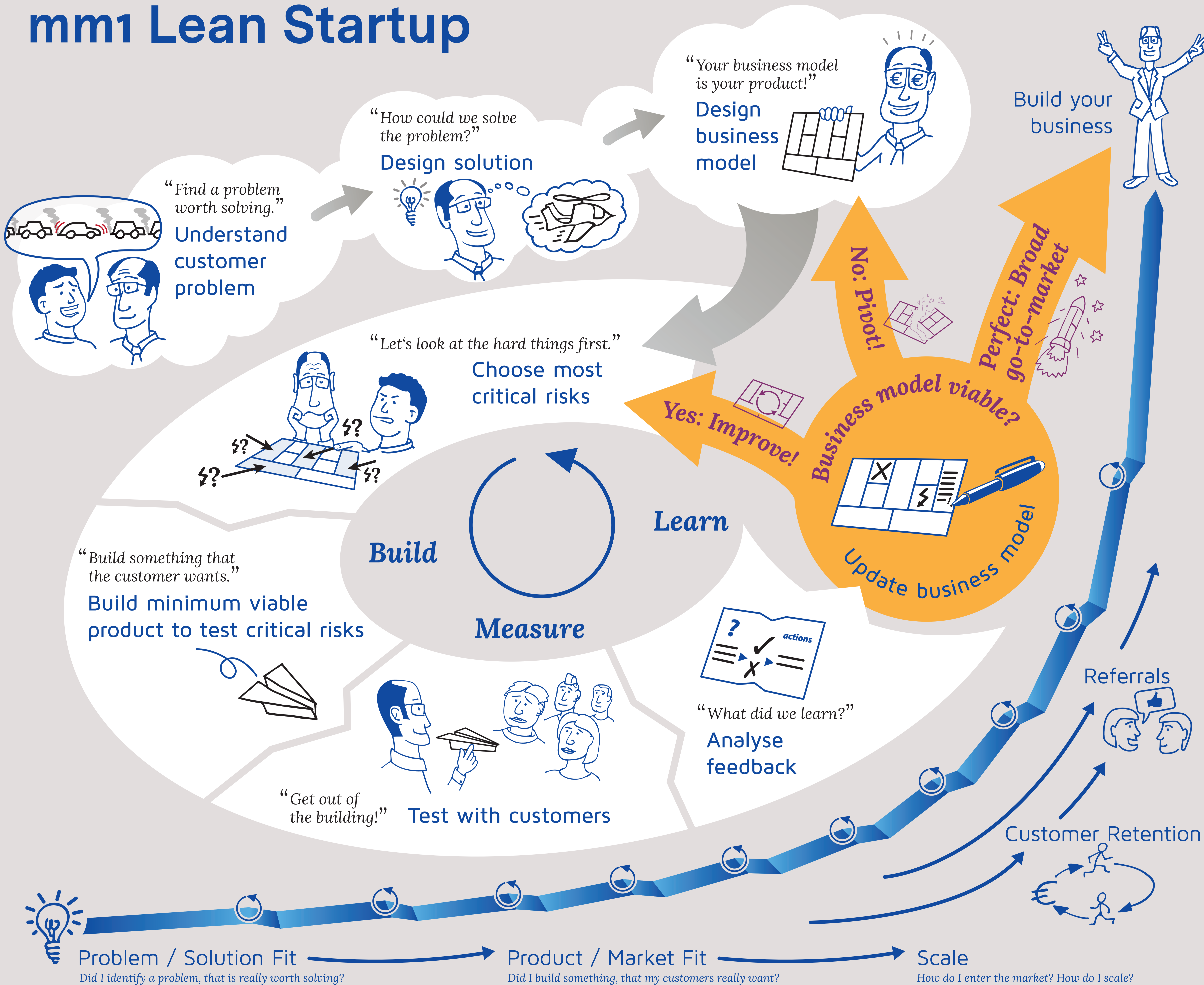


mm1 Lean Startup

Lean Start-up sets the framework for lean, successful new product development and business creation. This can be achieved by fast and multiple iterations and validation of the initial business model. The approach includes the implementation of customer orientated products or prototypes. Product development with Lean Start-up strongly focuses on the target customers and their challenges. It uses early market testing and continuous learning.



Understand customer's problem

A concise description of your customer's problems is half of the solution. Work hard to fully understand the customer's problem, and only then think of the solution.

- Approach:**
1. Identify the problem: Observe situations, perform interviews and tests, etc.
 2. Understand the problem: Use methods like the "5 whys root cause" analysis (answer the question "what is the problem?" five times) or the "jobs to be done" method ("what job needs to be done by the product or service the customer hires?").
 3. Describe the problem: For example by telling a user story: "As a _____ I need _____ in order to _____"

Design solution

Once you fully understand the problem, draft solutions. A solution describes how you create benefit for the customer. If necessary, your outline of the solution can already include details.

Approach: Ideation, creativity techniques, analysis of how customers solve the problem today, etc.

Describe your business model

The product is not the solution, but a working business model is the product. At the beginning, you may have assumptions in the description of your business model. Likewise, the business model can be incomplete at first.

- Approach:**
- Identify your target group. Is the target group too large, perform further segmentation and pick the most attractive sub-group.
 - Fill out the business model for the target group, e.g. the Business Model Canvas by Alex Osterwalder or the Lean Canvas by Ash Maurya. Several target groups are possible. For example, in multi-stage business models with partners.

Select critical risks

In order to guarantee the success of your business model, systematically identify and evaluate all included risks. Start with the risks that are most critical for business success. Formulate each risk as a falsifiable hypothesis. Only this allows you to learn and to receive distinct test results.

- Approach:**
1. List the most critical risks (hypotheses) of the business model
 2. Group the risks by
 - a. Product risk: understanding of the problem, the biggest pain points
 - b. Customer risk: testing the target customer segment
 - c. Market risk: existing alternatives, critical competitive advantages
 3. Prioritize the risks

Build the minimum viable product (MVP)

To build an MVP, start with a product vision. The vision always remains the same, even though you may adapt the MVP later. The MVP includes the smallest possible amount of functions that allow validated learning. It does not have to look like the final product. You use the MVP to detect and test risks before the product development has progressed too far.

Approach: Paper-based prototyping, smoke test (advertisement without an existing product), concierge MVP (full-service contact, in which you perform all the tasks for the customer that the product would do, if it already existed).

Test with customers

Communication with other people is key to continuous learning. With help of the MVP, you perform experiments to test the critical risks that are essential for the success of your product vision. Design every experiment to be falsifiable and time-boxed. The scope of risks that you test within a single experiment should be small in order to allow fast Build-Measure-Learn iterations.

- Approach:**
- Define your success ratio: Focus on a single KPI. The selection of your KPI depends on the development stage of your product (see Dave McClure's Pirate Metrics).
 - Prepare your experiment: Define the risks to be tested, falsifiable hypotheses, the expected result and the set-up (duration, number of participants, etc.).
 - Test with your customers: Do not ask your customers directly. Instead, observe how they react to the MVP and whether they are willing to pay for it.

Analyze feedback

Learning is the true measure of progress: There are no failed experiments, just unexpected results. The faster you generate validated learning out of an experiment, the faster your progress towards a successful business model.

Approach: Document and analyze your conversations and the given feedback. Draw conclusions for your product and your next steps.

Update the business model

Live the culture of continuous improvement. Whenever necessary, change your direction or pivot your business model. Quickly convert the reaction of the market into improvements.

Approach: Adapt your business model and critical risks based on the results of your experiments.