



Essentials of Innovation & Entrepreneurship (EIE) - II

Module (M2):
Customer Development (CD) Model



Today's Topics

- ❖ **Opening**
 - ❖ Three-for-Three (TFT) – Key Happenings from Startup/Innovation World
 - ❖ Previous Session Quiz Results
 - ❖ Recap (Mentimeter)
- ❖ **Announcements** (Related to Course and CIE-Ignite)
- ❖ **Lecture**
 - ❖ Customer Development Model
 - ❖ Teams in Lean Startup
- ❖ **Expert Talk**
 - ❖ Dr. Jaykumar (Hospitality)
- ❖ **Session Quiz** (graded and for attendance)



EIE - II



Recap

Interactive Poll (Mentimeter)

Join at

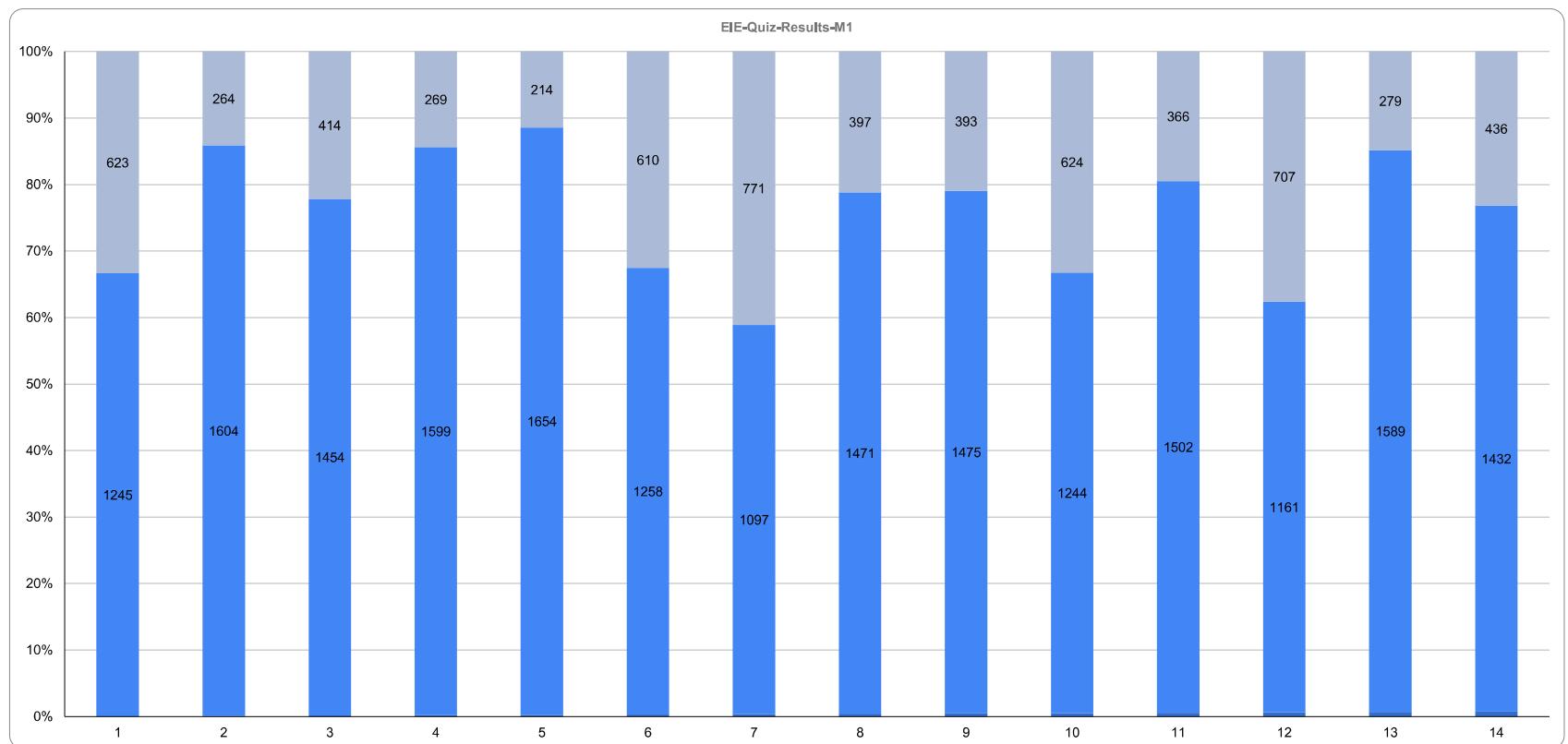
www.menti.com

use the code:

4409 8573

EIE - II

EIE M1 Session Quiz - Discussion / Recap



Announcements: Launching CIE Projects for 4th Sem Students

1. **PAML – Train the Trainer Workshop (CIE-TA positions in Summer '25)**
 - 2 teams of 4 each (CSE, AI/ML, ECE/EEE)
 - Mentored by CIE Industry Mentor
2. **AI / ML Projects (3 problem statements)**
 - 3 teams of 3-4 students each (CSE, AI/ML, ECE/EEE)
 - Mentored by PES Alum, Ms. Samhitha Harish
3. **ML-Edge (HW/SW/System) Project**
 - 1 team of 7 students (full staffed, FYI only)
 - Mentored by PES Alum, Dheemanth Joshi
4. **Project on Algorithmic Trading System & IPO Screening Tool**
 - Team of four 4th sem students led by a 6th student (full staffed, FYI only)
 - Mentored by CIE Industry Mentor

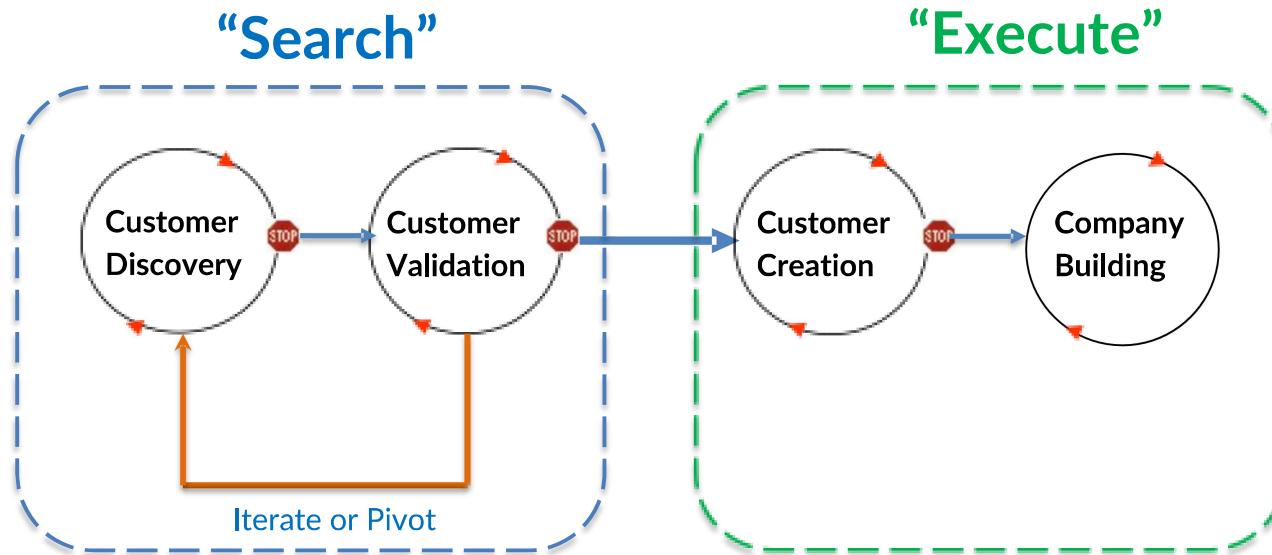


Essentials of Innovation & Entrepreneurship (EIE) II:

Customer Development (CD) Model Overview

Customer Development Process

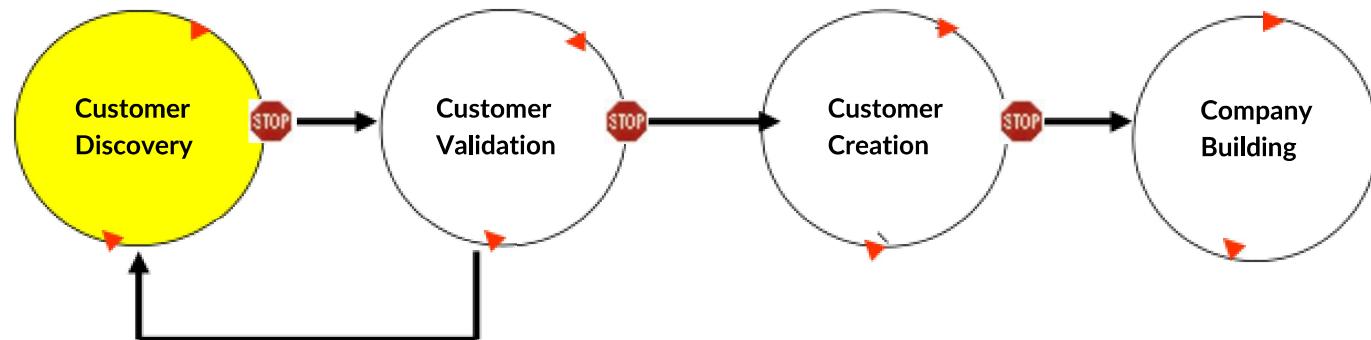
Customer Development Process



Video (2:41): [The Customer Development Process: 2 Minutes to See Why](#)

Customer Development

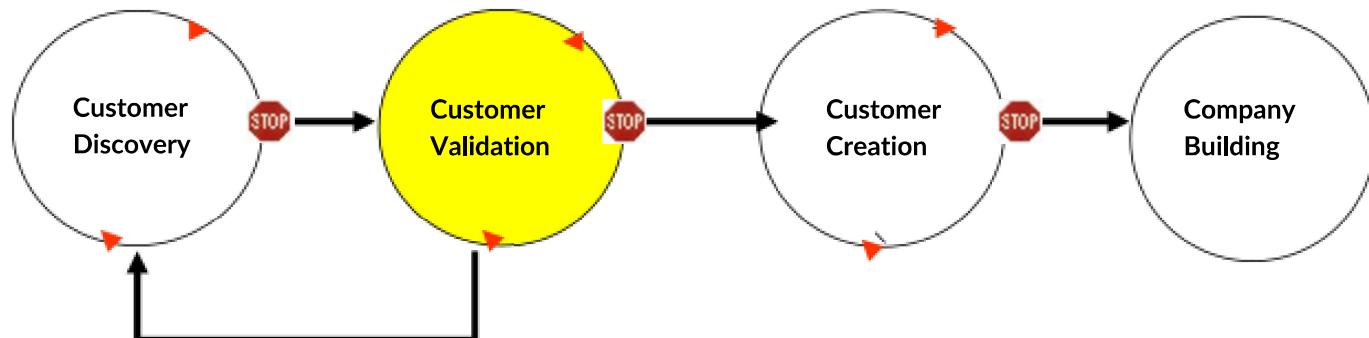
Customer Discovery Step : 1



- **STOP Selling, START Listening**
 - There are no facts inside your building, so **Get Outside of the Building (GOOB)!**
- Test your hypotheses
 - Two main areas: **Problem** and **Solution** (can be either product &/or service) concept

Customer Development

Customer Validation Step : 2

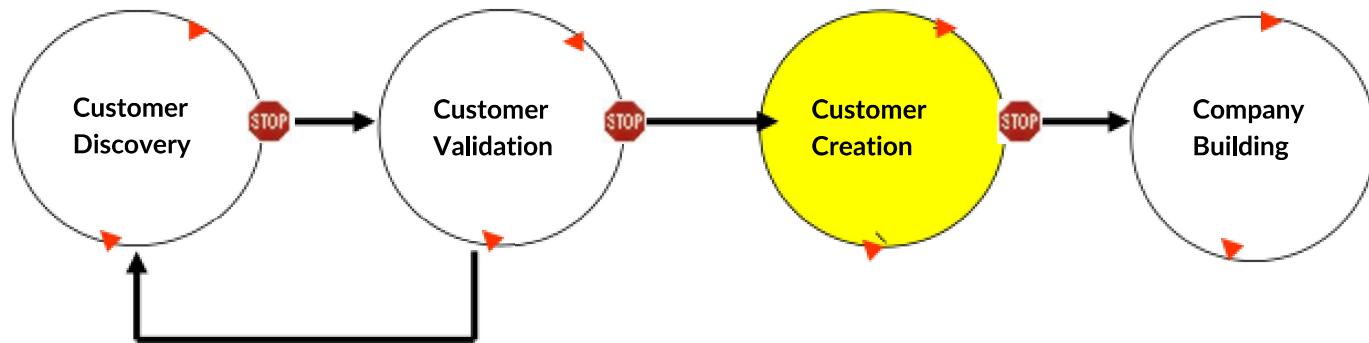


Validate your proposed solution against the Customer's problem(s)

- Is there a "Product – Solution" fit? "Product – Market" fit?
- Can you develop a repeatable sales process?
- Can you identify "Early Adopters" (open to trying out new/ semi-tested solutions)

Customer Development

Customer Creation Step : 3

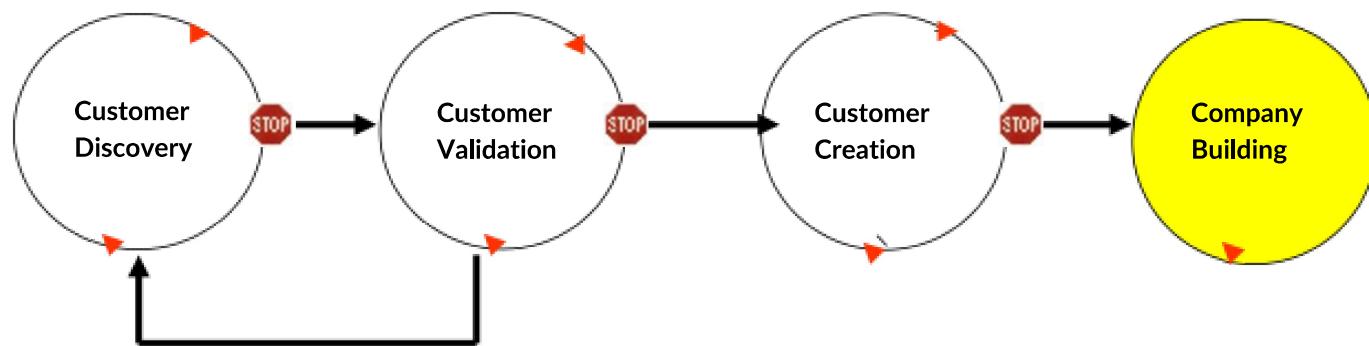


Creation (market/related) comes after proof of sales

- Can you execute your plan with speed and efficiency?
- Don't create something if you can't show sales!

Customer Development

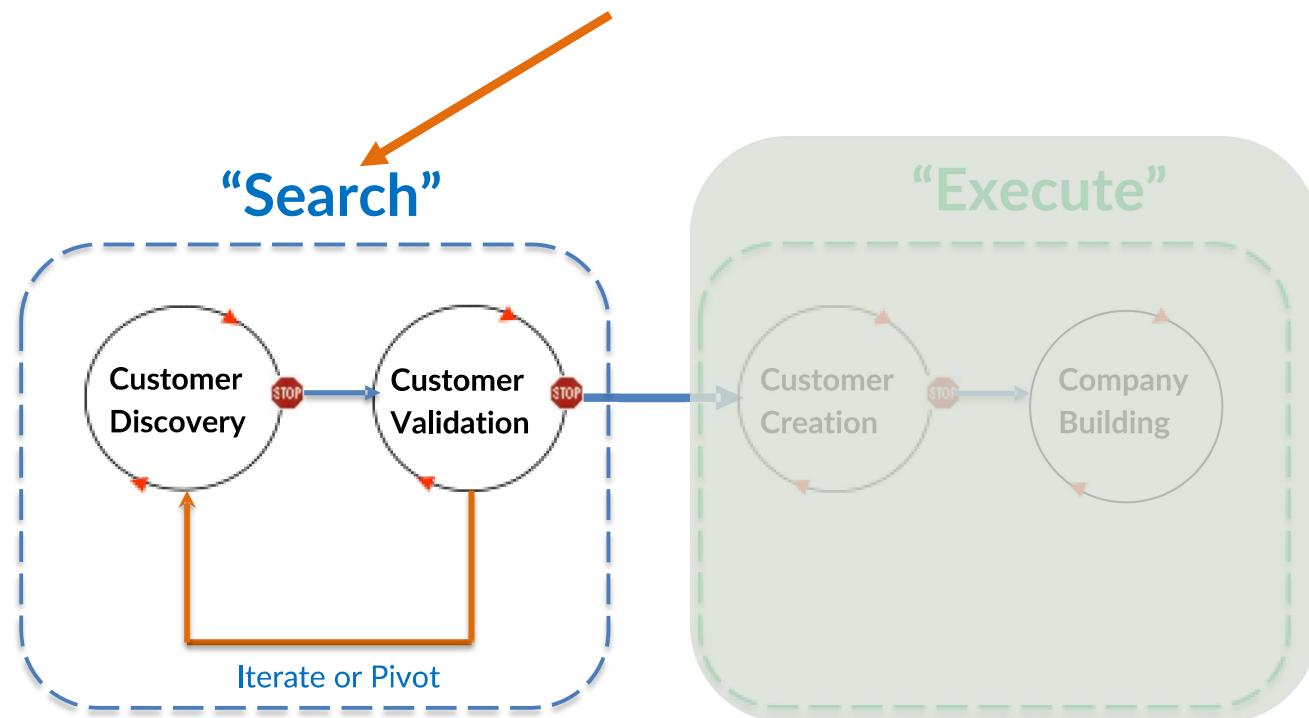
Company Building Step : 4



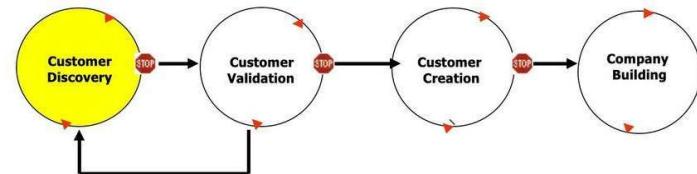
Start the transition from Startup to a Company

- (Re)build your company's organization & management....Why?
- Re-look at your mission (what got you here may not be sufficient)...Why?

Focus Area for EIE2 & CIE-Ignite



Customer Discovery Overview



State
Hypotheses

Test the
Problem

Test the
Solution

Iterate, Pivot
or Proceed

Phase 1

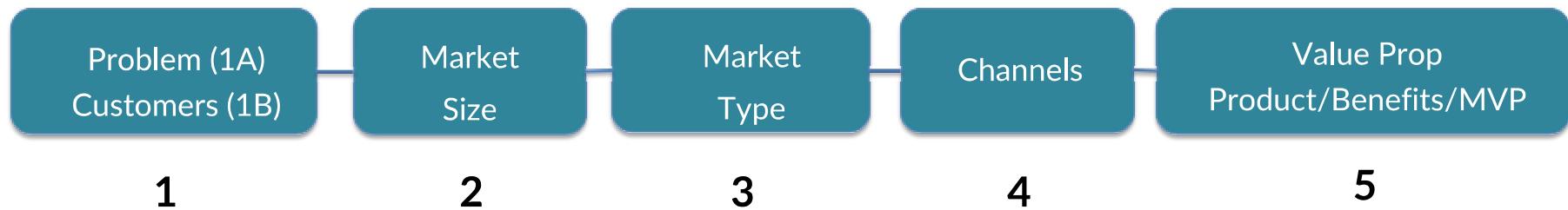
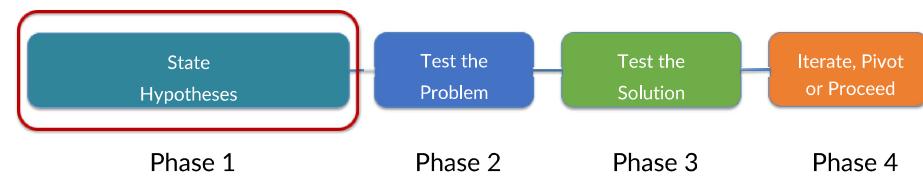
Phase 2

Phase 3

Phase 4

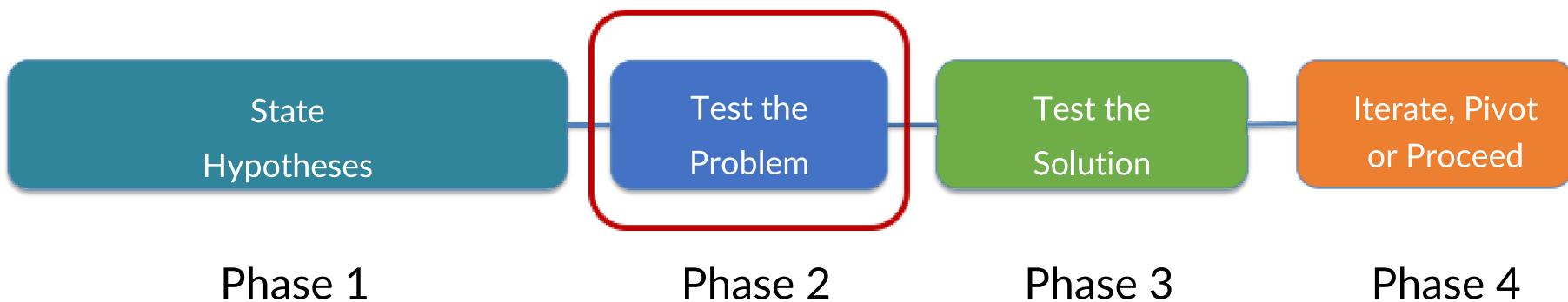
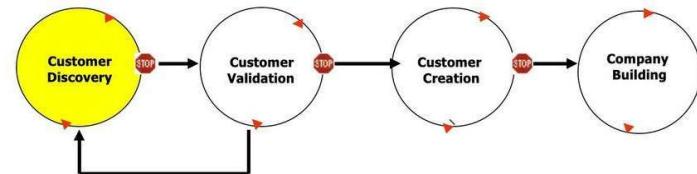
Customer Discovery Overview

Phase 1 : Hypothesis



Capture your Hypothesis (Assumptions) on a Business Model Canvas (BMC)

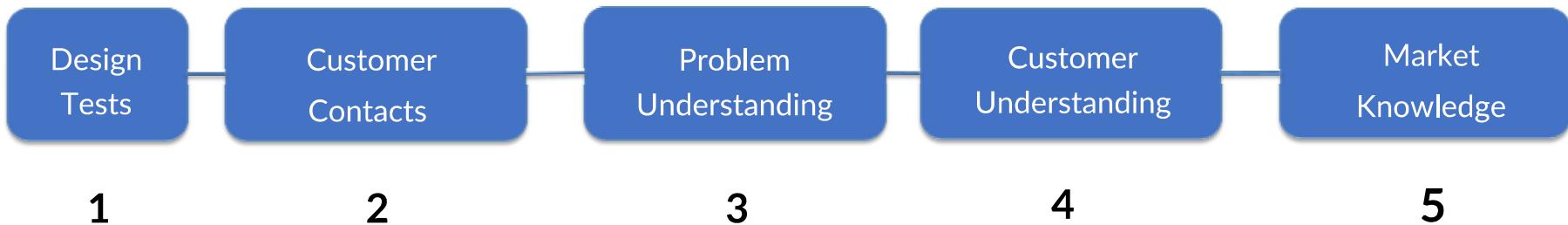
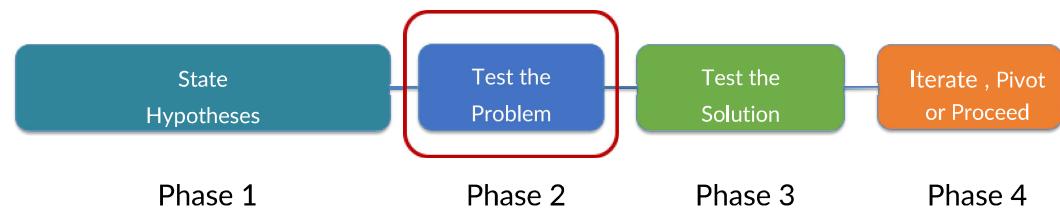
Customer Discovery Overview



Notice that **testing the Problem** comes before testing the **Solution**

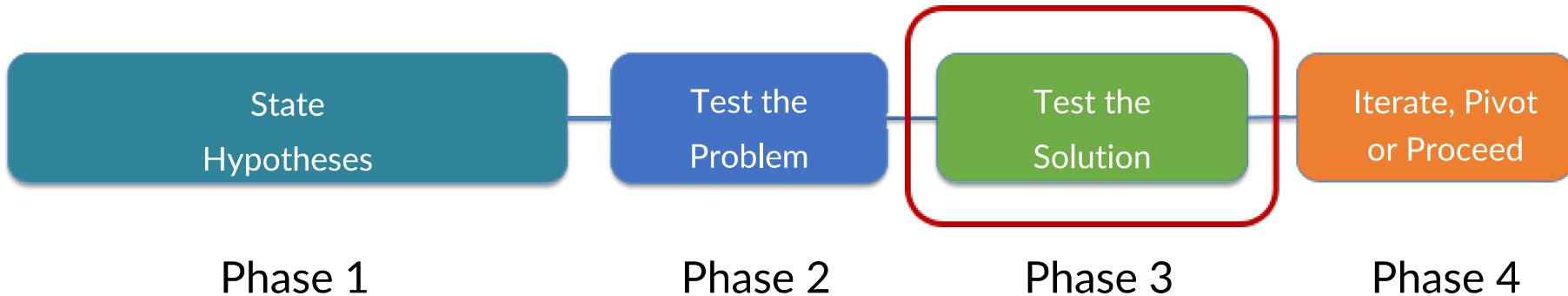
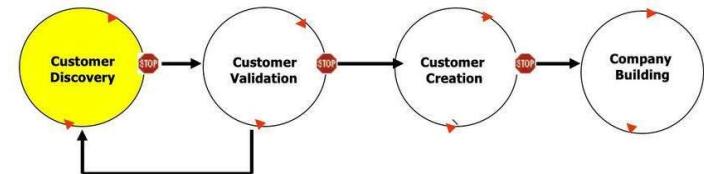
Customer Discovery Overview

Phase 2 : Test the Problem



Revise your BMC based on Testing your Problem

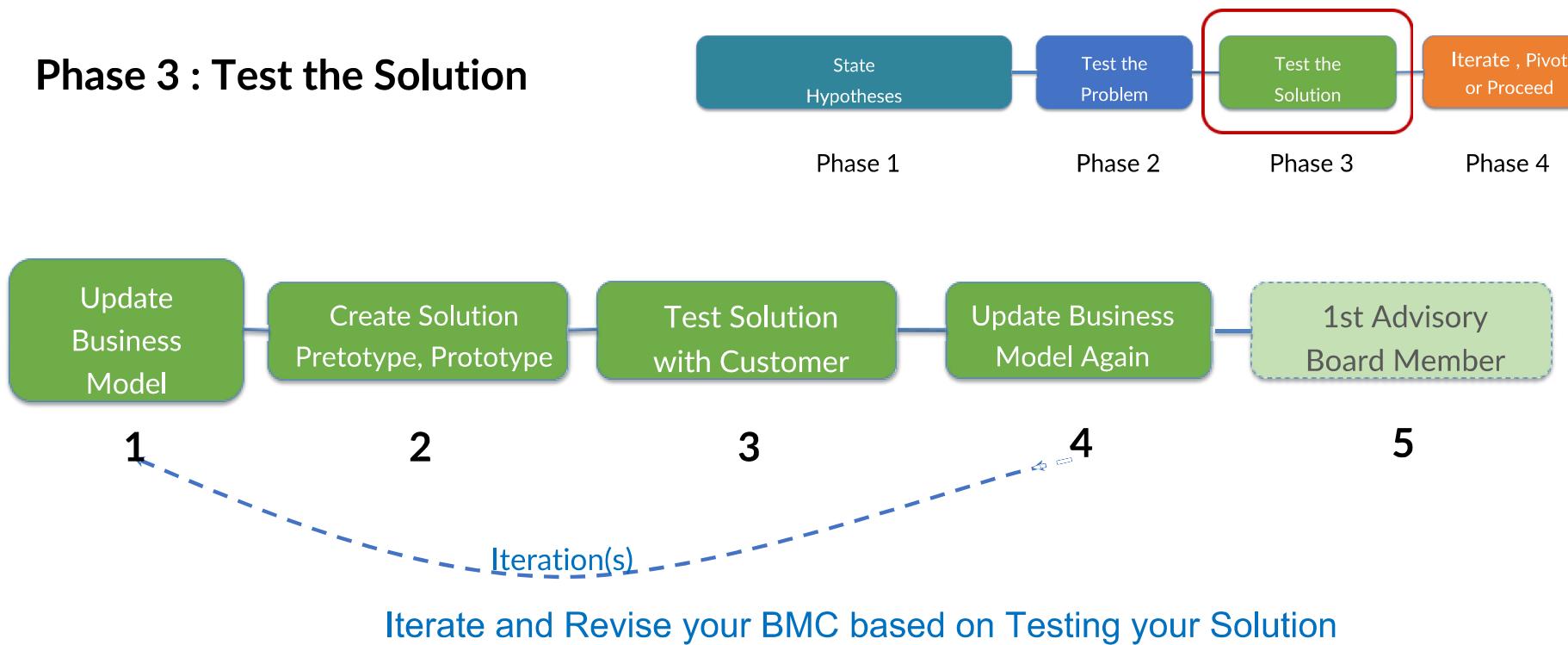
Customer Discovery Overview



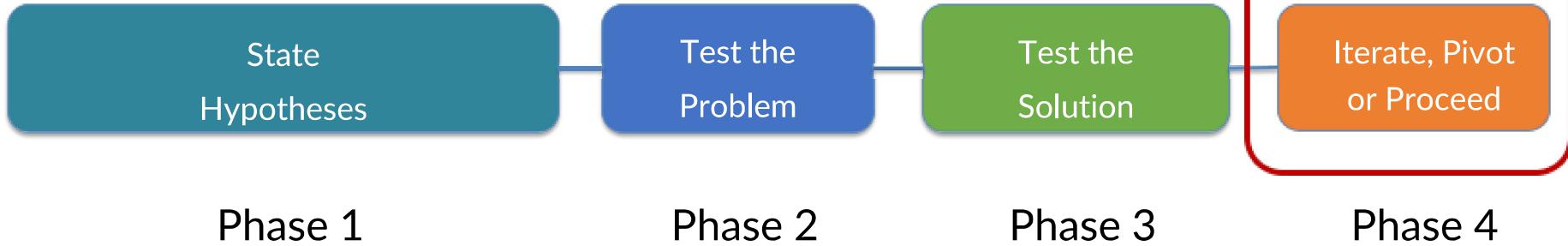
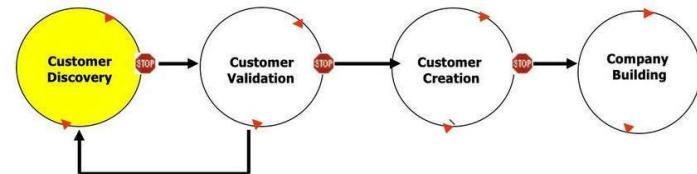
Testing the **Solution** comes after narrowing down on the **Problem**

Customer Discovery Overview

Phase 3 : Test the Solution

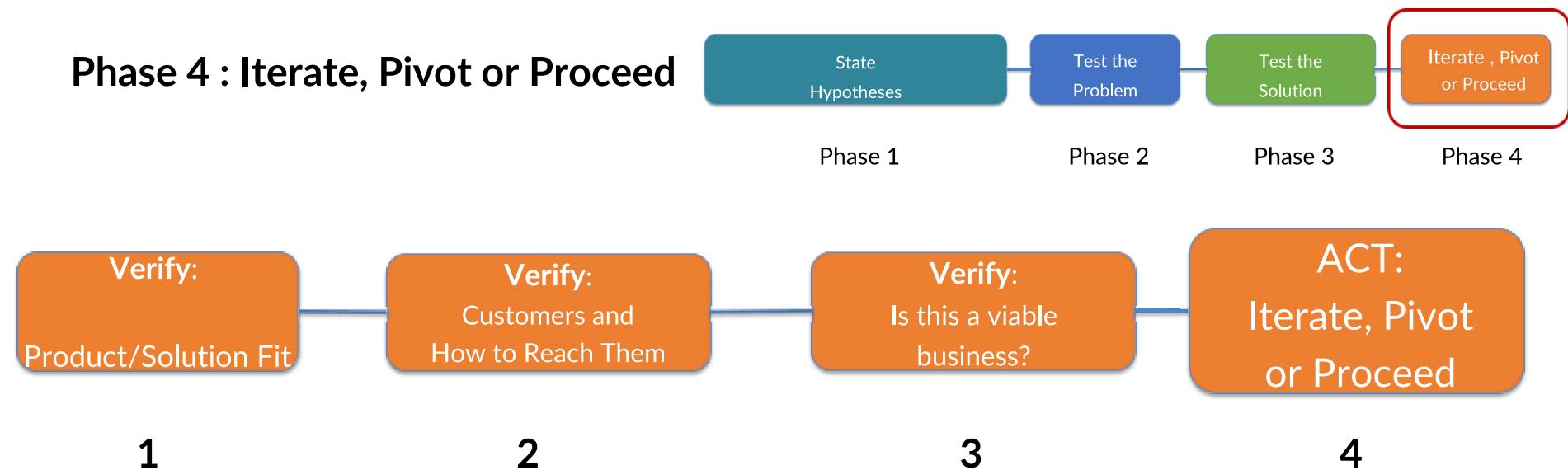


Customer Discovery Overview



Customer Discovery Overview

Phase 4 : Iterate, Pivot or Proceed



Customer Development Manifesto ([Link](#))

1. There Are No Facts Inside Your Building, So **Get Outside**
2. Combine **Customer** Development with **Agile** Development
3. **Failure** is an Integral Part of the Search for the Business Model
4. Iterations and Pivots are Driven by **Insight (not just data)**
5. Validate Your Hypotheses with **Experiments**
6. No Business Plan Survives **First Contact with Customers**
7. **Communicate** and **Share** Learning (within the team)
8. Agree on **Market Type** - It Changes Everything
9. **Fast** (speed and tempo) and **Fearless Decision-Making**
10. Startups Demand Comfort with **Chaos** and **Uncertainty**

Fun Activity 😊

Team members can create 60-90 sec summary of 1-2 topics and capture it in a video.

We will play the top 2-3 videos in EIE2 Wk3!

Customer Development Manifesto

11. If it's not About **Passion**, You're Dead the Day You Opened your Doors
12. Startup **Titles/Functions** Are Very Different from a regular firm/company
13. **Preserve** Cash While Searching. After It's Found, **Spend**
14. Success Begins with Buy-In from **Co-Founders** and **Investors**
15. If You're **Afraid to Fail** You're **Destined to** Do So

Examples



Dropbox

Customer Discovery: Drew Houston, the founder of Dropbox, initially created a video demo of the product and posted it on a technology forum to gauge interest and gather feedback. The overwhelmingly positive response from potential customers helped validate the idea and demonstrate the demand for an easy-to-use file storage and sharing solution.

Impact: Armed with valuable customer feedback, Dropbox was launched in 2007, offering cloud-based file storage and synchronisation. The company's customer-centric approach, which focused on addressing user needs and pain points, contributed to its rapid growth and widespread adoption. Today, Dropbox is a leading cloud storage provider with millions of users worldwide.

Examples



Zappos

Customer Discovery: Zappos, an online shoe and clothing retailer, has built its success on a foundation of exceptional customer service. In the early stages, founder Tony Hsieh recognized the importance of understanding customer needs and expectations. He personally spoke with customers to gain insights into their preferences and pain points.

Impact: Zappos prioritised customer satisfaction and went beyond selling products by focusing on creating a delightful shopping experience. This customer-centric approach paid off, and Zappos became known for its outstanding customer service and loyalty. In 2009, Amazon acquired Zappos for over \$1 billion, recognising the company's commitment to customer satisfaction.

Summary

- **Outside Perspective:** Facts lie beyond your walls.
- **Problem-Solution Testing:** Hypotheses validation.
- **Product-Market Alignment:** Early adopter validation.
- **Sales as Proof:** Create after validating sales.
- **Transition Wisely:** Evolve from startup to company.
- **Adaptive Growth:** Embrace chaos for innovation.

Video

Reasons Not to Be an Entrepreneur ([link](#))

(Stanford eCorner, 2:35m)





Expert Talk:

Dr. V. Jaykumar

Centre for Innovation and Entrepreneurship (CIE)

Dr. V. Jaykumar

Designation: Chairperson, BBA-Hospitality and Event Management

Key Roles:

- Executive Committee Member, IFCA (Indian Federation of Culinary Association)
- Nominated Member, Karnataka State Higher Education Council for UG Courses in Hotel and General Management

Achievements and Recognitions:

- Awarded Educator Champion by Economic Hero (Singapore-based auditing firm)
- Invited Panel Member for QS Summit, Malaysia (2022)
- Member of FSSAI, Skill Council of India, and Karnataka Tourism



Industry Contributions:

- Consultant and Auditor for Leading Hotel and Event Management Organizations
- Treasurer, Skal BLR Chapter
- Member of CII, CII-Yuva, and Karnataka Tourism



Essentials of Innovation & Entrepreneurship (EIE) - II

Module (M2):
Lean Startup Teams



What Makes a Good Team?

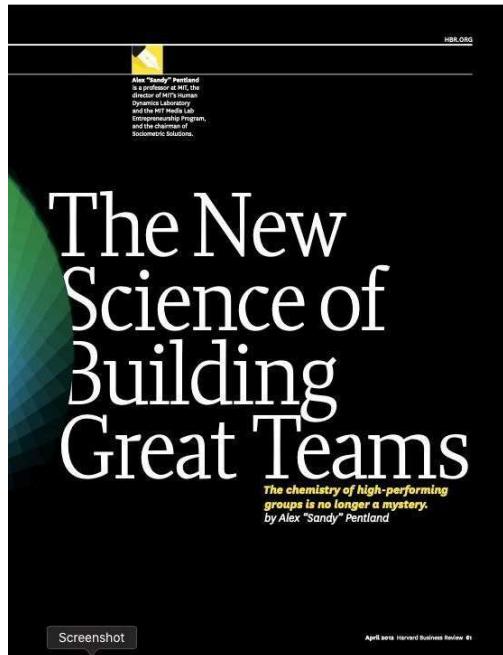
- Mutual Trust and Respect
- At least 1 (if not more) 'big' shared belief
- Team/Startup/Organization above Self
- Diversity ("Visionary, Hacker, Hustler" & more)
- Open & mature way of dealing with differences

Is there a Perfect Team?

A better question to ask is 'How to Work Together'?

- **Everyone fights, so make a plan.**
- **Figure out roles, goals and a process before emotions get involved.**
- **Start having hard conversations now.**
- **Use non violent communication to share honest feedback without**
- **Pay down emotional debt regularly.**

Secret of High-Performing Teams



Energy, Engagement, Exploration

“Just by looking at the sociometric data, we’ve been able to foretell which teams will win a business plan contest”

“The most valuable form of communication is face-to-face”

How do you plan to overcome this (if you are cross-campus/remote)?

Startup Team Roles



Founder(s)
Has the Initial Idea.
May or May not have
a leadership role



Founding Team
Complementary skills-
Builds the early firm/org



Founding CEO
Brings order and create
'Comfort in Chaos';
Leads the Company

Lean Startup Teams - Summary

- **Resilience & Learning:**

Embrace failure as a pathway to learning. Navigate uncertainty and rejection with perseverance.

- **Shared Values:**

Foster mutual trust, respect, and an open-minded approach to differences. Unite under a common vision.

- **Founder & Team:**

Founders bring ideas; teams bring order. Celebrate complementary skills and leadership to create together.

- **Individual Insights:**

Discover each other's role models, challenges, & aspirations. Cultivate understanding for effective collaboration.

- **Collective Goals:** Define your shared mission. What innovative creation will you achieve by semester's end?

- **Exploration Excitement:** Focus on diverse themes that inspire and drive your team's energy.

Team Activity 1 - Know Your Team Members

1. Partition a KG cardboard* area into (# of members + 1) sections
2. For each member, capture the response to below questions in respective sections:
 - a. What best describes you? (1 word/sentence)
 - b. One thing your team should know about you to get along well.
 - c. Who's your role model?
 - d. Happiest moment of your life.
 - e. Most difficult moment/incident of your life.
 - f. One game-changing (even if 'impossible') idea
3. Fill the remaining section, capture 10 things that you all/team members have in common

* This can be adapted for virtual environment – be creative!

Team Activity 2 – Your Team Identity / Introduction

- Team Name/Logo, Members Name & Photo, Tag-line
- Team Member role(s) in the new startup
- 1 Fun Fact about the team ☺
- Team Goal (what you plan to create/accomplish by semester end)
- What makes us a Team:
 - Strength, Weakness
 - Common interests, values, beliefs, etc
 - 2-3 areas/themes team is excited to explore (e.g health, edu, etc)



1 Slide (see backup for template)
(becomes team's cover slide for *all* future presentations; get creative in designing this!)

1-2 slides (or video) –
Get creative!



Essentials of Innovation & Entrepreneurship (EIE) - II

Module (M2):

CIE-Ignite: A Few Key Elements from EIE for S0 Stage



**It All Starts with:
Capturing a Problem/Opportunity (not solution)
using *NABC** Approach**

*An important customer or market need(s) addressed
by a unique approach with compelling benefits
when compared against the competition or alternatives.*

* Source: Stanford Research Institute (SRI) – see [here](#) for details

Selecting a Good Problem Statement / Opportunity

- Problem: Is this a 'good'* & real problem (today, not in the distant future)?
- Need: Who needs this (customer) and what benefit is the customer seeking?
- Business: Viable from a 'business' (think BMC) point-of-view? Competitive Landscape?
- Execution: Is there a path for you/team to get started on above?
 - Why your team would be an ideal founding team for this opportunity?
 - Testable: Can this problem & solution be tested (from a customer dev perspective)?

* Use TIPSC to narrow down on opportunity: **T**imely, **I**mportant, **P**rofitable, **S**olvable, **C**ontext

Above Feeds into 'NABC'

Is Your Opportunity of High Value?

