# Entrepreneurship and Startups

**What Is Lean Startup?**

A lean startup is a method used to start a new company or introduce a new product on behalf of an existing company. The lean startup method advocates developing products that consumers have already demonstrated they desire so that a market will already exist as soon as the product is launched, as opposed to developing a product and then hoping that demand will emerge.

**The goal of setting up a lean startup**

The goal of using a lean startup methodology is to get rid of wasteful practices during the initial stages of a company, which provides the company with a higher possibility of long-term success. By using the lean startup methodology, it's possible for early-stage startups to garner success without requiring high amounts of funding, comprehensive business plans, or a product that has no flaws. For the lean startup process to be successful, the startup that uses it will need to focus on obtaining customer feedback on the initial product. This feedback will help you make changes and iterations on the product that will allow it to be improved over time in accordance with the wishes of the customers. The customer feedback that you receive should also keep you from spending resources on services and features that your customers don't want. The lean startup methodology is aimed at using the lowest number of resources possible.

**Build, measure, learn**

1.  The methodology of the lean startup technique centers around the build, measure, and learn feedback loop.
    **Build**
    This methodology begins with the creation of a minimum viable product (MVP), which refers to a service or product that has enough features to keep customers satisfied while you test your theory that the product can be successful on the market. Keep in mind that an MVP shouldn't be provided to all of your customers. Instead, you should select a small subset of customers across a range of demographics who can use your product. This is the build component of the lean startup methodology. Since building is the first aspect of this methodology, it's highly recommended that you begin creating a basic product or service in the early days of your startup.

2.  **Measure**
    When looking at the measure component of this methodology, it's essential that you effectively measure the results of your minimum viable (MVP) product while you continue to develop the product. The feedback that's provided to you by these customers can be used to fine-tune the product and make it more feature-rich. If you find that the very idea of your MVP isn't gaining traction with the customers that the MVP was provided to, you should be able to get rid of the basic product without having used too much of your resources. The feedback that you receive can be measured in a variety of ways. If you are creating a business that exists solely online, you would gain feedback by providing customers with surveys and by looking at the analytics for

your website to determine what you're doing well and what could be improved. For an actual product that's being tested before it's placed on the market, the feedback can be easier to obtain by asking testers questions about the product that they're using. Once you've obtained data on your minimum viable product, you can start learning from this data, which is the third component of the lean startup methodology.

### 3. Learn

It's not enough to measure the results from the product that you've received and to obtain feedback from the initial customers. If you want to eventually create a product or service that's ready to be placed on the market, it's important that you learn from the data and feedback that you've received, which isn't always an easy thing to do.
For instance, some of the feedback that you receive might not lead to the creation of a successful product. However, this feedback is best used to identify which aspects of the product aren't working and which ones may need to be refined. If you can effectively learn from the results of the product testing, you should be able to develop a product that meets the needs of your target audience.

**The main characteristics of a lean startup include:**

- Allows you to develop a product based on the desires of the market
- Uses validated learning to determine customer interest
- Focuses on metrics like product popularity and lifetime customer value
- Starts out with a minimum viable product to assess the reaction that customers have to the product
- Experimentation is favored as opposed to sticking to a strict plan

**What Does It Mean to Be a Lean Startup?**

If you want your startup to use the lean methodology, this means that you need to center your business around the customer. If you have an idea for a product or service, you won't start by creating a business plan for your company. Instead, you should begin to create a minimum viable product (MVP). Keep in mind that customers will see the development process first-hand, which isn't always a comforting sight. However, this can help you improve customer loyalty. The minimum viable product that you create should only have the most basic features that will allow customers to actively interact with the product. Once you have created an MVP, the next step of the process involves providing it to a small subset of your target audience. If these individuals don't like a product that you put out, it will be very difficult for you to obtain a lasting customer base. As customers use your MVP, you should focus on obtaining their feedback, which can then be used to make changes to the product and eventually make it more feature-complete.

When you become a lean startup, you should expect to experiment on a regular basis. While the results may not always be favored by your customers, scaling back changes should be easy with the iterative approach that you're taking to product development. Over time, you should be able to create a product that's ready to be released on the market. This is a very fast method of product development that should help you save money. However, it can be hectic as you react to the feedback that you receive from test customers.

**Why Is It Important?**
It's important to know about the lean startup methodology because it can be the basis for your entire company. Understanding the method should make it easier for you to determine which approach would best fit your new startup.