Lean Analytics: Use Data to Build a Better Startup Faster

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Whether you're a startup founder trying to disrupt an industry or an intrapreneur trying to provoke change from within, your biggest challenge is creating a product people actually want. *Lean Analytics* steers you in the right direction.

This book shows you how to validate your initial idea, find the right customers, decide what to build, how to monetize your business, and how to spread the word. Packed with more than thirty case studies and insights from over a hundred business experts, *Lean Analytics* provides you with hard-won, real-world information no entrepreneur can afford to go without.

Understand Lean Startup, analytics fundamentals, and the data-driven mindset
Look at six sample business models and how they map to new ventures of all sizes
Find the One Metric That Matters to you
Learn how to draw a line in the sand, so you'll know it's time to move forward
Apply Lean Analytics principles to large enterprises and established products

Lean Analytics: Use Data to Build a Better Startup Faster Details

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From Reader Review Lean Analytics: Use Data to Build a Better Startup Faster for online ebook

Mahdi Nasseri says

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Sebastian Gebski says

I'll start with 3 advices:
1.) Start with reading the subtitle
2.) Then read the subtitle
3.) And finally - read the subtitle

This book is not about analytics in general or even analytics in lean production / development. It's just & only about analytics in terms of building & developing a Lean Startup. If you're fine with this assumption, you'll love it. Why?

* TONS of examples, all of them under the actual names - and we're talking about really known brands here
* VERY comprehensive approach to various start-up scenarios
* practical approach you can easily utilize in your situation

My two favourite bookmarks:
* about growth hackers & the practical difference between correlation & causability
* about the role of revenue stage in the LA

It may sounds odd (well talking about the analytics book, right), but it was a very captivating read :) Recommended.

Ahmad hosseini says

Lean startups core concept is build-> measure-> learn. Learn analytics focuses on measure stage.
The authors believes that there are six business model e-commerce, SaaS, mobile apps, media site, user-generated content, and marketplace. They describe these models in details and introduce the important metrics for each one.
I think, in these business models media site is simplest and marketplace is most complex model.
After introducing business models book introduces Lean analytics stage that include 1. Empathy 2.Stickiness 3.Virality 4.Revenue 5.Scale. For each stage, there are certain rules and tasks that must be implemented.
There are many good case studies, advices and guidelines in the book and it is useful for entrepreneurs, web developers, and data scientist. Also, I recommend this book to anyone who directs the business.
But I believe this quote:
"In theory, theory and practice are the same. In practice, they are not."
? Anonymous

Caroline Gordon says

The one metric that matters (OMTM) is the key measurement you need to be be making of your current endeavour. My endeavour to learn all about building products and the business that build products seems to be measured right now by the number of books I'm reading on the topic, so +1 to that!

Lean Analytics builds on the Lean Startup and presents some quite prescriptive ways to views various types of internet businesses. It's an easy quick read but I don't think it will stand the test of time, it's too rooted in today's view of the importance of mobile apps and SAAS businesses, which is sure to be transient.

But, as a tool for today it's a great read. Thoroughly recommend it.

It has a great section on intrepreneurs as well.

One of my favourite parts is the rule of 3's which goes something like this:

- at a certain size you will likely have 3 levels of management - board, executive and operational
- you likely have 3 big assumptions in your current business model - be clear what they are (pick the top 3)
- these kind of assumptions will be ones paying your pay role (or internally keeping your stakeholders at bay)
- they are fairly static (ie not changing month by month)
- they are agreed at the board level and communicated to the entire company
- at the executive level you agree the 3 main tactics to make your assumptions reality - ie what actions are you taking to move those metrics in the right direction? (new features, new marketing campaign ..), this is like your sprint goals in agile
- on a daily basis everyone in the company is performing individual tasks related to the tactical actions, these are experiments you run to attempt to move the metric, each is a small hypothesis, experiment and learn cycle, for each of these tests, what 3 experiments are you running?

Three assumptions (monthly at board level) -> three tactics (weekly at exec level) -> 3 experiments (daily at staff level)

Jacek Bartczak says

"Instincts are experiments. Data is proof." - it is a good summary of Lean Analytics, the book about data-driven decision-making. The book describes 2 areas: stages of a startup development and a couple of scalable business models. Each part is full of case studies and business insights. If you already read Lean Startup or The Startup Owner's Manual probably the first part would be less interesting.

The abundance of examples makes Lean Analitycs helpful for each job which requires entrepreneurial gene because the book shows how decisions should be made.

Santiago Villegas says

La lectura de esta semana, lastimosamente, es para NO recomendar. Este libro trata uno de los temas más importantes en una empresa, grande o pequeña: la medición, las métricas, los indicadores (KPI). Si existe algo con lo que me he ido obsesionando en los últimos años es precisamente este; entender en detalle lo que

ocurre tras bambalinas, extraer la sustancia de lo que no vemos y suponemos que anda bien. Este libro, bastante largo, se salva por 2 o 3 capítulos que mencionan los puntos claves sobre la construcción de indicadores. Creo que es más rápido aprender sobre este tema con algunos artículos o cursos en internet. Se considera la segunda parte del libro Lean Startup de Eric Ries, bastante exitoso y que también recomendé en mis redes, pero como siempre, las segundas partes.... son segundas #libroNoRecomendado

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Eleonora Pogorelova says

Lean Analytics is a book, which covers primarily the main aspects a startup should consider before going forward. The authors Alistair Croll and Benjamin Yoskovitz make is simple for the startup businesses to understand what they need to concentrate on and what steps need to be taken before moving forward. Basically, the authors are stressing on the fact that there is no need to reinvent the wheel, when it comes to starting a new business.

A startup is an organization formed to search for a scalable and repeatable business model. The startups should incorporate the following approach : build - measure - learn.
It is said that if you can't measure it, you can't manage it.

At the beginning, the startup should find a good metric, which should be comparative, understandable, a ratio or rate and changes the way you behave.

The authors recommend finding the right metrics and understand the differences between: qualitative vs quantitative metrics, vanity vs actionable metrics, exploratory vs reporting metrics, leading vs lagging metrics, correlated vs actual metrics. Quantitative data adhors emotion, while qualitative data marinates in it. If you have a piece of data on which you cannot, it is a vanity metric. Finding a correlation between 2 metrics is a good thing. Correlations can help you predict what will happen. But finding the cause of something means that you can change it.

Lean analytics is about finding a meaningful metric, then running experiments to improve it until that metric is good enough for you to move to the next problem of the next stage of your business.

Lean Analytics introduces Lean Canvas, which is an adaptation of Business Model Canvas by Alexander Osterwalder which Ash Maurya created in the Lean Startup spirit (Fast, Concise and Effective startup). Lean Canvas promises an actionable and entrepreneur-focused business plan. It focuses on problems, solutions, key metrics and competitive advantages.

Before starting a business, the book suggests answering the following questions:
What can you work on?
Can I do this thing I am hoping to do, well?
Do you like doing this thing?
Can you make money doing it?

Humans do inspiration, machines do validation.

10 common pitfalls that entrepreneurs should avoid:
Assuming the data is clean;
Not normalizing;

Excluding outliers;
Including outliers;
Ignoring seasonality;
Ignoring size when reporting growth;
Data vomit;
Metrics that cry wolf;
Focusing on noise.

There are multiple ways of presenting the stages of a startup available in the book. However, the book concentrates on the most common ones:
Empathy - will anyone care? Finding the problem and the solution;
Stickiness - will the dogs eat the dog fool;
Virality - word of mouth etc;
Revenue - will people open pocketbooks;
Scale - move from nice player to a large company.

Each stage is described with many details, however, I would not like to concentrate on them taking into account that Lean Analytics is the book, which seems like the one, which requires quite a lot of attention after being read.

Still, I wanted to draw your attention to the fact that the book mentions that the users will always complain and that it's important to understand the Minimum Viable Vision (MVV).

At each stage of the startup development, the book suggests concentrating on One Metric That Matters (OMTM). Basically, the startup should pick a signe metric that's incredibly important for the step you're currently working through the startup. It is recommended to capture everything, but to focus on what's important.

The OMTM is recommended for the following reasons:
It answers the most important question you have;
It enforces you to draw a line in the sand and have clear goals;
It focuses on the entire company;
It inspires a culture of experimentation.

The authors review various business models, such as ecommerce businesses, SaaS, media, user-generated content and two-sided marketplaces and highlight on the fact that business model is more important than business plan. Considering the fact that IO is a SaaS business working with media customers, I would like to address both of them.

SaaS KPIs include:
Attention - how effectively the business attracts visitors;
Enrollment;
Stickiness - how well the users utilize the product;
Conversion;
Revenue per customer;
Customer acquisition cost;
Virality (invite others);
Upselling; uptime and reliability (complaints);
Churn;

Lifetime value.

The ultimate metric for engagement is daily use.

The media sites KPIs include:
Audience and churn;
Ad inventory - the number of impressions that can be monetized;
Ad rates - how much a site can make from impressions based on the content it covers and the people who visit (cost per engagement);
CTR - how many of the impressions actually turn into money;
Content / ad balance - the balance of ad inventory rates and content that maximizes overall performance.

Wrinkles:
Hidden affiliate models;
Background noise;
Ad blockers;
Paywalls.

Model and stage drives the metric you track. Media site line in the sand include the CTR; session to click ratio referrers; referrers; engaged time / time on page.SaaS line in the sand includes: paid enrollment; freemium vs paid; upselliing and growing revenue; churn (2% per month).

Metrics for startups working with enterprise businesses include:
Ease of customer engagement and feedback;
Pipeling for initial releases, betas and POCs trials;
Stickiness and usability;
Integration costs;
User engagement;
Disentanglement;
Support costs;
User groups and feedback;
Pitch success;
Barriers to exit.

In order to instill a culture of data in your company, the book suggests:
Start small, pick one thing and show value;
Make sure goals are clearly understood;
Get executive buy-in;
Make things simple to digest;
Ensure transparency;
Don't eliminate your gut;
Ask good questions.

Overall, the book provides the hints on how to start a company understanding the main business models available on the market and weighing the stage of the business. In order to engage the reader, the book provides a number of success stories to understand what worked and what didn't. I would recommend reading it to all the newcomers to the fintech industry as well as the PMs that are building solutions for other companies.

Chris says

Pretty dry at times, but definitely worth the read for any project manager, product manager, scrum master, or product owner. The insights here - when put to good use - are probably worth their weight in gold.

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kartik narayanan says

Read the full review at my site Digital Amrit

Measuring something makes you accountable. You're forced to confront inconvenient truths. And you don't spend your life and your money building something nobody wants

What is the book about?
Lean Analytics: Use Data to Build a Startup Faster is written by Alistair Croll and Benjamin Yoskowitz. It is part of the 'Lean Startup' series started by Eric Ries in his seminal book 'The Lean Startup'. In a nutshell, Lean Analytics focuses on the 'measure' portion of the Build-Measure-Learn cycle.

I had an opportunity to present on this topic (whose content I borrowed almost wholly from this book). You can see the recorded video on this topic here or download the PDF here. If you are new to the Lean Startup, I would recommend reading that book first before picking this one up.

What does this book cover?
Lean Analytics is arranged in a sequential fashion. The topics covered are as follows

- The need for metrics
- The concept of the One Metric That Matters
- 6 business models and how current analytics applies to them
--E-commerce
--SaaS
--Free Mobile App
--Media Site
--User-generated Content
--Two-sided Marketplaces
-The Lean Analytics Framework
-How does the Lean Analytics Framework apply to the 6 business models
-What are the baselines for these business models
-Putting the framework into action

What did I like?
Lean Analytics helps plug in the missing gap in the Build-Measure-Learn cycle. While there is a lot of literature on how to build and what to build, there isn't enough on figuring out whether you are meeting expectations or not.

Read the full review at my site Digital Amrit

Louis says

Lean Analytics bills itself as how data can be used as a startup. But it really is how you use data to make and check business decisions. And it takes the discussion of key performance indicators and puts them into a context where 1. data is readily available and 2. analyzing the data is relatively easy if you knew what data to look for and what and why you are analyzing it.

The first part is fairly standard fare for metrics oriented organizations. A discussion of what data is, how to choose measures, recognizing that data is never clean. But the rest of the book starts through a range of scenarios. Different types of businesses. Different stages of business development. Different competitive environments. With the variety presented, the point is not to find the chapter that matches your situation or to pick at a description and find ways that it does not apply, the point here is that data-informed decisions have a place in a wide range of contexts. The goal with metrics is not to decide that because it is not perfect it cannot be used, the goal is to use data in a way that complements experience, instinct, and intuition in making better decisions. For that, Lean Analytics is good to read for anyone thinking about how data can be made to work, not just in internet based startups.

Disclaimer: I received an free electronic book edition of Lean Analytics through the O'Reilly Press bloggers program.

Heather Aislinn says

Needed to read this for the Growth Tribe academy.
It's very insightful and gives a lot of examples. However, there's a load of different kinds of information, therefore I have a feeling I didn't remember everything.

Maciek Wilczy?ski says

Amazing. Period. Full of "meat", contentful and actionable from the next business day.

If you're into start-ups or at least anything connected to cutting-edge digital marketing you need to read it. It's one of these books like: "Lean Start-up", "Rework", "Business Models Generation" and "Startup Manual". It's a must-read and I'm surprised that it took me so long to get to it.

Even though I knew about 90% metrics, it was still useful to put them into the right context. Especially, adding the case studies.

The book is not the one you would read before going to bed. You need to be focused to get 100% value of it. Initially, I had it borrowed from the library, but decided to buy my own copy to be able to make my own notes.

5/5

Kelly Reid says

Another disjointed analysis with specifics about my company that I shouldn't tell people.

Lean Analytics

10: Ratios are good for comparing factors that are opposed or have some kind of tension. A good metric changes behavior.

12: Types of Metrics - Qual / Quant, Exploratory / Reporting, Leading / Lagging, Correlated / Causal (If you find a relationship between something you want and something you control, you can change the future)

14: We care about active users, because it probably lead-indicates our churn rate. This requires a lot of different queries to diff DBs. (18) Analyze patterns of engagement and desirable behavior, find commonalities.

16: Knowledge Matrix - Known Knowns are facts that may be wrong and should be checked against data. Known Unknowns are questions we can answer with automated reporting. Unknown Knowns are intuitions we should quantify. Unknown Unknowns are located through exploratory reporting and where we can locate unfair advantages and new insights.

18: Pivot hard or go home, and be prepared to burn bridges.

19: Churn is a lagging indicator. Cohort analysis (comparing customer groups over time) is the road to leading indicators.

20: Are the metrics we track helping us make better decisions faster?

22: A company assumed "active" was 4x a week, when it turned out to be only 1x a week (to great success). Things they tried: Clarified signup flow, added more explanatory copy. Daily email notifications, transactional emails tied to actions on-site.

24: A segment is a group that shares a common characteristic. Segment visitors then compare segments to each other to understand differences in metrics. Look for disproportionate relationships.

26: Cohort analysis allows patters to emerge across customer lifecycles.

27: We can test anything, but focus on the critical steps and assumptions.

34: Venn Diagram: Expertise, Desire, Monetizable. E+D = Learn to M. E+M = Improve D. D+M = Learn to say no. All 3 = Victory!

52: Use Google Analytics multi-channel conversion visualizer to see which referral sources are combining to influence visitors

57: Find days where unsubscribe rate is high, then find out why. Need to tweak the unsubscribe process to

get better resolution on this. Subs expire some time after cancellation, so a decrease in sub numbers on a given day is not necessarily indicative of anything. Find the action, not the result.

67: When you subscribe to QS, you're subscribing to a slice of our personality.

92: Backupify focuses on monthly recurring revenue. They watch churn, but are not going to focus on it until they hit the 10MM revenue level.

97: Properly calculating churn: Select a time period. Average the number of customers at the beginning and the end of the period. Divide the number of cancellations by this number. To increase data integrity, measure churn daily (using the method in 57:)

125: User Generated Content: Use the forums as a source of UGC and find ways to repackage it and syndicate it.

154: QS is in Stage 5, we have revenue and we are beginning to branch into new verticals. We need an ecosystem to help us cross the gap from niche site to industry staple.

159: Find out what's actually important to people. Get inside their head. Delve for this information aggressively.

211: Refresh the 3-year plan every 18 months. Align the entire company around the vision.

213: The best companies warehouse every possible data point about their site's interactions and use only the data they need. Rally (a software co) records everything from kernel-level performance to HTTP-based user gesture interactions between the browser and software. They can then correlate changes in site performance to user behavior and vice versa.

256: metrics for stage 5 (scale). Attention is a precious commodity. Don't waste the visitor's attention on stuff that doesn't matter. Internally, compare the metrics that matter across channels, regions, and other segments to find efficiencies and inefficiencies.

258: Get a better understanding of what new visitors really do.

260: Limit the company's vision to a 3-pronged strategy.

261: For each C-Level strategic assumption, what are the 3 line-level tactics that can be used to survey, test, prototype, then fill/kill quickly?

262: Enable (both emotionally and technically) anyone on staff to run a split test. Give the line level a wide range of flexibility.

263: Scale stage summary: Focus on the health of the ecosystem and ability to enter new markets. Pay attention to compensation, API traffic, channel relationships,and competitors. These are no longer frivolities or distractions.

274: Hypothesis to test: most people unsubscribe beacuse they don't need our service anymore, not because we're crappy. Limited data bears this out but we need to conduct FAR better exit surveys.

281: Product pricing has nothing to do with cost, and everything to do with what the customer pays and how they derive value from the product.

283: Try an intentionally absurdly priced package to anchor high prices, as well as to see if anyone actually bites.

286: We have no real way to measure virality. We can try to use the affiliate program but I suspect many will refer by word of mouth if given an easy way to do so. How many do they refer and how quickly?

287: Sharing by email accounts for 80% of social sharing, usually between small groups of people. Remember Emerson Spartz' theory about "bridge nodes". Which groups of people are likely to be conduits between other peer groups? (326)

288: 3pm is when people are most likely to open an email. If software permits, time newsletters on a per user level, based on signup time.

290: Site load time matters a great deal. Spend a lot of time to get this down.

302: Negative Churn is the long-tail of brand awareness. We might convert some "Long time listeners, first time callers" after a year, or longer. Focus on customers that have been on our mailing list for a long time but are not subscribers.

304: Top SaaS companies increase revenue per customer by 20% a year. Can we upsell the Buylist product enough to hit this target? Can our price increase for new subscribers help us hit this level?

324: What kind of content do different traffic sources expect? Twitter Time on Site is disproportionately high. Why is this?

325: Find outlier content and promote it more heavily. Unlocked Insider articles are great for this, as are "nexus pages" like our BOTG page.

326: Most sharing is intimate. Each share generates an average of 9 visitors, per the book's data. Can we find this number for our site? Book data; 5::1 Twitter, 36::1 on reddit. Sharing happens from a groundswell of small interactions between colleagues and friends rather than a one-to-many broadcast. See above (287) about bridge nodes.

334: Engagement rations: 90% lurk, 9% contribute sometimes, 1% engage heavily. Make participation easy, and a side-effect of site usage.

Stephanie Sun says

This is a tough review to structure and write. First, I am not the ideal reader for this book. Although I am learning web design and care about accountability and embrace technology in my professional life, I am not trying to launch anything at scale and certainly not with VC money.

But the single most striking thing about Eric Ries's book, original recipe Lean Startup (Ries was the Editor of **Lean Analytics**, but the publisher here is O'Reilly not Crown Business), was how readily applicable his concepts were to so many professional ventures besides VC-backed startups.

I didn't see that same *hitting zeitgeist on the funny bone* here.

So many of the chapters, under the guise of offering specifics and a rigorous approach to startup management, do not offer specifics so much as undisciplined definitions of business jargon, unmemorable introductions to market research practices that have been around for decades (cohort analysis ftw!), anecdotes and case studies that rarely come to life (some are not even data or Lean related), and some very poorly designed and written charts.

I do not think that the authors closed the sale on the One Metric That Matters. It's not clear that they even made a concerted effort to try. There is utility in their startup stages framework, but whereas *Build*, *Measure*, and *Learn* are three clear, active verbs in a similar vein, *Empathy*, *Stickiness*, *Virality*, *Revenue*, and *Scale* don't have much in common besides all being nouns evocative of the stages they represent. Empathy is a quality of the founder, while Stickiness (someone please, please invent a new term for whatever this is) and Virality are qualities of the product, and Revenue and Scale are qualities of the business. Do you see where my frustrations are stemming from? There is intellectual clarity and rigor lacking when even the five core concepts are not consistent with each other.

I actually think The Signal and the Noise is a better book to read to spur creative thinking about milking the data beast in the age of the internet.

You can read both if you want, but this book ain't cheap, and here are some examples of the Susan Miller-esque insights to be found within—Susan Miller-esque because if you *want* it to all make sense enough it will:

> *"It's better to make big bets, swing for the fences, try more radical experiments, and build more disruptive things, particularly since you have fewer user expectations to contend with than you will later on."*

> *"A fundamental element of any pricing strategy is elasticity: when you charge more, you sell less; when you charge less, you sell more."*

> *"The reality is you'll quickly adjust the line in the sand to your particular market or product. That's fine. Just remember that you shouldn't move the line to your ability; rather, you need to move your ability to the line."*

-

PREVIOUSLY:

I love **Lean Startup**, but this is how it *really* goes sometimes, amirite?

Tom Stofmeel says

The book is an interesting read especially for somebody working in the startup scene. It introduces a lot of key concepts and throughout reading the book ideas about implementing these in the business you are working for are constantly brought to your mind. You are sparked to think about how the concepts in this book relate to the business you are working in.

However, the book keeps its information really generic and the examples included are more open doors than eye openers. Maybe because the book tries to reach all (different) types of technological startups in one book it is missing the depth you would expect. This is a pity and I hope to one day read a similar book that delivers a more precise description of the do and don'ts of a specific type of technological startup. Still worth reading though!