MVPs are too expensive

How wasteless validation leads to better insights

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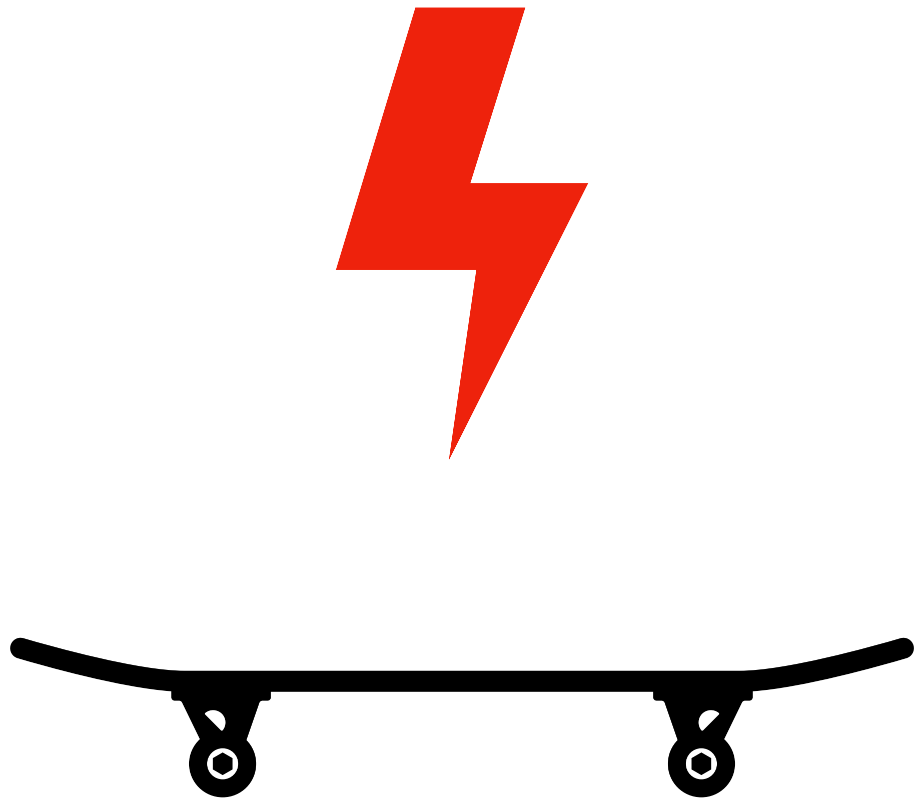
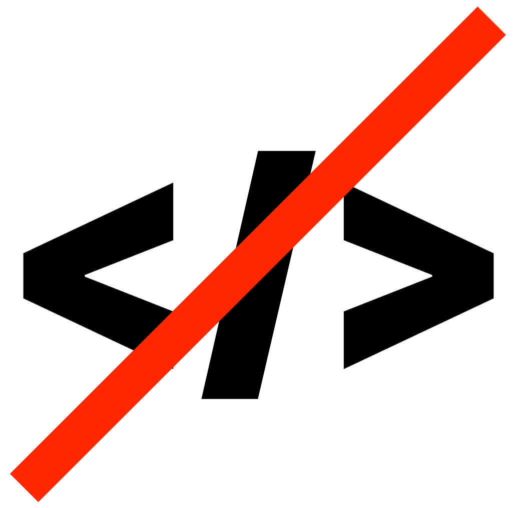
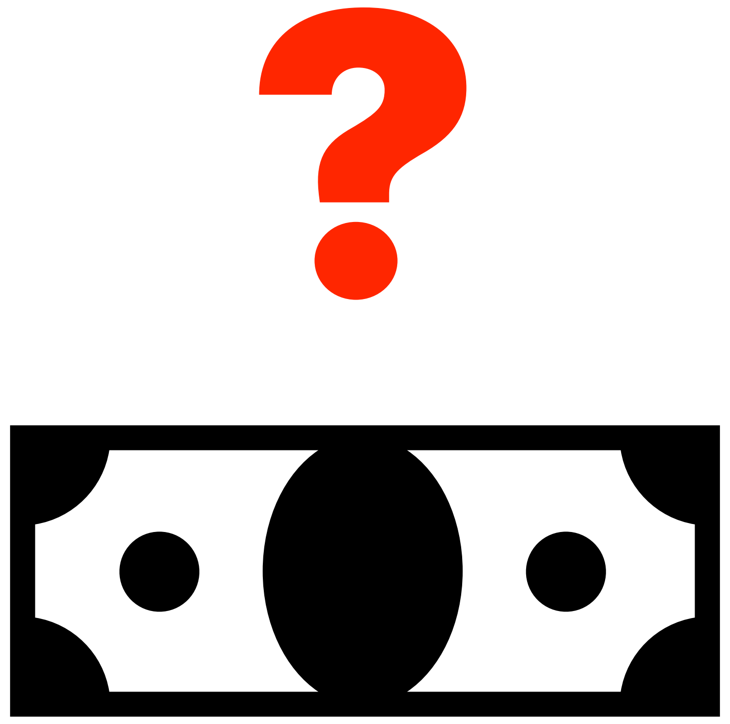
Working Products Conference 2017

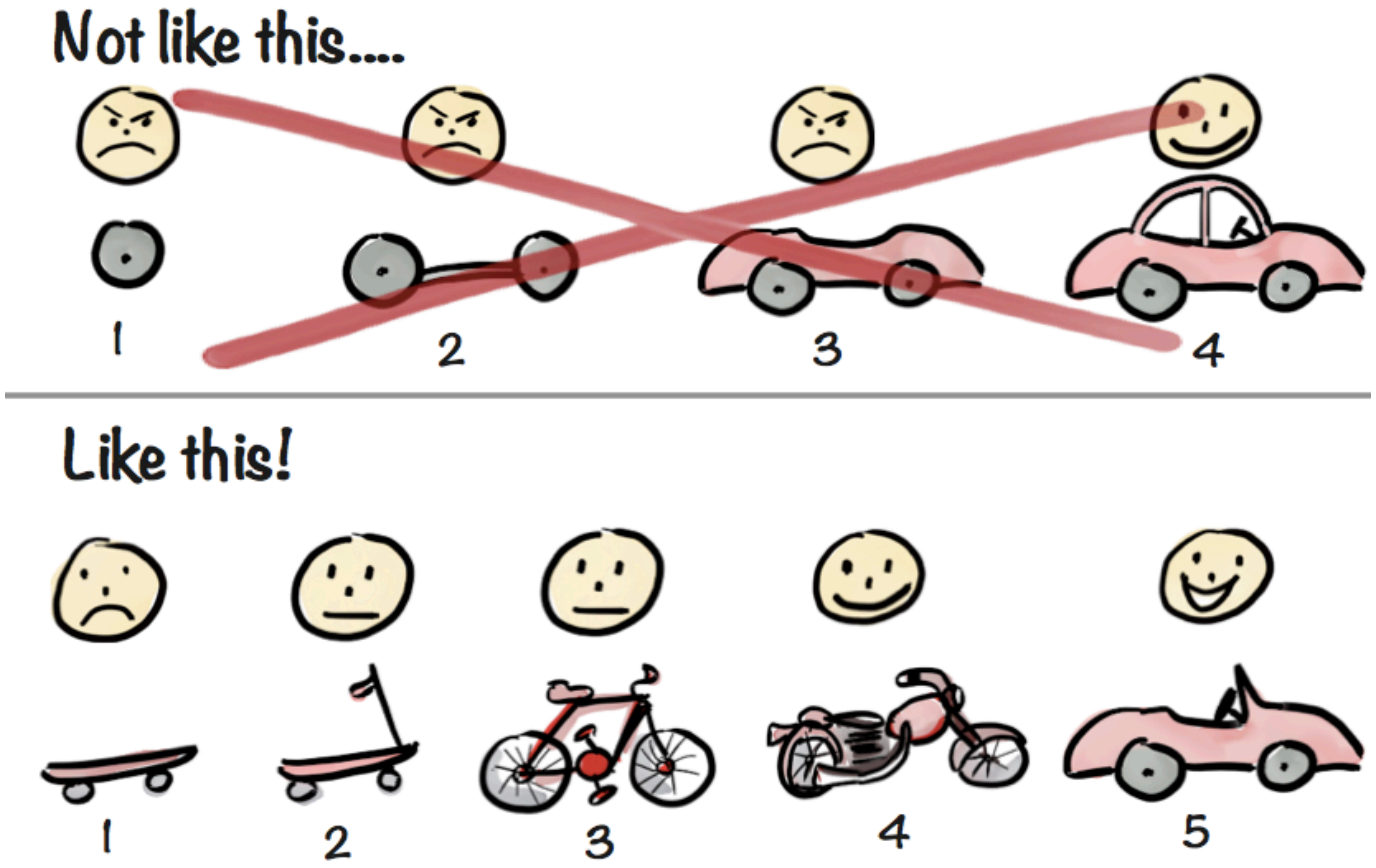
3 Key Takeaways for you today







Best visualization of MVP I could find



Source: Henrik Kniberg

Common misconceptions about MVPs

- They’re crappy versions of all planned features…
- …but are good to live on after launch anyways
- They’re the cheapest way to validate critical hypotheses

Best MVP definition I could come up with

"An MVP is about building the most critical value proposition […] to further prove your product idea's potential and product market fit and shipping it in the best possible quality […]. It is not about building slimmed down or extremely compromised versions of all your features […]."

Source: Tim Herbig

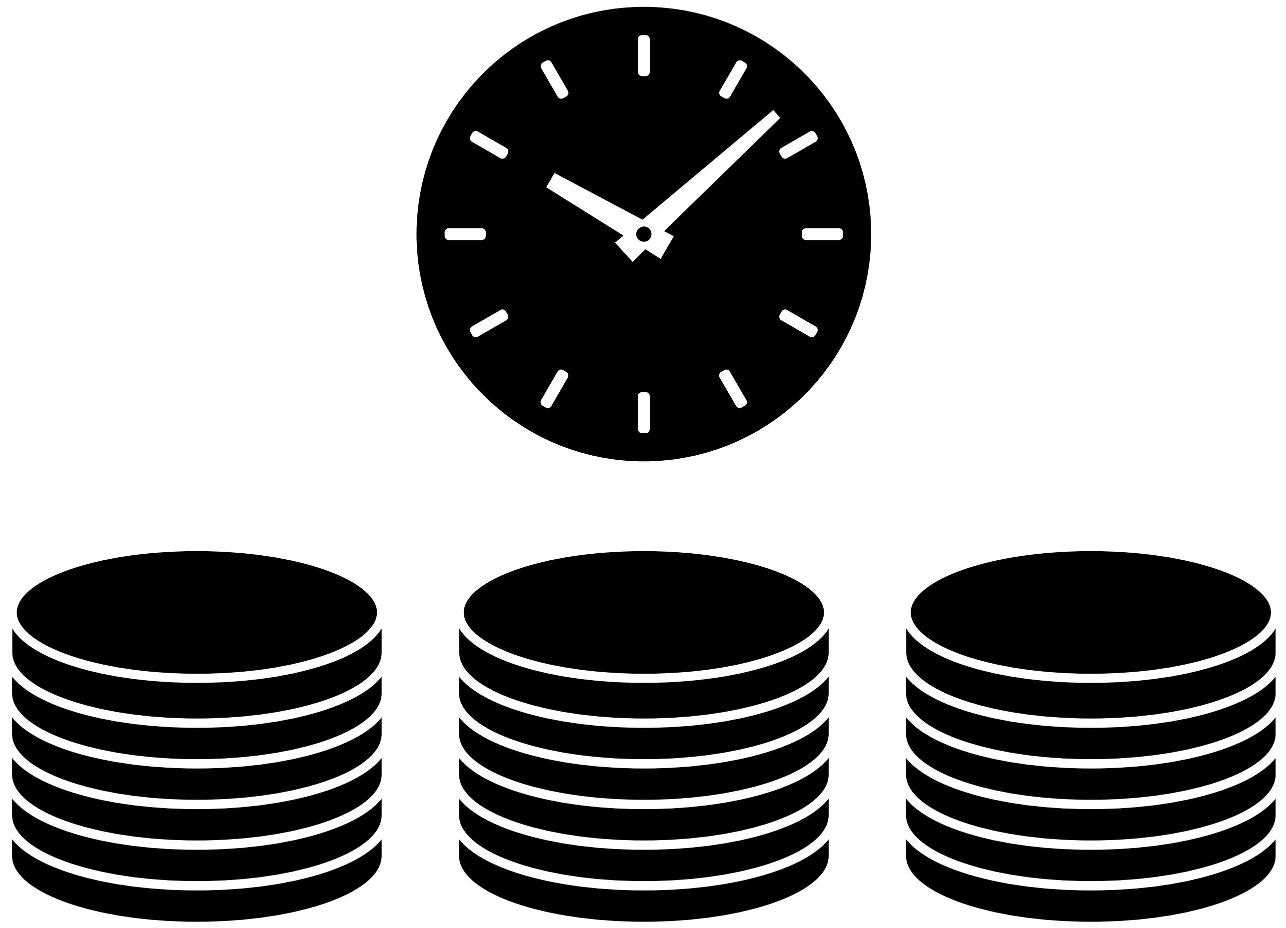
But in general, MVP's are cool, right?

Well, kind of…

…there's one problem

How's validating with MVPs 'too expensive'?

Cost of **Building**

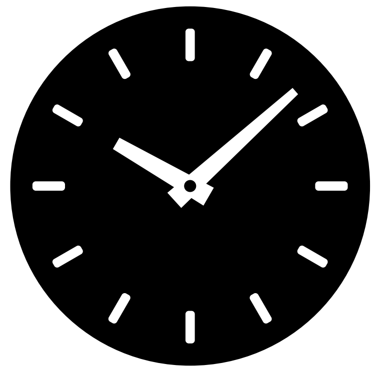


Cost of **Waiting**

Involved Resources

Product Discovery

Product Manager | Product Designer | Business Owner



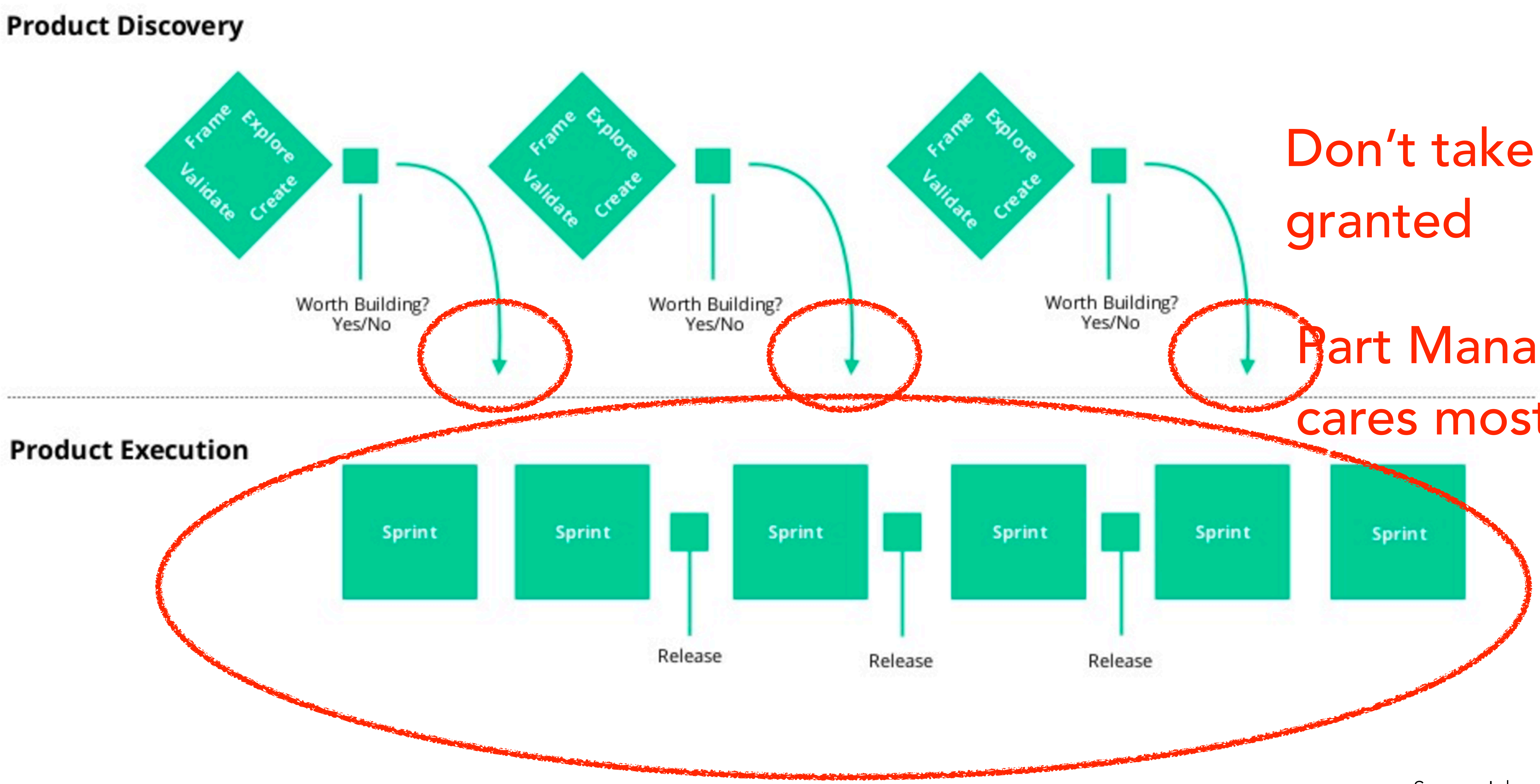
Product Execution

Product Manager | Product Designer | Development Team

Busy building <u>**your**</u> MVP

MVP Development Timeline

Discovery & Delivery Track Relation



Don't take **this** for granted

Part Management cares most about

Source: Inken Petersen/ubercreative

You need to be creative about validation without development team

But why do I need to validate at all? Can't I just build an MVP?

No, and here's why

"This sounds like a great feature idea based on what I think to spend time, people and money on!"

Old way of thinking about resource allocation

"Where's the proof that this is actually a good way to spend time, people and money on?"

Modern way of thinking about resource allocation

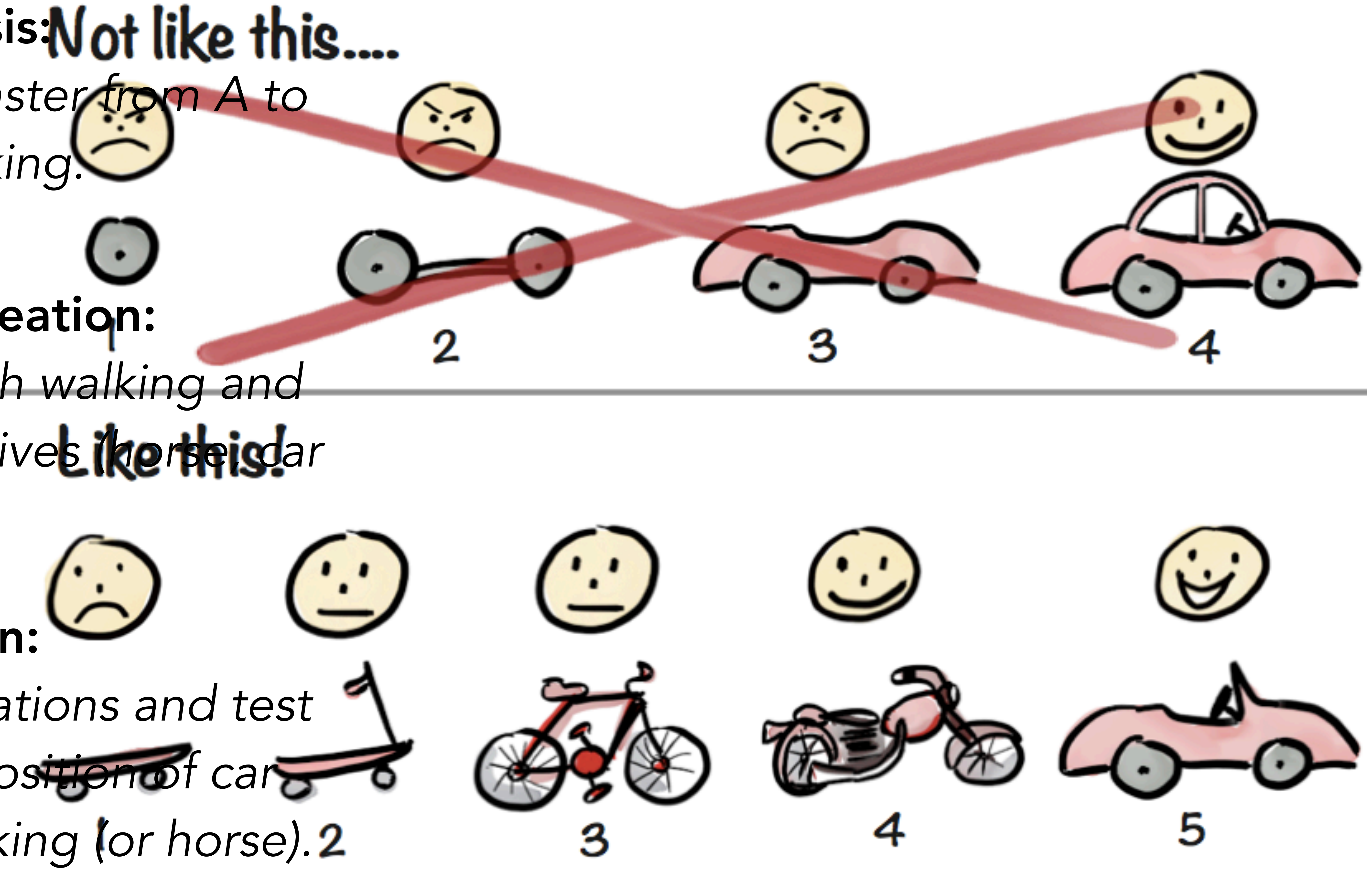
Even resources for building an MVP must be earned by validating

How validation relates to building an MVP

Hypothesis:
People want to get faster from A to B than walking.

Research & Ideation:
Find out problem with walking and come up with alternatives (horse, car etc.).

Validation:
Simulate walking situations and test whether value proposition of car gets chosen over walking (or horse).



Source: Henrik Kniberg

4 Biggest Validation Mistakes

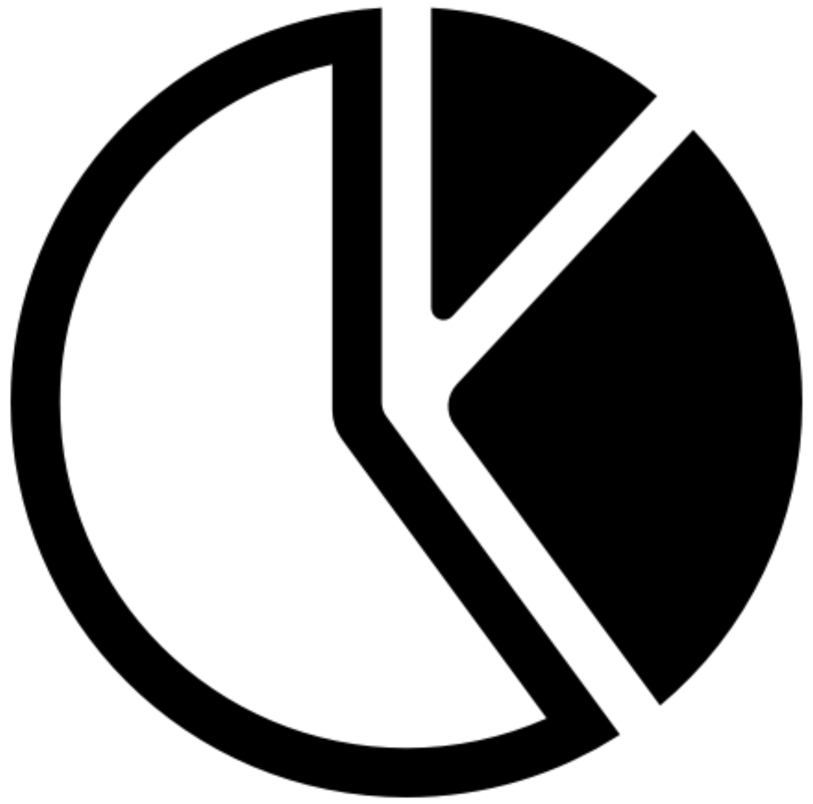
1. Falling for Confirmation Bias
2. Setting up only one hypotheses
3. Only validating indirectly
4. Picking the wrong method for the right questions

Types of Validation

Qualitative/Attitudinal

'What do People need?'

'How are people solving a problem?'

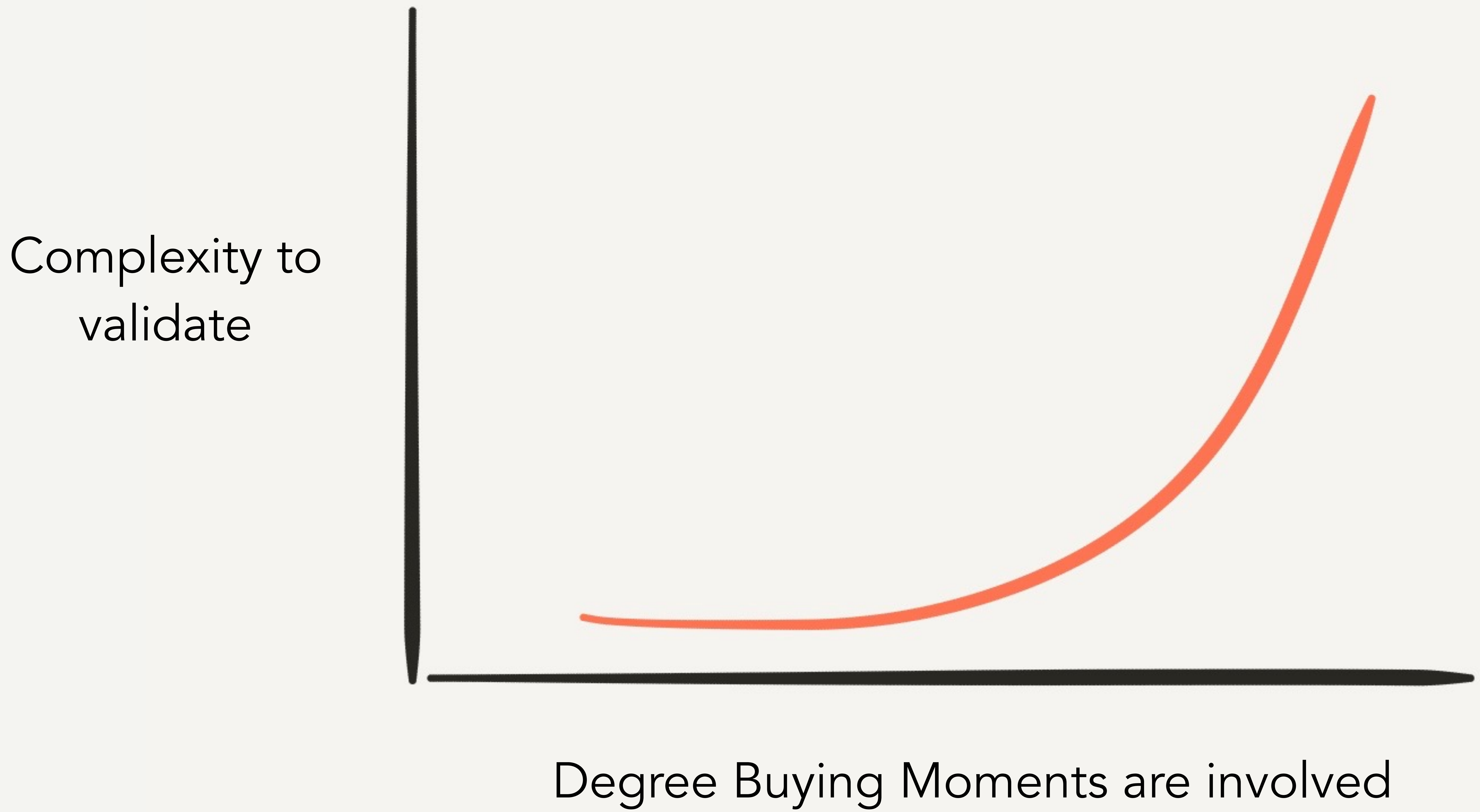


Quantitative/Behavioural

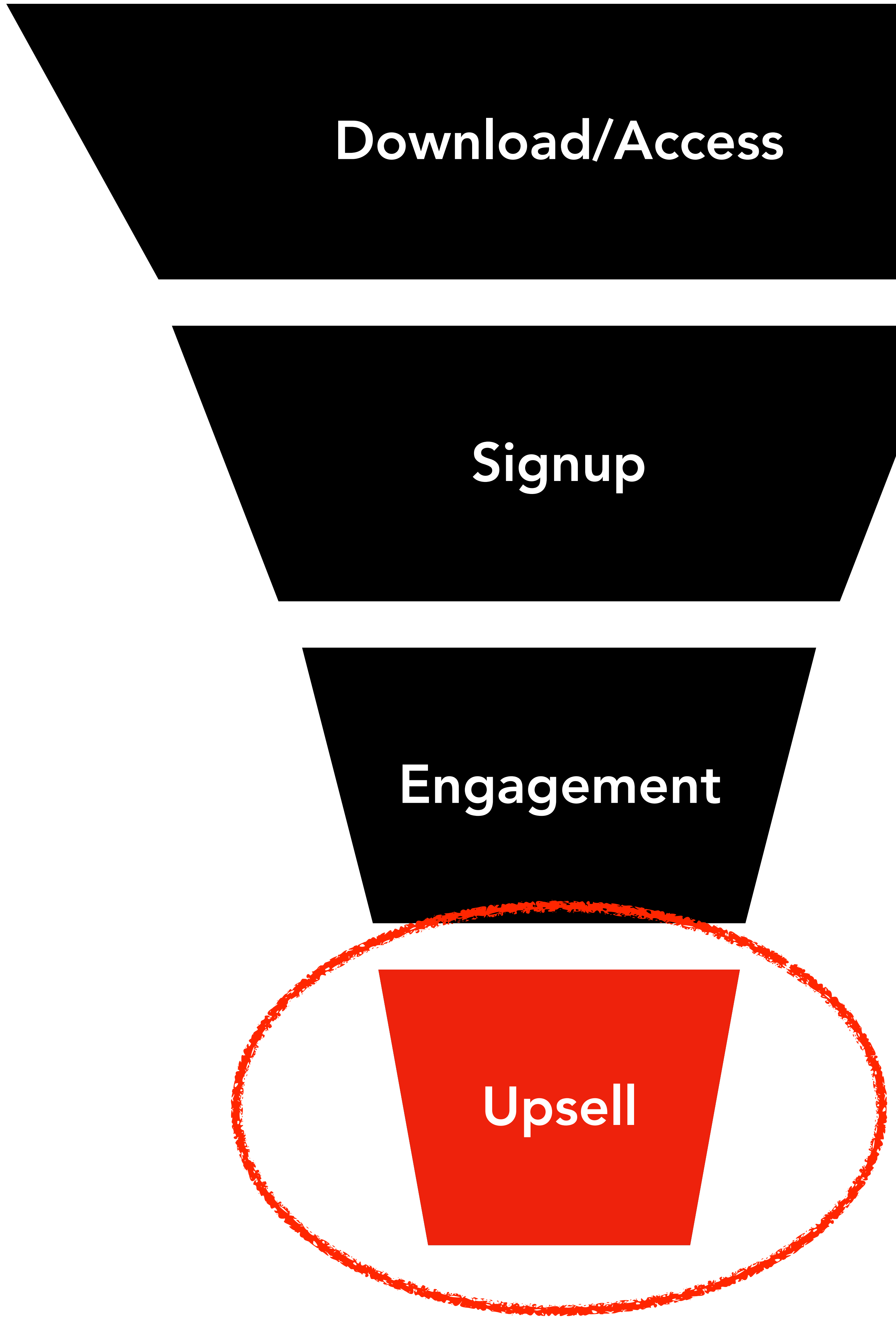
'Do people want the product?'

'Which design works better?'

When validation becomes complex



Your Typical Freemium Funnel



Where's the make-or-break hypothesis located?

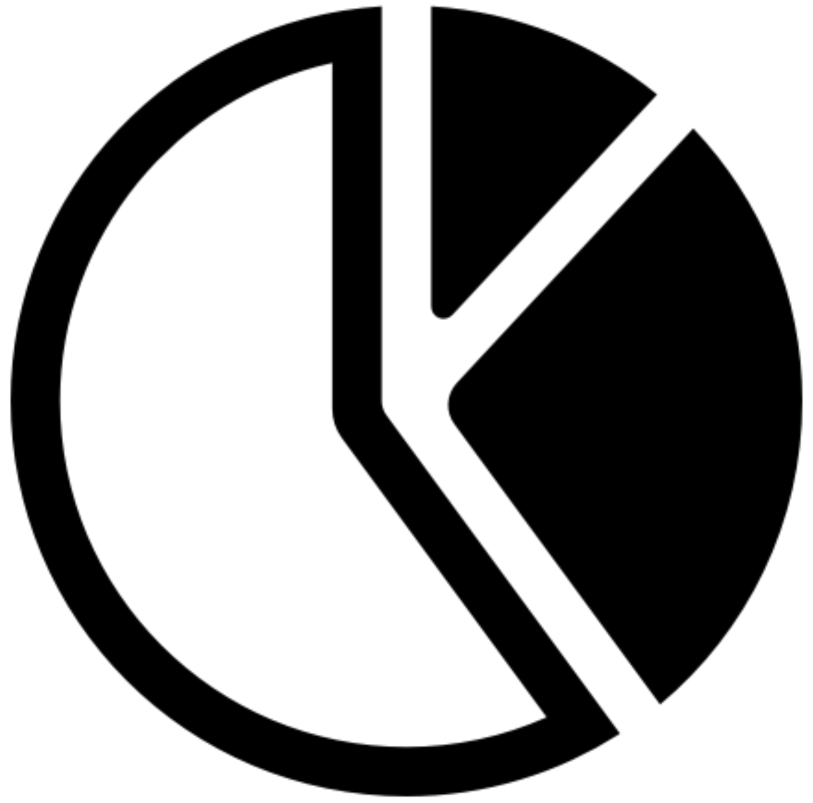
Let's say it's here

Forget about Qualitative Methods

Qualitative/Attitudinal

'What do People need?'

'How are people solving a problem?'



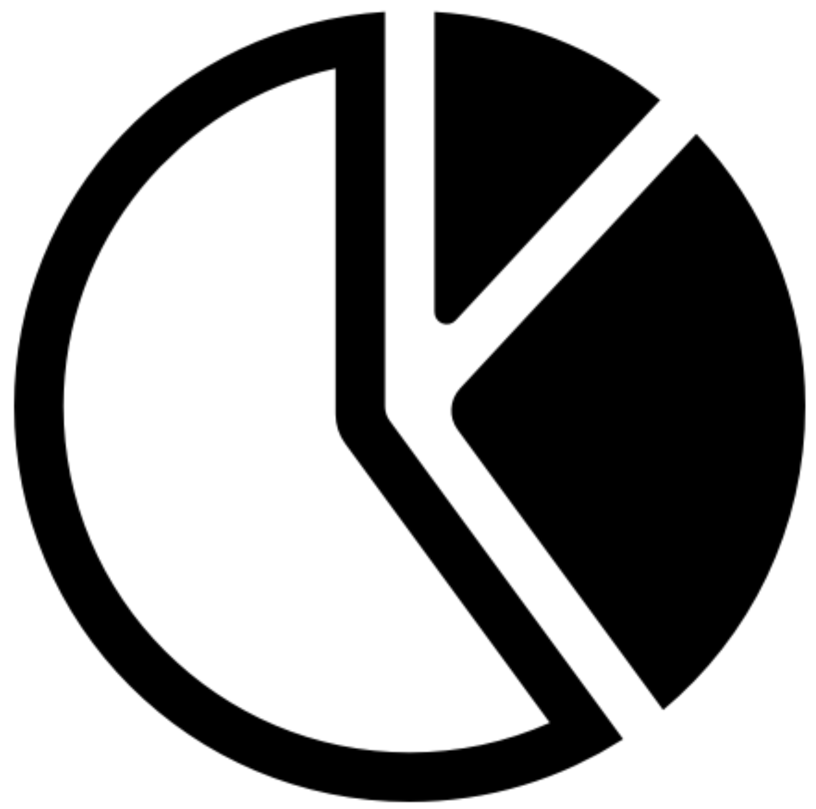
Quantitative/Behavioural

'Do want people want the product?'

'Which design works better?'

Examples of Quantitative Methods

- Pre-Order MVP
- Smoke Tests
- Fake E-Mail Testing
- Concierge MVP



Quantitative/Behavioural

'Do want people want the product?'

'Which design works better?'

Hypotheses in upsell validation

Wrong

We believe that ***introducing profile visitors as a paid feature*** *to* ***business professionals*** *will achieve* ***an additional growth of Premium members by 15% per year****.*

We're confident that this is true when we see ***a <3% click through rate*** *on the new profile picture design e-mail test.*

Hypotheses in upsell validation

Right

*We believe that **introducing profile visitors a paid feature** to **business professionals** will achieve **an additional growth of Premium members by 15% per year**.*

*We're confident that this is true when we see **a <3% click through rate** on the buy button within a faked profile visitors list e-mail test.*

Summarized upsell validation findings

1. Don’t use qualitative methods to validate purchase-related hypotheses.

2. Don’t confuse validated engagement with real willingness to pay.

3. Fake the payment moment to make it as real as possible.

4. Prepare vouchers and pre-order discounts as compensation. ;)

Summarized upsell validation findings

1. Don’t use qualitative methods to validate purchase-related hypotheses.
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3. Fake the payment moment to make it as real as possible.
4. Prepare vouchers and pre-order discounts as compensation. ;)

Thanks!
Let's stay in touch and talk in the Speakers Corner.

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