

Tests and MVPs (Minimum Viable Products)

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THE LEAN STARTUP

How Today's Entrepreneurs Use
Continuous Innovation to Create
Radically Successful Businesses

ERIC RIES

Ash Maurya

RUNNING LEAN

Iterate from Plan A to a Plan That Works

SPRINT

how to
SOLVE BIG PROBLEMS
AND **TEST** NEW IDEAS
IN JUST **FIVE DAYS**

JAKE KNAPP

WITH JOHN ZERATSKY & BRADEN KOWITZ

from **GOOGLE VENTURES**

Test

There are four critical issues that need to be tested at the early stage:

- Who is the customer?
- Does the customer need exist or do the customers have some pains that they need relieved?
- Are they willing to pay for solving their need?
- Does your proposed solution answer their need or, in other words, does your solution fit their problem?

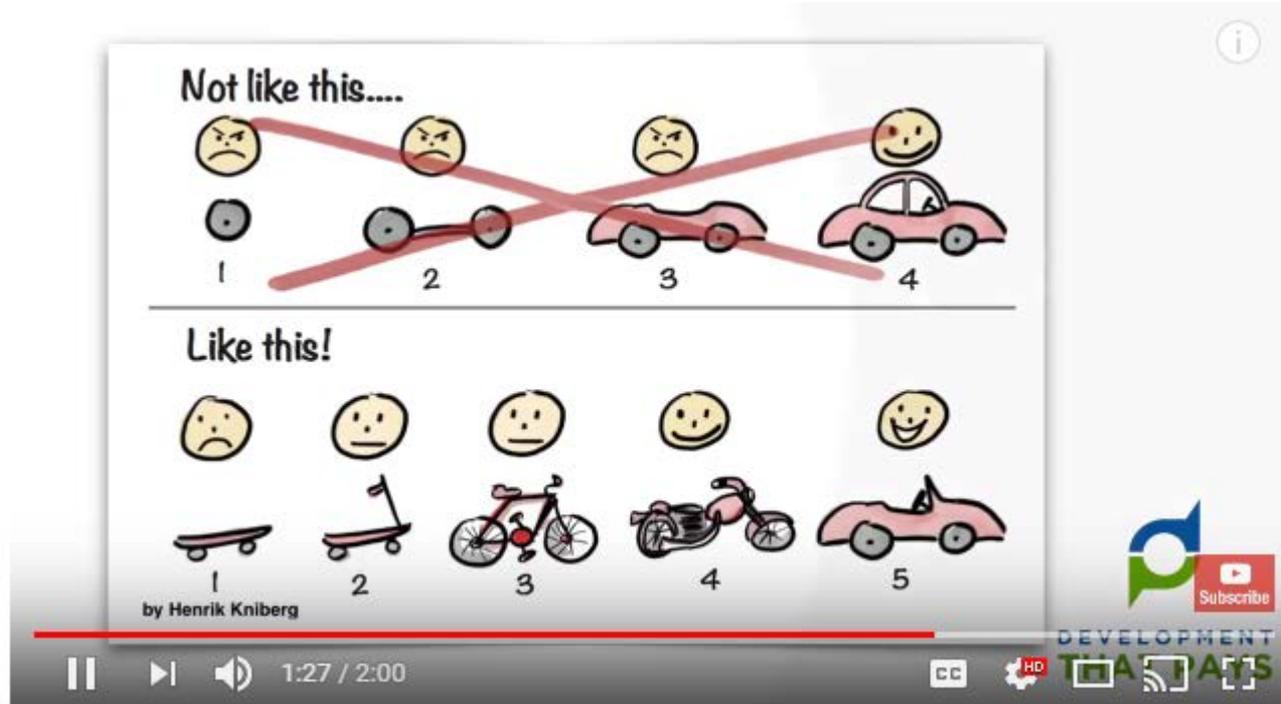
[A fifth critical issue for a startup, not related to the customers, is: will the solution/product work? will it be economically feasible?]

To answer these questions ...

... you need a Minimum Viable Product (MVP) or a Demo – a product or a representation of a product with the “minimum features in order to get feedback”.

- Feedbacks can be comments, data, early orders, etc. An MVP is built to obtain information, to test the most risky assumptions.

MVP history, definition and caveats



https://youtu.be/rmGOBzpn_98

Why do you need to do tests?

- To modify your business model

or

- Pivot the business model

or

- kill your business model

AND

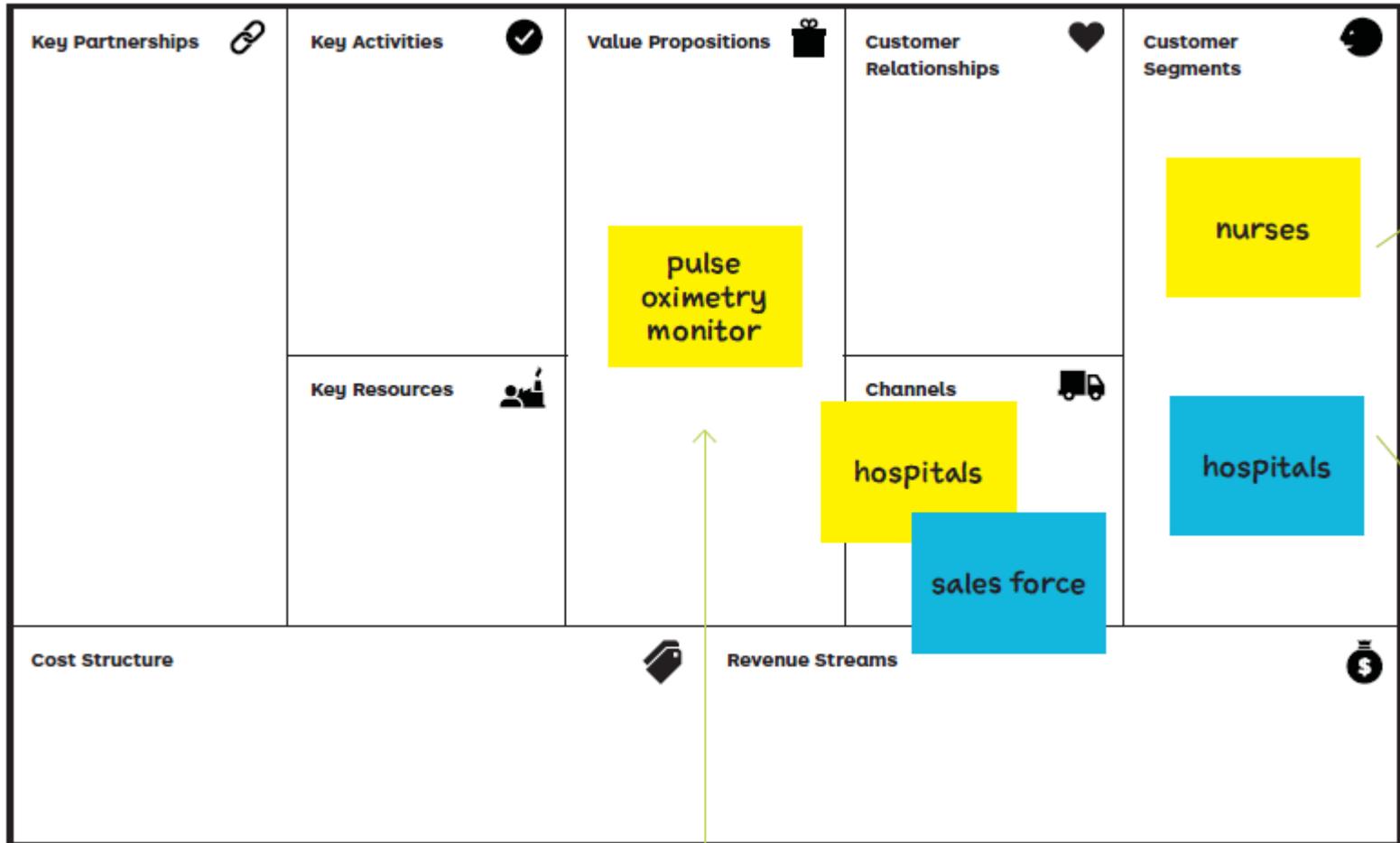
- To find the % of Penetrated Market (customers that will actually buy your product among the ones Served by your organization)

Pivot example: Owlet

Product: Wireless monitoring of babies' blood oxygen, heart rate, and sleep data.

https://youtu.be/f-8v_RgwGe0

Owlet Business Model: version 0



Owlet Business Model: version 2



Three testing approaches

In order of increasing complexity (and usefulness / reliability)

- 1. Interview test**
- 2. Pre-selling or audience building test**
- 3. Selling test**

Interview test

- With this approach the product/service is shown to potential users/customers to obtain feedbacks. It is the weakest method because maybe your potential users/customers don't understand your product/service, maybe they say that they would buy ... but they will not. However this method is the most flexible and provides the most information: it's the best method if a start-up is still trying to understand if there are customers, if they have problems/needs, etc.
- Main tools/methods:
 - video (or storyboard) [you ask the potential users to review a storyboard or a video that illustrates a problem, a solution and how the product works]
<https://youtu.be/oRtMGgmGn9c>
 - Dropbox first video (approximately early 2008 - Ries in "The Lean Start-up")
<https://youtu.be/dR7tJ8wAI3M>
 - Dropbox second video (approximately late 2008) <https://youtu.be/ps4X1KFZ8J0>
 - Brochures and non-functional prototypes such as paper prototypes or mobile apps [prototypes contain user interface elements and simulate the product without any actual function]

Pre-selling or audience building test

- With these methods you start to interact with your potential users/customers even if you're not ready to sell. In Audience building you build a community by providing valuable information or services for free (e.g. Facebook didn't sell anything and didn't have a revenue model in the beginning).
- Main tools / methods:
 - professional videos and brochures of the product services asking for potential clients data or pre-orders (see description above)
 - blogs and landing pages [in a landing page test you provide brief information, videos and pictures on a simple website about your upcoming product and ask the users to sign-up or buy]
 - <https://youtu.be/Wi1i9-jpAIE>
 - <https://youtu.be/eeg3KyNQQWk>
 - crowdfunding (e.g. Kickstarter) [In the crowd-funding testing, you utilise crowdfunding websites as a pre-order platform by demonstrating your product in videos and pictures]
 - <https://youtu.be/bGSJJmXXto0>

Selling test

- With this approach you sell your product or service even if you don't have a scalable business model yet. You're still in a testing phase, you aim to obtain knowledge (the costs are very high, you cannot operate in this way for long).
- Main tools / methods:
 - Concierge method [you provide a customised, manual service that simulates the features of your planned offering for a small sample of your target customers (the sample is small because you have to interact with all the customers directly and with limited tools/standards).
 - Social Innovation in HP (Ries in "The Lean Start-up") → read excerpt
 - Food on the Table (Ries in "The Lean Start-up") → <https://youtu.be/VOPxW-7Jxf8>
 - Wizard of Oz method [Wizard of Oz testing is about making a simulated product looking like a real working one when its functions are in fact manually carried out]
 - Zappos (Ries in "The Lean Start-up") → <https://youtu.be/VPVec5eupTY>