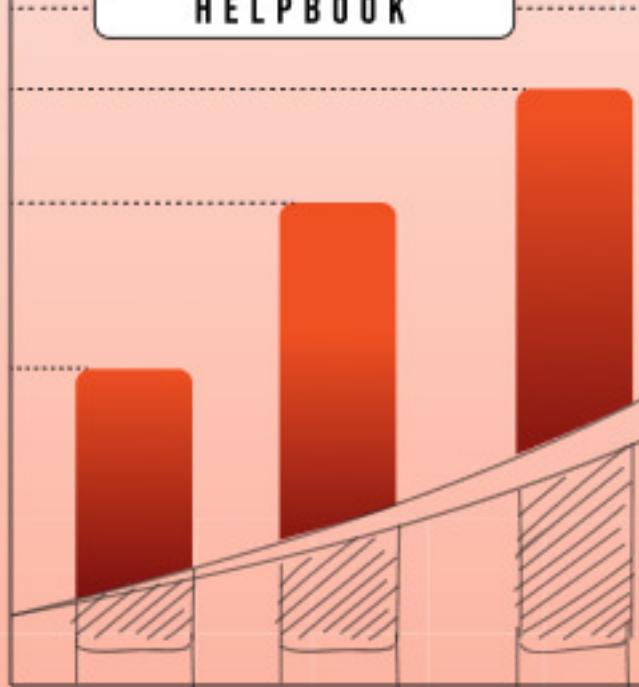




StartUP

HELPBOOK



PART-2

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IDEA VALIDATION

Is it the first time you're founding a startup with an idea that can turn the world upside down? With all the hard work, sleepless nights, and exhausting schedules - doing it all alone, building a venture is indeed a challenging process. But most people don't say "Challenge accepted" and stick on. Statistically, 90% of businesses fail in the first year. Oh yes! You read it right.

But that is how it works — it's the survival of the fittest Minimum Viable Product. Your goal is to be one of the successful 10%. And here is a secret for the same—It's idea validation. Before diving deep into Why and HOW of idea validation....let's talk about the WHAT



WHAT IS IDEA VALIDATION?

Idea validation is testing business ideas to understand their viability. It justifies the demand in the market and the target audience's willingness to pay for (buy) the product.



The entrepreneurs who ignore this process of idea validation, i.e, those who don't verify if there are potential customers for the product in the future, inevitably fail.

If there are few connections with real people, the startup is a money pit with no possibility for successful sales or marketing. Validating an idea can be anything - from communicating with potential customers to specific landing pages or initial MVP on the Internet.

Founders should check which of their efforts are valuable to their end users. One of the most essential facts of idea validation, often overlooked by people is, it comes with reviews and behavior of the potential customers and not from the opinions that people form after listening to the idea.

WHY IDEA VALIDATION??

New ideas have unpredictable elements, and if some go wrong, they can destroy your plans at once. Validation **reduces the risk and speeds up the delivery of a value-creating service in the market.**

An idea should be validated before investing a significant amount of time and resources in developing it to avoid building and launching a product or concept no one wants or isn't willing to pay for.

The purpose of idea validation is to ensure your idea has actual demand. Otherwise, there's a risk of it becoming "**just another cool idea.**"

Even if you are convinced that your business idea is excellent, validating your idea can also open up ways for you to enhance it. Many entrepreneurs argue that it is better to fall in love with a problem and not a solution. Depending on

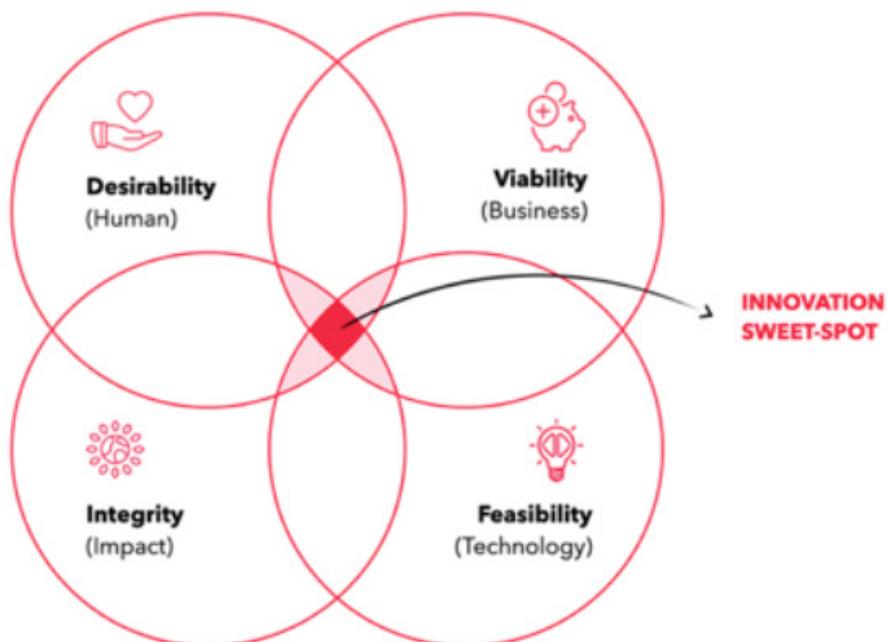
the problem, you need to solve or the service area you want to address, which may not even be the “right” idea. In fact, many founders are hesitant to conduct proper validation and research on their business idea due to fear of discovering flaws. They fear that they may have to make significant changes or adjustments to the original concept, known as pivoting. It is important to note that going through the verification process won’t necessarily kill your product — **though you may end up with a different product than the one you initially envisaged.**

The market loves ambition but not a delusion. Make sure you stop wasting resources and start producing products with real-world value.

GOOGLE GLASS is just one example of a seemingly good idea that was executed, but no one wanted or needed. It also looked unattractive and had some safety and health concerns. Its ridiculously high price tag (\$1500) didn’t improve the situation, especially when it failed to offer a clear benefit for the user. It was unclear why people might need it in the first place except for violating other people’s privacy more easily.

Criteria For Evaluating Your Business Idea

There are four main qualities you can use for idea validation:



For an idea to fructify and sustain, it has to be:

- Socially desirable
- Financially viable
- Technologically feasible
- Environmentally impactful

Problem Hypothesis

Kissmetrics founder *Hiten Shah* suggests “**Problem Hypotheses**” as the first step in validating your startup idea.

“

“Ideas are just a description of the solution to a problem. Converting your idea to a problem hypothesis lets you stay focused on validating the idea instead of building the solution.”

”

A valid hypothesis is a testable statement, which often includes a prediction.

Your company's assumptions should be validated early to ensure they are accurate.

Key Points of Problem Hypothesis:

- Do the problems you're solving exist?
- Is it more of a 'job to be done' or a need , desire?
- How significant is the problem or problems?
- How is the customer dealing with the problem now? What are the alternatives?

Hypothesize about the market problem and what can you do to solve it. Using minimal sentences describe the problem and the solution that you came up with in a way that a layperson could also understand . Avoid buzzwords and industry jargon; be concise.

A strong hypothesis can be written in a variety of ways. Here is a straightforward and simple version of it :

Because we believe X, if we do Y, we expect Z to happen.

And here is an example of the same :

Because we know our customers prefer colder soda in warmer weather, if we add ice cubes to each glass of soda we sell, we expect higher customer satisfaction and more sales with higher number of repeat customers..

By [insert experiment change], we believe [user behavior change], solving [insert problem]. We expect to see [expected results].

By increasing link prominence for the sizing guide, we believe more customers will interact with the link, solving sizing uncertainty. We expect to see an increase in customers engaging with the size guide, and more customers completing the checkout process.

The Harvard Business School recommended template for the construction of a problem hypothesis statement is:

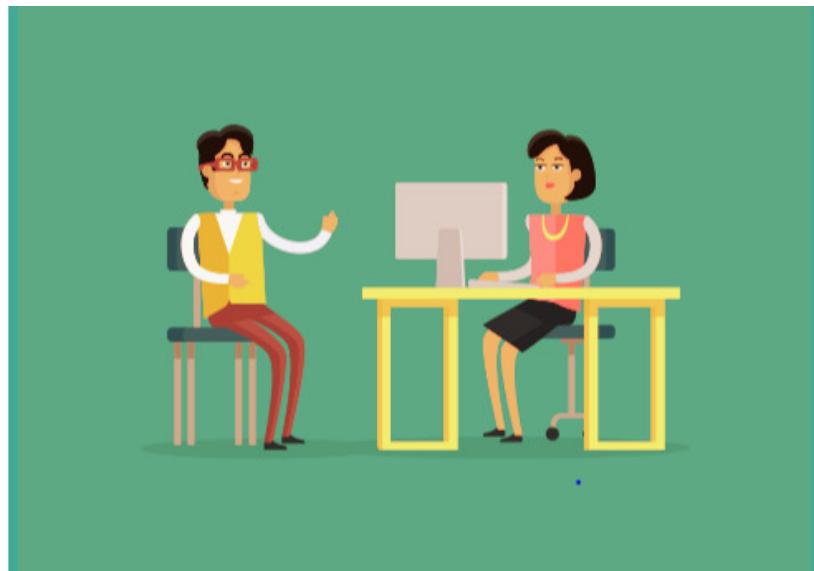
I/We believe that [a short demographic description of the target customer.]
when [core task or customer action]
who want [critical functional performance and/or a psychological need(s)]
are dissatisfied by[an existing or alternative solution]
because of [shortcomings of the existing solutions(s)]
and/or because of [constraints confronting the target customer].

Example: Caffeinated Beverages

We believe that office professional of age 25-45 drink caffeinated beverages
[when] throughout the workday and
want to have options with more protein and healthy fat easily accessible.
But they are dissatisfied with the selection of teas and coffees available in their office,
because they omit high-protein, healthy-fat choices
and because their busy schedules prevent them from leaving the building to purchase the drinks elsewhere.

Customer Discovery

Customer Interviews



A startup needs to clearly understand its target audience and know its customers' needs and problems. Many startups have used Steve Blank's approach to entrepreneurship - quickly find out what works and discard the rest, to build successful ventures. One of the ways we can get to know more about our customers is through customer interviews.

Customer interviews refer to direct interaction with the customers who give feedback about the product/service you are offering.

Customer interviews provide crucial insights into what customers desire and need. This information can help you refine your product to cater to their needs more effectively and avoid selling a product that no one needs and does not address customers' concerns.

Customer interviews are more challenging than it looks. Customer interviews, if done improperly, will not yield the desired result as one won't get required and reasonably accurate information about their customers. These ineffective interviews can create a lot of pain and wasted effort.

Thus we need to keep several techniques in mind while conducting these interviews to get unbiased, practical, and crucial feedback.

- Focus on questions that allow you to **validate** the problem.
- **Develop a system to analyze interview results:** It is advisable to have a clear idea of the relevant metrics and demographics before conducting interviews to analyze the responses effectively.
- **Stay attentive and vigilant:** Keeping in mind that the main aim of conducting customer interviews is gathering information, it is advisable to do minimal talking and take notes on the responses. One can also record their interview with consent from the customer.
- **Ask open-ended questions:** Asking open-ended questions provides opportunities to learn something new that you are unaware of and doesn't restrict you to your assumptions.
- **Do not pitch your product:** The main aim of interviews is to gather unbiased information and pitching ruins this purpose.
- Conduct interviews with those who will not be biased toward your products due to previous personal relations.
- Avoid questions about future speculations Eg: "Will my product work X years later?" Instead, focus on the customer's past experiences.
- Finally, end the conversation with questions such as:
 - "What did I not ask?"
 - "Who else do you suggest I interview?"

One can use the Harvard Business School Template for assistance in customer interviews:


HARVARD | BUSINESS | SCHOOL
 Rock Center for Entrepreneurship

Uncovering Users' Needs—Interviewing Techniques to Get More Meaningful Data

Customer Interview Guide Sample

Introductory Remarks:
[How will you describe who you are, your research objectives, how you will protect confidentiality, etc.?]

Top 3 Questions

- 1.
- 2.
- 3.

Other Questions: *[List other questions you may pose, ordering them as you might in an interview and interspersing your top three questions within this ordering. Be flexible with your question order when you conduct interviews. Keep things natural and go with the flow.]*

Customer Surveys

"Without data, you're just another person with an opinion"

W. Edwards Deming

The most common reason for startup failure is that there is no market need for their product.

The goal of a startup must not be to find customers for its product but to create a product for its customers.

When you want to create a marketable product or service, you should be able to accumulate as much data as possible before investing your time and resources in its development. Find answers to questions like, *Can this product be a solution to an existing problem? Has this been implemented before? What will be my target audience?*

There are endless things that can be asked in a survey; our goal must be to shorten this to the most crucial steps.

Learn about your survey takers -

Identify who are the best people to speak to. Gathering customer demographics assists you in learning how your potential users differ. Segmenting data helps you identify your potential market and depends on whether you're looking to tackle a problem in a particular industry.

Give context about your product -

When you are in the earliest stage of your startup and most likely don't even have a landing page, your welcome message for your survey takers is all you have to draw users' attention. Try to explain the problem without going into the specifics of your solution.

Enquire about the problem prevalence -

Find out about how often your users face the problem and what tools they are currently using to tackle/circumvent this issue.

"How often do you face [sample] problems? And how do you generally solve it?"

This step can give you pivotal insights into the market and help you understand the most critical hurdles to overcome.

Learn about what's missing -

Find out what problem is most challenging for your target users.

"What are the most problematic issues you face while approaching [sample] task?"

This is an open-ended question, so allow your users to describe their main challenges without leading them into an answer.

"Which tools do you generally use to solve this challenge?"

Find out whether there is an existing competitor, if yes, where it falls short, and approach how you can best solve that issue.

Reach out to responsive users -

Find people willing to speak to you so you can dive deeper into the problem you are trying to solve.

There are a few practices that one can follow to ensure maximal efficacy in collecting user responses -

Do's-

- **Create a clear, well-defined goal for your survey.** Define what the key objective of your survey should be. For example, in early access surveys, your primary goal should be: *"Will my product be a good fit for the market?"* instead of something abstract like *"What is the market need?"*
- **Keep your surveys short and crisp.** The longer your surveys are, the less likely the users will respond to them. Keep in mind that the users are doing a favor by filling out the surveys, so keep this process as least time-consuming as possible.
- **Focus on closed-ended questions.** Have more questions that have well-defined responses and are easy to answer. These are multiple-answer questions with pre-populated responses like: *"Have you faced [xyz] issues before?: Yes/No."*
- **Provide balanced answer choices.** For example, the query *"How often do you face [xyz] problems?"* can have options such as *"(a)never, (b)sometimes, (c)every-time,"* but a more balanced approach will be to provide options like *"(a)Never, (b)rarely, (c)once in a while, (d)regularly, (e)every-time."*

Dont's-

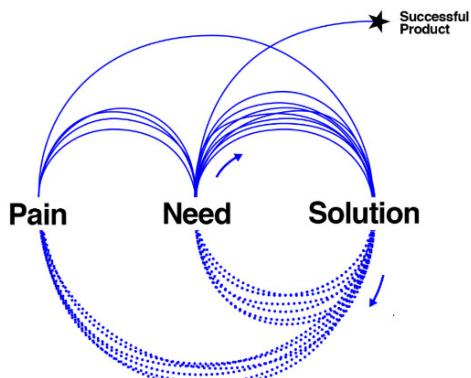
- **Don't lead the users.** Avoid questions like "*Would you use this product if it provided [a, b, c, etc.] features?*" like the plague. Loaded questions introduce biases in the survey and skew the data you obtain.
- **Avoid asking too many open-ended questions.** These require the users to respond in their own words. While they are unavoidable, minimize their usage and keep them in the later segment.
- **Don't ask too many personal questions.** Keep personal questions towards the end.

Observational Approach

Customers generally do not understand the pain point or workarounds that they are using. By observing their behaviors interacting with physical or software products and other interactive moments, you can identify how a user relates to their environment. When you understand the moment they encounter the pain point or employ an alternative application of another product to solve the problem, an entrepreneur can further define a solution that fits the customer and market.

Black Design - User Observation Tool

User observation is a process of getting to know your user. To bring a successful product into the market, you must leave your day-to-day routine's comfort zone and get out to meet people. People are your customers. All people have pains, and that is why all people have needs. The product visionaries – you – can satisfy those needs. The deeper the pain, the bigger the market and the more money your customer will pay for your solution to hurt less. The black design focuses on these three aspects and helps analyze the product.



Competitive Analysis

A competitive analysis is a strategy that involves researching major competitors to gain insight into their products, sales, and marketing tactics. Implementing more robust business strategies, warding off competitors, and capturing market share are just a few benefits of conducting a competitive market analysis.

Competitor analysis is an integral part of your business plan. Once you have defined the vision for your product and the customer problem you are solving, it is essential to understand the other companies in your market. This helps you identify opportunities and threats. It also allows you to set strategies that address your prospective customers' needs better than your competitors can.

Your competitive analysis should answer these core questions:

- Who are the other companies vying for customers in your market?
- What products and services do they offer?
- What is each competitor's market share?
- What are their strengths and weaknesses?
- How do your products and services compare?
- How can you differentiate your products and services?

Here, the below figure demonstrates an example of competitor analysis of a flower startup→

competitor analysis			Fleurs Flowers
	target group	Men or women from 25 years old with an average salary	
	competitors		
	fromyouflowers.com	Lidl	Valentino flowershop
strengths	Offers flowers online	The price for flowers is low	Customers can order flowers online but have to pick them up at the store
	Delivers at home though whole the region within 24 hours	Customers can buy flowers while doing groceries, they do not have to visit a different store	When ordering flowers above a certain amount the customer will receive a free vase
	Package deals – get a discount on a vase when flowers are bought	Everyday there are new flowers	A lot of time is spend on wrapping the flowers as a gift
weaknesses	There is no way that a customer can see the flowers before they are ordered	Customers cannot create their own piece since the flowers are all prearranged	The price for flowers is higher than in other shops
	Ordering flowers is less personal	The flowers are made in mass	Ordering flowers takes quite some time
	Customers cannot create their own bouquet of flowers	Buying flowers is not a special occasion since it has been done during doing groceries	The shop is not as much open as customers would like, for instance it is closed on Mondays
most important findings			An online shop seems to be more and more important. Customers want to be able to order flowers from their home. Customers also like it when they get something for free or a discount on something when they buy flowers
			Customers seem to think that buying flowers is a personal and special occasion. They do not like it when buying flowers is less personal. They also do not like that they cannot create their own bouquet

WHY COMPETITOR ANALYSIS???

More often than not, small business owners find themselves juggling many tasks at once. Even amid a busy schedule, though, it's worth taking the time to do a competitor analysis. It can benefit your business by helping you:

- Identify your business's strengths and weaknesses.
- Understand your market.
- Spot industry trends.
- Set benchmarks for future growth.
- Learn from the mistakes of your competitors
- It will tell you how you can out-do your competitors in these areas to keep your customer attention
- They help you determine your 'why.'---->When a potential customer has your client's product and a similar product side by side, the "why?" of your client's brand is often going to be the determining factor in closing that sale

After the 'Why' determine 'Who' the competitors are. Competitor analysis is about finding the competitors representing the greatest threat to your business. The best way to identify this is by following the **WWH** approach.

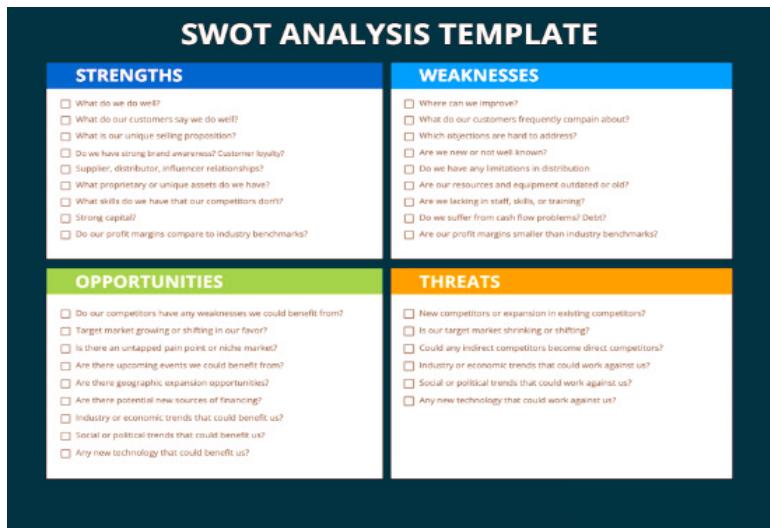
- **Who** is the customer?
- **What** is the problem?
- **How** is the problem solved?
- **Direct Competitors:** Competitors with the same customers, the same problem, and the same solution as you. For example, Uber and Lyft are complementary on-demand cab aggregators.
- **Secondary Competitors:** Companies that serve different customer segments but address the same problem. For example, even though Gucci and Gap address the same problem of clothing, cater to different customer segments.
- **Indirect Competitors:** Competitors who cater to the same customer segment address the same problem but provide a different solution. Domino's and McDonald's offer different solutions to the same problem, even though they address the same problem.

Identify The Parameters & Develop A Competitive Analysis Framework

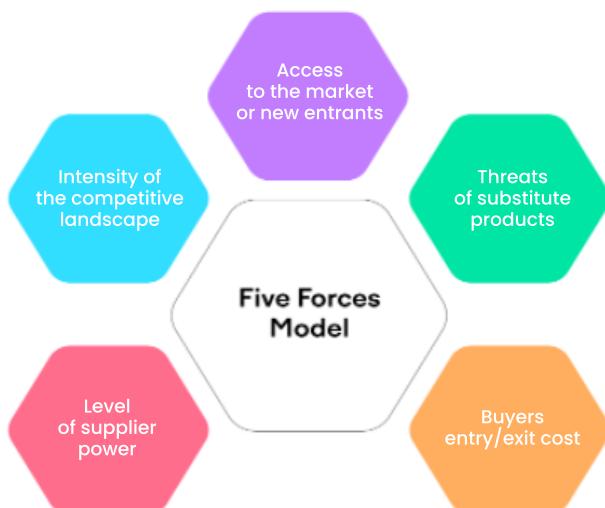
Now is the time to determine 'What' and 'How' of your competitive analysis - what should be investigated, and what framework will you use?

You can use an existing competitive analysis framework or develop your own one based on specific parameters. Some of the current competitive analysis frameworks are –

- **SWOT analysis:** Analyzes the strength, weakness, opportunities, and threats of the competitors to identify potential competitive advantage.



- **Porter's five forces:** Analyzes the industry's competitive structure by considering five factors: new entrants, buyers, suppliers, substitutes, and competitive rivalry.



- **Growth-Share Matrix:** Classifies your company's products according to the industry's competitive landscape and determines which products are worth investing in.

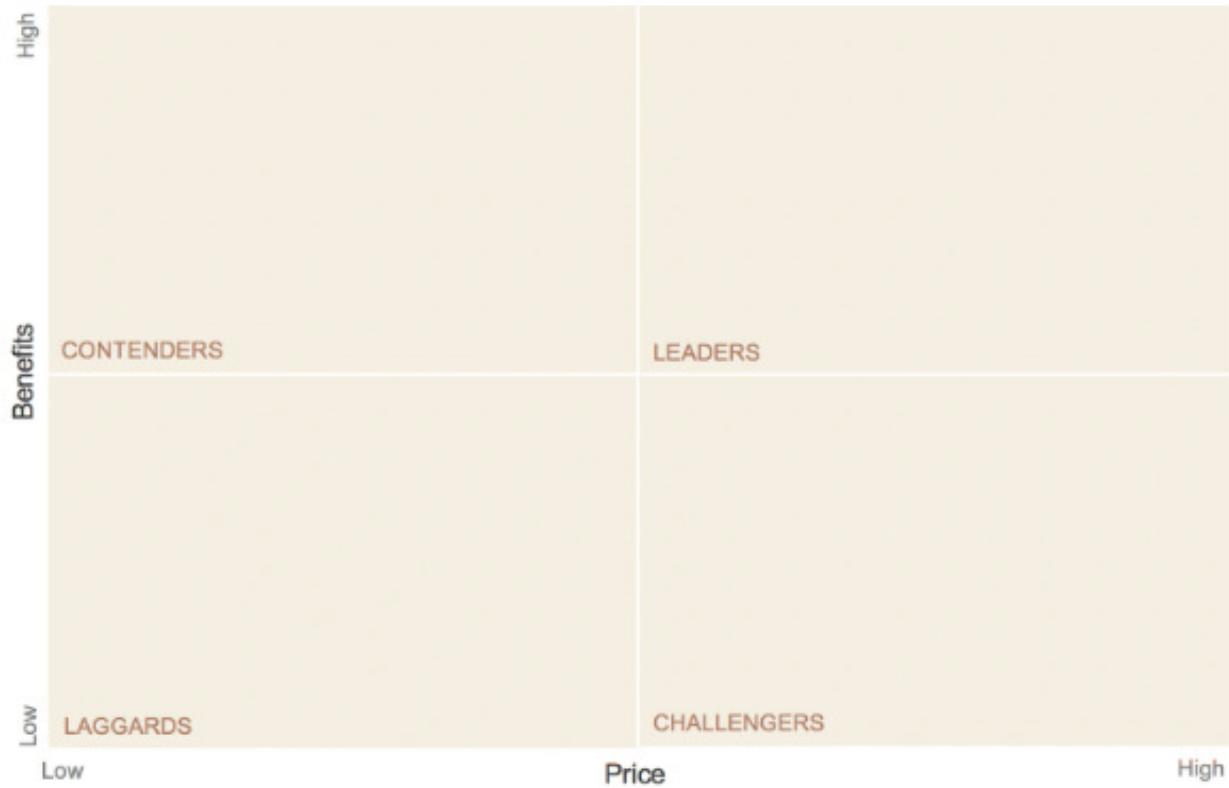


- **Perceptual Mapping:** Visually illustrating how your products are perceived in comparison to your competitors.

PERCEPTUAL MAP for COMPETITIVE ANALYSIS

Identify key attributes that are relevant for your market and set them as axis on the map below. For a single brand you may have multiple perceptual maps on varying axis. Another good idea is to put the competing brand logos here next to the dots instead of the <brand X> text. You can also show where you want your brand to move or map others brand movements with this tool.





Competitive Landscape Template :

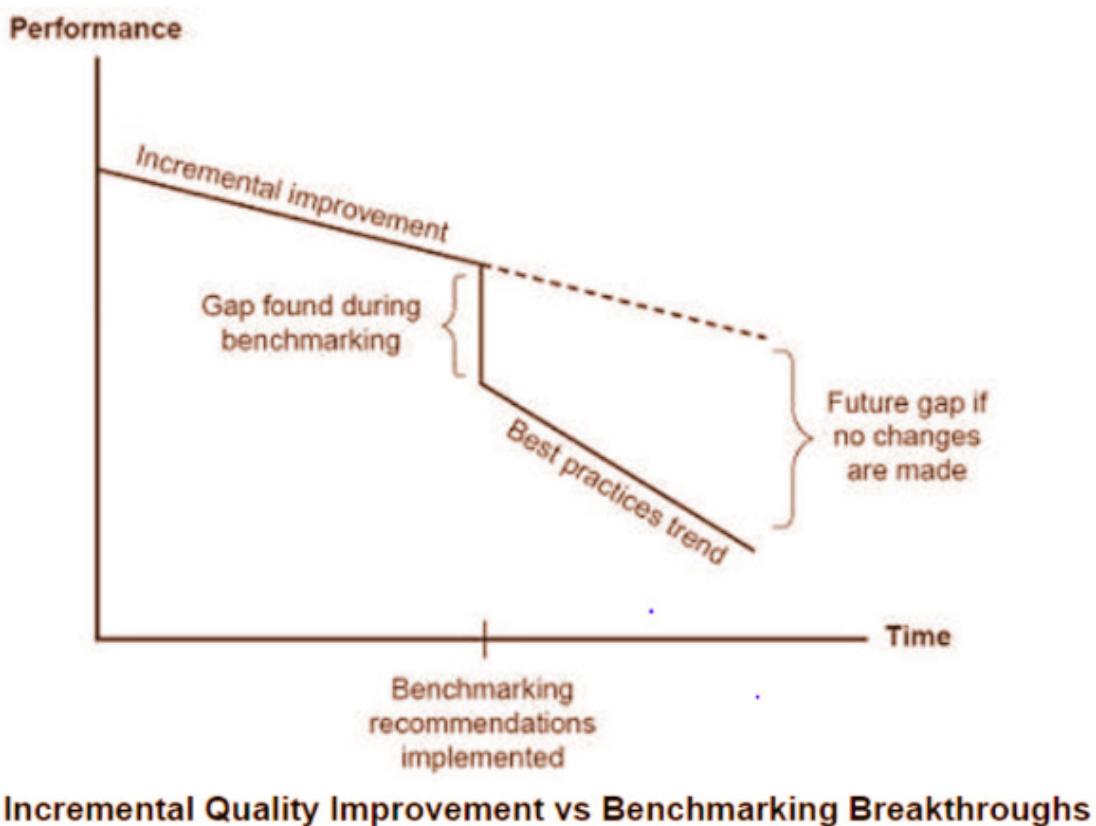
Collect Data And Analyze

Once the framework is decided, collection of data is the next step. A few helpful tools are listed below :

- **Ahrefs:** For data related to search engines.
- **Sprout Social:** To analyze competitors' performance on social media.
- **SimilarWeb:** Provides an overview of website traffic, referrals, search traffic, keywords, social media, display advertising, audience, and similar sites.
- **Prisync:** Tracking competitor prices and stock availability on its eCommerce site.
- **Crunchbase:** Get company insights such as employee count, funding, etc.

Benchmarking

Organizations compare themselves with each other to judge and compare efficiencies. Comparisons, in this case, are one of the best industry practices. This technique is commonly called benchmarking. It can provide valuable insights to help one understand how their competitor organization works.



Benchmarking with competitors, though useful, has its drawbacks. We might encounter differences that will not result in significant differences if implemented. Furthermore, it is improbable that implementing the same process will help get ahead of the competitors.

This introduces another concept of non-competitive benchmarking, where methods implemented in an organization are, in fact, compared with some companies outside the industry itself. In addition, people are more receptive to ideas not from their industry. It can provide information about best practices followed in any industry and might lead to the discovery of advances that haven't taken place in a particular industry. For example, bar codes were initially introduced in grocery stores and are now widely used everywhere.

Consumer Persona

Once we have a clear picture of our target audience and are benchmarked with our competitors, we can now build detailed customer profiles, also known as customer personas.

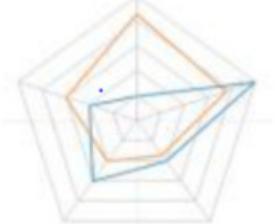


A customer persona effectively depicts a customer using characteristics, behavior and demographic information. In addition, it is also paired with a detailed map of how a customer decides while buying a product. Customer persona helps in identifying salient common features amongst customers.

A customer persona generally includes the following characteristics:

- **Short Bio:** summarizes components into a short narrative
- **Personality:** defining traits, e.g., introvert, extrovert
- **Demographics:** includes basics like age, occupation, and location
- **Goal:** the ideal outcome of the problem being solved from the perspective of the customer
- **Frustrations:** inconveniences users have about today's solutions
- **Motivations:** what factors influence a person's decision

Given below is a sample template of what a customer persona template looks like:

PERSONA NAME			
 Age: Occupation: Status: Location: Archetype:	Profile summary:	Media/brands:	
	Personality:	Interests/behaviours:	Motivations:
Motivations:	Frustrations:	Influences:	

It is easier to build a customer persona and understand situations from the customer's point of view when we approach this scenario from the "the jobs to be done" scenario, popularized by Clayton Christensen. A job is what a person tries to complete under a set of circumstances. It is generally much more complicated than completing a direct task. The environment plays a vital role when completing a particular task. Thinking from this perspective throws light onto customer needs and makes it harder for competitors to catch up if one finds a solution that directly solves their problem.

Sometimes it is advisable to also build a negative persona, i.e., developing a detailed customer profile of a person who has not been identified as a good fit/ target customer for the product/service one is trying to provide. This further avoids misspent resources and wasted budget.

Consumer Journey Maps

WHEN AND HOW TO CREATE CUSTOMER JOURNEY MAPS

“

Journey maps combine two powerful instruments—storytelling and visualization—in order to help teams understand and address customer needs.

”

What is a customer journey map?

A customer journey map in its most basic form is a virtual representation of a user's timeline when interacting with a product or service. A customer journey map helps envision the entire process from the customer's point of view. It presents a hypothesis about how a product will be discovered, acquired, and propagated.

A customer journey map condenses the narrative of users' thoughts and expressions into a visual representation that can offer valuable insights to optimize the user experience. Visual representation serves as a helpful tool to present information concisely and memorably that may engage otherwise disinterested stakeholders.

When and why should you have a journey map?

Journey maps are generated early on (during the research phase) and are created to support a business goal.

A customer journey map may serve to:

- Offer a fresh external perspective. It lets an organization focus on the

customer's thoughts and actions instead of simply allowing internal processes to drive decision-making.

- Creates a shared vision. A journey map can become a tool in building an organization-wide plan to invest in customer experience.
- Target key customers. It allows one to focus on specific customers and understand similarities and differences across various types of users.
- Obtain data to understand the relationship between the product and users. A journey map provides feedback on how customers interact with your product, allowing you to prioritize activities that have a greater impact on the customer and business.

Key elements of the customer journey map

Customer Journey maps come in various forms and can focus on different processes or parts of processes and can target different customers, but they typically contain a few key elements.

- The user's point of view.
- Scenario and goals. What the user seeks to accomplish at the end of the journey
- Journey steps - actions, mindset, and emotions of the user.
- Ownership - journey mapping aims to uncover gaps in the user experience. Ownership makes it clear who is responsible for introducing changes to fix these.

How to create a customer journey map

Before visualizing the customer journey map, these are a few objectives that need to be addressed -

1. Articulate business goals the journey map will support. Maps need to align with business goals to offer valuable insights.
2. Define the scope of mapping.
3. Define the target customer base and whose experience it will represent.
4. Decide which interaction the map will focus on.
5. In addition, you need to define the scenario that describes when, why, and how the customer interacts with your product.

6. Root your map in reality. Your map must be based on truth. You need to collect qualitative and quantitative data to ensure that your map reflects customers' realities and the context in which they interact with your product.
7. Create a narrative and visualize the journey. Focus on storytelling based on qualitative data from user research.

Some useful links for further study:-

<http://momtestbook.com/>

<https://library.gv.com/improve-your-startups-surveys-and-get-even-better-data-7b0272f74c23>

<https://producthabits.com/early-access-surveys/>

<https://www.amazon.com/Four-Steps-Epiphany-Steven-Blank/dp/0976470705/>

<https://startupguide.hbs.edu/product/customer-problem-fit/turn-your-idea-into-a-product-users-want-identify-the-right-problem/>

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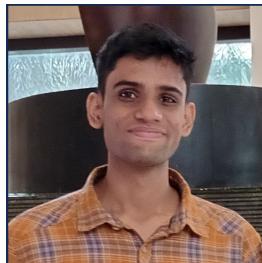
Parth
Gupta



Abhirvey



Mehul
Jain



Mridul



Muskan
Aggarwal



Om
Subham



Parthasarthi



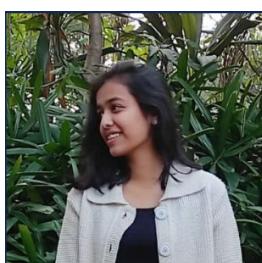
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Krishna



Shailesh
Agarwal



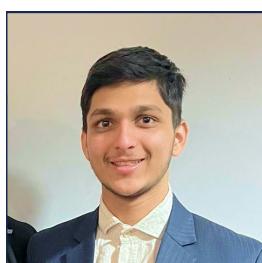
Shreya
Mittal



Suhani
Goyal



Swasti
Sargam



Varad
Nikam



Varun
Barve