

Business Reimagined #61

How to Build an Entrepreneur with Ash Maurya

We build **entrepreneurs**.
We don't try to build successful
start-ups because that is too
short-thinking.

**BUSINESS
REIMAGINED**

Danny Iny Ash Maurya

Ash Maurya is the founder of LeanStack and USERcycle. Since bootstrapping his last company seven years ago, he has launched five products and one peer-to-web application framework. Throughout this time he has been in search of better, faster ways for building successful products. Ash has more recently been rigorously applying Customer Development and Lean Startup techniques to his products.



Voiceover: This is Business Reimagined. Every week we talk with thought leaders and revolutionaries who are reimagining the way business is done in their industries. Like today's guest Ash Maurya.

Ash: I have only written maybe half a business plan once and gave up because it was too fictional of an exercise. So I felt that the business plan was broken as a format, but the business planning process was still very relevant and very important to do - without going overboard.

Voiceover: This is Business Reimagined with Danny Iny.

Danny: Today's guest is Ash Maurya, the founder of LEANSTACK and a leader in the lean startup movement. Ash didn't always know this was going to be his path, but he did always know that he was destined to do something different.

Ash: Someone once asked me if an entrepreneur is born or made, and I feel that there's a predisposition in some to be entrepreneurial and I had that growing up. I always wanted to be, in some ways, the kid doing the different stuff. Either it was inventing stuff or then trying to sell stuff.

Danny: And so Ash left his homeland of Nigeria and immigrated to the United States, which he saw as the land of opportunity for entrepreneurs.

Ash: One of my things was to go and start a company as soon as I could, but I came on a student visa, and so I had to do my time.

Danny: And he did at a major corporation, which gave Ash a much-needed chance to learn the ropes and to finish school. But the lure of a steady paycheck wasn't enough to keep him climbing the corporate ladder, so Ash founded a startup of his own.

Ash: I fell in love with a solution. I fell in love with an idea. At that time, it was social networking, but social networking wasn't even a term.

Danny: Within just 6 months, major competitors like Friendster, LinkedIn, and others began to emerge, while Ash continued to build his company in secret. But despite the competition, Ash was convinced that his startup had a secret ingredient that would make it a blockbuster.

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Ash: Even then, we felt we were building something different because our approach was kind of unique. We thought that no one would get a Friendster account that's public and share all their information on it, and boy were we wrong.

Danny: Yep. You heard right. Ash's secret sauce was ensuring privacy, which, as it turned out, people didn't care all that much about back then. This was a major miscalculation, and Ash's time and money were quickly running out.

Ash: That was what I call the artist stage, where we fall in love with the idea. I would go a bit further and say you fall in love with the solution for that part of the idea. And so we build away for a year, build something that not many people wanted.

Danny: And of course, that first stage usually ends up taking entrepreneurs to a very predictable place.

Ash: Which I sometimes call the 2nd stage. The artists have to eat in stage 2 or they'll starve.

Danny: There was only 1 thing left to do: pivot. Ash retooled his software to serve a very specific niche of the population. Graphic designers, game developers, and other artists who did appreciate privacy as well as the ability to share large files. It was around then that Ash came across the idea of the lean startup.

Ash: I felt that all these years I had been building a solution before understanding what problem it was solving, and that may have been the issue, so I became very fascinated with the process, the meta-process for how you may take an idea and test it very, very quickly.

Danny: Right around then, Ash started a new software project, and he did it following the lean startup methodology. And not only that, he also decided to keep a very public record of it.

Ash: So I started this blog, and I didn't know if it would work, but I just began writing about my lessons learned. Every 1 or 2 weeks I would put up a post. And an audience began to grow around it. And that audience is the ones who felt that I was contributing something that was resonating to them, and they encouraged me to take that and turn it into some kind of a book.

Danny: So that's exactly what he decided to do. But not the way most people write books. Ash had learned important lessons from his startup career and decided to apply those lessons to his

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book writing process, to follow a path that was quite revolutionary and set him on a career trajectory as a thought leader.

Ash:

There's a case study on how I wrote the book using every technique in the book because I felt that was also very much the same challenge. Writing a book is a massive undertaking. People often go into the mountains, take a sabbatical, and I didn't want to do any of that stuff. I wanted to run my business and just use my blogs as a way to get the content. When that wasn't enough, I began to run workshops, really as a minimum viable product for the book. My goal was to go and teach because if we think about what a book does, it's really all about sharing information, and I can share that in person. I don't have to put it on a page to share it, so felt that if I went in and just talked about the concepts in the book, that would be great. And if I got paid for it, that would be even better.

I began to run these workshops. I would look around in the room, and when I saw confused looks or I saw questions come up, I would make a mental note of it. I would try to do my best to answer it, but I would make a mental note to go and change up the content the next time around in that area. Even to this day, I run workshops, and 20% of my workshops are always changed because that's how I test better ways or new ways of presenting the same information or sometimes present new information. So that was a great feedback loop that I got, and it's the most visceral kind when you're face to face with your audience, you get that feedback and it's very rewarding and addictive at the same time.

But even when I began to write the book, I felt I had the structure and it had changed. But even then I learned a lot, so I decided to release the book much like I knew how to release software, which was in batches. So I said "It's still going to take me several months to write the book, but what if I have you buy the book today and I'll give you 2 chapters every 2 weeks? And in exchange, I'll have open office hours if you have any questions about the book or how to apply this in your particular product because I feel it's not just about software startups. It can be applied in different contexts. I would love to have a conversation with you."

And so I did that very consciously. I didn't say "here's this book. Give me feedback in exchange." I actually made it all about them. I said "here's this book. And I know you want to apply it. If you run into issues or you've got questions or you've got new ideas on how this may or may not apply in your business, I'd love to hear about it." So that was a way of framing the feedback loop, and that led to lots of conversations. So I had open office hours every week. Tons of people called in. I had unexpected things happen. People put the book - it was a PDF - they put it up on different sites, and they would just start to red line it. So I got after 2 weeks a completely



red lined copy of my manuscript, 2 chapters of the manuscript, which on the one hand was very daunting to see all this criticism, but on the other hand was very rewarding because I could go and nix all kinds of issues; simple issues, grammatical issues. But more importantly there were issues with the thinking, with the flow.

I had 1 reader who went and redid all my illustrations and said, "I can do better than what you have here. You can use this in the book if you want." And that's actually what ended up being in the book. So there was a lot of miniature processes along the way. And really understanding that the original product that we have is really a conversation. I wouldn't say it was wrong, a lot of that stayed intact, but it did change a lot. So it was not wrong, but it was not the finished product either.

Danny:

So the theme of the show is business reimaged, and the people I'm really excited to have on the show, like yourself are people who are bringing a new approach to the way that business is conceived of and done. And I think the feedback loop idea, the iterative process is so foreign to so much of the business world. Its a little bit staggering. I'd love to hear, though... obviously you didn't originate the idea of the lean startup. Eric Reese wrote the book and Steve Blank wrote 4 Steps to the Epiphany, etc. where does that base of work end and where does your work begin? What did you add onto that that was uniquely yours?

Ash:

I would say that obviously all my work is very much influenced by their early thinking. Where I feel that I come in is I've always been very interested in more tactical how-to stuff. So there definitely needs to be kind of an understanding of the principles which Eric does a very good job at. Steve Blank did a very good job of describing the customer development process. One of the questions they often would get is that... and this was way back in the days that both of you have experiences from this 1 company, so there's a data point of 1. And you both work in the same company at the same time. So it's still just 1 company case study. There are other people applying this.

I came at this as... let's take the principles that are being put out there. We do need to develop customers, we need to run experiments, and I internalized a lot of that. But where I feel like I've contributed beyond that is that I look at the lean startup as a very efficient mechanism for testing ideas. So when Eric Reese codifies this build, measure, learn, process... you build some aspect of your idea, you come up with these hypotheses, you put that product in front of customers, which is typically the 1st product you put as the minimum viable product, something small and fast and then you learn from that, and that learning is what allows you to iterate with

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the vision and get to something that works. So I found that was a very powerful engine for testing these input ideas. But what I found is that nobody was really asking us where do these ideas come from in the 1st place.

And so I went back to the business planning world. You can't just get outside the building and start talking to random people without a plan. You can't just get outside the building and start testing random things without again knowing what are some of those core assumption. So traditionally we use business plans for that purpose, but I have only written maybe half a business plan once and gave up because it was too fictional of an exercise and the people who made me write it didn't want to read it anyways. They just said "Why don't you come in and tell us what's in the plan." So I felt that the business plan was broken as a format, but the business planning process was still very relevant and very important to do without going overboard.

And so my contribution, kind of to all of this is the lean canvas. The lean canvas is essentially a 1-page business model, which is much more compact than a business plan. It fits in a single page, but what's nice about it is that it allows the entrepreneur or the business owner to take their idea, which seems very clear in their head, but put it on a piece of paper and see how the parts fit together - a lot like Lego pieces. And what I find is that a lot of Lego pieces, the parts don't sometimes fit together, and you don't see that until you try to put it down on paper. You don't sometimes even realize that until you start to communicate it to somebody other than yourself. And those transformations were things that I became very fascinated by. I began to play with the business model canvas and the lean canvas in my workshops, and I saw that in the entrepreneurs. And that I would say is one of the tools that I helped put out there that has really taken off but also allowed people to take those ideas and deconstruct them into the component pieces from which you get the hypotheses to then go test with the lean startup.

Danny:

So I have a question about... that sounds great, and it sounds a little bit technical and complicated. What sort of technical background does somebody need to have in order to do this? Do I need to have a degree in computer science or engineering? Do I need to go through a workshop? How intuitive is it, and can someone read your book and just pick this up, and they're off to the races?

Ash:

Yeah. I would say it sounds complicated because we guys, Eric, myself, Steve to some extent, came from... both Eric and I came from a very technical background. And a lot of this body of work does have its roots in lean thinking, lean manufacturing, the scientific method. So you'll often hear us use big words like hypotheses and experiments, but ultimately it's very

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approachable. The lean canvas concept itself is a single page where there are a bunch of boxes. There are things like "Who's your customer? What problem are you solving? What solution are you going to go build? How will you take that to market? What channels will you use?" You can fill one of those things out without reading anything. We actually have a 20 minute video on our site and we've had tons of people go through that and create canvases.

So we've also not... this has kind of morphed since it started. This was launched with a startup founder, technical founder persona in mind. But fast-forward to today, we've got all kinds of users. I just gave a short workshop to a bunch of high school kids and there's another talk that I'm doing at the end of this month with a entrepreneurship program in a high school. So we're seeing high school kids picking up some of these tools. I don't feel that you need a PhD or a technical degree to apply a lot of this. It really just comes out to be very approachable.

Danny:

And to what extend is design for or usable, portable for just tech startups like the silicon valley kind of stuff versus any other kind of business? Or in your case, writing a book?

Ash:

The first edition of the book, which was the self-published one had a disclaimer in there. And I felt it was important to put it in there because I didn't want to speak for everyone. Who was I? I just had built a software business and I could not speak about all kinds of businesses. And so I had a disclaimer saying "I know this works for web startups, and I've used this. It works better than how we traditionally build software, but everyone else use it at your own peril." And that was a disclaimer at the top of the book and at the end I kind of repeated that. And I had a number of readers reply back and said that "a lot of the tactics in your were very specific to software startups, but if you look at the principles you were trying to embody in the book, which is start with a plan, identify what's riskiest, and then systematically test those risks from high risk to low risk, that's universal. That applies even in my business."

And I had many emails like this one. And so I began to realize that maybe there is something to that. I put myself in uncomfortable situations. I remember a trip to Nova Scotia, which was addressing a room full of biotech scientists. Another room full of real estate brokers. And I was terrified going into those rooms because I came from a tech background and I felt I would lose them. But I found that the problems resonated. Everyone was making similar types of mistakes, and some of the solutions, which if you anchor them against the alternatives like a business plan vs a lean canvas, that resonated too. Business plans take too long, nobody read them. A lean canvas takes shorter and people do actually give you feedback. So to me those were the hooks that got this out there.

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So to go back to your question, fast-forwarding to today, there have been many applications. I apply this with the book writing project. We have done it with people who want to start businesses like restaurants. There's services that doctors and lawyers are using in different ways. So I would say that if you embody the principles of let's take an idea, deconstruct it into its component pieces, identify what's riskiest, and that's the key part here. Not what's easiest. Test that in order. That in many ways is the process in a nutshell. And that universally applies whether you're doing a highly technical product or a no-tech product.

Danny:

So it is a highly robust process and methodology if it applies to a lot of different businesses, cases, scenarios. Given that, *Running Lean*, your first book quite a few years ago, and it works in a lot of places and a lot of ways. Recently you've come out with another book, *Scaling Lean*. Where does that pick up and where does that go?

Ash:

With *Running Lean*, I would say there were 2 key messages to the book. 1 was written for the entrepreneur. And when I use entrepreneur, I use it rather loosely. It's anyone wanting to start... wanting to bring a new idea to life. So that could be an entrepreneur in a large organization but it could also be a garage entrepreneur or someone... we've got people a later stage in life that also want to just go and start a business. So it could be anyone of those types of people. The big call to action there was get outside the building, which is actually a Steve Blank code. But it was about getting outside the building and understanding, getting evidence of monetizable problems worth solving before building the thing that you want to go build. And so that was one of the big call to actions.

And the big contribution in the *Running Lean* book was this idea of the lean canvas allowing you to identify what it is that you go and do outside. So break your idea out, and then there are some interview scripts for how you go and talk to customers, how you go and learn from them because it's not enough to simply ask them what they want. Often they don't know themselves, so there's a process to how you do that. So that was what the 1st book was about, and what I learned is that once the book came out, people were going out and doing all this learning, and they would come back to me and said "We did all this learning and we validated or invalidated our ideas. But we still run into issues when we go and try to get more resources from our bosses or our investors or from our internal stakeholders, whoever that may be. They don't see the full potential of this idea. They don't value learning as much. They say yes we want to talk to 10 people but they say so what? That's not enough."

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And so the 2nd book tries to pick up from there. It begins to still be entrepreneur focused, but it's about the conversation that they would have with their stakeholder. And again, I use the word stakeholder loosely. That could be a CFO or a CIO in an organization. It could be an investor. It could be your spouse. It could be yourself. I often tell people when you're starting any idea, you are stakeholder #1 because you invest with time, which is more valuable than even money because you can get more money, you can't get more time. So with that mindset, that's what scaling lean was trying to tackle.

And it really also picks up a little bit later in the process, so if you were to read the books in order, I would almost still recommend Running Lean before Scaling Lean as the name may imply. The first book is really about getting early validation for your idea, and as you begin to roll that out, as you begin to scale up the product and/or your team, Scaling Lean tries to address some of those conversations you have with your stakeholders, with your teams to kind of measure are we making progress or not and really have meaningful conversations in that line. When we went back to the pivot, persevere, or reset conversation, I didn't really have a process for doing it, and that's why I kind of stumbled around. It was really a bunch of things happening. In the 2nd book, I really tried to create a regular cadence where there is always a pivot, persevere, or reset conversation that you have to decide with every idea. And if you don't make that decision, then that's a recipe for just taking much longer to kind of make those pivot types of course corrections.

Danny:

So Ash, this has really become your life. You've become the - if not THE - then one of the Lean guys. This is what you do. This is what you teach. It has been your focus - if not your full focus, the majority of your focus - for many years now. I want to ask... I completely understand why this is valuable. Why are you personally passionate about this?

Ash:

In many ways I talked some about the transition from that "artist have to eat" stage where I was running a business that was profitable. Life was comfortable. And it seemed a bit crazy to get rid of that business and go do something which was completely unknown. But I felt that third stage in the entrepreneur's life is the stage of purpose. And I felt that I had found purpose with searching for these better ways to vet ideas. Initially it was just to write this book, but that moment for me was when I began to run the workshops and part of the workshops I ran were not just here in the US. I did a bunch in Canada. I went to other parts of the world. I went to Mexico. I went to Europe.

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And what I found is that even though people were speaking different languages as their native languages, there was this common language of entrepreneurship that was becoming rather universal. So I found that the persona of the entrepreneur had changed. We all wanted the same things. We all feared the same things, failure being one of the big ones. And we all were doing things the wrong way, or a different way. And there was a better way to do it. And so that to me kind of activated something for me and I felt that if we could create more entrepreneurs, I feel that's a noble profession. I feel we can solve a lot of big problems and not so big problems. And everyone gets better off in the process.

So that is my life purpose and that's at least my 10 or 20 year goal, to really have an impact in the entrepreneurship space and not just try to create more Silicon Valleys everywhere. I'm very big on encouraging local entrepreneurship, so don't move to Silicon Valley if you don't have to, if you don't need a startup to be there. Create a local startup and create a local ecosystem and serve that community. So that's a big part of the message and I feel like these tools are all about enabling us to help build better entrepreneurs, and that has become how we also measure success. It's not the success of how many books we sell or how many software subscriptions we have. We look at all the solutions as a means to an end. So for us it's about building a better entrepreneur, not so much building a better product.

I would say 1 more thing there. People often ask me "how is it going? What are the odds of success now? Has your process made a dent in it. And counter-intuitively, what I've found is that in the short term, we've actually seen more failure with ideas than successes, and I know people are probably about to hang up the call and say "why did I waste all this time?"

Danny:

Well it's a good thing we waited to the end.

Ash:

If you think about it, it actually makes sense. And this is how I explain it. If you buy into the belief that good ideas are rare and hard to find, not every idea is going to work, this process does not guarantee success. But what it does guarantee is that you will learn about that with reason much faster than the alternative approaches that we've been taking. We have got a number of teams that have come into our boot-camps and our workshops and some of them have been working on their ideas for months. We have some extreme cases where they've been working on them for years. And we find that within a few weeks, they come back and they pivot away. They kill the idea off because they know it will never work given the market condition, given the timing. And they're perfectly fine with it because they have gone and got this empirical evidence, because they can show this won't work because of this. It's not chasing that

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aspirational killer feature that's going to make everything right. They just know this is not the right time for this idea.

So they may park it, they may do something else with their idea #2 or 3. And so in the short term I've actually found that more people invalidate their ideas because they just weren't that good to begin with. But what they take in exchange is a process for how they can go validate or invalidate any future idea they have or their backlog of ideas. And we've found that in the long run, we're actually seeing people coming back stronger than they were when we 1st met them and more critical about the ideas. And that to me is a healthy sign. And that's why I say we build entrepreneurs. We don't try to build successful startups because that to me is too short-thinking, and you can't force success. You can't brute force an idea.

Audra: And that was Ash Maurya, Lean Startup Leader, reminding you that the only thing you'll gain keeping your audience out of the creation process is a lot of headaches. And you stand to lose time, money, and your passion. Because chances are you won't be building what they want, and they won't buy it whether it's software, a book, a course, or any other product. Want Ash's method on how to test a lean startup idea? Check out Lean Canvas, Ash's 1-page common-sense business plan. You can find it at leanstack.com/lean-canvas.

Voiceover: This has been Business Reimagined with Danny Iny. Join us next time as we talk with Kevin DeBrosky.

Kevin: The book is about how to turn you into whale vomit. By using that exact same 3-step approach. By making sure you deliver relevant value to the market you're serving, by guaranteeing you are unique from all of the alternatives available, and then manufacturing and tapping the power of scarcity. And those three things together allow you to extract the maximum price from the market with a clear conscience and with your customer still loving you.

Voiceover: Learn more about us at mirasee.com.