Session 11 – MVPs & experiments

In going from idea to action, many entrepreneurs make a critical mistake – they spend a lot of time and money developing and building new products that no one wants. By building your business like a scientist, and gathering evidence to test your solution and value proposition hypotheses, you can avoid this mistake.

This video discusses how to use interviewing, minimum viable products and simple experiments to test your ideas about the solution and its unique value proposition.

The use of interviewing to test solution hypotheses is similar to its use for problem validation. It starts with finding people who fit the profile of a typical customer and scheduling face to face interviews with them. The main difference between a problem interview and a solution interview relates to the focus of your questions. Problem interviews are all about uncovering dissatisfactions and points of pain, so they focus on customers' current experiences. Solution interviews are all about identifying the features and benefits that customers would be willing to pay for, so they focus on uncovering customers' most urgent wants and needs.

For example, you could test your solution hypotheses by giving interviewees a list of all of the features and benefits you think they might need and ask them to pick the 3 that would be most valuable or ask them to rank the benefits in order from most important to least important. You could then follow up by asking why specific benefits are most and least valuable and important, and whether there are any other features or benefits (not listed) that interviewees would be willing to pay for.

Once you have a clear idea of what the solution needs to offer to attract customers, you can test and refine your solution and value proposition hypotheses by using a series of prototypes. Prototypes that allow you to collect the maximum amount of validated learning about customers with the least effort and expense are called minimum viable products, or MVPs. As the name suggests, your minimum viable product should provide only the set of benefits that you believe will be needed to get customers to purchase your solution.

Most people associate prototypes with physical models of the product or functioning versions of a service offering; however, there are several distinct types of MVP prototypes that you can utilize to gather evidence, including:

1. Paper mock up or explainer flyer
2. Explainer video
3. Landing page

4. Wizard of Oz MVP
5. Physical prototype

A paper mock up or explainer flyer is similar to a printed advertisement that lists product benefits and explains its value proposition. This type of MVP is generally used in conjunction with interviewing to elicit customer reactions and probe their likes and dislikes. It could also be used to gain commitment; for example, by asking if the interviewee would like to buy the product in advance or put down a deposit.

An explainer video provides a dynamic illustration of how the product or service works. Drew Houston, the CEO of Dropbox, used this type of MVP to test his idea before writing a single line of code. Specifically, he created a video to demonstrate how his technology would work because the actual software development would take a long time and be pretty challenging. He then posted the video online and invited people to leave an email address if they were interested. After more than 70,000 people signed up in one day to be on his waiting list he knew that there would be strong demand, so he built the actual product.

Explainer videos are often posted on internet landing pages. One advantage of using landing page MVPs is that they offer the opportunity to observe how customers behave when they read about or see what you're planning to offer. If visitors to the page are willing to leave an email address, click a button to learn more or pre-order the product, then you can feel confident about the benefits and value proposition offered by your solution.

Landing pages also provide a great way to test different combinations of benefits or different value propositions by using simple experiments. For example, if we wanted to test the value proposition of the Diamond Challenge for High School Entrepreneurs as an "educational program" versus a "business concept competition" we could build two distinct versions of a landing page, use a tool like Unbounce to randomly assign visitors to view one of the versions, and then compare registration rates to see which value proposition is more compelling. If more students sign up for the business concept competition, then we'd know it has the strongest appeal.

Wizard of OZ MVPs involve building the portion of a website or application that a customer would use and then manually performing tasks behind the scenes. The world's largest online retailer of shoes, Zappos, started with a wizard of OZ MVP. The founder went to local shoe shops to take photos of shoes and put them online. Then when an order came in, he went to the shop and bought the pair that was ordered, shipped it, etc. This allowed him validate that there was demand for the superior online shopping experience for shoes he planned to offer.

The final type of MVP we'll discuss is a physical prototype. In many cases, this type of prototype is likely to be the most time consuming and the most expensive to use in gathering evidence. Therefore, it is recommended that you consider starting the process of validating your solution and value proposition hypotheses by using

interviews, paper mock ups, an explainer video or a landing page before building a physical prototype.

Lee Mikles: "I think the engineering mind in me says really map out what's involved, what are the parts that you have to do? What is that minimum viable product, ya know? What is that piece that you can get out there that you can test to see if people if other people believe in this. If you think this is the greatest thing since sliced bread, then see if you can find other people to believe in you with that because if you can show that you've got that little piece of success. With The Archer group, that started with a single email from us making a call to somebody and saying "we've got this idea, we think we can do this for you". So I think understanding its those little steps that have to grow into the bigger one, I think is a big deal"

As you begin to test solution hypotheses with MVPs, keep in mind that the MVP is not your final product. It's just a model to use to gather feedback and learn what's really important to the customer. Remember – we need to build –measure – and learn when we are building a business like a scientist.

Also, keep in mind that most entrepreneurs dramatically overestimate how many features are needed in an MVP. When in doubt, simplify. The MVP is 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.

According to Eric Ries, author of the Lean Startup, "The thing about MVP is that it's not the product that's important; it's the learning that's important…. The question is what do we have to do to get validated learning, that is learning about customers which is backed up by some actual empirical data." Eric Ries

Challenge yourself to find the simplest thing you can do to test a hypothesis.

In *The Art of Innovation*, Tom Kelley of IDEO tells a story about needing to test some new goggles for snowboarders that they developed during the summer in California. They needed to make sure the goggles would not fog up on freezing ski slopes. They didn't have the time or budget to fly to New Zealand, where it's winter in July, so they bundled up in parkas and long johns, took an exercise bike and a fan (for wind) and went inside a local ice cream company's industrial sized freezers and had volunteers pedal for an hour while observers took pictures of their sweating faces with the not-too-foggy prototype goggles.

As you play around with prototypes and MVP experiments try to avoid asking customers what they want. Instead, measure what they do. If a customer says it's a serious problem and she "must have" a solution, ask what she's doing now to solve the problem. If she's doing nothing and still getting by, the problem may not be such a big deal. If she's using a homegrown or competitor's solution and she's not happy, then maybe you're on to a problem worth solving. Use strong calls to action. If a customer says he would pay for your product, instead of getting just a verbal

commitment, ask for an advance payment or partial payment and give him a money-back guarantee.

At the end of the day, if you can figure out how to solve an important problem for customers and offer a compelling value proposition then you will have achieved product-market fit and be well on your way to launching a successful business.

In the words of Zig Ziglar, one of the world's most motivational speakers and the author of several best-selling books:

"You will get all you want in life if you help enough other people get what they want."