

BUILD, MEASURE, LEARN

Goal: Validate your learning by testing a Minimum Viable Product (MVP)

Startups are newly established entrepreneurial ventures that create new products and services that have the potential to be a solution to an existing problem. These businesses attempt to meet or create market demand under uncertain conditions.

Eric Ries, author of *The Lean Startup*, describes two important assumptions commonly made by founders of start-ups - namely, that the product they intend to develop delivers value to potential customers (the value hypothesis), and that their business can scale as their product is adopted by new customers, on recommendation or otherwise (the growth hypothesis). People who develop products can have all kinds of notions on what features a certain type of product should have, but the success of a start-up is determined by customers seeing value in its products and paying for them. To test which features are most important, Ries proposes making use of the Minimum Viable Product (MVP). The MVP is a product with the minimum number of features required to learn the most. Developing a product or service will still take a lot of time and effort, but by validating your learning, hopefully you will not spend the time developing the wrong one.

Design for people

How can I use it?

- 1 Define** what you need to learn. What are your most important assumptions that will guarantee failure if they are proven to be false?
- 2 Consider** which indicators can help you prove or disprove your hypotheses when you test a prototype with potential or current customers.
- 3 Build** a prototype.
- 4 Measure.** Test the prototype, not just with engineers or developers, but with the people that you intend to eventually use the product. Early adopters may be the most enthusiastic and offer the most valuable feedback.
- 5 Learn.** Is your hypothesis true, find out what you need to learn next. Is your hypothesis proven false and is it a fundamental one? Gather more feedback or change your approach and develop a new product or feature (pivot).

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Ideas

Design for people

1 WHAT DO YOU WANT TO LEARN?

For example, that customers would pay for the service, that they want the product or certain features, or that they will use the product a certain way.

HYPOTHESIS 1:

HYPOTHESIS 2:

HYPOTHESIS 3:

3

WHAT WILL YOU BUILD TO TEST YOUR HYPOTHESES?

What would be a version of the product with the minimum number of features needed to test assumptions? Examples:

- Use A/B testing or ad campaigns to test which of the features you are considering appeal to potential customers most.
- Fundraising campaign: do people make donations?
- Video demonstration of intended functionality: do people pre-order the product or sign up for a newsletter after viewing it?
- Try-out of digital or paper prototypes by potential customers.

2

HOW CAN YOU MEASURE WHAT YOU WANT TO LEARN?

Find a suitable indicator that would help answer your hypothesis, such as conversion rates and sign-up rates (so-called "funnel metrics", f.e. the percentage of people who downloaded an app and who subsequently pay for a certain feature).

METRIC(S) HYPOTHESIS 1:

TARGET VALUE:

METRIC(S) HYPOTHESIS 2:

TARGET VALUE:

METRIC(S) HYPOTHESIS 3:

TARGET VALUE:

Data

Product