Running Lean- My summary of a brilliant methodology

After my first business, and now with C&M Group, I am learning more about the concept of running lean.

Everyone seems to talk about it, but how many people actually understand it? I am going to outline the biggest and most important tips that I picked up from reading the book, Running Lean.

A little background about Running Lean; Running Lean was written by Ash Maurya, the founder of Spark59. Running Lean speaks directly about the struggles about how to start, or grow an existing business based on the lean principles that Eric Reis speaks to in his book "The Lean Startup".

The book has so much information packed in 200 pages. I read the entire book on my flight from Richmond to Boston. And I'm a slow reader! Running Lean-My summary of a brilliant methodology.

1. Lean does NOT mean cheap

The biggest misconception I experienced before reading Running Lean was that Lean equates to cheap. Lean is actually a term that is coined from Toyota's Lean Manufacturing Process.

My interpretation of Lean is taking your resources and maximizing them to their fullest potential.

This does not mean cutting corners. You can still pay your team members well, and create huge profits.

2. Product validation

Before announcing a new product, how do you analyze and understand what the response of the product will be? The best way to perform product validation includes asking customers questions about your product.

One of the biggest mistakes a company makes is building a product that no one wants, or will buy.

What can businesses do to understand what to build?

Businesses need to first understand the customer's needs. It is much easier to stop doing business early on, then spending thousands of dollars and THEN realizing that no one will buy your product.

3. Product Development

Product development is something that all companies face. Let's take the example of an iPhone application.

The traditional way of developing an iPhone application includes having your development team develop the iPhone app. Once the development process is complete, you hire a VP of Sales and Marketing and begin selling the app.

According to "Running lean", this methodology is actually ineffective because it means you are creating a product that is not even guaranteed to sell.

The lean method

Instead of developing the application, and then waiting to hire a sales team to sell the application, focus on selling the product itself while the product is in development.

This means focusing on generating sales while the product is being development because in reality, no product will ever be perfectly developed. This by all means does not meant to sell a product

without making it your best. Many developers look for perfection in their work. Perfection, especially for businesses is inevitable, and, perfection does not necessarily mean a sellable product.

4. Customer Development

How do you improve upon a product? Or how do you make it considerably better? What is relevant feedback?

These are all questions that most service as well as product based businesses can face.

Let's say that you introduced your iPhone app to the market, and you are having 50 purchases per day. You want to increase sales to 100 purchases per day.

How do you do that?

Customer development eliminates focus groups, traditional surveys, and focuses on real people, real customers, and real responses to the questions you ask.

The lean way to do customer development is by asking your customers their personal experiences with your product. Engage in a one on one conversation with them.

This does not need to be expensive. Offer to meet your client for coffee and ask them a series of questions that will allow you to get a better feel of the following;

1. Their experience using the product
2. Any difficulties they faced
3. How they heard about you
4. Ways to improve the product
5. Additions in the future

This is a very rough list of questions, but you get the idea.

5. Focus on the customer

The most repeated message (in a good way) from the entire Running lean book was the emphasis on *focusing on the customer*.

Focusing on the customer is integral because the customer is who will buy the product/service at the end. If your customers aren't satisfied, then you won't be paid.

6.The 4-step process

Maurya describes the 4 step process as a way to take problems that exist in the marketplace. I have found this process to work for almost anything!

1. Understand the problem
2. Define the solution
3. Validate qualitatively
4. Verify quantitatively

The reason I believe this process is so powerful is because you not only verify it quantitatively, but you verify qualitatively.

I have found this method assimilates well with many business owners, especially because business pulls together so many emotions.

7. Documenting Plan A

Plan A is a concept that Maurya ingrained throughout the book that simply speaks to solving problems in your business. Here is a picture of what Documenting Plan A is.

Maurya describes this canvas as a means to tackle any problem that you may be experiencing. Here are some of the guidelines to filling out the Canvas:

1. 15 minute time limit
2. Be concise
3. Be in the now
4. Focus on the customer
5. Leave Blanks if needed

Here is an example of the Canvas filled out. This was in the book:

PROBLEM	SOLUTION	UNIQUE VALUE PROPOSITION	UNFAIR ADVANTAGE	CUSTOMER SEGMENTS
Sharing lots of photos/videos is time-consuming. Don't know how to share (convert) videos. Afraid they will loose their media because they aren't backed up. *Existing alternatives:* Email, Flickr Pro, SmugMug, Apple MobileMe, Facebook	Instant, no-upload sharing. Automatic video transcoding. Cloud backups of originals. **KEY METRICS** A - Signup A - Created first gallery R - Shared an album and/or video R - Invited family and friends R - Paid after trial	The Fastest Way to Share Your Photos and Videos *High-level concept:* Photo and video sharing without the uploading	Community **CHANNELS** Daycare Birthday parties AdWords Facebook Mommy bloggers Word of mouth	Parents (creators) Family and friends (viewers) *Early adopter:* Parents with young children

COST STRUCTURE	REVENUE STREAMS
Hosting costs - Heroku (currently $0) People costs - 40 hrs * $65/hr = $10k/mo	30-day free trial then $49/yr

Break-Even Point:
2,000 customers

Lean Canvas is adapted from The Business Model Canvas (http://www.businessmodelgeneration.com)
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Plan A is described as one of the main solutions to the problems you might be having in your venture.

Many entrepreneurs see venture capital as a Plan B. Ash says that *Plan Z* should actually be VC.

Conclusion

Running Lean is a startup book that every entrepreneur should eat, sleep, and breathe, because it allows you to understand how to maximize your resources to achieve optimal growth in a venture.

You begin to eliminate external excuses for why you can't perform in your business, and focus on staying in motion.

The best part about Running Lean is that the concepts can be applied to many businesses. This especially resonated well with me because of the emphasis on bootstrapped businesses.

What are your thoughts on the Running Lean methodology!