THE FIRST 100

MEASURE THE STRENGTH OF YOUR IDEA
WITH REAL CUSTOMERS.

BEN LEE

The First 100

Measure the strength of your idea with real customers.

Ben Lee

Preface

My name is Ben Lee, and I've been in digital product development for more than 10 years. During that time, I've built hundreds of websites, helped launch more than 500 mobile apps, and worked with clients ranging from Epson and Spotify to Snoop Dogg.

Those 10 years have taught me a lot about how to build great products. But more than anything, I've learned that snappy UI, beautiful design, and extensive feature lists – all the things that most developers want to spend their time on – aren't what make a product succeed. At the end of the day, the bells and whistles don't really matter. What matters is building something people actually need and want to use.

Whether you're making a blender or a mobile app, the same basic principle applies: if there's no market for your product, your product will fail. It's that simple. But unfortunately, most people don't focus on validating demand for their idea: they build first and ask questions later. And more often than not, that's a recipe for throwing away hundreds of thousands of dollars on a mobile app that no one wants to use.

We realized this a few years back at my agency, Rootstrap. We saw that there was a problem in the development model, and to solve it, we designed something that's now called Roadmapping: a pre-development product workshop that helps founders validate their app idea against the marketplace before heading into development.

Roadmapping lets founders ensure there's demand for their product – before they build – it instead of blindly heading into development. With more than 500 Roadmapping sessions under our belt, we can say definitively that it works: 18% of our alumni raise more than $250,000 in pre-product seed capital, and Roadmapping alumni have raised more than $500 million in total. That's thousands of percentage points better than the industry average.

The material for this course comes straight from our Roadmapping process. We use these techniques and exercises every day in Roadmapping sessions, and I can say from experience that they've helped founders validate and build real products that go on to acquire millions of users. If you read them closely, do all the exercises in full, and bring your full mental capacity to this course, it'll help you do the same thing.

Ben Lee

Completing this course will put you miles ahead of most founders. This is the work that's necessary to acquire real, honest-to-God customers – and no matter what kind of business you want to start or what app you want to build, that's what really matters.

Give it a try. And remember, completing this course is just the beginning. You'll still have a long road ahead of you to build a successful business.

But trust me – this is an excellent way to start.

Good luck my friend.

Sincerely,

Ben Lee
CRO & Cofounder
Rootstrap

Why 100 Customers?

Because product development is one big science experiment, there's really only one thing that can be guaranteed: the more people who interact with your product, the more feedback you'll receive, and the closer you'll get to building something they *actually* want.

If you can get 100 people to interact with your product, or even just talk about your idea, you'll be well on your way to validation. And without validation, your science experiment can go horribly awry. You'll use up all of your time, money, resources and mental bandwidth - all of which are in limited supply - only to develop a product that will ultimately fail.

And the reason 90% of startups fail is due to a lack of validation. It was this realization that led us to create Rootstrap, along with Roadmapping - our custom service designed to help our clients validate their idea before writing a single line of code.

Consider this your own personal Roadmapping session. Our goal is to help you fully develop from a mere concept into a strong business, starting with 100 customers to help you validate your idea. Here's how:

Part One: So, You Want to Start a Business?

Gut check time. Let's see what you're made of.

Part Two: Who's Going To Care?

Before we find those 100 customers, let's get an idea of what they look like.

Part Three: What Can You Build For Them Right Now?

All talk and no action make Jack a bad product owner.

Part Four: Can You Prove Your Solution Is Viable?

Time to put a real thing in front of a real person.

Part Five: Building Your Business

Here's how to create a cohesive brand around your idea.

Part Six: Launching That Bad Boy

It's time to start gaining traction. 100 is just the beginning.

Completing this actionable guide will require significant effort on your end, but just remember: validation dollars are infinitely cheaper than development dollars. And you don't have to complete this guide in one sitting, so don't be intimidated. You can take it step-by-step over the course of weeks or months. And once you finish, compile all of your answers into a single document that you can share with teams and refer back to time and time again.

We promise, you're going to be a hell of a lot more confident going into development, and much more prepared to scale or make a multi-million dollar exit.

So, how do we begin? It all starts with you.

Ben Lee

Part One: So, You Want To Start a Business?

Gut check time. Let's see what you're made of.

What does it take to become a *great* Product Owner?

Traits like avoiding perfectionism, adapting quickly to change, accepting uncertainty and embracing the process will all help of course, in due time. But right now, there's something more pressing at hand:

Intention.

Why are you here?
What's the dream at the end of the tunnel?
How honest are you prepared to be with yourself?

We ask because many entrepreneurs have trouble with blind spots. Some underestimate their abilities; others over-inflate their pride or become blinded by hubris. But we're all human (let's hope), and we all suffer from similar biases and errors.

This guide will help you overcome these challenges, but for any of this to work, there must be absolute honesty - starting with yourself. Again, why are you really doing this? Why go through all of the trouble, or all of the ups and downs? What is to be gained?

Ben Lee

Zig Ziglar was a genius when it came to questions like these. He always argued that you should know what you're working towards, how you're going to do it, with whom, and why. We couldn't agree more.

Exercise One: Set Your Intention

Don't Cook in the Squat: Goal Setting Advice from Zig Ziglar

"You'll never make it as a wandering generality. You must become a meaningful specific." **- Zig Ziglar**

"When you catch a glimpse of your potential, that's when passion is born." - **Zig Ziglar**

Zig Ziglar's Seven Steps for Goal-Setting

1. Write it down.
2. Put a date on it.
3. List any and all obstacles you'll need to overcome.
4. Identify the people, groups, and organizations you'll need to work with.
5. Spell out a plan of action. (Set that time limit in there.)
6. Identify all of the benefits to you.
7. And do it *now*.

What's your vision for the future? What's the endgame here?

Do you want to scale your idea and sell? Get acquired and exit? Are you in it for the long haul? When's it due?

_____

_____

_____

"Give me a stock clerk with a goal and I will give you a man who will make history. Give me a man without a goal, and I will give you a stock clerk!" *— J.C. Penney*

• • • • •

Okay, you've got a goal. A noble start. But what about motivation and passion?

Supposedly, Bill Gates once said, "I choose a lazy person to do a hard job because a lazy person will find an easy way to do it." Well, if your goal is to retire and do nothing, the easiest way to do that is to complete the job quickly. And there's nothing wrong with wanting to secure a financially beneficial exit as quickly as possible. But for others, there may be a deeper motivation at play other than money. Some people are called to do things. Maybe you're being called to start this business. Or perhaps this has been a dream of yours for many years.

Ben Lee

Either way, now that you've established what your goals are, it's time to understand the driving force behind them. What will ensure that you achieve your goal? And how will that driving force serve you *after* you do? Dig deep. What's keeping this fire alive?

Exercise Two: Find Your Motivation

Let's Talk Passion & Sweat Equity

"Passion is one great force that unleashes creativity, because if you're passionate about something, then you're more willing to take risks." - **Yo-Yo Ma**

"Sweat equity is the most valuable equity there is. Know your business and industry better than anyone else in the world. Love what you do or don't do it." - **Mark Cuban**

"I want to know why you do what you do. What is your motive for action? What is it that drives you in your life today (not ten years ago)? Or are you running the same pattern? Because I believe that the invisible force of internal drive activated is the most important thing in the world…I believe emotion is the force of life…and that decision is the ultimate power." **- Tony Robbins**

How about some Maverick motivation?

Only Dead Fish Go with the Flow: How to Be a Maverick

Ben Lee

Excerpts from interviews included in *Mavericks at Work by William C. Taylor & Polly LaBarre*

Gary Hamel

Author/Consultant

"Most people in an industry are blind in the same way. They're all paying attention to the same things, and not paying attention to the same things."

Chris Albrecht

HBO

"It's not enough for leaders to challenge the prevailing logic of the business; they also have to rethink the logic of their own success."

Richard Tait

Cranium

"We've always acted as if we're a much bigger company than we really are. We're still a fairly young player in our industry, but we conduct ourselves as if we are a global movement. This isn't a job. It's the pursuit of a dream, to give everyone a chance to shine. It's a big, ethereal goal, but we won't stop until we're convinced that we're making progress against the goal."

Roy Spence

GSD&M

HubSpot: *"To make the world inbound. We want to transform how organizations do marketing."*

Patagonia*: "Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis."*

Zappos: *"To provide the best customer service possible."*

Ash Ambirge (The Middle Finger Project): *"…to help the lost, the confused, the disillusioned and the 'how the hell did I become an administrative assistants?' of the world become more unf*ckwithable in their work - and lives - by learning how to trust themselves unflinchingly and build a unique, modern, gloriously independent career using that great, big, free thing we call the Internet."*

Johnson & Johnson: *"Our first responsibility is to the doctors, nurses, and patients, mothers and fathers and all others who use our products and services."*

Tony's Chocolonely: *"To make '100% slave-free' the norm in chocolate."*

TEDTalks: *"Our mission: Spread Ideas."*

Just for Fun: A Madlib Pitch

My idea **(working product name)** is for **(target customer)** who have **(list specific problem)**. My product solves this issue by **(explain solution)** because I believe **(list values)**.

Example:

My idea, **"artificial honey bee"**, is for **farmers suffering from the honey bee crisis** who are having **trouble pollinating their crops**. My product solves this issue by **providing drone "honey bees" to spread pollen** because I believe **in crop sustainability**.

Or....

Artificial Honey Bee: *"To promote crop sustainability and alleviate suffering from the honey bee crisis."*

What's your mission statement?

In one or two sentences.

_____

_____

_____

"Outstanding people have one thing in common: an absolute sense of mission." - **Zig Ziglar**

• • • • •

Ben Lee

You've just determined that your idea will produce a product worth having, and that there is a distinct problem it can solve. You have a clear mission statement, and now you're ready to build upon it.

Take "Artificial Honey Bee" for example. Their mission is "to promote crop sustainability and alleviate suffering from the honey bee crisis." The most intriguing aspect of that mission may be the honey bee crisis. Why is that "worthy of remark," or remarkable?

You could argue that without honey bees, there would be no more oranges, lemons, limes, apples, avocados, cucumbers, and other favorite foods. Mentioning this fact might serve as a conversation starter, which will help your idea spread. Sure, people might not always talk about your product on its own (out of context), but they may discuss the problem that your product solves and include you in the conversation.

What do you think would be the equivalent for your business? When it comes to your idea, what might people be shocked to find out?

Exercise Five: Determine Your "Wow" Factor

Make Something Worth Talking About: Advice from Seth Godin

"The brand of the future is patient, consistent, connected, and trusted. The new brand is based on the truth that only comes from experiencing the product, not just yelling about it. Word of mouth is more important (by a factor of 20) than TV advertising, and the remarkability word of

What do you think will excite people the most?

_____

_____

_____

"The path to lifetime job security is to be remarkable." - **Seth Godin,** *Purple Cow*

• • • • •

That's it for Part One. Nice work! Compile your answers and give them a read through. Are you still confident about your idea? We've just taken a hard look at your goals, motivation, value prop, mission statement, and the most intriguing aspect of your idea. If that doesn't get you fired up, we're not sure what will.

Let's keep this momentum going and start talking about your customer. Because if you're going to get people to buy into your idea, you must first determine who they are and what will appeal to them.

Ben Lee

Part Two: Who's Going To Care?

Before we find those 100 customers, let's get an idea of what they look like.

OK - we've explored your concept and have a general idea of what we're walking in with. But no idea can live for long in a bubble - it needs customers to become a reality. So who might your first customers be?

They're called innovators and early adopters. These are the most patient and nurturing customers available, for the sole reason that they're willing to offer honest feedback. And it's through this feedback that you'll be able to determine whether or not your basic product truly meets the needs of your customers, and if you can even establish a "beachhead on the shores."

However, before we can get that valuable feedback, we should have an idea of who we want to talk to. Who is our basic product perfect for, and how can we connect with them? Who will you test your ideas on first? Who will provide the most valuable feedback? Let's turn to Steve Blank and his Customer Development Process to better understand who our early adopter is.

Exercise One: Your First Customers

A Crash Course in Customer Development

Part One: The Early Adopter

A Process Created by Steve Blank
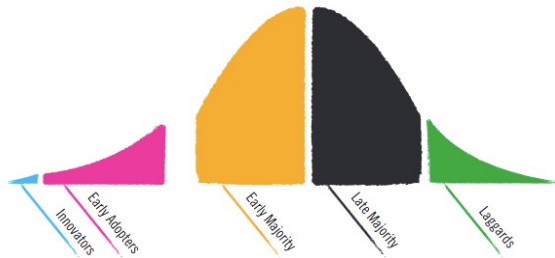
The Revised Technology Adoption Life Cycle

Figure 2: Moore's Revised Technology Adoption Life Cycle Curve

https://www.u-cursos.cl/usuario/65cb0019312969dcc44fc854ecdb3419/mi_blog/r/Entreprene
urs_Guide_to_Customer_Development.pdf

What's an early adopter?

- A special breed of customer who prefers unfinished products
- Wants to be the first to use or adopt a new product
- Can imagine and articulate what a product is missing
- Eager to provide detailed feedback & play a role in development
- Typically the first to pursue tech for intrinsic benefits
- Interested in solving the problem they are currently experiencing.

Ask Yourself:

- Who would you target first with limited ad spend?
- Who's the person desperately looking for this product?
- Who **needs** your product?
- Who do they talk to, specifically?
- Who will be the customer who **loves** your product enough to not only give it a chance

but to talk about it or share it with friends? (That's who we're after.)

The goal with your early adopter?

To establish a "beachhead on the shores." You want to use this single customer segment to learn more about your market, build momentum, and capitalize on their communication networks and structures. (Remember: They have to be able to communicate with each other for your idea to truly spread.)

Who do you think is your early adopter?

Who is experiencing this problem day in and day out, so much so that they're willing to take a chance on a completely new idea?

_____

_____

_____

"The single most important difference between early markets and mainstream markets is that the former are willing to take responsibility for piecing together the whole product (in return for getting a jump on their competition), whereas the latter are not." - **Geoffrey A. Moore**, *Crossing the Chasm*

• • • • •

Now that you have a vague idea of who your early adopter is, let's drill further down to specifics. For instance, a bad example of an early adopter would be "millennials" or "college students." To

connect with your early adopter, and collect actionable feedback, you need to be able to define who they are at the micro level - right on down to their personality.

Let's take HBO's hit series *Silicon Valley* for example. Would your target customer be:

1) **Richard:** An engineering genius, awkward CEO, and frequent sufferer of panic attacks and nausea

2) **Gilfoyle:** a confident (if not arrogant) expert on system architecture, networking and security who's also a Satanist who enjoys IPAs and an open relationship with his girlfriend Tara

3) **Dinesh:** An expert in JavaScript who is unlucky in love, has next to no social life, and has an affinity for gold chains and Solitaire

4) **Gavin Belson:** A power hungry titan of the tech world with a violent, destructive temper kept mostly under wraps; he's in it to win it, but sees the future going on without him - and he's desperate to hold onto power

5) **Laurie Bream:** Mother of four, managing partner at a major VC firm, calculated, logical, precise; not exactly a people person

All five of these characters work in tech, are around 30-50 years old, and need to prove their intelligence constantly. But selling to Laurie Bream requires a different approach than selling to Dinesh or Gilfoyle. So, how can you define your early customer at such a level that they're as defined as Richard's character, or Gavin Belson's? How can you put a name to the face?

Exercise Two: Create a Picture of Your Early Adopter

Building a Realistic Customer Profile

Questions to Consider About Your Target Customer:

1. Where might you have a conversation with your early adopter?

2. How does your product make them better?

3. What does their life look like before your product? After? Where do they work? What's their age and location? Does that matter? How does your product change their routine?

4. What frustrates them? What do they find "merely disappointing?"

5. How do they communicate? What language or jargon do they use? What are they saying?

6. What would make them hesitate about your offer?

7. Where do they spend their time? What activities do they love? What's their lifestyle? What's their family like?

8. What blogs do they read? What technology do they use? What search terms might they use to find you?

9. What do they do on weekends? What do they do for fun? What do they like online? Who do they follow?

10. What else are they buying, and why?

In sum, what does your Early Adopter's lifestyle look like?

For this exercise, you'll want to consider the geographic, demographic, psychographic (values, lifestyle, personality), and behavioral traits of your early adopter. You'll want to combine these answers into a description of your ideal prospect. For example: "30-35 year old women in California earning $30-40K per year who shop at Trader Joe's, focus on ethical consumption, prefer Chrome over Safari, and use Intuit's QuickBooks Self-Employed at least once per month."

Ben Lee

through the roof. The secret to happiness — this is what you all came for — the secret to happiness is low expectations.

Finally — one consequence of buying a bad-fitting pair of jeans when there is only one kind to buy is that when you are dissatisfied, and you ask why, who's responsible, the answer is clear: the world is responsible. What could you do? When there are hundreds of different styles of jeans available, and you buy one that is disappointing, and you ask why, who's responsible? It is equally clear that the answer to the question is "you." You could have done better. With a hundred different kinds of jeans on display, there is no excuse for failure. And so when people make decisions, and even though the results of the decisions are good, they feel disappointed about them; they blame themselves.

Clinical depression has exploded in the industrial world in the last generation. I believe a significant — not the only, but a significant — contributor to this explosion of depression, and also suicide, is that people have experiences that are disappointing because their standards are so high, and then when they have to explain these experiences to themselves, they think they're at fault. And so the net result is that we do better in general, objectively, and we feel worse. So let me remind you. This is the official dogma, the one that we all take to be true, and it's all false. It is not true. There's no question that some choice is better than none, but it doesn't follow from that that more choice is better than some choice. There's some magical amount. I don't know what it is. I'm pretty confident that we have long since passed the point where options improve our welfare...and what is so frustrating and infuriating is this: these expensive, complicated choices — it's not simply that they don't help. They actually hurt. They actually make us worse off.

If some of what enables people in our societies to make all of the choices we make were shifted to societies in which people have too few options, not only would those people's lives be improved, but ours would be improved also, which is what economists call a "Pareto-improving

move." Income redistribution will make everyone better off — not just poor people — because of how all this excess choice plagues us.

So to conclude. [You can be anything you want to be — no limits] You're supposed to read this cartoon, and, being a sophisticated person, say, "Ah! What does this fish know? You know, nothing is possible in this fishbowl." Impoverished imagination, a myopic view of the world — and that's the way I read it at first. The more I thought about it, however, the more I came to the view that this fish knows something. Because the truth of the matter is that if you shatter the fishbowl so that everything is possible, you don't have freedom. You have paralysis. If you shatter this fishbowl so that everything is possible, you decrease satisfaction. You increase paralysis, and you decrease satisfaction. Everybody needs a fishbowl. This one is almost certainly too limited — perhaps even for the fish, certainly for us. But the absence of some metaphorical fishbowl is a recipe for misery, and, I suspect, disaster."

-Excerpts from his TedTalk: "The Paradox of Choice"

https://www.ted.com/talks/barry_schwartz_on_the_paradox_of_choice?language=en#t-3837 27

How can you become the easiest choice?

When will people interact with your product? For how long, and how often? How do you fit into their day-to-day?

Ben Lee

Exercise Four: Think About What Your Customers *Really* Need

Case Study:

You Hired a Milkshake to Do *What?*

Clayton Christensen: "We actually hire products to do things for us. And understanding what job we have to do in our lives for which we would hire a product is really the key to cracking this problem of motivating customers to buy what we're offering. So I wanted to tell you a story about a product we did for one of the big fast food restaurants. They were trying to goose up the sales of their milkshakes. They had just studied this problem up the gazoo. They brought in customers who fit the profile of the quintessential milkshake consumer, and they'd give them samples and ask: 'Could you tell us how we could improve our milkshakes so you'd buy more of them? Do you want it chocolatey or cheaper, chunky or chewy…' They'd get very clear feedback. They would then improve the milkshake on those dimensions, and it had no impact on sales or profits whatsoever.

So one of our colleagues went in with a different question on his mind, and that was: 'I wonder what job arises in people's lives that caused them to come to this restaurant to hire a milkshake?' So we stood in a restaurant for 18 hours one day and just took very careful data: what time did they buy these milkshakes, what were they wearing, were they alone, did they buy other food with it, did they eat it in the restaurant or drive off with it? It turned out that nearly half of the milkshakes were sold before 8 o'clock in the morning. The people who bought them were always alone, it was the only thing they bought, and they all got in the car and drove off with it.

So to figure out what job they were hiring it to do, we came back the next day and stood outside the restaurant so we could confront these folks as they left, milkshake in hand. We essentially asked: 'Excuse me, please, but I've got to sort this puzzle out. What job were you trying to do for yourself that caused you to come here and hire that milkshake?' And they struggled to answer,

so we helped them by asking other questions, like: 'Well, think about the last time you were in the same situation, needing to get the same job done, but you didn't come here to hire a milkshake. What did you hire?'

'Good question,' they'd say. 'What do I hire when I do this job? You know I'd never framed the question that way before, but last Friday I hired a banana to do the job. Take my word for it: never hire bananas. They're gone in three minutes, you're hungry by 7:30. If you promise not to tell my wife, I probably hire donuts twice a week; but they don't do it well either. They're gone fast, they crumble all over my clothes, they get my fingers gooey. Sometimes I hire bagels, but, as you know, they're so dry and tasteless. Then I have to steer the car with my knees while I'm putting jam on them, and then, if the phone rings, we've got a crisis. I remember I hired a Snickers bar once, but I felt so guilty, I've never hired Snickers again. Let me tell you: when I come here and hire this milkshake, it is so viscous that it easily takes me 20 minutes to suck it up that thin little straw. Who cares what the ingredients are? I don't! All I know is I'm full all morning, and it fits right here in my cup holder.' Well it turns out that the milkshake does the job better than any of the competitors, which in the customers' minds, are not Burger King milkshakes, but bananas, donuts, bagels, Snickers bars, coffee, and so on. But I hope you can see how, if you understand the job, how to improve the product becomes just obvious."

-From "Understanding the Job" for University of Phoenix

https://www.youtube.com/watch?v=f84LymEs67Y

What are people 'hiring' your product to do?

*In the example above, people 'hired' milkshakes because they met all the requirements of breakfast on-the-go, which bananas, bagels, and donuts could not. Similarly, you don't 'hire' a drill because you want a drill; you hire the drill because you want a hole. So Craftsman is really selling holes. What are you **really** selling?*

Ben Lee

"It's one of the characteristics of a leader that he not doubt for one moment the capacity of the people he's leading to realize whatever he's dreaming. Imagine if Martin Luther King had said, 'I have a dream. Of course, I'm not sure they'll be up to it.'" - **Benjamin Zander**

• • • • •

Alright, now we know what we're up against, who we're trying to attract, and how. But what if you have more than one type of early adopter? What if your product can appeal to multiple customer segments, even early in the game?

To go back to the *Silicon Valley* example, is it possible that you have a product that might appeal to more than one character, or perhaps (but unlikely) all of them? Reflect on whether or not your product might solve different problems for different people, and how that might affect your marketing strategies moving forward. But first, let's take a deeper look at customer segments, and how to use them to your advantage.

Exercise Six: Your Product Isn't One-Size-Fits-All

Excerpts from The Entrepreneur's Guide to Customer Development by Bryant Cooper and Patrick Vlaskovits. They describe their book as a "cheat sheet" to Steve Blank's groundbreaking book - Four Steps to the Epiphany: Successful Strategies For Startups That Win.

Ben Lee

What is segmentation?

It's the practice of breaking down a larger market into smaller, more identifiable groups of users who share specific needs and who reference (or more bluntly - communicate) with each other.

Why is it important?

Because word of mouth marketing still works best, whether that word spreads in person or online. So if two customers can't communicate with each other, they belong in different segments. If they *can* communicate, and thus have "access to each other," then ideally you can use a common methodology to reach them.

What does segmentation allow you to do?

Initially, it helps you understand product-market fit, and whether or not there's even a market for your product to begin with. Once you discover different segments, not only can you focus on dominating a particular segment, but you can also look for untapped or "unoccupied" segments, which often have less competition and more areas of opportunity. You can then focus your marketing resources and attempt to line up and knock down segments one by one.

Segmentation Should Include These Six Characteristics

1. **Identifiable:** Can you measure characteristics, usage, and behavior?
2. **Substantial:** Is each segment you've identified large enough to be profitable?
3. **Accessible:** Can you reach each segment via both communication and distribution channels?
4. **Stable:** Are the behaviors, hangouts, and lifestyles of your segments going to hold, or do they fluctuate?
5. **Differentiable:** How clear are the needs of each segment? What makes each segment unique?

Ben Lee

- Results are measured in validated learning, which uses milestones to determine what's working and what's not

"The minimum viable product is that version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort." **- Eric Ries**

MVP Examples:

- A short video (Dropbox)
- A simple landing page (Buffer)
- A Wordpress Blog (Groupon)
- Your Apartment (Airbnb)
- Email Capture (Yipit)
- A simple website with ecommerce (Zappos)
- Single offer (Virgin Air)
- Most things on Kickstarter

"The only way to win is to learn faster than anyone else." **- Eric Ries**

Questions Your MVP Helps You Answer:

- Should this product even be built?
- Does a market exist for my product to thrive in?
- Which customer opinions really matter?
- Which core features take priority?
- What's essential?
- Does this product really deliver value to my customers?
- What's the right price point for this product?

What's the most basic model of your product that customers would pay for?

List your top three features.

"The first step in exceeding your customer's expectations is to know those expectations." **- Roy H. Williams**

• • • • •

Looking at your basic product, what are you working towards some day? What else might be nice to offer your customers? Think big picture. What's your long game? Dream big without biting off more than you can chew.

Exercise Two: Avoiding Feature Creep

"You know, you can please some of the people, some of the time. One of the hardest things, when you're trying to effect change, is that people - like this gentleman - are right, in some areas. I'm sure there are some things Open Doc does, probably even more that I'm not familiar with,

"The more constraints one imposes, the more one frees one's self. And the arbitrariness of the constraint serves only to obtain precision of execution." - **Igor Stravinsky**

• • • • •

After learning what your customer truly needs, compare what you would like to build to what you *can* build right now. Of course, our goal is to help the customer solve whatever problem they're currently facing; but it also helps to consider unforeseen problems or challenges that your solution might inevitably cause.

What are some of the risks of your product - specifically, your ideal technology and scope of features? Have you considered the learning curve for product adoption? What does your customer *not* know? And what will you need to teach them?

Exercise Four: Your Technology and Educating Your Customers

To Complicate or Simplify? Excerpts on Tech and Machinery from James P. Carse's *Finite and Infinite Games*

Note: This book was written in 1986, and Carse probably couldn't have imagined the giant leaps technology would make over the next 30 years. Perhaps this allows for a more objective view of how technology fits into our existence as flawed, human creatures. As you read, keep in mind that the word 'machine' would have most likely been replaced with the word 'technology' had this been written today. Food for thought.

Who's Really In Control?

We make use of machines to increase our control over natural phenomena. By nothing more than fingertip controls, a team of workers can cut a six-lane highway through mountains, or fill in wetlands to build shopping malls. While a machine greatly aids the operator in such tasks, it also disciplines its operator. As the machine might be considered the extended arms and legs of the worker, the worker might be considered an extension of the machine.

To use the machine for control is to be controlled by the machine. To operate a machine one must operate like a machine. Using a machine to do what we cannot do, we find we must do what the machine does.

Machines do not, of course, make us into machines when we operate them; we make ourselves into machinery in order to operate them. Machinery does not steal our spontaneity from us; we set it aside ourselves. We deny our originality. Because we make use of machinery in the belief we can increase the range of our freedom - but in fact only decrease it - we use machines against ourselves.

What Do We *Really* Want From Our Technology?

Machinery is contradictory in another way. Just as we use machinery against ourselves, we also use machinery against itself. A machine is not a way of doing something; it stands in the way of doing something. The goal of technology is therefore to eliminate itself, to become silent, invisible, carefree.

Ben Lee

friend. In each case your relationship with me does not depend on my needs but on the needs of my machinery.

If to operate a machine is to operate like a machine, then *we not only operate with each other like machines, we operate each other like machines.*

When the use of machinery springs from our attempt to respond to the indifference of nature with an indifference of our own to nature, we have begun to acquire the very indifference to persons that has led to the century's grandest crimes by its most civilized nation.

Does your technology represent a risk?

Or better yet, what is the core dependency your tech is based on? At this early stage, is your technology just for show, or is it actually helping you learn something about your customers? What's the learning curve for customers?

---

*"Finite players play within boundaries; infinite players play with boundaries." - **James P. Carse***

• • • • •

Now that we've considered risks, features, and needs, let's talk about how your product will fit within the *minds* of your customers. What will make your offer memorable or unique? How can you position your offer within the marketplace so that you stand out among the competition? If you're not first to market, how can you still gain traction?

Let's examine the work of Ries & Trout to learn more.

Exercise Five: Positioning Your Product

The Battle for Your Mind: Advice from Al Ries & Jack Trout on Product Positioning

What is Product Positioning?

A communication tool used to reach target customers in a crowded marketplace by positioning that product within the mind of the customer.

The Problem: Information Overload

Customers are flooded with advertisements on a daily basis. As a result, they only respond to those products or brands that are consistent with their past experiences or knowledge. This can lead to oversimplification, or even shutting out information that is inconsistent with their beliefs. Unsurprisingly, it's very difficult to change a customer's mind once an impression has been formed.

I've been working on my [project] for a while, but I think it's finally time to share it with someone I trust. I'm looking for brutal honesty here, so naturally, I thought of you. It's a just simple MVP at the moment, nothing more than [MVP type], but theoretically, it should give you an idea of what I'm working towards, and if it's capable of solving the problem we've been discussing. You're great when it comes to this kind of stuff, and I really value your opinion, so what do you say? Meet up for coffee or drinks sometime this week or next? My treat.

{Signature}

Asking Someone Referred by a Friend or Colleague

Subj: Friend of a Friend

"Hi [name],

Our mutual friend, [name], recommended that I contact you regarding my latest project, [name of product]. It's designed to [solve this particular problem], which I've heard is something troubling [you, your organization, your customers]. I'd love to show you my basic build to see if this is a potential solution, and maybe get some feedback from you in the process. I'd be happy to meet you for coffee or cocktails at your convenience. We can discuss the problem you're facing, and if there's any way I can help. But don't worry - this isn't a sales pitch. I really just want your expert opinion on this matter, if you can spare the time. I believe it would be mutually beneficial.

Ben Lee

How's [e.g., Wednesday at six outside your office] sound? My treat.

{Signature}

Asking a Complete Stranger You Found On LinkedIn (or Wherever)

Subj: Shot in the dark

Hi [name],

I recently came across your profile on [social media platform or other source] and discovered that you're trying to [solve this particular problem]. Turns out, I'm currently working on a solution right now. I'd love to show you what I'm building to get your feedback. My goal is merely to solve the problem as best I can, so I won't try to sell you on it. I just want to know if you think, in your expert opinion, that it will work. I'm looking for brutal honesty here, and since we don't really know each other, I figured you'd give it to me straight. I'm happy to send you a link, or set up a call. If you're in the area, we could even meetup for coffee or drinks. Let me know what would be most convenient for you. I think you're really going to be intrigued by what I'm cooking up.

Talk soon,

{Signature}

Ben Lee

feedback conversations with confidence and curiosity, and even when the feedback seems wrong, how to find insight that might help us grow."

The Three Types of Feedback As Outlined by Stone & Heen:

1. **Appreciation:** To see, acknowledge, connect, motivate, thank
2. **Coaching:** To help receiver expand knowledge, sharpen skill, improve capability
3. **Evaluation:** To rate or rank against a set of standards, to align expectations, to inform decision making

And, How We Think These Can Be Applied When Asking For Feedback on Your MVP:

1. **Appreciation:** Do they agree that the problem you're solving even exists, and if so, are they experiencing it themselves? Would they be thankful for a potential solution like yours? What would motivate them to engage with your product, or even share it with others? Again, think of your core dependency: what do you *really* need to learn from customers? What's the biggest thing your customers have to agree to?
2. **Coaching:** If someone is agreeing to give you feedback, it means they want to help you. So pitch your idea as quickly as possible, and let them talk. Try not to interrupt with too many canned questions, but rather try to pose organic, relevant questions in search of understanding and empathy. The more they talk, the higher the chances are that you'll hear something surprising or profound.
3. **Evaluation:** What does your feedback participant expect out of a product like yours? Have they tried other products in your industry, and if so, where did those products fall short? What appears to be the status quo? If you can get these questions answered, you'll most likely be able to identify the biggest areas of opportunity.

Want to see feedback at its worst and most hilarious? Check out http://sharpsuits.net/

Ben Lee

When Asking For Feedback, Think About Your Mindset:

Fixed Mindset: *My product is what it is. If people don't like it, it's probably just not for them. They can take it or leave it. And we certainly don't have the resources to invest in a brand new angle, not after we've already come this far. This is what we do.*

Growth Mindset: *My product will be what the market demands. If the market changes or adapts, I will also prepared to change and adapt. If people don't like it, I will find out why. If and when it's time to pivot or find a new angle, we will find the resources. We're not afraid to pivot.*

Mini-Case Study: Scott Cook & Intuit

An Excerpt from The Lean Startup by Eric Ries

"When Scott Cook conceived Intuit in 1982, he had a vision—at that time quite radical—that someday consumers would use personal computers to pay bills and keep track of expenses. When Cook left his consulting job to take the entrepreneurial plunge, he didn't start with stacks of market research or in-depth analysis at the whiteboard. Instead, he picked up two phone books: one for Palo Alto, California, where he was living at the time, and the other for Winnetka, Illinois. Calling people at random, he inquired if he could ask them a few questions about the way they managed their finances. Those early conversations were designed to answer this leap-of-faith question: do people find it frustrating to pay bills by hand?

It turned out that they did, and this early validation gave Cook the confirmation he needed to get started on a solution. Those early conversations did not delve into the product features of a

Exercise Ten: When Your Target Audience Hates Your Idea

Case Study:

What If Your Customer Isn't Really Your Customer?

Steve Blank: "One of my favorite examples is a student team out of Stanford. They'd decided that the world's best thing they could think of building was a robotic lawnmower. Maybe you're doing it on large campuses, or something else. And they were actually pretty good computer scientists. They understood machine vision and they understood all this other stuff, but they didn't quite understand how it would fit as a business.

So, their first hypotheses were all about robotic mowing, and they got out of the building and started talking to potential customers who all said, 'How much is your device gonna cost?' And they said, 'oh about a quarter million dollars.' And they said, 'we pay somebody $8 an hour to sit on the John Deere and go do this. Why would we want your product?' And they [student team] came back after the first couple of weeks incredibly depressed. They had done a whole bunch of customer discovery, but the customer segment they had thought about was telling them that it's the dumbest idea they'd ever heard.

And so the teaching team nicely suggested that, 'You know, in California we actually have agriculture outside of Silicon Valley - about sixty miles away is Salinas Valley. If you can recognize grass, could you maybe recognize plants or weeds?' And they went, 'Yeah, maybe we could.' So they got out of the building again, and this time, talking to farmers, asking them 'would there be any value in being able to tell the difference between a weed and a plant, and maybe some way to automatically kill the weeds?'

Ben Lee

Now, it turns out, in California we grow a lot of organic crops, where you can't chemically kill the weeds. You had to actually hand pick them, and we were using hundreds if not thousands of migrant workers in the fields to do this. And when farmers heard about a robotic solution for what's called 'precision agriculture,' they started to get excited.

To make a long story short, after talking to about 85 customers, this team completely pivoted, that is, changed their assumptions about their customer segment, about the features that were important, and even pricing. The farmers taught them that they shouldn't be selling the machine - they should be leasing it based on the density of the weeds. Who would have figured that out sitting in a building?"

-Steve Blank for The Kauffman Founders School
https://www.youtube.com/watch?v=lLEebbiYIkI

Did you discover any new or unexpected customer segments or needs?

Did you find out that different people want to use your product or service for different things? If you've discovered new customer segments, what does each one want the most? Did you discover unknown needs or problems in your pre-defined segments? Or do you need to completely pivot?

Part Five: Building Your Business

How to create a cohesive brand around your idea.

Thanks to feedback from your prospects, you should have an idea of where to head next with your product. A revised MVP, enhanced by actual feedback and deeper insights, can become the catalyst for your actual brand and business to take shape. And since things start to get expensive once you put this ball into motion, you want to be sure you have a sound strategy moving forward. This next section will guide you through that process, starting with addressing the biggest obstacles standing in your way - namely, your perceived value in the marketplace.

Exercise One: Understanding Value & Growth

Are You Value-Creating or Value-Destroying?

Lessons from The Lean Startup by Eric Ries

Three Ways to Always Be Creating Value:

1. **Understand the reasons behind your startup's growth.**
a. Avoid "Success Theatre," which is merely using the appearance of growth to make it seem that you are successful. E.g., growing through outside money and paid advertising but failing to develop a value-creation product.
2. **Learn to see waste and then systematically eliminate it.**
a. Value is defined as something that provides a benefit to a customer.
b. If it doesn't provide a benefit to the customer, then it's wasteful to the startup.
3. **Discover ways to learn without building something, whenever possible.**
a. Learning is your essential unit progress.

Ben Lee

b.   Any effort that is not absolutely necessary for learning more about what customers want is waste.

What's the biggest challenge you'll have to overcome based on your feedback?

What have you learned? How will you use that knowledge to overcome the obstacles standing in your way?

_____

_____

_____

"Every day, companies solicit feedback from customers, yet only a few translate that feedback into meaning. An even smaller fraction of companies actually take action or close the loop with the customer, to let them know their voice was heard." **- Whitney Wood,** *Phelon Group*

• • • • •

Now that we'e explored our obstacles, it's time to look at the market as a whole. In order to succeed, you'll need to do what Geoffrey A. Moore calls "crossing the chasm" from your early adopters to the early majority. These are two very differnet customer segments who look for very different things in a product. But, if you're going to stand a chance at mainstream market success, you'll need to appeal to these "pragmatists in pain" by achieveing product-market fit. Here's what we mean:

Ben Lee

- What's their branding like? How do you feel about their style? What would you do differently?
- What ideas for disruption come to mind?

In regards to the problem that your product will solve, who else is out there solving it now?

"No one" is an acceptable (yet unlikely) answer. If no one is solving this problem, who else is trying to then? Keep in mind that there could be several other companies solving only certain aspects of the problem, whereas you're trying to solve the entirety of the problem.

_____

_____

_____

"The strong take from the weak, but the smart take from the strong." - **Pete Carril**, *Hall of Fame Basketball Coach*

• • • • •

One of the best competitve advantages you can have over the competition is the ability to make your customer feel something about you. An emotional experience is far more meaningful than a logical list of products and features. So consider how you might stage a memorable experience for your customers. Why will they remember you? How will interactions with you make them

feel? And how will this differ from the competition? Remember: gaining loyalty isn't just about solving a problem, it's about forging a relationship.

Exercise Four: Making Your Customers *Feel*

Alternate Reality : How to Stage Memorable Customer Experiences

Excerpts from *The Experience Economy*

The Essence of Theme:

- Not a corporate mission statement or a marketing tagline
- Doesn't need to be publicly articulated - it should be felt
- Drives all design elements & staged events of the experience toward a unified storyline that wholly captivates the customer
- Forms the foundation of an experience
- Alters the guest's sense of reality
- Creates a reality other than everyday
- Engaging themes integrate space, time, and matter into a cohesive, realistic whole
- Put guests in motion in the experience - think 'choose your own adventure'
- Should fit the character of the enterprise staging the experience

Impressions:

- The "takeaways" of the experience
- Words are not enough: must introduce cues that affirm the nature of the desired experience, and each cue must support the theme (e.g., the coffee house that specialized in customer experience incentivizing their baristas to memorize their regular's favorite orders and have them ready before they get to the register)
- **Ask yourself:** how do you want guests to describe their experience with you:

Ben Lee

https://www.fastcodesign.com/3047450/what-10-dieter-rams-products-reveal-about-the-principles-of-good-design

http://www.archdaily.com/198583/dieter-rams-10-principles-of-%25e2%2580%259cgood-design%25e2%2580%259d

---

Excerpts from "A UX Crash Course" by The Hipper Element

The Five Ingredients of UX:

1.   Psychology

What is the user's motivation to be here in the first place?

How does this make them feel?

How much work does the user have to do to get what they want?

What habits are created if they do this over and over?

What do they expect when they click this?

Are you assuming they know something that they haven't learned yet?

Is this something they want to do again? Why? How often?

Are you thinking of the user's wants and needs, or your own?

How are you rewarding good behaviour?

Ben Lee

2.   Usability

Could you get the job done with less input from the user?

Are there any user mistakes you could prevent? (Hint: Yes, there are.)

Are you being clear and direct, or is this a little too clever?

Is it easy to find (good), hard to miss (better), or subconsciously expected (best)?

Are you working with the user's assumptions, or against them?

Have you provided everything the user needs to know?

Could you solve this just as well by doing something more common?

Are you basing your decisions on your own logic or categories, or the user's intuition? How do you know?

If the user doesn't read the fine print, does it still work/make sense?

3.   Design

Do users think it looks good? Do they trust it immediately?

Does it communicate the purpose and function without words?

Does it represent the brand? Does it all feel like the same site?

Does the design lead the user's eyes to the right places? How do you know?

Do the colours, shapes, and typography help people find what they want and improve usability of the details?

Do clickable things look different than non-clickable things?

4.   Copywriting

- **Features:** Syncs with your shopping cart; has mobile capabilities; can do recurring billing

Shopify

- **Price:** Basic = $29/month; 'Shopify' = $79/month; Advanced = $299/month
- **Getting Paid:** Accepts payments from 70 different payment processors; countless integrations
- **Fees:** Basic = 2.9% + $0.30; Shopify = 2.6% + $0.30; Advanced = 2.4% + $0.30
- **Features:** Customizable templates; discount codes; accepts all major credit cards & most gift cards

Venmo

- **Price:** Free to join
- **Getting Paid:** Mostly peer-to-peer money transfers; limited release for business at the time of this writing.
- **Fees:** 3% with credit cards;
- **Features:** Easy sign in with Facebook, Twitter, or Google+; simple and effective

Square

- **Price:** Magstripe reader free w/account; array of hardware, software and features at various price points
- **Getting Paid:** Magstripes, POS, chip readers, apps, and more
- **Fees:** 2.9% for businesses; 3.5% + $0.15 for keyed-in payments, 2.9% + $0.30 for invoices
- **Features:** Accepts every major credit card; offers invoicing and virtual terminals

Ben Lee

Google Wallet

- **Price:** Free to join
- **Getting Paid:** Competes with Venmo, mostly peer-to-peer; can only use for business as a sole proprietor
- **Fees:** Receiving money is free; 2.9% transaction fee for credit cards
- **Features:** Instant withdrawal to debit card; fraud protection; easy, sharp interface

Freshbooks

- **Price:** $15-$50 a month ($15=5 clients, $25=50 clients, $50=500+ clients)
- **Getting Paid:** Easily accepts credit card payments; integrates with PayPal, Stripe, and more
- **Fees:** Visa/MC = 2.9% of transaction total + $0.30; Amex = 3.5% of total + $0.30
- **Features:** Great UX, time tracking, invoicing, automatic reminders and late fees if applicable

BitPay

- **Price:** Free to join
- **Getting Paid:** Receive payment of any amount, from anywhere in the world, from any device
- **Fees:** Flat 1% settlement charge
- **Features:** Over 40 integrations and counting; buttons, hosted checkout, cart plugins and more

What payment platforms will you use?

PayPal, Stripe, etc? What fees will you be expected to pay?

Ben Lee

Embrace niches, aggregate dispersed audiences, and know that almost anything is worth offering on the off chance it will find a buyer.

2.   Cut the Price in Half...Then Lower It

The cost of free is the psychological value of convenience. To compete with free, offer fair pricing, ease of use, and consistent quality. More importantly, price according to digitial costs, not physical ones. As it turns out, when you lower prices, people tend to buy more.

3.   Help Them Find It

Use "hits" to attract consumers, then use lower prices and additional content to lure them down the tail, towards overlooked merchandise or offers. And by guiding them down the tail, and learning more about their preferences, you can make more informed recommendations moving forward.

Sources:

http://changethis.com/manifesto/10.LongTail/pdf/10.LongTail.pdf

https://www.wired.com/2004/10/tail/

How will customers pay for your product?

Direct or third-party? Are there levels of access? Once they make a purchase, is there an incentive to keep paying for something, or search for something else?

Ben Lee

"The biggest money is in the smallest sales." **- Kevin Laws**, *Venture Capitalist and Former Music Industry Consultant*

• • • • •

OK, so you're officially ready for people to start purchasing your product. This is a good time to touch on empathy. If you can understand the feelings and emotional needs of your customer, you'll be in a strong position for market domination. However, you're going to need to do more than merely understand these feelings. You've got to build that understanding into your customer experience. Consider, how does your customer interact with your business and product? How can you demonstrate your understanding of them at each and every touchpoint?

Exercise Thirteen: Building Empathy

What is a Touchpoint?

These are every point of interaction between you and your customer along their journey. For example, your customer could click on your ad, enter your website, sign-up for a free download, subscribe to your blog, purchase your product, visit your brick and mortar store, talk with a customer service representative, chat with a bot, log-in to their membership page, etc, etc.

visual representation of them on the page. Feel free to get creative with your actual map, but in terms of the content you breakdown, try to make your most educated guess. Let's go.

1.   **First, let's talk about goals.** You're going to be mapping a very specific customer interaction. Maybe it's from the moment your customer hears about your product, or the first time they land on your site. Once they begin this journey, what is it they hope to achieve or accomplish? Is this different from what you want them to do?

2.   **How do you think this experience will play out?** From the moment a customer learns of your product until they hit purchase, download it, or receive it via UPS, what can your customer expect to experience? What are the steps they must follow? For instance, is it "Create an account" or "Hit Buy?" Make a list of every time your customer interacts with your brand. What are those "touchpoints?" How do they get from where they started to where the process ends? What does the customer do at each touchpoint? Where do these interactions happen? Is it on your website? Social media platforms? In-person, or on the app itself? Be as clear as possible on the **what** and **where**.

3.   **Who is your customer?** Technically, you should make a customer journey map for each one of your customer segments. You may know these individuals as "personas," or characters; but for the sake of this exercise within Rootstrap, let's focus on your early adopter. Who is the customer your product is the best fit for? Who's actively *searching* for your product?

4.   **Let's dig deeper and flesh out a basic "Empathy Map."** For your target customer - your early adopter - go through each touchpoint and jot down **how** each touchpoint makes them feel. Are there any sensory experiences, such as sight, touch, or sound? Where do you think they might get frustrated? What do you think they want out of each touchpoint? Why do they follow the path they do? How does each touchpoint or interaction inform their opinion of your product? Does anything cause anxiety? How can each interaction leave a positive, lasting impression? What does "great" look like for your target customer along the way?

5.   **Now that you've gathered all the information you need, get creative and design a basic customer journey map.** Using your touchpoints as your guide, and maybe lines or arrows to demonstrate your customer's journey, create a map you can use to test your assumptions moving forward. Remember, this is just your hypothesis, so there are no right or wrong answers. Be sure to write specific "pain points" along the journey to take into account during and after each round of customer interviews and validation. And be mindful that this

Ben Lee

entire customer journey is meant to be from your customer's perspective, so really dig deep into their emotional state of being at each touchpoint. The more specific you are now, the more informed you'll be down the road.

Sketch a customer journey map for each customer segment.

"...the easiest way to increase the responsiveness of your list is to increase the connection and relationship you have with your list....In terms of pure response rates, an email subscriber is worth many times more than a social media subscriber. In fact, the latest tests I've seen have shown that email is at least 20 times more powerful than a Facebook list. In other words, an email list of 1,000 people will outperform a Facebook following of 20,000."

On Growing

"When you first start out, you will likely have limited capital. And since you'll be doing most everything yourself, you'll definitely have limited time. Picking the right opportunity is HUGELY important. Making the wrong choice can set you back weeks, months, or even years."

"The more successful you become, the more 'opportunities' you will have. This is what we call "deal flow." You start to have success, you build up a series of assets, you prove your worth - and all of a sudden everyone wants to do a deal with you...That's one of the reasons why it's easier to go from $100,000 to $1,000,000 than it is to go from zero to $1,000."

"If you're going to be in business, and you're going to have long-term success, then you need to be a perpetual student. Your market, clients, and competitors aren't going to stand still, and you can't afford to either....You have to go to school. And you're going to have to keep going back to school."

At first glance, how do you think you should market your product?

What are your inital assumptions? Where do you think you'll find your customers?

Ben Lee

"An entrepreneur is someone who jumps off a cliff and builds a plane on the way down." - **Reid Hoffman,** Co-Founder of LinkedIn

• • • • •

Now that you've listed your general assumptions regarding marketing your product, let's turn to how you'll achieve traction through these channels. In the section below, we'll outline major channels available online and off. See which ones appeal to you, and weigh those options against your inital ideas. Are there more options available than you had originally thought, or were your assumptions spot on? How can you work smart, not hard, in gaining paying customers over the shortest amount of time?

Exercise Two: Gaining Traction

Lessons on Growing Your Business From *Traction: How Any Startup Can Achieve Explosive Customer Growth* **by Gabriel Weinberg and Justin Mares**

"Traction is growth. The pursuit of traction is what defines a startup."

- Over 467 million registered users
- 41% of users log on via mobile
- 40% of users check daily
- 56% men, 44% women
- 67% of digital marketers commonly use LinkedIn
- 19.7 million slideshares are uploaded to LinkedIn
- Users conduct 1 billion searches per day
- **94% of B2Bs use LinkedIn for content marketing**

Instagram

Most engaging platform for businesses. Used for sharing high-quality photos and videos, stories, marketing, influencing, advertising, social awareness, movements, and more.

- **The Numbers:**
  - 500 million monthly active users
  - 32% of Internet users are on Instagram
  - 95 million photos and videos shared each day
  - Most engaging platform after Facebook, with more than 60% logging in daily
  - 51% men, 49% women
  - Average user spends 25 minutes a day on the platform
  - 53% of users follow their favorite brands on Instagram
  - 34% of marketers plan to use Instagram
  - Hashtags & location get most user engagement (at least 1 hashtag = 12.6% more engagement)
  - 90% of users are under 35
  - **Engagement with brands on Instagram is 10x higher than Facebook, 54x higher than Pinterest, and 84x higher than Twitter.**

Pinterest

Subreddit where they're hanging out. You can also encourage user submissions and comments, provide customer service, build a community, and even conduct interviews or AMAs (Ask Me Anything).

- **The Numbers:**
  ○ 250 million users
  ○ 853,824 Subreddits and counting
  ○ 50,000 active Reddit communities
  ○ 8 billion monthly pageviews
  ○ 25 million daily votes

Meetup

Newer businesses can use this platform to network, drive leads, and engage with prospects. Allows you to position yourself as a thought leader through small speaking engagements, or test ideas and get direct feedback from people with similar interests.

- **The Numbers:**
  ○ 32.20 million members
  ○ Almost 300,000 meetup groups
  ○ Over 600,000 monthly meetups
  ○ 390 million monthly RSVPs

https://socialpilot.co/blog/151-amazing-social-media-statistics-know-2017/

https://www.youtube.com/yt/about/press/

https://www.hubspot.com/marketing-statistics

https://www.meetup.com/about/

http://expandedramblings.com/index.php/reddit-stats/

How are your prospects communicating with each other currently?

Where are they hanging out? What are they talking about? Are they on multiple platforms? Where's the crossover?

_____

_____

_____

"A brand is no longer what we tell the consumer it is - it is what consumers tell each other it is." - **Scott Cook**, *Founder of Intuit*

• • • • •

OK, so you've chosen your platform. Now you must find your audience within that network. Here are ten tips to get your started.

Exercise Five: Finding Your Audience

10 Tips on Building Communities Through Social Channels

- Using the coinciding hashtag #WellTravelled, they allowed customers to partake in the community by showing off their bags in different settings. This inspired customers to get involved and express their creativity.

https://hootsuite.com/resources/case-study/social-media-growth-secrets-from-herschel-supply

https://www.entrepreneur.com/article/276904

Cards Against Humanity - Staying True to Themselves

"Just help people. If you are one of those people who has figured out what you are about and what you believe in, that's what being a philosopher is about. Just talk about those ideas and help people who have not yet figured it out." - Max Temkin, Co-Founder of Cards Against Humanity

- They're constantly putting the customer first, offering a constant stream of new additions, and allowing users to remix the game as they see fit.
- They're hilarious, irreverent, and downright offensive at times. And their attitude to those who might be offended? 'Deal with it and lighten up, or don't play.'
- CAH is constantly creating viral campaigns and unconventional PR: Creating a Superbowl ad with nothing but 'Advertisement' written on a potato; Black Friday deals consisting of offering nothing for $5, or the ability to send bull feces to a friend (or enemy); 'Pay what you want' holiday packs; sending 55 gallons of lube to the Oregon armed militia; even digging a giant hole for no apparent reason.
- They connect with a certain worldview through philanthropy. For instance, they made over $70K from their pay-what-you-can holiday pack, and donated it all to the Wikimedia Foundation. CAH has also donated to the Chicago Design Museum, a local Chicago radio station, Heifer International, and more.

Ben Lee

- CAH creates custom URLs for most of its promotions, events, or partnerships, enabling them to track the success of each campaign with detailed analytics.

How do you plan to grab attention?

Why are people going to like you? Can you make people laugh, feel creative, or even a little rebellious?

"The central question for the Internet is not, Is this entertaining? but, Will this get attention? Will it spread?" **- Ryan Holiday, *Trust Me, I'm Lying***

• • • • •

Of course, once you start buiding momentum for your business, you may want some outside help to scale. That's where fundraising comes into play. This somewhat mythical process can be challenging for first-time product owners, so it's best to get advice from someone who's been in the trenches and helped a few others achieve success in the process. Here's Paul Graham's advice on fundraising:

How do you plan to get funded? What's the next step?

Don't just ask for money because you think it's what you should do. Have a plan.

"Investors have boards, questionable taste in clothes, and high expectations, but they offer little strategic value or creativity other than capital. Even worse, they're your permanent Sugar Daddy. Yes, there are circumstances where there's strategic fit - but if you're looking to take on investment purely because that's what the cool kids are doing, you need to rethink your long-term business strategy." - **Ben Lee, cofounder of Rootstrap**

• • • • •

If you're planning to present your idea to VC firms and angel investors, you may consider building a pitch deck enhanced by a solid presentation. Naturally, public speaking is one of those great fears many people have in life, but when you're properly prepared, those fears will surely melt away. Here's a compilation of advice from successful entrepreneurs on how to properly pitch your big idea.

Exercise Eight: Presenting Your Idea

Ben Lee

The Three-Part Pitch: Advice from Award-Winning Author and Professional Speaker Geoffrey James

What makes a great pitch?

1. ***The Benefit*** - the reason the customer might want what you're selling.
   a. **Wrong**: "We sell inventory systems."
   b. **Right:** "Manufacturers use our system to reduce their inventory costs by 50%."

2. ***The Differentiator*** - the reason the customer might want to buy from YOU.
   a. **Wrong**: "We're industry-leading and best-in-class..."
   b. **Right**: "We have a patented method that delivers materials the day they're needed."

3. ***The Ask*** - if the customer shows interest, you need to pose a question.
   a. **Wrong**: "Here's my card. Give me a call if you're interested."
   b. **Right**: "Maybe we should run some numbers. What's your availability next week?"

The 10/20/30 Rule From Guy Kawasaki: 10 Slides, 20 Minutes, 30-Point Font

"Pitching is usually used to raise money. But pitching, more generically, is about the process of seeking agreement. You can seek agreement for money...to recruit...for partnership...or for sales. You know that Latin saying 'I think, therefore I am.' - for an entrepreneur it is 'I pitch, therefore I am.' An entrepreneur is always pitching."

Ben Lee

2. **Don't sit down!** Get on your feet and lead the meeting. Not only will your voice carry better, but you'll be seen as an authority figure. Be sure to keep your hands out of your pockets, don't cross your arms, and dress the part.

3. **Never start with an apology or disclaimer.** Be prepared, on time, and confident.

4. **Don't waste your audience's time.** They have lives and other things they'd rather be doing, so thank them for their time, tell the why they're involved, what their role is, what they can expect from your presentation, and what you expect of them.

5. **Never explain what they can read, see, or determine for themselves.** Sell the benefits of your work, not the research. Tell your story.

6. **Have someone else take notes** that can be shared after the meeting. You're too busy presenting.

7. **Never read from a script.** Remember: your presentation is a show. Build excitement and reveal a well-crafted narrative. "You're a scientist when you work, and a snake charmer when you present."

8. **Don't get defensive.** Your work is not an extension of you. If you get critiqued, listen. And don't feel that you have to defend yourself or your work. Take the feedback graciously.

9. **Talk about your work as it relates to your audience.** You don't want to make them uncomfortable because they don't know anything about tech, design, or whatever it is you've been working on. Sell them on the experience.

10. **Don't talk about how much work you put in.** It makes you seem defensive and in need of validation.

11. **Don't react to questions as change requests.**

12. **Don't ask, "What do you think?"** You're opening yourself up to the wrong kind of feedback. Your audience doesn't know what kind of feedback you're looking for. During your presentation, you could say: "This is the kind of feedback I'm looking for today…" Then, ask far more specific questions that relate to the expertise of your audience.

13. **Finally, never ask, "Do you like it?"** You're not an expert in their eyes after that.

Source: *http://muledesign.com/2014/09/13-ways-designers-screw-up-client-presentations/*

Ben Lee

How are you going to get investors to buy in?

You may have to present multiple times. Are you confident in your pitch and the process?

_____

_____

_____

"A solid process lays the foundation for a healthy culture, one where ideas are evaluated by merit and not by job title." - **Eric Ries, *The Lean Startup***

• • • • •

So, what happens if you can't gain traction or find funding? Well, if you've done everything in your power to gain traction and make your business work, but you just can't seem to get it off the ground, then you may need to consider a pivot. Dont worry, that's not the end of the world. Many businesses have successfully accomplished their pivots, and we're confident you can do the same. (You've made it this far, right?) Here's what Steve Blank and Eric Ries had to say on the subject, followed by a few case studies that may provide further inspiration in your time of need.

Exercise Ten: When You Can't Get Traction or Find Funding

Ben Lee

The Art of the Pivot: Advice from Steve Blank & Eric Ries

What is a pivot?

When you started your business, you came in with a series of untested assumptions, and, most likely, at least one of those assumptions was incorrect. After completing the customer discovery process by "getting out of the building," you should have a better idea of how and why those assumptions must change. If it's a small change that's necessary, a simple iteration can resolve the problem; however, if it's a large, fundamental shift, you'll need to pivot.

Pivoting can mean changing any of nine different things:

1. Customer segments
2. Channels
3. Revenue Model/Pricing
4. Resources
5. Activities
6. Costs
7. Partners
8. Customer Acquisition
9. Product

Types of Pivots:

1. **Zoom-In:** A single feature in a product becomes the entire product
2. **Zoom-Out:** What was considered to be the product becomes a single feature of a much larger product
3. **Customer Segment:** You're solving the right problem, but for a different customer than anticipated
4. **Customer Need:** Your target customer has a problem worth solving, just not the one you thought

5.   **Platform:** A change from an application to a platform or vice versa

6.   **Business Architecture:** E.g., changing from high margin, low volume to mass market

7.   **Value Capture:** A shift in revenue model

8.   **Engine of Growth:** A change in growth strategy (viral, sticky, or paid) for faster or more profitable growth

9.   **Channel:** Discovering that the same product can be delivered through a more effective channel

10. **Technology:** Switching to a new technology with better performance or a superior price point

If you focus on only changing your product, you will be severely limiting your strategic choices. Or, as Steve Blank puts it: "you'll be bringing a knife to a gunfight."

Four Pivot Examples:

Groupon

Groupon started out as The Point. Founder Andrew Mason's initial goal was to improve the online fundraising experience, but the audience wasn't there. However, the most successful campaigns on the site were those that gave consumers buying power. Eventually these deals became what is now known as Groupon.

Instagram

Instagram began as a location-based HTML app called Burbn. After a year of work, founders Kevin Systrom and Mike Krieger were finally able to release Burbn as a native iPhone app, but it was crowded with features. They decided that the finished product wasn't very good and started over. Eight weeks later, they produced Instagram.

Pinterest

Pinterest was originally Tote, a mobile retail shopping app. The goal was to connect consumers directly with retailers, such as American Apparel and Banana Republic. However, mobile payments were a problem - especially back in 2009. As a result, users weren't purchasing items so much as collecting them as favorites. So, CEO Ben Silbermann chose to pivot and Pinterest was born.

Fab

Fab was initially designed to be the gay Facebook/Yelp/Groupon known as Fabulis.com. Created by Jason Goldberg and Bradford Shellhammer, the site never attracted enough users. A drastic pivot led to the creation of Fab.com, an e-commerce platform for indie clothing, jewelry, housewares and more. Within seven months, the site had over two million active users.

Consider a pivot if:

- You're in the Land of the Living Dead (neither growing enough nor dying)
- Your product experiments are demonstrating decreasing effectiveness
- You have a general feeling that product development should be more productive

How best to determine whether to pivot or persevere:

1. Set up a meeting with both your product development and business leadership teams.
2. Have the product development team bring a complete report of any and all results of product optimization efforts over time, as well as a comparison of how those results stacked up against expectations.
3. Have your business leadership team bring detailed accounts of conversations with current and potential customers.

Ben Lee

The past investments are over, lost, gone forever. They are irrelevant to the future.

http://sethgodin.typepad.com/seths_blog/2015/02/the-truth-about-sunk-costs.html

http://sethgodin.typepad.com/seths_blog/2009/05/ignore-sunk-costs.html

What Can You Do To Improve Your Offer?

New markets? A new set of features? New positioning? Back to the drawing board entirely?

_____

_____

_____

"The only way to get what you're worth is to stand out, to exert emotional labor, to be seen as indispensable, and to produce interactions that organizations and people care deeply about." - **Seth Godin,** *Linchpin: Are You Indispensable?*

• • • • •

Finally, whether you're considering a pivot or well on your way to those first 100 customers, Benjamin Zander believes that you should give yourself an A. No matter which path this business venture has taken you down, you've still learned a great deal in the process and are

undoubtledly changed by the experience. And because of these changes, you're a different person now than you were when you first started this course. So, don't be hard on yourself. You're well on your way, even if it's been a crazy ride so far.

Exercise Twelve: You're Already Successful.

"First there is a mountain, Then there is no mountain, Then there is. —Zen proverb" — Geoffrey A. Moore

Giving Yourself an A

Benjamin Zander: "I'm a teacher like you. I teach at the Conservatory in Boston. I have a class on Friday afternoon. People come from all over the world, and they're excited to be there, and they're eager to learn...but what's really going on, they're saying, 'Am I better than her? Am I better than him? I *know* I'm better than her! I don't think I'll ever be as good as him. I *hope* I can be as good as him.' They're constantly comparing, and they're measuring. And when they come out to play, let's say the violin, it looks as if they're one person playing the violin, right? There are two people! The person who's playing the violin, and then there's another person standing behind the person who's playing the violin whispering in his ear: *'You haven't practiced enough. Do you know how many people play this piece better than you do? That difficult passage, you missed it the last time, it's coming right up...you're gonna miss it again...'* That's the voice in the head. And if anybody's saying, 'What does he mean, a voice in the head? What's he talking about, a voice in the head?' That's the voice I mean. Took a moment for you to hear it, right? But that voice keeps talking and talking and talking, and it never stops. You know, sometimes it talks so loudly that it drowns out the music.

Ben Lee

So my job is to get hold of that voice, and this is how it works. I do it each year. I come into my class at the beginning of the year, and there are about forty students in my class, and I say, after a little bit of housekeeping, I say: 'Your grade for the year is an A. You're an A. That's your grade.' And there's one condition. The condition is that they have to write me a letter in the first two weeks of the class. The letter must be dated the following May, when the class ends. So the date at the top is May 2000-of the next year. And then the letter must begin with these words: 'Dear Mr. Zander, I got my A because...' Then they have to write a letter describing who they *will have become* by the following May to justify this extraordinary grade. And I tell them to fall passionately in love with the person they're describing in the letter. And they do, they write about who they would be, who they could be, who they see themselves as, if only that damn voice would stop telling them that they can't do it. When I come into class, the person I teach is the person that they have described in their letter. You see, I only take A students.

Now, there are a few people looking very concerned, and saying, 'how does he do that?' Well the answer is very simple: you can give an A to anybody. You can give an A to a waitress in a restaurant or a taxi driver. You can give an A to other drivers when you're driving in traffic. You can give an A to your mother-in-law. You can give an A to your boss. You can give an A to anybody. What happens when you give an A is that the relationship is transformed. This is hard for teachers. I know this is very, very hard. I addressed a group of teachers earlier this year, and one of them came up to me afterwards and said: 'I like this giving an A. It's sweet," he said. 'But you don't know the student. You don't know them. You don't know their work. So I imagine as the year progresses, and you find out that some of them are quite mediocre, I image that you modify the grade.' And I said, 'no.' And then I tell him about this young girl I met. She's about 15, and I said, 'what's your name?" And she said "Joy.' (arms crossed, very gruff) Now, should her parents modify her name? No, because we don't give children a name as an expectation to live up to. We give children a name as a possibility to live into.

The person who understood this perfectly was Michelangelo, and I'm sure you've heard this beautiful thing, but it bears repeating. Somebody asked Michelangelo about sculpting, and he said: 'Oh sculpting is easy because you have a piece of marble. Inside the piece of marble is a beautiful statue. All you need is a hammer and a chisel, just to get rid of all the stone that's in the

Ben Lee

way.' That's actually a theory of education. Of course, it's not the one we use. The one we use: we're up here, and the students are down here, and they try to get up, and they do their homework, and they work hard, and they study, and they work as hard as they can. But there's a gap between their achievement and our standards. And of course, they're very manipulative because they know what we want to hear, so they can get up a little higher. Michelangelo's model is totally different. It's eye to eye; we each have a hammer and a chisel and we're working to get rid of all that stone that's in the way of that beautiful statue. It's a totally different world.

This came home to me very powerfully one day. This was the first year I'd ever done this with the A, and I was really excited about it, and I came into class and I said, 'what does it feel like to get an A in the first class of the year? You haven't done anything and you get an A! What does that feel like?' To my amazement, one of the Asian students put up his hand and he said, 'In Taiwan, I was #68 out of 70 students. I come to Boston, and Mr. Zander says I'm an A. It's very confusing,' he said. 'I am #68 out of 70. Mr. Zander says that I am an A, but I am #68...I work three weeks, very confused. Then one day I discover much happier A than #68. I decide, I'm an A!" Of course, the A is invented, the 68 is invented! We might as well invent something that lights up our life, and the lives of people around us."

-From Conference Held by National College of School Leadership

https://www.youtube.com/watch?v=ry8xkQmCeUo

• • • • •

Ben Lee

Remember the goals you set at the very beginning of this course? Give those a look over. Do you feel that they still ring true? What about your driving force? Has that changed? A lot has happened since we began this course together, so it's perfectly fine if they've shifted in small or even largely significant ways. What's important is that you're here, at the finish line, with plenty of experiential knowledge under your belt. Let's review:

Throughout the duration of this course, we've accomplished the following:

- Created a mission statement highlighting your "wow" factor
- Discovered your early adopters and determined how best to appeal to their lifestyle
- Explored the competition and how your offer might stand out
- Uncovered your biggest obstacles, as well as your biggest areas of opportunity
- Unpacked our customer segments for efficient strategies
- Built an MVP
- Positioned your product in the marketplace
- Accessed your network to gain valuable feedback
- Started a conversation about a very real problem
- Asked probing questions that led to new discoveries
- Collected feedback and let it guide your forward
- Took tough advice on the chin
- Determined product-market fit
- Learned how to stage memorable experiences for your customers
- Communicated your value through strong messaging
- Determined your style
- Built a strong user experience enhanced by eye-catching calls-to-action
- Found a proper price point
- Explored other business models
- Determined the right payment processing platform for your business
- Built both a customer journey and ecosystem map
- Launched your product
- Chose your traction channels
- Began your marketing efforts with strategic purpose

Ben Lee

- Chose your social media channels and began to build your online community
- Made some noise online
- Built a pitch deck for investors
- Gave a solid presentation
- And determined whether to stay the course or pivot

These are enormous accomplishments that you should celebrate, regardless of whether or not you've already obtained your first 100 customers. And although completing this guide is a huge achievement, there are surely other pressing matters waiting in the wings for your attention. As you've probably gathered by now, the work of a successful product owner is never done. We just hope that you've found value in our time together, and that the questions we've asked have inspired new thinking about your business, products, and goals for the future.

And seriously, give yourself an A. You've earned it.

Ben Lee