2019 Spring Cohort

Week 2 Workshop
Agenda

12:00 – 12:30 pm  Market Research
12:30 – 1:00 pm    Customer Interviewing
1:00 – 2:00 pm     Team Presentations / Q&A
MARKET RESEARCH
Market Opportunity Analysis

How big is this opportunity?

• TAM, SAM and Target Market size
• Competitors
• Growth rate
• Maturity of market
• What do customers think?
Determining Market Size

• Total Available Market (TAM)
  o How many people would want this product?
  o How big is the market if they all buy?

• Served Available Market (SAM)
  o How many people can actually use this product?
  o How many people can afford the product?

• Target Market
  o Who will you sell to in years 1-3?
Cliff’s Notes on Market Size

- **Total Available Market (TAM)**
  - Total universe of potential buyers

- **Served Available Market (SAM)**
  - People you can actually reach

- **Target Market**
  - People likely to buy in years 1-3
Top-Down v. Bottom-Up Analysis

• **Top-down**
  - Take overarching market figures and drill down
  - Best for determining Total Available Market

• **Bottom-up**
  - Look at specific potential customers and their likely expenditures for your product
  - Best for developing precise figures on Target Market
Conducting Market Research

1. Define your market and the market segments that make it up (TAM)
2. Identify product features that may limit your market (SAM)
3. Ask customers for their thoughts on market opportunity (Target Market)
LSU Library Resources

• Go to http://www.lib.lsu.edu/
• Under Research at the top, select Databases
• Determining TAM
  o IBIS World
  o Statista
• Researching competitors
  o LexisNexis Academic – Business
  o Mergent Online
  o Mergent WebReports
  o Hitwise (if you have a web solution)
  o Simmons OneView
CUSTOMER INTERVIEWING
Don’t talk about your technology!
Purpose of Customer Interviews

Develop a complete set of customer **wants, needs and desired outcomes** in the customer’s own words.
Types of Interviews

• FACE-TO-FACE
  o *SUPERIOR* to all other approaches
  o Allows for interviewee (undivided) attention
  o Can observe body language
  o Easier to drill down

• VIDEO CHAT – SKYPE, GOOGLE HANGOUTS, etc.
  o *MODERATE* value
  o Allows for access to geographically remote interviewees
  o Difficult to observe body language
  o Interviewee can get distracted
Types of Interviews

• PHONE
  o **NEUTRAL** value
  o No observation of body language
  o Difficult to get off onto insightful tangents

• SURVEYS/GROUP INTERVIEWS
  o **MINIMAL** value
  o Group think takes over
  o One person can control/affect entire group
  o Impossible to drill down

• EMAIL EXCHANGES
  o May have **NEGATIVE** value
High Level Overview

1. Prepare
2. Perform
3. Record/Revise
The Three – One – Three

Step 1: Define
Step 2: Secure
Step 3: Prepare
**Step 4: PERFORM**
Step 5: Follow-up
Step 6: Record
Step 7: Revise
Step 1: Define

1. What customer segment do we want to test?
2. Who (person) do you want to interview?
3. What hypothesis do you want to test?
Valuable feedback can be found anywhere in the value chain...
Step 2: Secure

- Be overly thankful & request their expertise
- Use network for warm introductions
- Cite relationship
- Go to physical location
- Cold call, and threaten to follow up
- Cold email
- Play the “student” card
- Target mid-level management
Where Do I Find My Customers?
Step 3: Prepare

1. Develop an introductory sentence or two
2. Develop strong, testable hypotheses
3. Draft questions and order of questions
4. Draft for alternative responses
5. Who (person) do you want to interview
6. Prepare to not stick to the script
7. Practice makes *more* perfect
Business Hypothesis

“...a business hypothesis is a testable belief about future value creation.”

- Michael Schrage, The Innovator’s Hypothesis

A Specific Person makes a Decision/Behavior because of a Quantified Metric.
Levels of Business Hypotheses

• General
  o Pain
  o Based on the relationship between two major variables

Soybean farmers seek out nematode mitigation solutions when yields drop.
Levels of Business Hypotheses

- Refined
  - Gain/Solution
  - Refines the general hypothesis with specific knowledge

Soybean farmers with sandy soil purchase nematode insecticide costing no more than $20/acre when yields drop.
Levels of Business Hypotheses

• Measurable
  o Metrics that matter
  o Further refines the general hypothesis with specific knowledge

Soybean farmers with sandy soil purchase nematode insecticide costing no more than $20/acre when yields drop by more than 10%.
The Three – One – Three

Step 1: Define
Step 2: Secure
Step 3: Prepare
**Step 4: Perform**
Step 5: Follow-up
Step 6: Record
Step 7: Revise
Step 4: Perform

• General Comments
  o Thank them for taking the time
  o Introduce yourself and your team
    ▪ At least two people is usually best
  o They’re the expert, NOT you
  o Interested, NOT obligated

DON’T talk about your technology!
Be A Rabbit
Avoid Confirmation Bias
Step 4: Perform

- Start wide, then narrow
- Drill down – Ask Why, a lot!
- Quantify
- End the interview
Open-Ended Questions

• Cannot be answered by a simple “yes” or “no”
• Does not imply what the “correct” answer should be

What are your primary symptoms?
What type of therapy/exercise equipment do you use now?
Would you purchase an adaptive device for your home?
What types of features would you want?
If this device were available in a gym or PT studio would you join?
Sample Open-Ended Questions

- Can you take me through what a typical day… or surgery… or class period is like?
- What are the two or three biggest problems with how things are done today? What problems keep you up at night?
- What would an ideal product look like?
- What product do you currently use and how close is it to the ideal product you described?
Don’t Drop the Ball

Actual Customer Quote:
“If I had the money, I certainly would like to try it, see how it works, and what it can provide.”

• What price point would be affordable enough for you to try it?
• How would you envision an ideal product working?
• What features do you absolutely need?
Background Info Serves a Purpose

Customer Quote:

“We spend a lot of time doing safe tackling drills.”

• What kinds of problems do you have with these?
• How does this translate during actual games?
• What percentage of your players do you think tackle properly most of the time? All of the time?
Look for Unexpected Opportunities

Customer Quote:
“Just detecting an impact might be enough.”

• Why do you say that? What would that do for you?
• Exactly what kind of output would you need?
• How much would you pay for that?
• Do you think others would feel the same?
Ending the Interview

- What questions should I have asked that I did not?
- Who else should I talk to?
- Would you be willing to make an introduction?
Keys to Customer Conversations

1. Focus on a single customer segment
2. Develop strong, testable hypotheses about your value proposition
3. Don’t always stick to the script
The Three – One – Three

Step 1: Define
Step 2: Secure
Step 3: Prepare
Step 4: Perform
Step 5: Follow-up
Step 6: Record
Step 7: Revise
Change the way you talk about your technology!
WRAP UP
Assignments for Next Week

- Watch all sections of Lesson 5 on Value Proposition of “How to Build a Startup” (online course)
- Complete the Customer Interview Form based on 3 interviews with potential customers or end users
- Complete the Market Research Form
- Prepare Presentation for Week 3

Next Meeting: Wednesday, March 13th, 2019