BE CENTER

Lean Startup Summer Boot Camp

Customer Research & Validation

REVIEW
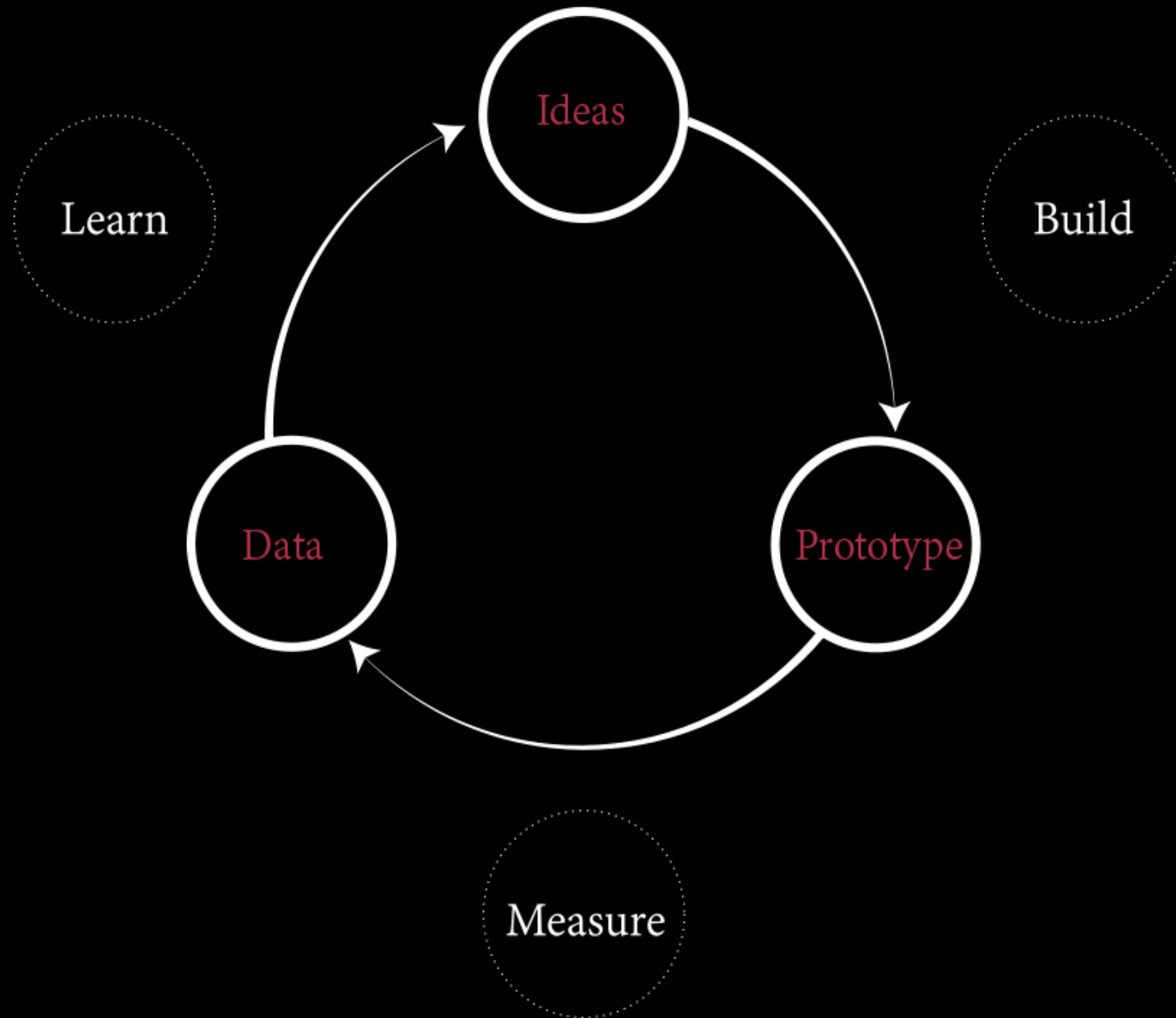
Assertions of Lean Startup

Entrepreneurs are everywhere

Entrepreneurship is Management

Build-Measure-Learn

Validated Learnings

Minimize TOTAL time through the loop

Think
Generative Research
Ideation
Mental Models
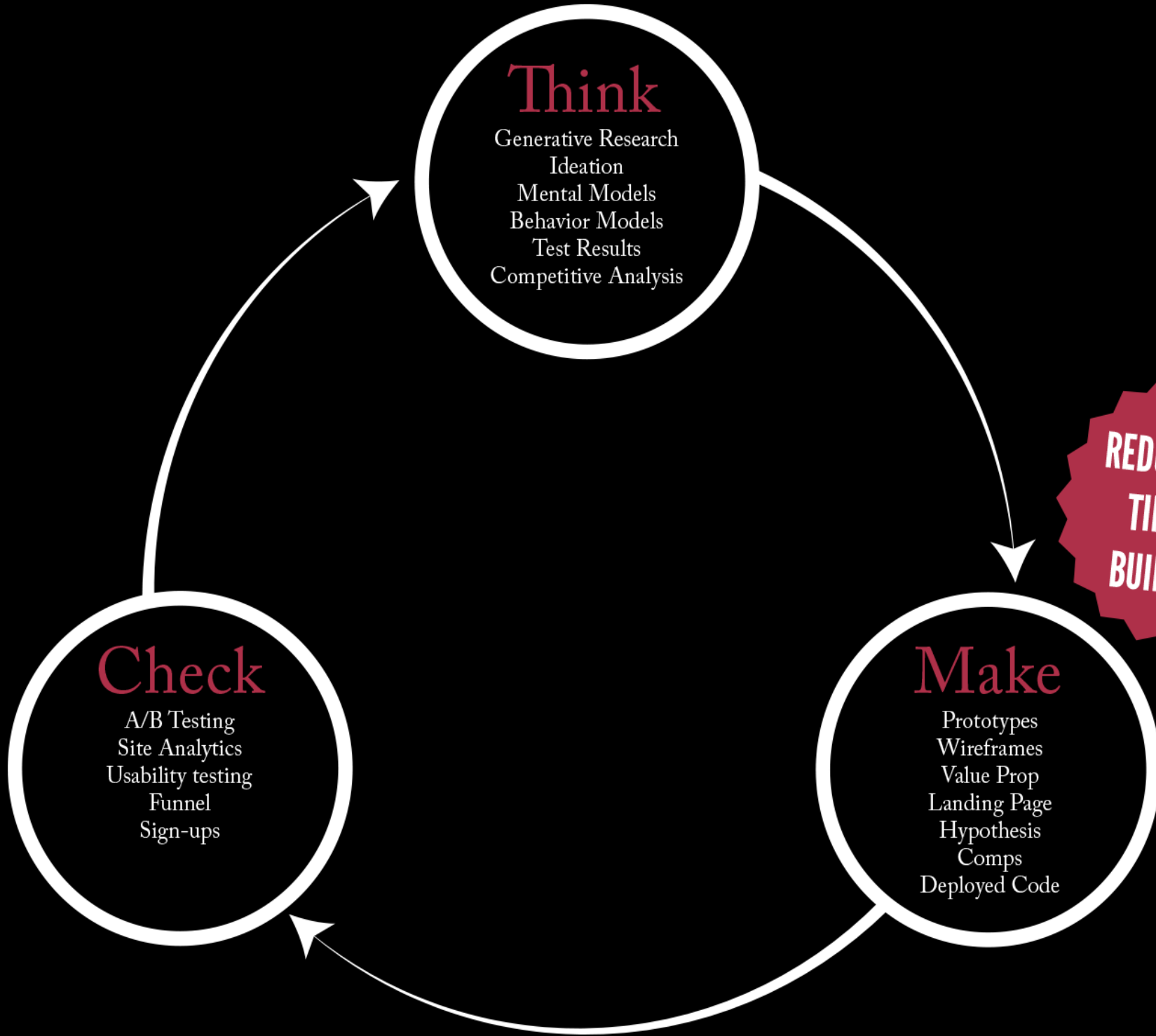Behavior Models
Test Results
Competitive Analysis

Make
Prototypes
Wireframes
Value Prop
Landing Page
Hypothesis
Comps
Deployed Code

Check
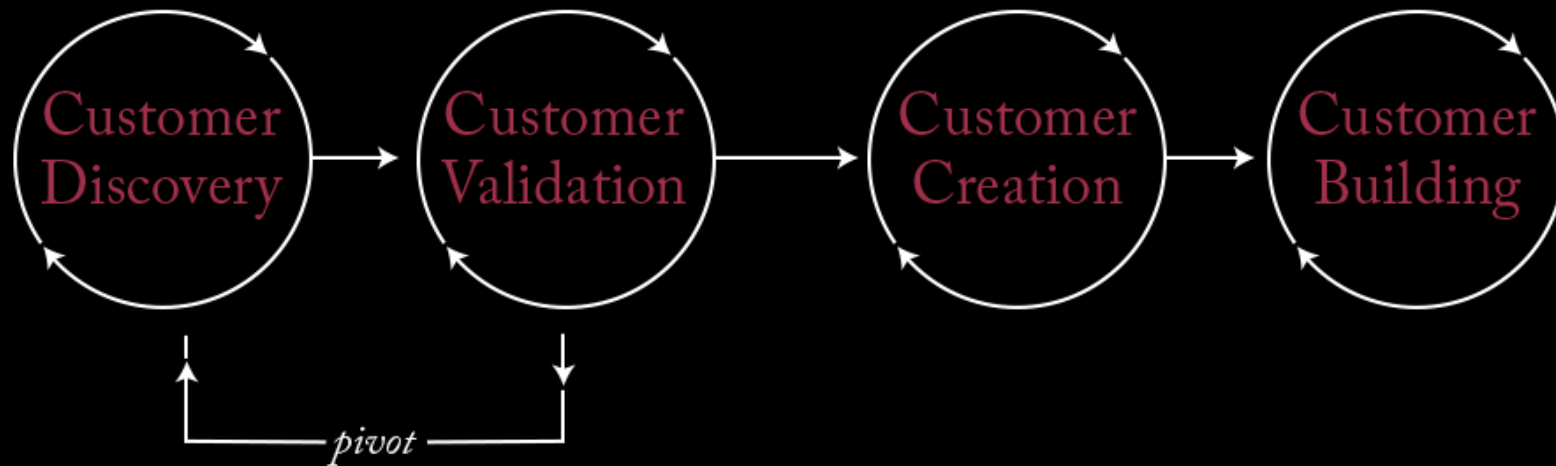A/B Testing
Site Analytics
Usability testing
Funnel
Sign-ups

REDUCE CYCLE TIME, NOT BUILD TIME.
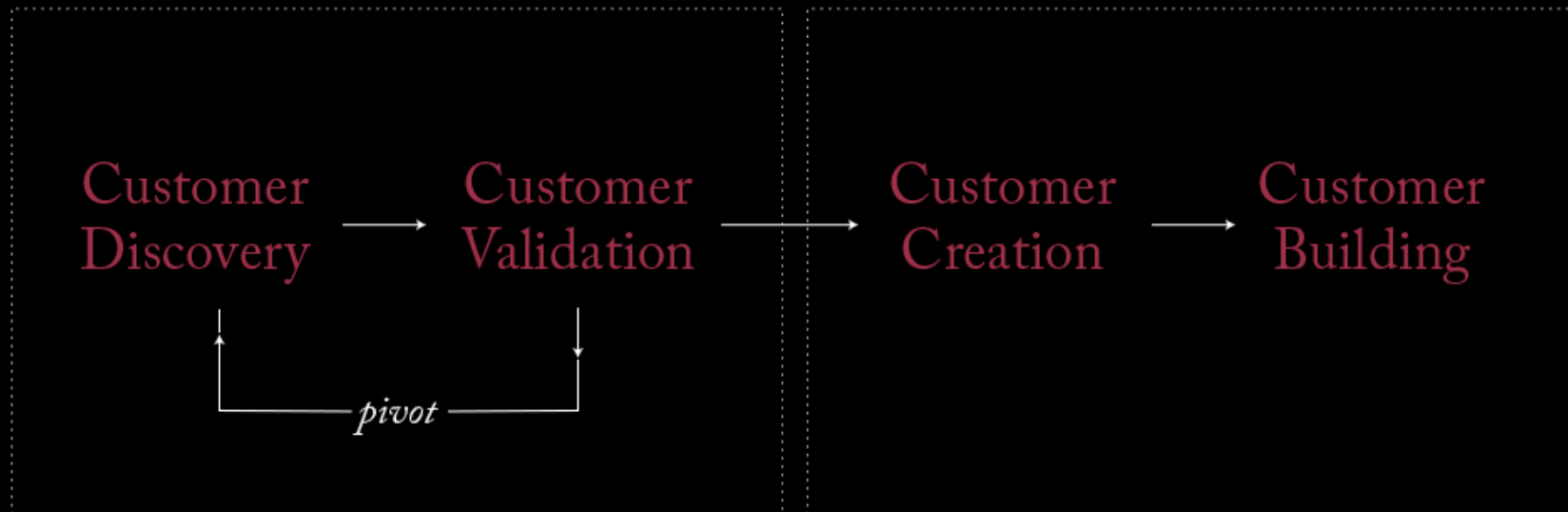
LEAN STARTUP LIFECYCLE

Problem/Solution	→	Product/Market	→	Scale

← LEARNING EXPERIMENT →   ← GROWTH EXPERIMENT →

The Customer Development Process

THE CUSTOMER DEVELOPMENT PROCESS

in other words...

Customer Discovery → Customer Validation → Customer Creation → Customer Building

pivot

EXPLORE

EXECUTE

7 Keys to Lean Startup

Uncover your customers' pain points through research

Question your assumptions

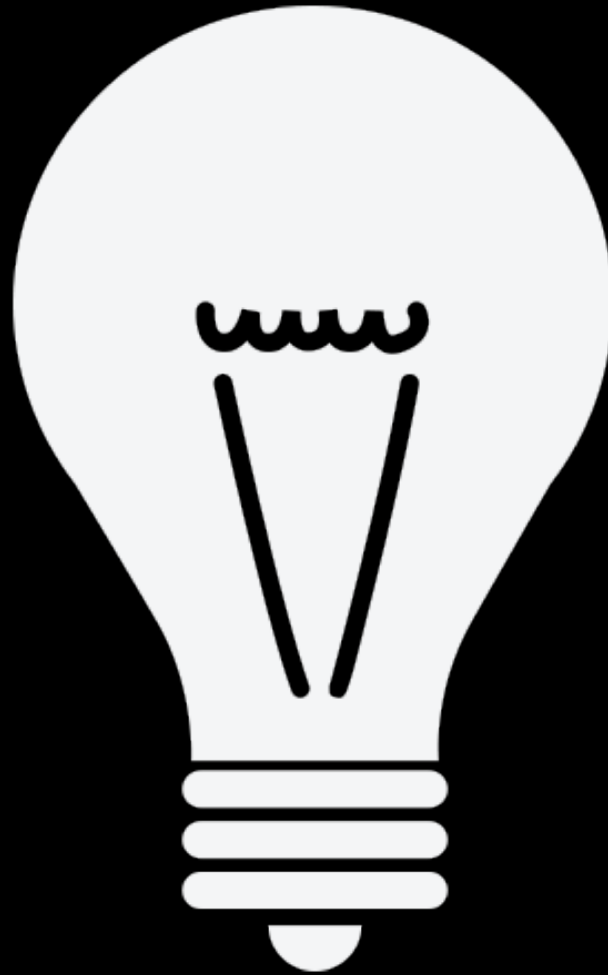*Formulate hypotheses*

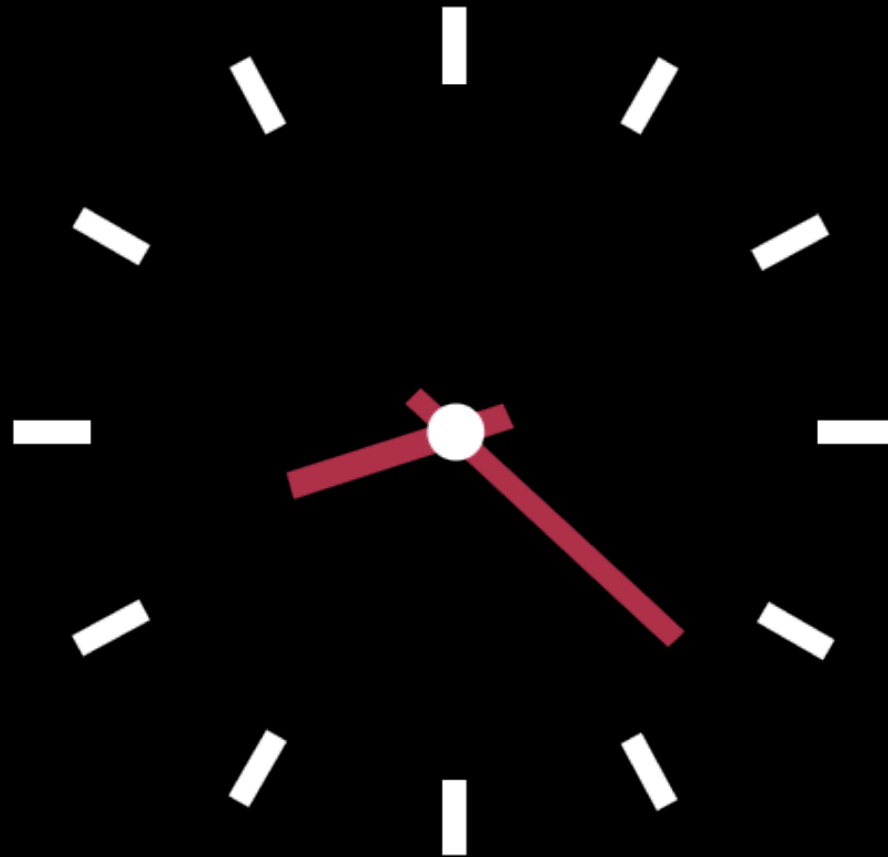*Collaborative ideation*

Experiments, NOT releases

Learning isn't failure

Amplify what works

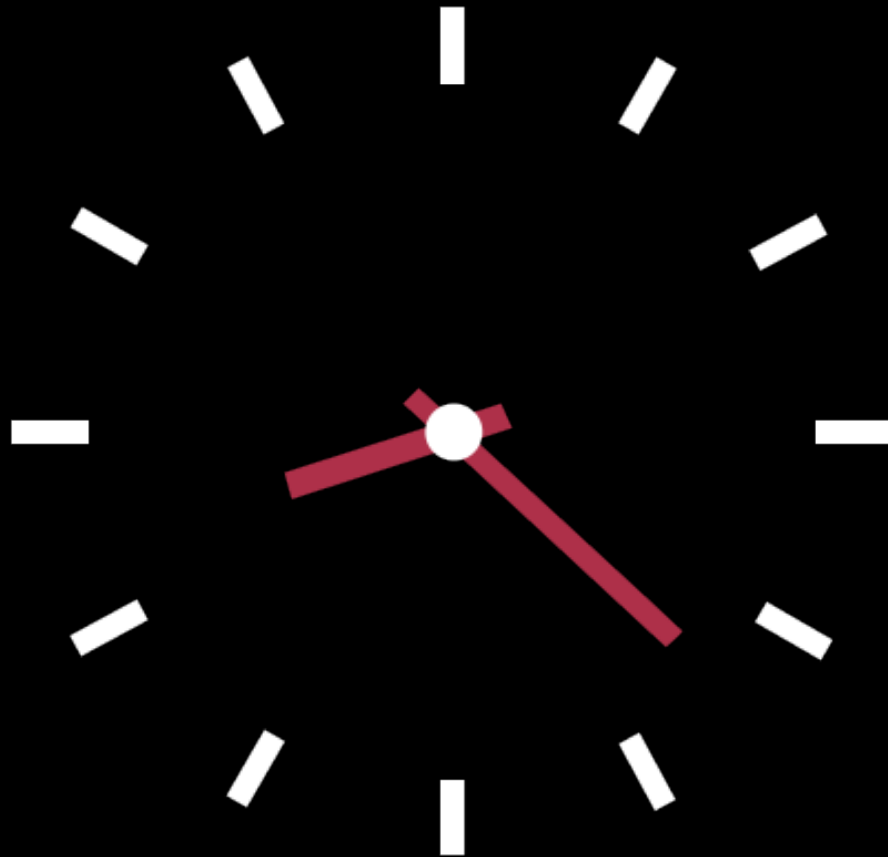# Let's start with an exercise !
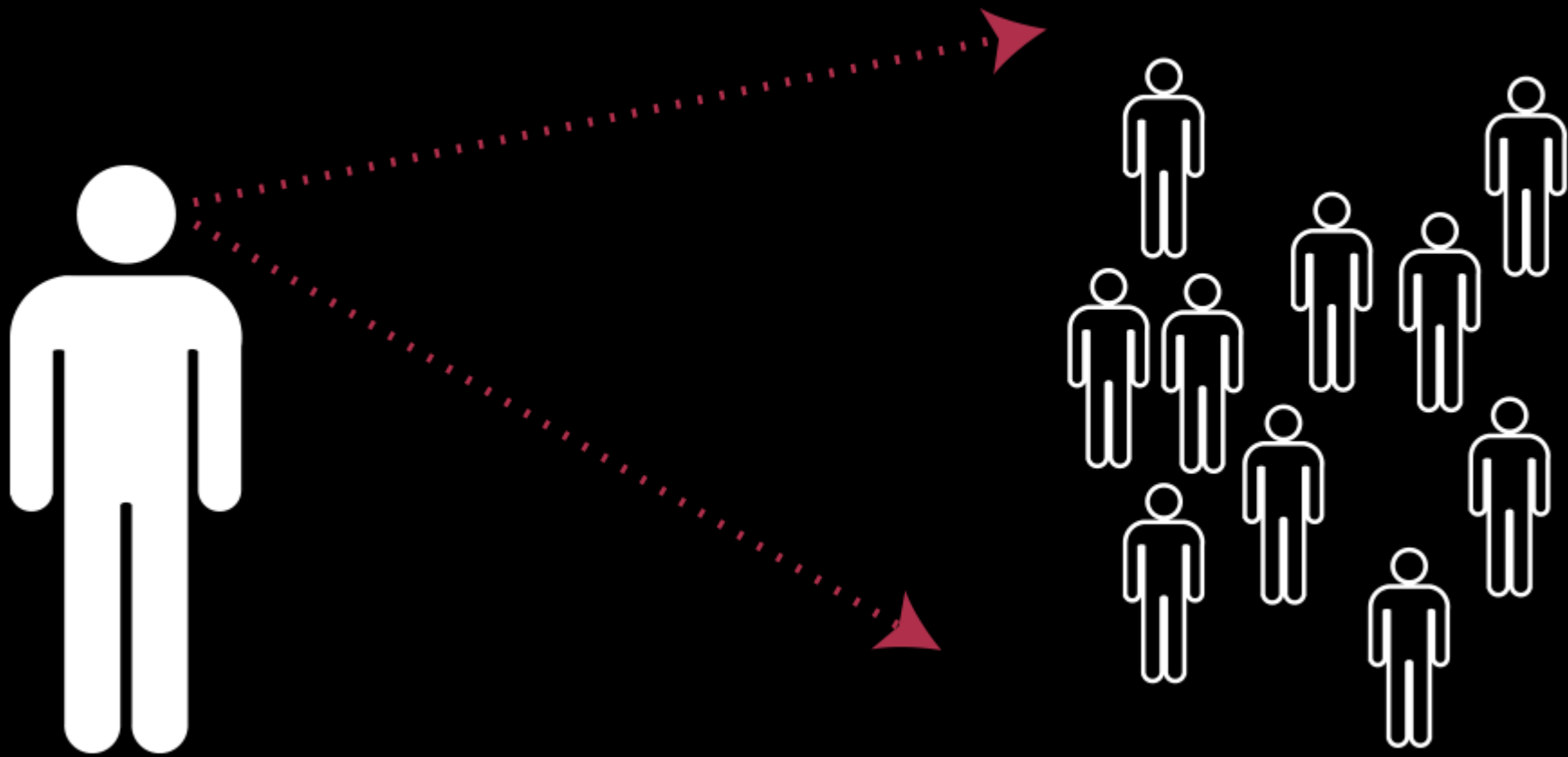
That is timeboxed

Customer / Problem Hypothesis

Who, specifically, do you think your customer is ?

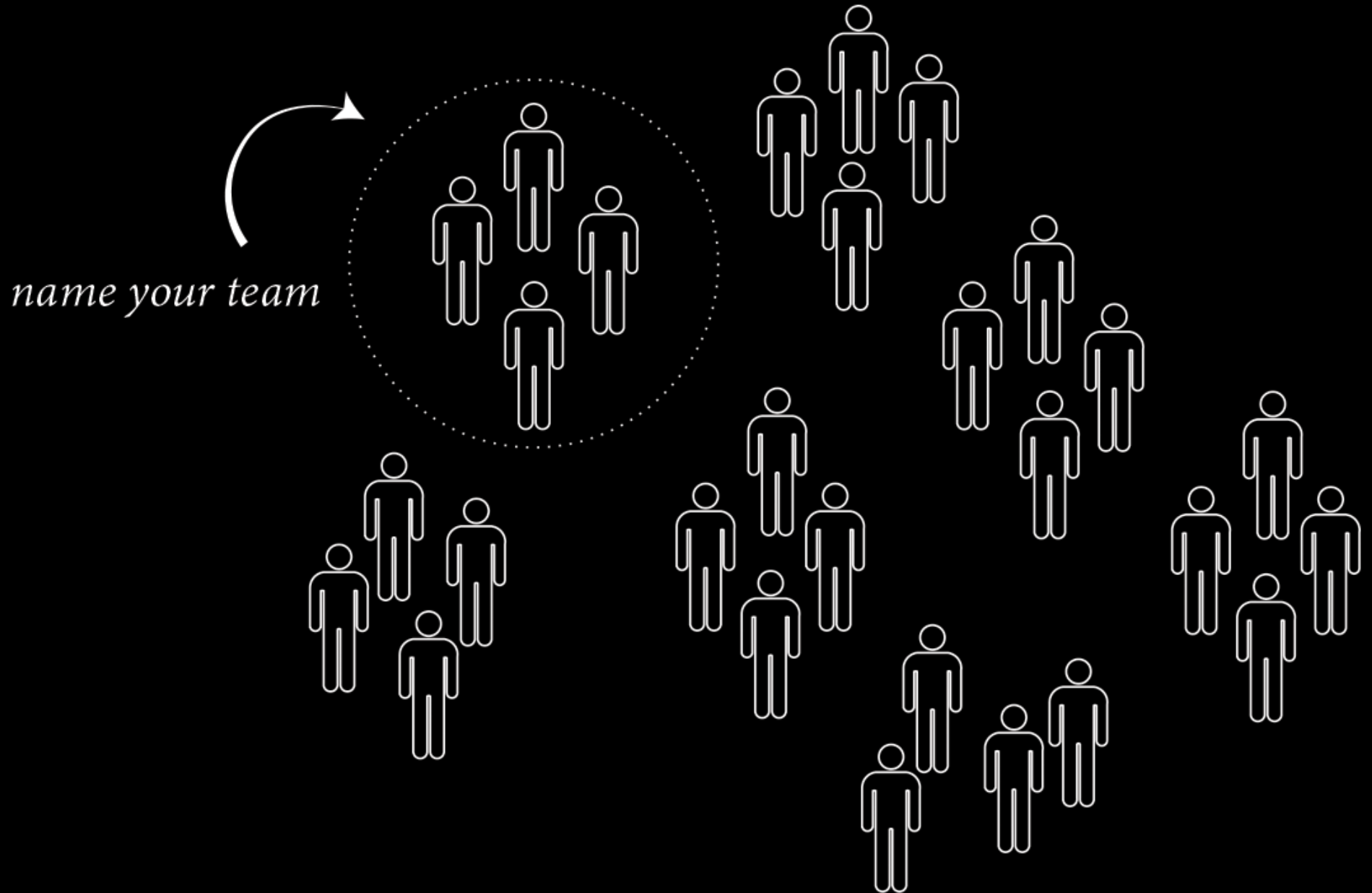What problem, specifically, do you think that they have ?
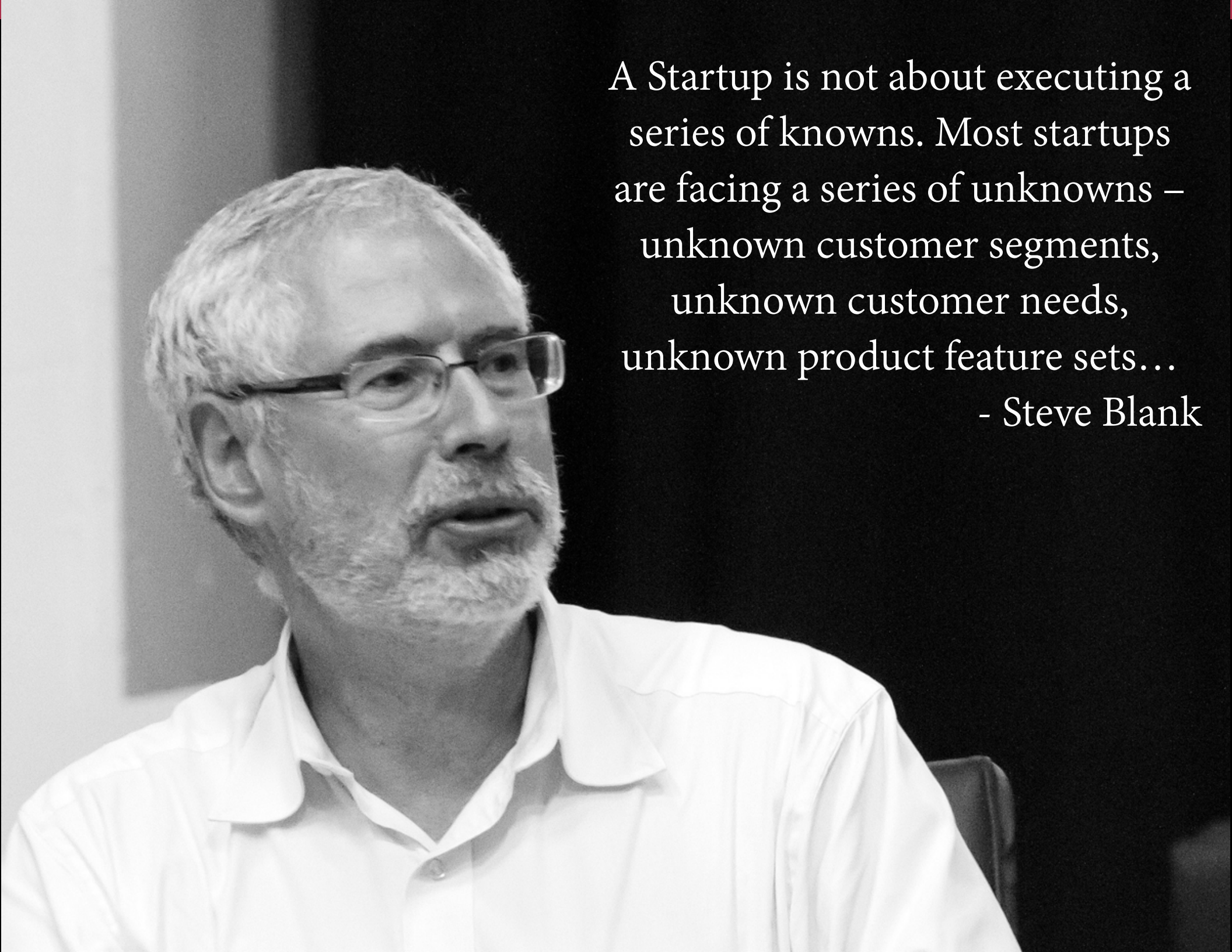
You have 2 minutes

Pitch your concept ! *(30 seconds)*

Form Teams *(5 minutes)*

name your team

A Startup is not about executing a series of knowns. Most startups are facing a series of unknowns – unknown customer segments, unknown customer needs, unknown product feature sets…
- Steve Blank

Getting Started
....
HYPOTHESES & ASSUMPTIONS

hy·poth·e·sis
/hīˈpäTHəsis/

Noun
- A supposition or proposed explanation made on the *basis of limited evidence* as a starting point for *further investigation*.
- A proposition made as a basis for reasoning, without any assumption of its truth.

Synonyms
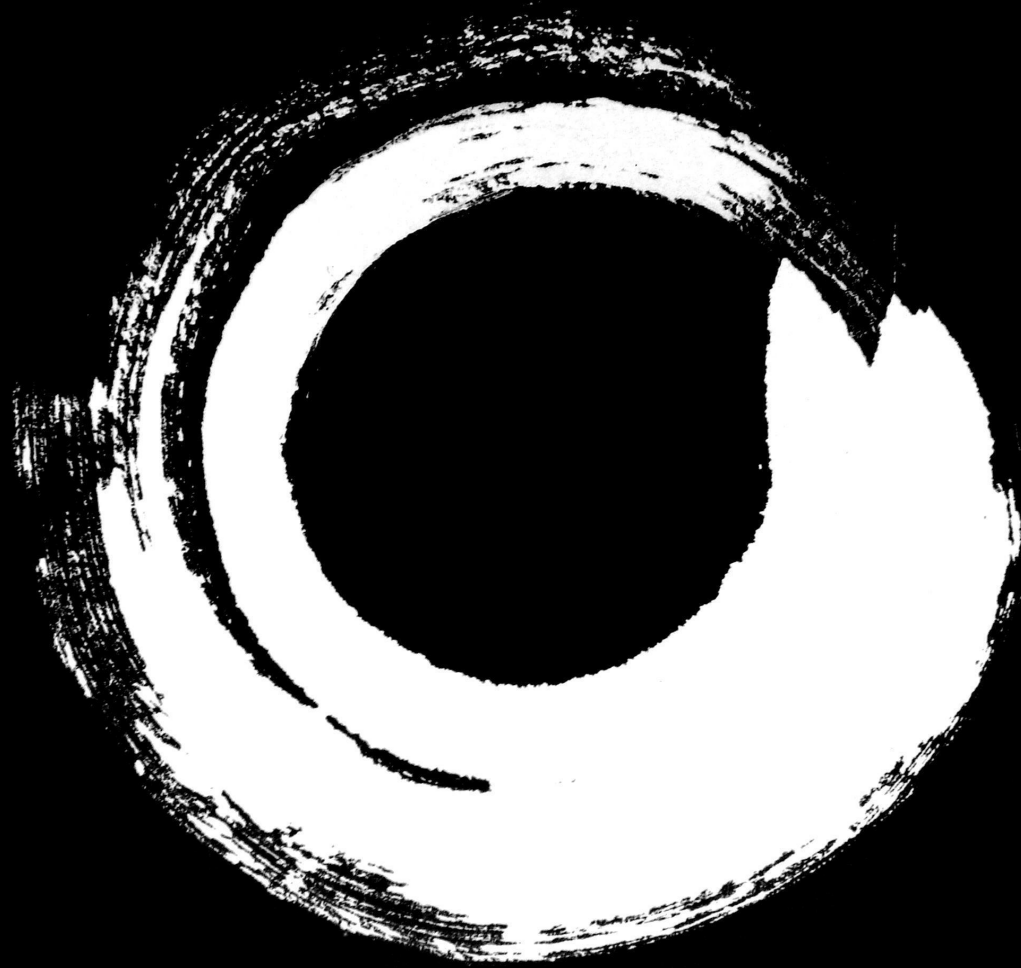supposition - *assumption* - conjecture - presumption

as·sump·tion
/əˈsəm(p)SHən/

Noun
- A thing that is *accepted as true* or as certain to happen, without proof: "they made certain assumptions about the market".
- The action of taking power or responsibility: "the assumption of an active role in regional settlements".

Synonyms
supposition - presumption - *hypothesis* - surmise

Circular Much?

Hypotheses

A proposal made on the basis of limited evidence as a starting point for further investigation.

Validation Board

Track Pivots	Start	1st Pivot	2nd Pivot	3rd Pivot	4th Pivot
Customer Hypothesis	*Tip: For two-sided markets, always validate the riskier side first*				
Problem Hypothesis		*Remember:* *Limit one sticky-note per box* *Write in ALL CAPS* *Do not write more than 5 words on any sticky-note*			
Solution Hypothesis	*Tip: Do NOT define a solution until you've validated the problem*				

Design Experiment

Tip: Clear all post-its from this area after each experiment is completed

Core Assumptions
Assumptions that must be validated for the business to work

Riskiest Assumption

Learn: Which Core Assumption has the highest level of uncertainty?

Method

Build: Which MVP experiment will effectively test your RA? Exploration, Pitch, or Concierge

Minimum Success Criterion

Measure: What is the weakest outcome we will accept as validation?

Results

GET OUT OF THE BLDG

Invalidated
Pivot at least one Core Hypothesis

Only put the Riskiest Assumption from an experiment in these boxes

Record data & learnings separately

1	2
3	4
5	6

Validated
Brainstorm and test the next Riskiest Assumption

1	2
3	4
5	6

Build > Measure > Learn

Build > Measure > Learn

Build > Measure > Learn

Customer Hypothesis

Based on what you know now *(which is frightfully little)*, who do you believe you should investigate as a possible customer?

Customer Hypotheses

Define For Your Earlyvangelist
NOT
Your Mass Market Customer

5. Has or can acquire a budget

4. Has put together a solution out of piece parts

3. Has been actively looking for a solution

2. Is aware of having a problem

1. Has a problem

Customer Hypothesis

2 Sided Market ?

Work To Validate Your Riskiest Customer First

Problem Hypothesis

What problem does your customer have?

Problem Hypothesis

The Problem Hypothesis must relate directly to the Customer Hypothesis.

Solution Hypothesis

You cannot DEFINE
your solution
until you VALIDATE
the problem exists, and that it is
ACUTE.

Assumption

A thing that is accepted as true
or as certain to happen,
without proof.

*"Entrepreneurs have the unique skill of believing
that their assumptions are facts."*

Classic Assumptions

Assume your customer is known

Assume their problem is real

Assume your customer wants to solve their problem

Assume your solution will solve the problem

Articulate Your Assumptions

Each assumption MUST BE TRUE
or one of your Hypothesis will be Falsified

Assumptions that don't have to be true...
can be removed.

Identify CORE Assumptions

IF this Assumption is Invalidated You Will Need to change your business model

IF this Assumption is Invalidated You Will Need to Pivot

Identify Riskiest Assumption

The CORE Assumption...
with the *MOST Uncertainty*

Your Hypotheses and
Assumptions should tell a
*Coherent Story

I believe I can find
(Customer Hypothesis)
and they will say they have
(Problem Hypothesis)
and when I show them
(Solution Hypothesis)
they will try it and give me feedback.

Early Assumptions Can Include:

1. *Who is our customer?*
2. *What pain points to they have?*
3. *How will we solve their pain points?*
4. *What is the most important thing they need?*
5. *What is our differentiation?*

Which you turn into testable hypotheses!

Showing Assumptions

Method

- Exploration *(this is what you are doing right now!)*
- Pitch
- Concierge

Identifying Method

Validation Board

Project Name:

Team Leader Name:

Track Pivots	Start	1st Pivot	2nd Pivot	3rd Pivot	4th Pivot
Customer Hypothesis	*Tip: For two-sided mar...r side first* VPs OF PRODUCT IN ENTERPRISES				
Problem Hypothesis	BEING DISRUPTED BY NEW STARTUPS	*Remember: Limit one sticky-note per box. Write in ALL CAPS Do not write more than 5 words on any sticky-note*			
Solution Hypothesis	*Tip: Do NOT define a solution until you've validated the problem*				

Design Experiment

Tip: Clear all post-its from this area after each experiment is completed

NEED HELP INNOVATING

HAVE MANDATE FOR NEW PRODUCT INNOVATION

KNOW THEY ARE BEING DISRUPTED

Core Assumption

Assumptions that must be validated for the business to work

Riskiest Assumption

KNOW THEY ARE BEING DISRUPTED

Learn: Which Core Assumption has the highest level of uncertainty?

Method

EXPLORATION

Build: ...will ef... Explor...

Minimum Success Criterion

Measure: What is the weakest outcome we will accept as validation?

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Minimum Success Criteria

- Interview X people?
- What % of people will validate?
- What is the minimum "signal" for you to continue with this?

Exercise! 10 minutes.

- As a team, to write out all the assumptions that your customer and problem hypothesis are based on.

- 1 Idea Per Post-it

- ALL CAPS

Please Validate Me!

CUSTOMER RESEARCH

Henry Ford never said,
"If I'd asked customers what they wanted,
they would have said, "a faster horse."

It's a lie. A myth. An urban legend.

"Expertise … breeds an inability to accept new views."

-Laski

"Whenever we propose a solution to a problem, we ought to try as hard as we can to overthrow our solution, rather than defend it."

- Karl Popper

UX Mantra

Mantra: You are not the customer.

Only through research can we uncover people's pains, needs, and goals, in their context.

Lean UX Principles

- *Context first*
- *Hypotheses, not Requirements*
- *Opinions = guesses*
- *Visualize your work*
- *Reduce cycle times*
- *Last responsible moment*

Types of Research
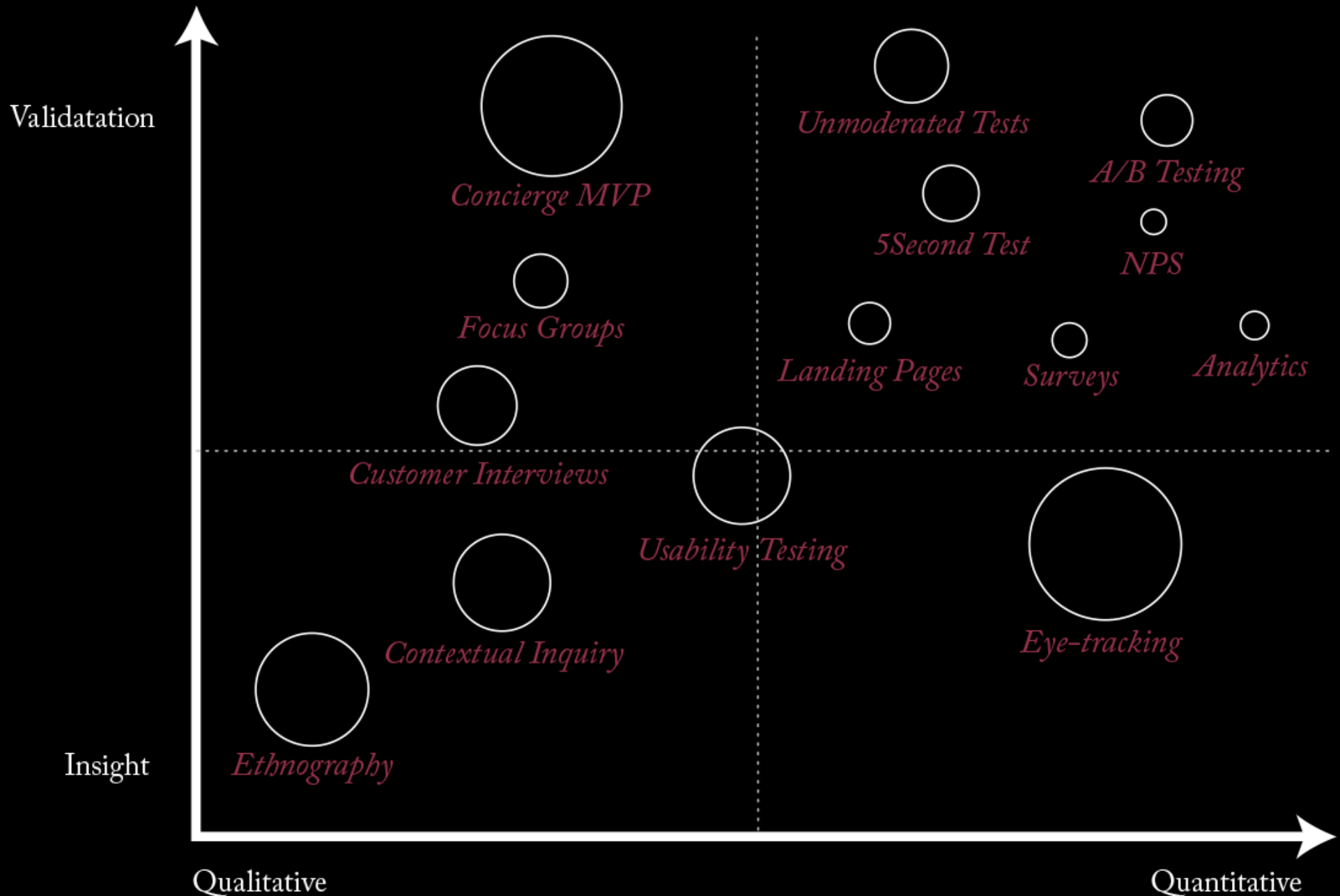
ETHNOGRAGHY

Ethnography
Allows Us To

1. Discover the semantics of living

2. Decode signifiers of cultural practice

3. Understand the language people use.

#ShoeUpBitches
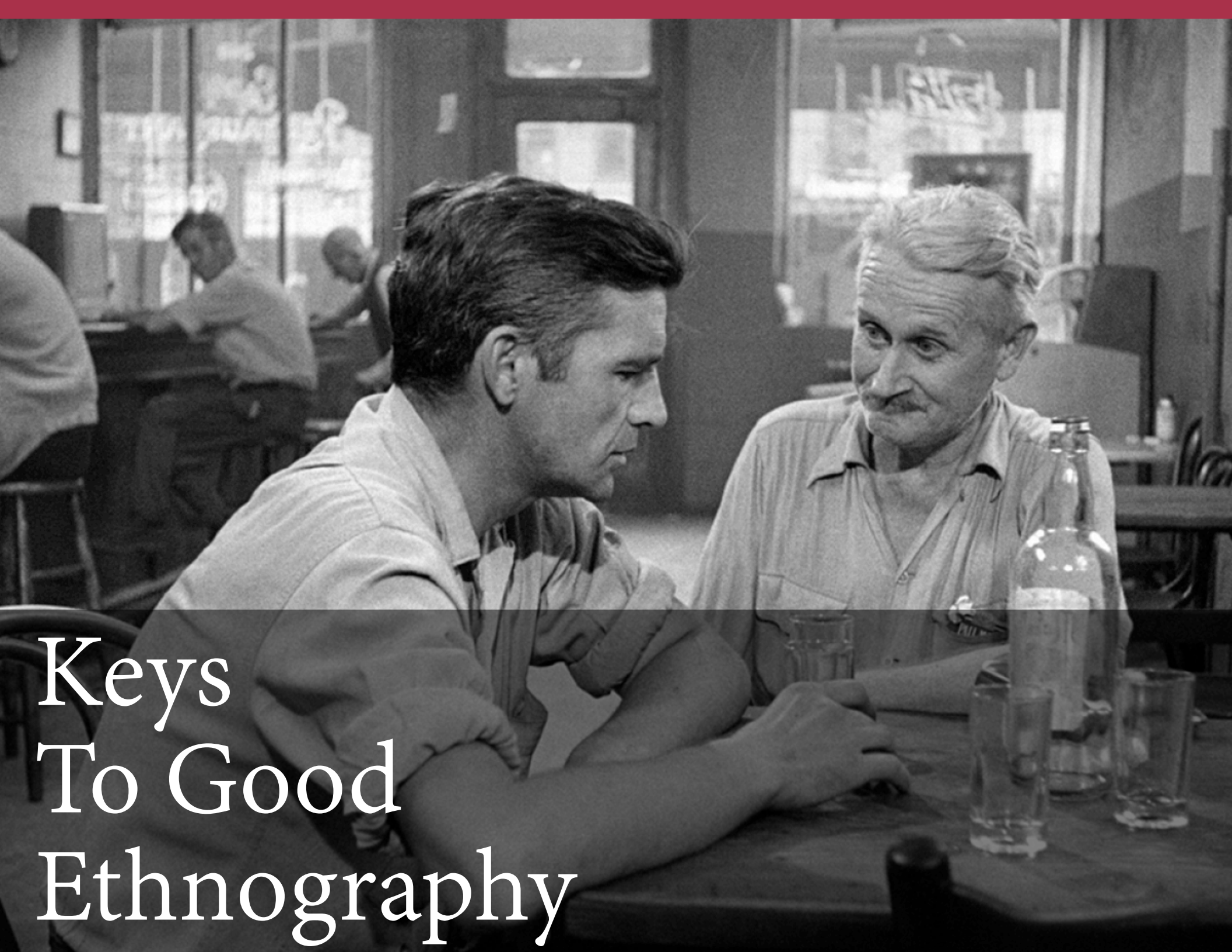
Keys
To Good
Ethnography

Delve deeply into the context, lives, cultures, and rituals of a few people rather than study a large number of people superficially. This isn't about booty calls, this is about relationships.

Holistically study people's behaviors and experiences in daily life. You won't find this in a lab, focus group, or 5 minute interview on the street.
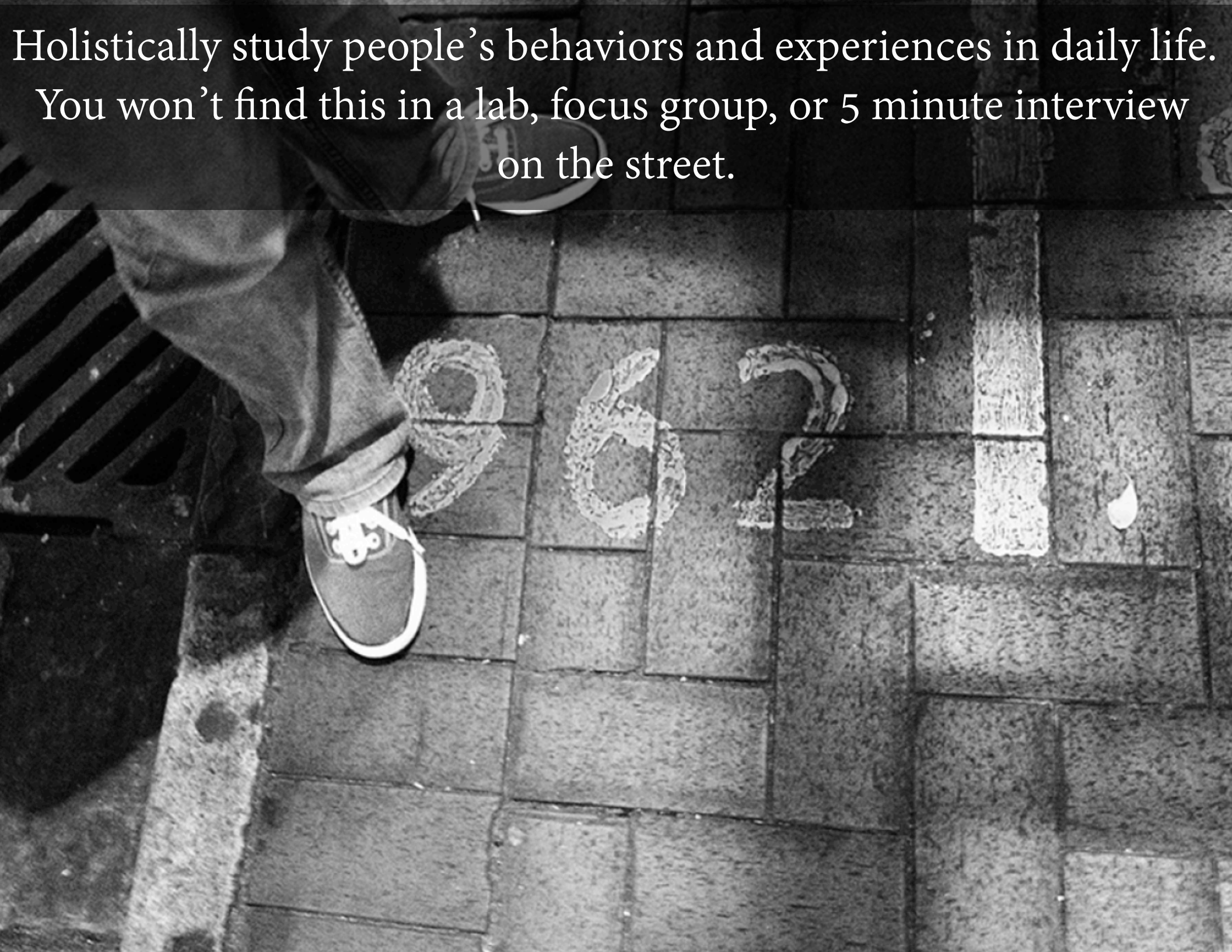
Learn to ask probing, open questions, gathering as much data as possible to inform your understanding.

Practice "active seeing," and "active listening." Record every minutiae of daily existence, and encode on post-its.

Use digital tools for asynchronous data collection: Tumblr, Facebook, Twitter, Instagram, and Flickr.
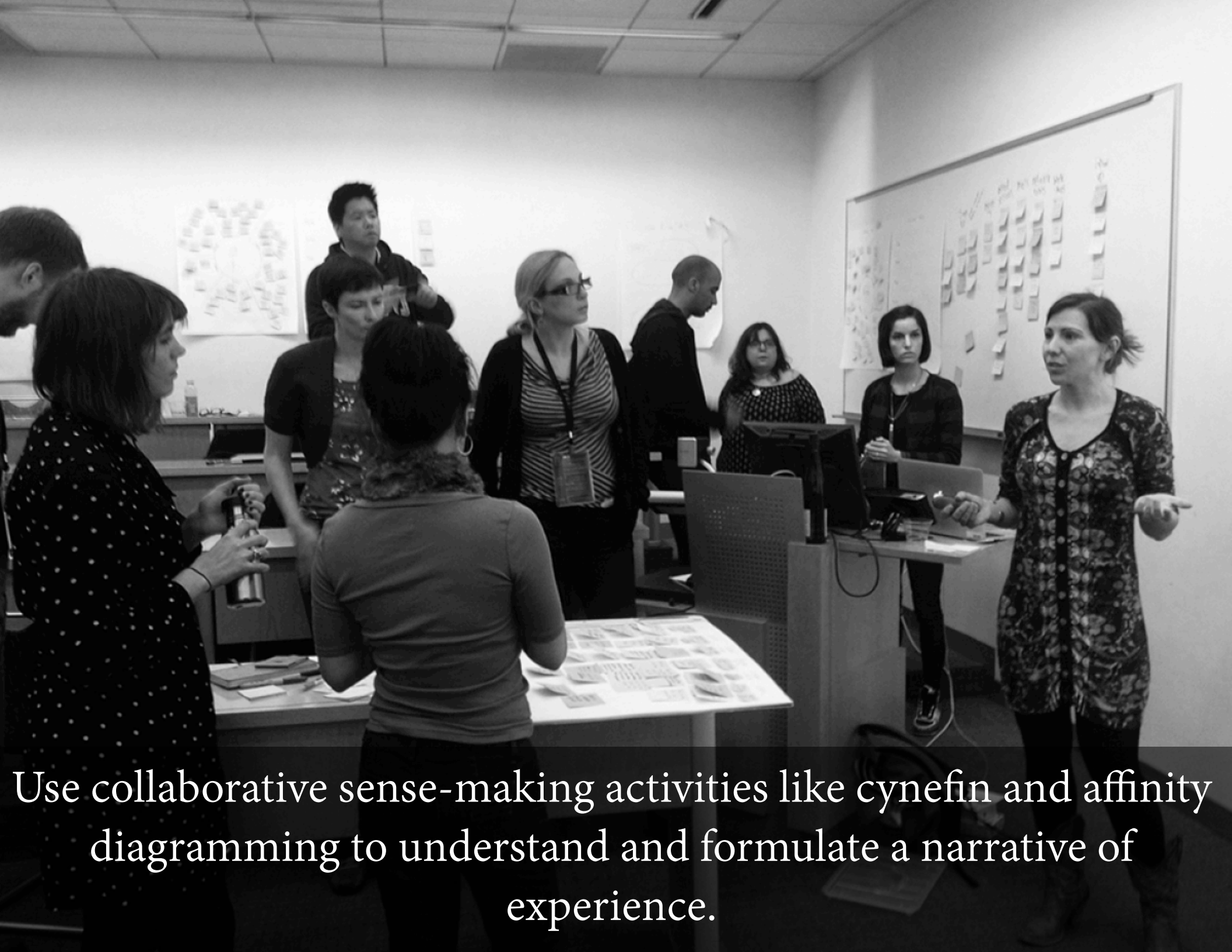
Use collaborative sense-making activities like cynefin and affinity diagramming to understand and formulate a narrative of experience.
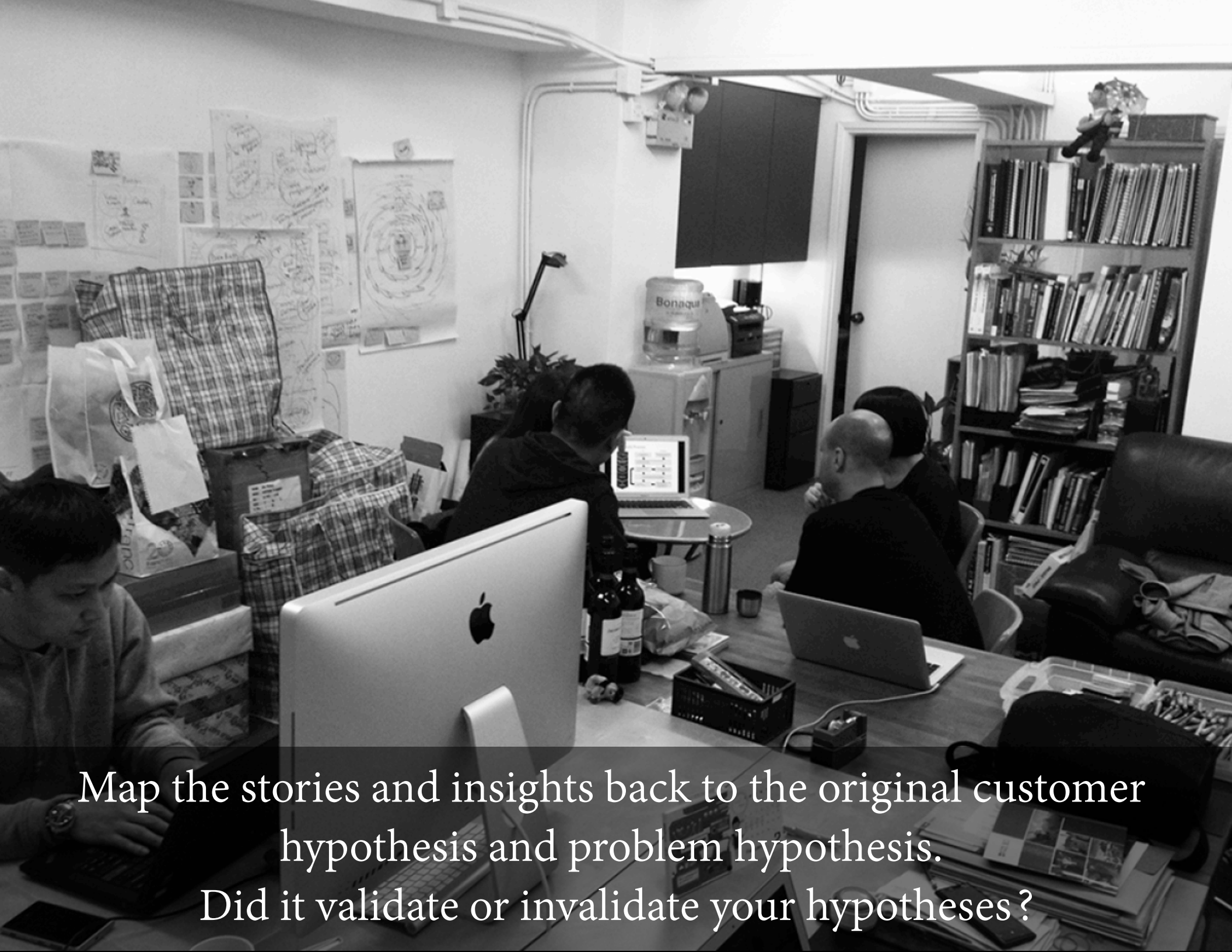
Map the stories and insights back to the original customer hypothesis and problem hypothesis.
Did it validate or invalidate your hypotheses?

AKA "Get out of the building."

CUSTOMER INTERVIEWS

Before Interviews

- Identify who you are interviewing
- Articulate customer hypotheses
- Craft a topic map for your interviews
- Write down your prompts

9 Keys to Customer Research

1. *One interview at a time*
2. *Always pair interview (if you can)*
3. *Introduce yourself*
4. *Record the conversation*
5. *Ask general, open-ended questions to get people talking*
6. *As questions around the problem "Do you ever experience a problem like X"*
7. *Then ask, "Tell me about the last time…"*
8. *Listen more than you talk*
9. *Separate behavior from narrative*

Guidelines

1. *It's about empathizing.*
2. *Listen, even when people go off topic*
3. *Context is king – document it, and make sure the context of research maps to the problem being explored*
4. *Start from the assumption that everything you know is wrong*

You need to gather:

1. *Factual information*
2. *Behavior*
3. *Pain*
4. *Goals*

You can document this on the persona board as well as ….

Photos, video, audio, journals…. Document everything

A simple 3-Point Interview

- Has [insert specific problem] been a problem for you? (context)

- Tell me about the last time you dealt with this problem? (story)

- What's your ideal solution for this problem? (solution)

Open Ended Questions Start With…

- *Tell me about…*
- *How so…*
- *What are your thoughts on…*
- *Could you elaborate on…*
- *Give some examples of*
- *Tell me about the last time you…*

During the interview

DO
- *Take notes*
- *Smile*
- *Ask open-ended questions*
- *Get their story*
- *Shut up and listen*

DON'T
- *Talk about your product*
- *Ask about future behavior*
- *Sell*
- *Ask leading questions*
- *Talk much*

DESIGNING SURVEYS

Let's say you are studying…

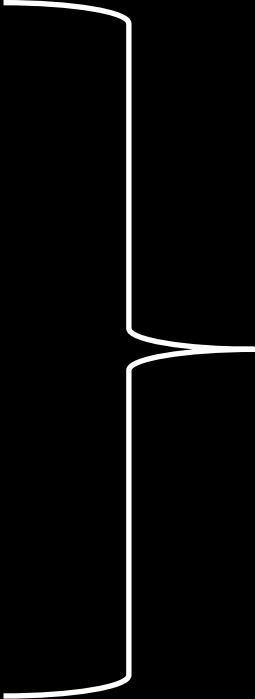How often teenagers use your website

You might ask teenagers…

"How often do you visit my website?"

a. *Very Rarely*
b. *Rarely*
c. *Occasionally*
d. *Frequently*
e. *Very Frequently*

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"How often do you visit my website?"

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e. *Very Frequently*

And what's wrong
with these????

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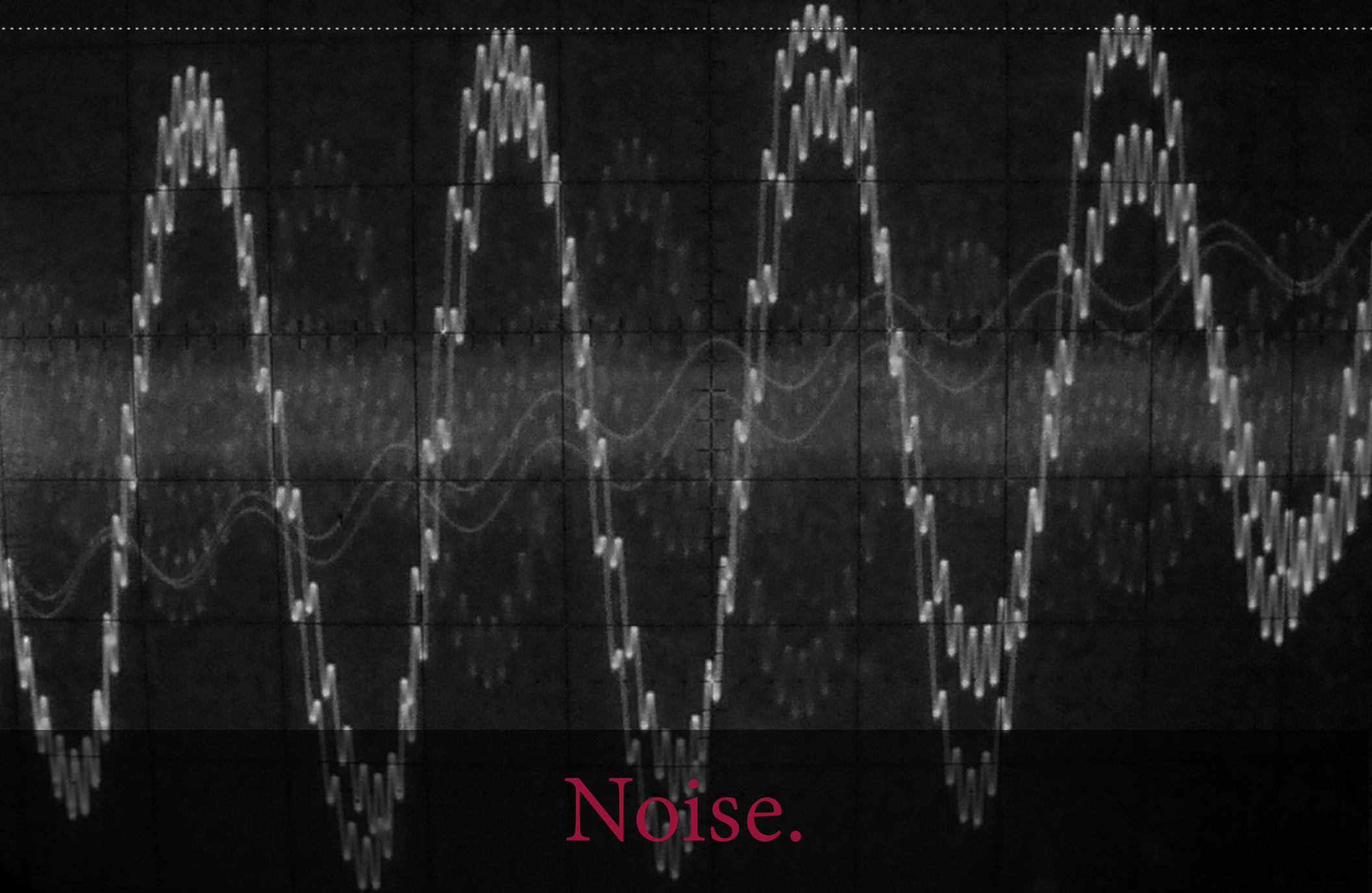
SUBJECTIVITY!!!

And what's wrong with these????

So what are we really measuring?

Noise.

What is noise?
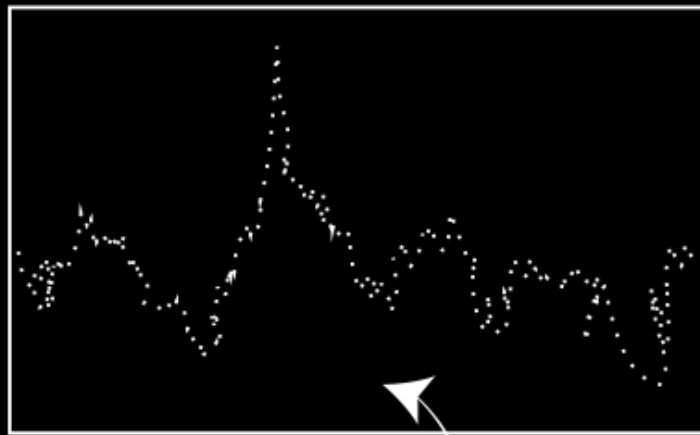
signal

What we observe
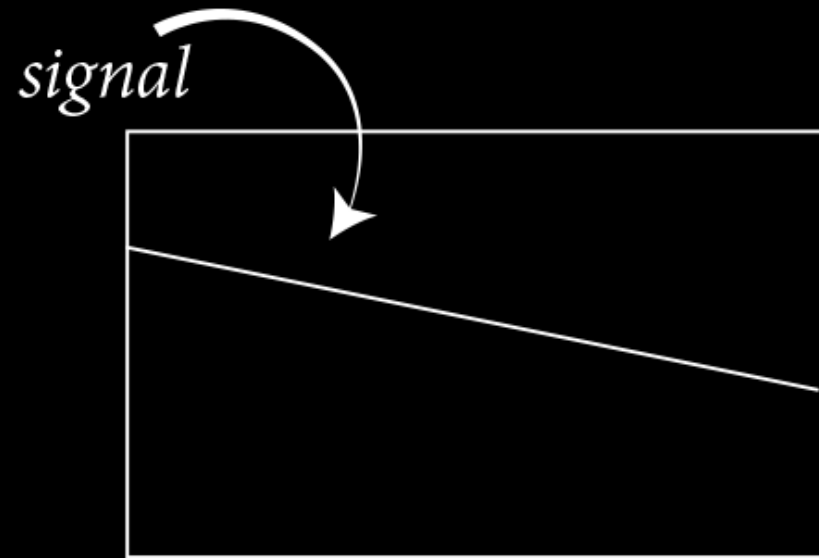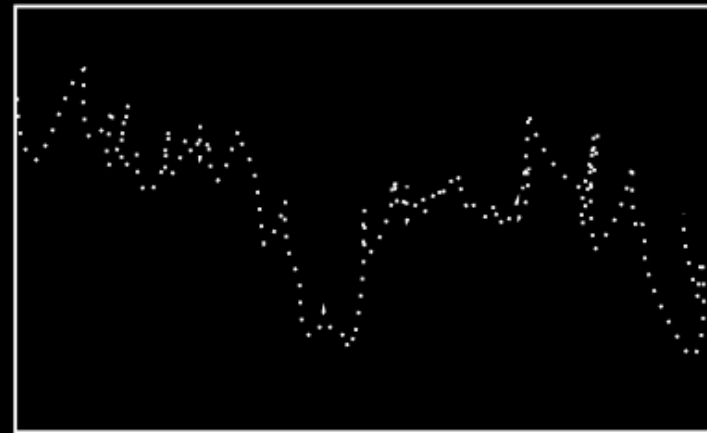
noise

What is noise?
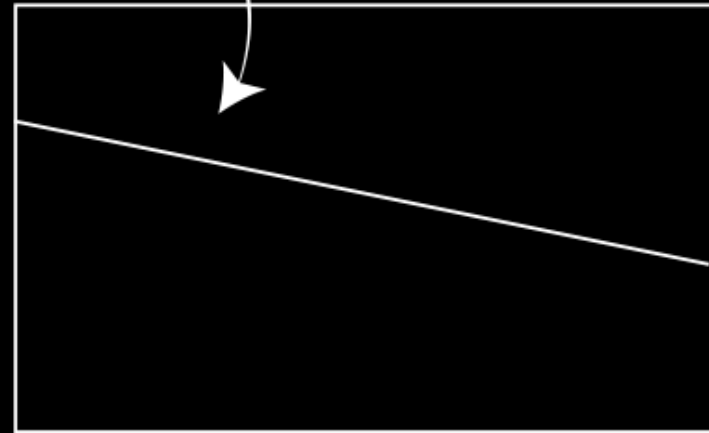
signal

We Want This

We Don't Want This
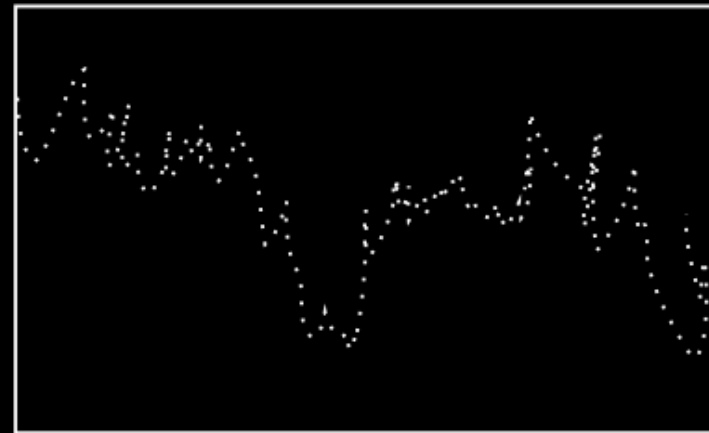
noise

Imaginary Scenario

Let's *really* stretch our thinking a bit here to provide a more concrete understanding of "noise" in your data.

Imagine you have AT&T phone service and you're trying to make a call. The signal isn't clearly going through and you end up hearing everything but the other person's voice. Frustrating, right? Thank God this is only a pretend scenario.

How is AT&T related to "Noise"?
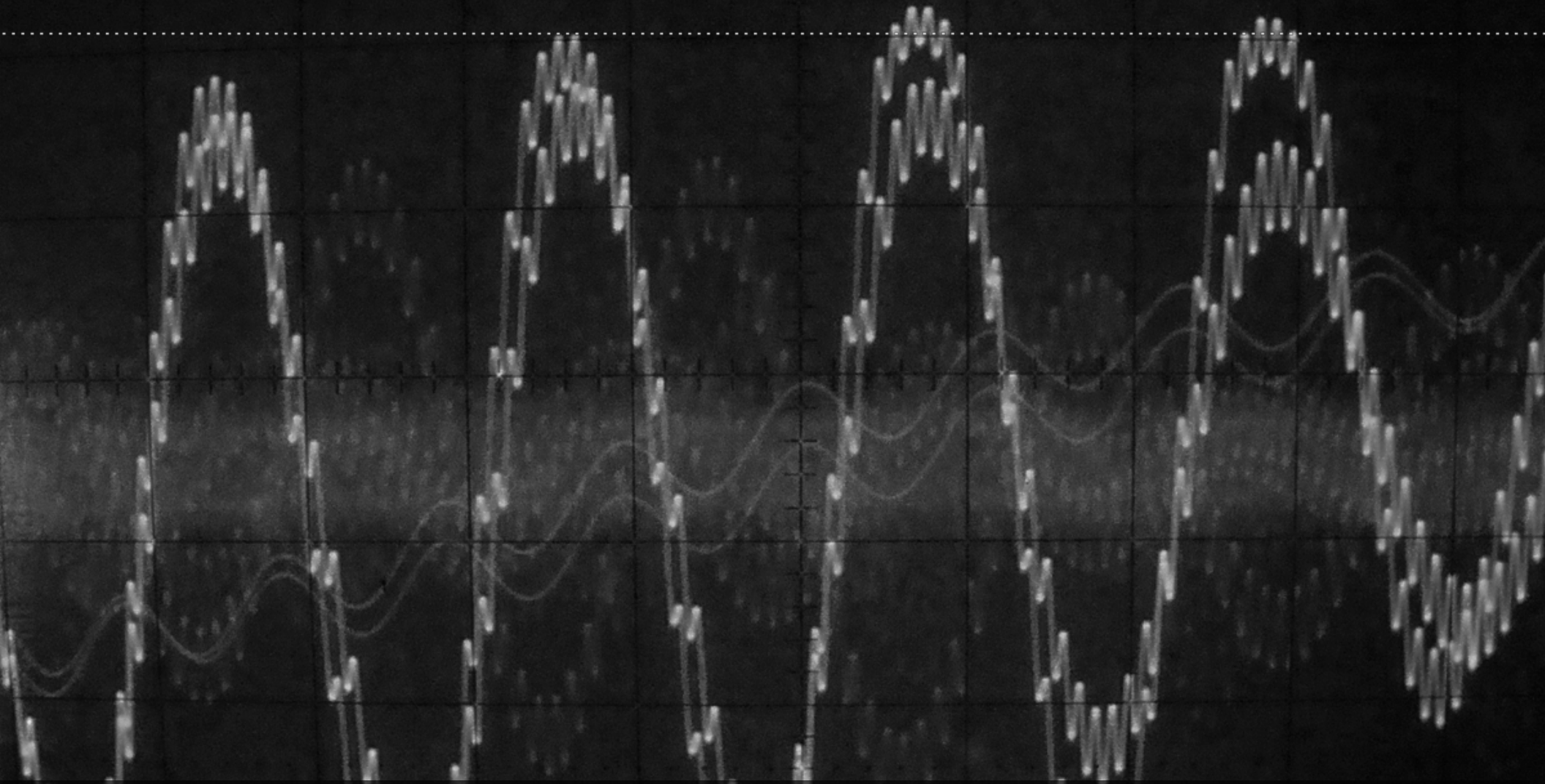
When you develop bad questions, you don't "hear" the message of your data clearly.

So… why is "noise" bad?

Badly structured and poorly worded questions that obfuscate meaning for test subjects provide lousy data.

Lousy data:

- *Doesn't answer your research question*
- *Makes it difficult to interpret results*
- *Is pretty much useless*

More bad examples

a.   *Completely*
b.   *Very*
c.   *Fairly satisfied*
d.   *Somewhat dissatisfied*
e.   *Very dissatisfied*

What's the difference between "fairly" and "somewhat"?

a.   *Totally like*
b.   *Very much like*
c.   *Moderately like*
d.   *Somewhat like*
e.   *Not like*

What's the difference between "moderately" and "somewhat"?

More bad examples

a.   Completely
b.   Very
c.   Fairly satisfied
d.   Somewhat dissatisfied
e.   Very dissatisfied
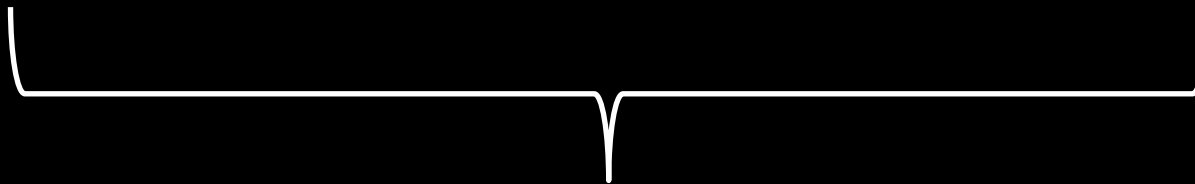
What's the difference between "fairly" and "somewhat"?

a.   Totally like
b.   Very much like
c.   Moderately like
d.   Somewhat like
e.   Not like

What's the difference between "moderately" and "somewhat"?

Semantics!

Words like…

Sometimes
Often
Moderately
Fairly
Somewhat

Are completely subjective !

They mean different things to different people.

In order to gather <u>objective</u> data

*Your questions must mean the same thing
to everyone…*

How often do you use my website?
a. Never (never is never)
b. A few times this year
c. Once a month
d. Once a week
e. Few times a week
f. Every day

Anchors & Anchoring

Response options serve as "anchors" for each question, determining the "location" of each responses as qualitatively distinct from the other.

Importance of Anchors

Response options serve as "anchors" for each question, determining the "location" of each response as qualitatively distinct from the other.

← *Strongly Disagree* — *Disagree* — *Neutral* — *Agree* — *Strongly Agree* →
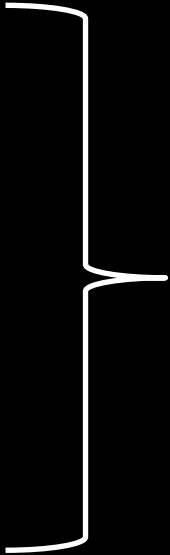
(Ideal) Response Symmetry

Good questions aim to have symmetrical quantitative / qualitative distance between anchors.

How often do you use my website?
a.   *Never (never is never)*
b.   *A few times this year*
c.   *Once a month*
d.   *Once a week*
e.   *Few times a week*
f.   *Every day*

The distance between "never" and "a few times a year" is proportionate to "every day" and "Few times a week"

Intuitive Anchors

Never ⟷ Always

Disagree ⟷ Agree

Very Poor ⟷ Very Good

Not Very Important ⟷ Very Important

On the value of clarity

If questions are clear and concise, participants would spend less time analyzing the questions themselves and more time on answering them.
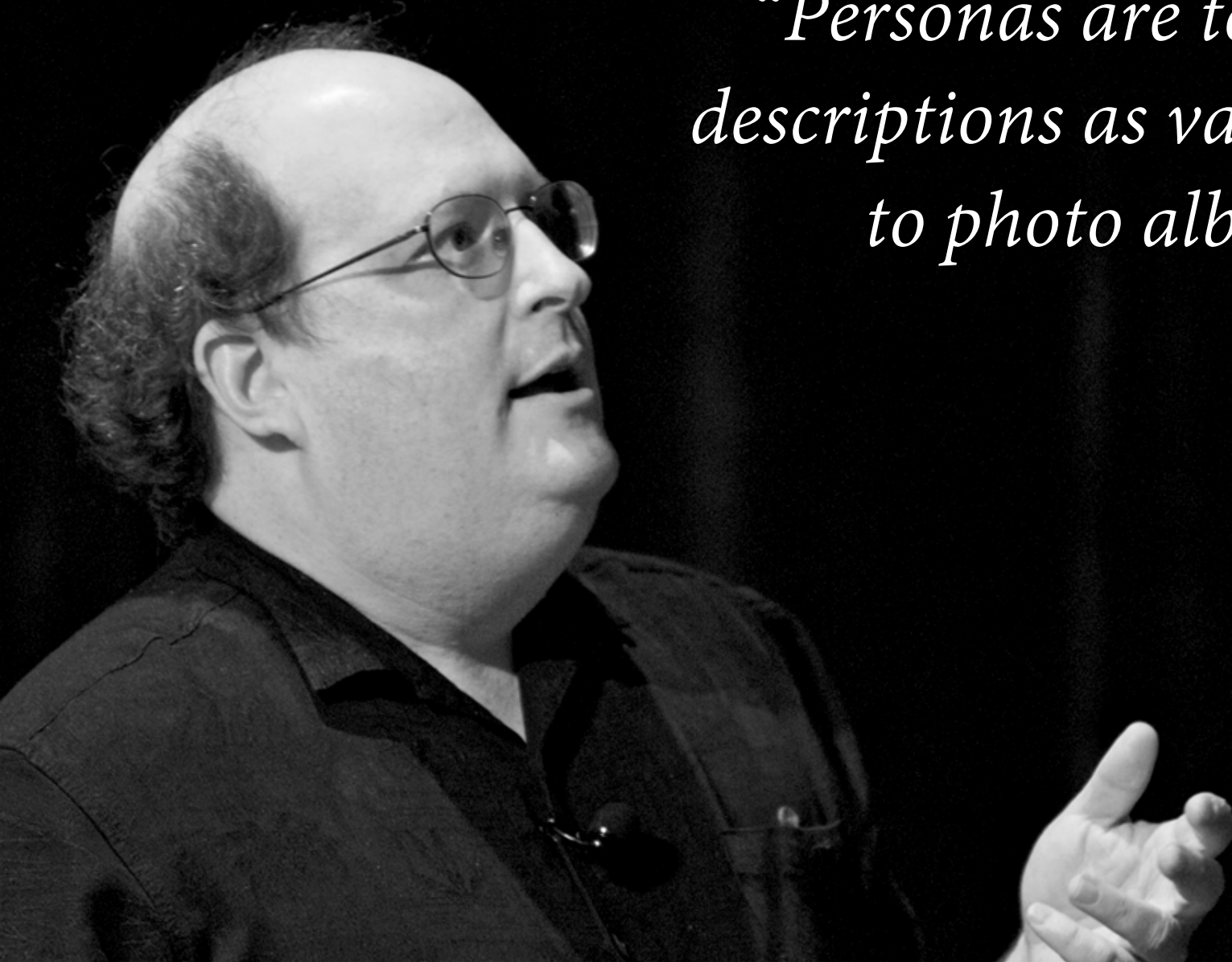
PERSONAS

Lean Personas

- *Personas are an archetype of your actual, validated customers based on research.*
- *Personas are not a sheet of paper*
- *(Just) making up personas is useless*
- *BUT – creating persona hypotheses gets the ball moving… to do research*

Lean Personas

"Personas are to persona descriptions as vacations are to photo albums"

— Jared Spool

Your person requires….

1. *Factual information*
2. *Behavior*
3. *Pain*
4. *Goals*

You can document this on the persona board as well as ….

Photos, video, audio, journals…. Document everything

Persona Board

Facts

*Factual information
about your target customer.*

Pain Points

*State the problem you believe
your target customers have,
that your solution solves for.*

Behavior

*Existing behavior they exhibit now,
because they don't have your solution.*

Goals

*What goals are they trying to accomplish
through the behavior, that your solution will do better?*

Homework

- *Every team must talk to at least 10 human beings.*
- *You need to validate (or invalidate) your customer hypothesis*
- *You need to gather evidence (through interviews or surveys) that validates (or invalidates) your problem hypothesis.*
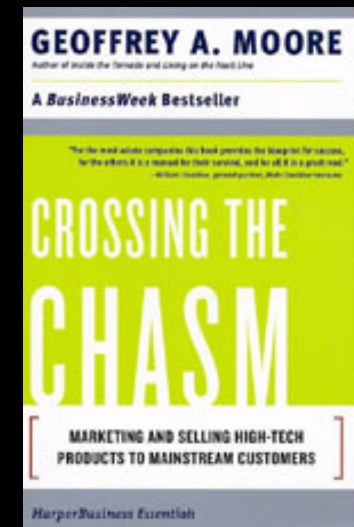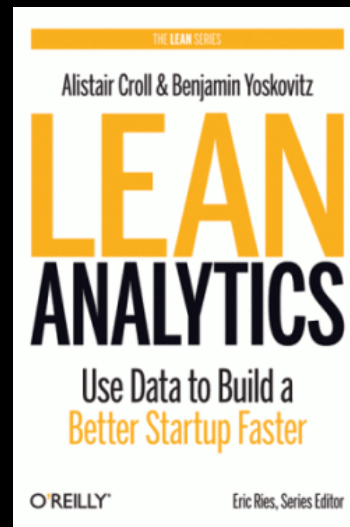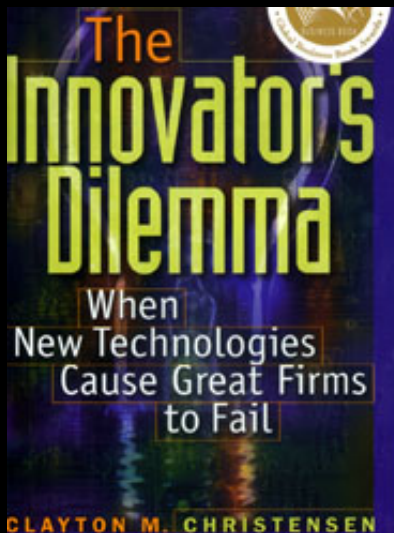- *Every team must present a finished "Persona Board" next week.*
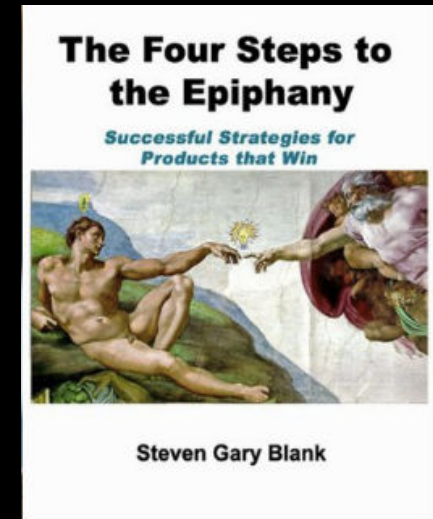
Next Week!

Guest Speaker: *Jabe Bloom*

- *Sensemaking Framework*
- *Abductive Thinking*
- *Collaborative Ideation*
- *Optionality*
- *Multi-hypothesis testing*

Reading Recommendations

THANKS!

WILL EVANS

@semanticwill

TLCLabs