Creating and capturing value from innovative tech

Ph.D. Class ENG-642

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Session 2
Fall Term 2024

Today’s agenda

- Share & learn: few presentations of Worksheet 1, Q&A
- The Value Proposition: assumptions and phrasing
- Team work: what is your value proposition
- Validating value propositions through customer interviews
- Team work on interview preparation

Deliverables: Interview with one external person

Share & learn

- Present Worksheet 1:
  - Explain your core capabilities detached from any envisioned product
  - Suggest applications and target customers
- Which market opportunities seems interesting for further exploration?
- What did you learn from this process?
- Any questions/ challenges?

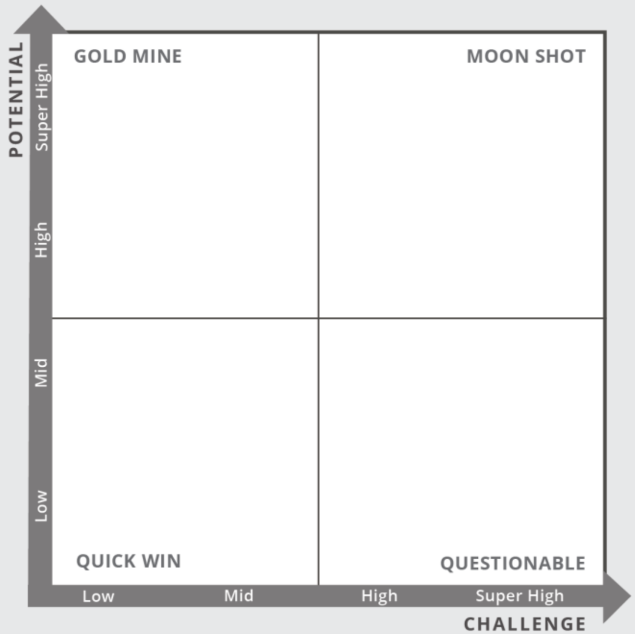
The main takeaways from this exercise

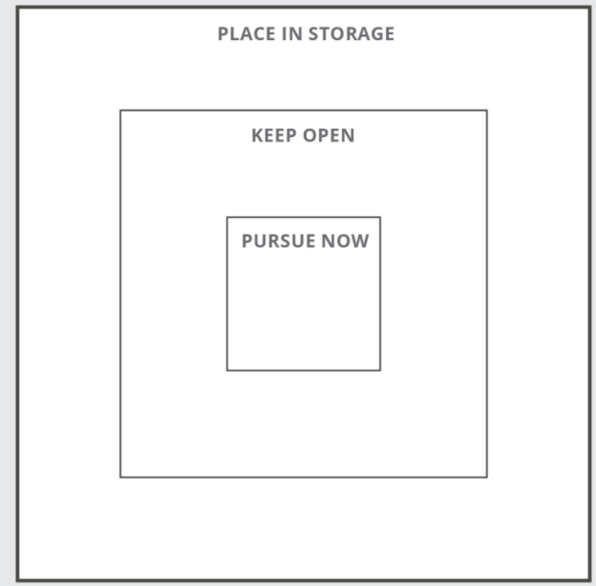
- Enhance your cognitive flexibility, to become more alert to other promising opportunities
- Have options at hand, as it gives you the power of choosing, and the power of staying agile
- Learn how to present your innovation in a simple manner
- Define your opportunities properly

THE MARKET OPPORTUNITY NAVIGATOR

NAME

DATE





MARKET OPPORTUNITY SET

1 Use Worksheet 1 to identify potential market opportunities, and place them in the set

ATTRACTIVENESS MAP

2 Use Worksheet 2 to evaluate the atractiveness of each market opportunity, and place each one on the map

AGILE FOCUS DARTBOARD

3 Use Worksheet 3 to design your Agile Focus strategy, and mark it on the dartboard

market opportunity = any combination of application + customer

Use sticky-notes™ to represent each market opportunity

Market I

Define your value proposition

What is your value proposition

The unique benefits customers can expect from your offering

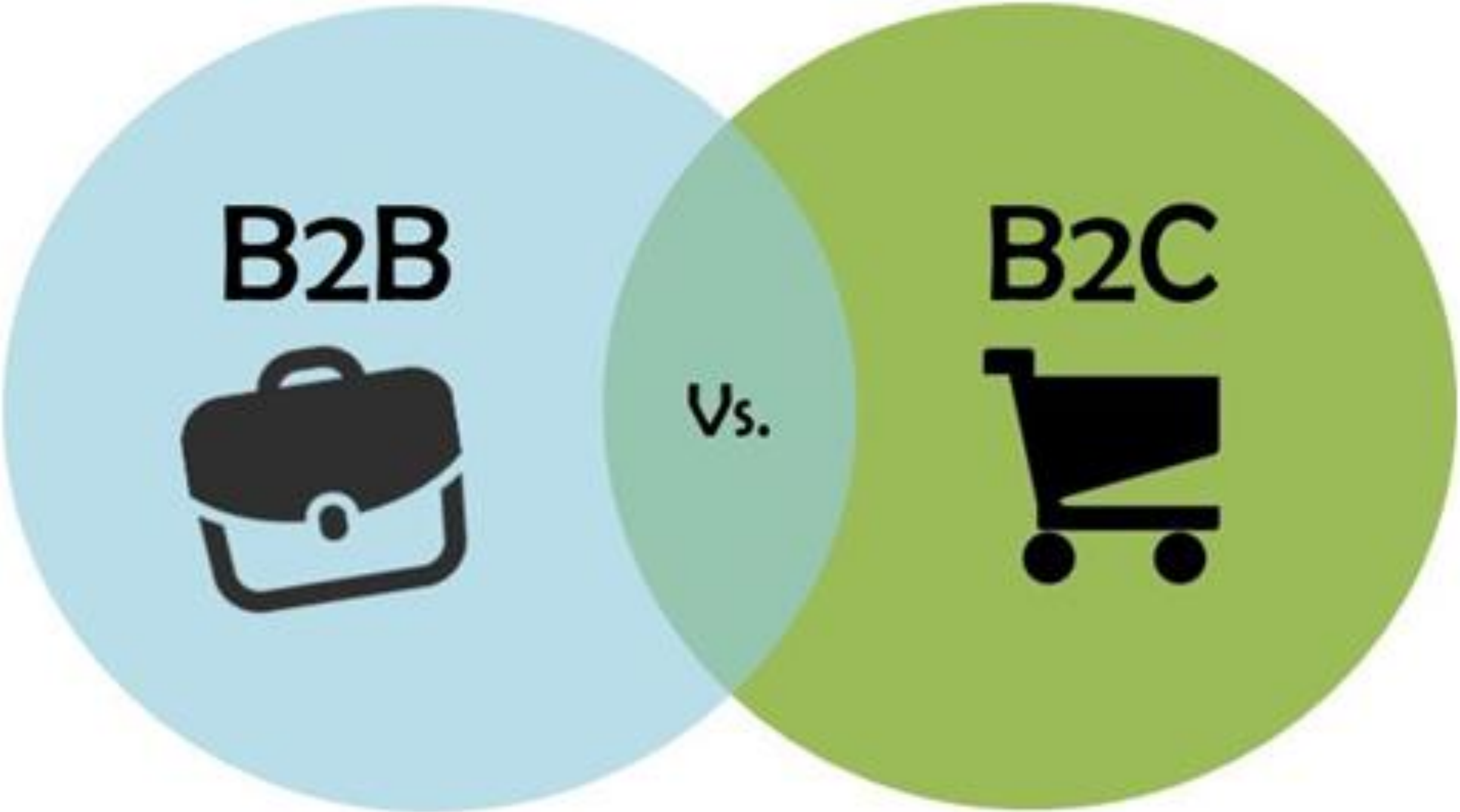
What do we want to learn?

- Who are your customers?
- What is their need/ job to be done?
- How do they currently solve it?
- How would your solution solve it?
- How is your solution better (in measurable outcomes)?

The customers

Customers = those that will pay you

Consumers vs organizations



Users vs buyers

Define your target customers clearly

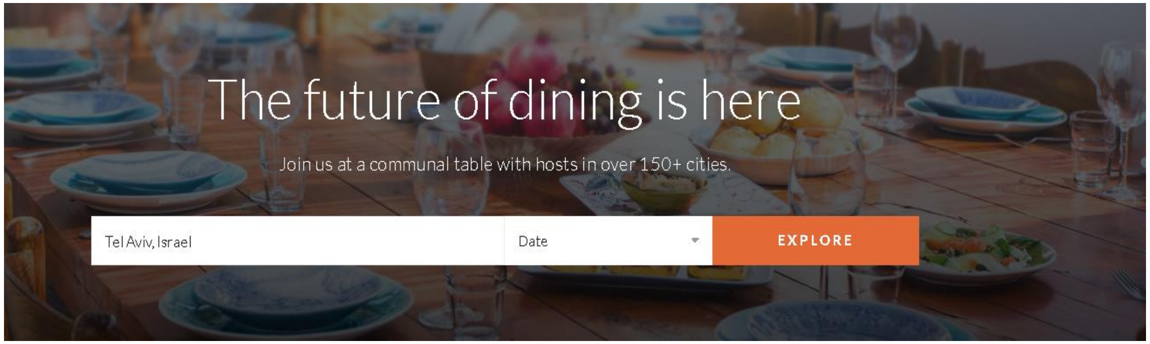
Market segment =
a group of potential customers who share a common need and are expected to respond in a similar manner to your offering

Why not 'everyone'?

One size fits no one!

Example

EatWith



Target Customers: Tourists

Main motivation: Authentic food, local company

Target Customers: Novelty Seeker

Main motivation: Different and novel food experiences

Target Customers: The Meetuper

Main motivation: good food with good company

Key dimensions for market segmentation

Psychographic/ behavioral
how customers behave and think

Demographic/ firmographic
The objective parameters that describe your customers

Example

HubSpot

Segment **#1**

- Professional marketer (VP, Director, Manager)
- Mid-sized company (25-200 employees)
- Small marketing team (1-5 people)

Segment **#2**

- Business owner (Founder, President, Partner)
- Small business (1-10 employees)
- Industry expert with no marketing experience

Let's try this out...

How would you define your primary target customer?

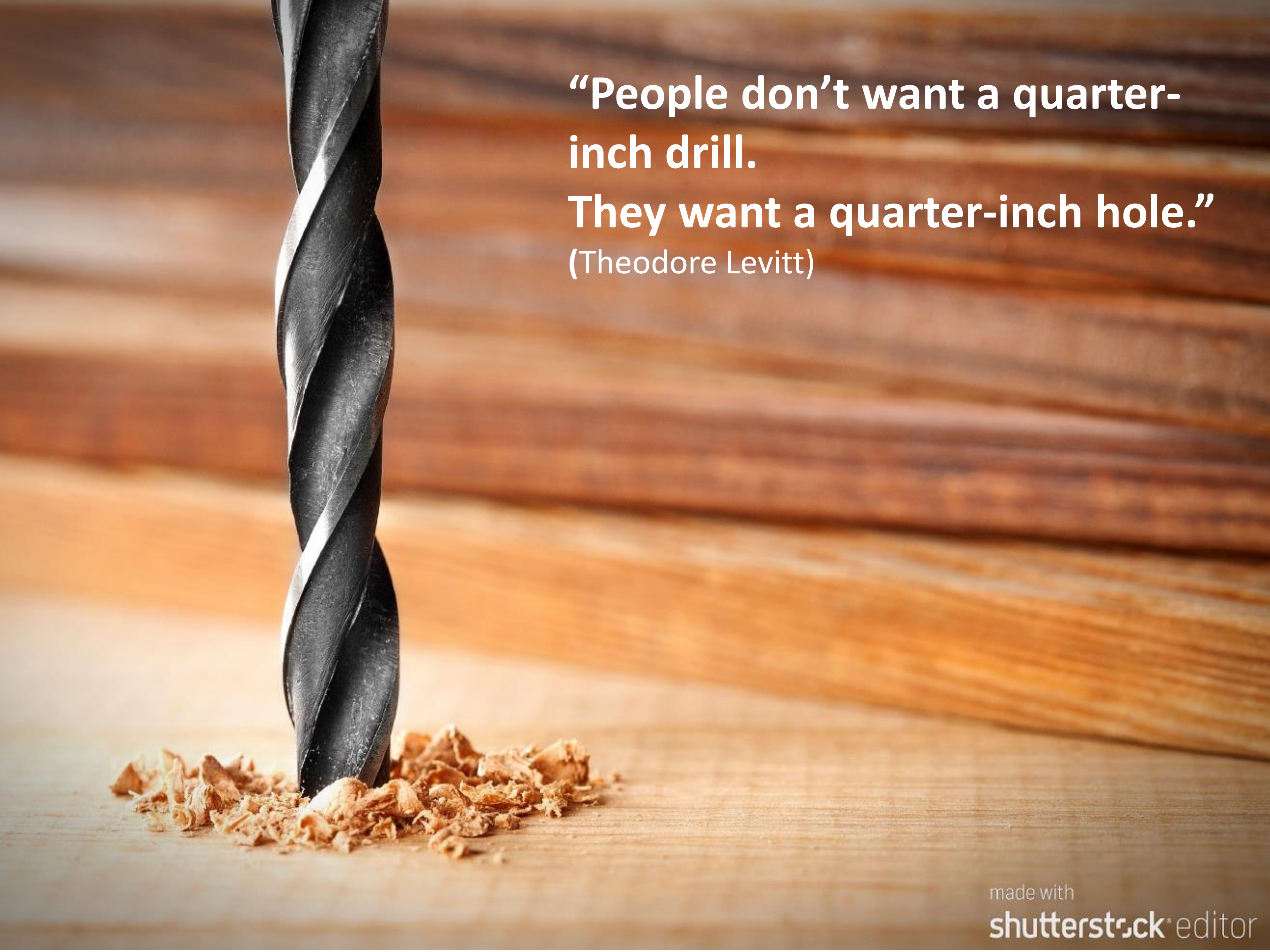
If relevant, distinguish between the buyer and the user

____

____

____

The need


“People don’t want a quarter-inch drill.
They want a quarter-inch hole.”
(Theodore Levitt)
made with shutterstock editor

Customers' need = job to be done

People do not just buy a product or a service.

They "hire" them **to make progress** in a **particular context**.

Once you get clarity on why someone wants to buy something, it makes it easier for you to create the right products.

Understanding customers needs/ jobs-to-be-done is hard

https://www.youtube.com/watch?v=s9nbTB33hbg

Defining the need statement

- ✓ The need can be **a problem** to be solved, something to **be avoided**, or anything that customers are trying to **accomplish** in a specific context (a ‘job to be done’)
- ✓ Needs could be functional, emotional or social (start with the core functional need)
- ✓ Take the customer’s perspective! Don’t confuse the need with what your product does
- ✓ Define the need in a level of abstraction that suits your mission
- ✓ Don’t confuse the buyer’s need with the user’s need

Let's try this out…

What is the key need that would drive your customers to look for a solution?

____

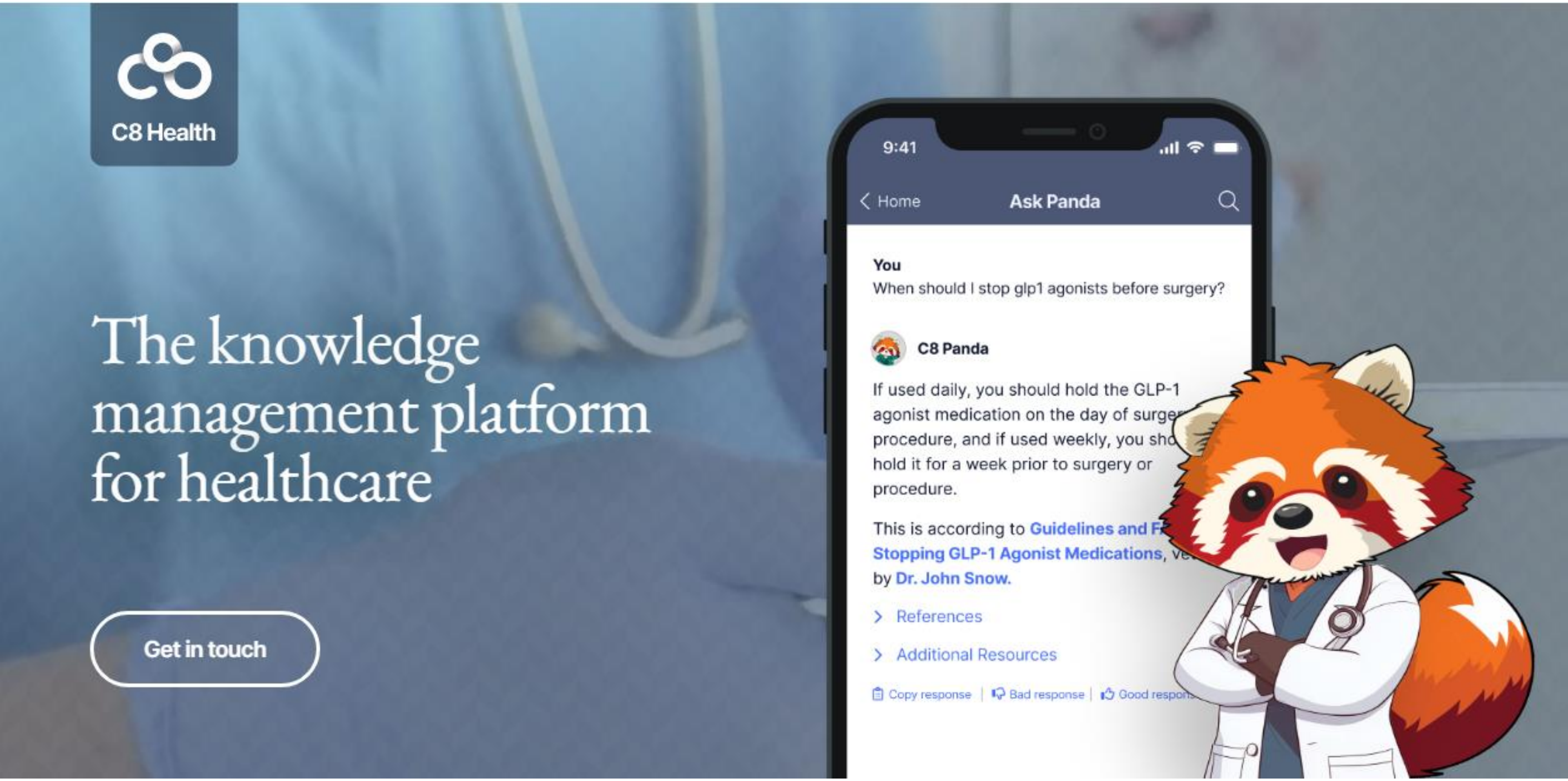
____

____

The solution

What do you offer?

Define your solution in a simple and concise manner



The benefit: Address the ‘job’, in a measurable manner

- ✓ What <u>measurable change </u>happens in the customer’s life that makes them want your product?
  - ✓ Cost reduction
  - ✓ Productivity
  - ✓ Safety
  - ✓ Quality
  - ✓ Customer satisfaction etc

- ✓ How are you <u>different than existing solutions</u>?

Don’t mix the benefits with your features

“Here’s what our product can do”

is very different from

“<u>Here’s what you can do with our product</u>”

Example

C8 Health

The problem

Healthcare has a
knowledge problem

To deliver consistent care, curb waste, and improve outcomes, clinical teams need seamless access to proven best practices and trusted clinical resources.

But, delivering critical knowledge in the moment it's needed isn't easy. All too often, vital guidance and updates go unread—and care quality suffers.

C8 Health
is the solution

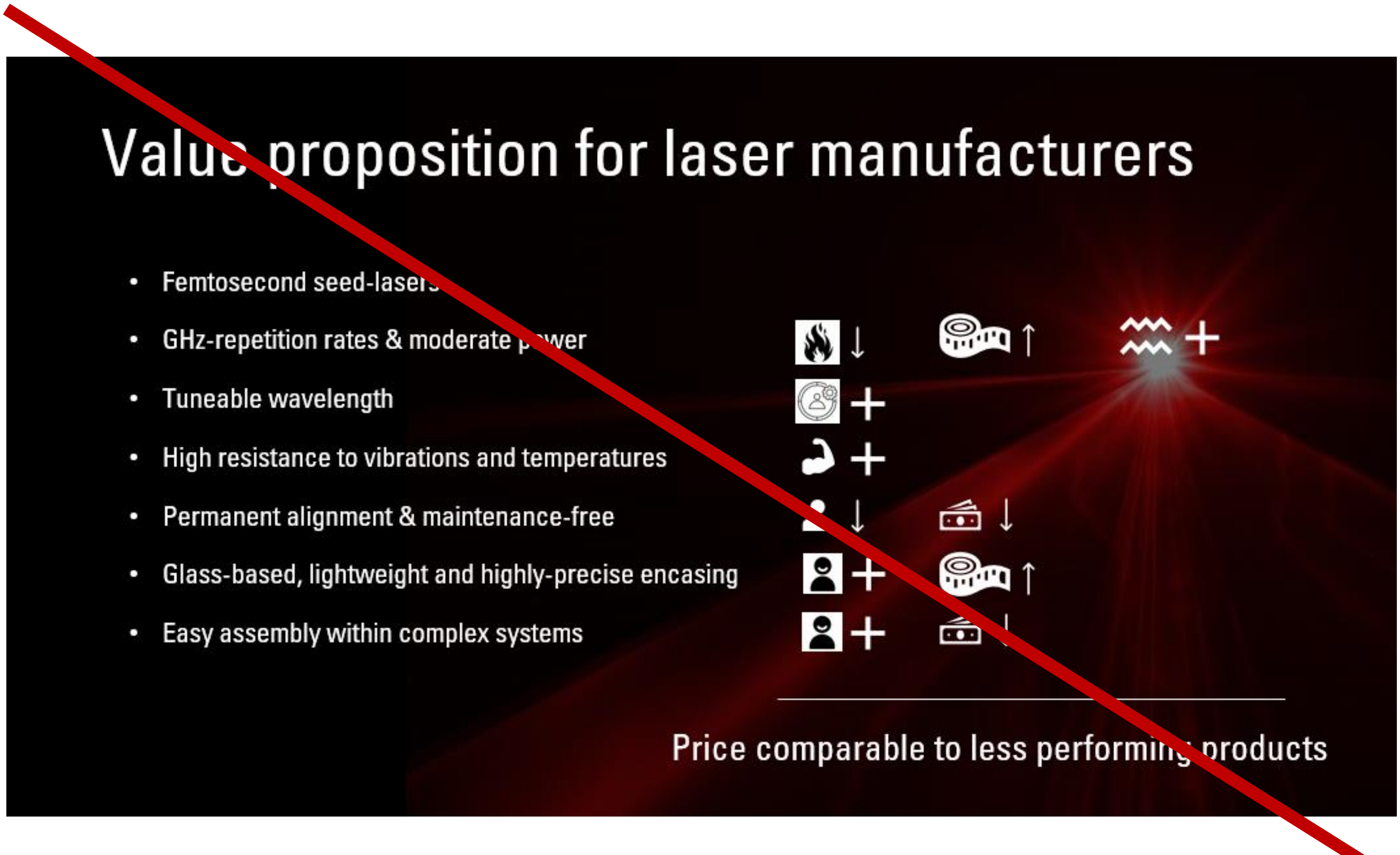
We partner with hospital departments to consolidate all their knowledge into a single platform accessible from anywhere, at any time.

C8 Health enhances care delivery and staff satisfaction by automating existing workflows, enabling cross-institutional knowledge-sharing, and giving clinical teams instant access to trusted guidance.

The solution

The benefits

Don’t forget: your value proposition ***is not*** a list of features!



Let’s try this out…

How would you define your solution?

____

____

____

What is the <u>key benefit</u> that you bring to the customers? Can you quantify this value?

____

____

____

How are you <u>different</u> than competitors / existing solutions? What makes you unique?

____

____

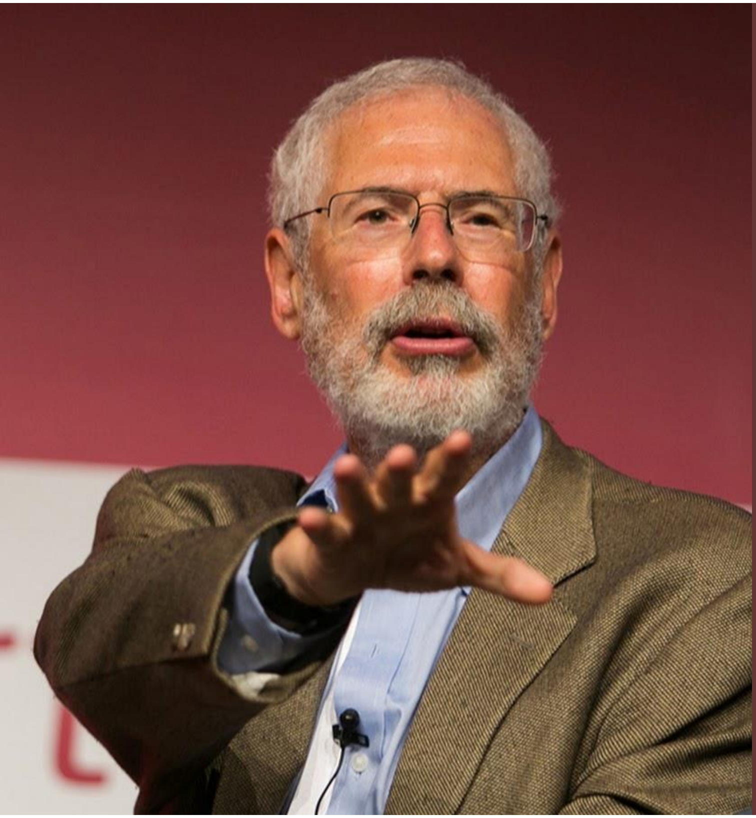
____

Lets hear your thoughts

Remember: it’s a list of assumptions

> “A founding vision for a startup
> is similar to a scientific hypothesis.”
>
> *Rashmi Sinha*
> *Founder, Slideshare*

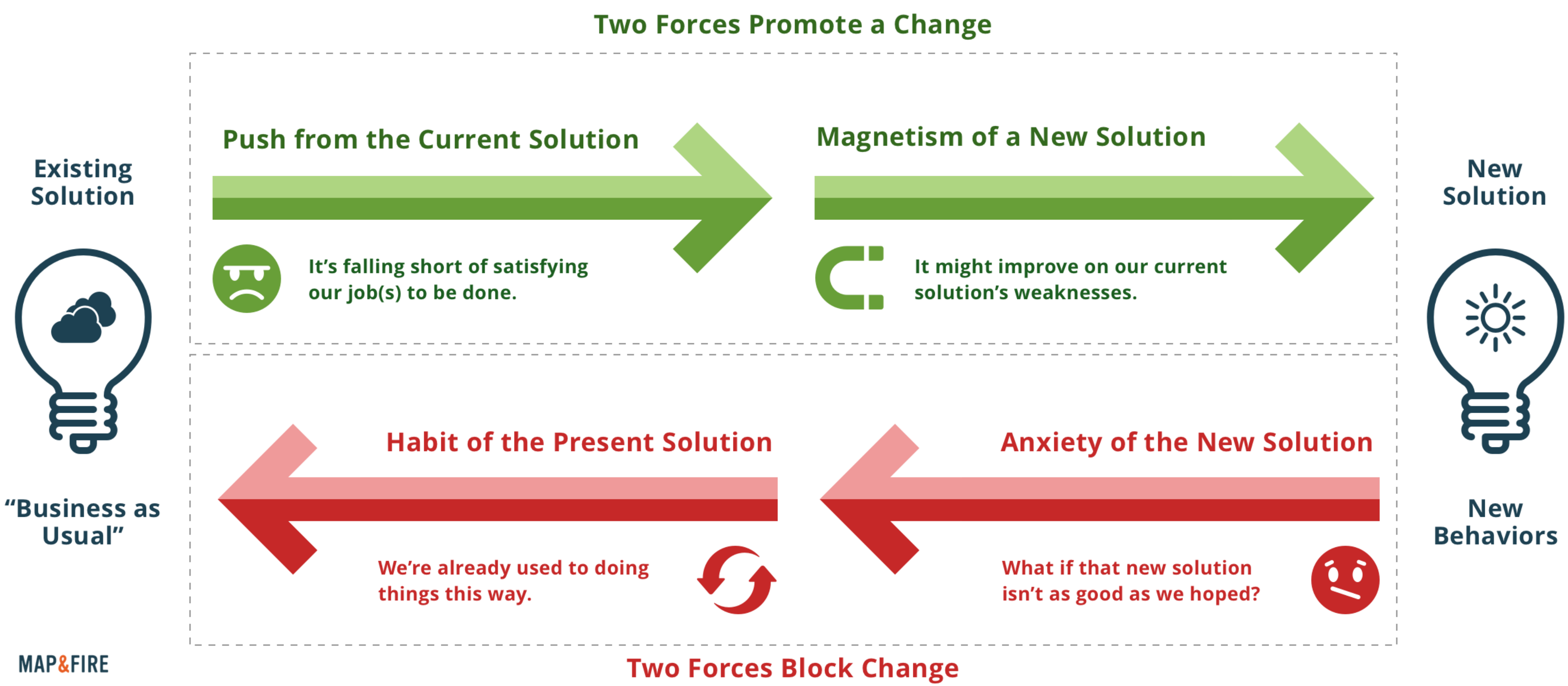
Conducting customer interviews to validate your value proposition



"There are no facts inside the building so get the heck outside."

STEVE BLANK
Entrepreneur and Startup Educator

Why customers will/ will not buy your product?



Source: jobstobedone.org | From "Unpacking the Progress Making Forces Diagram", February 2012

Who should we talk to?

B2C- talk to different people representing your segment

B2B- talk to different roles within the organization who are involved in decision to buy

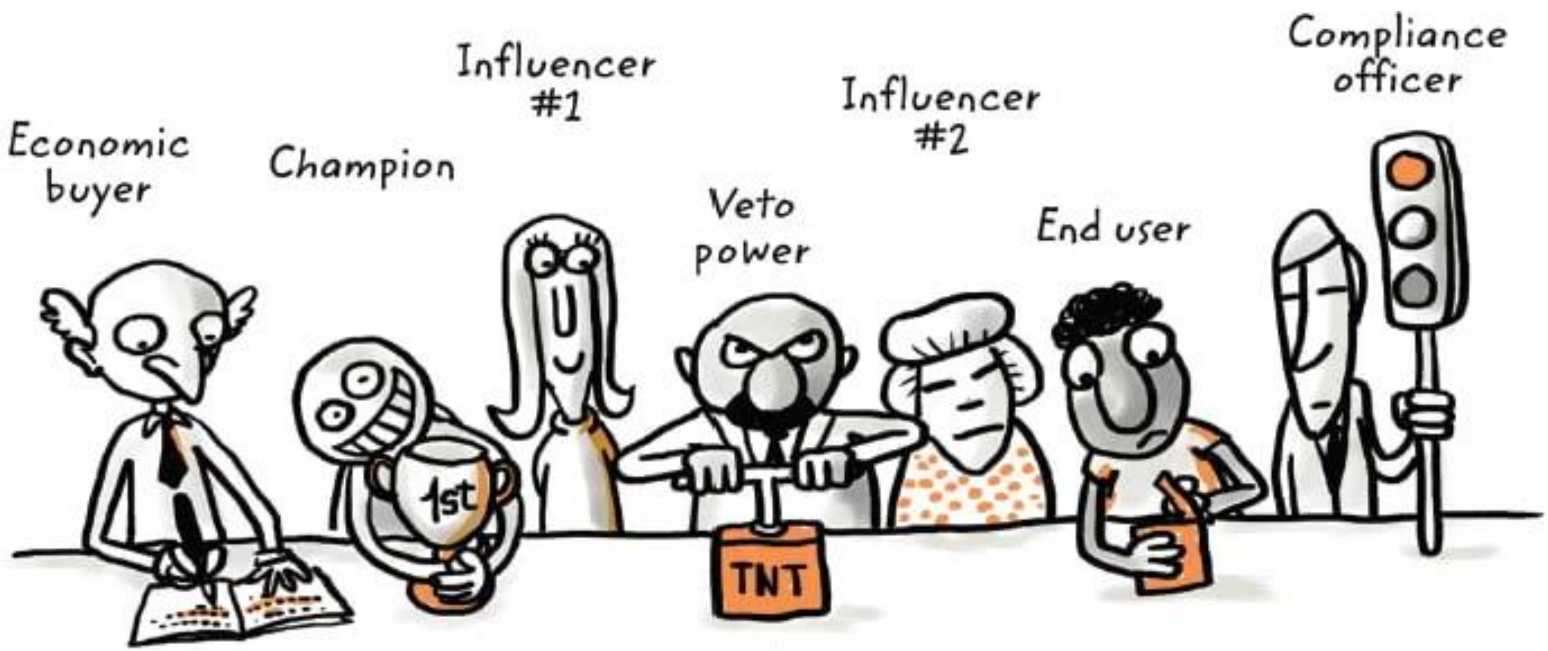


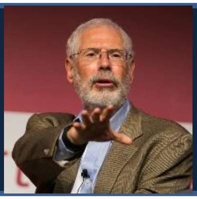
Image from:Discipline Entrepreneurship / Bill Aulet

Beware of a biased sample

Talking to Humans: Success Starts with Understanding Your Customers/ Frank Rimalovski and Giff Constable

Approaching customers to set the interview

- Best way: introduction from someone you know (prepare 2-3 sentences that they can easily forward)
- If not - phrase your email template:
  - Use a thoughtful subject line
  - Briefly describe yourself
  - Explain how you found them
  - Acknowledge their accomplishments
  - Directly ask for **help**
  - Be concise!



Steve Blank’s advice

How to structure the interview

1. The problem
2. The current solution
3. Your solution

1. The Problem

- Customers care about their problems NOT your solution
- Possible structure: Ask customer to walk you through the last time they…

Primary goal: identify repeatable problems worth solving. Be open to new problems and opportunities

2. The Current Solution

Possible structure:

1. Have customer describe how they solve the problem today
2. What do they like about their current solution/process?
3. Is there some other solution/process they've tried in the past that was better or worse?
4. What do they wish they could do that currently isn't possible? (if you could wave a magic wand…)
5. If they could do [answer to the above question], how would that make their lives better?
6. Who is involved with this solution/process? How long does it take?

Primary goal: learn how customers attempt to solve the problems today (if they don't- it's a red flag)

3. Your Solution

Possible structure:

1. Describe how you attempt to solve the problem
2. Ask customers whether your approach would solve their problem
3. Would they use your solution if it was free?
4. Would they be willing to commit?

Show mockups or early prototypes if available and pay attention to their reaction

Primary goal: discover if they are really interested in your solution and gather feedback

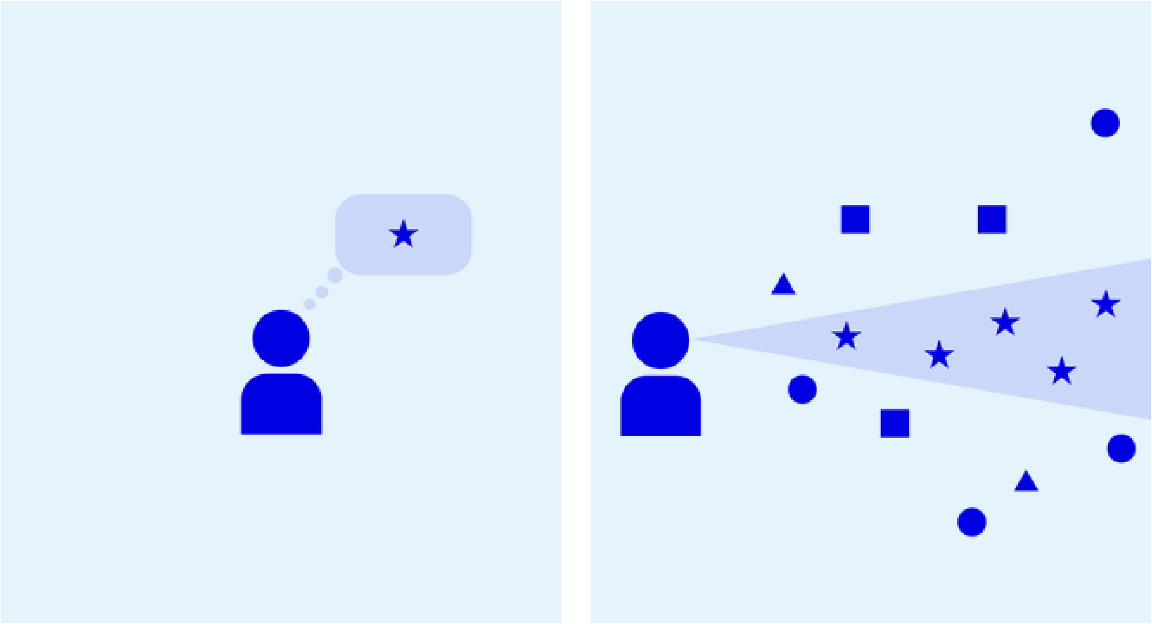
Use this structure to prepare your interview template

Part	Assumptions	Questions
1) Problem details/ job to be done		
2) Current solutions		
3) Your solution		

Understanding customers is hard

Avoid common biases (1)

1) Confirmation bias: Paying more attention to information that confirms your existing beliefs.



- Cut out leading questions
- Avoid ‘yes or no’ questions
- Be careful with adjectives
- Course-correct with follow-ups

Avoid common biases (2)

2) Acquiescence (agreement) bias: the tendency of respondents to agree and be nice to you

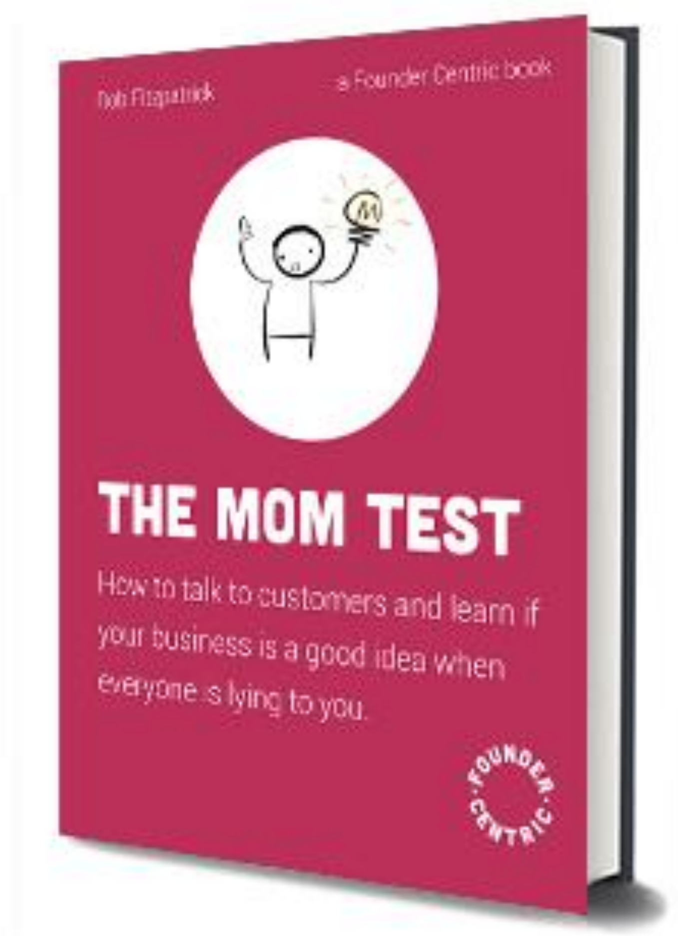
- Hold off on talking about the product
- Ask interviewees to talk as freely as if they have a ‘microphone on their brain’

Avoid common biases (3)

3) Hindsight bias: the tendency to predict future outcomes

Avoid questions like “Would you use my product?” or “How much would you pay for this?”

Reading beyond the words…



How to talk to customers and learn if your business is a good idea when everyone is lying to you

- How to ask your questions ('learn'). Look at 6:25-8:30
- How to interpret the answers ('confirm'). Look at 10:10- 12:36

https://www.youtube.com/watch?v=vqHR7CUPVbA

Source: The Mom Test/ Rob Fitzpatric

Basic Do's & Don'ts

#1

Help not sales!
Set up an environment where the customer is the "expert".

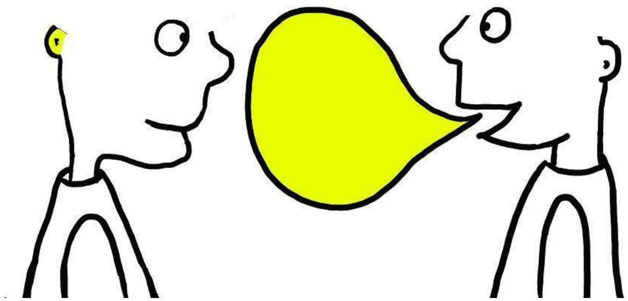
Basic Do's & Don'ts

#2

Prepare your questions – but feel free to deviate from the script

Don't stress about getting an answer to everything.

you will learn more by letting the conversation flow naturally



Basic Do's & Don'ts

#3

Listen!

Let them talk. You should be talking less than 25% of the time.

It's OK to have a bit of silence

Prepare yourself to hear things you don't want to hear

Basic Do's & Don'ts

#4

Give them the opportunity to ask questions of you. You never know where inspiration will strike!

Basic Do’s & Don’ts

#5

Ask for referrals

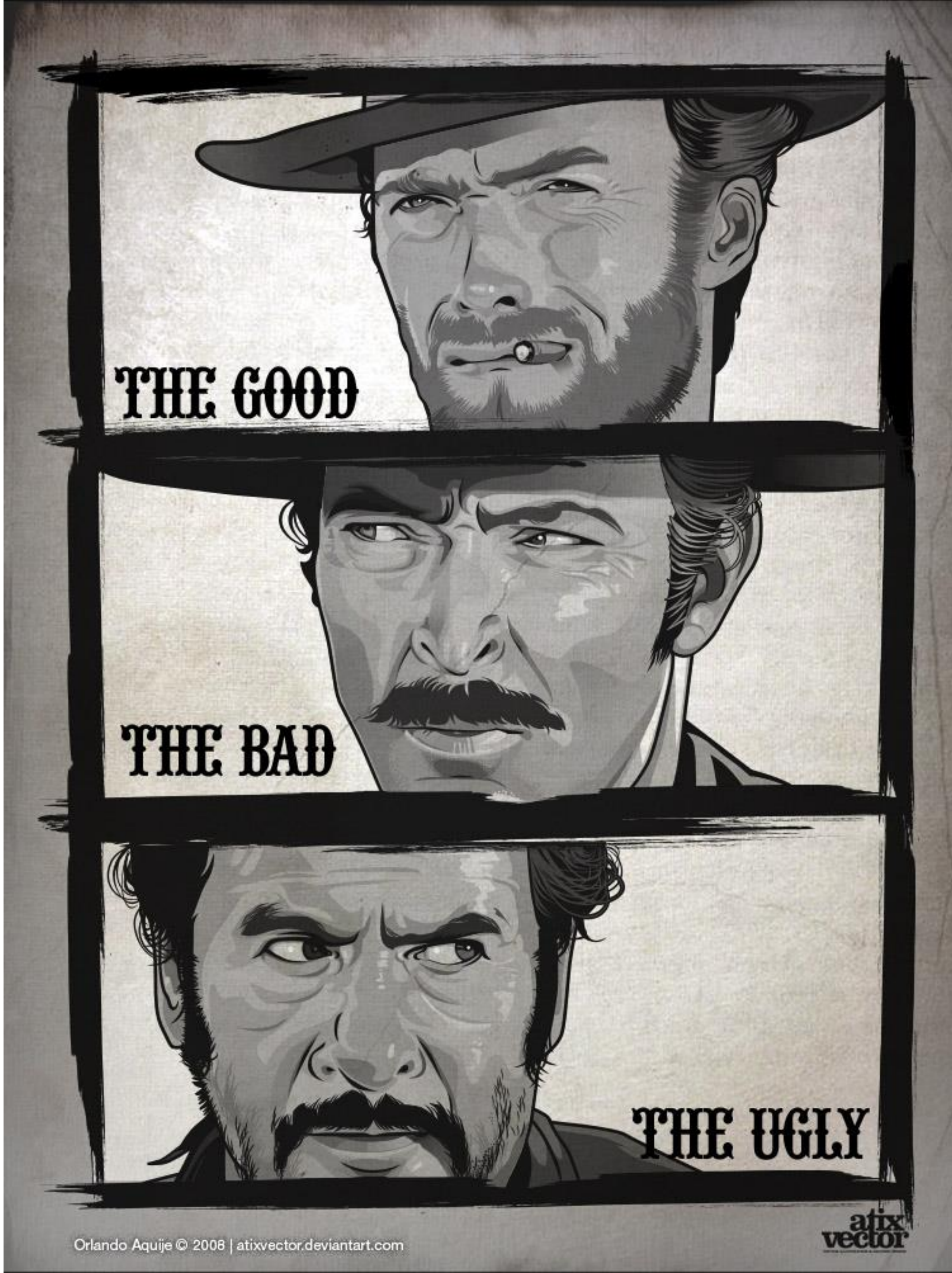
The best source of prospects is through existing contacts.

Send them boilerplate text they can use when making the introduction

Documenting and Analyzing the Data

- ✓ Take good notes (if possible: one person asks the questions and one person takes notes)
- ✓ Summarize and review interview notes immediately after the interview
- ✓ Look for common patterns matching customer-problem-solution
- ✓ Strive for objectivity as best as you can. Keep your mind open
- ✓ Share your notes with your team. You'll get different perspectives
- ✓ Document all interview notes with date and contact details

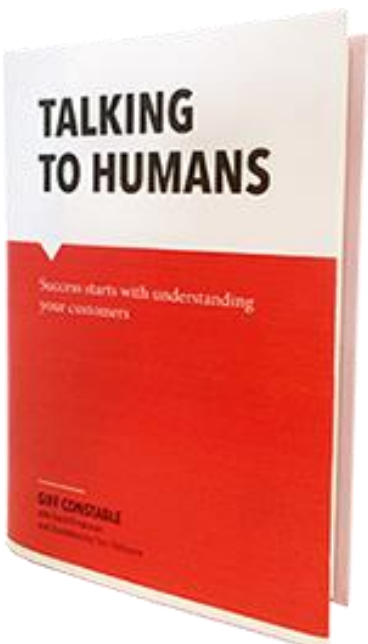
When it comes to discovering and validating your offering, nothing is a substitute for hearing the good, bad, and ugly first-hand from potential customers

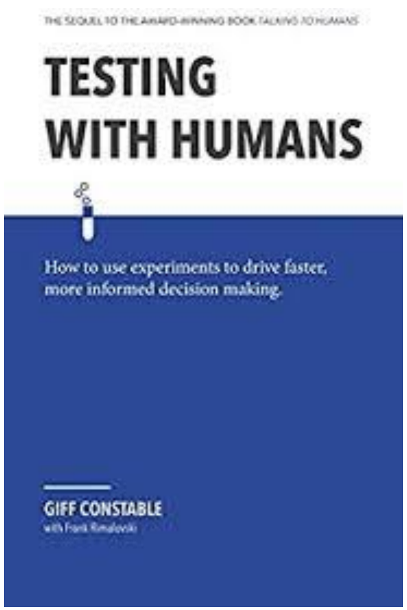


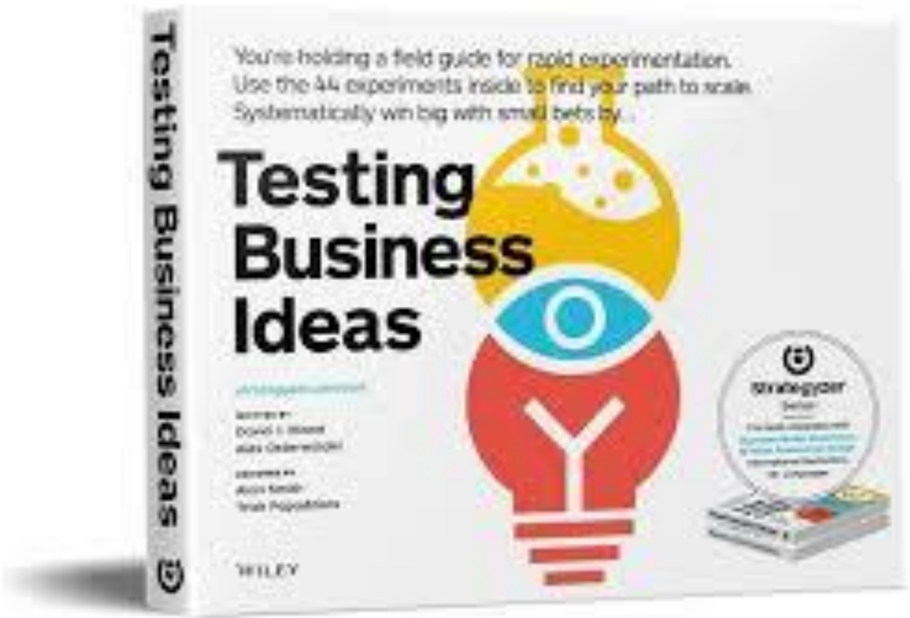
Beyond customers interviews

- ✓ Interview experts, suppliers, partners
- ✓ Become active and post questions on relevant forums
- ✓ Run online surveys
- ✓ Run experiments to test demand (landing page, promotional tests, crowd-funding etc)

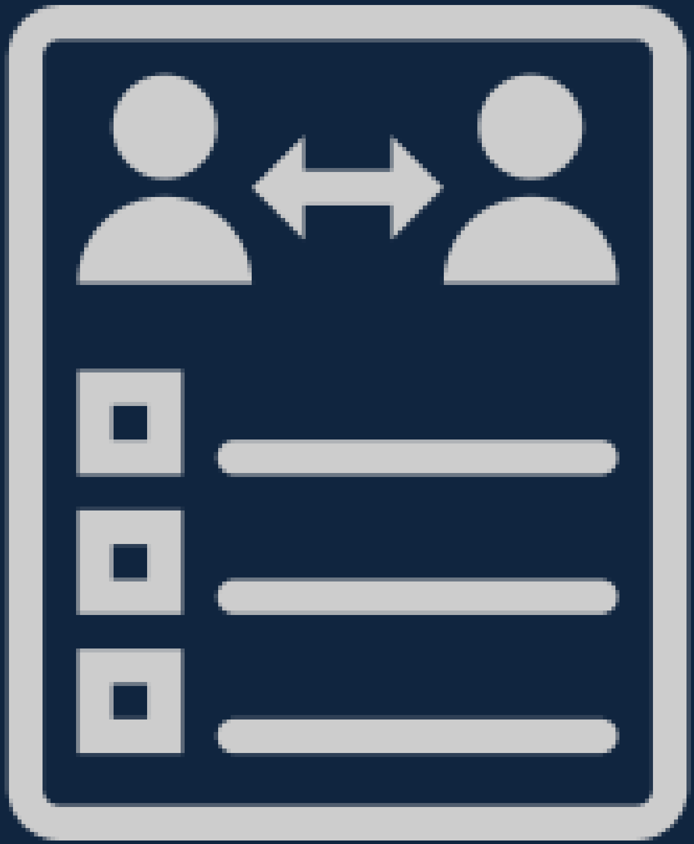
Recommended resources







Reflecting & summarizing your learning



Phrasing your value proposition

Phrasing your value proposition- template 1

1. Geoff Moore's Value Positioning Statement

Template

For _____________ (target customer)

who _____________ (statement of the need or opportunity)

our (product/service name) is _____________ (product category)

that (statement of benefit) _____________ .

Source: 7-proven-templates-for-creating-a-winning-value-proposition-for-your-business

Phrasing your value proposition- template 1

1. Geoff Moore's Value Positioning Statement

Template	Sample(s)
For ____________ (target customer)	For non-technical marketers
who ____________ (statement of the need or opportunity)	who struggle to find return on investment in social media
our (product/service name) is ____________ (product category)	our product is a web-based analytics software
that (statement of benefit) ____________ .	that translates engagement metrics into actionable revenue metrics.

Source: 7-proven-templates-for-creating-a-winning-value-proposition-for-your-business

EatWith

For: travelers

Who: are passionate about food and seek a new experience

The: EW is a home dining community marketplace

That: enables travelers to find & enjoy an authentic dining experience at local homes all over the world

Phrasing your value proposition- template 2

2. Steve Blank's XYZ

Template

"We help X do Y doing Z".

Source: 7-proven-templates-for-creating-a-winning-value-proposition-for-your-business

Phrasing your value proposition- template 2

2. Steve Blank's XYZ

Template

"We help X do Y doing Z".

Sample(s)

We help non-technical marketers discover return on investment in social media by turning engagement metrics into revenue metrics.

Source: 7-proven-templates-for-creating-a-winning-value-proposition-for-your-business

Phrasing your value proposition- template 3

3. Patrick Vlaskovits & Brant Cooper's CPS

Template

Customer: ____________ (who your customer is).

Problem: ____________(what problem you're solving for the customer).

Solution: ____________ (what is your solution for the problem).

Source: 7-proven-templates-for-creating-a-winning-value-proposition-for-your-business

Phrasing your value proposition- template 3

3. Patrick Vlaskovits & Brant Cooper's CPS

Template

Customer: _____________ (who your customer is).

Problem: _____________(what problem you're solving for the customer).

Solution: _____________ (what is your solution for the problem).

Sample(s)

Customer: I believe my best customers are small and medium-sized business (SMB) markets.

Problem: Who cannot easily measure campaign ROI because existing solutions are too expensive, complicated to deploy, display a dizzying array of non-actionable charts.

Solution: Low cost, easy to deploy analytics system designed for non-technical marketers who need actionable metrics.

Source: 7-proven-templates-for-creating-a-winning-value-proposition-for-your-business

Now its your turn

- ✓ Phrase your value proposition assumptions
- ✓ Prepare your interview template
- ✓ Interview 1 potential customers/ industry expert (today/ tomorrow)

Deliverables:

- ✓ Summarize your learning with a concise value proposition statement
- ✓ Be ready to share your interview experience and value proposition in tomorrow's Share & Learn session

Prepare your interview template

Part	Assumptions	Questions
1) Problem details/ job to be done		
2) Current solutions		
3) Your solution		

Questions?