2015 Summer Berkeley Regional I-Corps Lean LaunchPad

I WANT YOU

TO DO
CUSTOMER DISCOVERY
Why do Customer Discovery?
1. Complex ecosystems make for complex business models
2. You may have multiple customers and complex flows between them.
3. You don’t know who your customer are!

- You haven’t talked to enough people*
  - So you don’t know
- “They” haven’t thought outside of their own box
  - So they don’t know
- Things change
  - So what you know isn’t what you need to know
Remember

More startups fail from a lack of customers than from a failure of product development.
Customer Discovery

The Business Model Canvas

Key Partners
- Who are our Key Partners?
- Who are our key suppliers?
- Which Key Resources are we acquiring from partners?
- Which Key Activities do partners perform?

Key Activities
- What Key Activities do we Value Propositions require?
- Our Distribution Channels?
- Customer Relationships?
- Revenue Streams?

Value Propositions
- What Value do we deliver to the customer?
- Which one of our customer’s problems are we helping to solve?
- What bundle of products and services are we offering to each Customer Segment?
- Which customer needs are we satisfying?

Customer Relationships
- What type of relationship does each of our Customer Segments expect to establish and maintain with them?
- Which area have we established?
- How are they integrated with the rest of our business model?

Customer Segments
- For whom are we creating value?
- Who are our most important customers?

Key Resources
- What Key Resources do our Value Propositions require?
- Our Distribution Channels’ Customer Relationships?
- Revenue Streams?

Channels
- Through which Channels do our Customer Segments want to be reached?
- How are we reaching them now?
- How are our Channels integrated?

Cost Structure
- What are the most important costs inherent in our business model?
- Which Key Resources are most expensive?
- Which Key Activities are most expensive?

Revenue Streams
- For what value are our customers ready willing to pay?
- How much does each Revenue Stream contribute to overall revenues?

(thoughtful)

Guess

Guess

Guess

Guess

Guess

Guess

Guess

Guess

Guess
9 Guesses
The best technology

The best plan

The best team

The world doesn’t care if you have...
The world DOES care if you/it:

• Provide value (value proposition)
• To me (customer segment)
• From a source I trust (customer relationship)
• At a price that makes sense (revenue)
“In general, we look for a new law by following process. First, we guess…”
“It doesn’t matter how beautiful your theory is, it doesn’t matter how smart you are. If it doesn’t agree with experiment, it’s wrong.”

Richard Feynman
Why 70?

• Data drive results

• Testable hypotheses can be hard to formulate (remember QRST) and test

• Pattern analysis and recognition

• Information, not affirmation
Tactics

• Hypothesize
• Test – Interviews
• Assess & Analyze
• Adjust – Pivot
GET OUT
OF
THE BUILDING!!!

Your comfort zone
Who?

- Hypothesize about an archetype
- Talk to strangers
- Ask for 15 minutes, settle for 45
- Be honest with yourself – Listen, Don’t Talk
Where Do I Find My Archetypes?
How Do I Make Contact?

• Target the #2 ranked companies – “We try harder”

• Target mid-level management
  – They understand the company, products and needs
  – More likely to have the time and inclination to talk

• Cold call – but research your target ahead of time!

• Email, then call. Multiple touches using multiple modalities

• Play the ‘student’ card

• Network – get a warm intro
Remember
Customer Interviews (in reverse sequence)
How to close an interview

• Ask what else you should ask
• Always thank them for their time
• Ask for references – who do they know who knows a lot about this, at least in comparison to you!
• Ask if you can check back if you have questions after the interview – like tomorrow, or next month
• Send a thank-you email. ALWAYS.
• Record your interaction in LPC (asap!)
How to do an interview
How to do an interview

• Introduce yourself
• Do not sell. In fact, don’t even describe your product!
• Tell the interviewee how useful their input will be, and how important they are to you
• Remind them (and yourself!) that you are trying to learn
• Ask open ended questions – let them talk!
What to ask in an interview

• Open ended questions
• Follow through on the answer – don’t be afraid to drill down!
Open Endedness...

Is...?
Do you think...?
How?
When?
Can you explain?
What do you mean?
Help me understand...?
Why?
Drilling down

• Stay on the subject
  – Tell me more about post-surgical follow up

• Ask open ended questions and for specifics
  – Can you elaborate? Describe a time when that happened? Why? How?

• If need be, re-frame the comment (or your question) to move in a specific direction
  – Wow, that sounds very upsetting for the patient and his kidney, but tell me more about post-surgical follow up procedures, in your experience?

• Keep them talking
  – Short, simple questions and prompts

• Use two or three brains at once
  – Someone asks/talks/thinks tactically, someone takes notes, someone thinks strategically

Stay on Target
“Hotsheets” learnings

1. Listen
2. Use empathic reflecting skills
3. Turn on your nonverbal sensors
4. Avoid snap judgments
5. Be an online detective or behavioral profiler
6. Don't assume people will agree with you
7. Try to learn from each interaction with a new person
8. Stay on top of the news
9. Know when not to talk
10. Don't overshare

http://www.psychologytoday.com/blog/fulfillment-any-age/201107/10-tips-talk-about-anything-anyone
Interviewing

• Have a goal: a few hypotheses to test for every interview
• Meet face to face, at least 2 of your team
• Email “interviews” or surveys do not count
• Be humble... ask for help
• DO NOT SELL!!!
• DO NOT TALK ABOUT YOUR TECHNOLOGY!!!
• Focus on their pains, not yours
• Ask open ended questions
• Ask ‘Why’
• Ask for specifics and about current events
• Embrace bad news
Remember in interviews:

• Be a fox:

• Not a faucet:
What you hear customers say:
Openings

• Thank you for taking time today. I know how busy you are!
• My name is Jimmie Thudpucker, and I am at UCLA working on this project. This is my team mate Brunhilda and...
• We are learning about post-surgical follow up processes, and [George Fonebone] told us that you are an expert on the topic.
• Can you tell us a bit about...

• I’m happy to tell you about what we do, but if you don’t mind – we don’t want to take up to much time with it. We can discuss it at the end if you are interested!
Setting up interviews

• Introduce yourself using your ‘natural appeal’ – Mayo, student in a program, just learning, change the world someday, would like help, you da best
• Ask for 10 minutes, settle for 45
• Tell them how much they can help
• Be referred!
• Assume that you will be referred
• Email and phone are more effective than either one alone. In person is best!
• Schedule in advance
• Linked in, Facebook, Conference minutes/summaries, corporate sites, publications, key word searches
• Conferences
Keep in mind

• It’s all about them – not about you
• You will hear things you don’t like
• Opinions are like [clarinet notes]: they are just a bunch of wind before you ‘hear’ the tune
• It’s not science… it’s pattern recognition
• You don’t know anything until it dawns on you (around interview 60, typically)
Customer Interviews are all about Pattern Recognition
The Trap

CONFIRMATION BIAS
Customer Discovery Failure Modes

• Low interview counts
• Talking to people like yourself
• Only good news from an interview
• Technical interviews
Customer Discovery Best Practices

• Use the scientific method: hypothesize, test, reject/modify, re-test

• Hypotheses must be falsifiable, and the inverse must not be ridiculous

• Avoid validation

• Be specific

• Confirm with the negative

Facts are interesting. Insights are valuable
Don’t fool yourself: this is hard!
Customer Interviews (backwards!)

Get
- Multiple touches. Expect ‘no’s.
- It is about them: use a personal or web reference
- Use the UC/student/learner approach, asking for 10 minutes.
Open
- Introduce yourself and your team, but NOT your solution
- Tell them how useful this will be

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Customer Interviews (backwards!)

**Do**
- Ask open ended questions
- Use positive listening to both verbal and non-verbal clues
- Drill down!

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Customer Interviews (backwards!)

Close
- Thank them, express how useful this has been
- Ask for a referral and future contact

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Trust your monkey brain
Customer Interviewing

**Good**
- Disarm the sales pitch mentality
- Insight questions
- Open ended questions
- Listen, then listen, then listen more
- Parrot back to confirm
- Further introductions
- Thank the interviewee

**Bad**
- Selling your product or service
- Talking about your technology
- Not listening
- “Learn nothing” questions
- Biased questions
- Interrupting
- Missed opportunities to dig deep