



Welcome

- SPARK.tech is a series that is an introductory series used to support new entrepreneurs and ideal for those considering SPARK Bootcamp.
- The three-part webinar series, SPARK.tech, is designed to guide innovators who have a tech-related business idea through the first stages of bringing their product or service to market.



Speakers:



Lee Gorman
Managing Director of SPARK Bootcamp



Margarita Hernandez, PhD
Director of Entrepreneurial Services at SPARK



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Questions?

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UNIT 2

Customer Discovery



A Refresher from Unit 1

Lean Philosophy

Every startup is merely a series of untested hypotheses, so entrepreneurs must:

- . **Test** *frequently* and **learn** *quickly*
- . **Observe** and **measure** real customers and other stakeholders
- . Be comfortable pivoting based on learning



What is Customer Discovery?

- The process of validating (or invalidating) your hypotheses through interviews with multiple people
- Iterative process of ensuring that the startup is developing a product that addresses a real market need



Business Model Canvas

- As presented in “Business Model Generation” by Alex Osterwalder, et. al.
- Business Model Canvas provides a way to document progress of your hypothesis testing
- Central to Steve Blank’s Lean Start-up courses



The Business Model Canvas

Key Partners



Key Activities



Value Propositions



Customer Relations...



Customer Segments



Key Resources



Channels



Cost Structure



Revenue Streams



After documenting and testing specific points on the canvas
you can then create a solid business plan

Business Plan Framework

Many questions need to be answered...

- Customer problem
- Who is the customer
- Your solution
- Value Proposition
- Competition
- Market size and segmentation
- Business model
- Go to market strategy
- Traction and milestones
- Team
- Financial projections
- Funding requirements



Business Plan Framework **Priority**

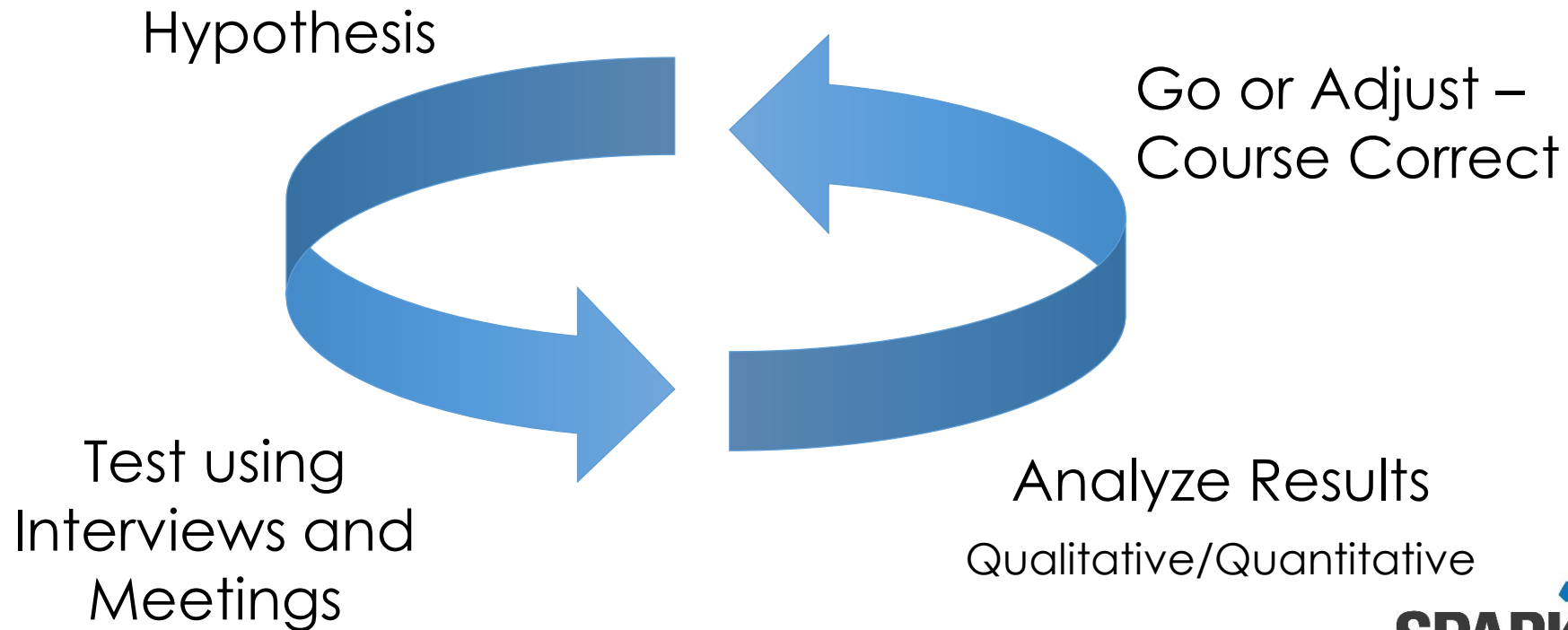
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**Customer problem?
Who is the customer?
Your solution?
Value Proposition?**



Customer Discovery

Constant Evolution



Purpose of Customer Discovery

- ID current processes and solutions being used
- ID and obtain insights from:
 - Potential customers /partners/competitors/suppliers
 - Early adopters, users, buyers, beneficiaries
 - Opponents/saboteurs
- Find an “entry point” to decision makers
- Find people to conduct further research



NAIL THE PAIN!

Your first hypothesis should be formed around:
Identifying that pain exists!

Who is having the pain?

- Identifying specific customers with pain

What is the pain?

- How does the customer articulate the pain?
- How are they addressing this pain currently?

How painful is it?

- Confirm that a solution is a high priority



Seek a SHARK Bite!

Dig and discover your customer's pain points

- Symptoms vs Problems
- Shark bite vs Mosquito bite

Is the pain so great they would **pay** to make it go away?



UNDERSTAND THE CUSTOMER

Who is having the pain?

- Identify specific customers with pain

How does the customer feel the pain?

- Difficulty accomplishing work, missing objectives, etc.

What are similarities/differences between customers?

- Type of organization, position, processes, goals, etc.



Nail the Solution

How does your solution address the pain?

- Is it immediately obvious to your customer?

How does your solution compare with alternatives?

- Is it a true solution, or just a bandaid?

Your solution **must** address the pain AND
reduce or altogether **eliminate:**

Time, Cost, Risk or Negativity



Why do this part first?

The information from your initial customer interviews should provide you with a better understanding of:

- **Who** your customers are
- Their **needs**
- **What** they would buy
- **Your direction**



So You Can Develop your MVP

The goal is to be able to produce a
Minimum Viable Product
a **customer-driven** first instance

The absolute minimum feature set that would drive
a customer purchase

Is your *minimum* product the right fit?
Again, get out and ask the customers!



Assignment #1 – Initial Hypotheses

- **Market pain** –
what is the specific customer pain you are solving? Can it be quantified?
- **Customer** –
Who has the pain? Who would pay to solve it, and why? Be specific (users/buyers/payers)
- **Solution** –
how will you address the pain?



CAUTION!

You must have alignment between:

- Problem
- Customer
- Solution



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Customer Discovery



But how
do I do it?



How to Do Customer Discovery?

- Requires “interviews” with dozens or hundreds of people
- Use your ecosystem map to identify people who can help validate or invalidate your hypotheses
- Get out of the building!
 - *even if virtually*



Customer Discovery Means...

...Talking to People!



Interview Approach

- Research your subjects
- Create meeting opportunities (breakfast, lunch, coffee etc.)
 - Emails & questionnaires, phone calls
- One interview at a time
 - Avoid groups. Groups = group think!
- **Have a conversation**
 - Survey/telemarketing Q&A yields yes / no answers
- Try to do as a team
 - One Interviewer and one scribe/follow up
- Keep it professional but relaxed
 - Too informal can lead to less thoughtful insights
- Practice, Practice, Practice...



Interview Approach cont.

Gather quantitative and qualitative data

Post interview “download”

- Summarize immediately after



Interview Anatomy

- Start Wide Then Narrow In
 - Build relationship and trust
- Find out/Confirm current behavior
 - What's their “story” of problems they face?
 - Identify top 3 issues they're facing
- Follow your nose – Deep dive/drill down, discussion drift
 - Find out why or why not?
- Alternative approach - Poke holes in your hypothesis



Interview “Mines”

- 💣 Discussing your technology
 - Its not about you, its about THEM
- 💣 “Fishing” for confirmation
 - “If you had MY solution that eliminates that problem, would you be interested in...”
- 💣 Sell
 - They’re not buying!
- 💣 Minimal research on your subjects
 - Yields poor insights, no referrals



Beware confirmation bias



Interview Nuances

- Pay attention to body language
- Strategic silence
- The power of observation
- Ask key questions different ways

2 is better than 1



REMEMBER!!!!

- Be A Rabbit



- Not An Alligator



The Last Three questions

- What haven't I asked about that would help me better understand...?
- Who can you introduce me to who can give me insights into...?
- Is it ok if I check back in with you if I think of additional questions?



Summary

- Prepare and Research
- One on one interviews are hard and time consuming
- ID current processes/workarounds/competition
- Ask open-ended questions
- Listen more talk less
- Follow conversation and ask follow up questions?
- Ask for referrals
- Download and Summarize immediately
- Practice, practice, practice



Assignment #2

Customer Discovery Preparation

Given your preliminary hypotheses:

- Who are your initial subjects?
 - Identify specific people
 - Start on the “user” level
- What are your initial questions/topics to pursue?
 - How will you get a realistic understanding of their problems?



The Easiest Person To Fool Is Yourself.



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Resources

- <https://www.talkingtohumans.com>
- <http://theleanstartup.com/>
- <https://e-equalsmc3.com/alex-osterwalders-business-model-canvas/>
- <https://steveblank.com/>

