Validate Business Hypotheses with Minimum Viable Products (MVPs)

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Minimum viable products (MVPs)—coined by Frank Robinson in 2001, and subsequently popularized by Steve Blank and Eric Ries—can be advantageous tools for the development of products and services. This article is informed by Exceptional Agility Founder Scott M. Graffius' first-hand experience with MVPs as well as research and coverage from the Harvard Business Review, IEEE, MIT Sloan Management Review, Product Development and Management Association, Product School, Project Management Institute, Scaled Agile, and others (all listed in the bibliography section of this article). This article was first published at https://scottgraffius.com with the title "Leverage the Power of the Minimum Viable Product (MVP)."

Introduction

Minimum Viable Products (MVPs) can be game changers. They can be used by businesses to validate ideas, reduce time to market, and minimize risks associated with building fully featured products from the outset. This article provides those involved or interested in Agile, Lean, Product Management, Product Development, Project Management, and entrepreneurship with information on the significance of MVPs and how to leverage them.

Defining MVPs

First, it's paramount to understand what constitutes an MVP and why it matters. A Minimum Viable Product is a version of a product (or service) that incorporates just the essential features to address core customer needs and validate the viability of the concept. By employing an MVP, companies can gather valuable user feedback early on, allowing them to iterate, refine, and pivot their offering—if needed—based on market demand. This process saves time and resources, and it advances the chances of building a successful and customer-centric offering.

Here's a succinct definition of the Minimum Viable Product (MVP):

"The MVP has just those features considered sufficient for it to be of value to customers and allow for it to be shipped or sold to early adopters. Customer feedback will inform future development of the product." — Scott M. Graffius, *Agile Scrum: Your Quick Start Guide with Step-by-Step Instructions*

Next, examples of seven successful MVPs—Zappos, Spotify, Airbnb, Facebook, Amazon, Dropbox, and Groupon—will illustrate the power of MVPs.

MVP Success Stories

- **Zappos**: Zappos revolutionized the online shoe market by focusing on customer-centricity and rapid experimentation. Their MVP allowed them to validate their hypothesis, gather customer feedback, and iterate their offering to create a seamless and personalized shopping experience. Zappos is a prime example of the power of MVPs.
- **Spotify**: Global music streaming platform Spotify started as a simple streaming service MVP and they and continuously improved and expanded it based on customer feedback. By iterating their product, Spotify became a household name. Their MVP-driven approach ensured a product-market fit and helped them stay ahead in a competitive industry.
- **Airbnb**: Airbnb's success story speaks to the effectiveness of MVPs in validating an idea and subsequently scaling it to a global marketplace. Airbnb's founders started by testing their marketplace concept using an MVP strategy. By leveraging existing resources and validating demand through early adopters, they gained critical insights that shaped their platform's evolution. Today, Airbnb is a household name, offering unique accommodations worldwide.
- **Facebook**: Facebook's journey from a simple MVP to the world's largest social network demonstrates the power of incremental growth and user feedback. Mark Zuckerberg and fellow Harvard College students and roommates Eduardo Saverin, Andrew McCollum, Dustin Moskovitz, and Chris Hughes initially created a minimal profile-based social networking MVP (initially called "Thefacebook"), focusing on connecting people at Harvard. Through continuous iterations and the addition of features based on user needs and feedback, Facebook reshaped the social media landscape, connecting billions of people globally.
- **Amazon**: E-commerce giant Amazon is renowned for its relentless focus on customer experience. They started with an MVP approach, catering to customers' fundamental needs related to books, and subsequently expanded into new product categories incrementally. By prioritizing customer satisfaction, Amazon established itself as a trusted and innovative marketplace, continuously raising the bar for online shopping.
- **Dropbox**: Dropbox, a prominent player in the cloud storage market, kick-started its journey with a basic file-syncing MVP. By offering a simple yet essential solution to the problem of file synchronization across devices, Dropbox gained traction and valuable user insights. They leveraged this feedback to iterate and improve their product, eventually becoming a leader in the highly competitive cloud storage industry.
- **Groupon**: Popular online deals platform Groupon employed an MVP approach by testing deal offerings on a WordPress blog. That allowed them to validate market interest and adjust their strategy based on customer responses. By embracing the importance of market validation and adaptability, Groupon transformed into a global leader, providing users with discounted offers across various categories.

Key Principles and Best Practices for MVPs

Building a successful MVP requires adhering to key principles and best practices. It involves thoughtfully determining the relatively few features and limited scope to address core customer needs. Collecting and analyzing user feedback plays a pivotal role in making informed decisions and prioritizing enhancements. By embracing an iterative mindset and focusing on the most valuable aspects of the product, businesses can create an MVP that resonates with their target audience.

Avoiding Common Pitfalls and Challenges with MVPs

While MVPs offer significant advantages, they are not without challenges. Over-engineering the product, prematurely scaling, and failing to validate crucial assumptions are common pitfalls that can hinder success. It's vital to strike a balance between building a viable product and avoiding unnecessary complexity. By remaining adaptable and open to change, businesses can navigate these challenges and increase the chances of achieving their goals.

Validating and Iterating via Lean and Agile Approaches

The MVP is particularly well-suited for Lean and Agile approaches and environments. Lean principles emphasize continuous learning, eliminating waste, and rapid experimentation. Agile (such as Scrum, Kanban, and SAFe) involve iterative development, frequent feedback loops, and continuous improvement. Utilizing Lean/Agile can help maximize the value of MVPs and increase chances of success.

Beyond the MVP

Once an MVP proves its viability, the focus shifts to scaling and launching the product. This stage requires a broad and deep understanding of the target market, competition, and customer preferences. It involves adapting the product based on user feedback, exploring different marketing strategies, and leveraging data-driven insights. Staying agile, continuously learning, and adapting to market dynamics are crucial for sustained growth and long-term success.

Conclusion

MVPs are powerful tools for innovation and the successful development of products/services. The examples of Zappos, Spotify, Airbnb, Facebook, Amazon, Dropbox, and Groupon highlight the transformative impact of MVPs across diverse industries. By embracing the core principles, avoiding common pitfalls, and leveraging Lean and Agile approaches, businesses can unlock the full potential of their MVPs and pave the way for sustained growth, customer satisfaction, and market leadership with their offerings. Which makes MVPs game changers.

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About Scott M. Graffius

Scott M. Graffius, Founder of Exceptional Agility, is an expert practitioner and thought leader in agile, project, program, portfolio, and PMO management. He has generated

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About *Agile Scrum: Your Quick Start Guide with Step-by-Step Instructions*

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Shifting customer needs are common in today's marketplace. Businesses must be adaptive and responsive to change while delivering an exceptional customer experience to be competitive.

There are a variety of frameworks supporting the development of products and services, and most approaches fall into one of two broad categories: traditional or agile. Traditional practices such as waterfall engage sequential development, while agile involves iterative and incremental deliverables. Organizations are increasingly embracing agile to manage projects, and best meet their business needs of rapid response to change, fast delivery speed, and more.

With clear and easy to follow step-by-step instructions, **Scott M. Graffius**'s award-winning ***Agile Scrum: Your Quick Start Guide with Step-by-Step Instructions*** helps the reader:

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Thriving in today's marketplace frequently depends on making a transformation to become more agile. Those successful in the transition enjoy faster delivery speed and ROI, higher satisfaction, continuous improvement, and additional benefits.

Based on actual events, ***Agile Transformation: A Brief Story of How an Entertainment Company Developed New Capabilities and Unlocked Business Agility to Thrive in an Era of Rapid Change*** provides a quick (60-90 minute) read about a successful agile transformation at a multinational entertainment and media company, told from the author's perspective as an agile coach.

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