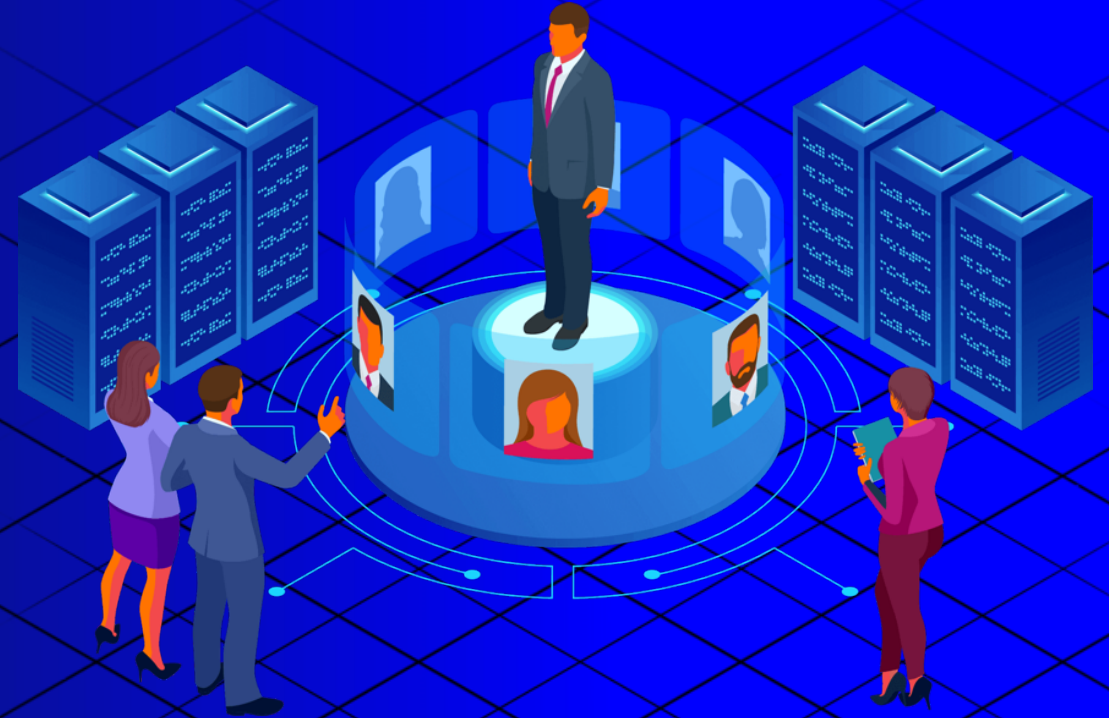


# Business Evolution

This Free Masterclass Helps You Drive Innovation-Led Growth In Your Business

Plan

## CUSTOMER ANALYSIS



Brought to you by:

**HowDo**<sup>®</sup>

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# Overview: Customer Analysis



## What does the masterclass cover?

- Customer Obsession
- Mindset Check
- Preliminary Research
- Qualitative Research
- Quantitative Research
- Determine Your Beachhead Customer(s)
- Build Customer Persona(s)
- Share What You Learned

### How does this help you?

This masterclass walks you through the process of collecting the data you need to guide your business to deliver impactful innovations that gain early traction with your target customer.

### How does this accelerate your growth?

With the insights gained, you'll be able to quickly iterate and launch products that not only fill market gaps but also establish new demands, fueling rapid business expansion.

### How does this delight your customers?

By fine-tuning your business' alignment with your customers' unique needs and desires, you'll craft offerings that resonate deeply. This delights customers, builds loyalty and turning them into advocates.

### How does this empower your team?

Training in customer analysis equips your team to independently identify and act on customer-driven opportunities, enhancing their autonomy and driving operational efficiency as they grow the company.

### Where is this Masterclass available?

**The free Customer Analysis masterclass and playbook are available at:**  
<https://howdo.com/masterclass/plan/customer-analysis/>

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Business Evolution

# Masterclasses

Overview



# Business Evolution Teaches You Innovation – for Free

## What Is Innovation?

**Innovation** is the process of introducing new **solutions** to your business.

**Solutions** can be products, platforms, processes, services, technologies, experiences, and brands.

## How Does Innovation Help You?

Innovation helps business leaders:

- **Grow revenue** by identifying untapped markets and creating new solutions. *E.G.: **Amazon** created the cloud computing category by launching AWS.*
- **Decrease operating costs** through automation, continuous improvement, supply chain optimization, and efficient resource use. *E.G.: **Toyota** reduced waste and costs with lean manufacturing and just-in-time inventory.*
- **Delight customers** by improving customer service, anticipating needs, and personalizing experiences. *E.G.: **Netflix** keeps users engaged with AI-based content recommendations, increasing engagement and reducing churn.*
- **Mitigate risks** by proactively identifying and addressing potential threats. *E.G.: **Siemens** uses AI-powered sensors to predict maintenance and prevent failure.*
- **Empower teams** to increase productivity by automating tasks while accelerating creativity. *E.G.: **Google**'s innovation policy led to the creation of two of their most popular products: Gmail and AdSense.*
- **Attract investors.** Investors prefer innovators. *E.G.: The most innovative companies are consistently the most valuable companies: **Alphabet (Google), Amazon, Apple, Meta (Facebook), and Microsoft.***

# Business Evolution Gives You a Comprehensive Curriculum

These **Free** Masterclasses Walk You Step-By-Step Through the Innovator's Journey

01

## Mindset



Develop the mindsets that drive business innovation and growth.

- [Growth Mindset](#)
- [Resilience](#)
- [Continuous Learning](#)
- [Data-Driven Decisions](#)
- [Customer Obsession](#)

02

## Plan



Grow your business by designing solutions that customers need.

- [Customer Analysis](#)
- [Competition Analysis](#)
- [Market Analysis](#)
- [Solution Analysis](#)

You Are Here

03

## Tools



Boost growth using proven tools from top companies.

- [Key Performance Indicators](#)
- [Weekly Business Reviews](#)
- [Product Management](#)
- [Startup Accelerator](#)
- [Business Incubator](#)
- [Mergers and Acquisitions](#)
- [Research and Development](#)

04

## Team



Build talented teams that act with urgency to drive growth.

- [Talent Acquisition](#)
- [Corporate Culture](#)
- [Team Experience](#)
- [Mentorship](#)
- [Communities of Practice](#)

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# Business Evolution was Created by an Innovation Expert

**West Stringfellow** created Business Evolution.

**West** has over 27 years of experience growing startups and Fortune 500s with innovation:

- **Innovation Leader**
  - **Amazon:** Senior Product Manager
  - **PayPal:** Senior Director, Product & Platform Innovation
  - **Rosetta Stone:** Chief Product Officer
  - **Target:** Vice President, Innovation and Entrepreneur in Residence
  - **Techstars:** Created & led the Techstars + Target Startup Accelerator
  - **Visa:** Vice President, European eCommerce & Innovation
- **Inventor:** Awarded five patents for advertising, payments, and social technologies
- **Entrepreneur:** Sold two patents to a Fortune 50 company
- **Coach:** Empowered hundreds of entrepreneurs, executives, and teams

**West founded HowDo in 2017** to democratize innovation.

Dear Innovator,

To help you grow your business using innovation, I'm excited to offer you HowDo's **free** Business Evolution Masterclasses.

These Masterclasses contain actionable insights that you and your team can use to grow your business today. They distill the growth formulas used by the world's most innovative companies into step-by-step guides designed to transform your business ideas into profitable realities.

Having spent nearly three decades navigating the highs and lows of innovating in Fortune 500s and bootstrapped startups, I designed these Masterclasses to work for your business, regardless of size or budget.

I am sharing these Masterclasses as part of my ongoing commitment to democratize innovation.

Wishing you the very best,



West Stringfellow

Founder & CEO, HowDo  
Creator, Business Evolution



## Plan **CUSTOMER**

### Introduction



# Innovation Starts with the Customer

“There is only one valid definition of **business purpose:**  
**to create a customer.**”

~ Peter Drucker *The Practice of Management*, Pg. 37

Without a **CUSTOMER**, you do not have a **BUSINESS**.

# Understanding Your Customer

Whether you are selling B2B or B2C, **a deep understanding of your customer is the foundation of entrepreneurial success and strategic leadership.**



**It is important to understand the nuances of your customer**



**What drives them?**



**What gets their attention?**



**What problem(s) do they have that you can profitably solve?**

By understanding your customers, you can:

- Tailor products to customer needs
- Refine your marketing and sales strategies
- Design optimal shopping experiences
- Craft appropriate packaging
- Set suitable pricing for products or services.

# Why Understanding Your Customer Matters

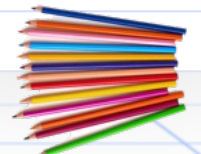
## Case Study: THE PENCIL'S MANY CUSTOMER PROBLEMS AND PENCIL SOLUTIONS



**Problem:** Customer needs to write  
**Value Proposition:** A writing tool  
**Solution:** Varies by customer

Many customers face the common problem of needing a portable writing tool. However, the specific problems vary for different customers. Take for example: students, writers, golfers, carpenters, and artists. With varied applications, each customer requires a unique value proposition, leading to tailored solutions for their distinct problems.

|  | Students  | Writers  | Golfers  | Carpenters   | Artists   |
|--|---|--|--|--|---|
| Primary Use Case   | Taking a multiple choice test   | Constantly editing and revising their work   | Need to keep score on the course during a round  | Need to draft markings on walls and other materials  | Crafting vibrant, colorful masterpieces   |
| Comments / Potential Issues / Alternate Solutions for Customer | <ul style="list-style-type: none"><li>→ Allows students to mark multiple choice answers and erase as needed</li><li>→ Eliminates excessive scribbles and illegible answers (i.e. from using ink pens)</li></ul> | <ul style="list-style-type: none"><li>→ Eliminates excessive scribbles and illegible answers (i.e. from using ink pens)</li><li>→ Ergonomically designed for long-term usage</li></ul> | <ul style="list-style-type: none"><li>→ No simple way to carry standard length pencil on golf course</li><li>→ Golf courses provide short pencils which fills need of portable writing utensil</li></ul> | <ul style="list-style-type: none"><li>→ Different requirements due to writing on multiple surfaces (e.g. wood, stone)</li><li>→ Larger pencil with higher grade of lead density ensures markings are visible</li></ul> | <ul style="list-style-type: none"><li>→ Require color as well as variety of stroke sizes and shades</li><li>→ Uniform color application without any patchiness.</li></ul> |



# This Process Helps You Choose Your Customer

This masterclass gives you a **step-by-step research process** to help you find your ideal customer



## YOUR IDEAL CUSTOMER

- has a problem you can solve.
- is willing to pay for a solution to their problem.
- can afford to pay for your solution to their problem.
- is growing in numbers.
- is willing to consider alternatives to existing solutions.



# Customer Research Process

The **CUSTOMER RESEARCH PROCESS** has six main steps

01



## Preliminary Research

Use existing research and data to develop a preliminary understanding of your customer, the competition, and the market.

02



## Qualitative Research

Perform qualitative research to build a foundational understanding of your customer that you will validate with quantitative research.

03



## Quantitative Research

Perform quantitative research to validate your understanding of the customer.

04



## Determine Beachhead Customer(s)

Determine Beachhead Customer(s)

05



## Build Customer Personas

Build personas for your beachhead customer(s).

06



## Share what you learned

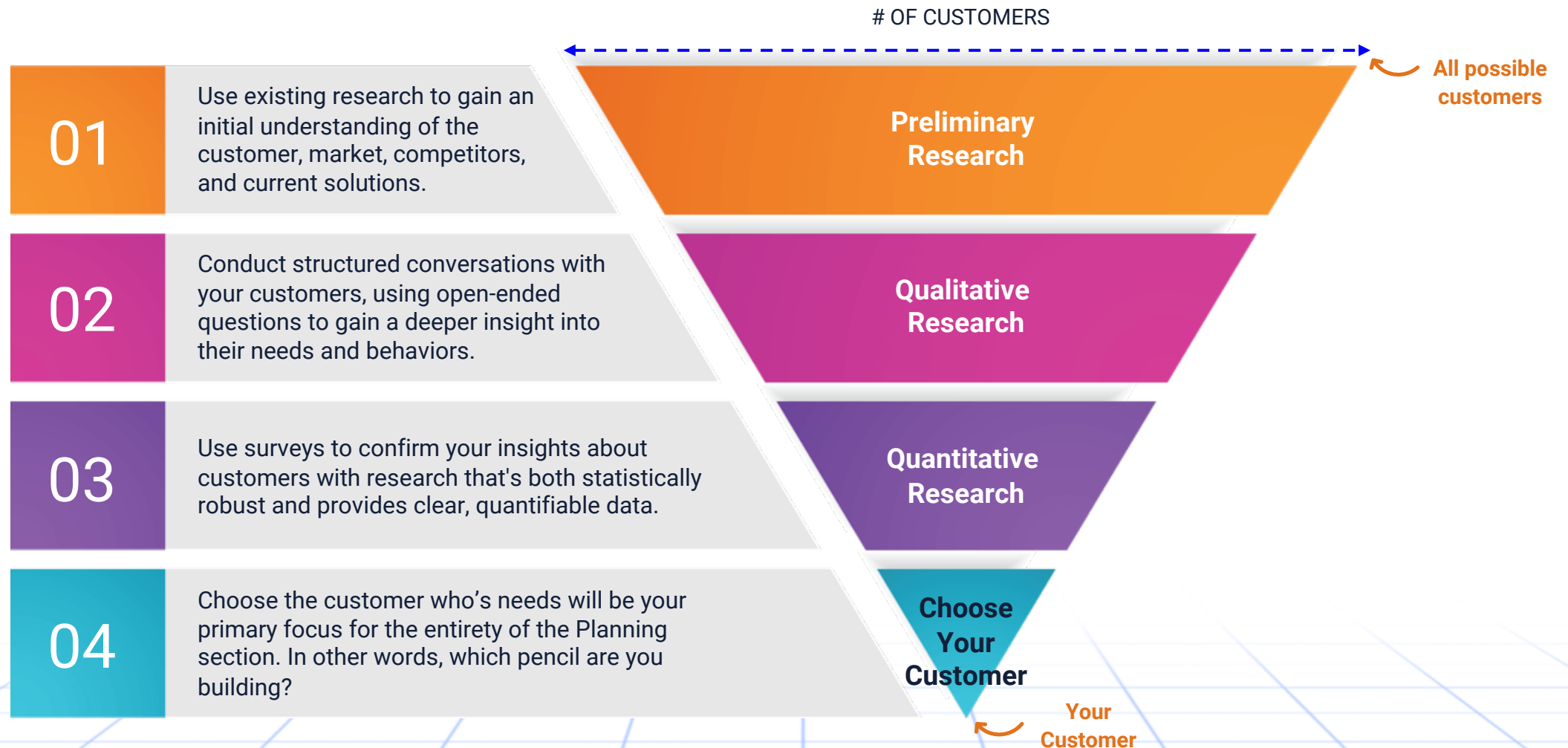
Share what you learned with your team and mentors.

By the end of the **Customer Masterclass**, you will have a precise understanding of your customer that will inform the rest of your analysis and ultimately determine which solution you launch.

Your understanding of the customer will determine whether you **SUCCEED** or **FAIL** while innovating

# Your Research Will Lead You To Your Customer

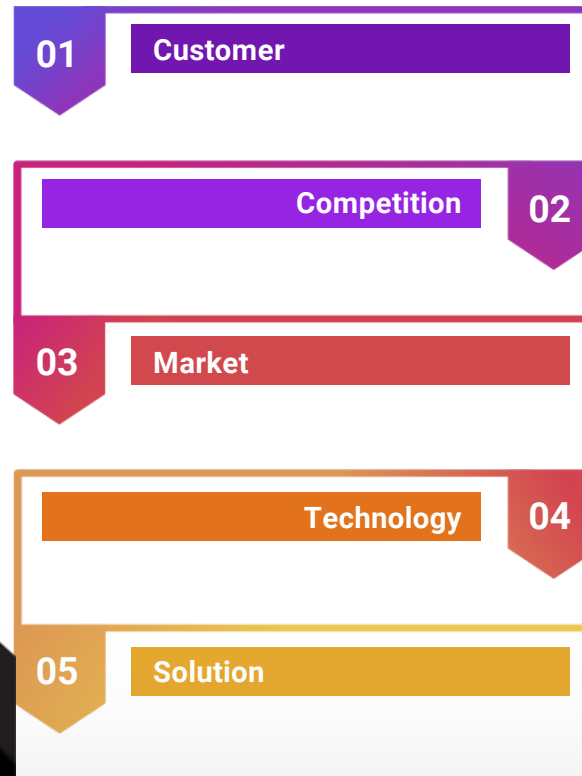
You will use **research** to identify your customer



# Start with the Customer

To solve your customer's problem, you must deeply **understand your customer and the context in which they exist.**

HowDo walks you through the process to understand your customer so you can design a value proposition that solves their specific problem.



## YOUR UNDERSTANDING OF THE CUSTOMER WILL:

Determine which **COMPETITORS** you analyze and what you look for while analyzing your competition

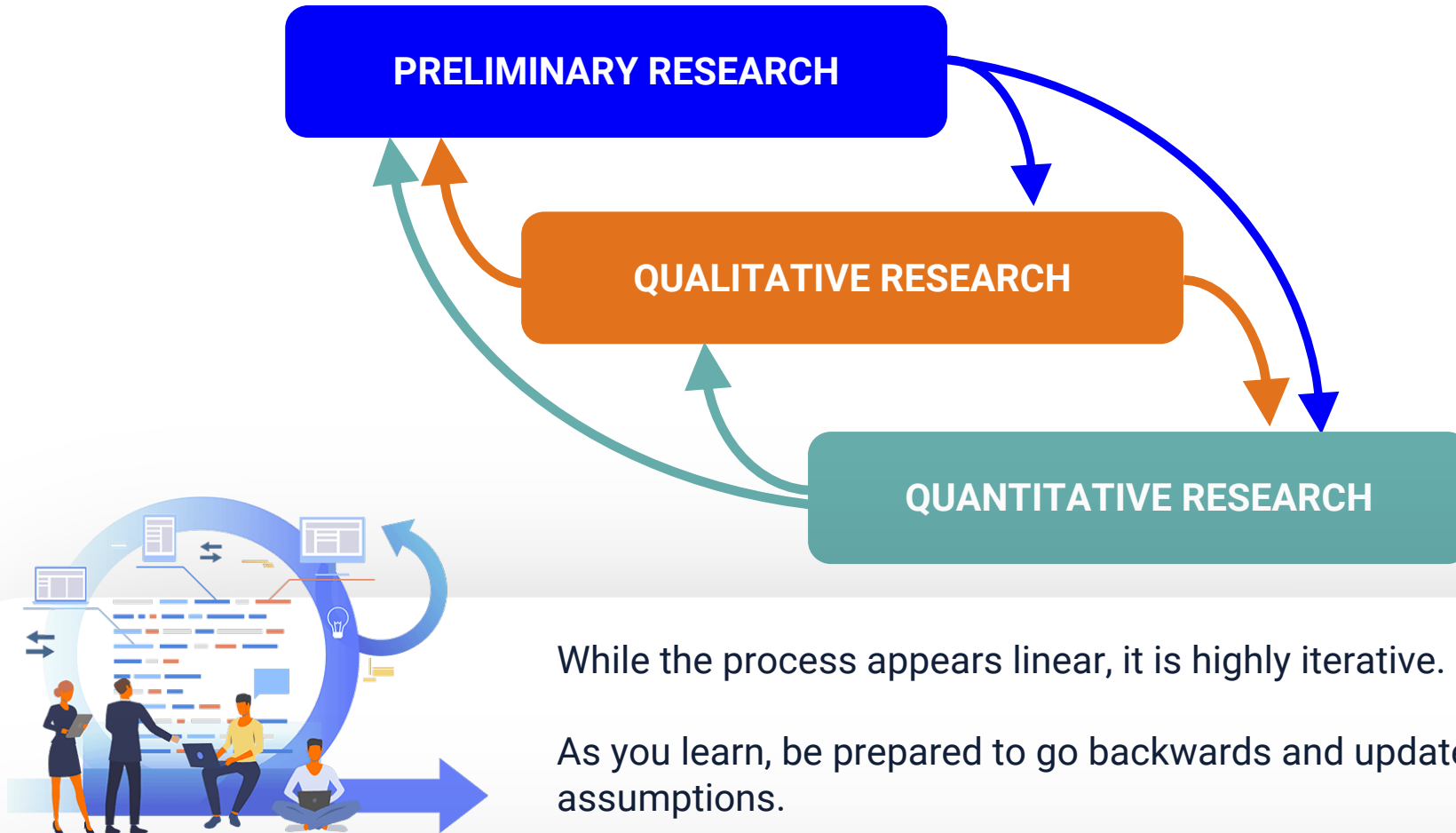
Determine the **MARKETS** you analyze and how you measure the market

Determine the **TECHNOLOGY** you use to solve the customer's problem

Determine which **SOLUTIONS** will be built.

Rather than starting with a solution, **first understand the customer's needs.**  
Then **tailor your solution to them.**

# Understanding The Customer Is An Iterative Process



It is more efficient to repeat the research than it is to modify your solution once it is in market.

## Plan **CUSTOMER**

Customer Obsession

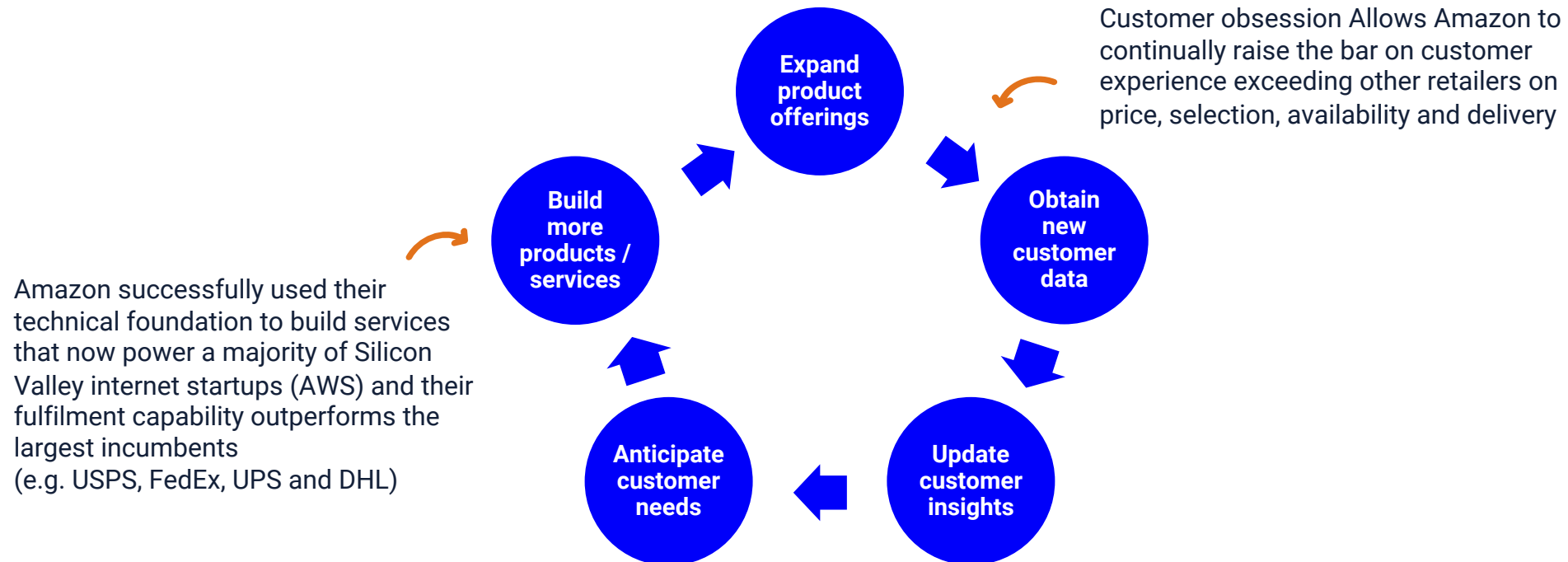


# Customer Obsession: Amazon



The term “**customer obsession**” was coined by Amazon Founder and CEO Jeff Bezos and

## Amazon Implementation of Customer Obsession



# Customer Obsession: Amazon



Jeff Bezos made  
**Customer Obsession**  
Amazon's first leadership principle.

Leaders start with the customer and work backwards. They **work vigorously to earn and keep customer trust**. Although leaders pay attention to competitors, they obsess over customers.<sup>1</sup>

- Amazon's first Leadership Principle

The **principle of customer obsession** has made Amazon among the most valuable companies on Earth and Jeff Bezos among the richest businesspeople in the world.

1: <https://www.amazon.jobs/en/principles>

# Customer Obsession: Amazon



In 1997, founder Jeff Bezos wrote a letter to stakeholders, stating  
**Amazon would be customer driven rather than shareholder driven**

## Overview of Statements by Jeff Bezos

"We first measure ourselves in terms of the metrics most indicative of our market leadership: customer and revenue growth, the degree to which our customers continue to purchase from us on a repeat basis, and the strength of our brand."



**The customer, not the shareholder, is what is important**

"We believe that a fundamental measure of our success will be the shareholder value we create over the long term."



**We will not prioritize quarterly earnings over Wall Street's reactions to them**

"Because of our emphasis on the long term, we may make decisions and weigh tradeoffs differently than some companies."



**You (shareholder) may not like or understand what we decide to do, but we're going to do it anyway**

"We aren't so bold as to claim that the above is the 'right' investment philosophy, but it's ours, and we would be remiss if we weren't clear in the approach we have taken and will continue to take."



**We will not claim our strategy is the only way, but it is the Amazon way.**

**Amazon's success is rooted in always anticipating what the customer wants, before the customer even knows they want it, and then providing it to the customer**

Source: <https://www.sec.gov/Archives/edgar/data/1018724/000119312513151836/d511111dex991.htm>

# Startups that Used Customer Obsession to Succeed

## Examples of Customer Obsession by **STARTUPS**

### **Bonobos**

**Manufacturer of  
trendy men's clothes**

- Instead of investing money in traditional marketing methods, they invested in their customer experience and success teams
- Approach is “maniacally focused on the customer experience and interacting, transacting and storytelling to consumers”
- Popularity grew through word of mouth driven by brand loyalists
- Developed cult following that was willing to buy in to whatever new interesting concepts the brand would try

### **Warby Parker**

**Online prescription  
eyewear manufacturer**

- Introduced stylish customized eyewear to the online consumer for the first time
- Provided convenience to customers, by allowing them to try on glasses in the comfort of their own homes
- Eyewear options were both appealing and affordable (unlike LensCrafters or Luxottica)
- Branding and customer-focus built a defensive wall that protected them from competitors and other eyeglass manufacturers

### **Casper**

**Online retailer of mattresses  
and sleep products**

- Used customer experience to achieve the extraordinary feat of persuading customers to buy a mattress online without first touching/feeling the product via smart marketing
- Gained customer trust such that customers were willing to entrust Casper with choosing the right mattress for their needs, saving them a whole lot of time and trouble
- Found customer pain point and fixed it using data on actual experiences and customer reviews, \$75 gift-card referrals, and a 100-day guarantee
- Built a relationship with the customer and made sure they were educated on their potential purchases, giving them peace of mind—a huge factor for big-ticket items

# Customer Obsession is Essential

**For forward-thinking executives and entrepreneurs, being customer-obsessed is not just a buzzword; it's a strategic imperative.**

## Here's why:

### Market Relevance

Ensures that the product or service meets current market needs and desires.

### Competitive Advantage

Allows businesses to stay ahead by offering what customers truly want, often before they even realize they want it.

### Risk Mitigation

Reduces the chances of product failures and costly pivots by aligning with customer needs from the outset.

### Enhanced Brand Loyalty

Customers are more likely to stay loyal to brands that consistently cater to their needs and expectations.

### Personalized Experience

Enables the creation of tailored experiences, making customers feel valued and understood.

### Feedback Loop

A customer-centric approach facilitates ongoing feedback, leading to continuous product or service improvements.

### Higher Profitability

Happy and satisfied customers often lead to increased sales, repeat business, and referrals.

### Innovation Catalyst

By being attuned to customer needs, businesses can identify gaps in the market, sparking innovative solutions.

### Efficient Resource Allocation

Directs resources toward features and solutions that matter most to the customer, optimizing ROI.

### Strengthened Reputation

A track record of meeting or exceeding customer expectations bolsters a company's reputation and trustworthiness.

### Long-term Growth

A sustained focus on customers ensures that businesses evolve with their audience, ensuring longevity and relevance in the market.

### Emotional Connection

Building products and services around customer needs fosters a deeper emotional connection, making customers more likely to champion the brand.

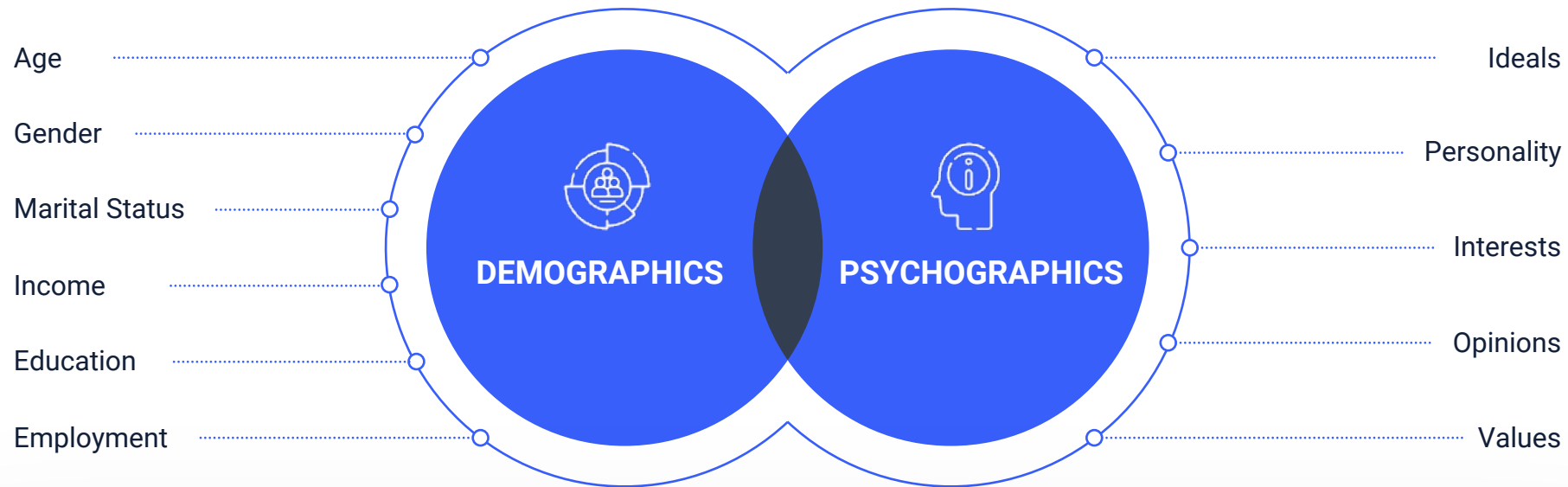
## Plan **CUSTOMER**

Reminder: Evolve Your Mindset



# Demographics and Psychographics

When thinking about your customer segment, you should be looking at an **in-depth understanding of the following characteristics** regarding your ideal customer:



These characteristics are your basis for identifying others who are also potential customers. You should be looking to find other customers who match these characteristics, which you will later learn how to consolidate into a customer profile, called a **PERSONA**

# You must understand Psychographics

**Psychographics** capture human traits based on psychological attributes

**EXERCISE:** Think about your favorite brand. Now, mentally make a list of everything about yourself which draws you to that brand.

**EXAMPLE:** Apple Customer: *"I've always gravitated towards sleek and clean designs, and Apple's products embody this."*

You likely did not just think about demographic details about yourself. While demographic information may play a role in why you are drawn to a brand, it is likely that the **psychographic information is the bigger driver in why a brand speaks to you.**

| Information Type | Approach               | Description  | Benefits  |
|------------------|------------------------|--|---|
| Demographic      | Survey                 | Identify easily quantifiable customer data (e.g. age, gender, income, etc..)                   | <ul style="list-style-type: none"><li>→ Can play minor role in why person is drawn to brand</li><li>→ Certain brands may have target demographic customer segments</li></ul>            |
| Psychographic    | In-person conversation | Uncover motivations, attitude, aspirations, and other psychological information from customers | <ul style="list-style-type: none"><li>→ Biggest driver in why a brand speaks to a customer</li><li>→ Able to build the best products and the best messaging for that customer</li></ul> |

Ultimately, you will have enough demographic and psychographic data to formulate customer profiles called "personas"

By understanding your customers' motivations and priorities, you will be **better prepared to speak to them and reach them**, which is essential for all entrepreneurs.

# Customer Mindset

**Customer Mindset:** The Key to Long-Term Growth, Innovation and Relevance.

|                      | Customer Mindset  | Shareholder Mindset  |
|----------------------|---|--|
| Time Horizon         | Long-term   | Short-term   |
| Key Customer         | Customer / End-user   | Investors  |
| Focus                | Customer needs  | Profit & Loss  |
| Goals and Incentives | Solve customer problems   | Strive to hit quarterly numbers and annual commitments   |
| Planning             | Plans towards near-term customer acquisition, measured in long-term customer satisfaction                                       | Plans in quarterly increments, towards annual plans; measured in dollars, designed to create shareholder value |
| Replanning           | Multi-year roadmaps with tremendous uncertainty   | Reliably drafted no more than a year in advance and include incredible precision                               |
| Flexibility          | Secure permission to consistently optimize the trajectory of the company and its offerings as new information is made available | Offer limited deviation from the plan  |



Innovation in shareholder mindset companies consists of creating short-term gains to appease shareholders, often at the expense of the customer experience along with a negative impact to the long-term relevance and viability of the company. This is called “innovation theater”.

**Businesses led by leaders with a Customer Mindset thrive. Businesses led by leaders with a Shareholder Mindset slowly become irrelevant and die.**

# Customer Mindset

## Start your research with a **Customer Mindset**

**Embrace a Customer-Centric Mindset:** Be open to candid feedback and focus on addressing the customer's needs rather than just validating your own ideas.

It is helpful to take the following practical commitments before talking to customers to help you **get in the right mindset**.

**01**

Embrace the idea that 'words are valuable data'. Document everything, so you can revisit and reflect later.  
**Record, record, record.**

**02**

**Make a commitment to solve disagreements based on what customers say.**

*Example:* You and your co-founders are arguing about something that can be answered with a customer point of view. In a customer interview you learn the customer thinks feature A should be next. You previously thought feature B should be next. Solving disagreements based on customer input can take emotion and bias out of decisions.

**03**

By **focusing on the customer's problem and not your idea**, you will be better off in the long term, as you will waste less time and money. This only serves to help you.

# Reminder: Be Conscious of Biases

It is important to leave your biases at the door and as you acquire knowledge, be ready to invalidate ideas, rather than to validate every idea. Remember it is more important to **solve the customer's problem than validate your idea.**

Major biases that innovators should explore before pursuing a venture are:

01

## CONFIRMATION BIAS

"the tendency to search for, interpret, favor, and recall information in a way that confirms or supports one's prior beliefs or values."<sup>1</sup>

02

## SELF-SERVING BIAS

"any cognitive or perceptual process that is distorted by the need to maintain and enhance self-esteem, or the tendency to perceive oneself in an overly favorable manner."<sup>2</sup>

03

## OPTIMISM BIAS

"a cognitive bias that causes someone to believe that they themselves are less likely to experience a negative event. It is also known as unrealistic optimism or comparative optimism."<sup>3</sup>

04

## PESSIMISM BIAS

"The opposite of optimism bias is pessimism bias (or pessimistic bias) - the principles of the optimistic bias continue to be in effect in situations where individuals regard themselves as worse off than others."<sup>3</sup>

05

## SUNK COST BIAS

"the tendency to distort decisions based on past, sunk costs (something in which you invested money effort or time) and to continue in that direction, even if the current costs outweigh the benefits. Past, sunk, costs are irretrievable and should have no bearing on future outcomes."<sup>4</sup>

06

## STATUS QUO BIAS

"Status quo bias is evident when people prefer things to stay the same by doing nothing (see also inertia) or by sticking with a decision made previously"<sup>5</sup>

07

## GROUPTHINK BIAS

"group dynamics, and in particular social influence, may skew our judgment and decisions, often towards a more conformist, and less deliberative or questioning viewpoint."<sup>5</sup>

1. [https://en.wikipedia.org/wiki/Confirmation\\_bias](https://en.wikipedia.org/wiki/Confirmation_bias) 2. [https://en.wikipedia.org/wiki/Self-serving\\_bias](https://en.wikipedia.org/wiki/Self-serving_bias) 3. [https://en.wikipedia.org/wiki/Optimism\\_bias](https://en.wikipedia.org/wiki/Optimism_bias)  
4. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/627790/lit-review-exploration-of-behavioural-biases.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/627790/lit-review-exploration-of-behavioural-biases.pdf)  
5. <https://www.behavioraleconomics.com/resources/mini-encyclopedia-of-be/status-quo-bias/> 6. <https://asana.com/resources/sunk-cost-fallacy>

# Customer Insight / 'Jobs to be Done' – Competing Against Luck

In *Competing Against Luck*, Clayton Christensen concludes that innovator's success is not about the quantity of knowledge about your customers but rather, **focusing on what the customer hopes to accomplish.**

What the customer hopes to accomplish is the **job to be done**, a job which the entrepreneur can solve  
Successful entrepreneurs must first figure out the problem, and then subsequently figure out the "job" of your product or service

## Example: Identifying True Customer "Job to be Done"

### Company Type:

Construction of high-end condos for people looking to downsize

### Job They Thought Customers Wanted Solved:

- Primary research was focused on home features (e.g. windows)
- After zooming out in their discussions with potential customers, the company realized that it was not a features of the condo that needed to be better

Many entrepreneurs may focus too much on a specific product or feature when conducting their primary market research



### Job That Customers Actually Wanted Solved:

- Potential customers had anxiety about moving their lives away from a home they had lived in for decades
- This profound understanding enabled the company to adjust their messaging and gain more success
- By acquiring customer insight, the company switched their mindset from being a new home construction company to a **company in the business of moving lives**



Customers will buy products and services to solve a problem

The "**Jobs to be done**" approach makes product management concepts understandable for newcomers.

## Plan **CUSTOMER**

### 1: Preliminary Research



# Preliminary Research Overview

01



**Preliminary  
Research**

02



**Qualitative  
Research**

03



**Quantitative  
Research**

04



**Determine Beachhead  
Customer(s)**

05



**Build Customer  
Personas**

06



**Share what you  
learned**



## PURPOSE

Understanding the Customer starts with preliminary research to ensure you know what you are talking about before talking to the customer.



## INPUTS

You will curate existing research to learn about your customer, competitors and market so that you are well informed as you go into the next phases of Customer research.



## OUTPUTS

You will create a list of credible resources and relevant facts that will serve as the foundation of knowledge for your conversations with customers in Qualitative Research

**You must learn about your market before speaking with your customers.**

# Preliminary Research: Data Collection

## CRITICALLY ASSESS THE DATA YOU COLLECT

- Quality of third-party data is assessed by looking at the method of collection, the sample size, and the original questions
- Find multiple authoritative sources, including experts who have already synthesized the data
- Do not take synthesized interpretations and/or assertions at face value
- Think for yourself



## Questions to Answer With Your Research

### 1. Market

- In what markets is your solution currently categorized?
- Who are the most prominent analysts and thought leaders in this market? Where do they share their thoughts?
- What are the sources of credible data in the market? How do you get access?
- How big is the market?
- How fast is the market growing? If the market is not growing - find another market.
- What metrics and KPIs matter to the market?
- How has the market changed over time?

### 2. Competition

- Who are the biggest players in these markets?
- What existing solutions do competitors offer?
  - What is the price point for competitor solutions?
  - How have competitor solutions changed over time?
  - What future solutions are competitors promising to provide?
  - How does the competition measure success? What KPIs and metrics matter?
- Given the competitive solutions, is there room in the market for new solutions?

### 3. Technology

- What technologies are currently used to solve customer problems?
  - Can you afford to access these technologies to build your solution?
- What emerging technologies will change the solutions?

### 4. Customer

- What are the demographics of existing customers?
- What are the psychographics of existing customers?
- What do customers think of the competitors and existing solutions?
- How are customers measured by competitors and the market?

# Sources of Quality Research



Take the time to explore these and other resources so you understand what research has already been done and what data is available to you.

**Using existing research saves you time and money.**

- [Awesomedata/awesome-public-datasets](#)
- [Comscore](#)
- [County Business Patterns \(CBP\)](#)
- [Data.gov](#)
- [Edelman Trust Barometer](#)
- [eMarketer](#)
- [fivethirtyeight](#)
- [fivethirtyeight data](#)
- [Gallup](#)
- [Gartner](#)
- [Gartner Magic Quadrant](#)
- [Google Trends](#)
- [Google: Think with Google](#)
- [GoProspers](#)
- [Ipsos](#)
- [Kantar](#)
- [Mary Meeker Internet Trends](#)
- [National Archives](#)
- [National Longitudinal Surveys Home Page](#)
- [National Retail Federation](#)
- [Nielsen](#)
- [Our World in Data](#)
- [Pew Research Center](#)
- [Pew Research Center: Downloadable Datasets](#)
- [Reuters Data Dive](#)
- [Statistical Abstracts Series](#)
- [The American Customer Satisfaction Index](#)
- [The U.S. Small Business Administration](#)
- [U.S. Census Bureau](#)
- [World Bank Open Data](#)

There are countless sources of data, many of which are **free!**

# Experts Accelerate Preliminary Research

**Dig deep to find insights into the customer, competition, market and existing solutions.**

Fortunately, we live in an era where many people frequently share insights:

- **COMPETITORS**  
release insights via social media, investor relations and public relations
- **THOUGHT LEADERS**  
share what they know via social media or email subscriptions
- **INFLUENCERS**  
share what they know on social media
- **MARKET RESEARCH FIRMS**  
issue press releases and post on social media
- **INVESTMENT ANALYSTS AND ADVISORS**  
share where they think the market is going

You can find these people and the insights they share by searching on a few critical platforms:

Google

LinkedIn

Seeking Alpha<sup>α</sup>

X

reddit



**Your success is in your hands.**

The more you understand your customer, competition and market; the greater your chances of success.

# Include Your Existing Customers

If you already have customers, centralize all the customer data you have from as many touch points as you have.

## Examples of Key Department Data to Collect

### SALES AND MARKETING

- Demographics
- Psychographics
- Spending behavior
- Net Promoter Score (NPS)
- Lifetime Value (LTV)
- Customer Acquisition Cost (CAC)
- Social media sentiment

### PRODUCT

- User survey data
- Net Promoter Score (NPS) - segment responses by spend and demographic

### CUSTOMER SERVICE

- Customer pain points - segment responses by spend and demographic
- Customer Satisfaction Scores

### IT

- Device usage - segment responses by spend and demographic
- Peak traffic times
- Traffic by use-case



If you do not have this data for your existing customer, get it.

# Include Your Existing Customers

Some of the most important data points you can collect on your existing customer

## Net Promoter Score (NPS)

**Net Promoter Score** is based on a scale from 0 to 10 and equals the percentage of customers rating their likelihood to recommend a company, a product, or a service to a friend or colleague as 9 or 10 ("promoters") minus the percentage rating this below 6 ("detractors").

- The best practice is to ask the customer "why" they gave the score they did.
- Note from West: *"This is one of the best pieces of data you can have when looking to understand your and your competitor's customers."*

## Customer Satisfaction (CSAT)

**Customer satisfaction** is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals."<sup>1</sup>

- **Benefits:** If your company collects CSAT data then you have a readily available and relatively free data source.
- **Drawbacks:** CSAT data will be biased to only those customers who contacted the CSAT team. You will want a broader cohort to ensure you have a full picture of all your customers.

## Existing Customer Surveys

**Existing Customer Surveys** are surveys that have previously been conducted with your customers.

- **Benefits:** If positioned correctly, a survey of existing customers can be an excellent way to discover pain points. Survey responses can be acquired cheaply, often through the draw of free services or a gift card.
- **Drawbacks:** These are your existing customers—they already relate to your product. Responses may cement choices that are catering to customers in a diminishing segment.

## Exit Surveys

**Exit Surveys** are conducted when customers stop using your solution.

- **Benefits:** Exit surveys can be a rich source of data – a great way to determine what your customers want is to directly ask what was wrong when a customer stopped using your product.
- **Drawbacks:** Exit surveys will contain information from passionate users. Some of the perspectives may be overblown, but they should never be dismissed. Try to pinpoint the core reason that the user is leaving.

Do not limit your collection of customer data to these metrics.  
Aggregate all that you can and **critically analyze the relevance of the data.**

<sup>1</sup>: [https://en.wikipedia.org/wiki/Customer\\_satisfaction](https://en.wikipedia.org/wiki/Customer_satisfaction)

# Data Saturation

**Q:** How much research should you do?

**A:** Keep speaking to customers until you reach '**data saturation**'.

*When you start doing your primary market research, you may wonder how many customers you need to talk to - is it 5 or 50 or 100? There is no magic number. Rather, a great framework to define your stopping point is when you reach “data saturation”*

## Overview of Data Saturation

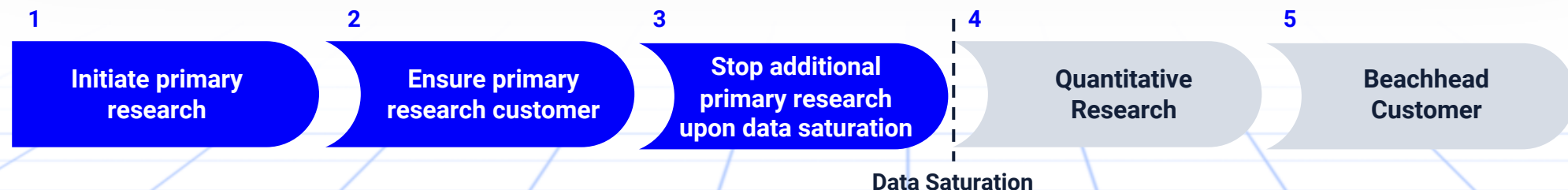
### DEFINITION OF DATA SATURATION

Data saturation refers to the point in the research process when **no new information is discovered in data analysis**

### IMPLICATIONS / NEXT STEPS

- Redundancy signals to researchers that data collection may cease
- Saturation means that a researcher can be reasonably assured that further data collection would yield similar results and serve to confirm emerging themes and conclusions
- When researchers can claim that they have collected enough data to achieve their research purpose, they should report how, when, and to what degree they achieved data saturation

### Entrepreneur Ideal Primary Research Process with Customers



## Plan **CUSTOMER**

### 2: Qualitative Research



# Qualitative Research Overview

01



Preliminary  
Research

02



Qualitative  
Research

03



Quantitative  
Research

04



Determine Beachhead  
Customer(s)

05



Build Customer  
Personas

06



Share what you  
learned



## PURPOSE

To begin developing a deep and intimate understanding of the customer whose problems you will solve.



## INPUTS

Determine what you hope to learn. For example,

- Are you at the very early stages of an idea, where you are trying to find out if there is a willingness to pay?
- Are you looking to better understand your existing customers and existing solution?
- Are you trying to find new customers for existing solutions?



## OUTPUTS

You will create an initial understanding of your customer that you will validate with Quantitative Research, which is the next step.

**YOU must do your own research. Do not outsource this activity.**

# Qualitative Research

You must **start with qualitative research** to build a foundational set of assumptions that you can test with your quantitative research

## Start with qualitative research where you:

- Interview people in a conversation
- Observe people as they complete tasks
- Immerse yourself in the life of a potential customer by doing what they do
- Conduct user tests and watch them use a product

## Qualitative research is useful because:

- Even though it is time consuming, you can learn a lot about things you didn't know
- Open ended questions and answers allow you to effectively learn more about your customer, in their own language
- Customers may ask or answer questions you have not yet thought of
- You can acquire data to explore or validate in quantitative research



## Critical Questions to Understand about Customers

1. What is their daily life like?
2. How many children do they have?
3. What is their career and why are they on that path?
4. What are their day-to-day priorities?
5. What problems do they face?
6. Which problems are the highest priority for them?
7. How do they currently solve these problems?
8. What personal value would they attribute to gaining a solution to the problem?
9. Who do they make purchasing decisions with?

**This is just a sample** –you may need to find other answers to truly get to know the customer.

These might be additional questions or modifications of these questions, depending on your industry and who you have interviewed.



When talking to customers, you cannot make major assessments about a group of customers based on what one person says.  
**Instead, you must identify the patterns and themes that emerge from research across subjects**

# Data Saturation

Q: How much qualitative research should you do?

A: Keep speaking to customers until you reach '**data saturation**'

## Entrepreneur Ideal Primary Research Process with Customers



**Google demonstrates that asking five customers will uncover 85% of the problems**

# Learn from Existing Customers

If your existing customer has problems you don't know about, you will want to solve them.

One way to identify these problems is to ask questions using primary research tools.



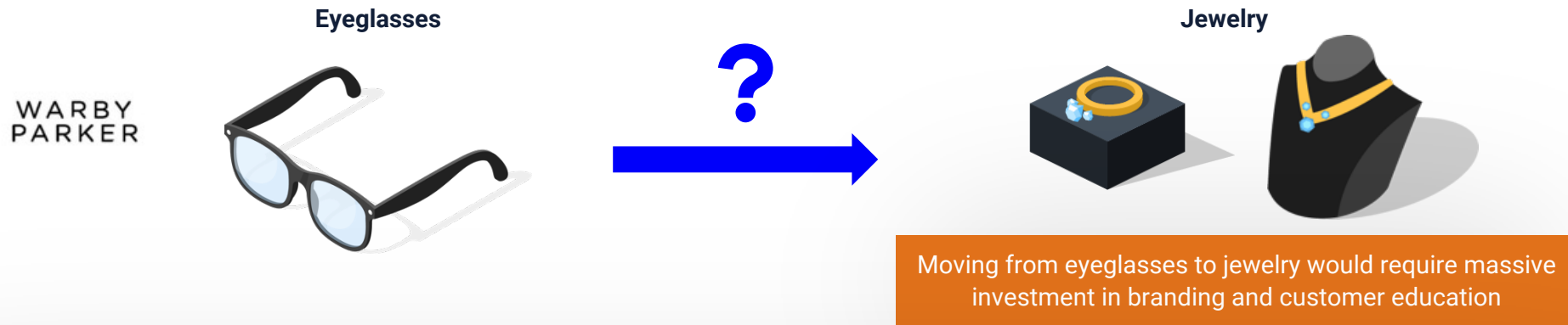
## Key Questions To Ask

- **What Net Promoter Score (NPS) do customers give you?**
  - What contributed to your NPS?
- **Who do your customers believe your competition to be?**
  - The customer's perspective of your competition may be more important than who you believe your competition to be.
- **What Net Promoter Score do customers give your competitor?**
  - Why do your customers rate your competition that way?
- **What does your brand mean to your customers?**
- **What permissions does your brand have?**
- **Why do your customers engage in your solution?**
- **Why do your customers use your solution over alternatives?**
- **What is your customers' greatest pain point?**
  - is there an opportunity for your solution to address that pain point?
- **What solutions that you offer do your customers not use and why?**

# Test “Brand Permission on existing brands

If a pre-existing company or entrepreneur plans to launch a new product, brand permission is a critical factor  
**Brand permission** defines the limits of customers’ willingness to accept a familiar brand name in new marketplace situations

## Example



## Example Brand Permission Survey Questions

01

Does the brand and this value proposition make sense to you?

02

If yes, what are the factors that make sense to you?

03

How do you think we could communicate this well?

04

And if no, why not?

Does your customer think your existing brand represents the new solution you are looking to offer?  
If not, what would need to change to convince your customer to try the new solution?

# Validate Your Hypothesis with Customers

**Examples of customer discovery**, where the hypothesis they were testing were two different things.

Hypothesis:

01

**Does my idea solve a problem you have?**

When Uber was first validating its idea (back with it was UberCab), Travis was in charge of the Supply side. He cold-called around ten existing black-cab drivers, and told them about his concept. 3 hung up, a few listed for a bit, and a 3 wanted to meet. The fact that 30% wanted to meet gave Travis the confidence that there was demand for his idea.

Hypothesis:

02

**Now that you've used my product, how can I improve it?**

When Slack first launched, they launched with around 10 companies. They “begged and cajoled our friends at other companies to try it out and give us feedback”.

Hypothesis:

03

**Could an upgraded service could increase business?**

When Airbnb was in its earliest stages (\$200/week in revenue), the three founders flew to NYC from California to “spend time with customers listing properties” and take photographs of their apartments, which would replace the ones that were on their listings prior. The customers wanted to get to know their customers better and test their hypothesis that better photos would lead to better conversion.

[https://youtu.be/u\\_Baur8sT\\_8](https://youtu.be/u_Baur8sT_8)

<https://firstround.com/review/From-0-to-1B-Slacks-Founder-Shares-Their-Epic-Launch-Strategy/>

# Test Your Assumptions with Customers

## Example Questions for Interview Candidates

1. Ask the customer to describe themselves.
2. How does the customer make decisions about which solutions they choose?
3. When the customer is considering solutions to their problem, who has credibility and who do they listen to?
4. Does someone currently solve this problem for the customer?
  - a) If so, who?
  - b) If not, what would it take for them to consider a solution?
5. If the customer is using existing solutions, what do competing brands mean to the customer?
6. Describe your solution and gauge their reaction. Ask them to describe your solution in their own words.
7. Does your solution solve a problem for the customer?
  - a) If yes, how?
  - b) If no, why not?



## Challenge Your Assumptions

List the riskiest assumptions for your idea or business.  
What open-ended questions can you ask customers to learn more about your risky assumptions?

### Document Your Assumptions:

- Assumption 1
- Assumption 2
- Assumption 3

### Turn Assumptions into Questions:

- Question 1
- Question 2
- Question 3

### Document the Customer's Responses:

- Response 1
- Response 2
- Response 3

# Activity 1 & 1.a: Worksheet

**Activity 1:** It is important take note of certain patterns in your customers' feedback now that you've identified your customers and are recording the conversation. The worksheet on the next page can be used to track patterns and themes that emerge from the conversations with potential customers.

## Activity 1: Risky Assumptions Worksheet

List the riskiest assumptions for your idea or business:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

## Activity 1a: Open-ended Questions Worksheet

What (open-ended) questions you can ask customers to learn more about one of your risky assumptions?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

The worksheets for the Customer Masterclass can be found [here](#)

# Literature Review – Talking to Humans

**Talking to Humans** challenges entrepreneurs to first lay out the riskiest hypothesis of the business, in order to “**get ahead of the risk hypothesis that may cause failure**”.

In *Talking to Humans*, Giff Constable suggests a three-pronged approach to identify customer risks

01

Walk in the customer shoes and buy the product they would buy (i.e. your competitor, the replacement, etc.)

02

Observe customers that are in the process of buying what you are selling

03

Talk directly to the people you want to be your customers

**There is no replacement for talking to your customers in person**

# Literature Review – Talking to Humans

**Talking to Humans** challenges entrepreneurs to first lay out the riskiest hypothesis of the business, in order to “**get ahead of the risk hypothesis that may cause failure**”.

**Prior to conducting primary market research, Constable recommends answering the following questions:**

## **Questions to Answer Prior to Conducting Primary Market Research:**

1. What do you want to learn?
  - a) Example: Is this customer discovery at very early stages of an idea, and you are trying to find out if there is a willingness to pay?
  - b) Is this product testing?
2. From whom do you want to learn?
3. How will you get to them?
4. How can you ensure an effective session?
5. How do you make sense of what you learn?

By considering these questions, your primary market research will be more effective than asking random people questions

Most innovators approach primary market research as a way to validate their ideas. As an innovator, it is important to leave your desk and computer, get into the market and walk among and talk to your customers. For long-term success, it is equally important to aim to validate your idea AND to hear the truth.

# Microsoft's CEO: "Take Customers, Listen to them"

***'Take customers - listen to them.  
Don't go just pitch to them, but get behind  
- whether you're an engineer, sort of  
looking at a log file or a salesperson –  
both sides can in fact go deeper on what  
the customers are really trying to say,  
what is behind their words.'***

- Satya Nadella,  
In a discussion on lessons  
learned from scaling Microsoft



**WATCH**  
**VIDEO**

# Approaching Customers

## When selecting customers to interview:

- Determine if the customer is experiencing the problem you hope to solve
  - Example of how to do this: Create a survey and ask simple questions, such as: “Do you experience <explain the problem you are trying to solve>?”
- Offer an incentive to potential participants to complete interviews
- Show candidates the brand and name of your service and your competitive services (e.g. traditional, emerging, new market entrants)
- Ask if they have used your competitor’s products or services before



## Selecting customers for qualitative interviews

| Customer Type                  | Approach   |
|--------------------------------|--|
| If you have existing customers | → Select customers who you have permission to contact and invite them to participate in a 30-minute interview      |
| If you do not have customers   | → Post an ad (Craigslist, Facebook, Twitter, LinkedIn) looking for people to participate in a 30-minute interview. |

# Interview Customers Without Bias

## To successfully interview customers:

- 01** Aim to learn
- 02** Ask open-ended questions
- 03** PREPARE - come to the meeting with questions
- 04** Re-ask (in different ways) questions which are not answered or avoided
- 05** Record and take notes

## How to Get the Most Value out of Customers

### Customer Approach

**Do not try to get customer to validate your hypothesis.**

- Leave your biases at the door. It is much more effective and will serve you better long-term to invalidate ideas rather than just validate ideas.
- This is also called **operating in the beginner's mind** - where you are OK hearing hard truths and are driven by knowledge more than just feeling good!
- If you go in with the “beginner’s mind” mindset and ask open-ended questions, you will likely reach the goal of being surprised by what your customer says.

In the very early stages of learning about the customer, it is imperative **that you personally are gathering customer data**

- Acquiring customer knowledge should not be outsourced
- Knowing your customer intimately can be one of your greatest assets
- Personally, working with customers allows you to ask questions, clarify feedback, and create intimate customer knowledge (i.e. key priorities)

# Activity 2: Research Tracker

## 1 FINDING PEOPLE TO TALK TO

- Start by making a list of 5 places where potential customers generally gather.
- Examples:
  - A specific aisle of the supermarket
  - Stores they frequent
  - Social Media groups

### List of Where Potential Customers Gather

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

## 2 RECORD NAMES AND DETAILS

- Once you have identified the places your potential customers gather, visit these places and get permission to quiz customers inside
- With permission, approach customers by letting them know the study you are conducting and the goal of your conversation
- Once they agree to be surveyed, ensure you write down their name and the notes you gather
- Ask open ended questions

### Research Tracker Template

| Name | Contact Info | Notes from Talk | Next Steps |
|------|--------------|-----------------|------------|
|      |              |                 |            |
|      |              |                 |            |
|      |              |                 |            |
|      |              |                 |            |
|      |              |                 |            |
|      |              |                 |            |

The worksheet for the Customer Masterclass can be found [here](#)

## Activity 2.A: Pattern Tracker

**Activity 2a:** It is important take note of certain patterns in your customers' feedback now that you've identified your customers and are recording the conversation. The worksheet on the next page can be used to track patterns and themes that emerge from the conversations with potential customers.

## Pattern Tracker Template

[illegible]

Patterns to look out for include general attitudes, problems faced and other considerations.

Patterns will vary so the most important consideration is to track whichever patterns you see and set them aside for discussion with your team.

It is important to not be deceived by patterns at the qualitative level of research as these patterns should only form the basis of your quantitative research.

To truly enhance your pattern recognition, you must also track demographics and psychographics to identify whether patterns or themes are related to those characteristics.

# Activity 3.A: Pattern Tracker

Pattern Tracker Template – Populated Example

| Interviewee Name | Interviewee Description       | Pattern 1   | Pattern 2      | Pattern 3      | Pattern 4      | Pattern 5 | Pattern 6      | Pattern 7             | Pattern 8             |
|------------------|-------------------------------|-------------|----------------|----------------|----------------|-----------|----------------|-----------------------|-----------------------|
| Name             | Demographics & Psychographics | Believes... | Cares about... | Problem with Y | Problem with Z | Values... | Problem with X | Uses ____ alternative | Uses ____ alternative |
| Fred Vaughn      | Age 44                        |             |                |                |                | ✓         |                | ✓                     |                       |
| Robin Pierce     |                               | ✓           | ✓              | ✓              |                |           |                |                       |                       |
| Kyle Newman      |                               |             |                | ✓              | ✓              |           |                |                       |                       |
| Kris Tyler       |                               |             | ✓              |                | ✓              |           | ✓              |                       |                       |
| Dave Rodgers     |                               |             |                |                | ✓              |           |                | ✓                     | ✓                     |
| Chris Henry      |                               |             |                |                | ✓              |           | ✓              | ✓                     |                       |
| Alex Webb        |                               |             | ✓              |                | ✓              |           | ✓              | ✓                     |                       |
| Isaac Ramsey     |                               | ✓           |                |                |                | ✓         | ✓              |                       | ✓                     |
| Casey Hawke      |                               |             |                | ✓              |                |           |                |                       |                       |
| Randy Ball       |                               |             |                |                |                | ✓         |                | ✓                     |                       |
| Mel Cabral       |                               |             |                |                | ✓              |           | ✓              | ✓                     |                       |
| Eve Sparx        |                               |             |                |                |                |           | ✓              | ✓                     |                       |
| Totals           |                               | 2           | 3              | 3              | 6              | 3         | 6              | 7                     | 2                     |

  Patterns deserving more focus

## Plan **CUSTOMER**

### Activity 3: Quantitative Research



# Quantitative Research Overview

01



Preliminary  
Research

02



Qualitative  
Research

03



Quantitative  
Research

04



Determine Beachhead  
Customer(s)

05



Build Customer  
Personas

06



Share what you  
learned



## PURPOSE

To validate what you learned in preliminary and qualitative research with statistically significant quantitative research.



## INPUTS

Preliminary research and qualitative research.



## OUTPUTS

Statistically significant data that proves or disproves key assumptions, demographics and psychographics about the customer.

Getting expert help is strongly recommended.

# Quantitative Research

Quantitative research methods, such as surveys, allow you to collect data on a statistically significant number of customers. A statically significant number of customers increases your chances of success and reduces risks.

## Overview of Survey / Quantitative Research Benefits

| SURVEY BENEFIT       | DESCRIPTION   |
|----------------------|---|
| Large amount of data | → You can get the most possible data with less time investment  |
| Ease                 | → It's far easier and requires less logistics/scheduling  |
| Resource Efficiency  | → You don't have to talk to customers (this is a common pitfall, which is why you should start by talking to customers) |

When thinking about customer segment, you should have in-depth understanding of the following characteristics about your ideal customer:

## Key Characteristics to Understand for Your Customer

### Characteristic Type

### Examples

### Demographics

- Age
- Gender
- Marital Status
- Income
- Education
- Employment

### Psychographics

- Ideals
- Personality
- Interests
- Opinions
- Values

Developing a deeper understanding of your customer and their problems is critical in helping you craft a value proposition for the solution you are presenting

Remember to validate and / or invalidate any key assumptions you are testing or assuming.

# Quantitative Research

It is **VERY** important to correctly perform this research.  
Therefore, unless you are an expert, I recommend hiring experts.

## Lower Cost Options

### 1. Find Experts in Talent Marketplaces

| Talent Marketplaces | Website   |
|---------------------|---|
| Fiverr              | <a href="https://fiverr.com/">https://fiverr.com/</a>               |
| UpWork              | <a href="https://upwork.com/">https://upwork.com/</a>               |
| Catalant            | <a href="https://catalant.com/">https://catalant.com/</a>           |
| PeoplePerHour       | <a href="https://peopleperhour.com/">https://peopleperhour.com/</a> |
| Craigslist          | <a href="https://craigslist.org">https://craigslist.org</a>         |
| LinkedIn            | <a href="https://linkedin.com">https://linkedin.com</a>             |

### 2. Use Survey Tools to Collect Answers

| Survey Tools  | Website   |
|---------------|---|
| Google Forms  | <a href="https://www.google.com/forms/about/">https://www.google.com/forms/about/</a>                     |
| Survey Monkey | <a href="https://www.surveymonkey.com/">https://www.surveymonkey.com/</a>                                 |
| Airtable      | <a href="https://www.airtable.com/">https://www.airtable.com/</a>   |
| Typeform      | <a href="https://www.typeform.com/">https://www.typeform.com/</a>   |
| Qualtrics     | <a href="https://www.qualtrics.com/lp/survey-platform/">https://www.qualtrics.com/lp/survey-platform/</a> |

## Higher Cost Options

### Hire a Market Research Firm

| Company Name | Website   |
|--------------|---|
| Ipsos        | <a href="https://www.ipsos.com/">https://www.ipsos.com/</a>     |
| Kantar       | <a href="https://www.kantar.com/">https://www.kantar.com/</a>   |
| GfK          | <a href="https://www.gfk.com/">https://www.gfk.com/</a>         |
| Nielsen      | <a href="https://www.nielsen.com/">https://www.nielsen.com/</a> |
| Gartner      | <a href="https://www.gartner.com/">https://www.gartner.com/</a> |

This is not an endorsement of any of these platforms but rather stands as an **example or available resources**.

## Plan **CUSTOMER**

### Activity 4: Determining The Beachhead Customer



# Determine Your Beachhead Customer Overview

01



Preliminary  
Research

02



Qualitative  
Research

03



Quantitative  
Research

04



**Determine Beachhead  
Customer(s)**

05



Build Customer  
Personas

06



Share what you  
learned



## PURPOSE

To isolate the specific customer whose problem you will solve. Defining the beachhead customer allows you to focus on the most passionate customer and on the biggest [solvable] need.



## INPUTS

The preliminary, qualitative and quantitative research.



## OUTPUTS

A decision on which customer will inform the persona you build.

# Identifying Your Beachhead Customer

**“You have two people, we know they’re the same age, we know they’re British citizens, and we know they’re of royal blood. One of them is Prince Charles. The other is Ozzy Osbourne, the Prince of Darkness. They’re in the same demographic segment, but I can’t imagine marketing to them the same way.”**

- Gretchen Gavett,  
What You Need to Know About Segmentation (HBR CHECK, 2014)

# Finding Your Beachhead Customer

## Entrepreneurs and Innovative Executives are Opportunistic

It is natural when starting off your business that you see lots of attractive opportunities in serving a variety of different customer segments, each which you may be able to help.

Your primary [initial] job is to find and target the one customer segment you can excel in serving

**BEWARE: Bias and multiple attractive options can lead to distractions.**

### Goals to Understand:

- Why targeting one segment is crucial
- How to identify this segment
- The importance of deep customer knowledge
- Addressing their unique needs and challenges



# Start Targeted, Scale with Data

Identifying a beachhead customer enables the entrepreneur to build a product/service for a segment of customers that have a burning problem.

With the right beachhead customer and solution pairing, you will be able to scale and expand your product, marketing and ultimately your business.

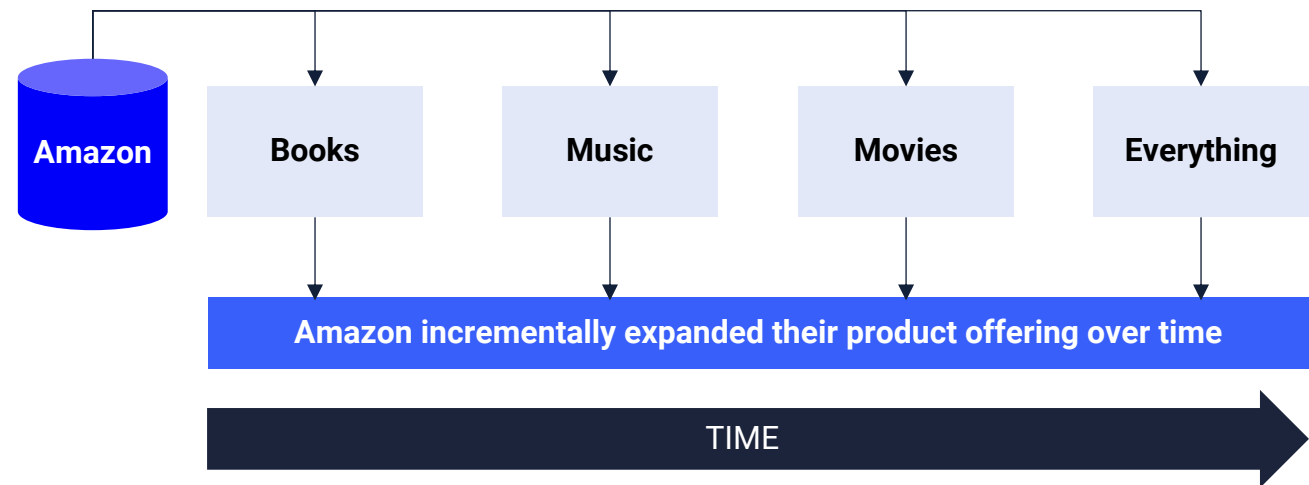
Example: **Amazon**



When you think of Amazon, you may think of electronics, clothing or even groceries... however, in the beginning they were laser-focused on physical books.

Once Amazon dominated that category for their beachhead customer, they were able to expand outward and offer additional products to more customers.

## This is how Amazon won



# Literature Review – Disciplined Entrepreneurship

*In **Disciplined Entrepreneurship**, Bill Aulet focuses on the need to select a beachhead customer*

The term “**beachhead**” comes from the military and defines a strategy whereby a smaller border area is occupied and completely won. Once that beachhead is a stronghold, the military occupies additional territory.

A beachhead market is defined as:

01

The customers within the market all buy similar products

02

The customers within the market have a similar sales cycle and expect products to provide value in similar ways

03

There is “word of mouth” between customers in the market, which means they can serve as compelling and high-value references for each other in making purchases.

# Choosing Your Customer

Once you understand the customer, you must choose your customer

## How to choose your customer:

1. Your customer has a problem you can solve.
2. Your customer is willing to pay for a solution to their problem.
3. Your customer can afford to pay for your solution to their problem.
4. Your customer is growing in numbers.
5. Your customer is willing to consider alternatives to their existing solutions.



## Factors in Determining Your Customer

| FACTOR                         | DETAILS  |
|--------------------------------|--|
| Buyer vs. End User             | <p>→ Does your customer have a different economic buyer than the end user?</p> <p><b>Example:</b> An educational startup will have an end user (the child) and a buyer (the parent)</p>  |
| Company Type / Impact on Buyer | <p>→ When selling B2B, it is important to know the type of company you are targeting and the people to whom you will be selling.</p> <p><b>Example:</b> While your end user may be in marketing, you may have to sell through finance, technology, operations and many of the management and executive layers. Therefore, these departments will all be part of your beachhead market.</p> |

## Plan **CUSTOMER**

### Activity 5: Building Customer Personas



# Build Customer Personas

01



Preliminary  
Research

02



Qualitative  
Research

03



Quantitative  
Research

04



Determine Beachhead  
Customer(s)

05



**Build Customer  
Personas**

06



Share what you  
learned



## PURPOSE

Align the team around a single customer persona that represents your beachhead customer



## INPUTS

The preliminary, qualitative and quantitative research as well as your chosen beachhead customer



## OUTPUTS

A persona is a customer profile that lists names, headshots, and all additional details about them that are common amongst their target group.

# Aligning Around a Persona

Once you have narrowed in on a group of like-minded target customers, you must figure out how to represent them accurately.

The simplest way is to choose the real target customer, the one who most embodies the characteristics of the group of customers you're seeking to serve and develop a persona.

**PERSONA** is a customer profile that lists name, headshot, and all additional details that are common amongst their target customer group



Headshot

Name

**Annie**  
*UX Researcher*

## Personal

- Female
- Age 34
- Bachelor Degree in Marketing
- \$90,000 Income
- \$210,000 Household Income
- 1 Child (Age 2)

## Professional Behaviors

- Maintains highly organized schedule
- Works as a one-person UX team within a larger company
- Wears all the hats within the UX department
- Prefers to spend time on analysis

## Needs/Goals

- Quickly recruit users
- Complete studies without the use of a lab
- Minimize resources needed to complete user testing
- Be able to store and review user tests
- Stay organized
- Stay on schedule
- Needs to be able to attend to all aspects of the job
- Needs to be able to watch user go through an entire journey

## Pain Points

- Company isn't willing to allocate significant resources to UX practices
- Company isn't on board with all UX practices
- Doesn't have resources for expensive equipment
- Doesn't have access to a lab
- Lots of tasks to manage within UX role
- Not a lot of time to allocate to user testing

Additional details common amongst target customer group

Companies with teams should involve representatives from each customer interfacing department.

# Aligning Around a Persona

## DEVELOPING A CUSTOMER PERSONA:

1. Provides a deep understanding of your customer, which significantly de-risks innovation investments
2. Empowers you and your team to understand and consequently empathize with the customer
3. Aligns your whole team with the customer
4. Provides a customer reference for you to base decision making on
5. Allows you and your team to synthesize (and not forget!) all your findings



## Reasons for Developing a Target Customer Persona

### Reason

### Details

#### Single Persona Development

- Aligns team around a single beachhead customer
- Without the correct persona, you risk wasting time and money on solutions and marketing

#### Core Understanding of Customer

- Ensures that you truly know who your customer is
- Helps have your bases covered about who your core customer is / is not

#### Team Alignment

- Critical to get everyone on the same page
- Entire team should know the customer persona
- Alignment ensures everyone's further actions support the customer

Every decision that is made and every feature that is built should tie back to the persona. Using the example from the previous slide, before a decision is made it must be asked: **"How will this solution help Annie?"**

# ACTIVITY 4: Build Out Your Persona

**Customer personas provide a nuanced lens through which to view your audience.**

Documenting your persona enables you to align strategies more effectively, foster meaningful connections with your customer, and drive efficient and sustainable business growth.

Next, you'll dive deeper into crafting your comprehensive customer persona.

|  |                           |  |
|--|---------------------------|--|
| Headshot of customer   | Name: Sarah<br>Title: CEO | <b>Customer Needs/ Goals:</b><br>Sarah needs advanced software tools that are easy for her team to adapt     |
| <b>Description:</b> Sarah is a CEO of a small tech firm, loves tech podcasts, and dreams of speaking at major industry events  |                           |  |
| <b>Demographics:</b><br><b>Age:</b> 35-45<br><b>Gender:</b> Female<br><b>Location:</b> Seattle<br><b>Education:</b> MBA<br><b>Income:</b> \$200,000+<br><b>Family life:</b> Married with two kids  |                           | <b>Motivations:</b><br>Driven by innovation<br>Seeks tools that will position her company as a tech leader   |
| <b>Journey through your Customer Cycle:</b><br><b>Awareness:</b> Reads industry-related blogs and attends webinars<br><b>Consideration:</b> Compares features, pricing, and reads reviews<br><b>Decisions:</b> Contacts vendors, requests quotes and seeks demos |                           | <b>Pain Points:</b><br>Struggles to find qualified staff<br>Difficult to keep up with rapid industry changes |
| <b>Decision-Making Process:</b><br>Leans heavily on data<br>Wants clear ROI and scalable solutions   |                           | <b>Objections</b><br>Potential costs<br>The implementation time of new software                              |

The worksheet for the Customer Masterclass can be found [here](#)

# ACTIVITY 4: Build Out Your Persona

1. **Name:** Start by naming your persona.
2. **Description:** Paint a story. Dive into their background, their interests, and what's on their bucket list.
3. **Demographics:** These are the hard facts, including age, gender, location, education, income, and family life.
4. **Customer Needs:** What are they searching for? What void does your product or service fill?
5. **Motivations:** What drives them? What do they aspire to?
6. **Pain Points:** Where do they stumble? What challenges are they facing that you can help alleviate?
7. **Journey Through Your Customer Cycle:** From the moment they hear about you to the time they swipe their card. Build out their method of awareness, consideration and decision-making process.
8. **Decision-Making Process:** What inspires them to make a purchase decision?
9. **Objections:** What reservations might they have about your product?

|   |                                       |   |
|---|---------------------------------------|---|
| Headshot of customer <b>1</b>   | Name: _____<br>Title: _____           | <b>Customer Needs/ Goals:</b><br>_____<br><b>4</b><br>_____               |
| Description: <b>2</b><br>_____<br>_____   |                                       |   |
| Demographics: <b>3</b><br>Age: _____<br>Gender: _____<br>Location: _____<br>Education: _____<br>Income: _____<br>Family life: _____ |                                       | <b>Motivations:</b> <b>5</b><br>_____<br>_____<br>_____<br>_____<br>_____ |
| Journey through your Customer Cycle: <b>7</b><br>Awareness: _____<br>Consideration: _____<br>Decisions: _____                       |                                       | <b>Pain Points:</b> <b>6</b><br>_____<br>_____<br>_____                   |
| Decision-Making Process: <b>8</b><br>_____<br>_____   | Objections <b>9</b><br>_____<br>_____ |   |

The worksheet for the Customer Masterclass can be found [here](#)

## Plan **CUSTOMER**

Activity 6: Share What You Learned



# Share What You Learned Overview

01



Preliminary  
Research

02



Qualitative  
Research

03



Quantitative  
Research

04



Determine Beachhead  
Customer(s)

05



Build Customer  
Personas

06



Share what you  
learned



## PURPOSE

Share what you learned with your team.



## INPUTS

The customer persona backed by the preliminary, qualitative and quantitative research, along with the beachhead customer determinants.



## OUTPUTS

Organizational understanding of the customer

# Share What You Learned

If you have a team, **share your customer's persona and all available data.**

## Customer Persona Usage

- Everyone at the company should **understand the customer persona**
- Decisions should be made with the **customer in mind**, based on the developed customer persona
- Continue to **refer to the person by name** - you are selling to this individual, not a nameless customer
- Cultural Examples:
  - *Amazon has an empty seat in every meeting for the customer*
  - *Slack would always base product development on customer feedback*



## Ensure your entire team knows who they're serving

### Help everyone work towards the same goal

- Sharing the developed persona is a simple way to bolster a common understanding of who is the target customer

### Minimize the opportunity for different team members to have different impressions regarding who is the customer

- If different team members think the customer is someone slightly different, they will create value propositions that don't match the intended customers' problems and solutions that don't deliver the right value propositions

Every decision that is made and every feature that is built should tie back to the customer.

# WRAP UP

Through this session, you have learned a lot about **how to think about your customer**

With this knowledge you're able to move on to devising value propositions for the target customer you're working for and developing solutions to help them.



Customers are the **lifeblood of your venture**



A **focused approach** is vital, as showcased by the pencil example



Prioritize **in-depth customer research** to pinpoint your primary segment



Align your team around this specific **customer's needs**



Utilize insights to craft **compelling value propositions and solutions**

If you did not complete the activities and worksheets throughout this masterclass, you are encouraged to do so now.

With this knowledge you're able to move on to devising value propositions for the target customer you're working for and developing solutions to help them.

# Congratulations on Completing the Masterclass!

Your path to innovation doesn't stop here – it's just getting started.

Click below to continue learning with free world-class innovation masterclasses.

01

## Mindset



Develop the mindsets that drive business innovation and growth.

- [Growth Mindset](#)
- [Resilience](#)
- [Continuous Learning](#)
- [Data-Driven Decisions](#)
- [Customer Obsession](#)

02

## Plan



Grow your business by designing solutions that customers need.

- [Customer Analysis](#)
- [Competition Analysis](#)
- [Market Analysis](#)
- [Solution Analysis](#)

You Are Here

03

## Tools



Boost growth using proven tools from top companies.

- [Key Performance Indicators](#)
- [Weekly Business Reviews](#)
- [Product Management](#)
- [Startup Accelerator](#)
- [Business Incubator](#)
- [Mergers and Acquisitions](#)
- [Research and Development](#)

04

## Team



Build talented teams that act with urgency to drive growth.

- [Talent Acquisition](#)
- [Corporate Culture](#)
- [Team Experience](#)
- [Mentorship](#)
- [Communities of Practice](#)

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# West's Closing Note to Innovators

For those driven by a passion to make an impact, solve large problems, and reap significant rewards, successfully innovating stands as one of the most exhilarating and fulfilling pursuits. That said, **just a friendly reminder:**

**Knowledge is Power.** To empower you, I am sharing the knowledge I have gained from 27+ years of hands-on experience. Please do not stop learning here.

- **Empower yourself with the right knowledge.** Do not rely solely on my experience and knowledge. To determine what is right for you, your team, your business, investors, and customers, do your own research. To help, I have curated thousands of links in Business Evolution's [Masterclasses](#). Use this as the foundation for your further research.
- **Seek multiple experienced perspectives.** Follow relevant experts who share their insights on YouTube, LinkedIn, X, StackOverflow, Reddit, GitHub, or wherever they share their insights. The more you know, the more likely you are to make the right decision.
- **Stuck? Get help.** Others have solved your problem before. They may have even written about it. You may be able to hire them. Or use a generative AI to brainstorm (I'll show you how). In my experience, the joy of the journey is finding answers, learning and growing.

**Innovation takes commitment** and requires real time, money, and effort.

**INNOVATION IS HIGH RISK**

- **Innovation involves real risks.** If you fail, you risk your professional reputation, your credibility, your mental health, and your personal wealth.
- **Everyone fails at some point on their journey.** But remember, every great success story 🎉 has its chapters of challenges overcome.
- **To reduce the risk of failure, hire experts and use data-driven decision making, customer-obsession, long-term planning, and continuous improvement.**
- **When you fail, learn quickly from the lessons, ensure you don't repeat the mistakes, and forge ahead only if you assess it is safe to do so.**

**Time is our only non-renewable resource.** Use yours wisely.

- **Please take time for yourself – especially your health and loved ones.** It's easy to get lost in innovation's allure and lose track of what truly matters.

"Best Wishes Innovating! I hope the Business Evolution Masterclasses help you on your journey." – West Stringfellow

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