The MVP of Success - Minimum Viable Product: Crash Course Business Entrepreneurship #6

Crash Course: Business - Entrepreneurship
https://youtube.com/watch?v=kmfC-i9WgH0
https://nerdfighteria.info/v/kmfC-i9WgH0

Hi!

My name is Anna. I like long walks on the beach and curling up with a good book. I grew up all over, but I'm loving life in LA, where I'm an actress and writer. My favorite summer activities include soaking up the sun and spending time with my 6 cats. I'm hoping to meet someone who's fun to be around and is open to running 5Ks on Turkey day! Let's grab coffee sometime.

Imagine if the only videos on YouTube were people looking for love. That could have been the world we lived in! Before it had 1.9 billion users per day, YouTube started as a video-based dating service, complete with the truly excellent catchphrase: "Tune in, Hook Up." If you look, you'll find tons of these quirky origin stories behind some of the most successful companies. But why? The reason they didn't flop is because they were willing to listen and fundamentally change their business when their original idea didn't meet the needs of their market.

They were clever observers and nimble enough to pivot. Today we'll look at the bare minimum we need to make an idea a business reality, also known as our minimum viable product. And we'll be ready to pivot if things fall flat.

Don't worry, it'll be way easier than maneuvering a couch up a stairwell. I'm Anna Akana, and this is Crash Course Business: Entrepreneurship. [Opening Music Plays] I don't know about you, but I tend to dream big. My vision for any of my projects is in vivid technicolor.

And it's great! I know where I want to go and pretty much what an idea will look like in the end. But especially when it comes to entrepreneurship, we want to take that vision of a product or service and break it up into smaller steps.

Use the mantra: dream big, start small. We've done all the research we can in the idea stage, so now we have to take the risky leap to the next level. Thinking strategically, we want to focus our energy and our money on what creates value for customers, so they support us!

The first iteration of our product or service should be our minimum viable product -- the simplest version that will attract customers and maximize our learning as we launch our business. It's called an MVP for short. And there are 3 key parts to a good MVP: It has enough value that customers want to start using it It hints at what we'll produce in the future to keep customers interested, and It gives us feedback to learn from as we refine our product or service. Basically, the MVP is like a really useful first draft. Our goal isn't perfection -- and honestly, it's never going to be perfection in entrepreneurship, but more the goal is to produce a great first offering that enables learning.

Once we've launched a product or service, we can start gathering feedback and implementing changes, so we can deliver more value to customers faster than competitors. Let's make our MVP the MVP! ...*finger gun noises* To see this iteration in action, let's go to the Thought Bubble!

Your friend Gretchen is very into fashion. And the hot new trend is special occasion hats -- wedding fedoras, Valentine's Day fezzes, Canada Day bonnets, pink berets to wear on Wednesdays. It's so fetch! Gretchen has been making her own whimsical hats and wants to sell two of them on Etsy. She's never sold anything before, but she knows her costs per hat will include materials, basic marketing artwork, shipping, and her time. After doing a bunch of math with some help from her friend Kevin G -- and scoping out the competition -- she plans on selling each hat for $28. They're not the cheapest on the market, but not the most expensive either.

These two hats are good representations of her skill and designs, they're already popular with her friends, and Etsy allows lots of communication between buyers and sellers (including reviews and customization requests).

So with confidence that these two hats are her minimum viable product, she takes the risk to post them! Gretchen gets feedback through comments and reviews, and she notices that customers only seem to buy only one of her hats and wish it had more customization options -- like veils, ribbons, or feathers. She continues offering both hats, even though only one is selling, and she ignores customer requests because their "uninformed suggestions" don't speak to her "creative sensibilities." Soon her Etsy profile is a ghost town. Even though she had a solid MVP, she didn't learn from it. So even though hats are everywhere, no one is wearing Gretchen's. Thanks, Thought Bubble!

To make an effective MVP and turn it into a successful business, it's important to put customers front and center and think about People having an Experience. In buzzword lingo, this is applying a human-centered approach to design-thinking. The good news is, all the entrepreneurial thinking we've been doing so far is human-centered. We're all humans [to the best of my knowledge], and we all have small wishes about products and services that could make our days a little easier -- like wishing there was already a coaster on the bottom of every cup, or that we could somehow reuse our favorite notebook forever. Those passions, complaints, and nagging "I can do better than that!" feelings from our egos give us the seeds of ideas. Plus, we consider the jobs, pains, and gains of our customers to make sure our ideas have value. Doesn't get much more human-centered than that!

Design-thinking experts emphasize that coming up with a good idea isn't a linear process. It's a jumble of loops that include steps like: finding problems, brainstorming solutions, prototyping, testing, getting feedback, and making changes. And I know Crash Course Business: Entrepreneurship has been teaching these concepts in a pretty linear way, but entrepreneurship totally isn't a linear process.

Every entrepreneur comes to the table with different knowledge, skills, and expertise. Sometimes we recognize an idea but it takes years to take the financial risk to start a business. Or we never do anything with the idea at all. When it comes to sketching out all the details of our business, we have different interests too. Someone whose passion is marketing may have cool branding, but they aren't excited about choosing a legal structure. Or an accountant may start thinking about the costs of their future business before investigating the competition, so they have to circle back. Everyone's starting point can be different!

But we want to stay focused on a human-centered approach to design-thinking as we create any product or service -- especially our MVP. For example, despite great strides in global health, some countries are still struggling to prevent parental death during pregnancy. So in rural India and Bangladesh, innovators came up with the idea of a smart bangle -- a water-resistant, plastic bracelet that gives important pregnancy info twice a week for 10 months, without needing to be charged. The bangle also monitors carbon monoxide, a gas that we can't see or smell but is extremely toxic if it builds up in our blood. The bangle alerts the wearer when they're exposed to unhealthy levels of carbon monoxide, like possibly when they're cooking over wood-burning stoves.

If the entrepreneurs hadn't talked to the women they were trying to help, they might have designed a culturally insensitive wearable, rather than something that matches the patterns, colors, and cultural nuance of jewelry in India. If nobody wanted to wear the bangle, it wouldn't help!

You might assume that all successful entrepreneurs have this process down. They're changing the world, making money, and living the dream, right?! But we all have biases and limitations, and big mistakes happen. Maybe not enough research or testing was done, or there was oversight. For example, the most common crash test dummy was designed around a statistically average male body, from height and weight to muscle distribution. So cars and seat-belts have historically been much less safe for people whose bodies aren't like that. Power tools are easier to hold if your hand is a larger size. And personal protective equipment, like safety goggles and body armor, doesn't always come in the sizes that people need. And this unfortunately happens a lot across medicine too. Like, the dosage of the morning-after contraceptive pill is barely effective in people who weigh more than 165 pounds. So design-thinking is complicated -- especially when it comes to health and safety -- and it takes a lot of work to make a thoughtful MVP and consider all the different types of people who might use it.

But no matter how well-researched or user-friendly your MVP is, people just might not want it. That feeling stinks as a new entrepreneur. But all is not lost! Instead of burning everything to the ground, you might be able to pivot. That's the business way of saying: make a big change to a product or service based on customer feedback, because they don't like or need it. In fact, many of the brands we know and love (or at least use) today were born from pivots.

Take Instagram, for example, which started as Burbn -- a check-in slash gaming slash planning slash photo-sharing app named after alcohol. It was a lot. And it wasn't popular. But instead of [drowning their sorrows in Jim Beam, and] quitting, the founders used their app analytics to see how people were using Burbn. No one cared about the check-in or gaming features, but they loved to share photos. And thus: Instagram was born. Simple, intuitive, and now with over 1 billion users.

The key to a good pivot is listening. As you test your MVP, are you paying attention to what your customers are telling you? You may uncover a job, pain, or gain that you didn't know about before. Then the question becomes: can you change? Change is hard! It's easy to think you can handle it before you've gone through the emotional rollercoaster of a new entrepreneurship venture. Of course I'd be able to adapt! I'm super flexible, and I love hearing other people's ideas.

But really listening to feedback can be rough. And it's easy to disregard useful feedback as worthless because you think you know best. This business idea is my BABY. I spent all this time listening and working and making this thing that you SAID you wanted. Why don't you love it?! How dare you! This kind of thinking can mean the death of a fledgling -- or even a mature -- business. The best thing for your idea is to have a critical eye and a hard heart: pay attention to what customers are using and let go of what isn't serving them.

And it's so important to get feedback early on. Even though you've still put in hard work, time, and money into an idea -- it'll be easier to pivot when you're less attached. You know, I really thought the cat waterbed was a good idea. But I guess it's better to switch things up now, before I paid to mass-produce them... oh ya, claws... that makes sense. The bottom line is: be flexible. You want your minimum viable product to draw in customers, who provide lots of feedback, so you can adapt. And if you need to, pivot! Figure out what parts of your idea people like and use, and focus on them.

Next time, we'll talk more detailed strategies for getting this product feedback out of your customers, so that you can pivot before getting in too deep. Thanks for watching Crash Course Business, which is sponsored by Google. Thanks also to our animation team, Thought Cafe! If you want to help keep Crash Course free for everybody, forever, you can join our community on Patreon. And if you want to take a break from concrete ideas and learn about the philosophy of design and aesthetics, check out this video: