Talking to Humans

Customer Discovery &
Basic Interviewing

John Currie
Entrepreneurship
Sales / Mktg. / Bus.Dev.
Asking for Anything
WE BUILD TRACTION

FOR ENTREPRENEURS WORKING IN
MATERIALS, CHEMICALS, ENERGY, MEDICAL DEVICES
Why Do So Many Startups Fail?

Clayton Christensen cites ➔ 30,000 NEW PRODUCTS launch each year + 95% FAIL

http://hbswk.hbs.edu/item/clay-christensens-milkshake-marketing
### Why Do Startups Fail?

#### Top 20 Reasons Startups Fail

Based on an Analysis of 101 Startup Post-Mortems

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Market Need</td>
<td>42%</td>
</tr>
<tr>
<td>Ran Out of Cash</td>
<td>29%</td>
</tr>
<tr>
<td>Not the Right Team</td>
<td>23%</td>
</tr>
<tr>
<td>Get Outcompeted</td>
<td>19%</td>
</tr>
<tr>
<td>Pricing/Cost Issues</td>
<td>18%</td>
</tr>
<tr>
<td>Poor Product</td>
<td>17%</td>
</tr>
<tr>
<td>Need/Lack Business Model</td>
<td>17%</td>
</tr>
<tr>
<td>Poor Marketing</td>
<td>14%</td>
</tr>
<tr>
<td>Ignore Customers</td>
<td>14%</td>
</tr>
<tr>
<td>Product Mis-Timed</td>
<td>13%</td>
</tr>
<tr>
<td>Lose Focus</td>
<td>13%</td>
</tr>
<tr>
<td>Disharmony on Team/Investors</td>
<td>13%</td>
</tr>
<tr>
<td>Pivot gone bad</td>
<td>10%</td>
</tr>
<tr>
<td>Lack Passion</td>
<td>9%</td>
</tr>
<tr>
<td>Bad Location</td>
<td>9%</td>
</tr>
<tr>
<td>No Financing/Investor Interest</td>
<td>8%</td>
</tr>
<tr>
<td>Legal Challenges</td>
<td>8%</td>
</tr>
<tr>
<td>Don't Use Network/Advisors</td>
<td>8%</td>
</tr>
<tr>
<td>Burn Out</td>
<td>8%</td>
</tr>
<tr>
<td>Failure to Pivot</td>
<td>7%</td>
</tr>
</tbody>
</table>

www.cbinsights.com
They build something nobody wants
Important Terms

Customer Discovery
Product-Market Fit
Minimal Viable Product
Traction

https://steveblank.files.wordpress.com/2014/06/what-is-customer-discovery.m4v
Which Terms Caught Your Attention?
Starting up IS a SPECIFIC Process

….. Counter-Intuitive for Tech Leaders

How Many Customers

How Do You Know P-M is Found

How Many Customers

Test the Problem

Test the Solution
You Cannot Propose a Solution Without a Deep Understanding of their PROBLEM

How Do You Validate the Problem?
Interviews - How to Start

- Do You KNOW (or Assume) Pain Points?
- Have You Selected 1 Customer Group?
- Do You Have Access to Customer Group?

This has nothing to do with your “tech”
Get out the Building & Validate Pain
"A lot of times, people don't know what they want until you show it to them."

- Steve Jobs
Problem Interview Scripts

What is Your BIGGEST Challenge?
What's Your Biggest Challenge?

FRAME the Conversation

The BIG Question

(Alt.) LIST of Peer Problems

WHY? (5 times!)

NO Solutions?

BUDGET?

Summarize + CLOSE!

Close – Can I Come Back & Show You My Solution?
Top Energy Challenges of Bldg. Owners / Mgmt.

*Please Rank Order Where Most Time or $$ are spent*

- [ ] HVAC
- [ ] Lighting
- [ ] Sub-metering
- [ ] Cost of Retrofits, Contractors, Labor, Wiring
- [ ] Peak Load mgmt. Load Shedding, Demand mgmt.
- [ ] Stormwater Runoff
- [ ] Energy Sources for Energy Generation
- [ ] Regulatory Requirements
- [ ] Building Materials / Building Envelope
- [ ] Administration of Projects
- [ ] Write-In: ________________________________
The Problem Interview Script / Outline

Preparation & Getting Meetings: Get meetings with proper set-up, and prepare your script.

Meeting:

- **Frame:** “We want to make sure we’re working on the right challenges or the biggest challenges you face. So that’s where we want to start. Does this make sense?”
- **Biggest Challenge Q:** “Can you share what challenge is absolutely the most difficult for you in your job?” Stress to make it Personal (their Problem, Job, Pain)
  - Alternative Tactic – Use **Handout** [works well for >5 Problems]
- **Clarify + Quantify (5 Whys):**
  - Can you Expand? … I’m hearing you say ….
  - So this means __hours or __$ with inefficiency …. 
- **Competition** “Have you tried [traditional solution] to solve that?” and others
- **Qualify** “Are you still looking?” “Do you have budget to solve this?”
- **Summarize #1 & Decide if additional Problems warrant more conversation**

**Close:** “If I develop something for the #1 Problem you described, can I come back and show it to you?”
# Decisions to Make

**PLANNING**

- “Big Question“ ....
- or List Method?
- What Data is Needed?
- Getting Meetings?
- Have Access?
- How Many Interviews?
- Script Improvement

**IN THE MEETING**

- Rehearse Opening
- Relate? Personality?
- When to Close?
- Review More Pain Points?
- Time Considerations!
- Competition – MVP notes
- Willingness to Pay
- Summarize Properly
After _ Interviews ...

You Have Validation! Evidence!

- __? Data Points re: THE Problem
- Evidence of (a) Big Problem
- Data for Critical Feature Set
- Evidence of Willingness to Pay
- Group of Waiting Paying Customers

Design Your MVP Using This Data
What’s Next?

Test & Validate Your Solution

Solution Interviews
Context of the Process

#1 – Your TOP LINE Picture

#2 – Your BOTTOM LINE Picture
What is an MVP?

- Can be charts, screen shots, artist rendition, physical mock-up – *more VISUAL the better*
- Shows off unique FUNCTIONALITY
- Speaks to specific PAIN POINTS
- Something that Tests your Product Pitch

It needs to be in a form to ASK FOR $$$
Your Solution

Review the Problem

Here’s What We Did

Is MVP Clear?

How Do You Buy? (Process & Channel)

MAP Problem Statements - Specific Feature by Feature

Clear VALUE?

Price Point?

Close – Will you buy this?
Solution Interview Script / Outline

- **Preparation:** Prepare a ppt. or a set of screenshots showing 3-5 major features. Be sure they map directly to points/problems/challenges you heard at the P-I. Leave out unrelated features – only deliver what directly speaks to their pain.
  - Practice the script for each meeting, as it will be slightly different for each

- **Get Meetings** – Target the subset of Problem Interviews that described pain and best match to a solution that you can deliver quickly.

- **In the Meeting:**
  - Order your Features according to their pain/ranking.
  - “I heard you say this <pain>. Look at what we have <show>.”
  - Focus on features that are relevant to Pain from the Problem Interview.
  - Push to understand VALUE of each feature.
  - Push to understand ‘MUST HAVE’ vs. ‘NICE-TO-HAVE’ Features.
  - Keep testing, “What Else?”

- **Pricing:** Test for Value vs. Traditional Models & Pricing. Have your own Equation ready.
  - **How They Buy:** Review their internal Processes, and their favorite Channels
  - **Close:** “Will you buy this?”
I already know the Problem ....

Can I Go Right to the Solution Validation?
You Know When You’ve Graduated from Customer Discovery ....

With a Paid Commitment to Try/Buy
Thank You

Questions?

Email me:
john@iterateventures.com
Lean Startup Methods
Follow a Specific Process
Have you ever noticed how certain writers have an unparalleled mastery of the English language.

In every sentence they craft, they never waste words; and still manage to communicate their point with a succinct grace.

Their prose is nothing short of amazing. It’s economical, to the point and most of all, clear. This concise crafting of copy is a joy to read, it instils confidence in the reader not just by being useful, but by also managing to communicating the primary benefit and message in a very short period of time.

Source: Peter Boyle, “The Power of Precision Writing”
Publisher: CB Insights
How Do You Validate Your Solution?

... *With a Solution Interview!*

- You have assessed lots of data from Problem Interviews.
- You NOW have the basis for building your ‘MVP’.
- MVP = MINIMAL Viable Product (*Must Have* features).
- It’s now time to TEST your Solution Hypothesis.
- Screen shots and artists renditions are great tests.
- A big part of Solution is Revenue Model & Channel.
- You already have a qualified list of TARGETS.
- You are targeting people that have BUDGET for Pain.
Your Solution is More than Amazing Technology

- **What to Build?** Hone Your ‘MVP’ - Minimal Viable Product. (Be wary of self-imposed Feature Creep!)

- **What to Sell?** Hone Your Revenue Model.

- **Who to Sell?** You should already have targets from P-I’s.

- **How to Sell?** Best way to Reach your Target Customer?

- **How to Price?** Get Paid Pilots. Hone final Pricing later.