



# Lab 2Market Validate

Business Model Design and  
Customer Discovery

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The background of the slide features several thin, light-brown lines of varying lengths and orientations. Some lines are straight, while others are curved, creating a dynamic, abstract geometric pattern in the upper-left quadrant.

# **AGENDA**

**RE-CAP KEY MESSAGES**

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**BUSINESS MODEL DESIGN**

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**CUSTOMER DISCOVERY**

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**ASSIGNMENT**

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**RESOURCES**

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**L2M**

# Lab2Market Prime Directive

Your job is to  
validate that a problem/need exists,  
understand who has it  
and, only then,  
determine how best to solve it.

You are not trying to educate your customers;  
you are trying to learn from them.

# Talking to humans

## 1. Be yourself

- Be real; be you

## 2. Find the right people

- Referrals + web/AI (industry groups, conferences, etc.)

## 3. Set up the interview

- Background research + interview script + scheduling

## 4. Listen

- Their job; their joys; their challenges

## 5. Learn

- What worked? What didn't? Update/revise your assumptions

# The interview 'formula'

## Part 1: The welcome

- Purpose of interview (2 – 3 minutes)

## Part 2: Positioning your customer

- Ask about their company/job; seek their advice

## Part 3: Rank the problem

- Nice to have; need to have; don't want/need

## Part 4: The hook

- Would you mind if I follow up? Can you suggest others?

Leverage the power of 'why'

# 2 Business Model Design

# Lean Startup Method

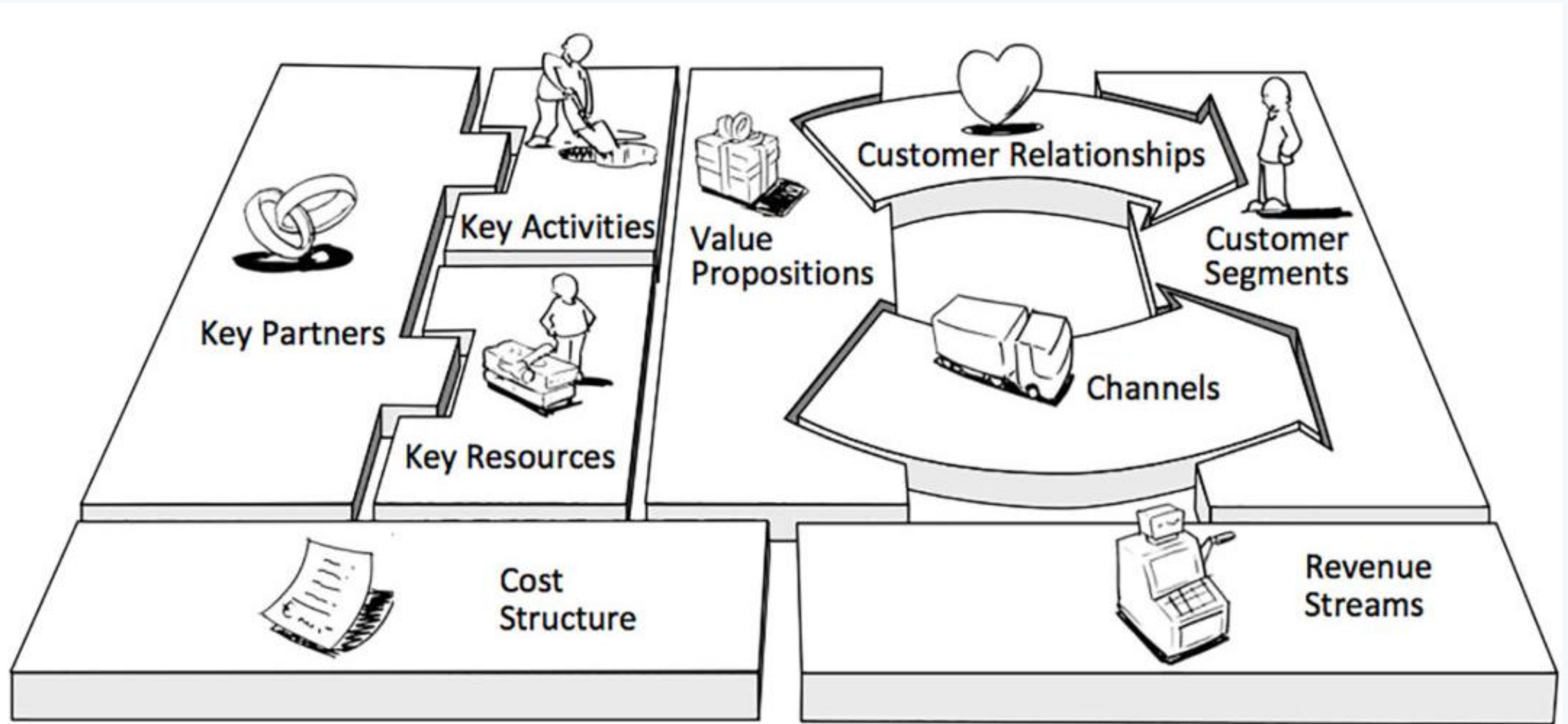
- Risk reduction methodology
- Three components:
  - **Business Model** (framework of core business assumptions and hypotheses)
  - **Customer Discovery** (a way to test core assumptions and hypotheses)
  - **Agile Engineering** (iterative product development)



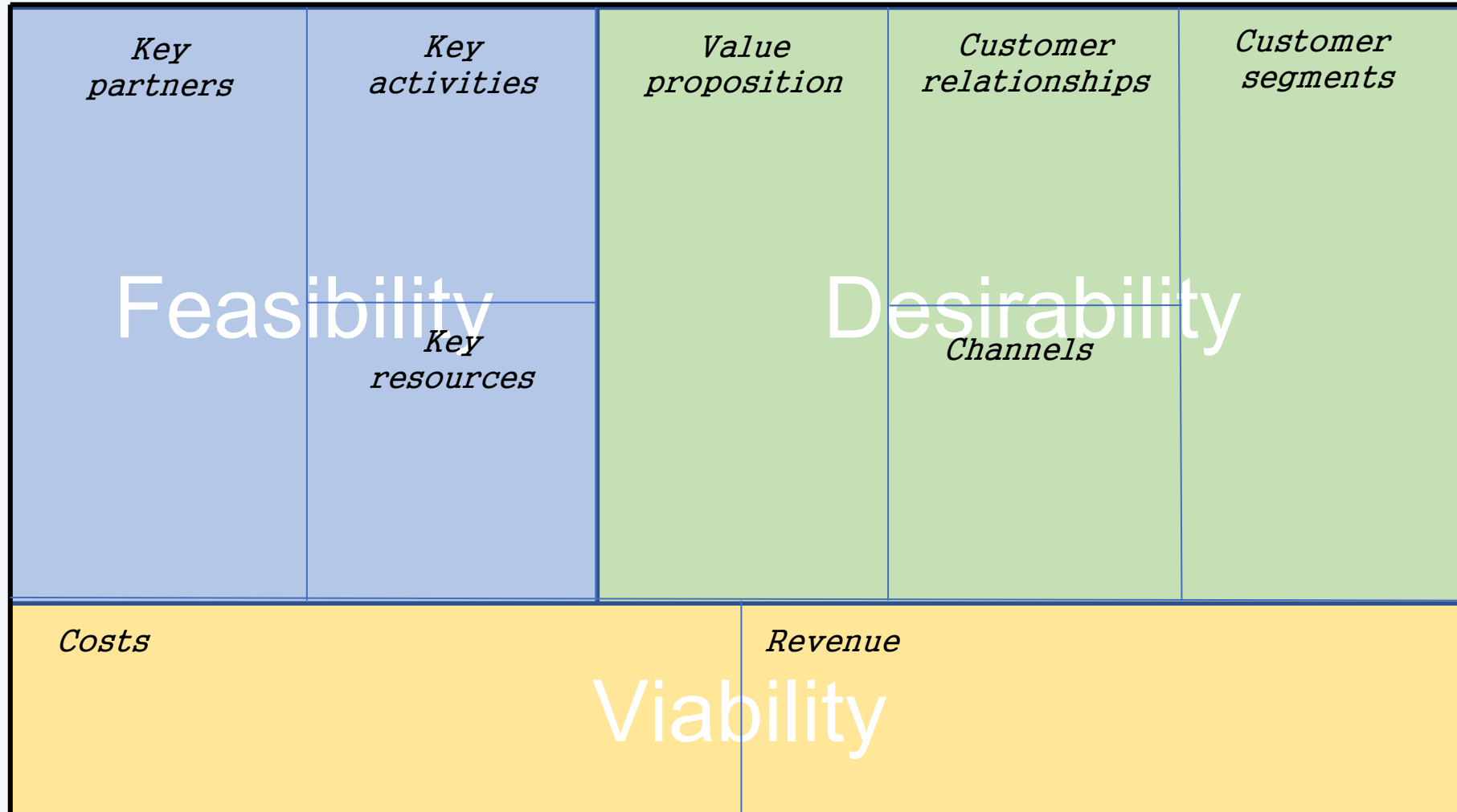
# Business Model

- Describes how your startup **creates, delivers and captures** value.
- A **blueprint** of the 'what', 'why' and 'how' your startup functions
- In the past - complicated; no 'standardized' approach

# Business model canvas



# Business Model Canvas



# Importance of visualizing your business model



## Clarity & Comprehension

Visual models simplify complex business relationships, making them easier to understand and remember for all stakeholders.



## Collaboration

A shared visual canvas encourages team brainstorming, ensuring diverse perspectives are considered in strategy development.



## Gap Identification

Visualization highlights missing elements or misalignments, allowing for early detection and correction before implementation.



## Agility

Quickly iterate and adapt business strategies by visually mapping changes and their impacts across the model.

# Common mistakes and how to avoid them



## Overly Complex Canvases

Mistake: Too many elements too early create confusion. Prevention: Start simple and prioritize critical assumptions.



## Neglecting Customer Validation

Mistake: Skipping customer discovery wastes resources. Prevention: Run iterative tests and gather continuous stakeholder feedback.



## Ignoring Market Dynamics

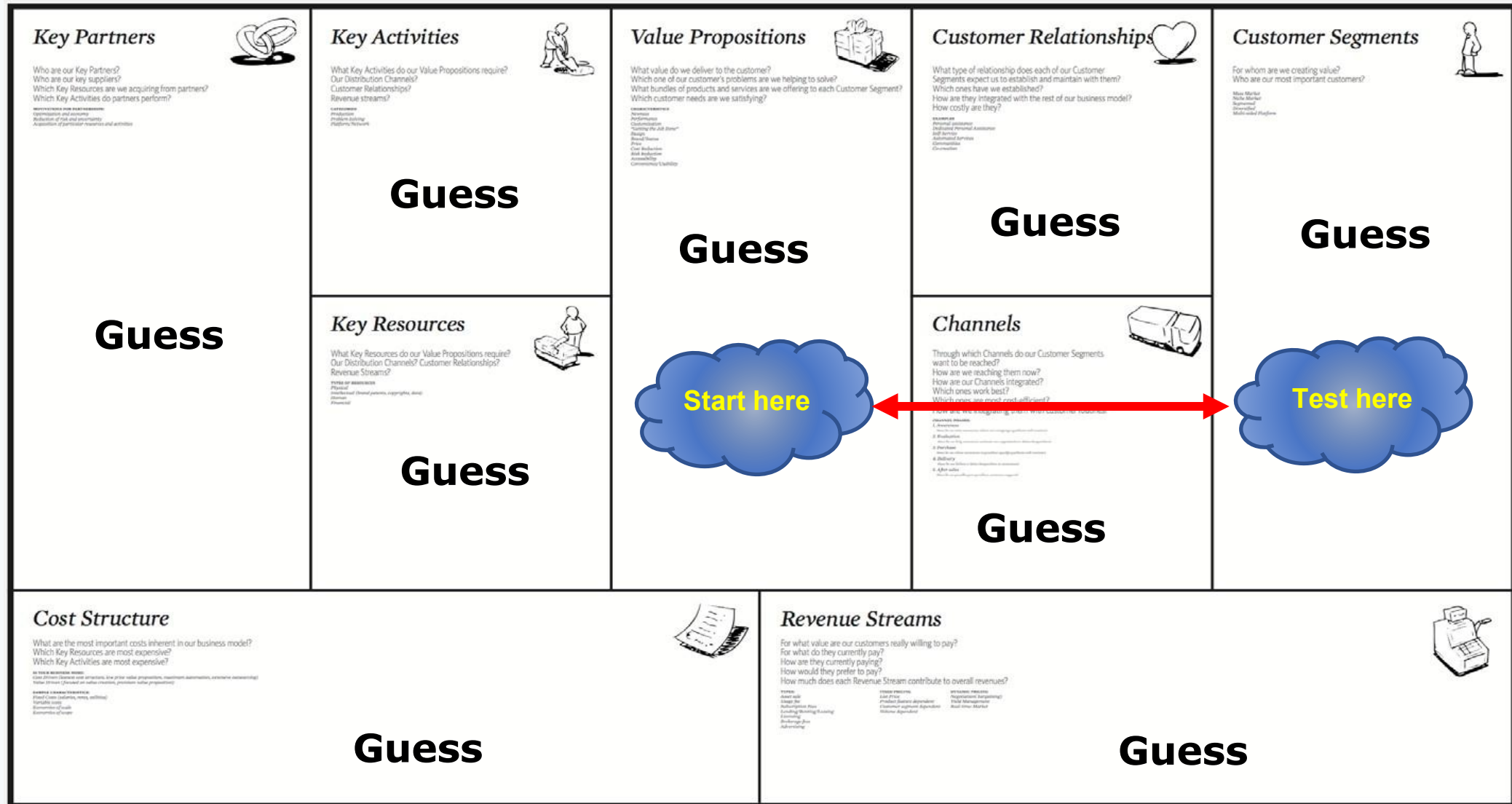
Mistake: Failing to learn and adapt risks obsolescence. Prevention: Monitor trends and adjust strategies regularly.



## Lack of Collaboration

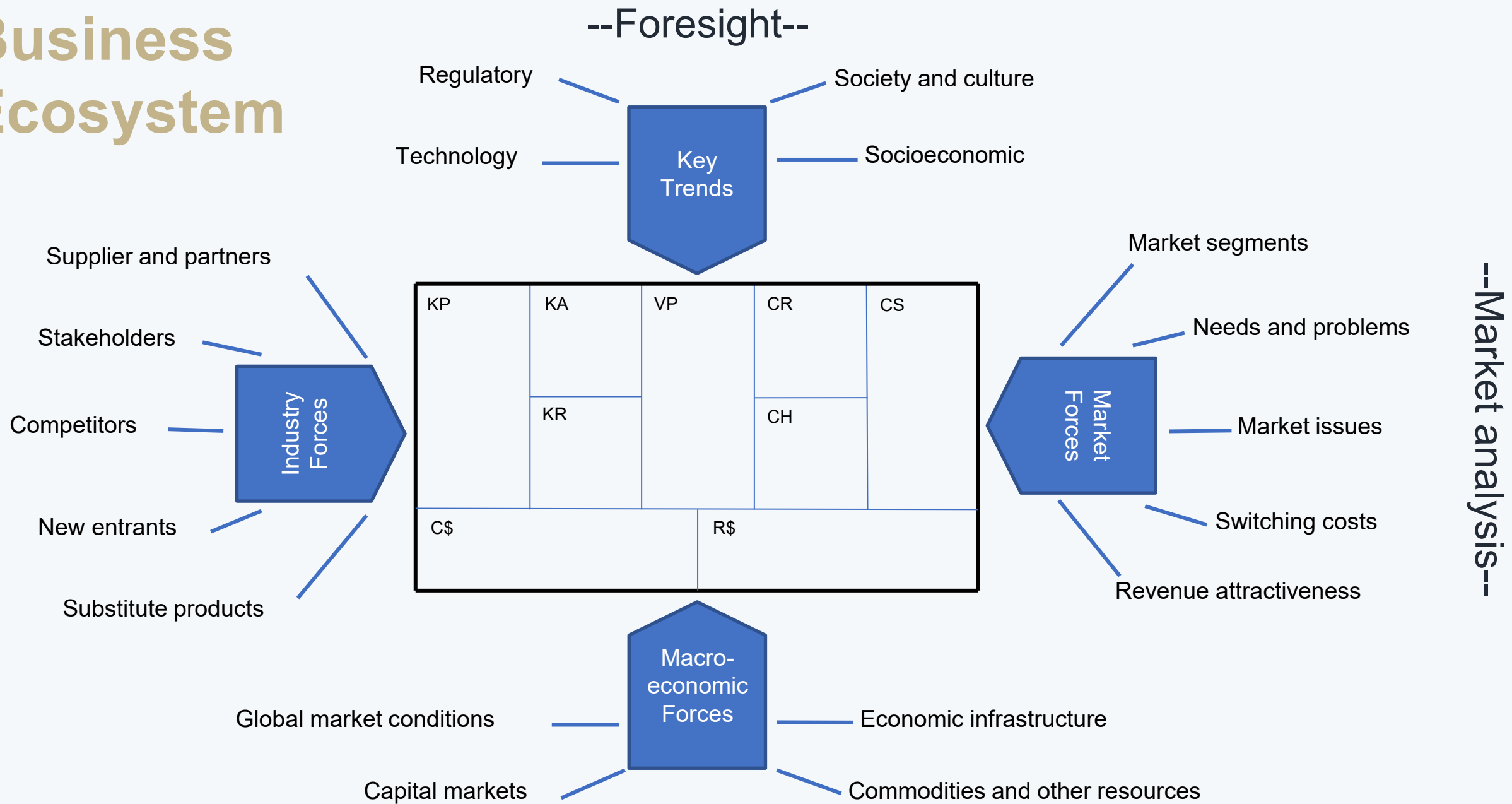
Mistake: Working in isolation hides blind spots. Prevention: Foster team collaboration and open communication.

# Product – Market Fit



# Business Ecosystem

--Competitive analysis--



--Market analysis--

# Business environment – market analysis

Market Forces	Key questions	Fishing industry seascape
Market issues	What are the key issues? What shifts are underway? Where is the market heading?	Social licence; declining resource; increasing emphasis on environment and resource sustainability.
Market segments	Most important Customer Segments? Biggest growth potential? Which are declining?	Harvesters; processors; buyers; restaurants; retail outlets; consumers.
Problems and needs	Where is demand increasing? Decreasing?	Safety; efficiency; environment; sustainability; profit.
Switching costs	How easy/hard is it for customers to find similar products/services?	Industry is 'conservative'; resistant to change.
Revenue attractiveness	What are customers willing to pay for? Where are largest margins? Can customers find cheaper?	Traceability; lobster vs cod; McDonalds vs Basho/Five Fishermen



# Business environment – competitive analysis

Industry Forces	Key questions	My startup
Competitors	Who are the dominant players? What are their competitive advantages/disadvantages?	?????
New entrants	Who? How are they different? What barriers have they overcome? Competitive advantages/disadvantages?	?????
Substitute products/services	Which could replace yours? Cost comparison? Switching costs?	?????
Suppliers and others	Key players in your value chain? Does your business model depend on others?	
Stakeholders	Which influence your business model? Employees? Regulators?	?????

# Business environment – foresight

Key Trends	Key questions	My startup
Technology	Major trends inside <u>and outside</u> your market? Opportunities? Disruptive threats?	?????
Regulatory	Who regulates? Which regulations affect your business model? Which affect customer demand?	?????
Society and culture	What shifts in cultural or societal values affect your business model? Which influence buyer behaviour?	?????
Socioeconomic	Key demographic trends? What is income/wealth distribution in your market? Disposable income? Spending patterns?	?????

# Business environment – macroeconomics

Macroeconomic Forces	Key questions	My startup
Global market conditions	Boom or bust? GDP growth? Unemployment rate?	?????
Capital markets	How easy/hard is it to secure investment? Funding? Credit? Cost of borrowing?	?????
Commodities and other resources	Current status of markets for commodities and other resources essential to your business model? Cost? Availability?	?????
Economic infrastructure	Transportation? Communications? Regulations? Energy supply? Taxation? Law enforcement?	?????

# Understanding your 'business' ecosystem

LEGEND:

FLOW OF  
GOODS/MATERIALS



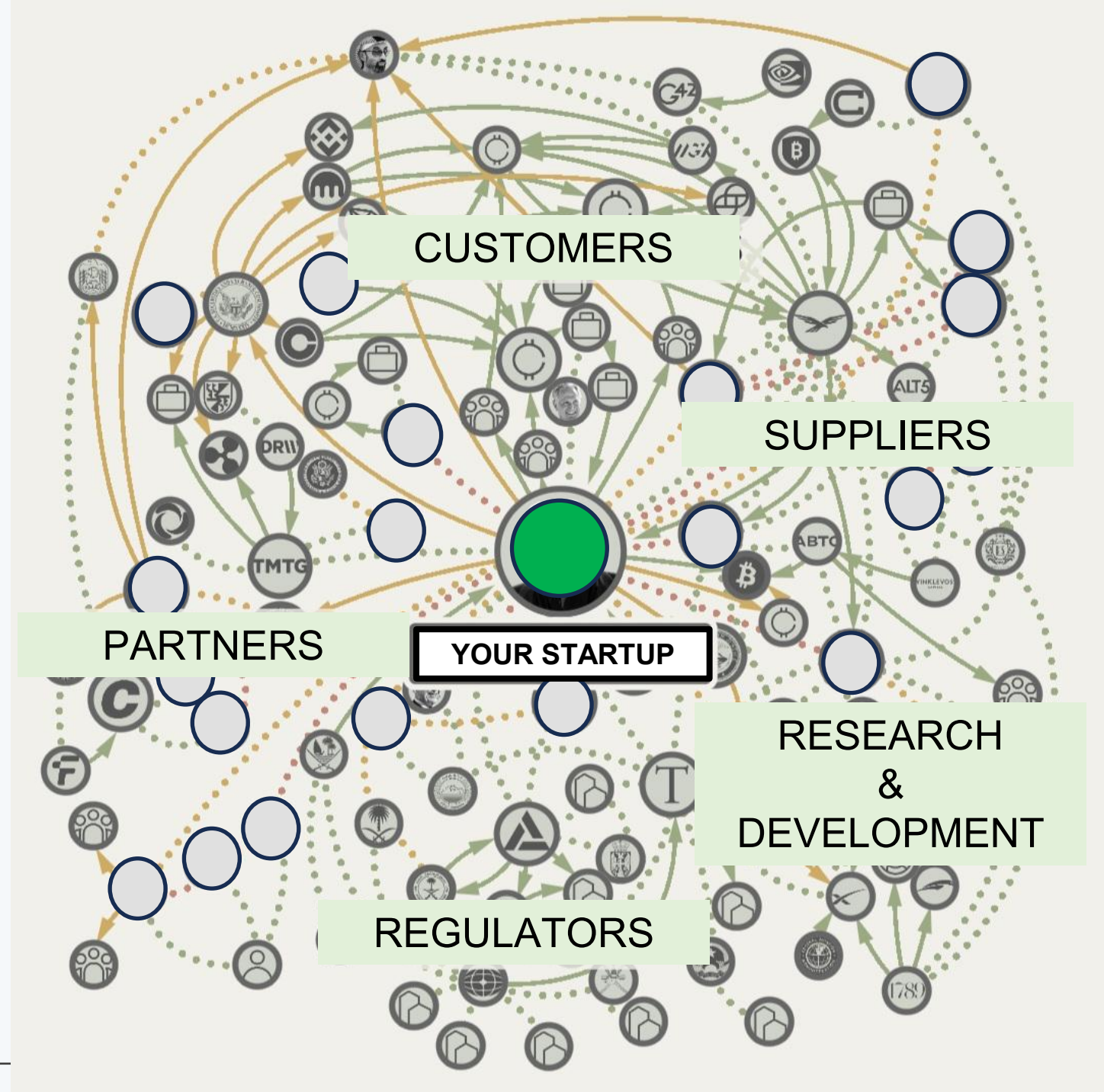
FLOW OF INFORMATION



FLOW OF MONEY



L2M





QUESTIONS?



# Customer Discovery: The basics



# Customer discovery: Purpose

## Validate Problem–Solution Fit

Engage early with potential customers to confirm the problem is real and your proposed solution addresses their pain points.

## Test Assumptions with Evidence

Use rapid experimentation via interviews, observations to turn hypotheses into validated learning and thereby reduce market risk.

## Improve Odds of PMF

Startups that rigorously and continuously practice customer discovery have a **significantly higher** chance of achieving product–market fit.





# Principles of customer discovery



## Testable Hypotheses

Formulate clear, testable assumptions about customer needs or behaviours. Example: 'Customers will pay for a meal delivery.' (*Recall Carol's example*)



## Unbiased Conversations

Engage with customers openly, avoiding leading questions. Example: 'Tell me about the last time you used [similar product].'



## Problem Over Solution

Focus on understanding the customer's problem before proposing solutions. Example: 'What is your biggest frustration with current tools?' (*Learn, don't teach*)



## Iterate on Feedback

Refine your assumptions based on customer input. Outcome: Improved product-market fit and higher adoption rates. (*Reduce market risk*)

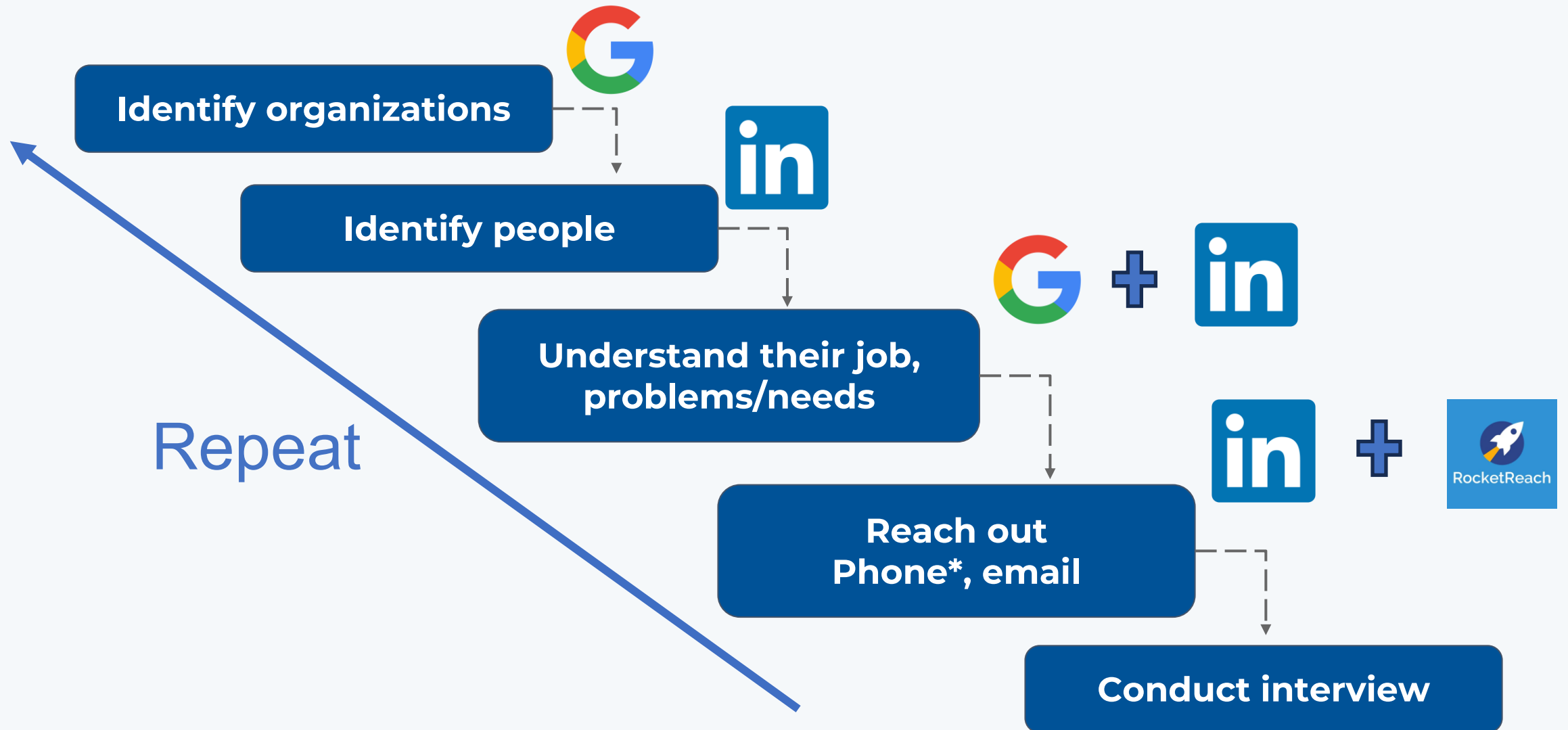
# Customer Discovery is:

- A way to (in)validate business model hypotheses
- A way to understand people (future customers) and their motivations (problem/need)
- A way to learn about your ecosystem
- Reduces risk of building something that nobody wants or needs

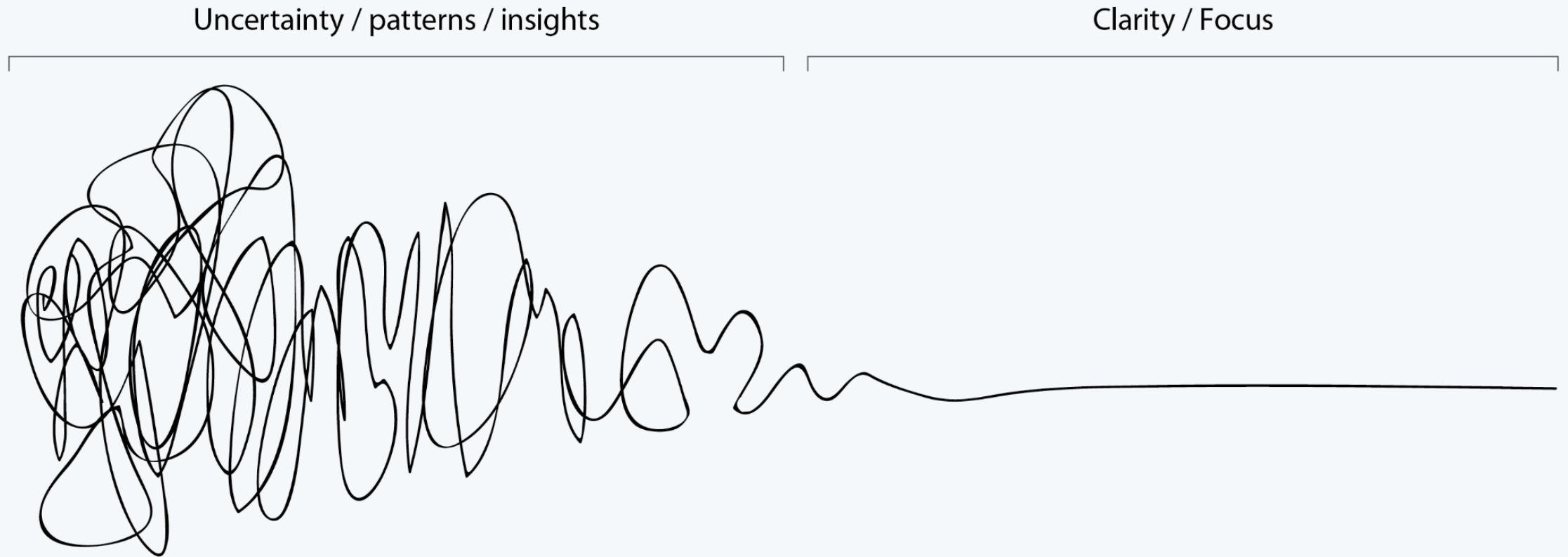
## Customer Discovery is not:

- Collecting a list of product 'features' from prospective customers
- Running a bunch of focus groups
- Selling your product/service

# Customer Discovery Process



# Customer discovery: a non-linear process



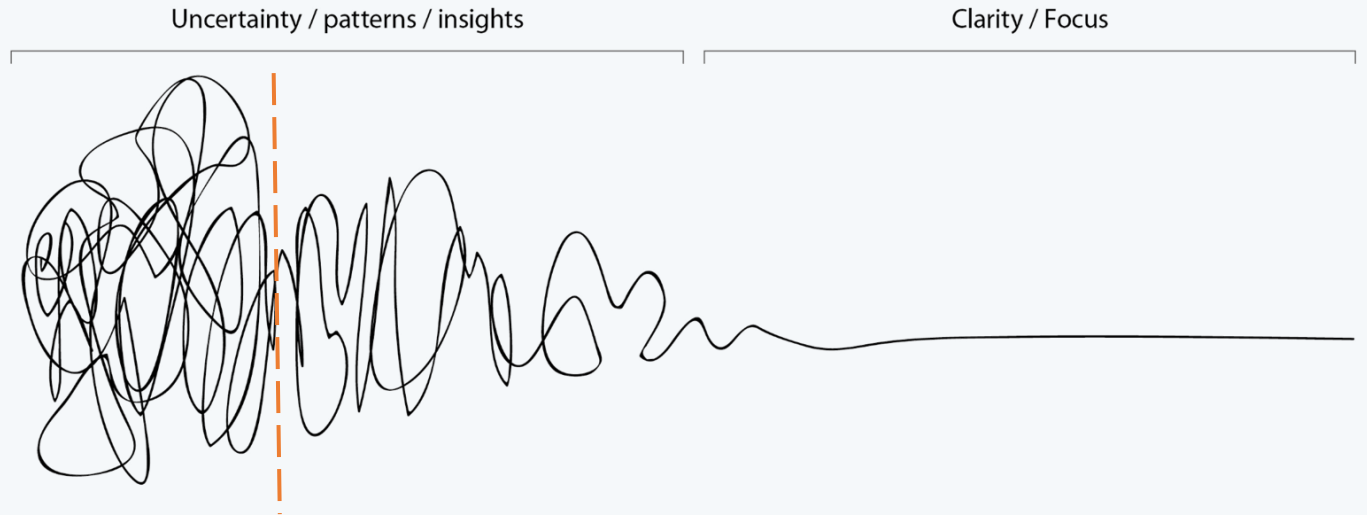
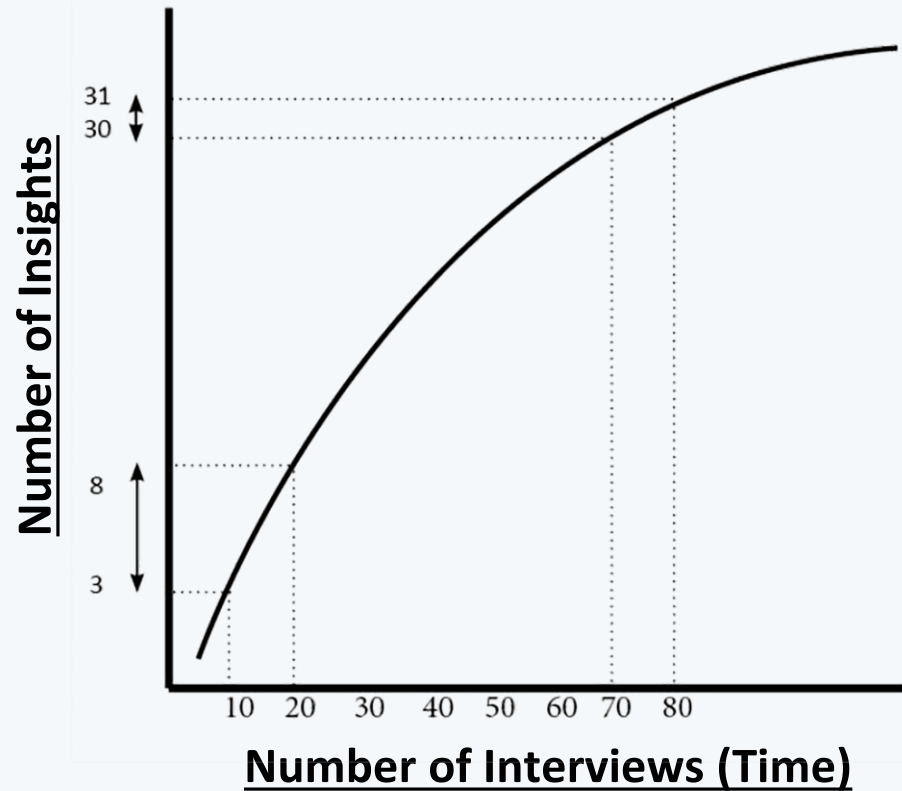
# 100 Customer Interviews

By March 26, 2026

# Customer interviews – why 100?

- It's a good start
- Data drives results
- Pattern recognition and analysis (statistical significance)
- Test hypotheses from many angles

# Understanding your customers



Insights begin to be generated at **~30** customer interviews. *You need a big enough dataset to discern patterns!*



# Customer Discovery 'DO's'

- More interviews is better than fewer interviews
- Get comfortable with being uncomfortable. You will struggle; you will have to get creative
- Focus on gaining insights into both corporate and employee problems and needs
- Listen and observe
- Watch for patterns to emerge; be ready to iterate or pivot accordingly

# Customer Discovery 'DO NOTs'

- DO NOT assume you already understand the corporate and/or employee problems or needs
- DO NOT interview people you already know
- DO NOT avoid the hard truths (be ready to iterate or pivot)
- DO NOT SELL!
- DO NOT abandon hope....

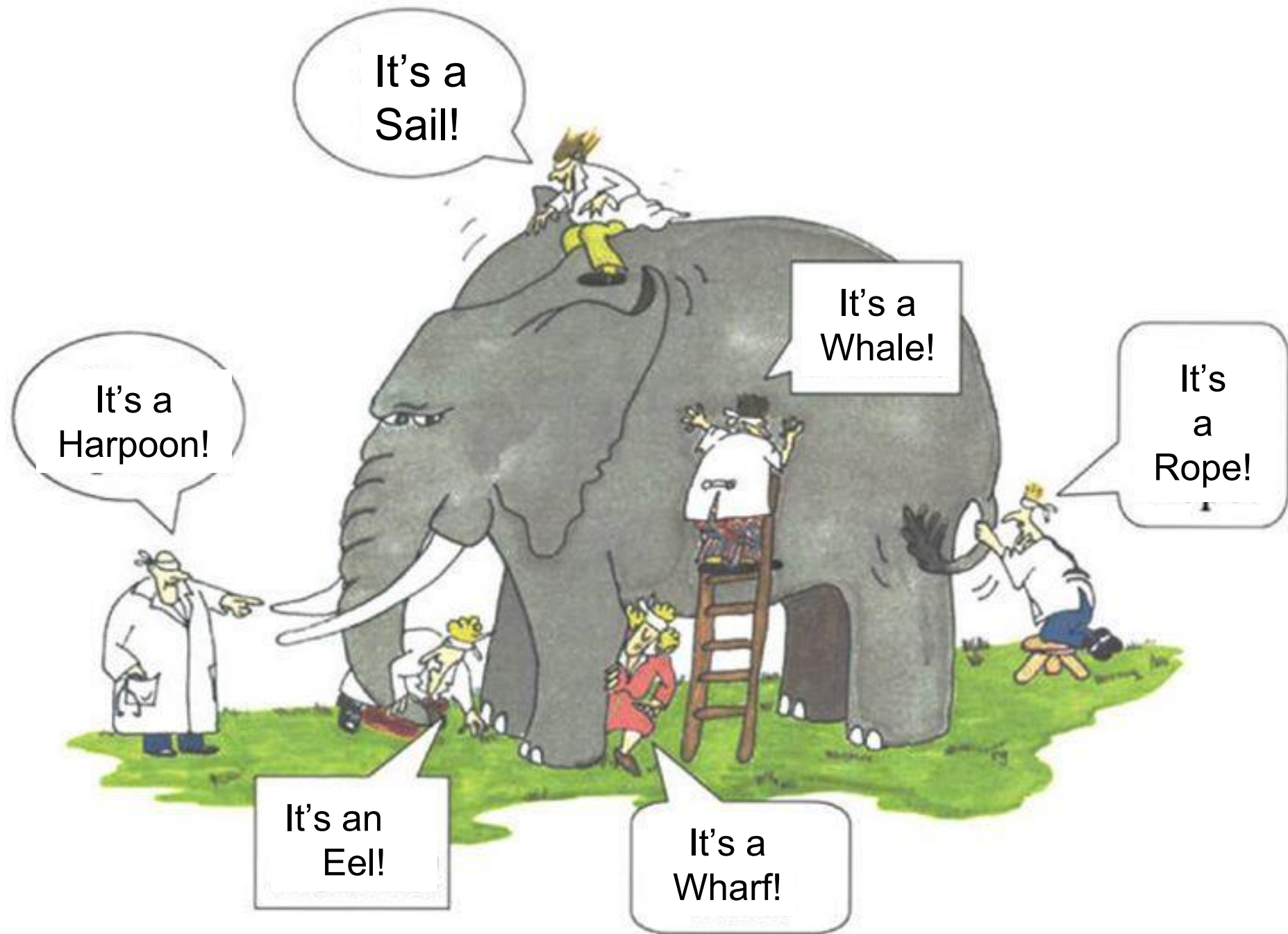
# How do you ensure good data?

“Everything we hear  
is an opinion not a  
fact.

Everything we see is  
a perspective not the  
truth.”

*Marcus Aurelius.*





# Ensuring good data – avoiding bias

Anchoring bias - Depending too heavily on an initial piece of information offered (the 'anchor') when making subsequent judgments.

Confirmation bias - The tendency to search for, interpret, favour, and recall information in a way that confirms or supports one's prior beliefs or values.

Suggestibility bias - Being inclined to accept and act on the suggestions of others.

Insensitivity to sample size - Judging the validity or significance of information without consideration of sample size.

# Interview planning

- 100 interviews is a daunting number and requires careful planning to achieve
- Break down into chunks of 15 per week
- 15 interviews completed during Orientation (by February 5)
- 15/week for remainder of the program (February 5 – March 26)

# Interview cadence

By the end of:	New interviews	Total interviews
February 5, 2026	15	15
February 12, 2026	15	30
February 19, 2026	15	45
March 5, 2026	15	60
March 12, 2026	15	75
March 19, 2026	15	90
March 26, 2026	10	100

# Interview planning

- Securing an interview can take weeks
- Don't expect to reach out to 15 people and get 15 interviews. Typically for every 15 requests you will get ~5 responses and confirm ~1 – 3 interviews (i.e. 10 – 20% conversion rate)



# Interview planning

- You will need to make between 75 and 150 new requests each week. This will vary depending on:
  - How well you craft your message
  - Your industry/market (some can be very diverse)
  - Types of customers you are going after:
    - Individuals
    - Companies – 1 company does not equal 1 customer; individuals within the company play different roles (end user, buyer, decision-maker, etc.)

# Customer interviews – getting started

1. Leverage your network ('warm' contacts)
  - Who can your TL and mentor connect you with?
  - Who can other L2M teams connect you with?
2. LinkedIn (try Professional, it's worth it)
3. Web search (Corporate web sites, Industry associations, etc.); alerts (Google, etc.); AI (Gemini Deep Research, etc.)
4. As you progress:
  - Who can your interviewees connect you with (referrals)?
  - Who to contact in new segments/subsegments that you uncover?

# Customer interviews – tips and tricks

- Take advantage of the fact that you are a student or post-doc
- Ask for insights and advice, not specifically an “interview”
- Plan your questions carefully, but be prepared to adapt to your interviewee’s answers (have a ‘structured conversation’)
- Penultimate question – “Is there anything you would like to add?”
- Always ask for referrals before concluding the interview
- Use **Airtable CRM** and **Business Model Canvas** to keep track of your findings

# Bottom line

When in doubt – talk to your customers!

QUESTIONS?



# Empowering success: BMC + Customer Discovery

## **Strategic Validation**

Use the BMC to map assumptions and test them quickly with real customers.

## **Risk Reduction**

Iterate on evidence, not guesses, to avoid costly misalignment and waste.

## **Customer Alignment**

Continuously refine value propositions to reflect real needs and jobs-to-be-done.

## **Sustained Growth**

Habitual customer discovery will keep you responsive to market trends.

# Why is this important?

The right business model can  
increase the value of your company  
by 5X to 10X



# Understanding your 'business' ecosystem

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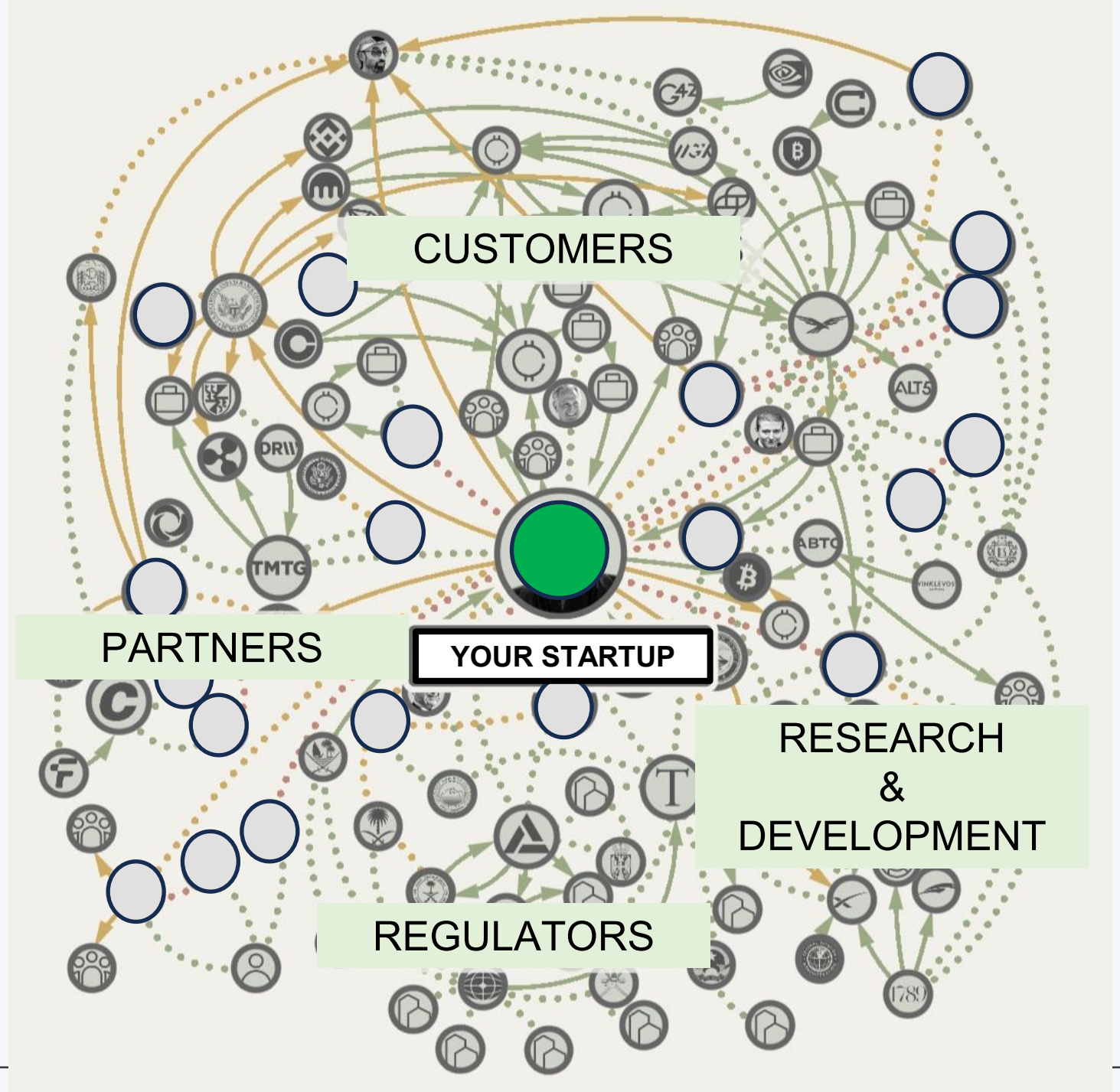
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L2M

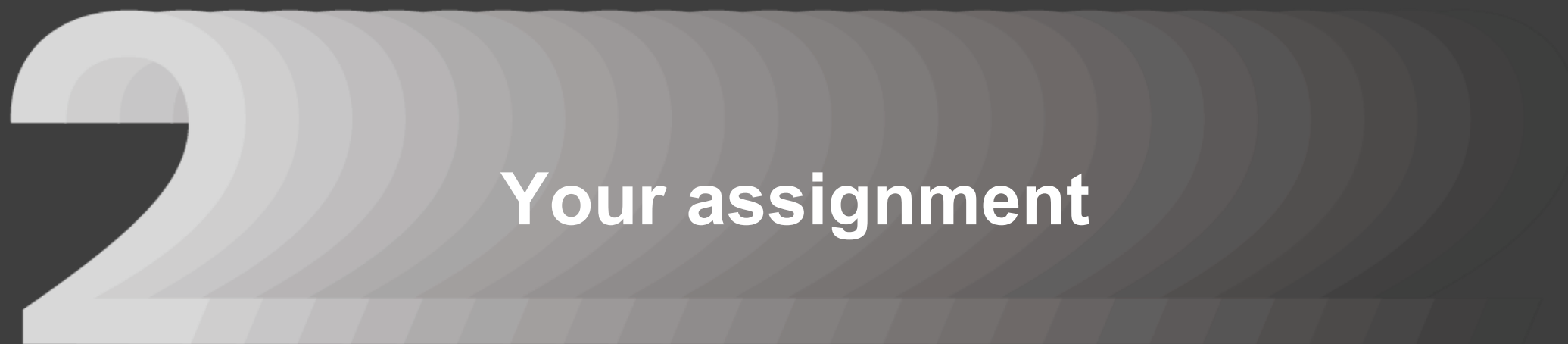


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Your assignment

## By January 29, 2026:

1. Finalize a first DRAFT of your Value Proposition and Customer Segment hypotheses. Discuss with your TL and mentor and add to your BMC;
2. Continue to build your CRM (200+ contacts). Ask your TL, mentor and facilitator for warm contacts;
3. Finalize a first DRAFT of interview questions; discuss/finalize with your facilitator and TL.

**By January 29, 2026:**

4. REACH OUT to customers (email, phone, or both)
5. Conduct one interview (minimum) by January 29, 2026
6. Record and transcribe interview(s); review and update your Business Model Canvas and CRM as you go.



- Texts:
  - Blank, S. and B. Dorf, 2020. **The Startup Owner's Manual**. John Wiley and Sons, Inc., 571p.
  - Osterwalder, A., Pigneur, Y., Bernarda, G., Smith, A. and T. Papadakos, 2014. **Value Proposition Design**, John Wiley and Sons, Inc., 290p.
  - Osterwalder, A. and Y. Pigneur, 2010. **Business Model Generation**. John Wiley and Sons, Inc., 280p.
  - Constable, G., 2014. **Talking to Humans**. 86p.
  - Levine, Uri, 2023. **Fall in love with the problem, not the solution: A handbook for entrepreneurs**. Matt Holt, 394p.
  - Moore, Geoffrey, A., 2014. **Crossing the Chasm**. Harper Collins. 273p.



## Videos:

- [Conducting Customer Discovery Interviews - startupweekend \(wistia.com\)](#)
- [Harvard i-lab | Startup Secrets: Business Model - YouTube](#)
- [\(41\) Osterwalder explaining the Business Model Canvas in 6 Minutes – YouTube](#)
- [Falling in love with the problem - Uri Levine](#)
- Web site/blog:
  - [Steve Blank Innovation and Entrepreneurship](#)



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THANK YOU

[January 18, 2024]

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