LEAN ANALYTICS
Using Data to Build a Startup Faster

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The Web site for this book is at leananalyticsbook.com.


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The whole essence of the Lean Startup movement can be summed up in one thought: *Don't sell what you can make; instead, make what you can sell.* Lean analytics is how you definitively determine what will sell.

In practical terms, lean analytics is really the art of figuring out what people want to buy. You do this by getting data which answers key questions like:
- What is the riskiest part of your business plan?
- What metrics can be used to track those risks?
- How can you reduce those risks?
- How can you iterate to move forward?

Analytics translates all of these questions into statistical measures which you can then use to get to the truth, even if the results are inconvenient or embarrassing. By identifying what are the riskiest parts of your business model and then running some minimal cost experiments in those specific areas, you learn about what works and what does not quickly and inexpensively. That speed of learning allows you to adapt so you can move onwards and upwards.

“If you can’t measure it, you can’t manage it.”
– Peter Drucker

“Lean Analytics is the dashboard for every stage of your business, from validating whether a problem is real, to identifying your customers, to deciding what to build, to positioning yourself favorably with a potential acquirer. It can’t force you to act on data — but it can put that data front and center, making it harder for you to ignore, and preventing you from driving off the road entirely.”
– Alistair Croll and Benjamin Yoskovitz

“Lean is a great way to build businesses. And analytics ensures that you’ll collect and analyze data. Both fundamentally transform how you think about starting and growing a company. Both are more than processes — they’re mindsets. Ultimately, we want to show you how to use data to build a better startup faster.”
– Alistair Croll and Benjamin Yoskovitz

1. **Stop guessing or lying to yourself -- get data** .......................................................... Page 2

To succeed in business, you need to follow where the data leads. Get familiar with the basic building blocks of analytics and you have a methodology which can help you learn how to succeed. Don’t work on wishes – get definitive data and learn how to interpret it.

2. **Clarify the right metric at this time** ................................................................. Pages 3 - 5

There’s always one metric which matters most to your business. What that key metric is will be based on your business model and the stage of development you’re in. Learn how to identify that one metric and you have something to focus on. You can then concentrate on moving the needle in the right direction in that critical area.

3. **Draw a definitive line in the sand** ................................................................. Pages 6 - 7

To use a metric astutely, you first need to establish what “normal” looks like. Unless you draw a figurative line in the sand and watch how your one metric changes, you can’t tell whether you’re doing well or badly. Establish a reasonable baseline for your key metric and then work towards targets which move you where you need to head.

4. **Apply analytics so you learn from within** .................................................. Page 8

If you apply the principles of lean analytics to your entire organization, you will be driving learning from within. This is clearly and obviously a good thing. It’s far better to have a data-driven organization than it is to be driven by anything else. Lean analytics can make you smarter, faster and better informed if you let it.

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**COMMON FRAMES**
- **Business Model vs. Development stage**
  - 1. e-Commerce
  - 2. SaaS
  - 3. Mobile Apps
  - 4. Media
  - 5. User-Generated Content
  - 6. Two-Sided Markets

- **Metrics**
  - Empathy
  - Stickiness
  - Virality
  - Revenue
  - Scale

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