Customer Development
- Discovery
- Validation
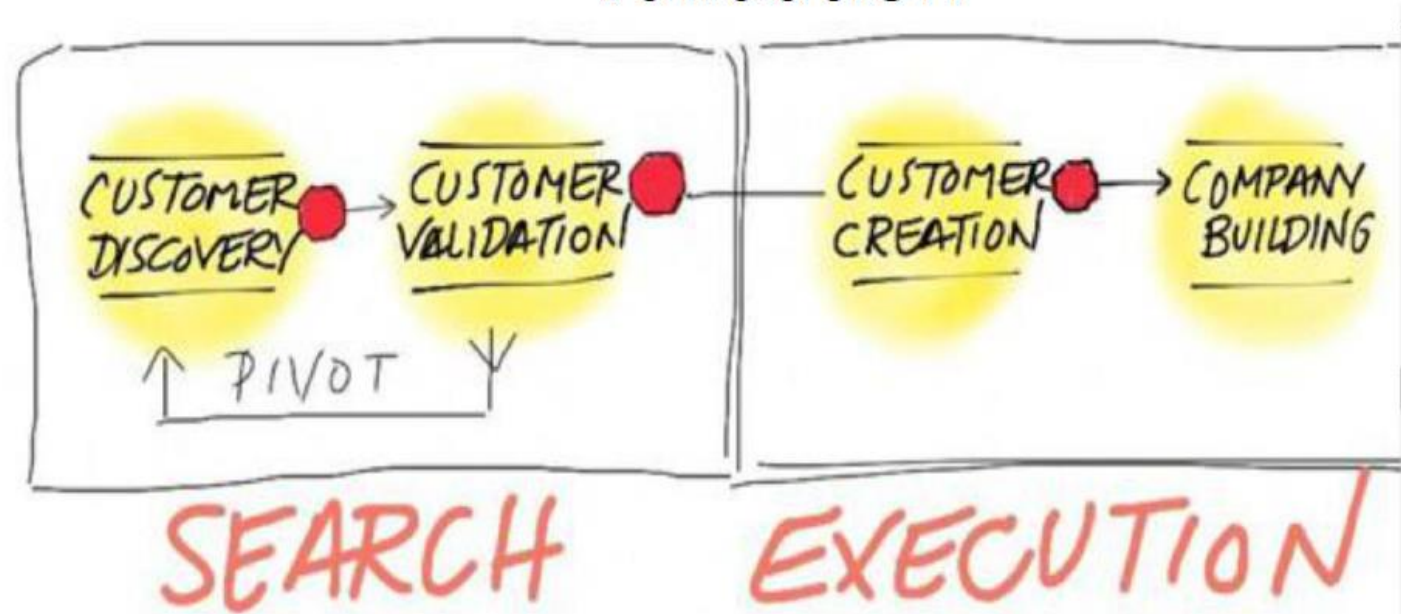
Customer Development Process (Figure 2.1)

Key Partners 🔗	Key Activities ✅	Value Proposition 🎁	Customer Relationships ♥	Customer Segments 👥
		Should not be list of features	How to **Acquire** **Keep** **Grow**	Cannot be a long list. Cannot be for everyone **FOCUS**
	Key Resources 🏭	Should include **What is it?** **Who is it for?** **Why is it valuable?**	Channels 🚚 **Online and /or Offline**	Distinguish between Customer & Consumer **B2B2C**

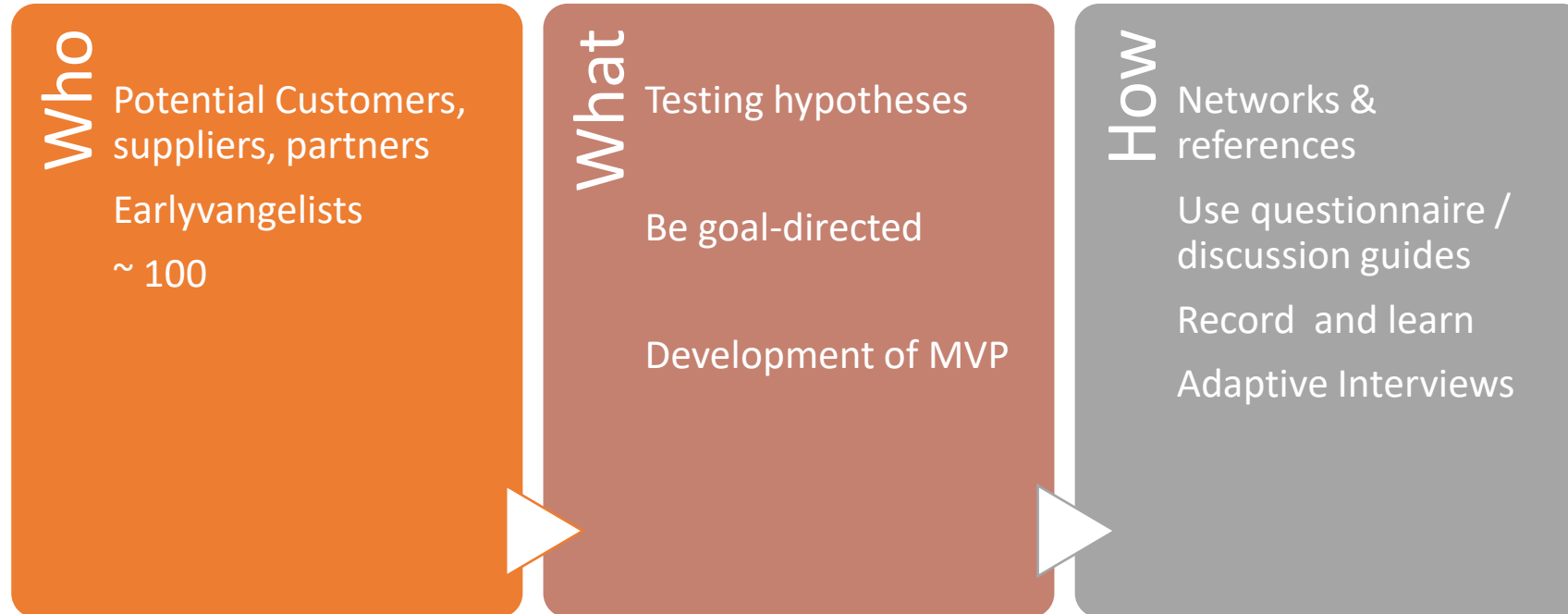| Cost Structure 🏷️	Revenue Streams 💰
	Mostly in the right direction. Some misunderstanding Not investment . It is about how will you sell your product / service / solution and get money from customers

Assignment 4: Refined BMC + Cast your idea as a platform

Going about the process of Customer Discovery

Who
Potential Customers, suppliers, partners

Earlyvangelists

~ 100

What
Testing hypotheses

Be goal-directed

Development of MVP

How
Networks & references

Use questionnaire / discussion guides

Record and learn

Adaptive Interviews

Interview as Entrepreneurs, not census workers

Finding your Earlyvangelist

5. **Has** or Can Acquire a **Budget**

4. Has **Put Together** a **Solution** out of Piece Parts

3. Has Been **Actively Looking** for a **Solution**

2. Is **Aware** of Having a **Problem**

1. Has a **Problem**

Ground Rules for Customer Interviews

- Explore customer pains and gains with Fresh Ears

- Listen more than you talk

- Look for non-verbal cues

- Ask Why's. A set of Why's.

- You are not there to sell, you are there for Learning

- Do not jump to your solution eg our prototype does this

- Cut short failed interviews

- Follow up, seek permission, send a thank you message

- Keep doors open

How do I Get to Talk With Folks?

- LinkedIn
- Social networks
- Alumni networks
- Relentless pursuit – "name names"
- Salesperson's approach
- Associations – Directory of Associations
- Email lists

**Example Source of Information:
Interviews – Overcome the Fear**
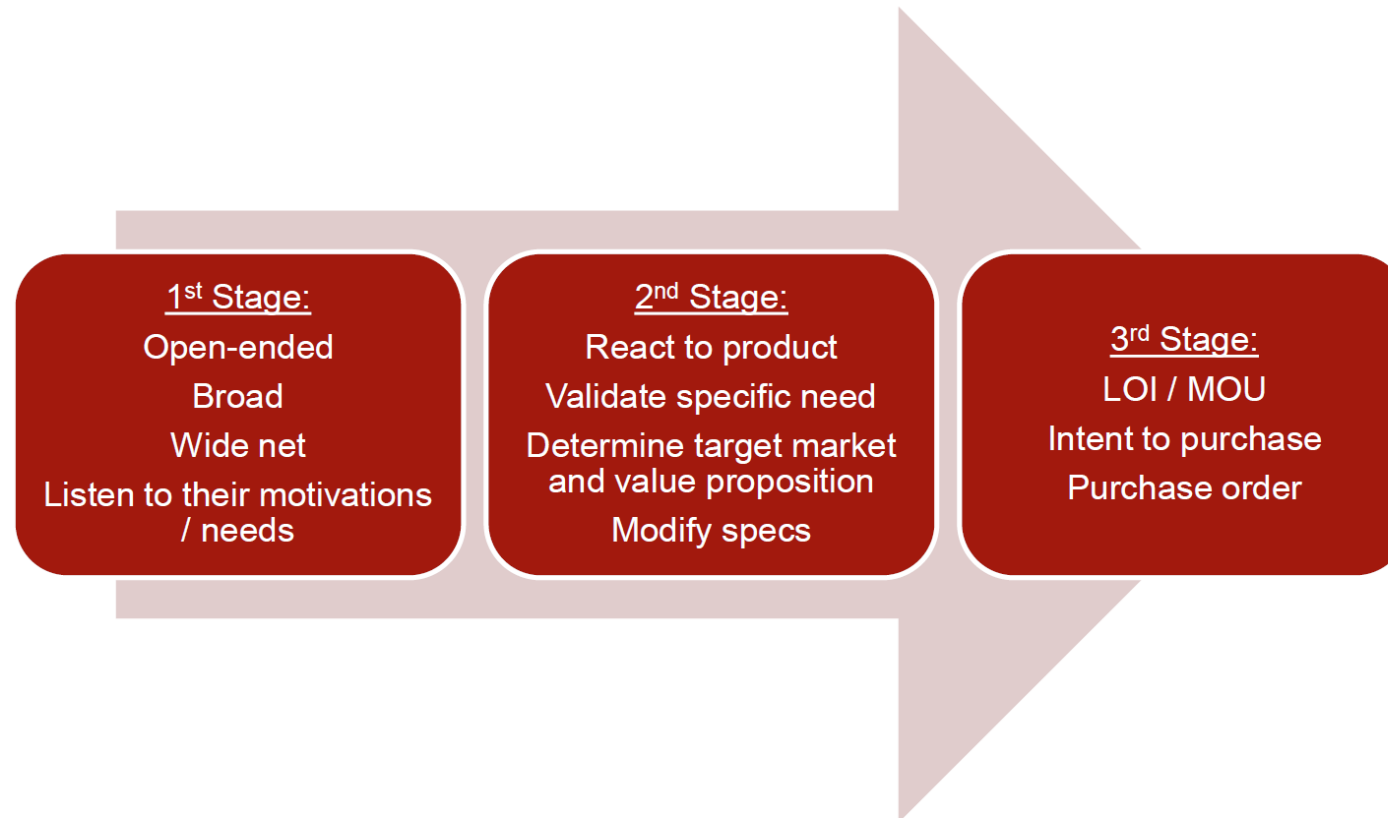
- Prepare
    - Target interviewees
    - Land meetings / phone calls
    - Develop interview guide
- Execute
    - 2-on-1 for important face-to-face meetings?
    - Good experience for interviewee
    - Achieve goals of interview – different for different stages
- Follow Up
    - Thank you
    - Future meetings
    - Other targets

A Reference Interview Guide

- **How are you currently dealing with the task / problem**

- **What do you wish you could do ? What is the outcome you would like to achieve ?**

- **What is the approach you have been trying towards the result they want ?**

- **Can you tell us what the interfering factors are ?**

- **What are the consequences of these factors ? Economic consequences**

- **Share Approach and continue to listen intently**

- **Our approach is this…**

- **We think it can enable..**

- **What do you think could be the benefits ? What do you think could be some fallouts / side effects ?**

- **How well does it solve your problem ?**

- **How much do you think this solution is worth paying for ?**

Ask for an order if the customer's problem is solved

Interviews – Pacing

1st Stage:

Open-ended

Broad

Wide net

Listen to their motivations / needs

2nd Stage:

React to product

Validate specific need

Determine target market and value proposition

Modify specs

3rd Stage:

LOI / MOU

Intent to purchase

Purchase order

LOI : Letter of Intent

MOU : Memorandum of Understanding

Survey Considerations

- Survey development process
- Sample considerations (size, bias)
- Method of surveying
- Level of detail
- Quantitative vs. qualitiative
- Sources of survey information
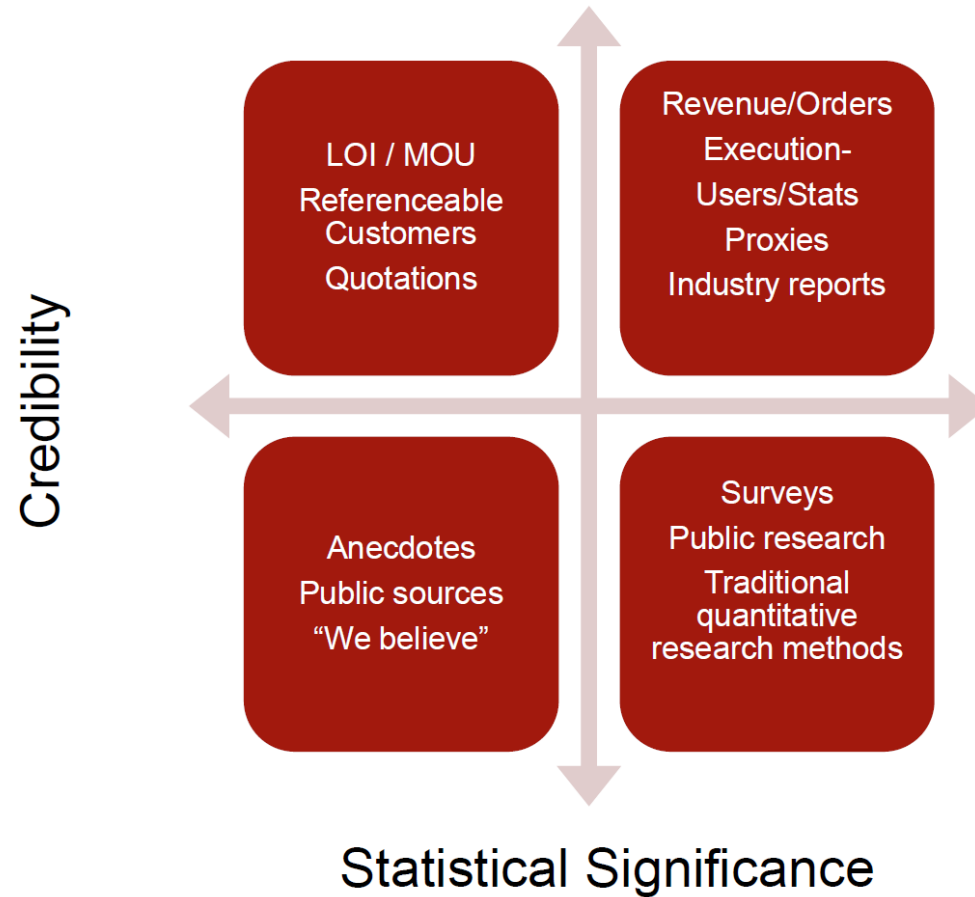- How to present / report

- **Competitor Websites**

- **Census and other Government data**

- **Published industry reports and trade publications**

- **Networks**

- **Conferences – rich source of expert understanding**

Referred to as Syndicated Information

Types of Discovery

STANFORD
MANAGEMENT SCIENCE
AND ENGINEERING

Credibility →

Statistical Significance →

- LOI / MOU
  Referenceable Customers
  Quotations

- Revenue/Orders
  Execution-
  Users/Stats
  Proxies
  Industry reports

- Anecdotes
  Public sources
  "We believe"

- Surveys
  Public research
  Traditional quantitative research methods

What does Customer Discovery result in

- **Get to Product Market Fit via Customer Discovery**

- **Discover before you build your product**

- **Understand your market through customer discovery**

- **Develop customer archetypes – Burning Need customer**

- **Build an MVP (Minimum Viable Product) that solves a critical need – Ask for an order**

Announcements

- **Submit Second Draft of Refined BMC on Thursday 1st Sep – Assignment 4 – Team Assignment**

  - **Include Casting your idea as a Platform**

- **Evaluation Break up**

  - Mid Sem & End Sem – 50%, Open Book Exam

  - Project Team Mid Sem (BMC write up) & End Sem (Business Plan Competition) – 30%

  - Assignments / Attendance / Participation – 20% (Mid Sem 10%)

- **Grading for work done so far**

  - Google Sheet with Attendance & Assignments 1 & 2 by student available and being circulated - Pls inform TA's by 31st Aug if you have any concerns

  - Google sheet with Marks out of 10 will be circulated 31st Aug

- **Please submit Mid Sem Course Evaluation – Last date 31st Aug – external ASC Website**

- **Mid Semester Exam**

  - **Will be held on Microsoft Teams**

  - **Typewritten, not handwritten**

  - **25 marks – 1 long question + Multiple short questions**