

Silicon Valley birthplace – and has been enthusiastically embraced by entrepreneurs and innovators worldwide. This rapid and widespread adoption was to a large extent driven by the hype generated by Ries's bestselling book, *The Lean Start-up: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses* (and, no doubt, by a well-oiled marketing machine).

A MASSIVE OPPORTUNITY

So, you might be wondering, have South African entrepreneurs and business leaders embraced the concept as fiercely as our gym bunnies have embraced the diet principles espoused by Tim Noakes?

"In the South African context, where even the Government concedes that SMMEs have to be the key drivers of growth and jobs, you'd think that more of our entrepreneurs would be ascribing to this concept," says Daniel Marcus, director of Magnetic, a cloud-based small-business management application. "There is, however, one element which is a major stumbling block to the Lean Start-up becoming more prevalent in South Africa."

He explains: "With South Africa being an emerging market where dreams of Silicon Valley's deep-pocketed venture capitalists seem forever out of reach, we remain highly reliant on traditional funding methods. Those methods, with their requirements of reams of documentation to dissect your business idea as well as your life – from every angle! – are the very antithesis of the Lean Start-up method."

Allen Jaffe, MD and founder of ROI Media who recently oversaw Lean Start-up Machine (LSM) Cape Town – a three-day start-up workshop based on the LS principles – believes that the methodology represents an opportunity that has remained relatively untapped and unexplored in SA.

LSM Cape Town, a first for the local start-up community, saw participants' ideas come under the scrutiny of impressive mentors such as SnapScan co-founder Kobus Ehlers, Andrew Smith from Yuppiechef, and Groupon SA CEO Wayne Gosling. The workshop combined the use of the new Javelin board (an experimental method used to test entrepreneurs'

ideas) with the LS principles.

"The Lean Start-up has been around for many years, but the use of its methodology through the Javelin Board is fairly new," explains Jaffe, who worked to bring the Lean Start-up Machine event to SA for the first time. "It takes this concept and allows entrepreneurs to test a problem hypothesis against a specific customer segment to see if the problem (pain) actually exists. Having said that, very few local entrepreneurs are using this methodology and it's a massive opportunity for the SA start-up scene."

Jaffe commented that the results of the LSM Cape Town event were inspiring, and provided key lessons and insights for all involved.

"Participants in some cases were able to out accelerate a two-year-old business in three days," he says. "The structured process allowed teams to talk to real customers for the first time and finally prove/disprove their assumptions and ideas – which have been bottled up in their heads for far too long."

SHEER NECESSITY

Matthew Buckland, MD of digital agency Creative Spark, points out that while the concept appears to be fairly novel and groundbreaking, you will undoubtedly find elements of the LS methodology in most start-ups – even before the methodology was formally popularised.

"Start-ups apply various elements of the methodology through nothing else but sheer necessity and common sense," says Buckland. "Many start-ups operate under tight budgets, which compel their founders to take a pragmatic approach, such as deploying their creations quickly, or deploying as a minimum viable product."

From a South African perspective, however, Buckland concedes that the methodology is well suited to an environment in which capital is particularly scarce, and support networks are still in their infancy.

"From a budgetary point of view, the LS methodology allows entrepreneurs to get their product out to market quickly, and it also saves start-ups from over-investing, allowing them to fail or adapt quickly should they not be seeing traction," he adds. "I think this methodology

Daniel Marcus, Director of Magnetic, SIMPLIFIES THE LS CONCEPT FOR US:

■ The Lean Start-up movement is a movement with the core goal of getting your product to market as fast, low-cost and direct as possible.

■ The key focus is to get your minimum viable product (MVP) into the hands of the early adopters, meaning identifying when to stop developing your product "and just launch it already".

■ The second element is knowing when to 'pivot'. Pivoting refers to the moment you need to realise (once you have had enough feedback) to listen to your early adopters and tailor your product in line with the feedback they've given you.

is particularly suited to South Africa, which does not yet have a well-developed [albeit one that is growing] venture capital and entrepreneurship ecosystem – so budgets are much tighter than that of Silicon Valley. A lean approach is therefore the norm here."

Buckland cited the popular instant messaging application Mxit as a local example of a lean start-up success: "Mxit is a good example, even though it was started before the LS concept became popularised . . . The company started lean, but then as it attracted funding, the culture changed."

Another successful example, says Magnetic's Daniel Marcus, is WooThemes – a WordPress theme and plugin provider.

"When WordPress launched back in 2008, bloggers and web developers finally had a ready-made solution for setting up their sites, but themes were limited," explains Marcus. "Enter SA-based WooThemes, which today – after numerous pivots – provides professionally designed WordPress themes with advanced functionality. Launched on a shoestring budget, WooThemes is estimated to provide themes for 20% of the web and brings in more than \$2m a year." ■

jessicah@finweek.co.za