The Customer Factory Blueprint

1 Model Your Business as a System

- Systems Versus Goals
  - Repeatability is Key
  - Staged Rollout
  - Theory of Constraints
- Deconstruct Your Idea
  - Vision (WHY)
    - 1-Page Business Model versus Business Plan
      - Lean Canvas
        - Explore Variations
        - SWOTs
        - Jobs-to-be-done
        - Pricing Models
  - Strategy (HOW)
    - The Customer Factory
    - Systematic De-risking of Business Model
      - 10X Rollout
      - Staged Milestones Drives Strategy
  - Product (WHAT)
    - Your Solution is NOT the Product
    - Your Solution is Part of Machinery to Create a Happy Customer
    - Staged Strategy will Uncover the Right Product
- Model Staged Milestones
  - Top-down Modeling
  - Bottoms-up Modeling
  - Analogs/Antilogs

2 Baseline Current Throughput

- Identify Your Current Stage
  - Your Stage Drives Your Strategy
  - You Can Jump in at any Stage
- Establish a Standard Measure of Progress
  - Innovation Accounting
    - Map Customer Factory to User Actions
- Measure everything as a cohort
  - Concept of Batch Based Production
  - Time-based Cohorts
  - The Groundhog Day Offer
- Experiment Like a Scientist
  - Build Models Before Experiments
  - Good Experiment Design
    - Experiments Are Additive
    - Declare Outcomes Upfront
    - Falsifiability
    - Time-boxing
    - Dealing With Failure
      - Pivots
      - Root-cause Analysis
- Establish a Regular Reporting Cadence
  - External Accountability
    - Daily Standups
      - Tasks
    - Weekly Standups
      - Experiments
    - Monthly Standups
      - Milestones
  - Lean Stack
    - Lean Canvas
    - Lean Dashboard
    - Experiment Reports

3 Increase Throughput in Stages

1. Problem/Solution Fit

- Goal
  - Key Objective
    - Validate Customer Pull
  - Success Metric
    - Achieve X Customer Production Rate by Y Time Frame
- How
  - Create a Compelling Offer
    - Multiplier
    - Smoke Test Offer
    - Preorder Offer
    - Free Cookie Offer
- Tactics
  - Understand Customer/Problem
    - Problem Interviews
    - Observation
      - Learning Frame
    - Psychology
      - Scripted Learning Objectives
      - Customer Lie Detectors
      - Test Commitment
      - Test Social Currency
    - Personas
    - Current Reality Workflow
  - Build Offer
    - Define Solution
      - Release 1.0 MVP
      - Concierge MVP
      - Wizard of Oz MVP
    - Build Demo
      - Demo Fidelity
      - Future Reality Mapping
      - Prototyping tools
      - Story Arc
      - Long Copy Versus Short Copy
    - Set Pricing
      - Pricing is Part of Product
      - Pricing Determines Your Customers
      - Test Pricing From Day 1
      - Value Versus Cost Based Pricing
      - Anchor Against Existing Alternatives
      - Keep it Simple
  - Deliver Offer
    - Solution Interviews
    - Landing Pages
    - AIDA
    - Psychology
      - Sign-up Friction
      - Pricing Frame
      - Scarcity
      - Secure Strong Commitment

2. Product/Market Fit

- Goal
  - Key Objective
    - Validate Business Model at Small Scale
  - Success Metric
    - Achieve 10X Customer Production Rate by Y time frame
- How
  - Build MVP
  - Instrument for Learning
- Tactics
  - Metrics
    - Activation
    - Retention
    - Measure CHI
  - Customer Journey Mapping
    - Onboarding/Activation
    - Customer WOW experiences
    - Scale Relationship Building
  - Lifecycle Messaging
    - Reward Positive Customer Actions
    - Learn from Negative Customer Actions
  - MVP Evolution
    - Rinse and Repeat Process
    - Feature Prioritization
    - Customer Interviews
    - Release Level Cohorts
    - Feature Flags
    - Split-testing
    - Continuous Deployment
    - Kill Features
    - Pricing Evolution

3. Scale

- Goal
  - Key Objective
    - Accelerate Business Model to Full Potential
  - Success Metric
    - Achieve 100X Customer Production Rate by Y time frame
- How
  - Identify and Tune Engines of Growth
    - Paid
    - Sticky
    - Viral
- Tactics
  - Metrics
    - Acquisition
      - COCA
      - LTV
    - Retention
      - Churn
    - Referral
      - Viral Coefficient
  - Customer Segmentation
    - Source Level Cohorts
    - CHI
    - Qualitative Polling
  - Lifecycle Messaging
  - Acquisition Channel Testing
  - Upsells and Cross-sells
  - Referral Campaigns
  - Establish Key Partners