

Discovering the Customer

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WHAT'S THE TOP MISTAKE THAT STARTUPS MAKE?



WHY IMPORTANT?



<https://www.slideshare.net/100FirstHits/startups-infographics>

IT'S UNDERSTANDING WHO THE CUSTOMER IS AND WHAT HE/SHE WANTS

What The Customer Really Wanted

Create your own cartoon at www.projectcartoon.com



How the customer explained it



How the business consultant described it



How the project leader understood it



How the analyst designed it



How the programmer wrote it



What the beta testers received



How it performed under load



How the project was documented



How the customer was billed



When it was delivered



How it was supported



What the customer really wanted

ARE WE PRODUCT-FOCUSED
OR
MARKET/CUSTOMER-FOCUSED?

HOW DO WE BETTER UNDERSTAND CRITICAL CUSTOMER NEEDS?



THE BOTTOM LINE TODAY

ITCUD!

GOOB!

NOGIGO!



OUR JOURNEY WILL COVER THE FOLLOWING



The
Interview

Question
Insights

Exercises

OUR JOURNEY WILL COVER THE FOLLOWING



The
Interview

Question
Insights

Exercises

**HOW DO
ENTREPRENEURS
DISCOVER AND
CONFIRM THEIR
BUSINESS MODELS?**



NEED TO GET OUT OF THE OFFICE



Constable G. Fishburn. *Talking to Humans*. Accessed @:
<https://s3.amazonaws.com/TalkingtoHumans/Talking+to+Humans.pdf>. Date: September 3, 2015.

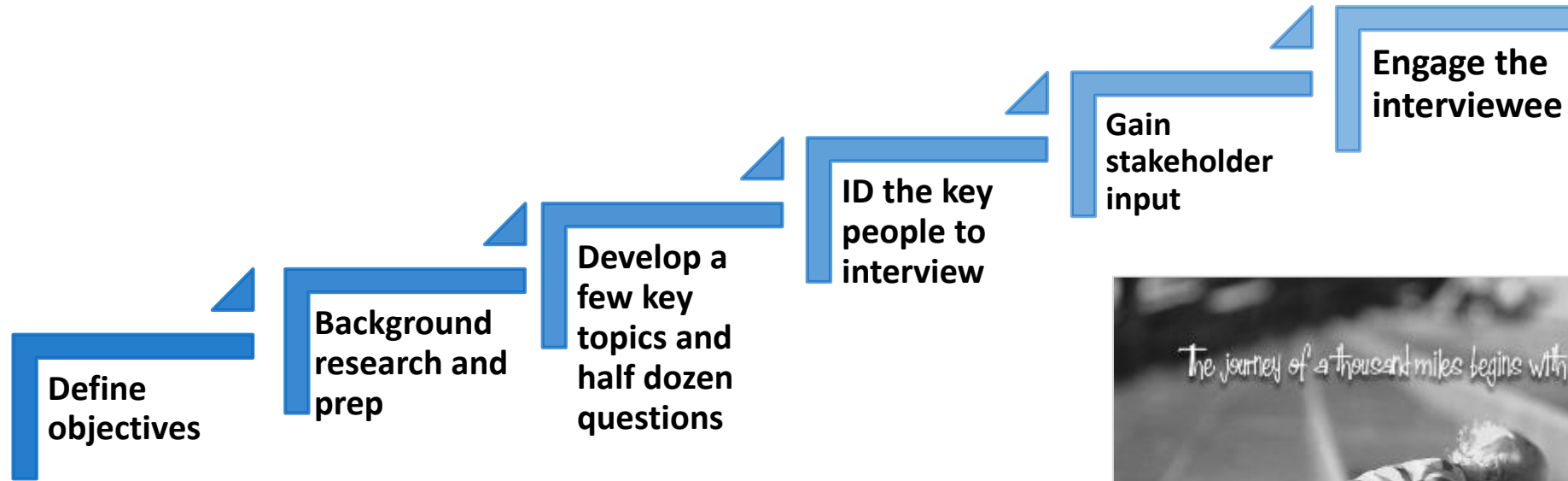
INTERVIEWING STARTS WITH A STRATEGY

**Design your interviews
around your client's key
strategic issues**



**Scott Worthge (UC, Berkeley; VP MFour
Market Research; AKA-MarketResearchGuy)**

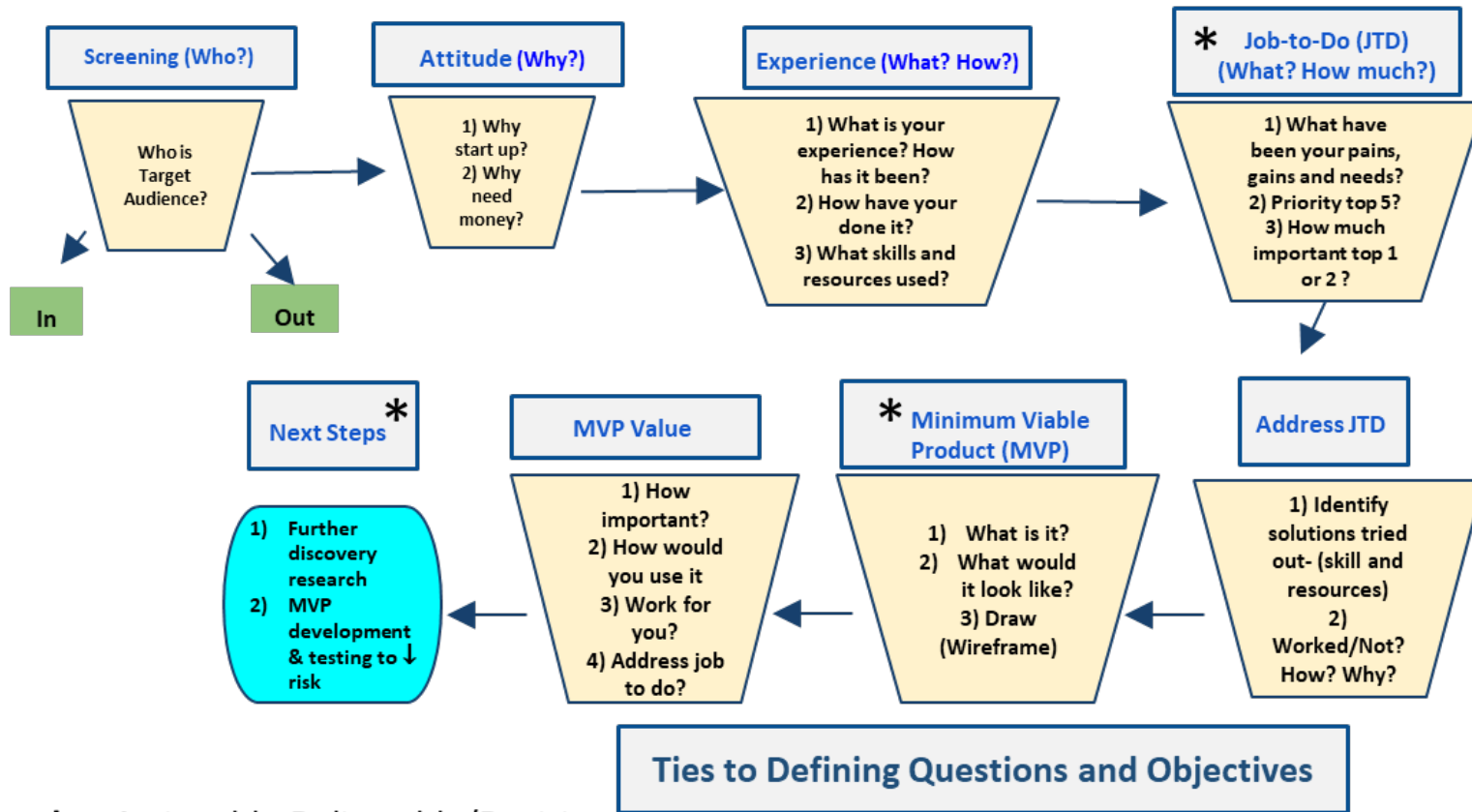
WHAT TO DO FIRST? PLAN



SIX KEY STEPS...



HOW CAN YOU INTERVIEW WITHOUT A SCRIPT?



FUNNELS TO USE FUNNELS TO IDENTIFY AND UNDERSTAND WHO THE TARGET AUDIENCE IS, HOW ARE THEY DOING THINGS, WHAT IS THE JOB-TO-DO, AND WHAT A MVP LOOKS LIKE?

MCKINSEY EXAMPLE INTERVIEW GUIDE

- Interviewee: Alan Yackey
- Date: January 24, 2007
- Interviewer: Tim
- Topic: Avon example

Background of Interviewee

- Attorney
- Led the incorporation of Avon, Indiana
- Significant experience with annexation in Indiana

Introduction

- Current project overview
- My background
- Purpose and duration of the interview

Key questions to ask

1. How does the annexation process in IN work?
2. Ask about the Avon incorporation example
3. Lessons learned and tips for White River Township

1. How does the annexation process in IN work?

- General overview and history
- Process steps
- Legal requirements

2. The Avon incorporation example

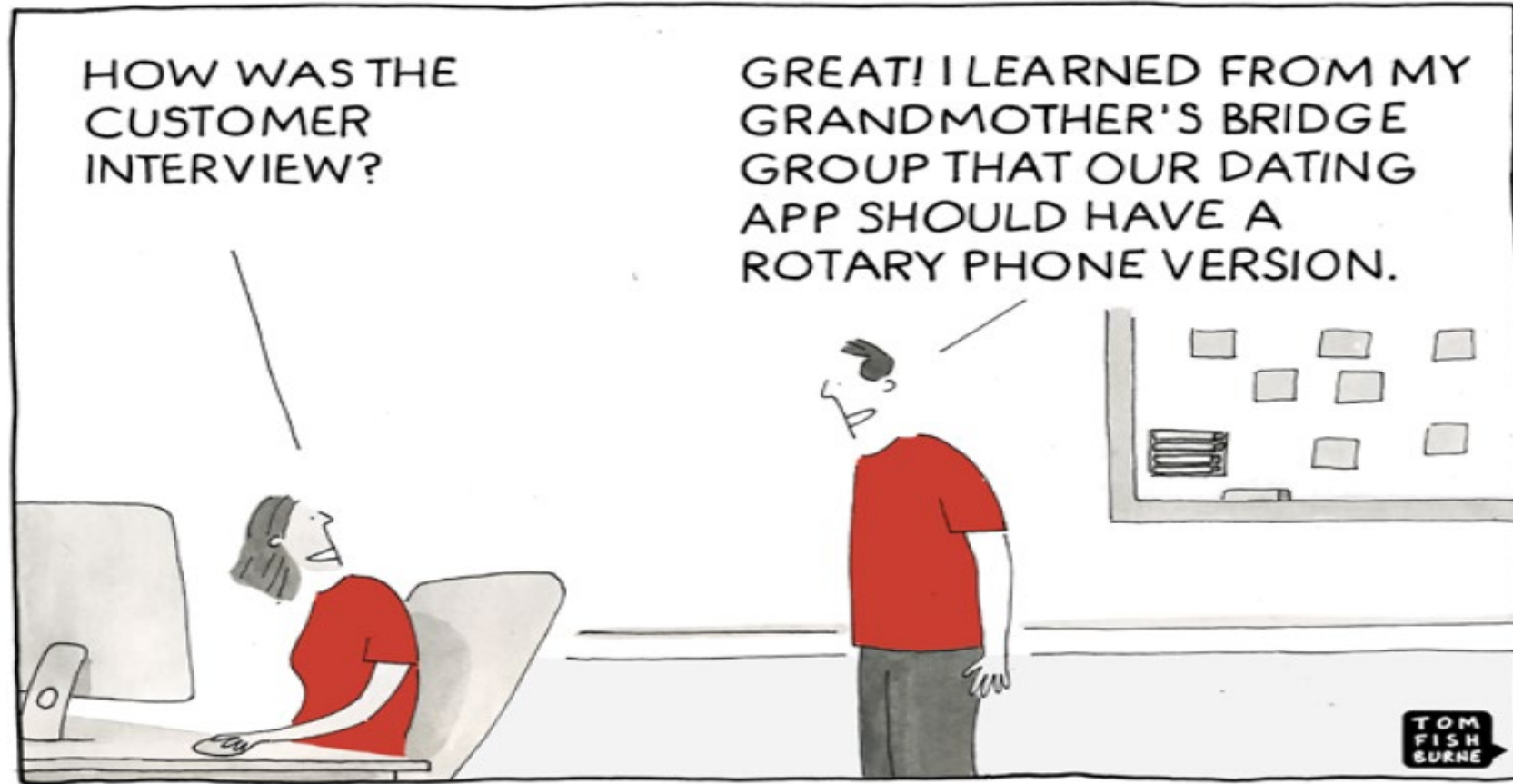
- Rationale for incorporation
- Precise steps and players
- Documents produced

3. Lessons learned and tips for White River Township

- Discuss hypothesis for White River Township
- Seek input as to challenges based on his experiences
- Jointly develop recommendations for this project

Friga Ph.D, Paul N. (2008-11-12). The McKinsey Engagement: A Powerful Toolkit For More Efficient and Effective Team Problem Solving

GET THE RIGHT CUSTOMERS



Constable G. Fishburn. *Talking to Humans*. Accessed @:
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YOU MAY HAVE MULTIPLE CUSTOMER TYPES

Customer Archetypes

	Architect Architectural designer at commercial office	Architect's clients Family who remodels their house	Client's friend Family remodeled their house	Architect/Director Managing Director at Gensler	Realtime 3D rendering software
					
Type	Customer I Recommender	Customer II	Influencer	Decision Maker	Saboteur
Age	30s	30s	40s	50s	N/A
Description	Conservative	Demanding	Critical	Rational	Competitor
Demands	No time or motivation	No architectural knowledge	Gives feedback word-of-mouth / social media	Purchasing tools used at firm, feasibility	Stay with status quo

ENGAGEMENT COMMUNICATIONS

Contain:

- 1) **How connected**
- 2) **Purpose**
- 3) **Relevant background**
- 4) **Time involved**
- 5) **Key questions/topics (Depends)**
- 6) **Ask for or propose times**

Example Email 2

To: john.smith@mayflower.com
From: me@me.com

John,

I have been working on some new solutions in the area of expense report management, and I was told that you have a lot of expertise in this area.

We started this journey because of personal frustration, and we're trying to figure out how to make expense reporting much less painful. Would you have 30 minutes to give us some advice, and share some of your experiences in this domain?

I assure you that I'm not selling anything. I would be happy to come by your office or arrange a quick video conference, at your preference.

Many thanks,

Jane Doe

Example Voice Mail Message

"Hello, my name is Jane Doe. I was referred to you by James Smith, who said I would benefit from your advice. I am currently researching how companies are handling their expense management workflows. I understand you have a lot of expertise in this area. I was hoping to take just 30 minutes of your time to ask you a few questions. I'm not selling anything and I would be happy to share my research conclusions with you. You can reach me at 555-555-5555. Again, this is Jane Doe, at 555-555-5555, and thank you for your time."

Fitzpatrick Rob. (August 2013). *The Mom Test*. Foundercentric.com.

DO THE PAINFUL INTERVIEW



DURING THE INTERVIEW- BEGINNING

In person, **one**
interviewee at a
time

Thank them and
frame the
interview



Start with **softball**
questions and
keep it human

DURING THE INTERVIEW- MIDDLE

Expand into
more significant
questions

Get them to tell
a story

Look for
solutions and
priorities

Disarm your
own biases

Watch Body
Language

Make it
conversational



ACTIVE LISTENING



Eye contact

Nodding

Leaning in

Body language

Don't talk too much

No pitching

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<https://s3.amazonaws.com/TalkingtoHumans/Talking+to+Humans.pdf>. Date: September 3, 2015.

EMPATHY

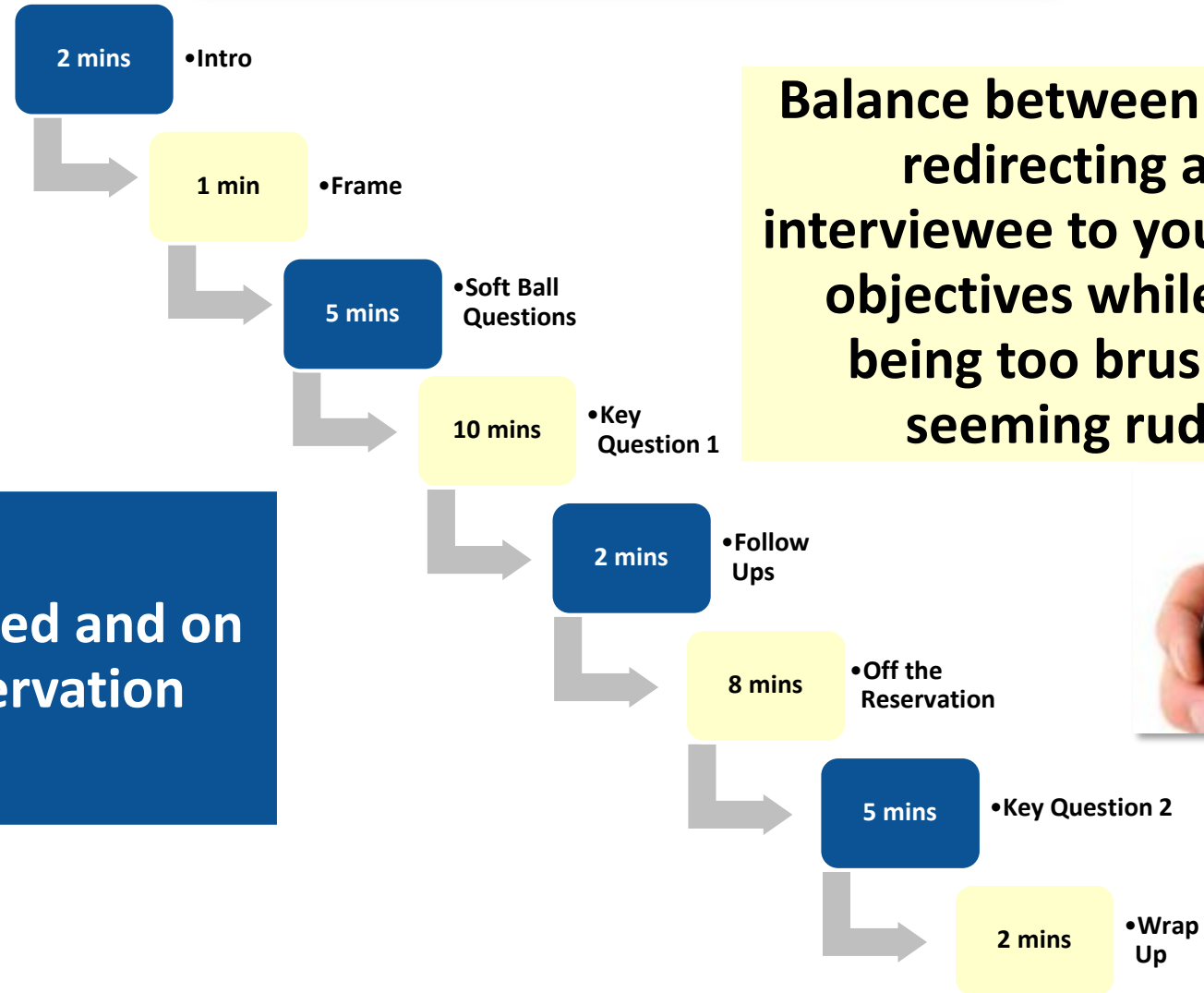
WALK
A MILE
IN HER SHOES



TIME MANAGEMENT



Stay focused and on the reservation



END OF THE INTERVIEW

Summarize **key take home points**

Ask if **anyone else** to recommend, or **anything you missed**

Thank the **interviewee** and let them know if any **next steps**



NOTES VERSUS RECORDING

Recording Interview

- Gold standard
- Get permission
- Still need notes
- Test your equipment before



Interviewer Takes Notes

- With those who are not comfortable with 2 people in the room or being recorded
- Juggle active listening and notes



Additional Person Takes Notes

- When you can't record.
- Focuses the interviewer and the note taker to take more detailed notes.
- Intimidation factor



AFTER THE INTERVIEW

FOLLOW UP



Have notes ready
with key takeaways
within 24 hours

Send a thank you
note to the
interviewee

Keep your team in
the loop

Update Business
Model Canvas

DOCUMENT



ANALYZE/APPLY

Friga Ph.D, Paul N. (2008-11-12). *The McKinsey Engagement: A Powerful Toolkit For More Efficient and Effective Team Problem Solving*

PAINFUL INTERVIEW TOOLS

SINGLE INTERVIEW SUMMARY

Painful Interview
Individual Assignment

Your Name: _____

Example information to gather or make assumptions about for this exercise:

Item	Answer or Assumption
Name	
Age	
Gender	
Estimated Income	
Interests Outside Work	
Workplace/Company	
Industry	
Title	
What is this person trying to achieve in their job?	
Functionally	
Emotionally	
Other	
What things are causing this person problems in their job?	
Functionally	
Emotionally	
Other	

Other notes:

SINGLE DEBRIEF SUMMARY

NAME: _____

Complete this worksheet from the perspective of the person you observed and interviewed during your Painful Interview.

1. I am _____.
(person & profession)
2. I'm trying to _____.
(name the thing the person is trying to accomplish or get done)
3. But _____.
(what's in the way?)
4. Because _____.
(your best guess or hypothesis about the root problem)
5. Which makes me feel _____.
(name the emotion the person feels)

INTERVIEWS SUMMARY

1. How many?
2. Customer type/persona?
3. Learned?
4. Hope applied to BMC, VPC, and MVP
5. Pivots and why

INTERVIEW: SUMMARY REPORT

Key insights:

1. Avon is a relevant example
2. There are several challenges that can be overcome
3. Annexation is a slow and complex process

1. Avon is relevant

- It's recent—1995
- Rationale/motivation for incorporation was better services and more control
 - Farmers were selling their land to the highest bidder, and the highest bidder was often an irresponsible developer—the development often wasn't what the town had planned or would like to see. If the town had incorporated earlier, it could have prevented much of the bad development with zoning guidelines.
 - It had crime spilling over from Plainfield.
 - Wanted to annex 1100 acres in Hendricks County.
- Citizen and government effort led to actual incorporation of a new town
 - The town didn't annex enough land, though, and it is still dealing with bad development on the outskirts of town. When Avon tries to annex more land, it is annexing poorly developed land, not free land that can be used for business development.

2. There are several challenges that can be overcome

- Lots of analysis necessary
 - He likened annexation to a business transaction. The problem seems to be that an offer is made, but not accepted by some because it is not explained. The offer needs to be clear, translated into dollars and cents. People respond emotionally to tax issues. Municipalities need to approach them with a benefit-cost analysis.
- Significant communication effort
 - Those annexations that involved good communication went well, and those that involved poor or nonexistent communication had problems. People should have more power.
 - Notification and communication with citizens and townships are important.
- Funding for mailings and other process requirements

3. Annexation is a slow and complex process

- It took a long time
 - The fight lasted more than a year, during which Westfield launched an aggressive campaign to win over landowners.
- Legal requirements
 - De-annexation is an option if cities fail to provide services within a three-year time frame.
- It would be even longer and more complex for the size of the WRT annexation
 - Approximately 10–30 times as large

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MAKING SENSE OF THE INTERVIEW

Quantitate

Look for
Patterns



Expect False
Positives

Truth Curve

OUR JOURNEY WILL COVER THE FOLLOWING



The
Interview

Question
Insights

The Mom
Test

**HOW MANY OF YOU
THINK IN QUESTIONS?**

WHY IMPORTANT?





**Harvard
Business
Review**

REPRINT 01808C
PUBLISHED IN HBR
MAY-JUNE 2018

**ARTICLE
MANAGING YOURSELF**

The Surprising Power
of Questions

It goes far beyond exchanging information.
by Alison Wood Brooks and Leslie K. John

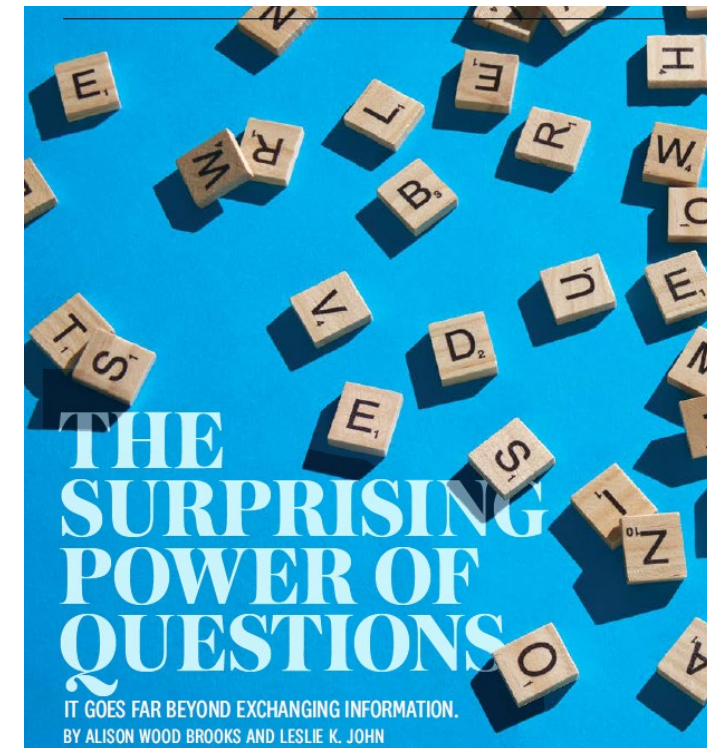
WHAT DO QUESTIONS ACCOMPLISH?

Spurs learning and idea exchange

Fuels innovation and better
performance

Builds trust among team members

Mitigate business risk by uncovering
unforeseen pitfalls and hazards



Brooks AW, Johns JW. *HBR*. May-June 2018.

ASK THE RIGHT QUESTIONS



IT'S NOT ABOUT YOU!

Constable G. Fishburn. *Talking to Humans*. Accessed @:
<https://s3.amazonaws.com/TalkingtoHumans/Talking+to+Humans.pdf>. Date: September 3, 2015.

WHAT'S THE JOURNALIST'S FIVE?



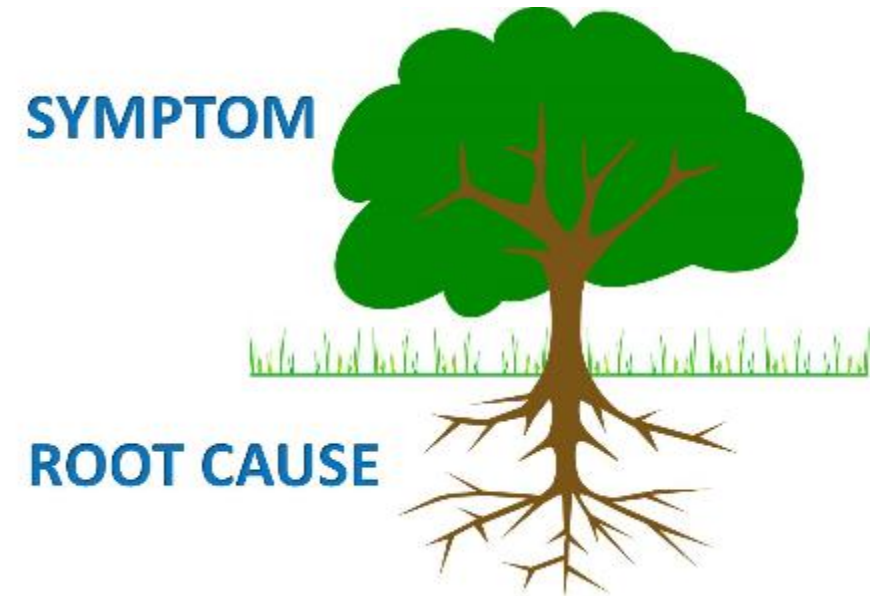
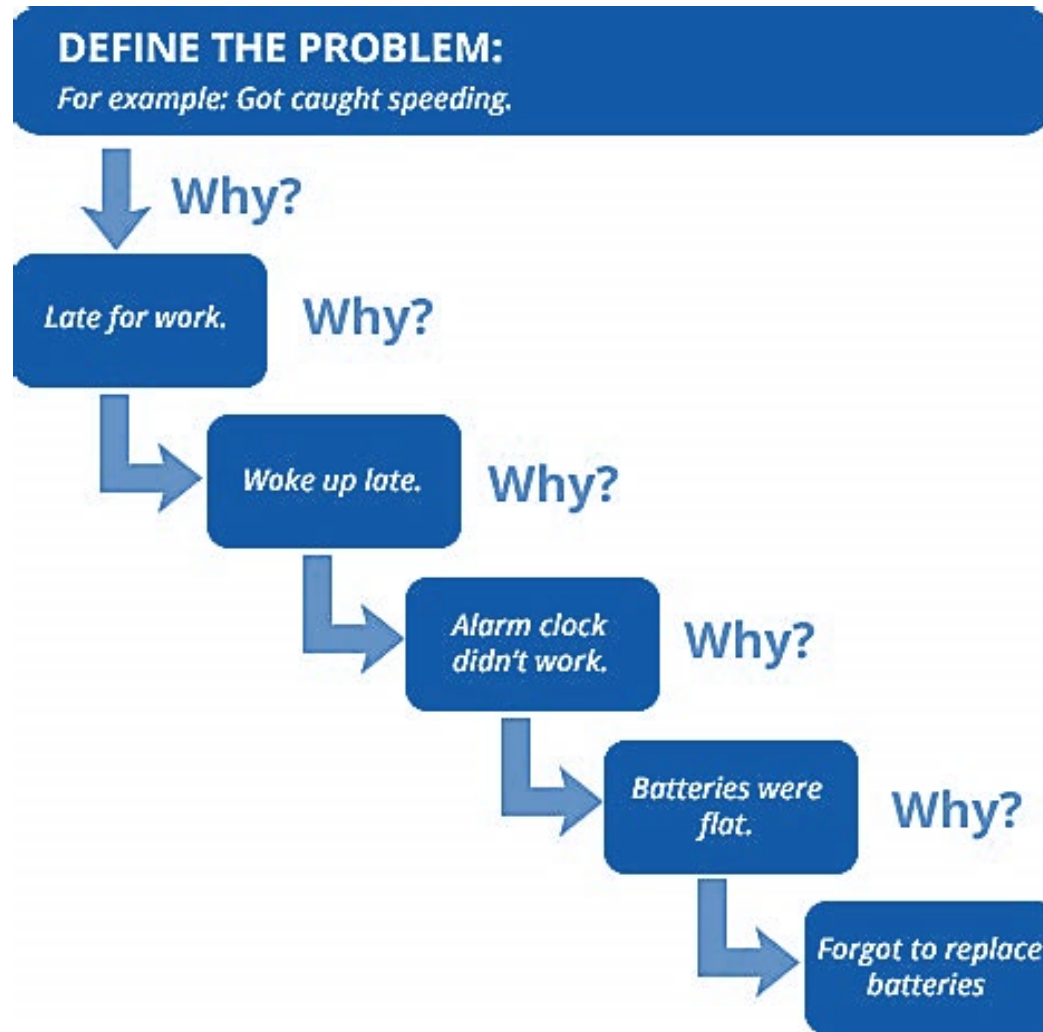
JOURNALISTS RELY ON FIVE KEY QUESTIONS



OF THESE, WHAT'S THE POWER QUESTION?



WHAT'S THE VALUE OF THE 5 WHY'S?



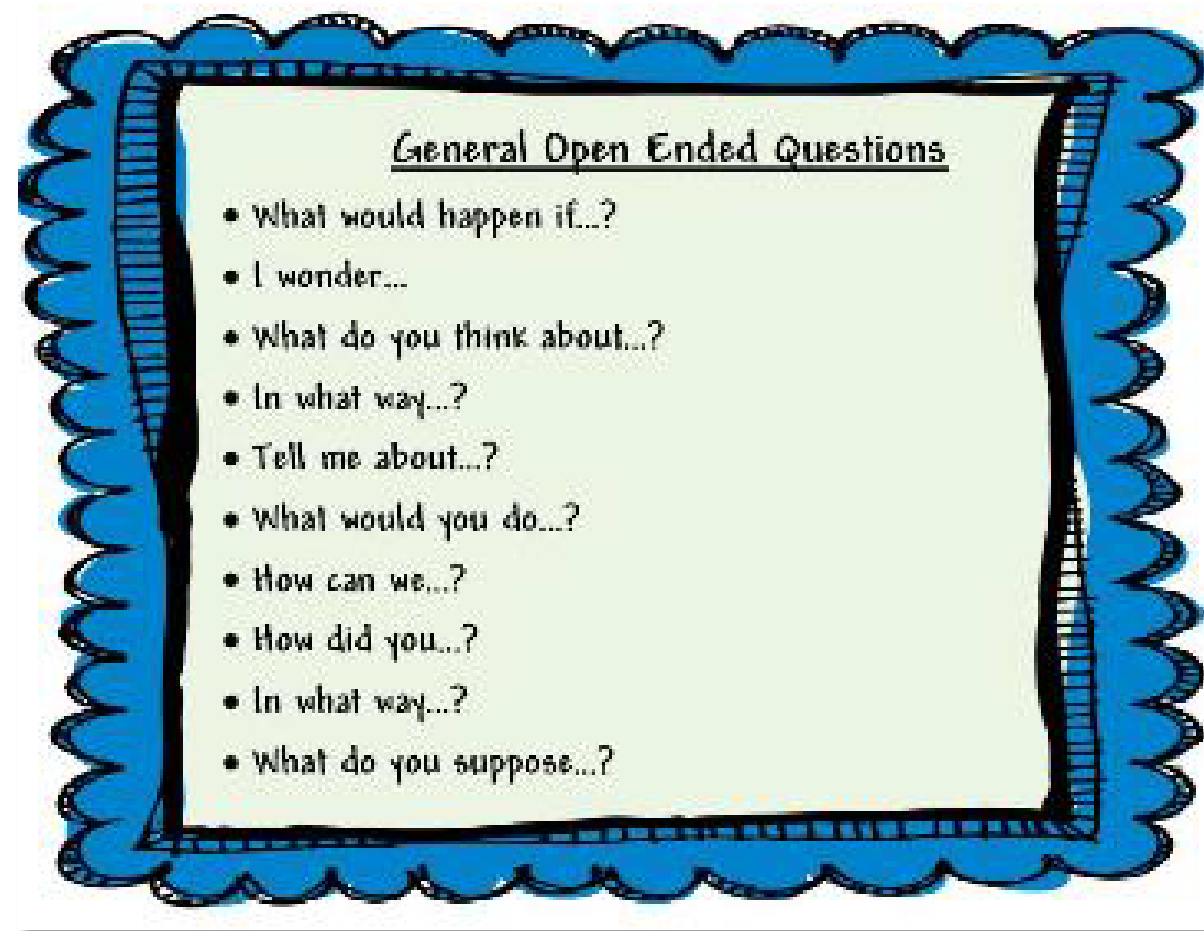
WHAT'S THE VALUE OF OPEN-ENDED

Ideal

- Allows for interviewee to elaborate and provide greater insight

Watch Outs

- Avoiding the question
- Going off the reservation



WHERE CLOSED-ENDED MAKE SENSE

Not
really!

- Yes or No (or do you agree) is very limiting
- If so, THEN TIE with WHY as a follow up...



OK

- If so, use a rating scale (1-7, Hot-Cold)
- Offer choices
- Rank order
- Follow with an open-ended- WHY!
- Can quantify responses



AND DRILL DOWNS ADD VALUE AND SHOW ACTIVE LISTENING

Seize Opportunities

- Listen for valuable insights

“Egging on” to clarify

- What else?
- Tell me more about that?
- How did you do that? What worked?
- Not? Why?



TO GET CLARIFICATION

Repetition or parrot

- Repeat what respondent just said and wait for him/her to provide additional clarification



Closed- Ended

- Yes or No to confirm position

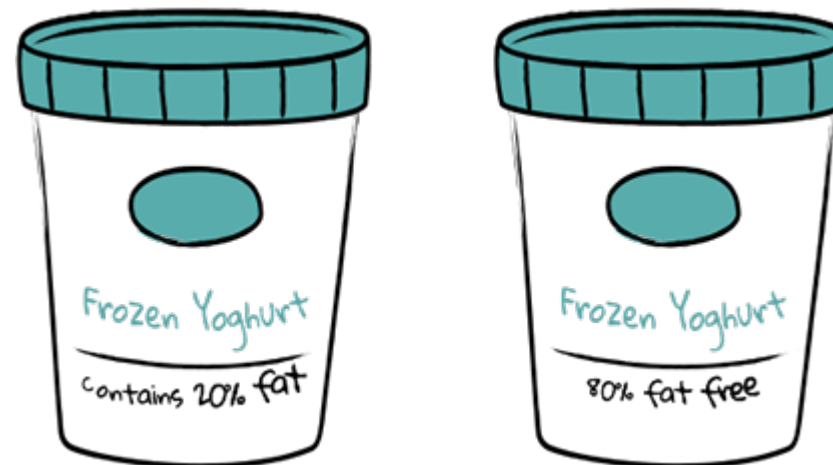


SOME USEFUL QUESTIONING STRATEGIES?



WATCH OUT FOR FRAMING

“Imagine that the U.S. is preparing for the outbreak of an unusual Asian disease, which is expected to kill 600 people. Two alternative programs to combat the disease have been proposed. Assume that the exact scientific estimate of the consequences of the programs are [as shown below]. . . . Which of the two programs would you favor?”



A. Tversky & D. Kahneman, “The Framing of Decisions and the Psychology of Choice”

REFRAIN FROM LEADING THE WITNESS

Frames the question to drive a particular response

Injects Bias



Example:

“According to the New York Times, alpha beta is the most promising new cancer drug, don’t you think?”



DON'T FALL INTO PITCH (SALES) MODE!

I've got a product or idea,
what do you think?



I'd like to get your opinion on
our solution? (not during
discovery)



REMEMBER QUESTION BIASES

Selection

Confirmation

Generalization

Overconfidence

Optimism

Acquiescence



Jon L. York, PhD
Cal Poly, SLO

York JL Danes JE. (2014). Customer Development, Innovation and Decision-Making Biases in the Lean Startup. *Journal of Small Business Strategy*.24 (2): 21-39.

OUR JOURNEY WILL COVER THE FOLLOWING



The
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The Mom
Test

TELL ME ABOUT THE MOM TEST

WHAT IS IT?

HOW DOES IT RELATE
TO STARTUPS?

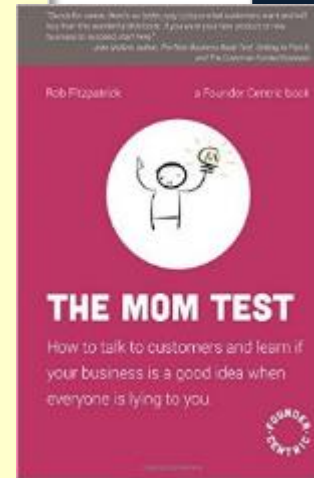


THE MOM TEST TAKE HOME

Talk about their life instead of your idea

Ask about specifics in the past instead of generics or opinions about the future

Talk less, listen more



Deflect compliments

Anchor fluff

Dig beneath ideas

Google for trivia

Fitzpatrick Rob. (August 2013). *The Mom Test*. Foundercentric.com.

THE MOM TEST QUESTIONS

#	Question	Evaluation
1	Do you think it's a good idea?	
2	Would you buy a product which did X?	
3	How much would you pay for X?	
4	Would you pay for a product which did Y	
5	What would your dream product do?	
6	Why do you bother?	
7	What are the implications of that?	
8	Talk me through the last time that happened?	
9	What else have you tried?	
10	Where does the money come from?	
11	Who else should I talk to?	
12	Is there anything else I should have asked?	



"WOULD YOU BUY A PRODUCT WHICH DID X?"

Bad question.

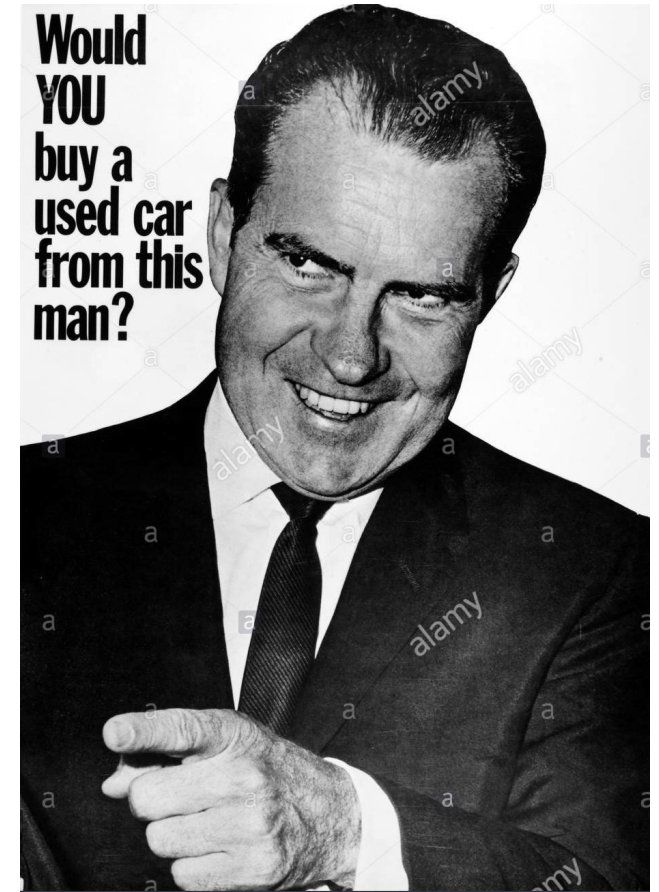
- Asking opinions and hypotheticals from overly optimistic people who want to make you happy.
- The answer to a question like this is almost always "yes," which makes it worthless.

Fix it. Ask HOW?

- They currently solve X, costs them, and time it takes.

Rule of thumb:

- Anything involving the future is an overoptimistic lie.



"WOULD YOU PAY X FOR A PRODUCT WHICH DID Y?"

Bad question:

- The fact that you've added a number doesn't help.

Fix it:

- Ask about what they already do now, not what they believe they might do in the future. Price your product in terms of value to the customer rather than cost to you.
- Another way to fix it, if you're far enough along, is to literally

Rule of thumb:

- People stop lying when you ask them for money.



"HOW MUCH WOULD YOU PAY FOR X?"

Bad question.

- This is exactly as bad as the last one, except it's more likely to trick you because the number makes it feel rigorous and truthful.

Fix it: Ask-

- About their life as it already is.

Rule of thumb:

- People will lie to you if they think it's what you want to hear.



"WHAT WOULD YOUR DREAM PRODUCT DO?"

Sort-of-okay question:

- But only if you ask good follow-ups.

Fix It- Ask?

- Why they want these features?

Rule of thumb:

- People know what their problems are, but they don't know how to solve those problems.



"WHY DO YOU BOTHER?"

Good question!

- I love this sort of question.
- It's great for getting from the perceived problem to the real one.

Rule of thumb:

- You're shooting blind until you understand their goals.



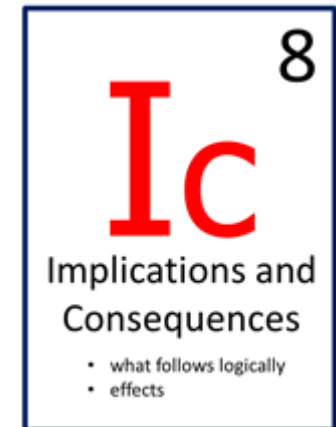
"WHAT ARE THE IMPLICATIONS OF THAT?"

Good question!

- This distinguishes between I-will-pay-to-solve that problems and that It's-kind-of-annoying-but-I-can-deal-with-it "problems."

Rule of thumb:

- Some problems don't actually matter.



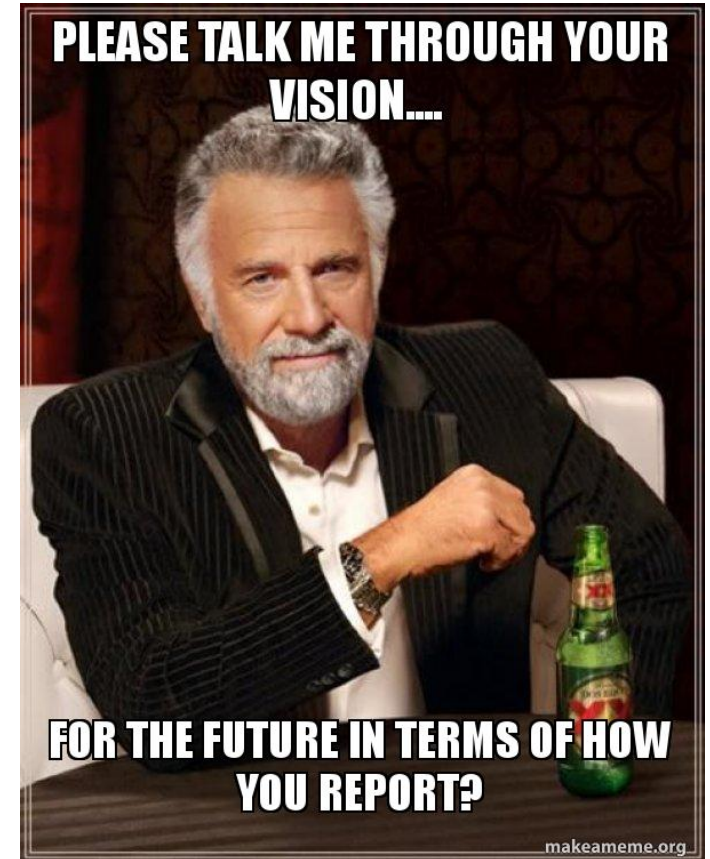
"TALK ME THROUGH THE LAST TIME THAT HAPPENED"

Good question!

- Whenever possible, you want to be shown, not told, by your customers.
- Learn through their actions instead of their opinions

Rule of thumb:

- Watching someone do a task will show you where the problems and inefficiencies really are, not where the customer thinks they are.



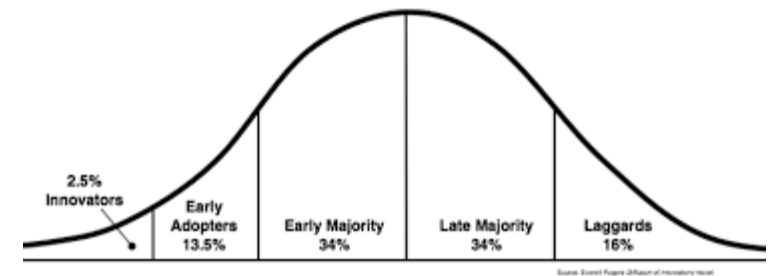
"WHAT ELSE HAVE YOU TRIED?"

Great question!

- What are they using now?
- How much does it cost?
- What do they love or hate about it?
- How much would those fixes be worth?
- How traumatic would it be for them to switch to a new solution?

Rule of thumb:

- If they haven't looked for ways of solving it already, they're not going to look for (or buy) yours.



Roger's Diffusion of Innovation

"WHO ELSE SHOULD I TALK TO?"

Great question!

- Yes!
- End every conversation like this!

Rule of thumb:

- Always look for additional leads.



"HOW ARE YOU DEALING WITH IT NOW?"

Great question!

- Beyond workflow information, this gives you a price anchor.

Rule of thumb:

- While it's rare for someone to tell you precisely what they'll pay you, they'll often show you what it's worth to them.



"IS THERE ANYTHING ELSE I SHOULD HAVE ASKED?"

Great question!

- Usually, by the end of the meeting, people understand what you're trying to do.
- Since you don't know the industry, they'll often be sitting there quietly while you completely miss the most important point.

Rule of thumb:

- People want to help you. Give them an excuse to.



IT'S ABOUT DISCOVERING THE RIGHT CUSTOMER, HIS/HER NEEDS, AND DELIVERING THE VALUE PROP

