

# Pilots

Bending over backward to get and keep prospects



# What is our mission today?

- Understand the complexity of product launch
- Discuss early stage customer acquisition
- Why customers want pilots
- How to do a pilot
- How and when to stop doing pilots
- Alternative strategies for risk mitigation





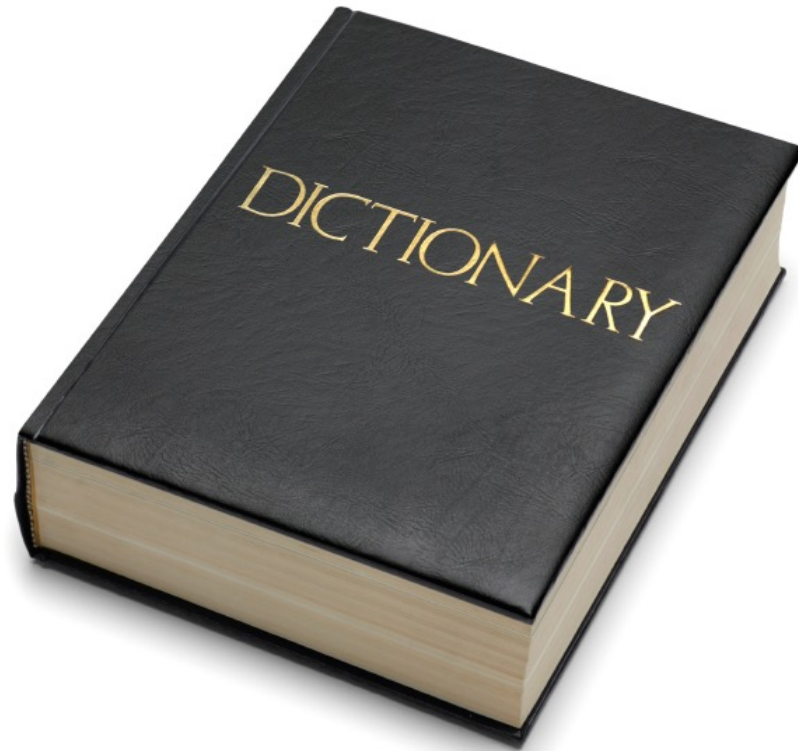
# What do I do?

*Arbor Dakota offers materials, training and consulting services specifically designed to help early stage technology companies grow their great ideas into great companies.*

*We focus on CEO development, sales operations, marketing, messaging and positioning, lead generation programs, thought leadership, strategy development, financial modeling and other areas that will help companies attract investors, employees and customers.*



# Definitions



# What is a product?

- Software solution
- App
- Device
- Service solution
- Consulting services



# Outcomes

- What outcome are you producing for the buyer?
  - For whom?
  - Measurable/Quantifiable
  - Valuable
  - Understandable
  - Believeable
- 
- Start Product Development efforts with the question: “What outcome do I want to achieve?” instead of “What features do I want?”

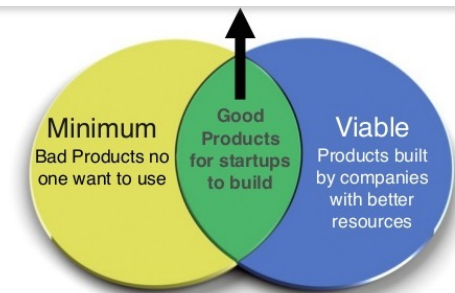


# Minimally Saleable Product

- Does what it is supposed to do
- Solves some real pain **that the customer is willing to pay for**
- Not overly feature rich but works to achieve desired outcomes/metrics
- Is easy to use

It may work, but will organizations pay for it?

## Minimum Saleable Product





# Whole Product

- Works
- It is easy to use
- Connects to what it needs to connect to
- Documentation
- Training
- Promotion plan



# Ideal Customer

What are the characteristics of an ideal buyer for us?

- Has stated a pain point that we solve
- Has shown clear intention to solve that pain
- Has the authority to solve this issue
- Has the funds or access to funds to purchase a solution
- Is looking for a solution that clearly matches your differentiation
- Is sufficiently risk averse



# Value Proposition

- What problem you are solving
- How your product solves a customer problem
- What outcome you are trying to achieve
- Delivers specific benefits
- **Tells ideal customer why they should buy from you and not the alternative**

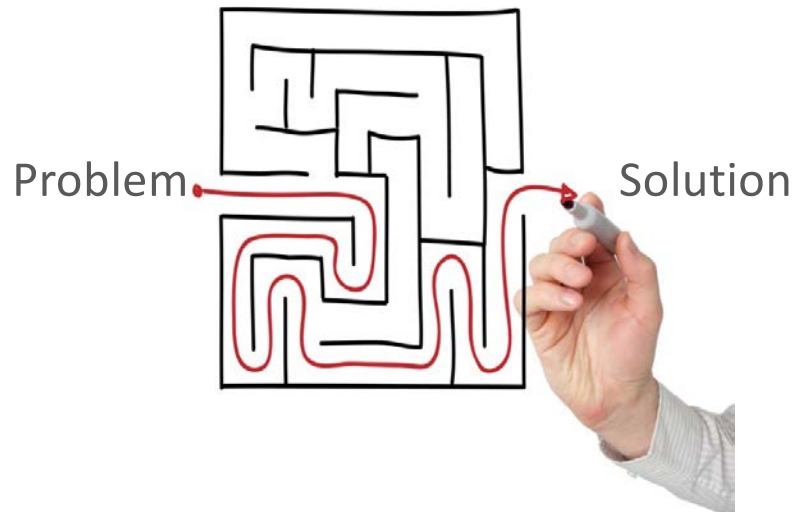
## Criteria

- Clarity
- Concrete results
- Differentiation
- Avoids hype
- Understood in 5 seconds



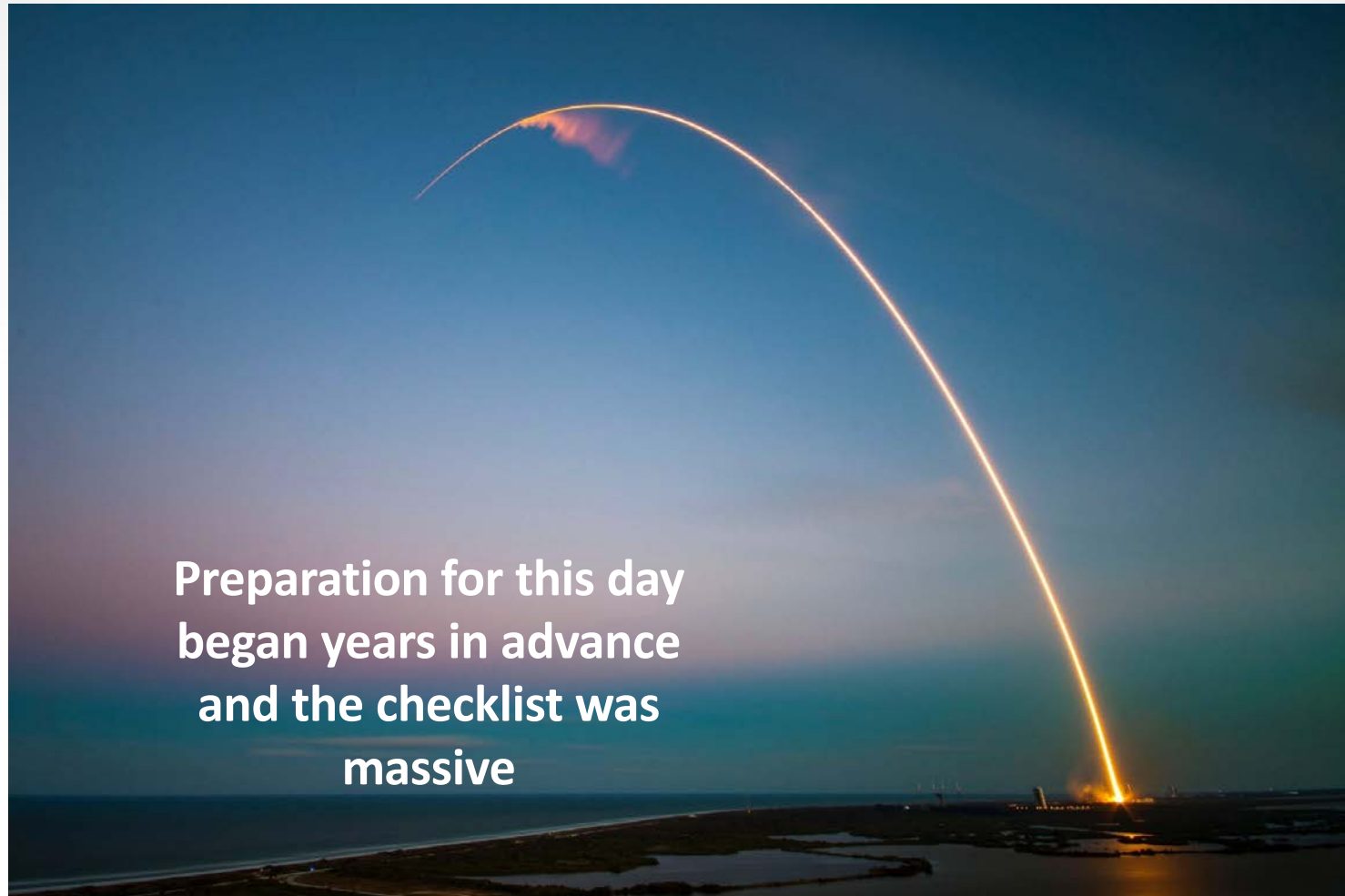
# Sales is.....

helping a potential customer understand that they have a problem that can be solved “by you” which will enhance their business and provide a positive return and then guiding them through a mutually agreeable buying/decision process.



# Well,

You can't talk about pilots without talking about the Product Launch

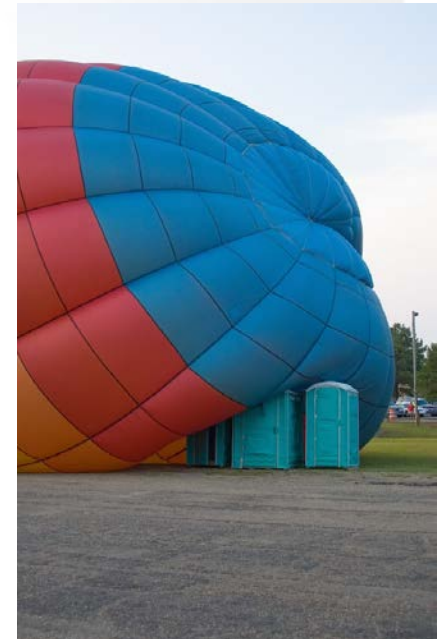


Preparation for this day  
began years in advance  
and the checklist was  
massive

# Product Launch Story

The coding is finished. The alpha testing went well and you may even have a beta customer. The company celebrates with a launch party and everyone is very happy and enthusiastic.

Six months later, the product is floundering in the market. The company may have picked up another pilot customer or two, but the market, in general, is ignoring the product. What is the problem? Sales blames the product... there simply is no market for this. Product Development blames Marketing (we are not creating sufficient leads for this great product) and Sales (if these people would just invest more time learning the product...any idiot can sell this). The board starts to question the CEO's judgment and the entire management team (How could we have spent this much money on something that is failing in the market?). Investors threaten management change or pulling funding since the new product was supposed to fill in the cash-flow gaps. What the \$&\*# happened?

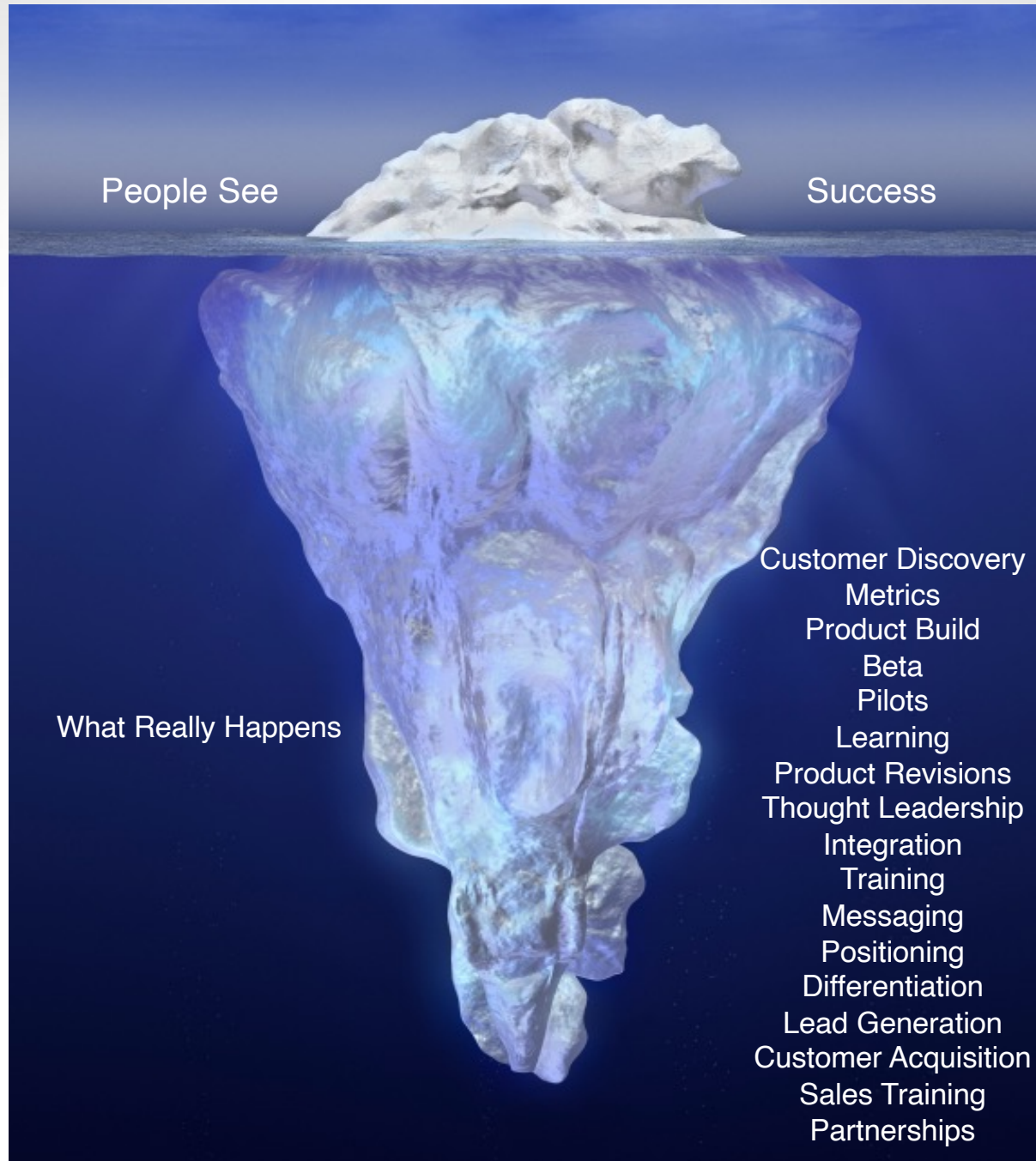


# The Process





# Truth About Product Launch





# Make a Plan and Use It

- A successful product launch requires a comprehensive product launch plan
- Your product launch plan should contain a complete list of elements
- Successfully launching a product requires some prerequisites.
  - Obviously you need to have a minimally salable product that deals with at least one major pain point in some industry segment
  - Next, you need sales skills to get customers, even early customers
  - References
  - Need messaging, positioning, qualification and objection planning
  - Customer acquisition/scale and support plan
  - Customer stories



## Launch Checklist

- Market and Customer Discovery
- Ideal customer and generic case study
- MSP (with emphasis on “viable” or “saleable”)
- Beta test
- Pilot customers
- Integration with other related applications
- Customer acquisition plan
- Other factors (SSO, encryption....)
- Customer launch/implementation plan
- Training
- Marketing and promotion plan
- Email addresses of key market contacts
- Thought Leadership plan
- Messaging and positioning
- Competitive analysis
- Defensible differentiation
- Position
- Product vision (from MSP to ultimate)
- Product SWOT
- Pricing
- Sales objections and defense
- Licensing agreements
- Customer support in place
- Performance measurement (product performance and outcomes measurement)
- Industry influencer plan
- Customer satisfaction metrics
- Customer quotes
- References
- Case Studies
- Justification toolkit
- Press release (with customer quotes)
- Articles
- Speaking engagements
- Webinars, eBooks and blogs (at least 10 ideas for blog posts)
- Conference attendance and reason for each
- Sales deck
- Web site
- Third-party validation
- Partnering opportunities and partner plan

# Culture

- Product Launch is cross-functional
- Product Launch is not sequential
- There is a formal product launch checklist that is managed (usually by Marketing)
- Content for the product launch is as important as the product
- The company understands that the goal is to get the customer to buy and successfully use the product, not just push it out the front door
- EVERYONE is accountable for the product success which means functionality, quality, usability, market acceptance and profitability

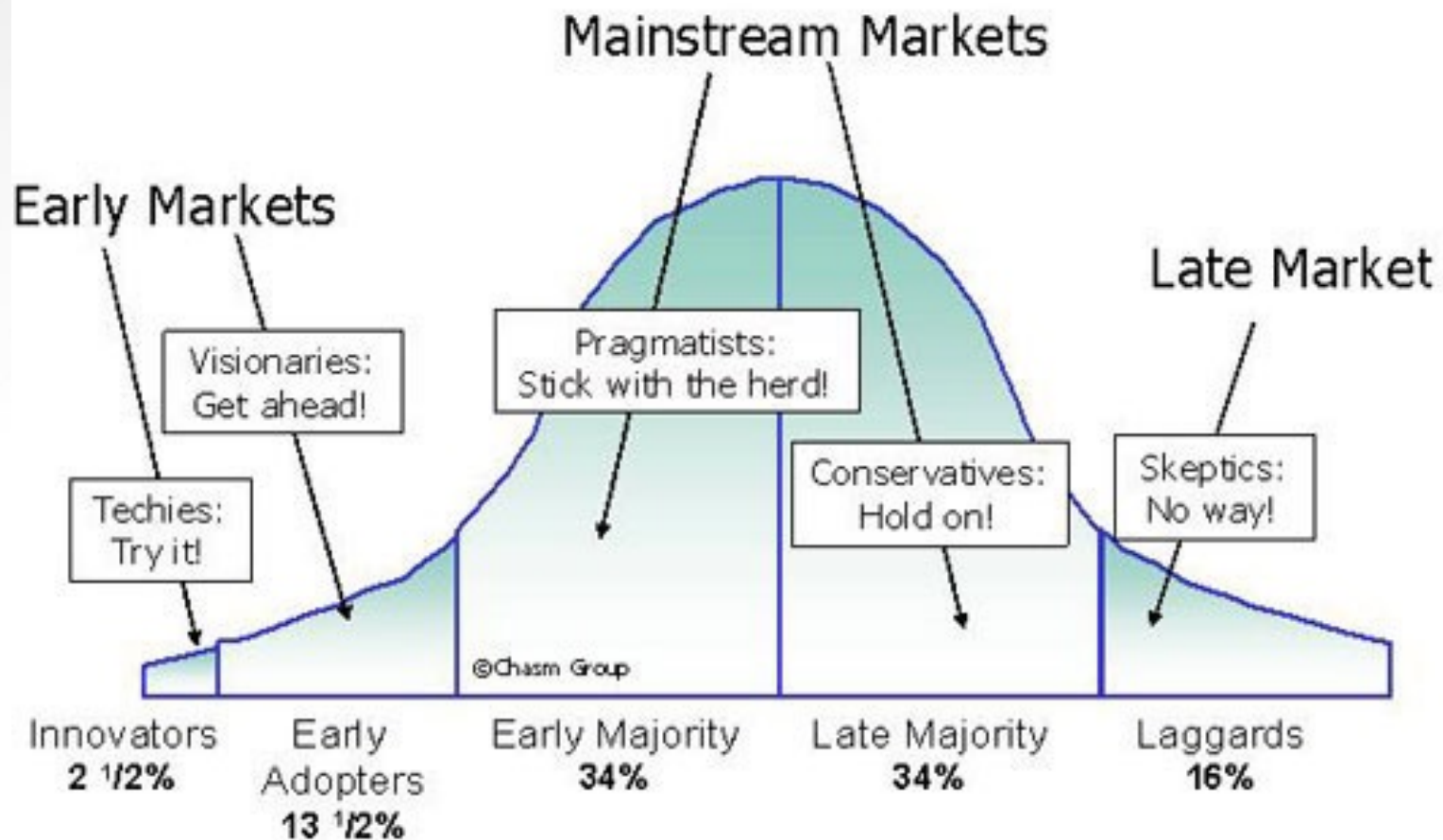


**Then,**

People love  
your work  
until they have  
to pay for it

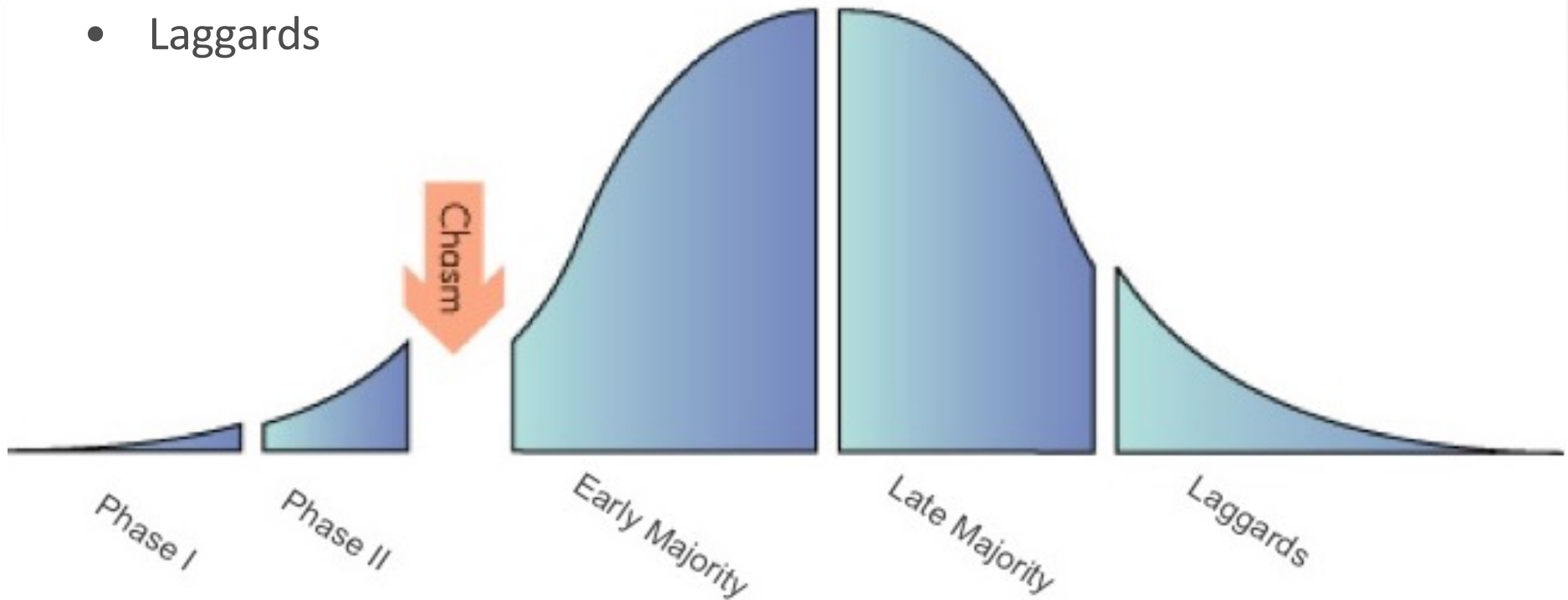
# Technology Adoption Life Cycle

Groups are distinguished from each other based on their characteristic response to discontinuous innovations created by new technology

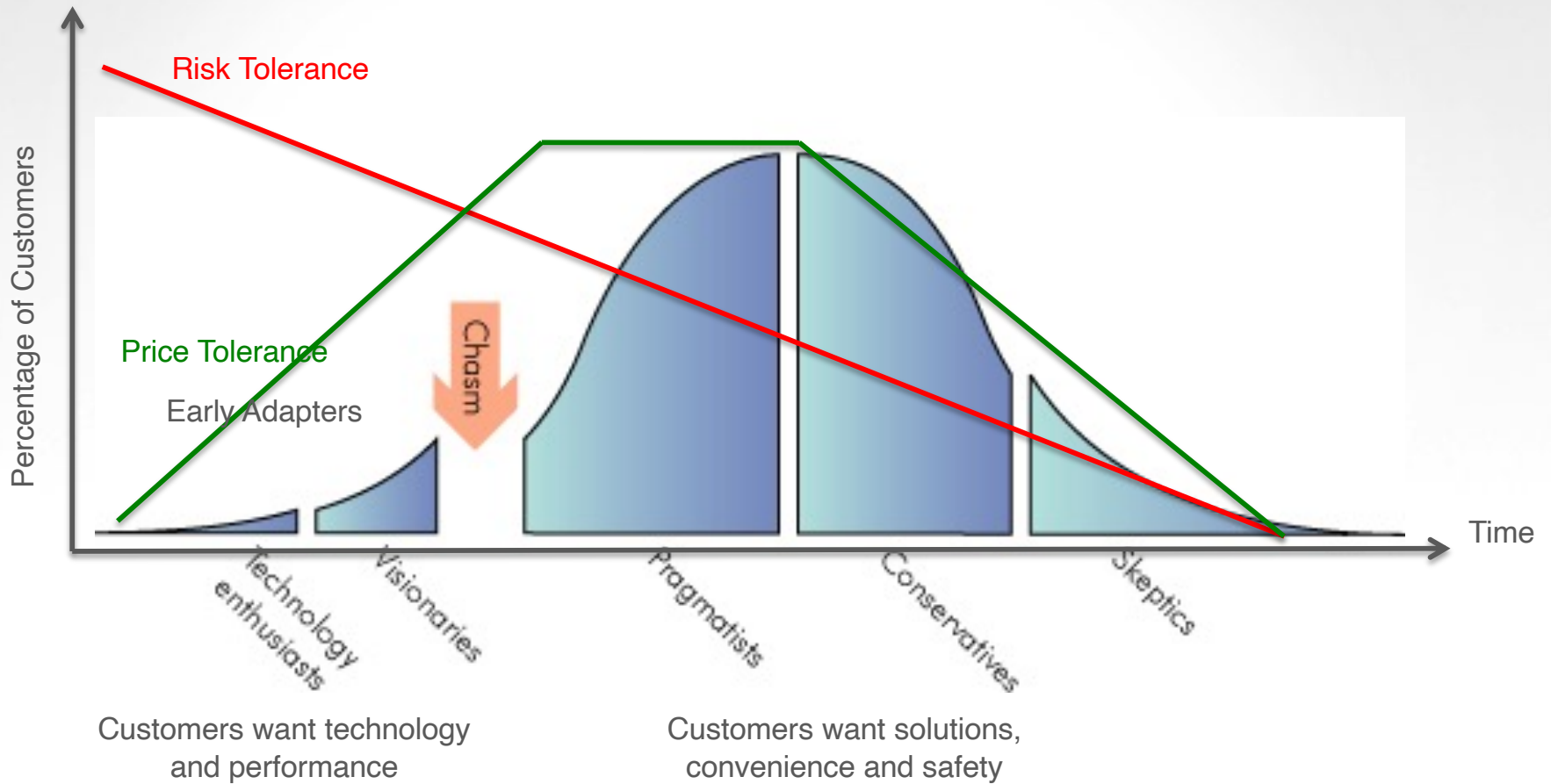


# How do you get customers?

- Early adapters
- Early majority
- Late majority
- Laggards



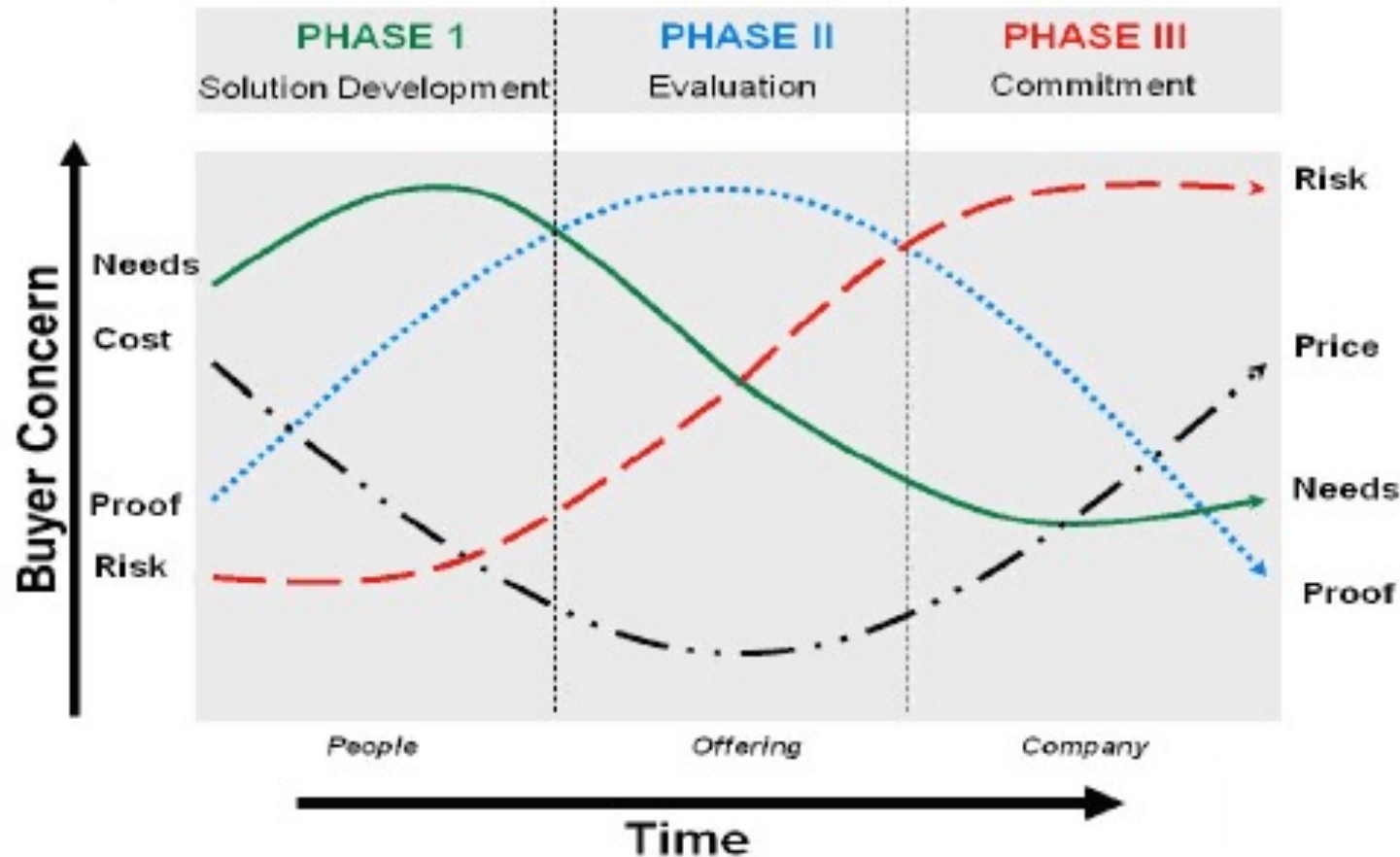
# Risk and Price Tolerance





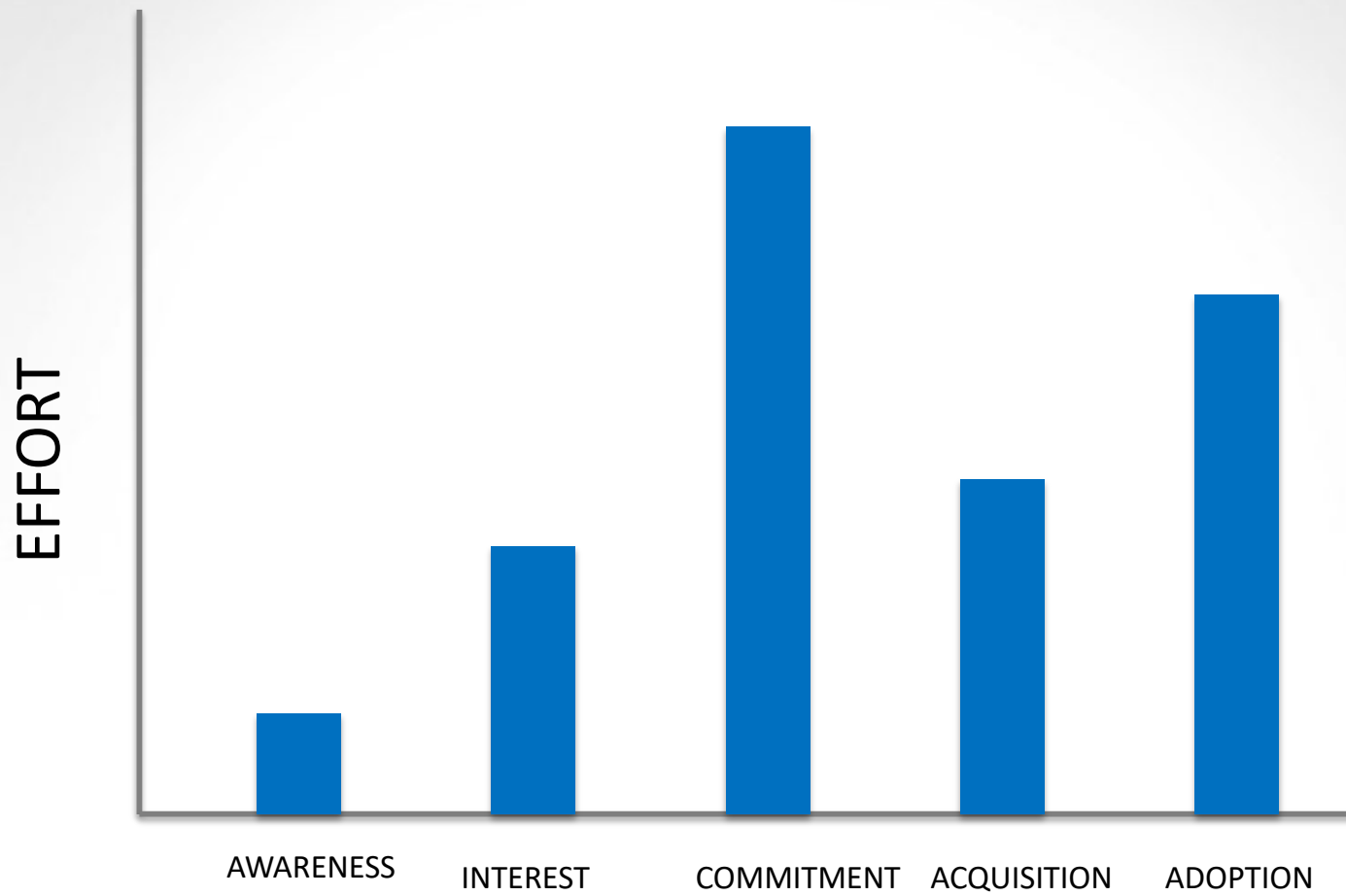
# Shifting Buyer Concerns Over Time

## Aligning With Shifting Buyer Concerns\*





# Buyer Journey Effort



# So, What Happens?

- An exponential increase in the amount of activity required to successfully move forward to the next step
- The involvement of multiple players
- Potential lack of clarity regarding the overall buying and funding process
- Concerns about the implications that may arise for acquiring and adopting the offering
- Far greater detail required on the investment and its potential return
- Fit of the possible product acquisition to the culture of the organization
- Reluctance to embrace any change necessary to adopt the offering
- .....

# Buyer Journey Effort vs Yours



# Why are Early Customers Important?

- Prove the product works
- Credibility
- References
- Provide proof in multiple industries and organizational size



# Beta Versus Pilot

- Beta tests for bugs
- Pilot test for results
  - Why did it work?
  - Why didn't it work?
  - What did they like?
  - What didn't they like?
  - What do we have to integrate with?
  - How was the implementation and training?
  - Did we get adaption?
  - What else did we learn?
  - How can we improve?



# Three Phases

- Beta – Get the bugs out
- Pilot - Prove the product solves a clear problem and get outcomes
- Market – Begin to scale the business and ***bring in revenue***

Betas help you get Pilots that help you get the Market

## 2 Gap Opportunities

- Getting the pilot
- Converting the pilots to commercial success



# Why Do Prospects Want a Pilot?

- You are new. They are trying to do risk-mitigation
- They are afraid that your solution won't work for them
- They are afraid of the work-flow changes and training required
- They are afraid that users won't use the application
- They don't believe your value proposition
- They don't believe your outcomes
- There are no reference accounts that match them
- You are not yet an industry standard (Crossing the Chasm)





# Non-Scientific Analysis

Most of the time, it is the vendor, not the customer who asks for the pilot

80% to 90% of pilot customers never start

# What Can Happen?

- Your champion gets promoted or leaves the company
- Your pilot organization has distress
- Your pilot company does another purchase of a related product that chews up time and has the promise to do what you do
- Your pilot company goes through an acquisition
- A new competitor surfaces
- Company priorities change
- Scope or decision criteria change
- An external event occurs (COVID)



# Why Pilots Fail

- Decision maker not motivated
- Users not motivated
- No quantifiable and mutually agreed upon success criteria
- No clear customer success manager and plan
- Objections not dealt with
- Risks not dealt with
- No clear need
- Differentiation not proven



# The Problems With Pilots

- They are often “tire-kickers” and not committed to actually switching. They will say they will try anything...but really don’t
- They take a huge amount of resources
- The buyer and the user are not the same and the user will resist change, work and risk



# How to Stop Doing Pilots

- Published outcomes
- Reference sites
- Case Studies
- Justification Toolkit
- Other Risk Mitigation Ideas
- Discipline



# What Makes A Successful Product

- ✓ Solves some need or pain the market has **and** that the market understands
- ✓ Market understands **how** the product solves the above problem or need
- ✓ Market understands who it is for (what is the target market and ideal customer?)
- ✓ Market wants it and is willing to pay for it (appropriate price)
- ✓ It works
- ✓ There are references
- ✓ Users know how to use it
- ✓ The outcomes expected are well-communicated
- ✓ It produces the outcomes that were promised
- ✓ Risk of purchase/use is reduced
- ✓ Objections are overcome
- ✓ People talk about it
- ✓ Others try to copy it



# When You Must Do a Pilot

- Focus on your ideal customer, not just anyone
- Have a tight evaluation criteria with automatic conversion to customer upon success
- The prospect must have skin in the game (money...)
- You must have a person responsible for customer success to manage the evaluation and the politics



# Pilot Pre-requisites

- MSP that deals with pain points in an industry segment
- Sales skills
- Messaging, positioning, differentiation, objections, qualification, features and benefits....
- Contracts (service and license)
- Well-documented bi-directional SOW
- Technical datasheet
- Justification toolkit
- Detailed FAQ's
- Customer Success Manager





# Gain (written) Agreement on Results

- Pre-determine what problem the customer is trying to solve, document it and determine what constitutes success (this can't be “did you like it?”)
- If we achieve these mutually agreed upon results, will you become a paying customer, a reference
- Do not beg
- Do not give away products and services for free without some negotiation. If you start free, you end free.



# Stay Close to the Pilot Customers

- Make sure they are well cared for
- Understand their results and the benefits derived
- Document and communicate these results
- Watch for politics
- Watch for sabotage
- Watch for resistance to change



# Pilots

Test your organization as much as they  
test your product



# Justification Toolkit

- Why are we changing?
- What problem are we solving?
- What else did we consider?
- What was our decision criteria?
- Why did we choose this vendor?
- Technology overview
- SOW on Implementation/Conversion
- Quotes from our team on the pilot or demo
- Who else uses them?
- Other resources
  - Webinars
  - Blogs
  - Articles



# Customer Success Manager

- Knows the product
- Knows the application
- Knows all the objections and how to deal with them
- Has good political insight
- Problem identifier and solver
- Proactively identifies and addresses product, application or political issues promptly and deals with them
- Is a “challenger”
- Is excellent trainer
- Is excellent project manager
- Great communicator
- Patient with (dumb) questions



# Two Similar Approaches

- Your product costs \$50,000/year
  - We will charge you \$25,000 now and \$25,000 upon successful completion of pilot
  - If we do not meet pilot metrics, we will refund \$15,000
- Your product costs \$50,000 and your services cost \$10,000
  - We will not charge for the pilot until we achieve the agreed upon metrics
  - We will charge you a non-refundable \$10,000 for the services to implement, train and manage the project



# Statement of Work

Know and document how many hours of work you are willing to spend on the pilot. Charge the customer for the services at retail prices

- What we will do and time frames
  - Training
  - Conversions
  - Account set-up
  - Manage the account (project management, answer calls)
  - Integration with other systems
  - Single Sign-on
- What you will do and time frames
  - Have users trained
  - Provide all necessary assets and resources for the pilot
  - Commit to usage
  - Weekly reporting of pilot



# The Problem With Free

- Lack of customer commitment
- Setting expectations on value
- You have to get something back
  - Reference
  - Case study
  - Outcomes evaluation





# Build Trust

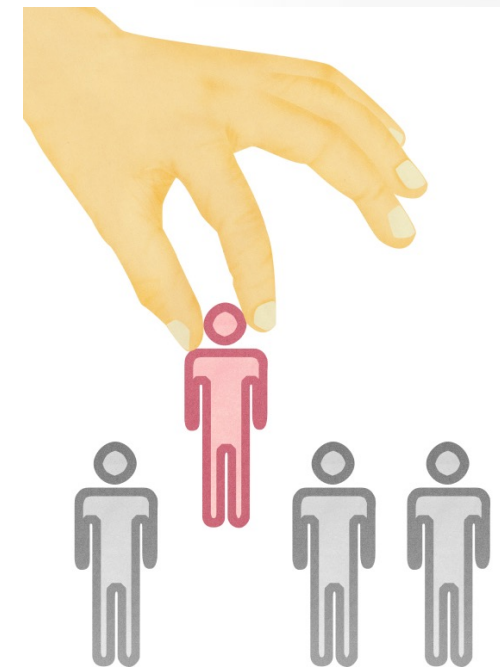
- Think like your buyer not like the seller
- People don't like risk
- People don't like change
- Build Trust....Granted versus earned trust

Why would someone risk their career for implementing your new product?



# Qualify Your Prospects

- Need
- Authority
- Money
- Timeframe
- Intention/Motivation
- Decision Criteria
- Method of Evaluation
- Competition



# Objection Planning

This isn't a priority

I don't have the funds

I am not the decision maker



We are too small

Your company is too new

Blah, blah, blah, blah, blah

# Objections

- Cognitive
- Motivational
- Resource
- Political
- Feature
- Risk



# Understand How to Use a Reference

- Ask the prospect what they want to accomplish with a reference call
- Make sure the reference knows the purpose
- Test the reference
- Ask the prospect if the reference call goes well, are they prepared to move forward?
- Use different stages of customers



# Questions To Ask Pilot Prospects

- Why do you want a pilot?
- Can this be handled by reference calls?
- What did we not prove in your evaluation process?
- What are you measuring in the pilot?
- How will we measure it?
- What constitutes success?
- If we achieve the metrics, can we move forward with full implementation?
- Are the people asking for the trial the ones doing the trial? If not, what is the motivation of the users?
- Are you willing to do your part to achieve the metrics (promotion, training....? it can't be all on us)
- Are you willing to put some money down to have some skin in the game for this pilot?
- Have you ever had a pilot that turned into a full implementation? What worked?
- Have you ever had a pilot fail? Why?



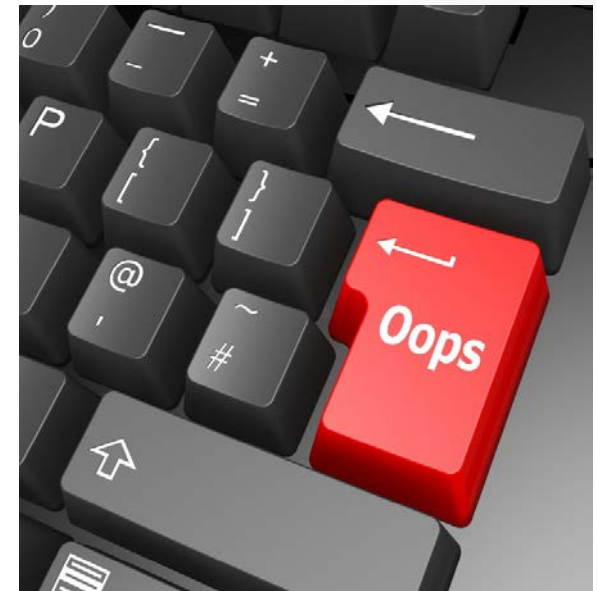
# Make a Pilot Elimination Plan

- Establish credibility
- Prove that the product works to solve a defined list of problems
- Show outcomes
- Build Reference Base
- Get money!!!!!!
- Attack multiple industries and size



# Things Are Going to Go Wrong

- Plan For It
- Deal With It
- Pilot is not going to be motivated
- People get transferred and leave
- Pilot company suffers setback
- People are not going to like something
- The product will not deal with some unexpected pain point
- Someone (internal) is going to want to build this themselves
- Prospect will try it for a use it was not intended for
- On and on and on and on







# Pilots

Bending over backward to get and keep prospects

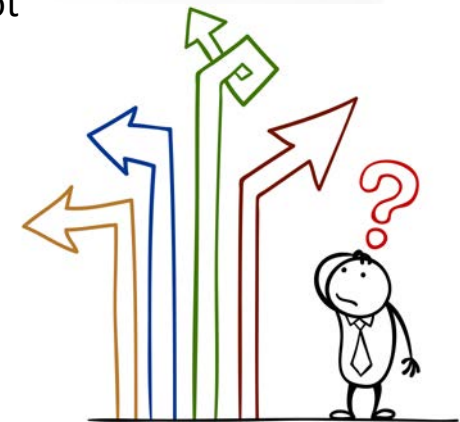
[tdacko@me.com](mailto:tdacko@me.com)



**Bonus!**

## Customer and Market Discovery Questions to Ask Yourself

- What are the dynamics of the market you are going after? Is it a rich one or a poor one? Is it a forward thinking or backward thinking one? Is it a powerful and strategic function in an organization or one under financial stress and questionable value?
- What problem are you trying to solve?
- What outcomes are you trying to achieve?
- What is our market? Who is our buyer?
- What makes an ideal customer?
- Will the market pay for a solution to this problem?
- How big is the addressable market?
- What share will you need to capture and how will you do that? (better product is not the answer)
- What makes up my 1.0 product build (MSP) (Features and UX)
- What is my ultimate vision for this product and/of my company?
- What is my customer acquisition plan?
- Who or what am I competing with?
- What is my market position?
- What is my differentiation?
- What are my market message and sales points
- Who are the best realistic potential partners to help me with market presence? Who could sell this but also needs the product for their differentiation?



# Why Products Fail



# Why Products Fail

- There is not a recognized or a broad enough need  
The product does not solve a recognized problem  
(product looking for a market)
- Incomprehensible messaging
- Organization can't simply complexity
- Lack of agreed upon outcomes (efficacy, cost savings, accuracy...)
- There is no product or company vision
- Organization mixes up the end of coding and testing with product launch (celebrate too early)
- Organizations wait way long to begin the market launch process
- “If I build it, they will come” mentality
- Under promoted





# Why Products Fail

- Did not build an MSP (if might be viable, but will they pay?)
- Over-estimate product maturity
- Fear of market exposure (wait too long)
- Does not meet commercial standards
- Not a complete or whole product
- Can't displace well-funded and accepted incumbent
- Did not establish proper goals/results for early customers
- Did not take care of early customers
- Had too few early customers and gave away everything to get them
- Did not properly train sales and marketing on the perceived value of early customers
- Impatient for results



# Why Products Fail

- Lack of cross-functional accountability
- There is no realistic market plan
- No formal launch process and sequence
- Lack of lead generation plan
- Lack of plan for early customer adoption
- Lack of sales skills or training
- Inability to deal with market objections
- Lack of success metrics (Leads per month, sales units, revenue, market share....)
- Immature or over or under pricing
- Organization unwilling to take some calculated risks
- Not properly funded
- Can't drive prospects to "close"





# Get Feedback and Use It

- Ask specific questions to get specific data
- What did you like? What did you not like?
- Did it accomplish the agreed upon objectives?  
Why? Why not?
- Where did you have problems?
- What didn't it do that you wished it did do?

Capture the specific good quotes and uses

But beware of single data points

Beware of prospects not telling the truth



## Pilot Program Checklist

- ✓ Agreement on promotional and training plan
- ✓ Agreement on the problem the customer is trying to solve
- ✓ Agreement on outcomes measurement
- ✓ Agreement on usage of the product
- ✓ Agreement on length of pilot program
- ✓ Agreement on SOW (Statement of Work)
- ✓ Agreement on customer requirements for the pilot
- ✓ Agreement on the use of the results at the end of the pilot should it achieve the above metrics (commercial agreement, case study, web site quotes, press release, publication or article, reference account)



## Questions to Ask Yourself

1. Am I ready to service customers?
2. Do I have contracts, training, personnel and hotline support ready?
3. Are my pilot customers all attempting to use the product for its original intended use?
4. What is an ideal customer and how closely do my early customers match that ideal criteria?
5. Has each pilot customer agreed to be a reference if the product works for the? Do we have a written agreement about what “works for them” means?
6. Are my pilot customers a good representation of the broader industry that I would like to ultimately sell to?
7. If not, am I 100% convinced that the product will work for their planned intended use?
8. What can go wrong with customers?
9. What will I do if these problems surface?
10. Do I have the right level of commitment from all the stakeholders in these early customer organizations?
11. Am I ready to Cross the Chasm into the mainstream market?
12. What would establish me as a mainstream player?



## Things That You Will Need

1. Pilot program goals, objectives, outcomes and benefits list
2. Pilot customer agreement on results and use of results for marketing purposes
3. SOW
4. Services agreement
5. License agreement
6. Implementation plan
7. Customer promotional or training plan
8. Services personnel to manage the customers

