A Playbook For Achieving Product-Market Fit

Dan Olsen
Mar 2, 2016

THE **LEAN PRODUCT** PLAYBOOK

DAN OLSEN

HOW TO (INNOVATE) WITH MINIMUM VIABLE PRODUCTS AND RAPID CUSTOMER FEEDBACK

WILEY
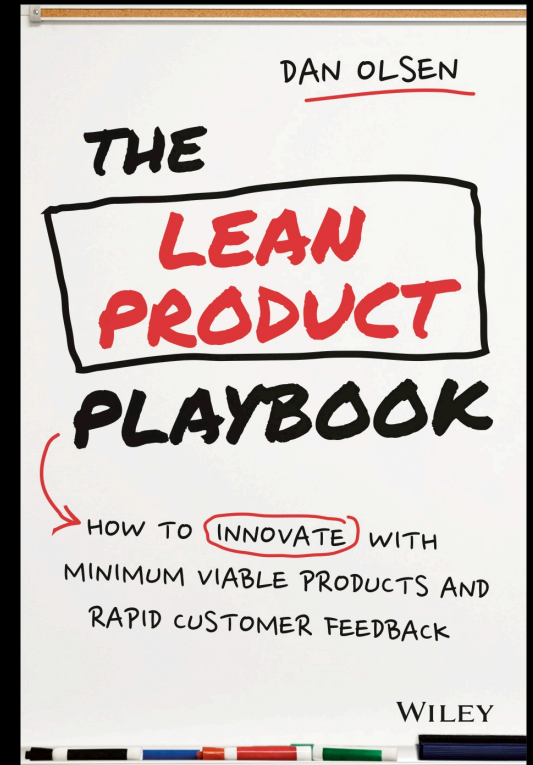
SVPMA

My Background

Education
- Engineering background
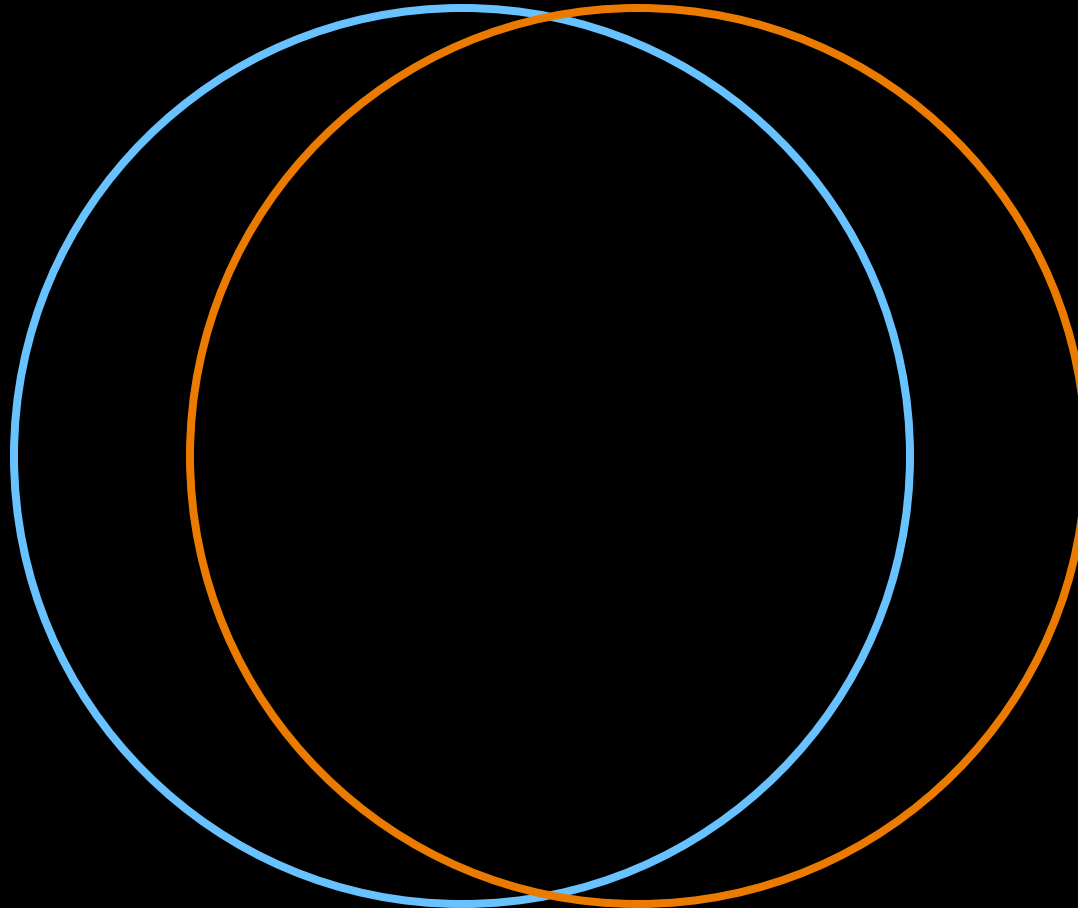- Stanford MBA
- UX design and coding

Experience
- Led Product Management at Quicken (Intuit) & at Friendster
- CEO & Cofounder, TechCrunch award winner YourVersion
- Product consultant: Box, Facebook, Microsoft
- Organizer: Lean Product & Lean UX Meetup Silicon Valley

Twitter: @danolsen
My slides: http://slideshare.net/dan_o
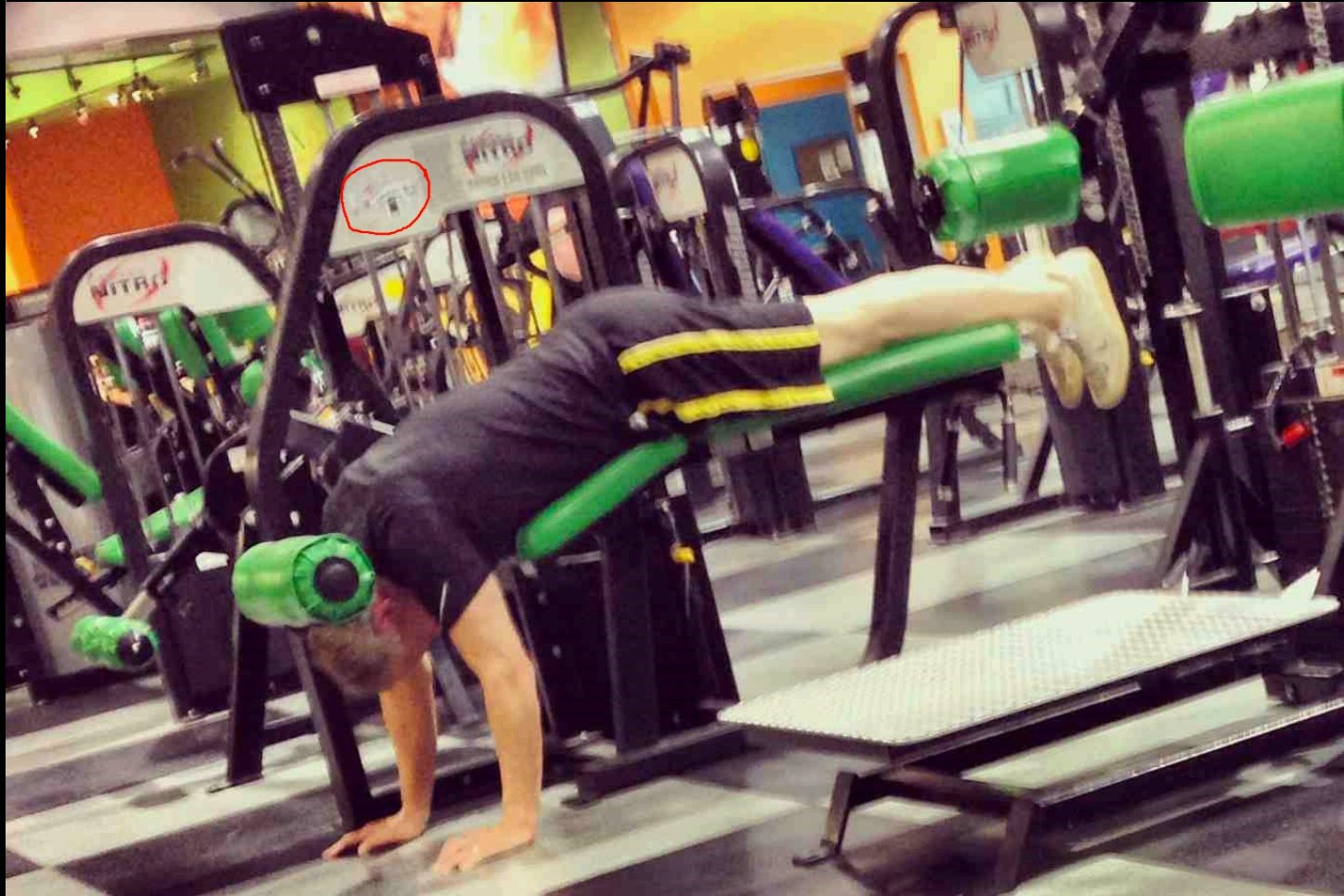
Product
Mgmt

Lean
Startup

What is "Lean Startup" all about?

- Articulate hypotheses
- Identify fastest way to test
- Keep scope small: minimum viable product (MVP)
- Test with customers
- Learn and iterate
- Achieve product-market fit

Sounds easy, right?

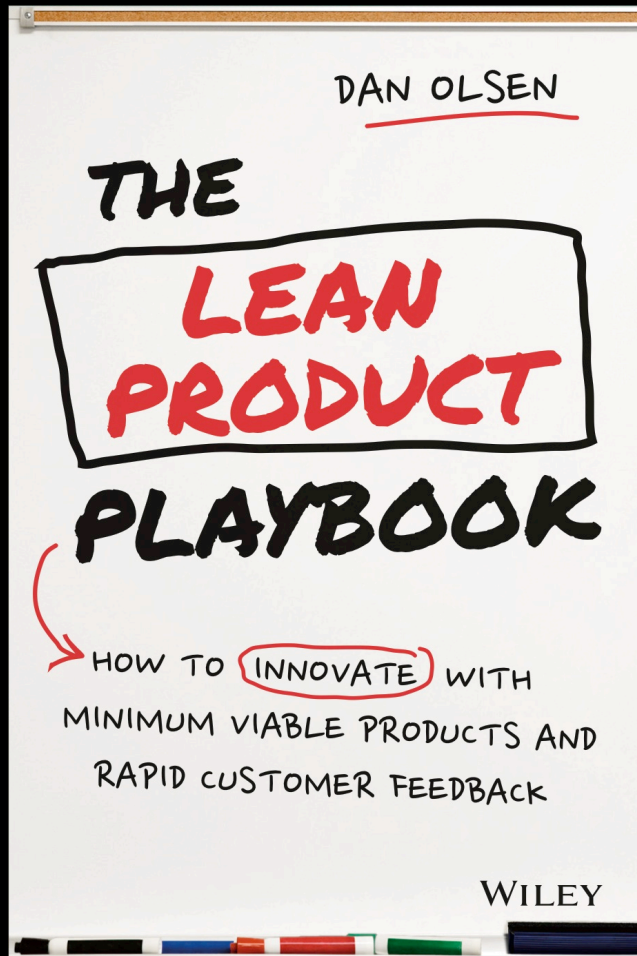I DON'T ALWAYS GO TO THE GYM BUT WHEN I DO... I HAVE NO IDEA WHAT I'M DOING

That's Why I Wrote

- Book giveaway on Twitter
- Tweet: include @danolsen
- Hashtags
  #leanstartup

  #prodmgmt

  #ux
- http://tiny.cc/LPP

What is
Product-Market
Fit?

The Product-Market Fit Pyramid

The Product-Market Fit Pyramid

Market:
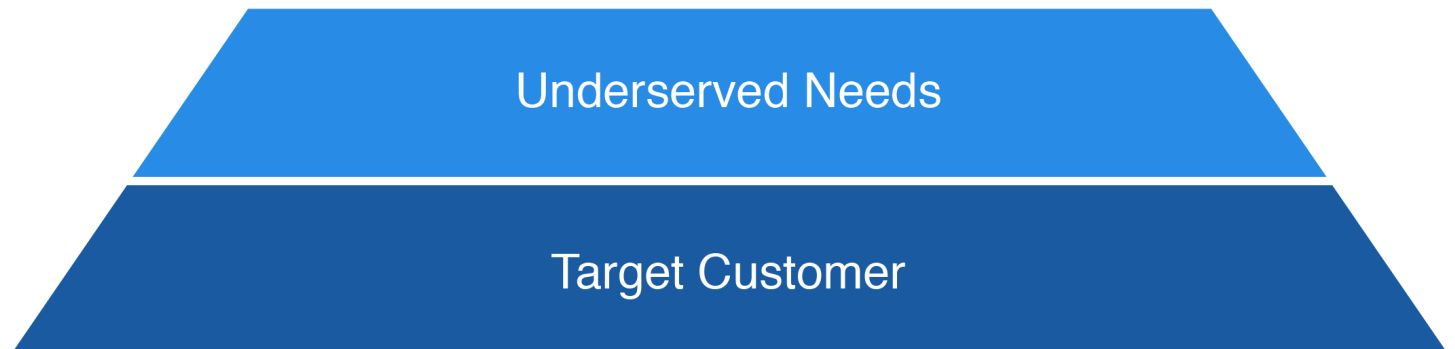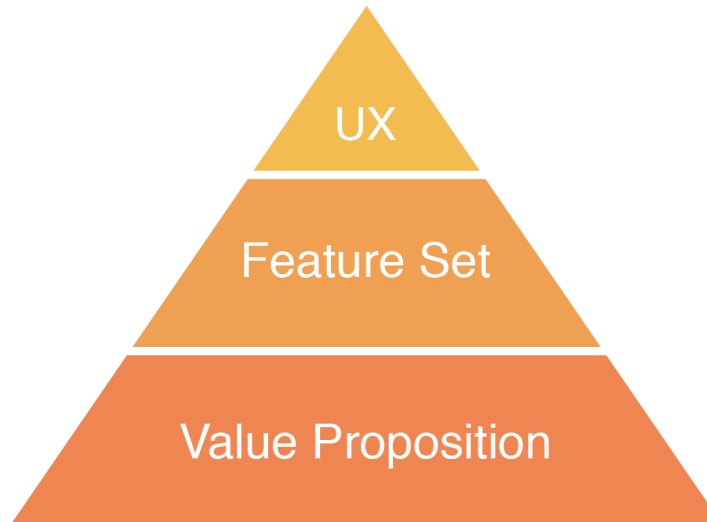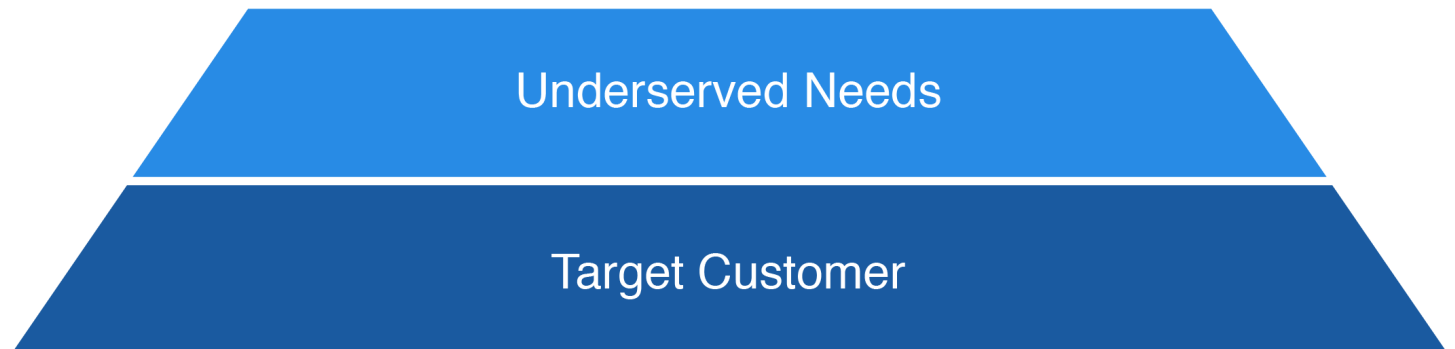
Underserved Needs

Target Customer

The Product-Market Fit Pyramid

Product:

UX

Feature Set

Value Proposition

Market:

Underserved Needs

Target Customer

The Product-Market Fit Pyramid

Product:

- UX
- Feature Set
- Value Proposition

↕ **Product-Market Fit** ↕

Market:

- Underserved Needs
- Target Customer
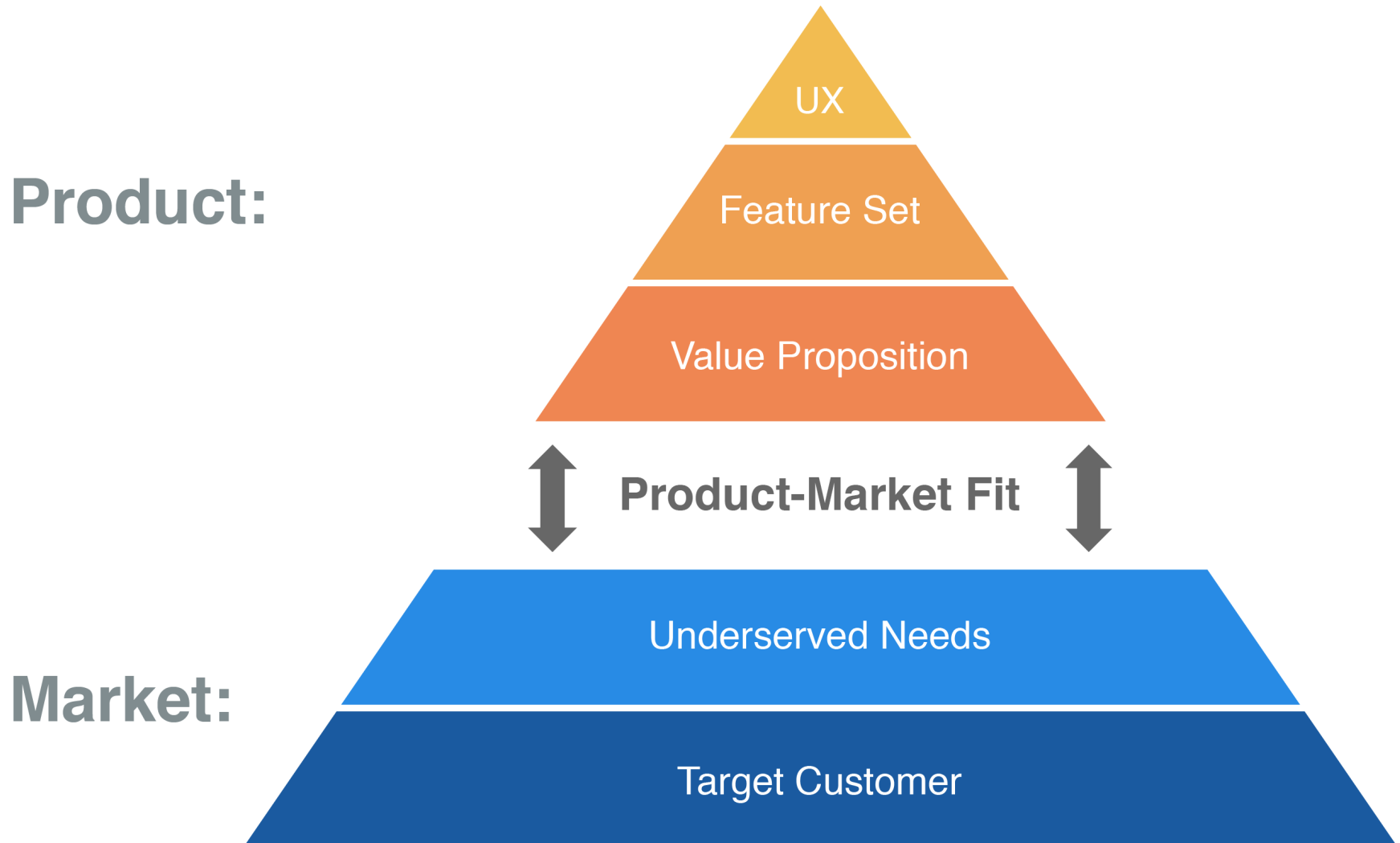
The Lean Product Process

The Lean Product Process

Product:

Market:

1. Target Customer

The Lean Product Process

Product:

Market:

2. Underserved Needs

1. Target Customer

The Lean Product Process

Product:

3. Value Proposition

Market:

2. Underserved Needs

1. Target Customer

The Lean Product Process

The Lean Product Process

Product:

- 5. UX
- 4. Feature Set
- 3. Value Proposition

Market:

- 2. Underserved Needs
- 1. Target Customer

The Lean Product Process

Product:

6. Test with Customers

5. UX

4. Feature Set
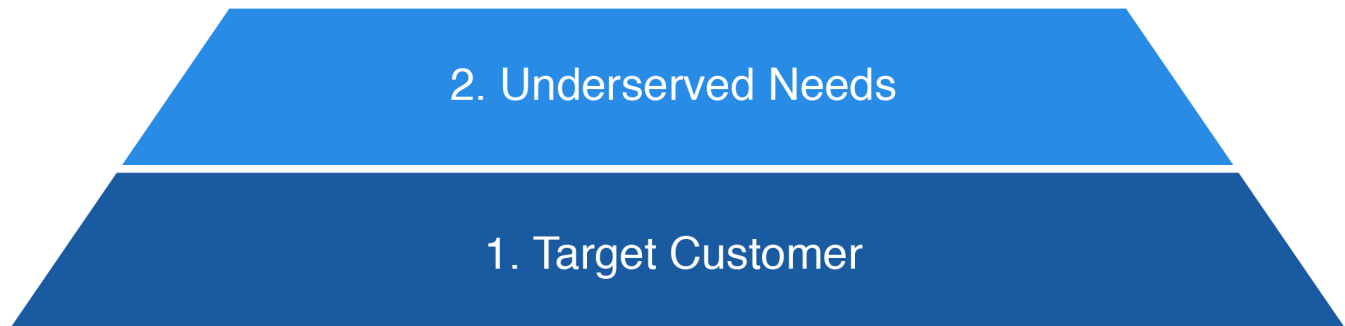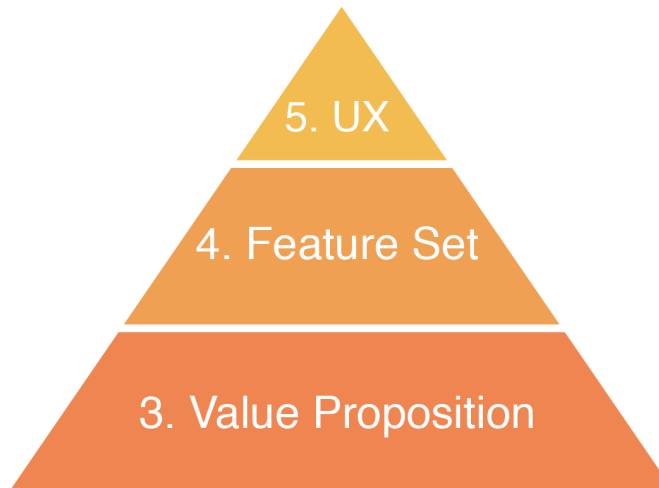
3. Value Proposition

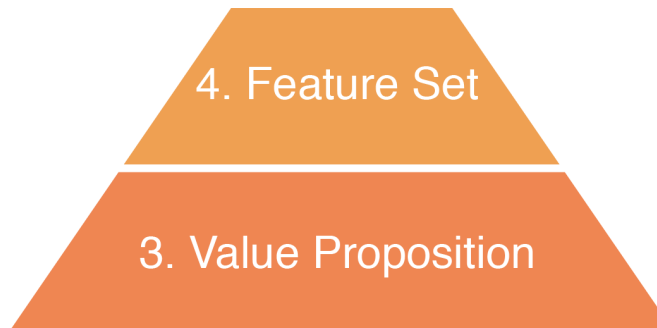**Market:**
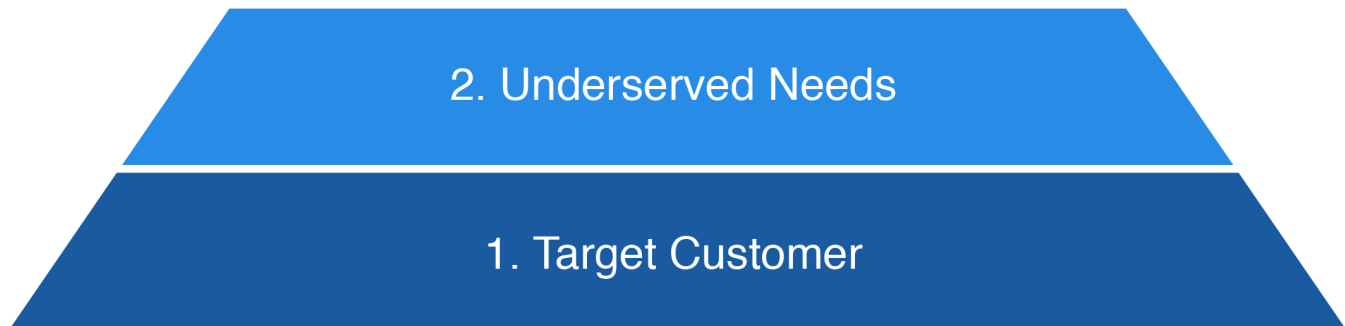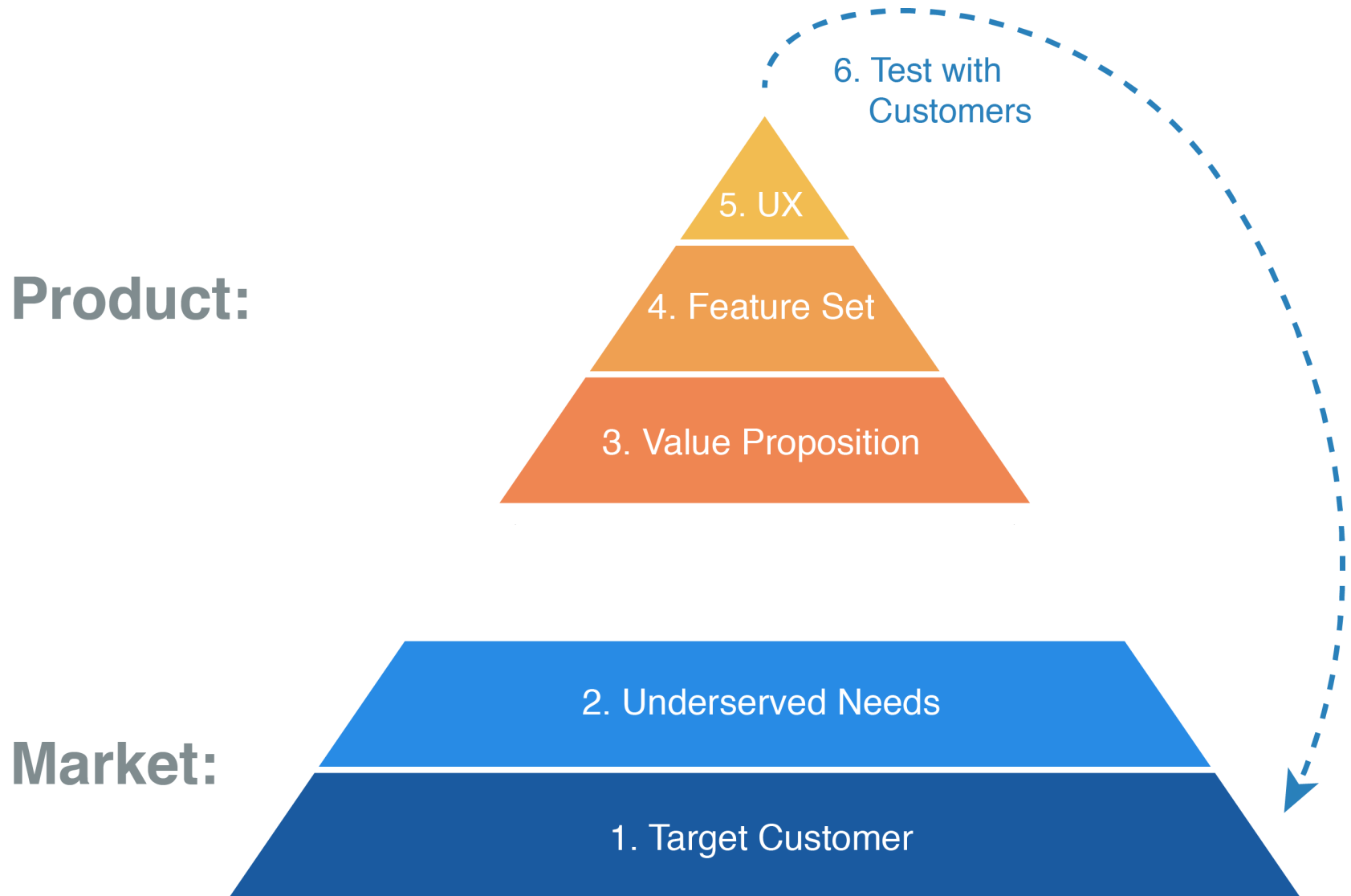
2. Underserved Needs
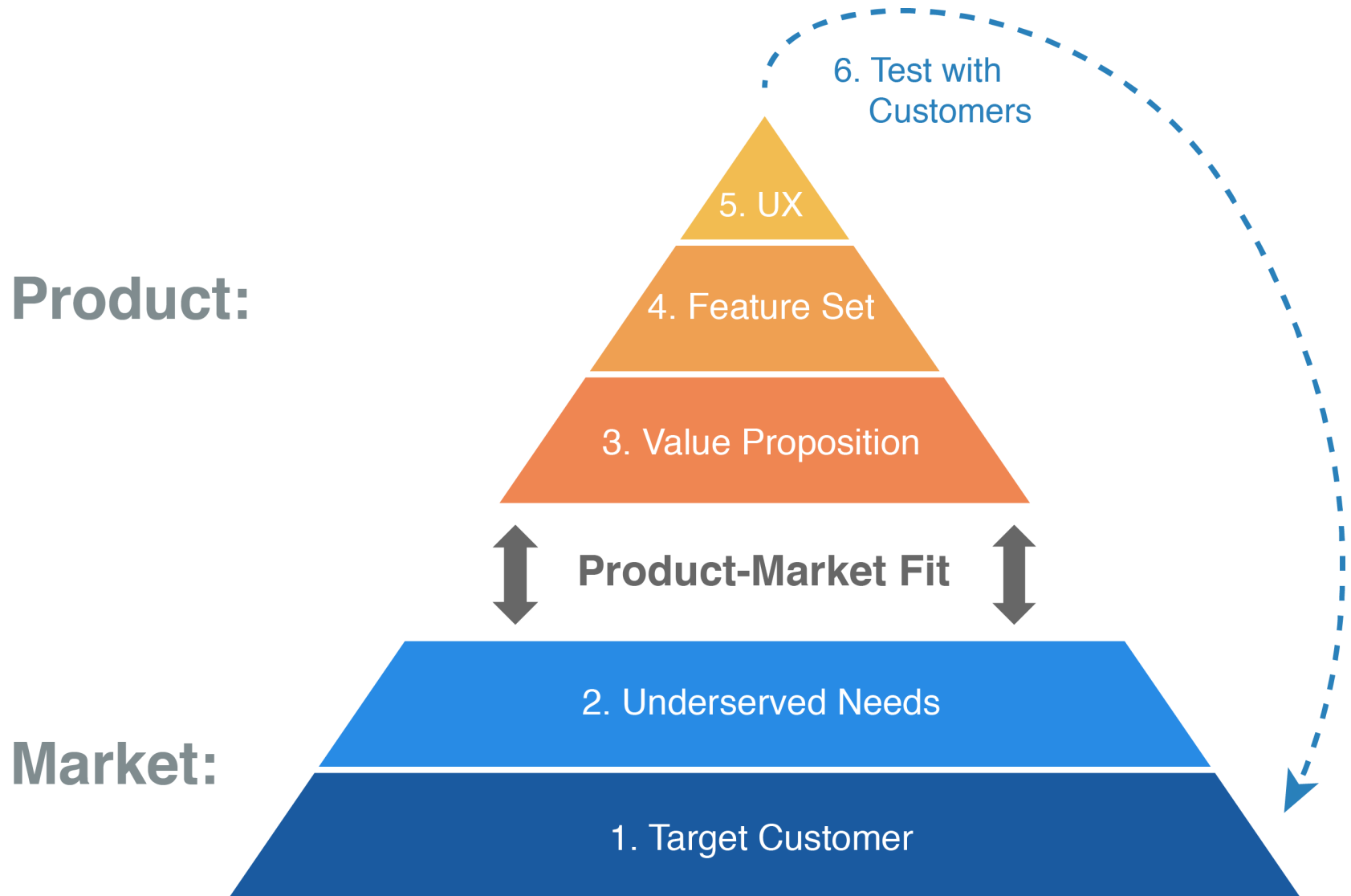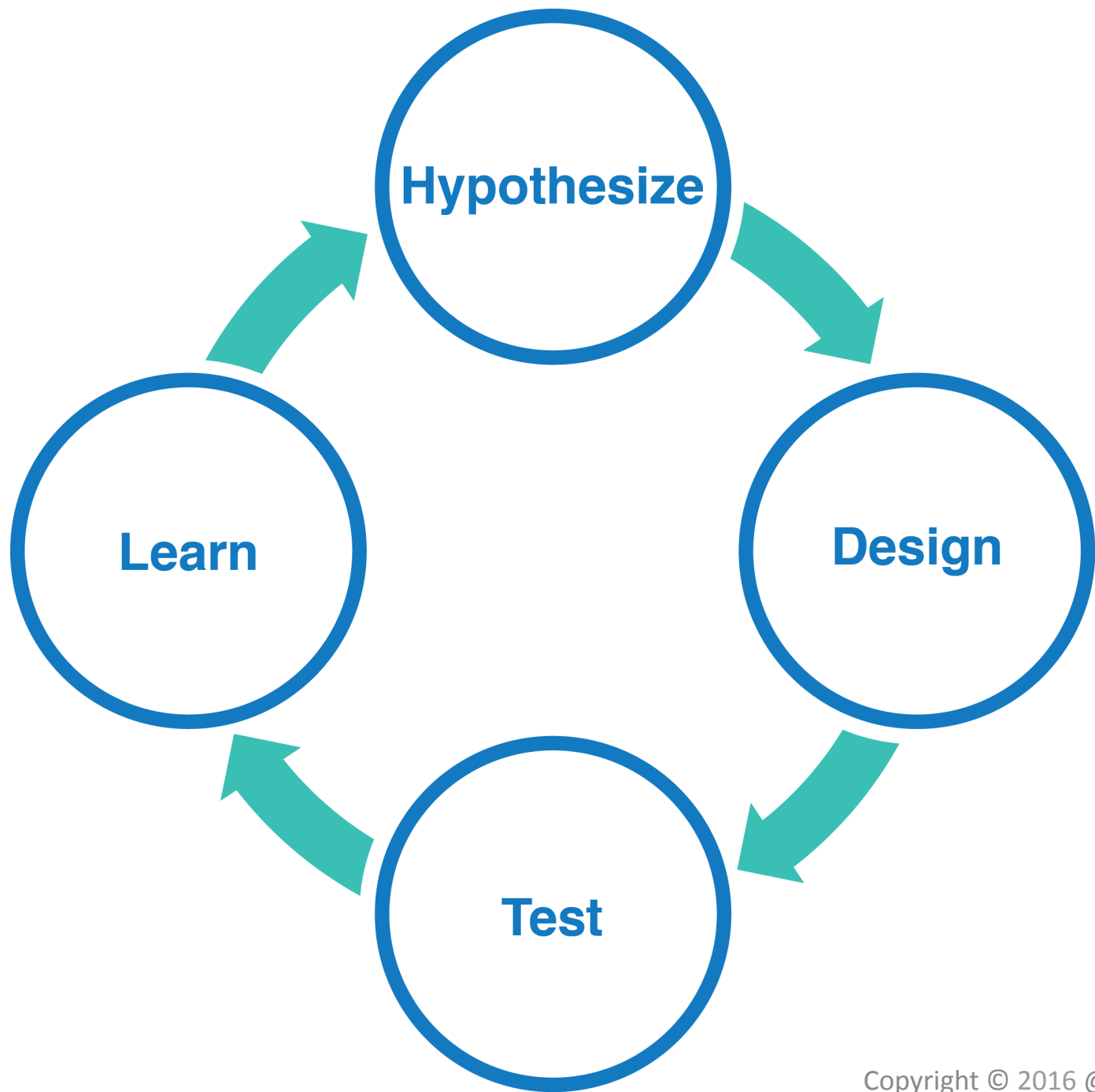
1. Target Customer

The Lean Product Process

1. Determine your target customer
2. Identify underserved customer needs
3. Define your value proposition
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5. Create your MVP prototype
6. Test your MVP with customers

Target Customer Has Distinct Needs

High-level need

Transportation within 100 miles of my home

Target Customer

Soccer Mom

Speed Demon

Detailed needs

Carry kids & gear
Safety
Fuel economy

Go fast
Looks cool
Makes me look cool

Ideal Product

The Lean Product Process

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Problem Space vs. Solution Space

Problem Space

- A customer problem, need or benefit that the product should address

- A product requirement

Example

- Ability to write in space (zero gravity)

Solution Space

- A specific implementation to address the need or product requirement

- NASA: space pen ($1 M R&D cost)

- Russians: pencil

Problem vs. Solution Space: Product Level

Problem Space
(user benefits)

Solution Space
(product)

Prepare my taxes

Check my taxes

File my taxes

Maximize deductions

Reduce audit risk

Pen and paper

TurboTax

TaxCut
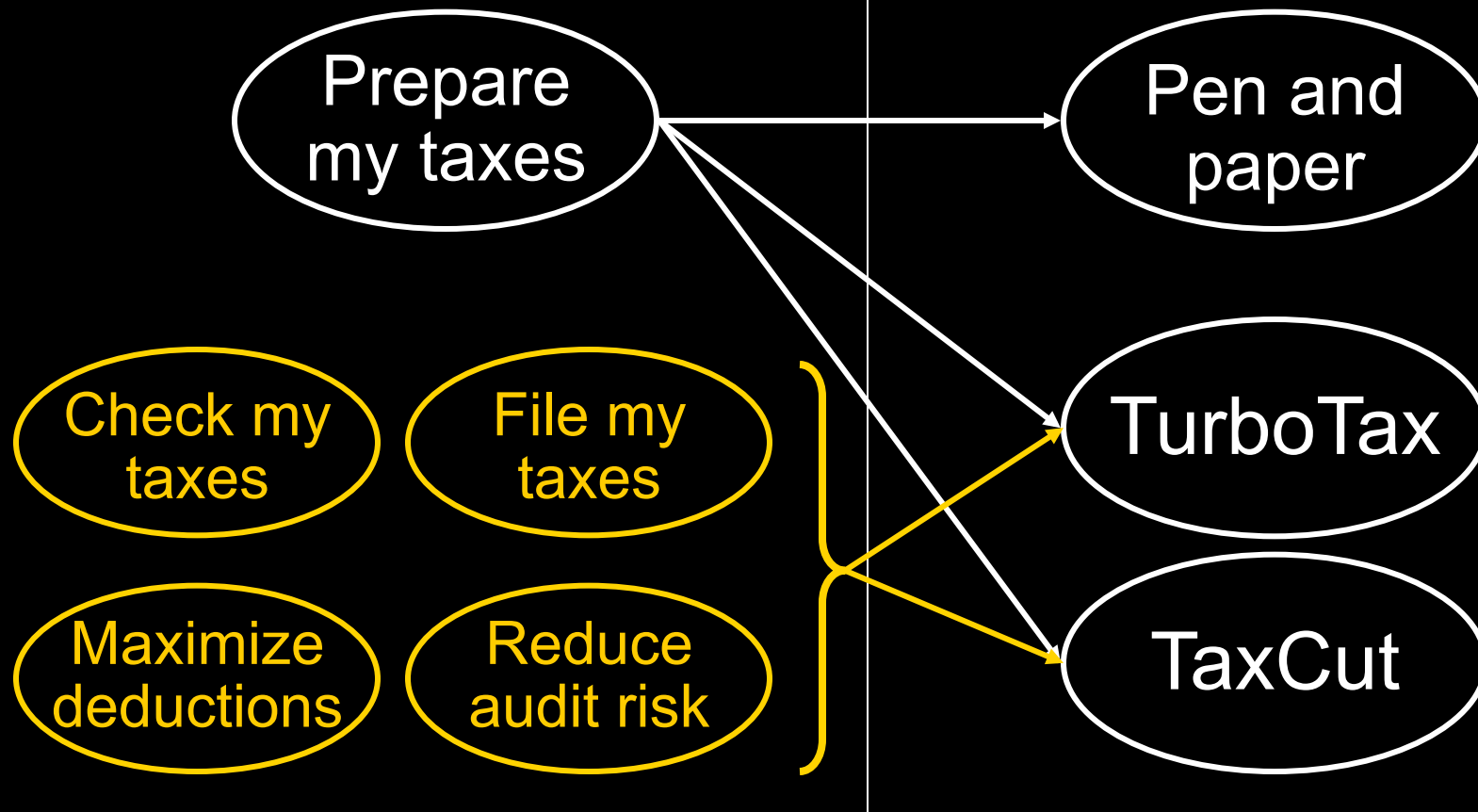
Problem vs. Solution Space: Feature Level

Problem Space

Solution Space

Empowerment/ Confidence

Help me prepare taxes	---→	Tax Interview Wizard
Reduce my audit risk	---→	Audit Risk Analyzer
Check my return	---→	Tax Return Error Checker

Save Time

| Save time preparing taxes | ---→ | Tax Data Downloader |
| Save time filing taxes | ---→ | Electronic Tax Return Filing |

Save Money

| Maximize my tax deductions | ---→ | Tax Deduction Finder |
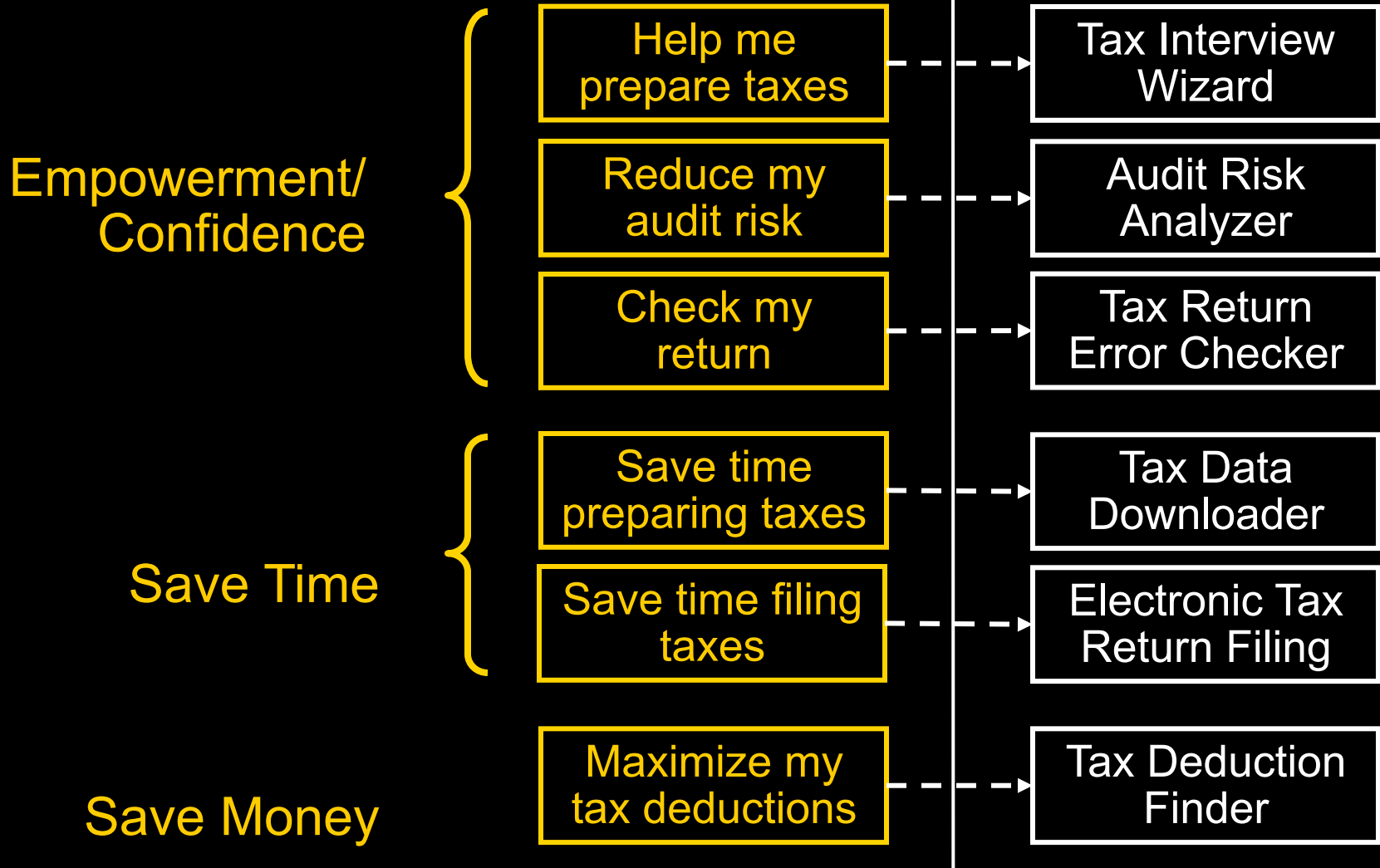
Prioritizing Needs: Importance vs. Satisfaction

Importance of User Need

High

Opportunity

Competitive Market

Not Worth Going After

Low

Low

High

User Satisfaction with Current Alternatives

Creating Customer Value

Importance of User Need (vertical axis: Low to High)

User Satisfaction with the Product (horizontal axis: Low to High)

Area = Customer Value Created

Area = Opportunity to Create Customer Value
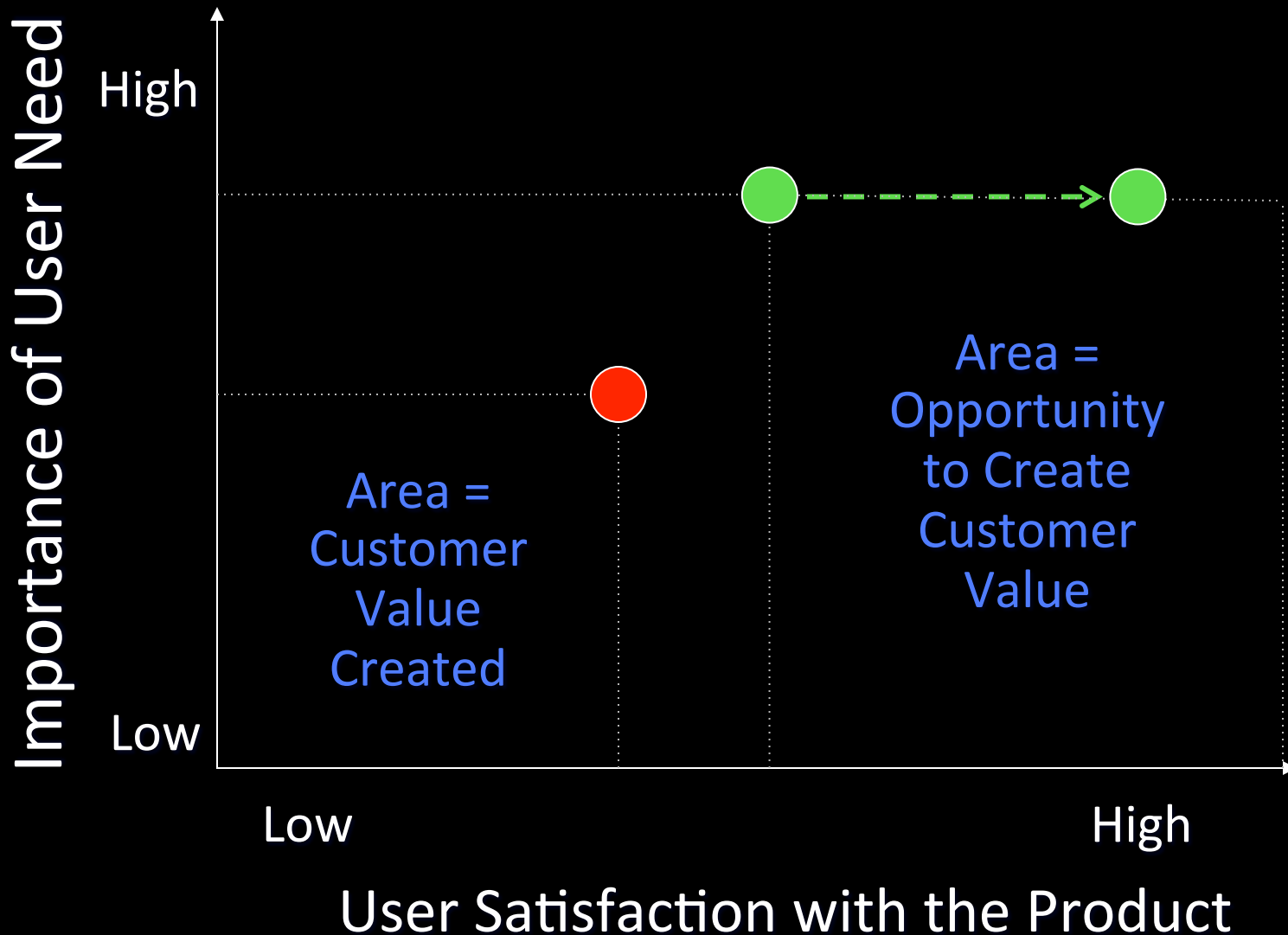
Users Rated 13 Key Features in a Survey
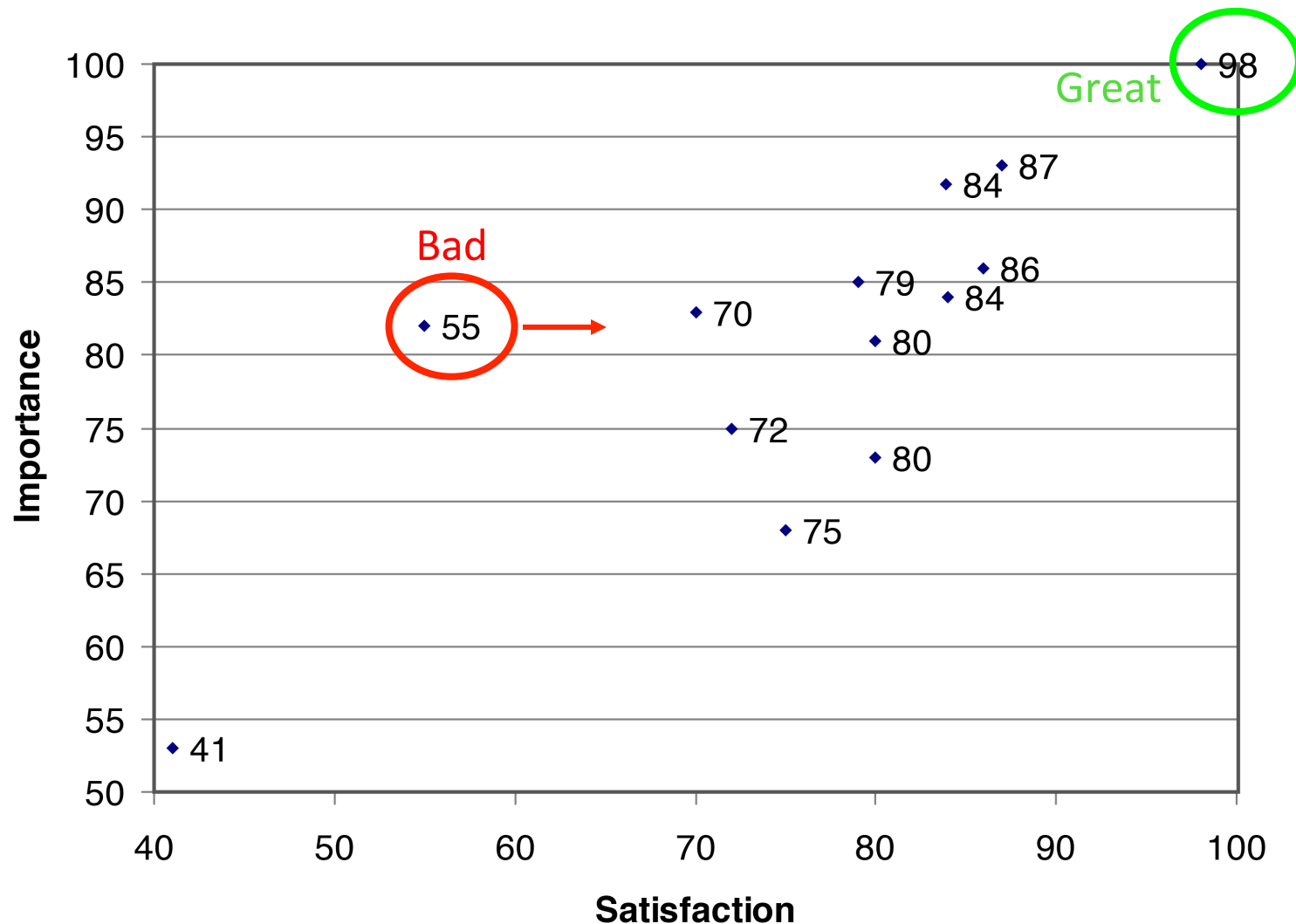
Recommended reading:
"What Customers Want" by Anthony Ulwick

Kano Model: User Needs & Satisfaction
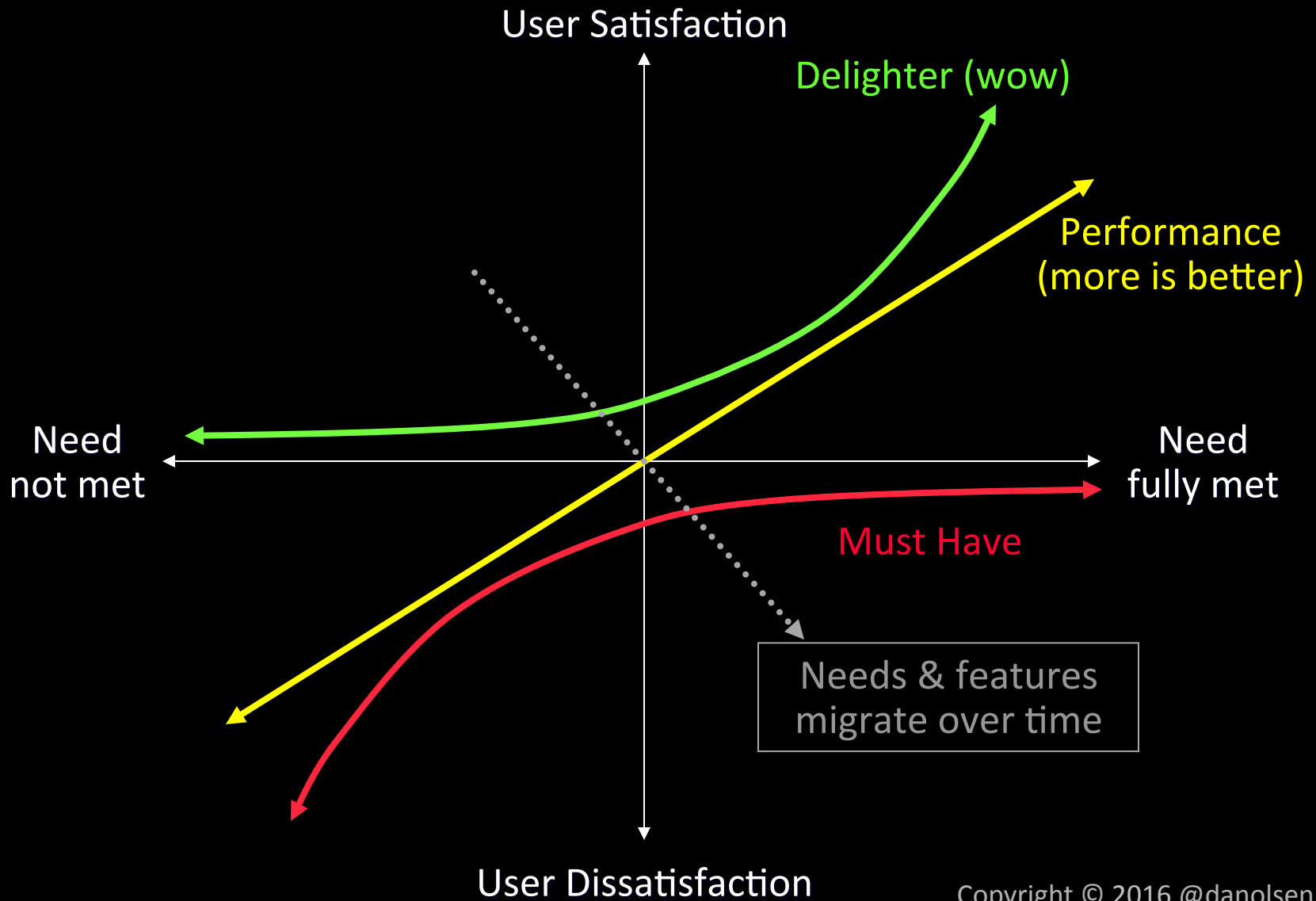
The Lean Product Process

1. Determine your target customer
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6. Test your MVP with customers

What is Your Value Proposition?

- Which user benefits are you providing?
- How are you better than competitors?

Must Have Benefit 1			
Performance Benefit 1			
Performance Benefit 2			
Performance Benefit 3			
Delighter Benefit 1			
Delighter Benefit 2			

What is Your Value Proposition?

- Which user benefits are you providing?
- How are you better than competitors?

	Competitor A	Competitor B	You
Must Have Benefit 1			
Performance Benefit 1			
Performance Benefit 2			
Performance Benefit 3			
Delighter Benefit 1			
Delighter Benefit 2			

What is Your Value Proposition?

- Which user benefits are you providing?
- How are you better than competitors?

	Competitor A	Competitor B	You
Must Have Benefit 1	Y	Y	
Performance Benefit 1	High	Low	
Performance Benefit 2	Low	High	
Performance Benefit 3	Med	Med	
Delighter Benefit 1	Y	-	
Delighter Benefit 2	-	-	

What is Your Value Proposition?

- Which user benefits are you providing?
- How are you better than competitors?

	Competitor A	Competitor B	You
Must Have Benefit 1	Y	Y	Y
Performance Benefit 1	High	Low	Med
Performance Benefit 2	Low	High	Low
Performance Benefit 3	Med	Med	High
Delighter Benefit 1	Y	-	-
Delighter Benefit 2	-	-	Y

The Lean Product Process

1. Determine your target customer

2. Identify underserved customer needs

3. Define your value proposition

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6. Test your MVP with customers

What is an MVP?

Not this ↓

This ↓

Left pyramid (top to bottom): Delightful, Usable, Reliable, Functional

Right pyramid (top to bottom): Delightful, Usable, Reliable, Functional
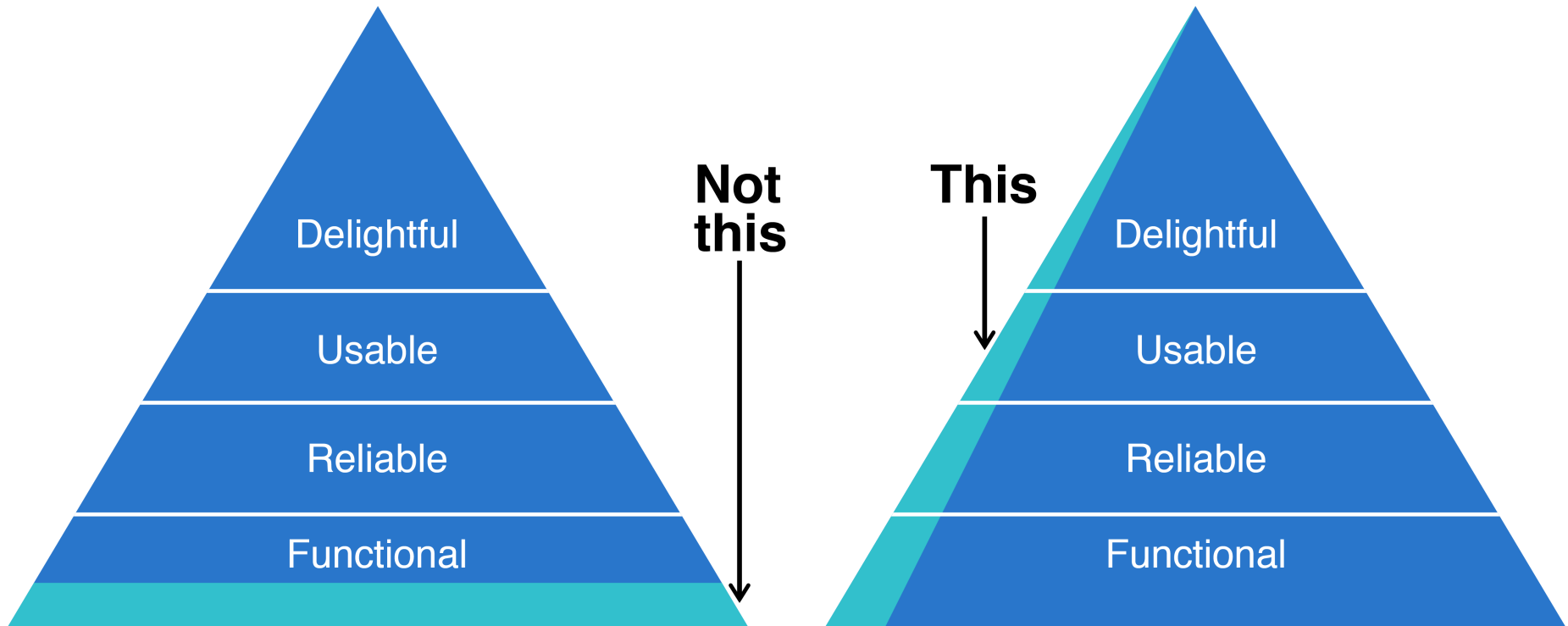
Courtesy of Jussi Pasanen
See Aaron Walter's book *Designing for Emotion*

The Lean Product Process

1. Determine your target customer
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Getting Customer Feedback
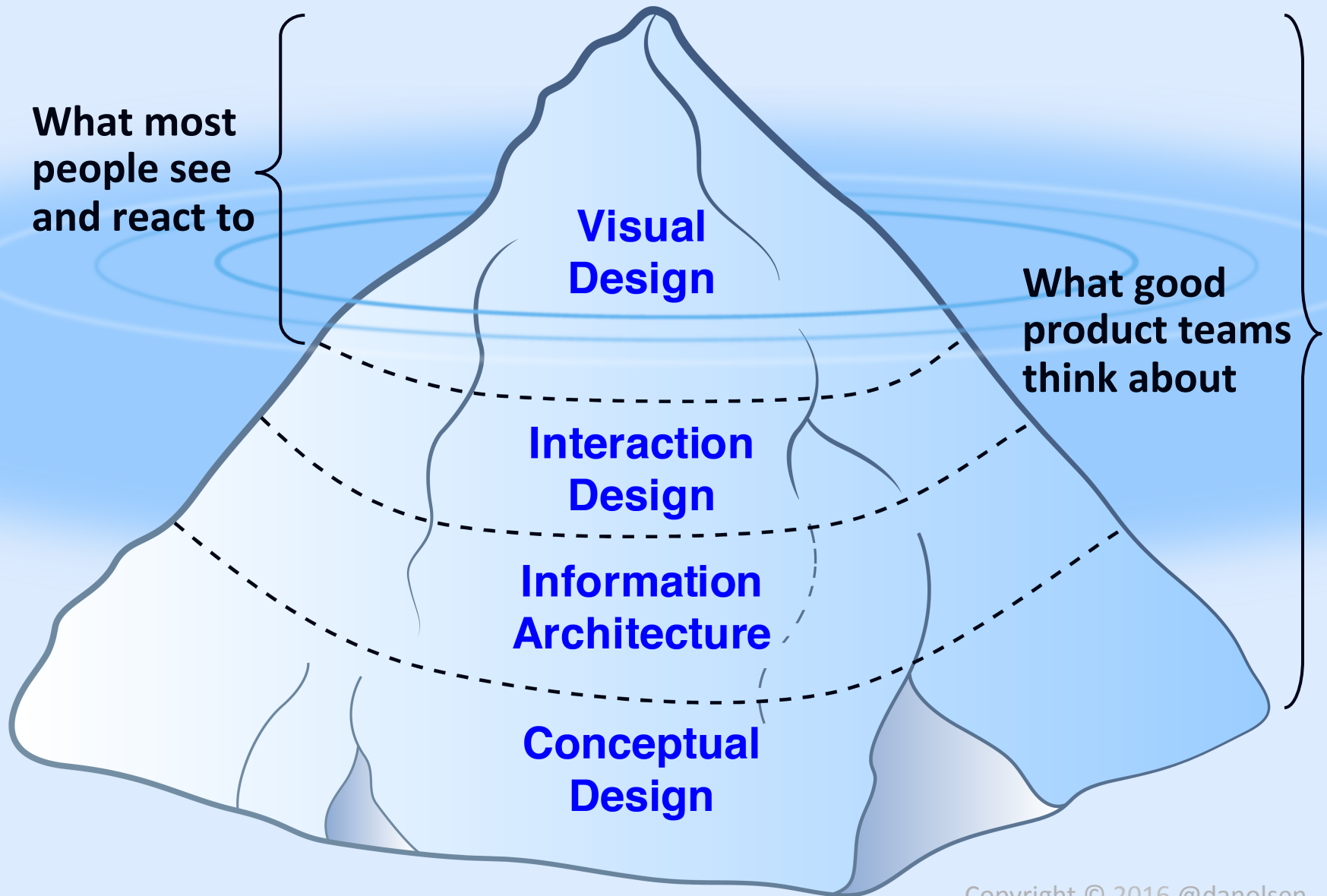
Problem Space vs. Solution Space

- Customers <u>CAN'T</u> articulate problem space

- Customers <u>CAN</u> react to solution space

- That's why you need something tangible to show to customers to get good feedback

Product Design Artifacts

Interactivity (vertical axis)

Fidelity (horizontal axis)

- Live Product
- Interactive Prototype
- Clickable Wireframe*
- Clickable Mockup**
- Hand sketch
- Static Wireframe*
- Mockup

* Balsamiq: balsamiq.com
** InVision: invisionapp.com

Left phone (wireframe):

Game Name

Scrabble

Players

⊖ 👤 Bertha   ☰

⊖ 👤 Marc   ☰

⊖ 👤 Jimmie   ☰

⊖ 👤 Leona   ☰

👤 Enter player name

How to Enter Points

Score in Rounds   ⬤

Right phone (high-fidelity):

GAME NAME

Scrabble

PLAYERS

⊖ Bertha   ☰

⊖ Marc   ☰

⊖ Jimmie   ☰

⊖ Leona   ☰

👤 Enter player name

HOW TO ENTER POINTS

In Rounds | Incrementally
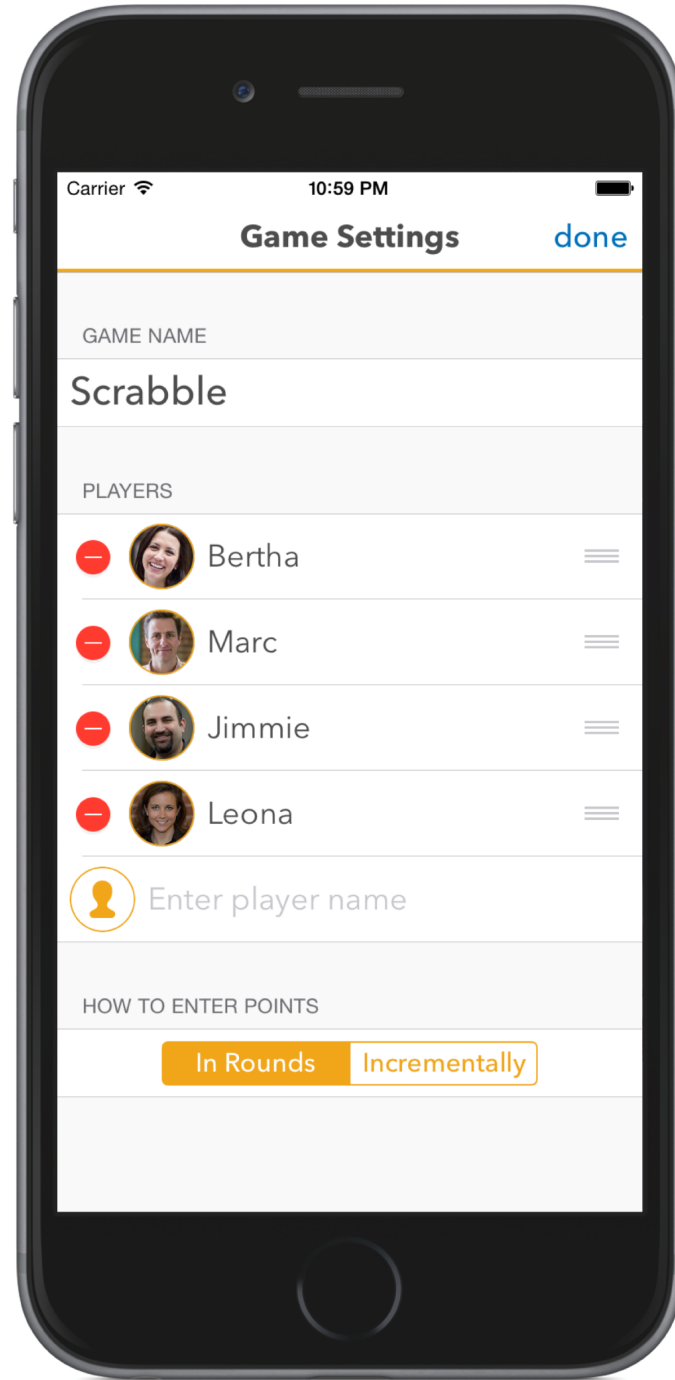
Iterative Design & Test Workflow
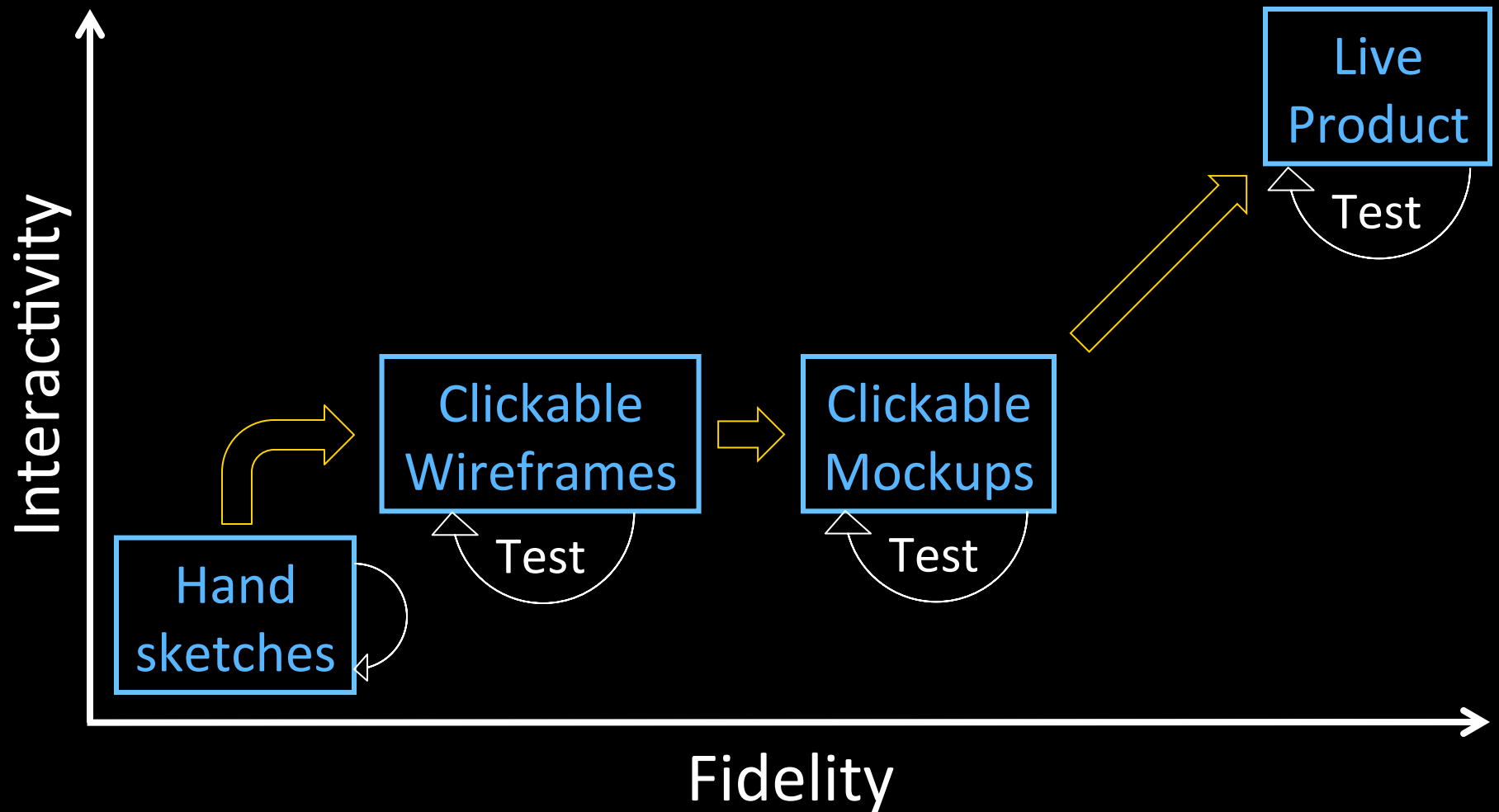
The Lean Product Process

1. Determine your target customer

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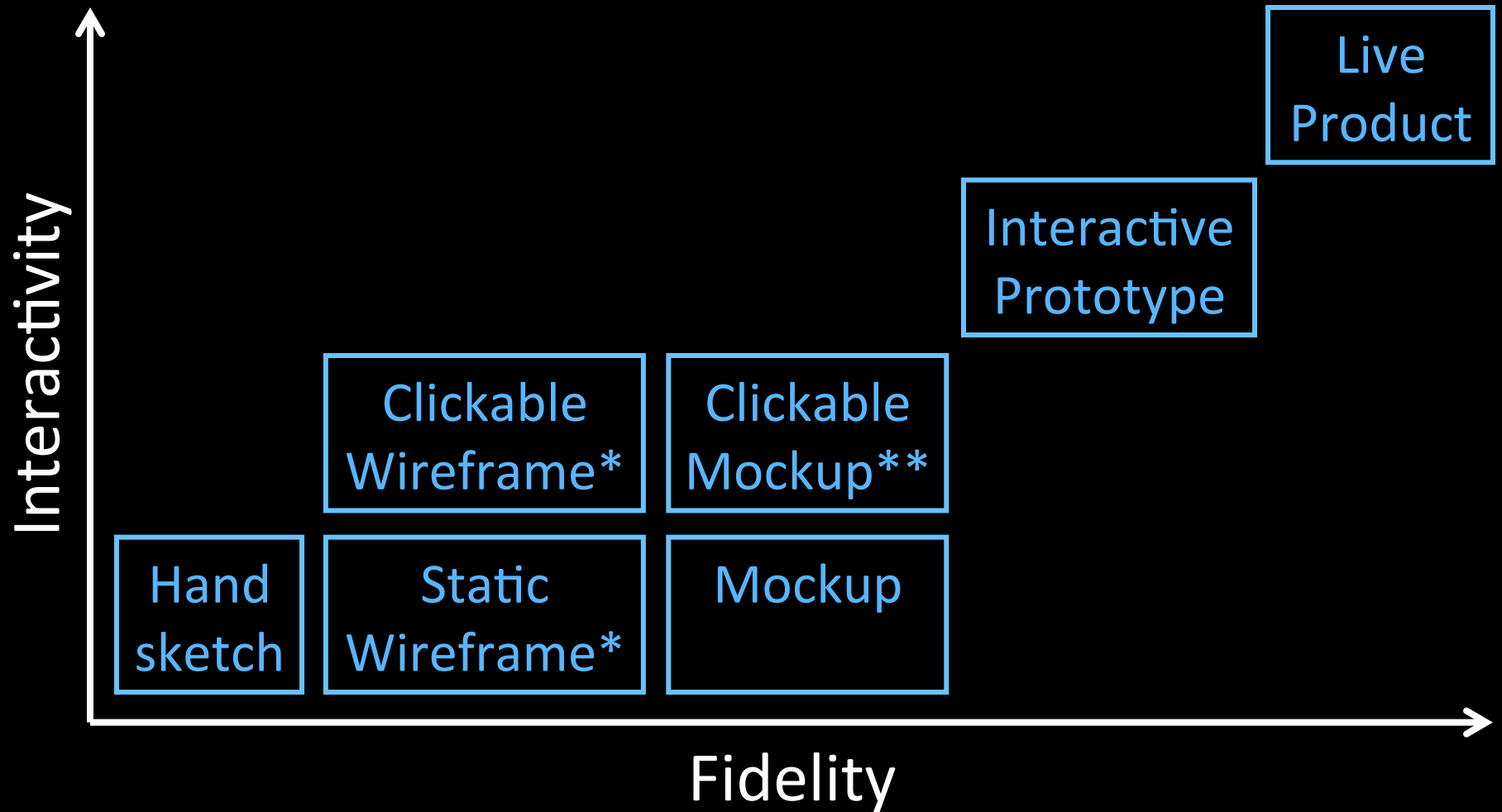5. Create your MVP prototype

6. Test your MVP with customers

"Ramen" User Testing Session

10 - 15 min: Warm Up and Discovery
- Understand user needs, priorities
- Learn about solutions they use, likes and dislikes

30 - 50 min: User Feedback on Prototype
- Show user mockup/product
- Be as non-directed as possible: like you're not there
- Ask questions to gain understanding

5 - 10 min: Wrap up
- Answer any questions or issues that came up
- Point out/explain features you want to highlight
- Ask if they would use the product

Dos & Don'ts of User Testing Sessions

Do

- Explain to the user
  - Feedback will help improve the product
  - Not to worry about hurting your feelings
  - "Think Aloud Protocol"
- Try to be a fly on the wall
- Take notes and review them afterwards for take-aways

Don't

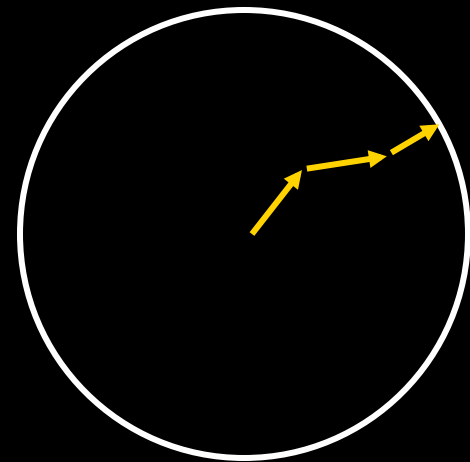- "Help" user or explain the UI (e.g., "click over here")
- Ask leading or close-ended questions
- Get defensive or blame the user

Iterating Between User Testing Waves

Problem Space
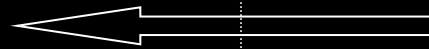All your hypotheses
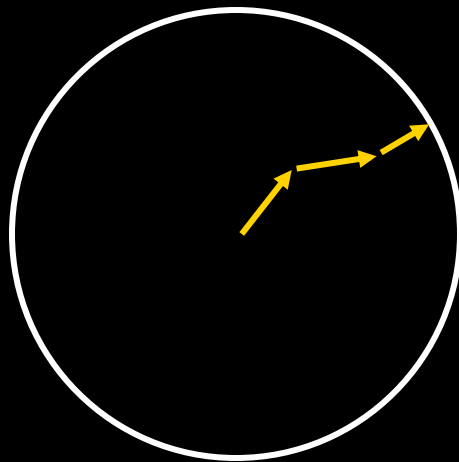
Solution Space
User reactions

Mockups / Code

Customer Feedback

Hypothesize

Design

Test

Learn

Problem Space / Solution Space

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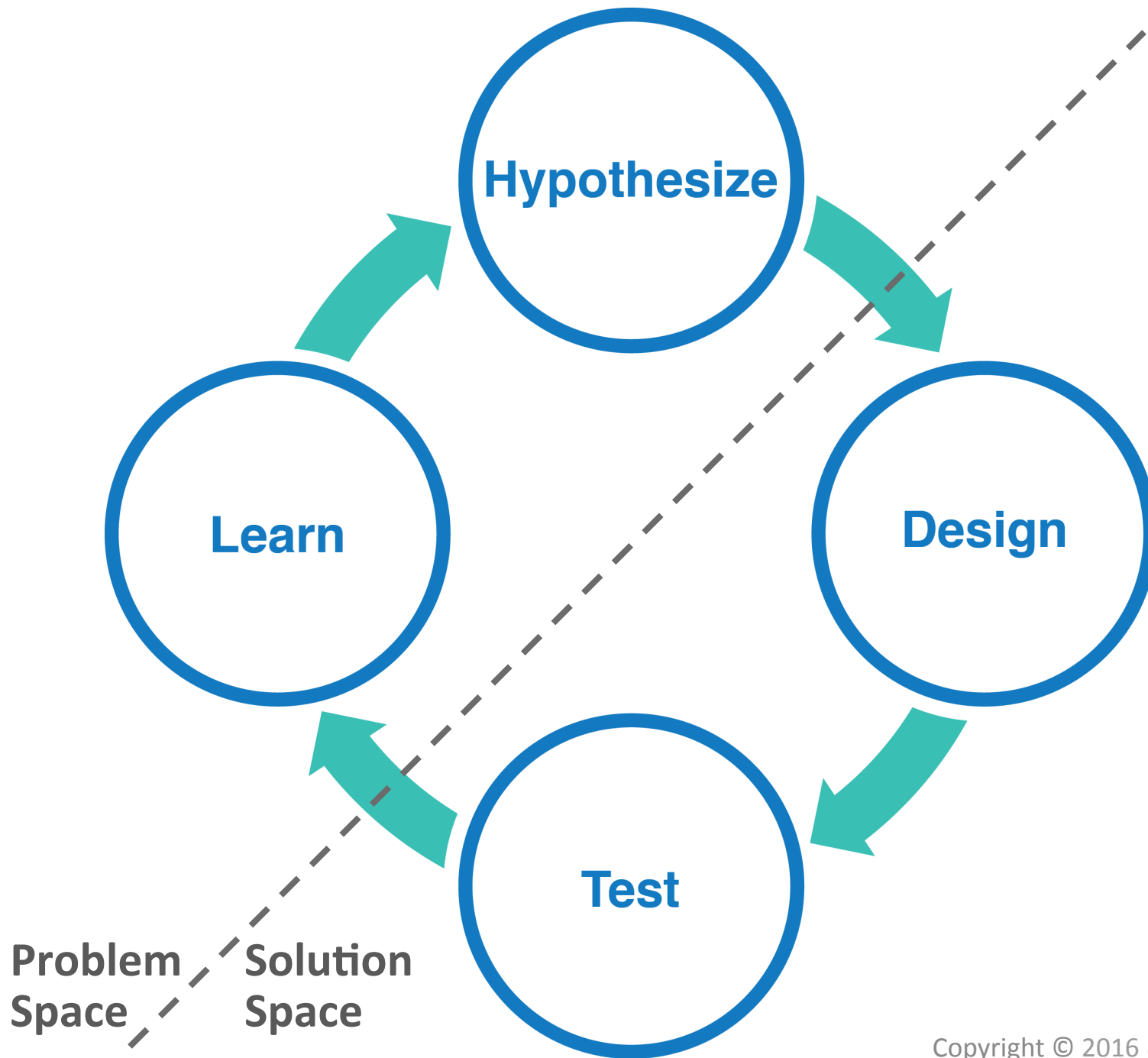
The Lean Product Process: MarketingReport.com Case Study

MarketingReport.com Case Study

- My client (CEO) had a new product idea
- Team: me, CEO, VP marketing, UI designer
- Goals
    - See if business opportunity exists
    - Do so quickly and inexpensively (no coding)
- "Marketing report" would let consumers control the direct mail that they receive
- Analogous to credit report

Mapping Out Customer Benefits

"Marketing Shield" Concept

"Marketing Saver" Concept

Reduce Junk Mail

Save Trees

Find out what "they" know about you

Marketing Report

Marketing Score

Marketing Profile

Money Saving Offers

Compare Yourself to Others

Social Networking

MarketingReport.com ™

See Your Marketing Report & Score Today

Now available for the first time ever!

The Secret to Saving Hundreds of Dollars!

Every wonder about the secret to getting better offers and more money saving discounts? Now for the first time, you can see and correct information that can help you save hundreds of dollars per year: your Marketing Report and Marketing Score!

Enter your invitation code now

Code: [   ] **See Report**

✔ Find out what advertisers know about you

✔ Receive valuable offers

✔ Save hundreds of dollars per year

✔ Safe, secure website

✔ Free Service

Haven't been invited? Request your invitation today.

Marketing Report

Marketing Profile

Home Sweet Home

Home Sweet Home – Occupying the nation's suburbs, the residents of Home Sweet Home tend to be upper–middle–class married couples living in mid–sized homes with few children. Most are in their 40s and 50s, own their home, have gone to college, and hold professional jobs. With their upscale incomes and small families, these folks have fashioned comfortable lifestyles, filling their homes with toys, TV sets and pets.

Learn More

Marketing Shield™ 🛡

MarketingShield gives you new levels of control over how your Marketing Report information is used.

Each year, advertisers send over 100 billion pieces of junk mail to Americans.
Now, for the first time, you can tell marketers exactly what kind of mail you want to stop!

✔ Reduce your junk mail
✔ Opt-out of mail from specific types of companies
✔ Increase your privacy

Learn More

Your Privacy

MarketingReport.com Privacy Promise
Your privacy is our top priority. We realize MarketingReport.com contains sensitive, personal information. We pledge to protect your information. We will:

Maintain the complete confidentiality of all information;
Release your information only with your explicit approval
Use the highest level of technology available to protect your information

For additional details, please review MarketingReport's complete Privacy Policy and Terms of Use.

Marketing Score

755
Out of 900

How well do marketers know you? How attractive is your report to a marketer? How could you marketing score effect the quality of marketing offers you get?

Low |++++++++++++++++++++++| High
755

Learn More

Compare Yourself

Advertisers make decisions about whether to market to you by comparing you to other people. Now, for the first time, you can compare your marketing profile to others – either across the street or across the country.

✔ See advertisers' maps of your neighborhood
✔ Find out how your income stacks up
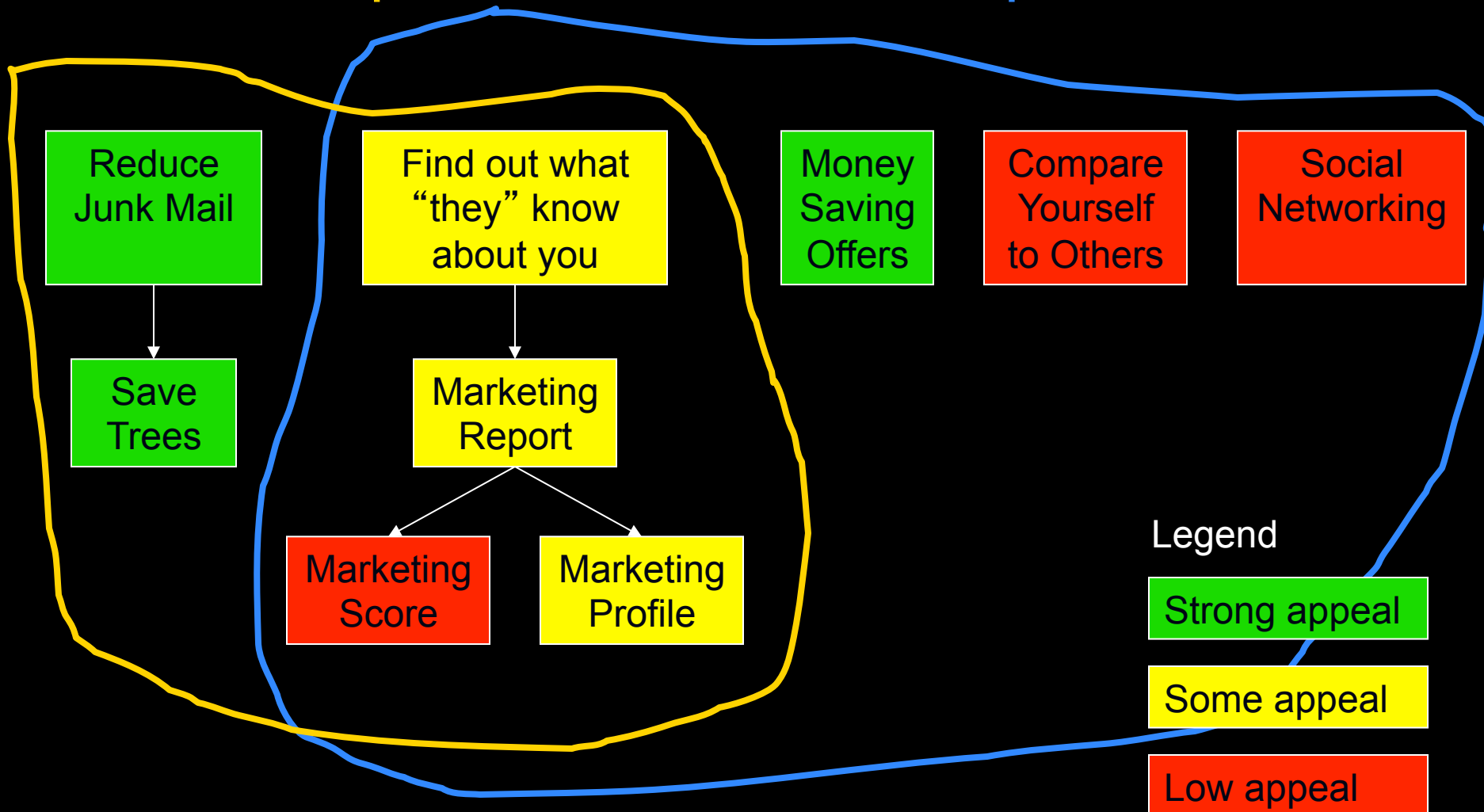✔ See top cities for people like you

Learn More

Recruiting Target Customers

- Used customer research firm (panel)
- Wrote screener to identify target customers
    - Work full-time
    - Fit for Saver: use coupons, Costco membership
    - Fit for Shield: use paper shredder, block caller ID
- Offered $75 compensation
- Scheduled 3 groups of 2 or 3 people for 90 min
- Moderated each group through the mockups

Learning from First Wave of User Tests

"Shield" Concept

"Saver" Concept

Reduce Junk Mail

Find out what "they" know about you

Money Saving Offers

Compare Yourself to Others

Social Networking

Save Trees

Marketing Report

Marketing Score

Marketing Profile

Legend

Strong appeal

Some appeal

Low appeal

JunkmailFreeze™

A free service from ☑ TrustedID™

Junk mail causes identity theft. We stop it.

Tired of shredding those credit cards you never asked for, checks you never ordered and refinance offers that look too good to be true? Why not cut the junk mail off at the source. With JunkmailFreeze,™ a free service from the people at Trusted ID, that's exactly what you can do. <u>Learn More</u>

✔ Reduce the risk of identity theft
✔ Stop the junk mail ID thieves want
✔ Spend less time shredding mail
✔ Help the environment. Save 43 trees!
✔ 100% free service

1 → **2** → **3**

Pick categories   Register   Stop junk mail
In less than 3 minutes, you can stop your junk mail

Stop your junk mail today!
Pick the categories you want to stop:

☑ Cash advance checks   **STOP**
☐ New credit card offers
☐ Pre-approved credit card offers

Over 50 additional categories on the next page!

Get Started

Summary of Case Study

- 4 weeks to validated product concept

- 1 round of iteration

- Zero coding

- Reasonable cost

- Customers willing to pay $10/month

- Trimmed away non-valuable pieces

- You can achieve similar results

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Iterate:

- Hypothesize-Design-Test-Learn loop
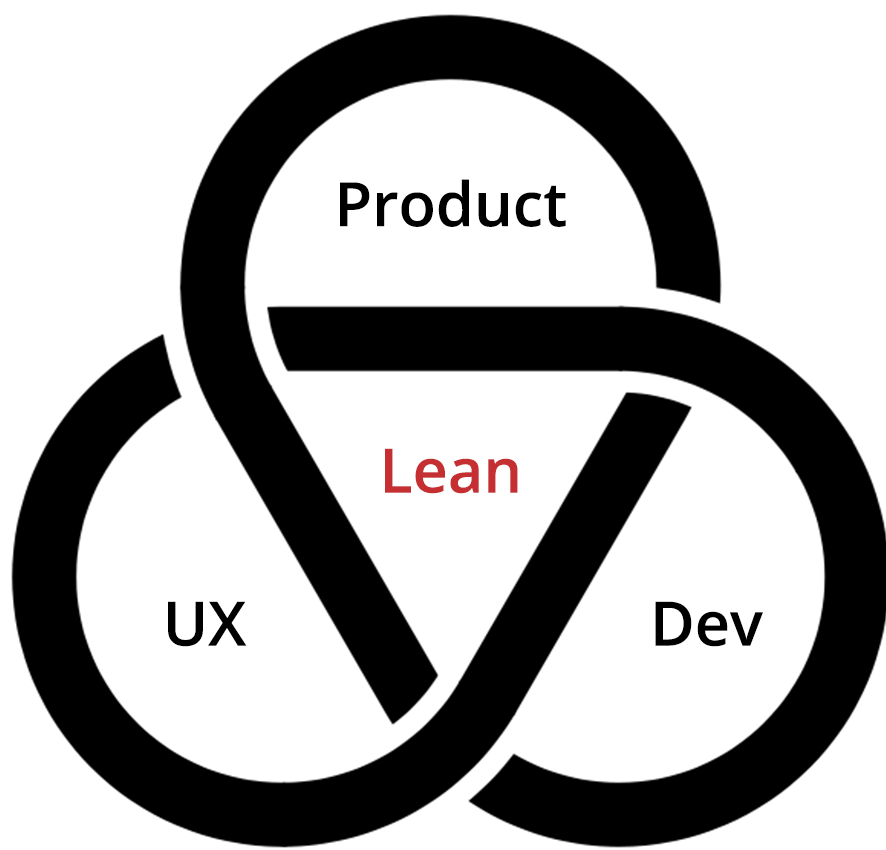- Improve product-market fit

Qualitative vs. Quantitative Learning

Qualitative

Oprah

Quantitative

Spock

Product

Lean

UX   Dev

Lean Product & Lean UX Silicon Valley Meetup

meetup.com/lean-product

Sean Ellis
Growth Expert

"The Increasing Overlap of Product and Growth"

Mar 10th
Palo Alto

Questions?

DAN OLSEN

THE

LEAN PRODUCT PLAYBOOK

HOW TO (INNOVATE) WITH MINIMUM VIABLE PRODUCTS AND RAPID CUSTOMER FEEDBACK

WILEY

@danolsen

dan-olsen.com

slideshare.net/dan_o

leanproductplaybook.com

Book: http://tiny.cc/LPP