

## Reader Exercises

You have done a lot of industry analysis by this point in your project. You have also hopefully had that breakfast or lunch with a seasoned business person from your target industry sector. Now it is time to take your research to the next level. The only way to truly understand customer needs—and therefore the solutions you need to create and sell—is to enter the realm of the target customer.

### Step 1: Hit the Streets: Develop Your Own Version of Figure 3.7 and Apply It

Your field work for this chapter is to observe and talk to target customers. That might be just two or three users at this stage, or it might be six or seven. No need at this point to talk to a lot more: We want quality more than quantity.

We also want you to spend some serious time observing and talking to target customers in their own *place of use* and *place of purchase*. If it's dog food, that means visiting their kitchen while they're feeding their dogs or accompanying them on a shopping trip to PetSmart, for example. If it's premium chocolate, that means visiting chocolate boutiques or coffee shops that sell premium chocolate, perhaps forming a small focus group with your friends. (Here, you might split up the men from the women so that each can talk freely!) If it's software, that means going into companies to spend time with the end-users of your type of software, or a few doctors or nurses for medical software, or a few architects and building owners at the buildings themselves for energy management software. Use Figure 3.7 as your discussion guide. And don't forget to "ladder" your interviewees!

1. How do you define the activity or problem? *(Teach me how I should think about the activity or problem area. It is probably bigger than how I define it now.)*
2. What do you use now in terms of products or services in this activity? *(Teach me the current competitive set.)*
3. Where or from whom do you buy products or services? What is good about that channel? What is not so good? *(Teach me the realities of the channels or the preferred routes to market.)*
4. How satisfied are you with your current products or services that you use in this activity? What is your greatest source of dissatisfaction or frustration with using these? *(Please tell me who you think is the best and the worst!) What are your workarounds? (I would love to see them!)*
5. Who is responsible for the buying decision? Is it you or someone else? *(Can you help me speak with them as well?)* How is the buying decision made? Who and what are the key influencers? *(You should be writing down notes because this is where most entrepreneurs slip up!)*
6. What are the criteria used when evaluating alternatives? Is there a clear set of metrics as part of those criteria? *(Can you teach me how you currently evaluate current products and services?)*
7. How much do you spend each month of the year on products or services within this activity? *(Tell me if you think you are getting your money's worth, either by your facial expression or in words.)*
8. What would be the ideal solution for you? How would you measure its value to you? *(Let me know what you think will be better than anything on the market today, and how customers would make their buying decisions.)*
9. What fears would you have in trying this solution? *(Would you ever buy something from a startup? Do you need to see a well-established brand name? Do I have to partner with a market leader in order to get you to try my wares?)*
10. Who would be the ideal supplier? What would be their approach, not just in terms of products, but in other things around the products? *(Teach me how to partner with you as opposed to just being a vendor.)*

**Figure 3.7** Customer Interview Guide

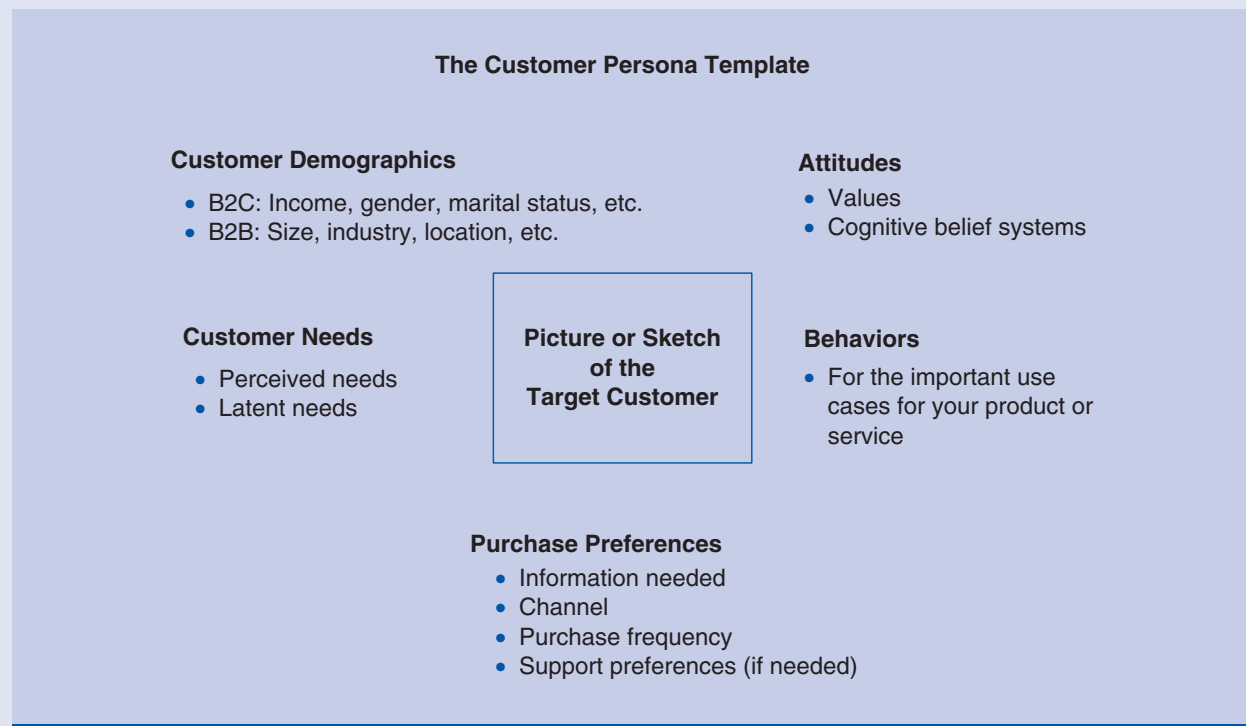
Spending time in the field with customers is what the most successful *innovators* do—their inspiration comes from users. Remember, this is a difference between *invention* and *innovation*. Invention is a brilliant engineer or scientist sitting alone in a lab creating new technology or basic science. Very few inventors create category-leading companies. Innovation, on the other hand, is the application of known technology or science to solve consumer, industrial, or social problems. Innovators learn *what* to do from end-users and then work to figure out the *hows*. Successful entrepreneurs then take the matter one step further, transforming those users into paying customers.

The discussion should go well beyond product or service issues. The marketing and business model insights it seeks to gain from customers are the foundation of designing a powerful, dynamic venture strategy. We are confident that if you follow the discussion guide in your conversations with prospective customers, you will come back with new insights and inspiration. While this is “serious” work, it is also the most fun an innovative entrepreneur can have other than the joy of experiencing a multimillion-dollar “exit” seven or so years down the road.

## Step 2: Create a Persona for the Target Customer: Apply Figure 3.8

How well do you really know your target customer? Prove it by developing a profile of that customer by completing the template shown in Figure 3.8. Surround a picture of the representative target customer with key phrases that pinpoint:

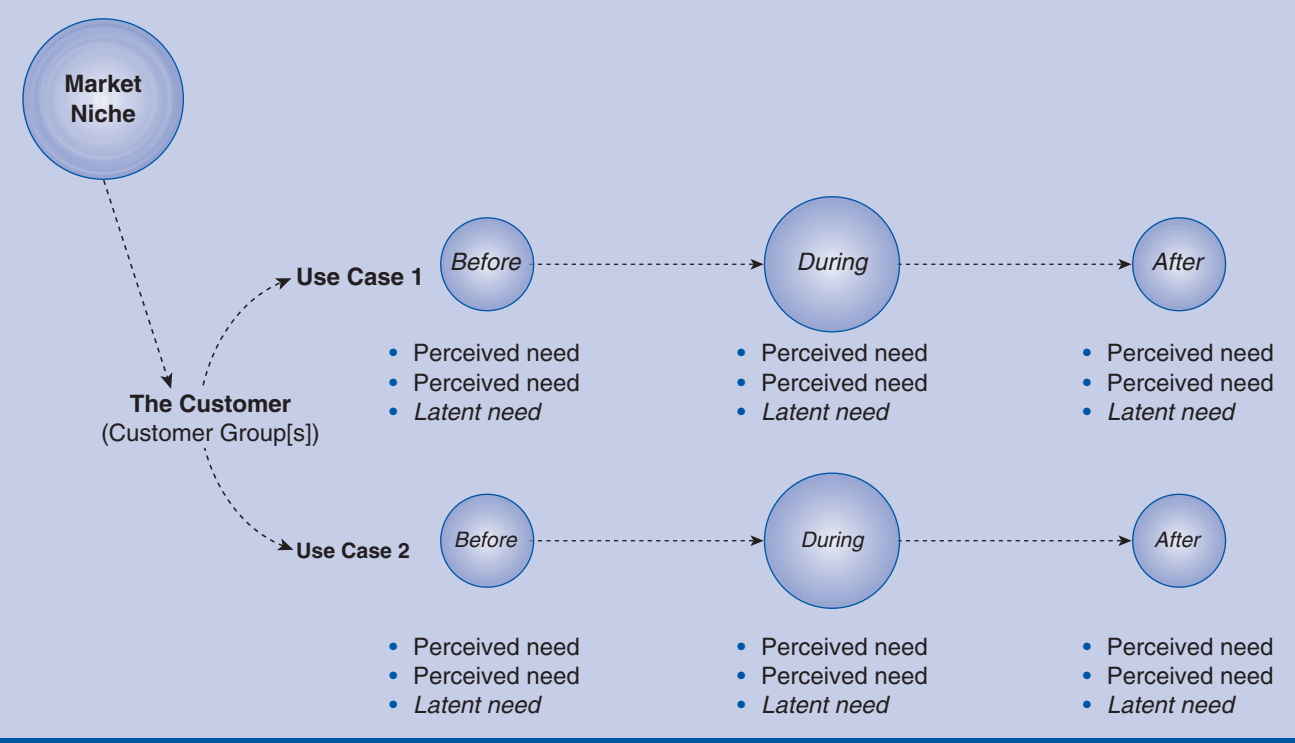
- Demographics, including income, gender, marital status, etc., for consumers; size, industry, etc., for B2B
- Core needs, latent as well as perceived
- Attitudes, cognitive values, and belief systems
- Behaviors in the important use cases for your product or service
- Purchase preferences in terms of information needed to make a purchase decision, channel, purchase frequency, and getting support (if needed)



**Figure 3.8** The Customer Persona Template

### Step 3: Develop Use Cases: Apply Figure 3.9

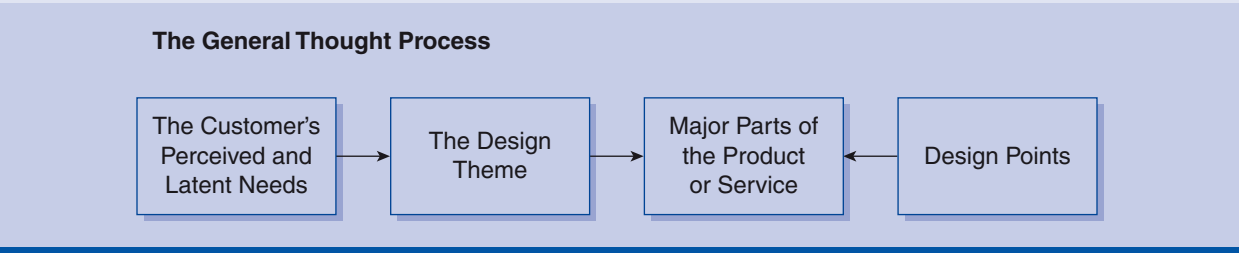
You should come back from your field interviews with notes, perhaps videos, and fresh memories. The next step is to develop the primary use cases that will be the focus of your venture. We saw how this worked for the premium chocolate team. Now it is your turn to create this for your venture idea. To do this, use the template shown in Figure 3.9. Don't forget to try to incorporate the before, during, and after for your primary use case(s). And then try to distinguish between perceived and latent needs—for example, needs that customers expect all competitors to solve, and others that are pure, maddening frustrations that they aren't sure anyone can solve!



**Figure 3.9** Customer Use Cases Template

### Step 4: Create Design Themes From Customer Needs, and Then Design Points for Different Parts of Your Product or Service: Apply Figure 3.10

Apply the framework in Figure 3.10. Be creative!!!! Design themes are essential for winning products and services. No “me-too” stuff here. And don’t try to make it too complicated: *Powerful yet simple* are the operational words. Keep the major parts of your product or service as basic as possible. And each design point should have a home in one of those parts.



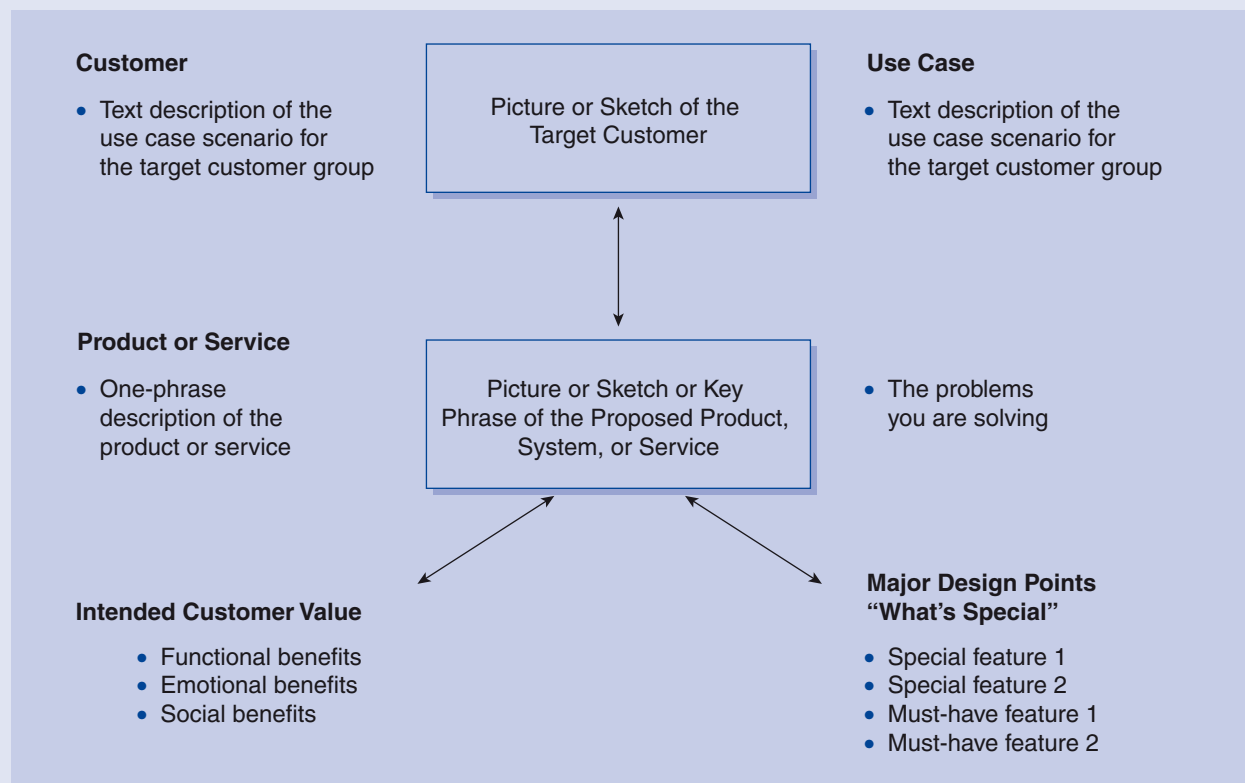
**Figure 3.10** Mapping Customer Needs to Design Themes to Design Points in New Products and Services

## Step 5: Develop the Product or Service Concept: Apply Figure 3.11

Lastly, construct your product or service concept. That's the template shown in Figure 3.11. Go to work! Make something truly special—something that you think your target customers will truly appreciate and enjoy. And think about those functional, emotional, and social benefits.

Put your findings into a short PowerPoint. This should be another major checkpoint with your teammates, professors, and classmates. Show everyone your product or service concept. Explain how it relates directly back to your target customers, their use cases, and their needs and problems within those use cases. Remember the importance of latent needs as well as perceived needs, and where you are focusing in terms of the before, during, and after within the use case.

Perhaps most important, bring your customer interviews into the conversation as the evidence for your choices. The insights from those conversations should make you confident about your work. But at the same time, *listen to the feedback* and *think*. And as you hear comments or criticisms, place yourself once again *into the hearts and minds of the target customers* to filter what you are hearing and how you respond.



**Figure 3.11** The Product or Service Concept Template

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