

Agile Dev Better Software DevOps **WEST**

A TECHWELL EVENT

AT3

Agile Product Development

Thursday, June 7th, 2018, 10:00 AM

Stop Guessing and Validate What Your Customers Want

Presented by:

Natalie Warnert

CA Technologies

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Natalie Warnert

CA Technologies

As a developer turned agile consultant, Natalie Warnert deeply understands and embraces the talent and environment it takes to build great products. From building the right product to building the product right, Natalie drives strategy and learning through validation. She has helped various Fortune 500 companies in their agile transformation in the last decade, including Travelers Insurance, Target, Thomson Reuters, and Salesforce. Natalie received her master of arts in organizational leadership and strategic management from St. Catherine University and demonstrates continued passion for increasing women's involvement in the agile and technology community (#WomenInAgile). She chairs the half-day Women in Agile workshop at the Agile Alliance annual conference, which is going on its third successful year. You can read more about Natalie's ideas at www.nataliewarnert.com.

Stop Guessing and Validate What Your Customers Want!

Natalie Warnert – DevOps West
June 7, 2018

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OUTCOMES

Answer:

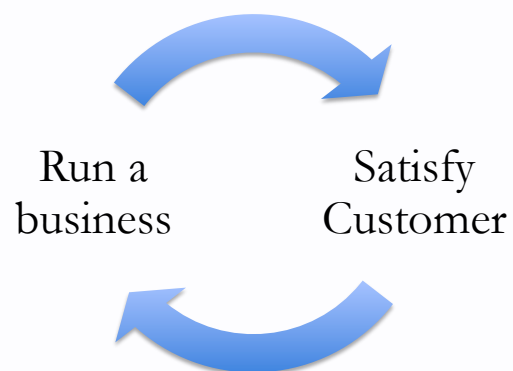
What is the point of a product development experiment?

What build traps do we fall into?

We don't know what the customer wants and neither do they!

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BALANCING NEEDS



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BACKGROUND

What is a product dev experiment (MVP)?

- Building just enough to learn and test a hypothesis
- Learning not optimizing
- Find a plan that works before running out of resources (\$\$)
- Provide enough value to justify charging (from day 1)

Source: Running Lean

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THE POINT

What is a product dev experiment (MVP)?

- Building just enough to learn and test a hypothesis
- Learning not optimizing
- Find a plan that works before running out of resources (\$\$)
- Provide enough value to justify charging (from day 1)

*The difference between
building the right thing and
LEARNING the right thing

Source: Running Lean

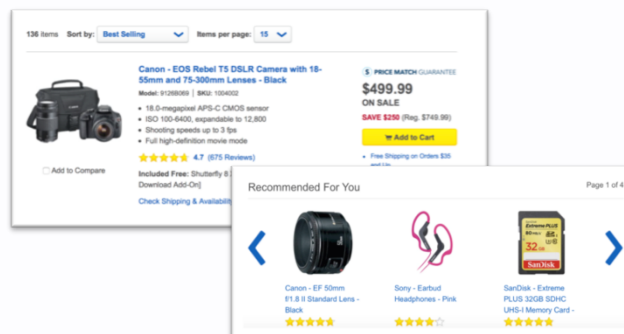
most plan A's
don't
work...

We're bad at predicting
what the customer wants

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UNDERSTAND THE PROBLEM

- What is the customer's problem?
- Fit into the business model

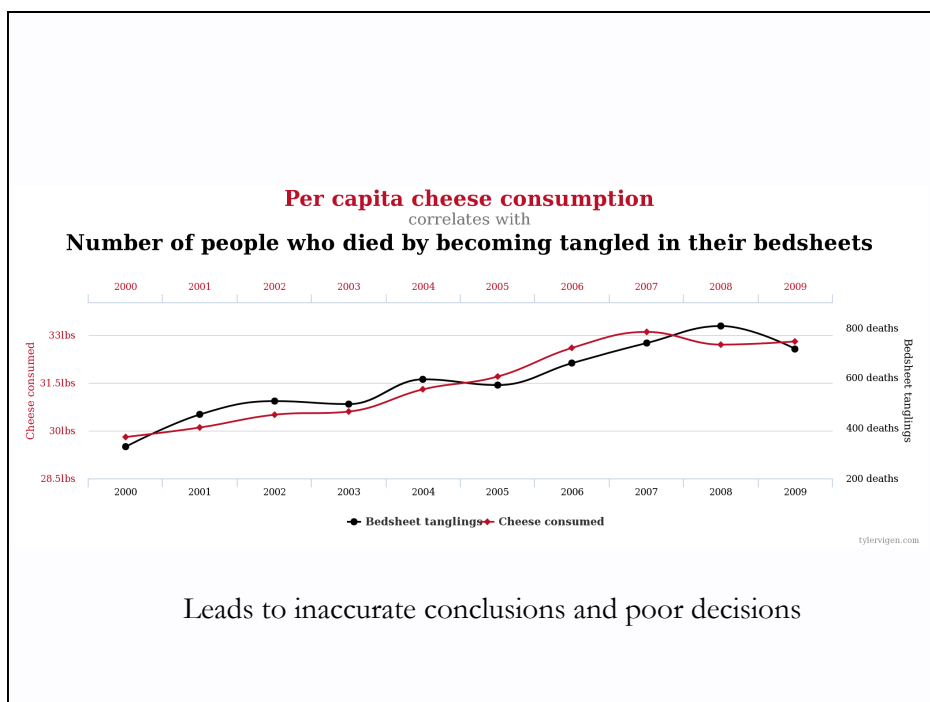


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CONFIRMATION BIAS

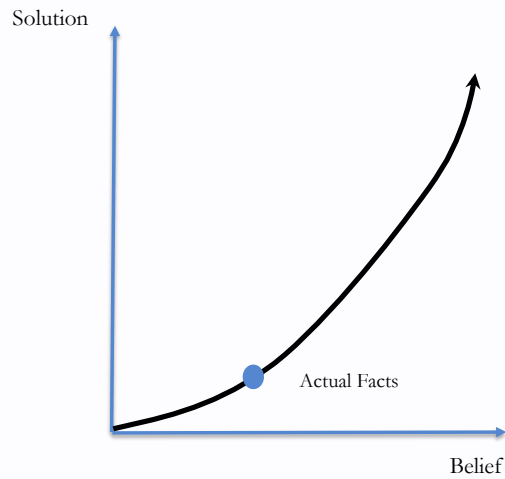
Search for, interpret, favor, recall information that confirms belief or hypothesis

- Selective memory
- We are NOT the customer
- Fake experimentation
- Correlation is not causation



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Solution leads to belief without fact checking (cognitive bias)



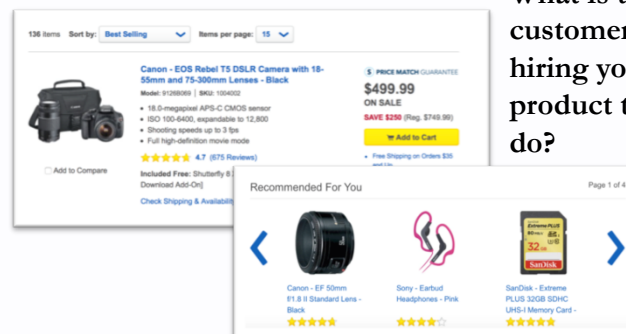
Source: Agile UX Storytelling: Rebecca Baker

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UNDERSTAND THE PROBLEM

- What is the customer's problem?
- Fit into the business model

What is the customer hiring your product to do?



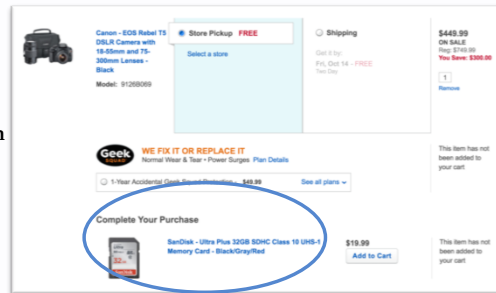
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DEFINE THE SOLUTION

HYPOTHESIS

- Smallest possible experiment to speed up learning
- Build only what is needed (MVP) - generic
- Pick bold outcomes to validate learning
- Business outcomes over solution

What happens when relevant product recommendations are placed in the cart vs. before the cart?



Source: Running Lean

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SCIENTIFIC METHOD - HYPOTHESIS

- If = antecedent; Then = consequent
- Must be falsifiable otherwise it cannot be meaningfully tested
- It can never be totally proven (theory)



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HYPOTHESIS

Change it to a question, not a statement:

What happens if...?

What do you want to learn?

Do observations agree or conflict with the
predictions derived from the hypothesis?

How do you find empirical data?

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“ You stand to
learn the most
when the
probability of
the expected
outcome is
50%; that is,
when you don't
know what to
expect

-Lean Analytics

”

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HYPOTHESIS EXAMPLE

Will strangers pay money to stay in our house?

First, it needed to demonstrate there was a [market](#) for paid room rentals in a personal setting.

Second, it needed to attract enough users to its specific platform so that [supply and demand](#) could be met in any location.

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“ A startup can focus on only one metric. So you have to decide what that is and ignore everything else
– Noah Kagan, AppSumo ”

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MEASURE QUALITATIVELY

Get out of the building!
What are our customers doing?
Continuous feedback loop with customers

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MEASURE QUANTITATIVELY

More stuff (products/services)
More people (adding users)
More often (stickiness, reduced churn, repeated use)
More money (upselling and maximizing price)
More efficiently (reduce the cost of delivering and supporting, customer acquisition)



Source: Lean Analytics

What is your one metric to rule them all? What are you trying to learn with your hypothesis?
Where is that EMPIRICAL data coming from?



but what about that data we have?!

The customer told us
so we can skip that
other stuff...



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“Customers
don't care
about your
solution. They
care about
their
problems.”

- Dave McClure,
500 Startups

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UNDERSTAND THE PROBLEM

- What is the customer's problem?
- Fit into a business model
- How do you avoid being **TOO** specific?

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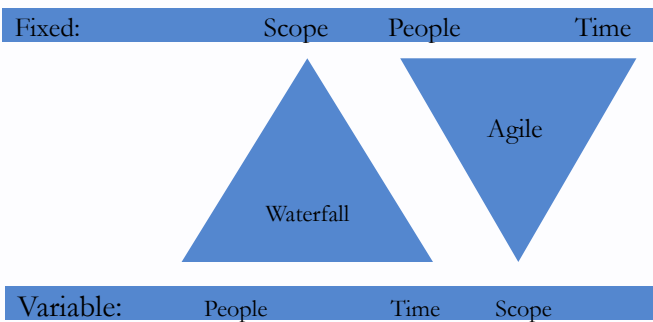
WE THOUGHT WE KNEW...



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EARLY COMMITMENT TRAP

Assume variability — preserve options (SAFe)



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WHERE TO START

- Problem/Solution fit**

Do I have a problem worth solving?
- Product Market Fit**

Have I built something people want?
- Scale**

How do I accelerate growth and maximize learning?

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WHERE TO START

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**Ideas are cheap!
Acting on them
is expensive \$\$**

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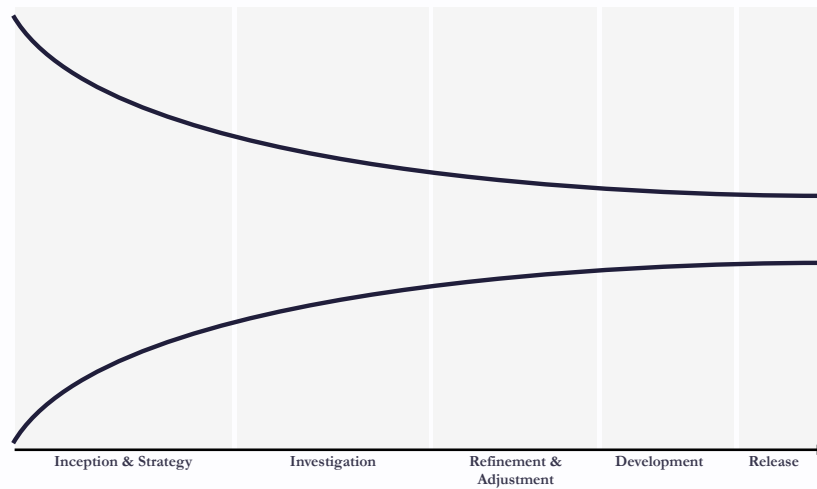
WHERE TO START

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**Ideas are cheap!
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**Learning over growth
Specificity doesn't scale!**

UX Runway

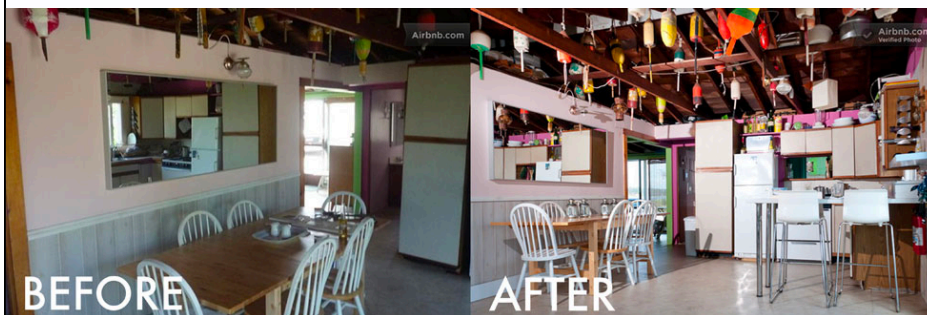


Source: Natalie Warnert (www.nataliewarnert.com)

Another Hypothesis Example



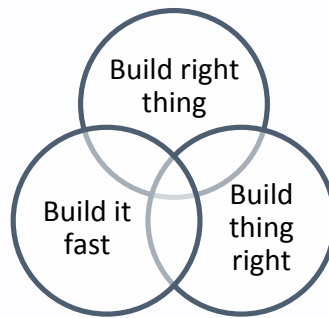
Property listings with **professional photos** will get more business than market average of those without professional photos. Hosts will sign up for professional photography as a service



Source: Lean Analytics, <https://www.digitaltrends.com/social-media/airbnb-steps-up-its-game-with-professional-photos/>

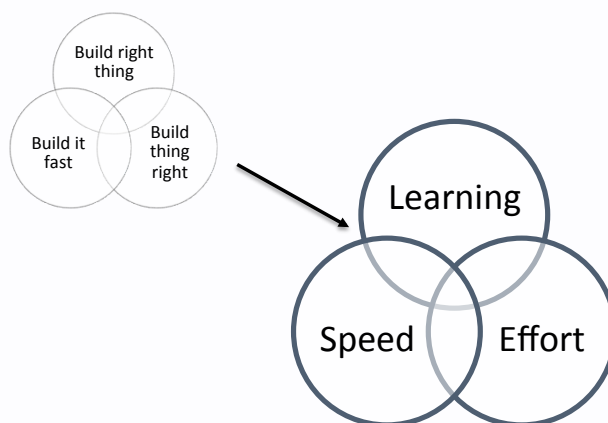
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BUILD MODEL



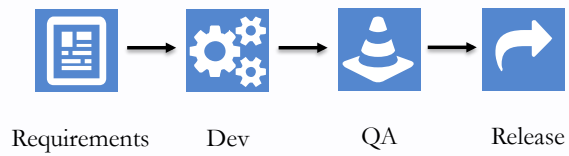
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LEARNING MODEL



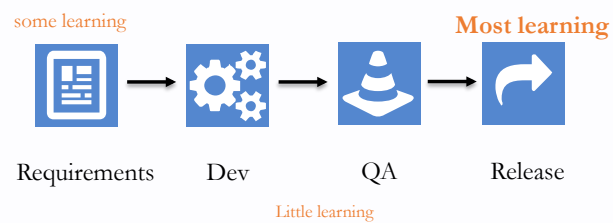
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WHERE IS THE LEARNING?



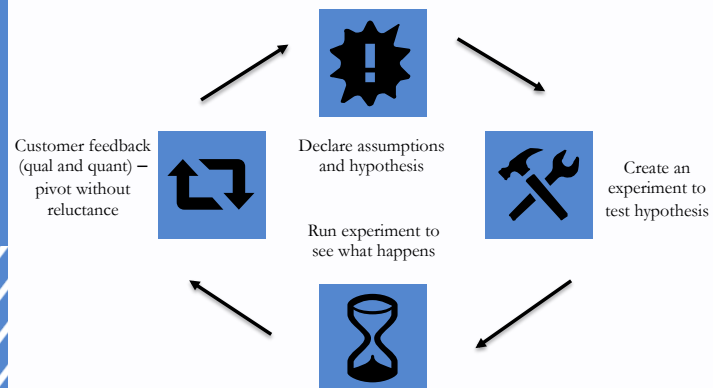
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WHERE IS THE LEARNING?



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CUSTOMER IS NOT ALWAYS RIGHT!



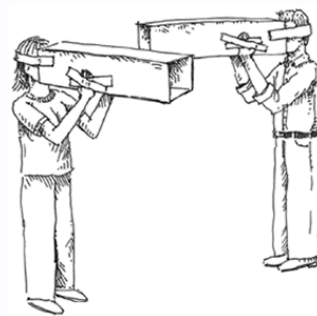
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WHAT TO AVOID

What is the point of an experiment?

Traps:

- Confirmation bias and fake experiments
- Premature commitment and fixed scope



[THANKS
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