The Tactics of
Conducting Customer Discovery
Phase I

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Goals of the Program

Purpose

The reduction in technology costs over the last few years have empowered many aspiring entrepreneurs to develop a new product or service distributed through web and mobile channels in record time. What once took many months to develop can now be ready for launch in just a few weeks. Despite all of this, and perhaps partly because of it, many aspiring entrepreneurs are quick to forget the value of actually talking to potential customers *before* building their own great idea and forego the incredible amount of insight they can gain from doing so. Engagement with real potential customers is of fundamental importance in the first phase of Steve Blank's Customer Development methodology, called Customer Discovery.

Customer Discovery simply begins with seeking to gain empathy -- that is, developing a deep understanding of a customer's needs and motivations.

Program Overview

This program will take an actionable approach to teaching the best practices of the **first phase of conducting customer discovery -- which is testing a problem and assessing its importance** -- through active learning. This program takes the theory of customer discovery and breaks it up into digestible chunks that any aspiring entrepreneur can apply.

Many people understand the fundamental importance of "getting out of the building" and the incredible insights that can be gained from actually talking to potential customers - yet still struggle with the *tactics* of doing so. People are often blinded by their own 'idea/solution bias', while others are simply seeking out what they *want* to hear; as opposed to *listening* and recognizing common patterns. Others simply don't know the tools to use or tactics to deploy. The focus of this program is to give individuals an opportunity to build their own skills and become proficient in the art of conducting customer discovery.

Program Teaching Objectives
- How to generate assumptions about your customer segment and value proposition
- How to define and execute pass/fail experiments to validate or invalidate these assumptions
- How to find and reach out to potential customers and develop a customer contact list
- How to actually talk with potential customers and surface insight about their needs and motivations.
- How to map customer segment personas and begin to recognize patterns that emerge during your discovery process

Teaching Methodology

This program is very *actionable*. Through collaborative group activities, and keeping a focus on developing *relevant and practical deliverables*, individuals build the skills necessary for future attempts at customer discovery. *For all intensive purposes, we assume that the opportunity is large enough for the participant to warrant further discovery.*

Starting with the 'Solution' or 'Value Proposition'

Starting with Empathy

Program Structure

Team Forming

Each individual has the opportunity to give a 90 second pitch. Through a voting process, we then narrow it down to the top 8-10 concepts. Then teams will be formed and you'll dive into group activity work.

How to GENERATE ASSUMPTIONS

Module: *Developing a Customer Segment 'Point Of View' (POV)*

Deliverable	Time	Activity Type
Comprehensive list of assumptions about your team's customer segment	25 minutes	Group

Customer Segment Persona

First, segment your customers into as many specific personas as possible. Include specific *character traits, motivations, demographics, behaviors and most importantly, available budget* to come up with at various customer segment personas.

If you are operating in a multi-sided market, make sure to include customer segment personas for both your **USERS and PAYERS**.

Job

Next, use the *Customer/Job POV Mad Lib* example below to generate a set of assumptions about the jobs your customer segment personas are trying to get done. This can be the tasks they are trying to perform and complete, the problems they are trying to solve, and the needs they are trying to fill.

{**insert CUSTOMER PERSONA**}

is trying

{**insert JOB**}

because

{**insert ASSUMPTION**}

Gains

Now, use the *Customer/Gain POV Mad Lib* example below to generate a set of assumptions about the benefits your customer expects, desires or would be surprised by. This includes functional utility, social gains, positive emotions, and cost savings.

{**insert CUSTOMER PERSONA**}

                                 feels

{**insert POSITIVE EMOTION**}

                                 because

{**insert ASSUMPTION**}

{**insert CUSTOMER PERSONA**}

                                 wants/needs

{**insert GAIN**}

                                 because

{**insert ASSUMPTION**}

Pains

Lastly, use the *Customer/Gain POV* Mad Lib example below to generate a set of assumptions about the negative emotions, undesired costs and situations, and risks that your customer experiences or could experience before, during, and after getting their
jobs done.

{**insert CUSTOMER PERSONA**}

                                       feels

{**insert POSITIVE EMOTION**}

                                       because

{**insert ASSUMPTION**}

{**insert CUSTOMER PERSONA**}

                                       wants/needs

{**insert GAIN**}

                                       because

{**insert ASSUMPTION**}

Module: *Developing Value Proposition Assumptions*

Deliverable	Time	Activity Type
Comprehensive list of assumptions about your team's value proposition	25 minutes	Group

Value Proposition Mad Libs

Begin your value proposition mad lib with the phrase "how might we create" or "how might we eliminate", followed by one of your team's 'pain' or 'gain' assumptions you previously generated. What you and your teams come up with as a solution is either a 'gain creator' assumption or 'pain reliever' assumption.

{**HOW MIGHT WE**}

create

{**insert GAIN**}

=

{**GAIN CREATOR Assumption**}

{**HOW MIGHT WE**}

eliminate

{**insert PAIN**}

=

{**PAIN RELIEVER Assumption**}

How to DEFINE EXPERIMENTS

Module: Experiment Mapping

Deliverable	Time	Activity Type
Comprehensive list of experiments	15 minutes	Group

Generating _qualitative_ pass/fail tests

Generating _quantitative_ pass/fail tests

Turning Assumptions into Experiments

How to FIND CUSTOMERS

Module: _Reaching Potential Customers_

Deliverable	Time	Activity Type
Develop a Customer Contact List	1 hour	Group

Before you begin your customer discovery journey you need to begin identifying who you should start speaking with to validate or invalidate the set up assumptions you have generated. You may initially begin broad, then hone in on specific customer segment personas over time as you collect more anecdotal evidence. Below are a few methods you can use to target an initial batch of people to talk with.

- Set up Google Alerts to be notified when someone is writing about a related topic. Follow up and attempt to contact the author directly.
- Employ 'social listening' tactics to see who is talking about the topic. One great tool is Topsy -- it can provide insight into a world of conversations.
- Read industry related blogs to see who is commenting on a particular subject and join in on the conversation. See who engages with you, they will probably be willing to speak with you.
- Use Linkedin to target individuals who work in the industry of your concept and message them. Make sure they are at least a 2nd or 3rd degree connection
- Blogging allows you to share what you've learned, your opinions, or are currently doing, and is a great way to build an audience -- and subsequently, potential customers.
- Utilize video content marketing as a means to attract people to you. Specifically, a Wistia video embedded in a Launchrock page can be a powerful way to get a people excited enough to share their email address with you and be willing to speak about their experiences in more depth.

If you are operating in a multi-sided market, make sure to develop a list that includes both **USERS and PAYERS**.

How to GAIN CUSTOMER INSIGHT

Module: *Developing your Interview Plan*

Deliverable	Time	Activity Type
Develop an Interview Plan for at least (3) individuals from your team's Customer Contact List	25 minutes	Group

Before you meet anyone for any interview, you need to take the time and get *prepared*. Below are a few actions you should spend time on before speaking with anyone - people value their time, so don't waste it.

Abstracting Your Assumptions
Prepare for the interview by generating a list of questions based on your customer segment assumptions. Then, abstract your questions to disguise what you would would otherwise ask directly. This may sound counterintuitive, but you don't want to ask questions in a manner that can influence a potential customer's response.

Developing Your Interview Plan

- **Conduct research on the industry** - if you are not a domain expert, you are going to have to take the time to become one. Search for industry reports, establish Google alerts, read scholarly articles, etc.
- **Conduct research on the company** - don't look foolish upon arrival and not knowing anything about the company. Take the time to read a company's website.
- **Conduct research on the person** - at the very least, take the time to read the person's public Linkedin profile and any biography listed on their company's website. Additionally, you never know what will pop up from a Google search.
- **Starter Questions** - make sure to have a few opening questions to **build rapport**. This can commonly be something you discover about the company or person during your research.
- **Conversation Prompts** - asking "yeah, but why?" or "that's interesting, but how?" are great fallback questions if you feel the conversation stalling.
- **Ask for additional contacts** - you need to develop a reference story ... and write a highly professional email getting right to your ASK (which is an interview :)

Developing Your Approach

Conducting an interview with people you've never met before can be a little bit intimidating the first time you try. Thus, the importance of practice! Begin by practicing your opening approach with other teammates and overtime you will become more comfortable.

Sample Interview Questions
- *"Can you tell me the story about that?"*
- *"And then what happened?"*
- *"Why [or how] did you do that?"*
- *"What did you love [or hate] about that?"*
- *"If you could wave a magic wand, what would it be like?"*
- *Tell me about an experience when ...*
- *What are the best/worst parts about ...*
- *Can you help me understand more about ...*

Module: *Conducting Customer Interviews*

Deliverable	Time	Activity Type
(4) Customer Discovery Interviews	90 minutes	Pairs

Do and Don't

Actually Talking with Customers

The first step of conducting customer discovery interviews is about *gaining empathy and surfacing insight.* There is simply no better way to gain an understand of potential customers above and beyond *"getting out of the building"* and actually talking to your customers. In the beginning this can be an incredibly uncomfortable experience but will ultimately prove to be the most effective if done right.

This is an exercise in self-control, because most people ask a question when they already have the answer in mind that they want to hear -- particularly if they are consumed by the genius of their own idea. They are not really asking questions to *learn and gain empathy*, they just want help validating what they themselves have already assumed as true and great -- most always their own envisioned product or solution to a problem they think they understand, but really don't.

Existing Markets

When operating in an existing market and the problem is well understood, you can use a Problem Presentation .... resegmentation ....

What's a Problem Presentation?

A problem presentation is designed to elicit information from customers. **It works incredibly well in existing markets when the problem is well understood.** Innovative solutions can help save time, reduce costs or deliver a better experience.

The presentation summarizes your assumptions about customer "pains" and "gains" and about how they're solving the problem *today*. It can also offer some potential solutions, to test whether your assumptions are correct.

The first step is to describe your assumed list of problems, pause and ask the customers what they think the problems are, whether you're missing any problems, how they would rank the problems, and which are must-solve rather than nice-to-solve. You've hit the jackpot when the customer tells you she will do anything to solve the problem.

Unknown Markets

Alternatively, if you are operating in a new market or working with a disruptive technology, Customer Discovery is not about conducting a focus group. Simply asking customers "*Tell me, what is your biggest pain point?*" Or, "*What do you think of this solution?*" is not Customer Discovery. This is a big idea and important to understand, because people *don't always understand their own problems*. You are looking for specific stories about their *day to day experiences* that can surface insight about their *true needs and motivations and how their life will be different once they begin using your product or service.*

Then, you have to really *listen* and become tuned-in for 'customer doorways' to probe further into. 'Customer doorways' can be a bold statement the person makes, an inconsistency between what they say or do, silence, or sudden, animated gestures. When you notice one of these actions, go through that 'customer doorway' and probe further by asking *how* and *why*. Essentially playing completely naive can surface some great insight about whether or not you think this person will turn into a real customer.

- **Listen -** This may seem obvious but it is surprising how much we do not listen to the people we are trying to solve problems for. Forget about yourself and be completely optimistic and open to listening to the needs of your customers.

- **Seek Stories -** High level conversations won't inspire you to be able to ideate towards a remarkable solution. Seek in depth stories about a users experiences that touch their emotions.

- **Ask "Why" AND "How" -** As you are listening to stories and hear them express a point, always dig deeper and ask why. You may have heard of the *"5 Why's"* technique which is ultimately if someone expresses something asking why 5 times will usually get them to express a deeper need which they may not have understood initially.

Demonstrate that you are genuinely interested in delivering a solution that will eliminate "pains" or create "gains" for the customer. Being as authentic as possible when engaging with someone will allow them to reveal their true needs and motivations. We all know the feeling of what it is like to be interviewed and how different we are than a genuine conversation with a friend.

Additional ways to gain empathy

- **Immersion -** There is simply no better way to gain empathy for a problem a customer experiences than actually living through their experience.

- **Observation -** One straightforward observation technique is to actually ask the customer to physically demonstrate to you how they are currently solving a particular problem. Additionally, you can have them draw the process flow of how they are currently conducting a specific job.

In closing, conducting customer discovery is truly an art -- which implies you must practice if you want to be any good. You can study its theory forever, but until you put it into practice, you will never

understand its intricacies. Customer Discovery is an intuitive process and relies on an individual's ability to recognize common themes expressed amongst the people they speak with and to possess the self control, objectivity, and realism to be honest about whether or not you can fulfill one of these learned needs or motivations. The mastering of this art is what makes or breaks a great entrepreneur.

How to ANALYZE Feedback

Module: *Mapping the Customer Archetype*

Deliverable	Time	Activity Type
(4) Customer Archetype Maps	25 minutes	Group

Include specific traits, motivations, demographics, behaviors and most importantly, the customer's available budget.

Mapping a 'Day in the Life' of a Customer
Being able to map of the day of a customer is really powerful and can provide some great insight

- Quotes/Defining Words
- Thoughts & Beliefs
- Actions & Behaviors
- Feelings & Emotions

Developing an Empathy Map -- interviews
Visit http://dschool.stanford.edu/wp-content/themes/dschool/method-cards/empathy-map.pdf

Affinity Map -- observation
Observation - what actually happened, versus what one interprets happens -- then asking what they are doing.
'Clumping' areas ...

Pattern Recognition
- *What was the most memorable and interesting story?*
- *What did the person care about the most? What motivates him or her?*
- *What were they frustrated by the most?*

Module: *Developing a Problem Recognition Matix*

Module: Developing a Pattern Recognition Matrix

- Problems -- what problems did you hear or observe?
- Emotions
- Processes
- Roles
- Tools
- Contexts
- Needs/Motivations

Determining the problem types can be difficult, and you might be tempted to overstate a problem to validate your own desired solution. Ask yourself the following questions to determine which problem type the customer actually experiences.

- *What was the most memorable and interesting story?*
- *What did the person care about the most? What motivates him or her?*
- *What were they frustrated by the most?*

Connecting all of your anecdotal evidence -- Bob Dorf

Scientists observe data, notice patterns, develop hypotheses, and then test those hypotheses. Pattern recognition is only a step along the way to developing hypotheses about the underlying cause. -- Chris Dixon

Deliverable	Time	Activity Type
Problem Recognition Matrix	25 minutes	Group

A problem recognition matrix is a great tool that can help you quantify

Customer Types

Customer analysis starts with understanding for what types of customer to approach. Chances are that several people in a number of categories have problems that your product can solve.

- End Users
- Influencers
- Recommenders
- Economic Buyers
- Decision Makers

- Saboteurs

Problem Types
- Latent
- Passive
- Active/Urgent
- Vision of a Solution

-

Sample Problem Recognition Matrix

Customer Name:	John Doe
Customer Type:	Economic Buyer

Type of Problem/Need	Must-Have	Nice-to-Have
Latent Problem/Need		
Passive Problem/Need		X
Active/Urgent Problem/Need		
Vision of a Solution		

Module: *Create an Aggregate Customer Discovery Scorecard*

The customer discovery scorecard is an aggregate of all customer interviews conducted and provides a sense of whether there's enough customer excitement to warrant further motion. Additionally, it can help you spot trend and recognize patterns.

The analysis should help gauge whether the right people were contacted and whether enough earlyvangelists candidates were identified.

- Excited and Urgent Need
- Business-Impact
- Work-around
- 120 day
- Key Decider

Module: Developing a Low Fidelity MVP

Deliverable	Time	Activity Type
Low Fidelity MVP	60 minutes	Group

Low Fidelity MVP

A low fidelity MVP exists to test and assure that customers care about the "pain" and "gain" assumptions you developed earlier. They can be built by those with and without knowledge of computer programming. For a list of tools and resources to develop your team's MVP please visit here.

Viability Experiments

Wizard of Oz
PPC
Concierge Tests

NOTES

Include an empathy map template for mapping out the customer archetype
POV statements
HMW

Suggestions from Kahlil Corazo
Actual examples (eg, experiences in getting the right customers to interview, kinds of MVP's). Actually getting out of the building would be worthwhile. Boards (eg, one of variant of the business model canvas) have been helpful in putting focus on team output.

Additional Suggestions from Kahlil Corazo
- How do you get people to interview? Especially for B2B, this is very geography and field specific, and at least in my case, an interview takes at least a week to setup, with lots of rejections and false leads.
- Preparing for interviews
- Conducting interviews
- Capturing data (note taking) and figuring it out
- Using PPC and landing pages to validate interest or get early adopters
- Doing a Wizard of Oz
- Test selling (and finding a repeatable and scalable way to get customers
- Lean Startup books seem to be written for teams, but as you've probably noticed, there are a lot of single founders. It seems to be a different game for single founders.

$$(Customer \times Problem) + Solution^{\text{Value Proposition}} = Product$$