THE LEAN PRODUCT GUIDE

A practitioner's guide to building viable products customers love.

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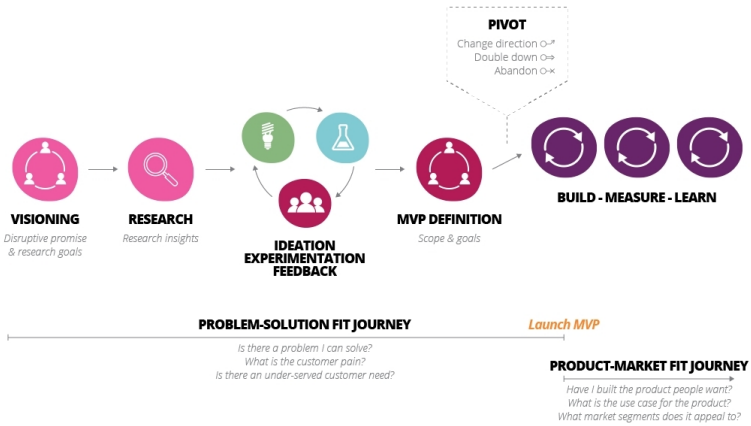
Determining Fit

Determining fit is about defining a product in the context of the organization's goals, existing product offerings, target customer segments and the capabilities required to achieve this.

Determining fit is a large topic and we recommend deeper conversations with your coach, stakeholders and team. This section introduces the basic concepts and definitions. We've included answers some of the common questions encountered during our time coaching.



Fit Journey

Problem-Solution Fit

When developing new products, the early activities are focused on validating whether you are tackling the right problem. Research and experimentation activities are focused on identifying underserved or unmet customer needs.

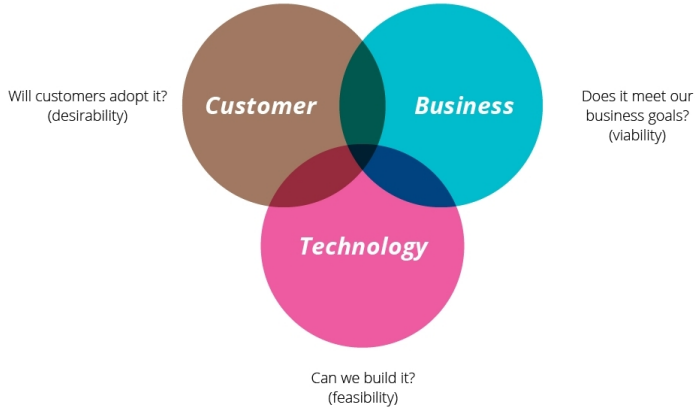
Product-Market Fit

Product-market fit is validating a thin slice of your product, commonly known as the MVP, that customers will buy your product. This stage of validation tests the customer types and market segments that the product appeals to. This journey, if successful, leads to focus on scaling your product.

Balancing Business, Customer and Technical Goals

When assessing problem-solution fit, you´ll be balancing business, customer and technical goals. Throughout the product lifecycle, you'll likely be looking for solutions that meet the following 3 objectives:

- Will customers adopt our product? (desirability)
- Can we build it? (feasibility)
- Does it meet our organizational goals? (viability)



The magic intersection on Customer, Business, and Technology

Assessing Viability of Products

Determining whether a product is viable and therefore worthy of investment requires metrics that indicate whether you are on the right path to success.

Determining the right metric for assessing the viability of your product requires intentional use of lagging and leading indicators. Leading indicators signal future events, whereas lagging indicators are based on the past events and happenings.

One common mistake when determining product viability is the use of lagging indicators for new products and then killing the product idea before it's had the chance to demonstrate value.

An example of a lagging indicator is profit. It is highly unlikely that early launches of your product will result in profit for the organization, particularly when fit is still being determined. In this example, profit is still an important measure, but assessing the viability of the product in its infancy should include leading indicators such as the number of new customers that have signed up for your product, or how long they are engaging with your product.

For products in the B2B environment it's worth conducting a value stream map to tease out further the assumptions for determining the viability of your product and deciding the right metrics to use.

Assessing the viability of products should be aligned to clear organizational goals. Funding models need to support exploratory work, experimentation and proving or disproving hypotheses. Without these pieces, assessing the viability of products will fall into the trap of taking months to create a business case so complex that achieving it will take more effort than it is worth to track post-launch, or the loudest person in the room gets their product funded.

Assessing Feasibility of Products

Feasibility should be looked at from many angles. Assessing feasibility requires a deeper analysis of the organization's capability to build and support new products, and whether other strategy such as acquiring talent capabilities is a valid option.

Technical feasibility should be done with deep collaboration between Product, Technology Leads and Enterprise Architects. What you focus on during these assessments is determined by where you are in the product lifecycle. Decisions such as the technology language and frameworks, and how they might evolve and change are useful when assessing product-market fit. When it's time to scale the product, deeper discussions about how the product fits within the overall technical ecosystem and whether certain components should be turned into services should be considered.

Distribution feasibility considers how your customers will access the product. In the scenario where a human touchpoint is required, considering whether the organization has the capabilities to successfully distribute the product could be a big factor in the adoption of the product. "Build it and they might come" is a common trap product designers often fall into once they've found problem-solution fit. The feasibility of providing distribution and marketing support should be part of the assessments.

Assessing Desirability of Products

Product research is about conversations with customers to uncover valuable insights and opportunities. It's used to validate our hypotheses and check that we're headed down the right path to creating value for our customers.

We don't want to build what customers tell us - we want to identify their needs in order to brainstorm solutions that meet the viability, feasibility and desirability goals.

Customer research enables you to:

- Validate whether the product supports the achievement of the organizational goal (e.g. if client retention is your goal and you want your product to make customers sticky, customer research will inform you whether the product solves an unmet client need, or whether it is perceived to be better than what they already have);
- Obtain feedback on priorities so that we are always building the highest valued product/feature first;
- Avoid "big bang roll-out" by delivering thin slices of value validated by customers , therefore reducing time from "concept to cash";
- Bring the business lens of product and the customer lens of UX together to shape products customers will buy; and
- Improve customer adoption by including them in the product development process.

What is the difference between product testing and usability testing?

Product testing aims to answer:

- Are we building the right thing?
- Why will customers use this product?
- Will this meet our business goals?
- Does this align to our business objectives?
- Do we have the organizational capabilities to support this strategy?

Usability testing aims to answer:

- Can customers use the product?
- Have we captured their workflows?
- Have we built the most important features?
- Are there any missing features that are highly valued or crucial to their process?

How can we justify taking time away from building our product?

If a few hours of customer development helps us discover that even one of our assumptions is flawed, that's likely to save us weeks of coding and design time. Plus, doing customer development doesn't mean we can't make progress on the product. We can — and should — do both in parallel [1].

Should we be asking customers what they want?

Customers have a hard time articulating what they need, but they're great at telling us what they want. It's up to us to interpret the needs of the customers based on what they are telling us. The more vocal the customer the better! Research helps us understand the needs of the customer. The process of synthesis and brainstorming enables teams to come up with many solutions to solve these needs. In short, we don't just listen to what customers tell us and build what they want. This guide will help you identify what the needs are of the customer and design products that meet those needs, even when customers don't recognize they have an unmet need!

[1] Alvarez, Cindy (2014-05-19). Lean Customer Development: Building Products Your Customers Will Buy (Kindle Locations 469-471). O'Reilly Media. Kindle Edition

What if we talk to the wrong types of customers?

Start with a hypothesis about the types of customers you have. Go out and talk to them. You will find non-traditional ways to segment your customers that are more useful to the problem you're looking to solve. Try listing the attributes that are important to know about the types of customers you have. Can you validate these attributes against a customer database to understand the size of the potential segments? What data do you have to help validate what you learn from talking to customers?

Talking to 3-5 customers won't be statistically significant, should I be basing my decisions on 5 customers?

Qualitative research is by definition not statistically significant. The intent is to quickly validate your hypotheses. Ideally the insights you get from qualitative research should point you in a direction to validate with quantitative data.

How do I know when to do research?

If you're kicking off a new product (or inherited an existing one), start by mining what's known. Interviewing stakeholders and SMEs about what they know is a quick way to validate whether you need to do research.

Based on your discussions, assess if you still have questions or hypotheses to validate, and when you will need to have those hypotheses validated.

If it appears that you don't have data (qualitative or quantitative) that guides product direction and you have a list of unknowns that prevent you from getting funding, you should conduct product research with customers. The type of questions you have and where you are in the product lifecycle of an idea will determine the type of research you do.