

Customer Development

Presented by

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Objectives

- **What is Customer development?**
- **Why** Customer Development?
- **When** to do Customer Development?
- The Customer Development Process (**The How**)?
- How to **leverage insights from Customer Development?**



INTRODUCTION



Food for thought?

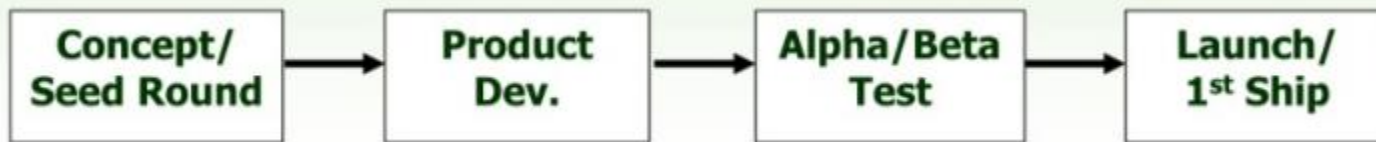
Startups don't fail because they lack a product. They fail because they lack customers and a profitable business model.

Steve Blank



Introduction: Customer Development > Product Dev.

- The Product Development model



- Build and they will come?

- Answer: NO. PRIORITIZE CUSTOMER DEVELOPMENT

According Steve Blank, founder of the “lean startup” movement:

More than 90% of the startups in Silicon Valley fail not because they don't have sound technology but because they don't have enough interested customers.

- Why most **startups fail**: **lack of customers** not products

- **Focus** on **customers** and **markets** **from day one**



Introduction

- **Definition:** **Customer Development** is a framework for **validating and iterating** your **business model** by engaging with **real customers**.
- understanding and solving the **customer's problem** is essential for success.
- **Practical Tip:** Many startups fail because they build products nobody wants. Engaging with customers early on prevents this.



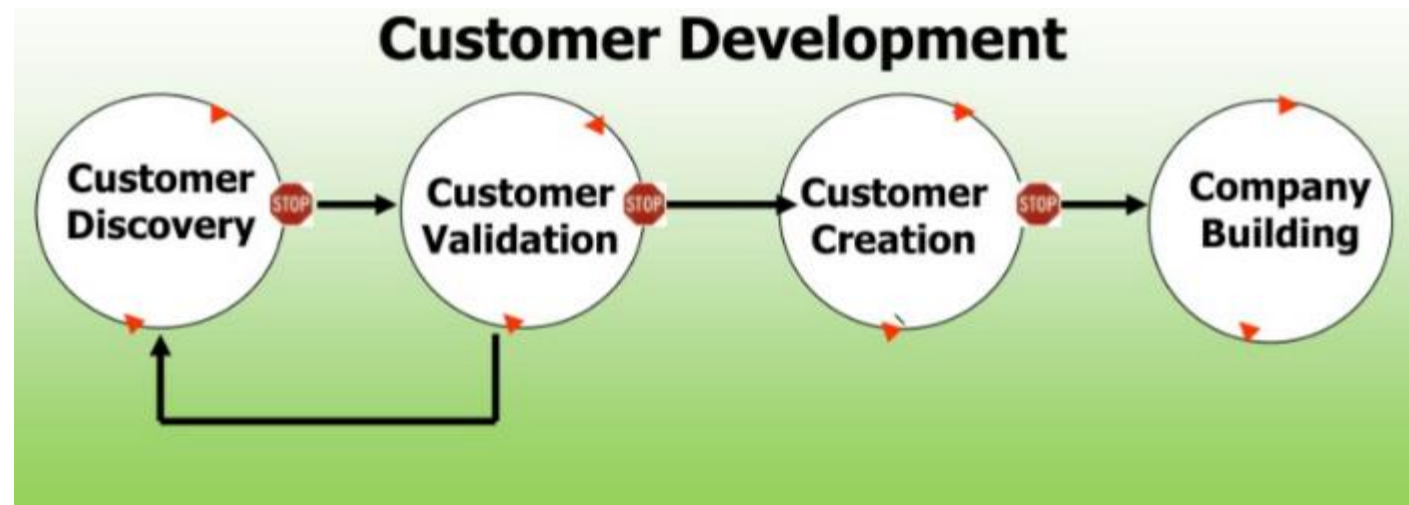
Customer Development Process



Customer Development Process

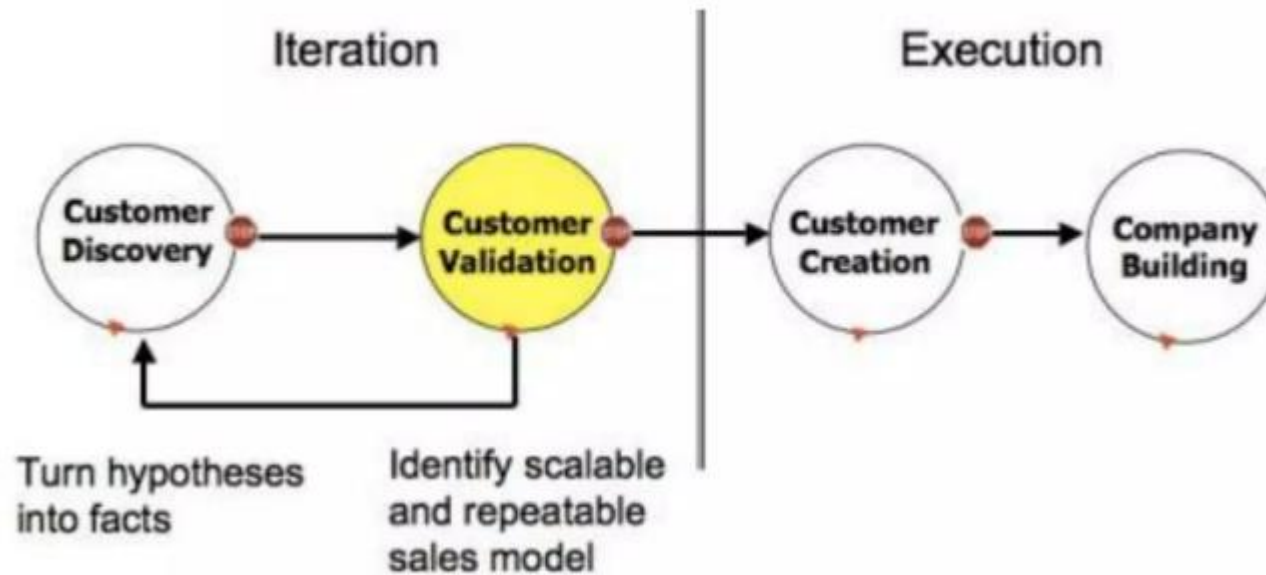


- 04 key steps for customer development



Customer Development Process

- 04 key steps for customer development



Step 1: Customer discovery



- **Goal:**
 - Understand **who your customers are** and **what problems** they need solved.
 - Validate your assumptions about the **problem** and the **customer**.
 - Check if there is a **real market for your solution**
 - **Refine** your **business idea**

Key Actions:

- **Discovery/Learning:** Conduct interviews with potential customers, research, and experiments (focus on problems, not solutions).
- **Testing your hypothesis** with qualitative & quantitative data.
- **Pivot if the problem doesn't resonate.**

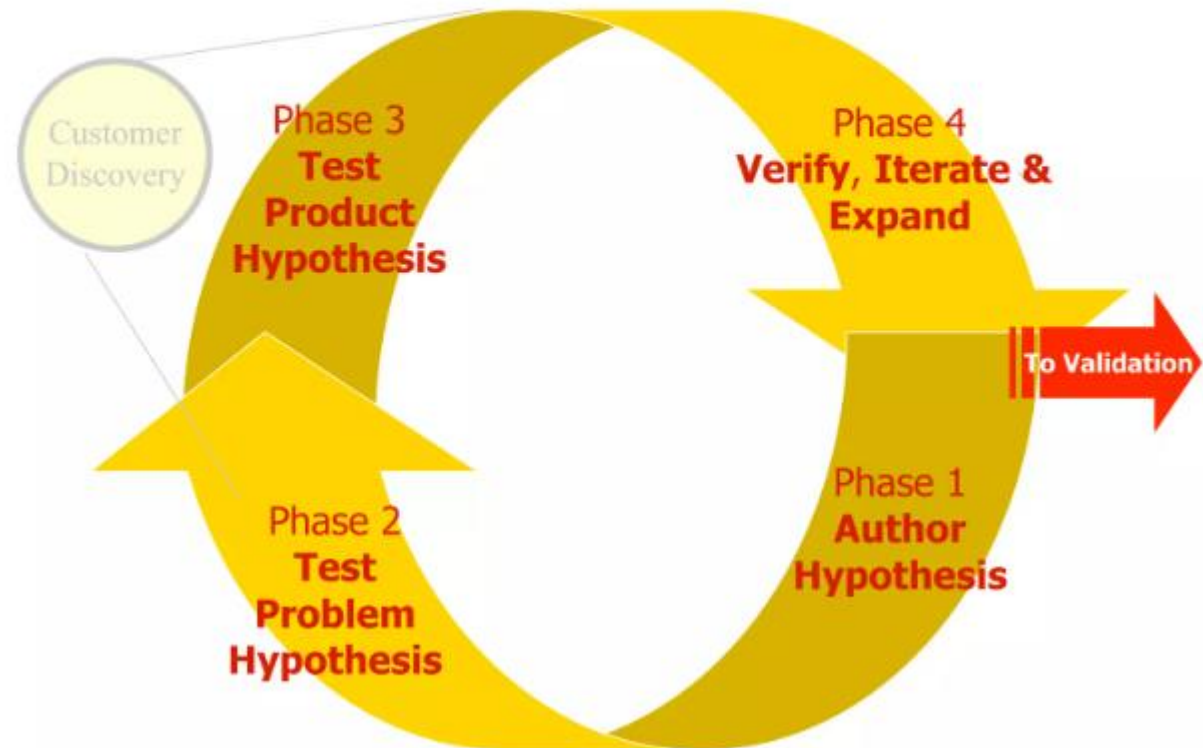


Step 1: Customer Discovery

Discovery = Hypothesis Testing

- *What* are Hypothesis?
- *Where* do Hypothesis come from?
- *Why* test them?
- *How* do you test them?

Customer Discovery



Step 1: Customer Discovery

• Pitfalls to Avoid

1. Building before validating
2. Talking to the wrong people
3. Confirmation bias and relying too much on assumptions.
4. Not conducting enough interviews



Step 2: Customer Validation



- **Goal:**
 - Prove you have a **product-market fit**
 - By Confirming that customers are **willing to pay** for your solution.

Key Actions:

- Build a Minimum Viable Product (MVP) and measure user interest (e.g., sign-ups, pre-sales).
- Get early customers or beta testers & refine your product based on their feedback
- Track metrics (conversion rates, feedback, and user behavior).
- Iterate based on customer responses to your MVP.

Practical Tip: Offer discounts, early access, or beta tests to validate willingness to pay.



Step 2: Customer Validation

- **Pitfalls to Avoid**

1. **Assuming product-market fit too soon**
2. **Ignoring negative feedback**
3. **Skipping the MVP stage**



Step 3: Customer Creation



Goal:

Generate demand

Build **repeatable sales** (Scalable Marketing & Sales Strategy)

Key Actions:

- Develop a scalable marketing strategy based on customer data (online ads, email marketing, etc.).
- Focus on creating a go-to-market plan tailored to your validated customer segment.
- - Transition from early adopters to mainstream market
- Focus on **acquiring more customers** and **expanding your customer base**

Practical Tip: Utilize social proof (testimonials, case studies) to acquire and retain customers.



Step 3: Customer Creation

- **Pitfalls to Avoid**

1. **Premature Scaling**
2. **Neglecting customer acquisition cost (CAC)**
3. **Poor targeting**
4. **Not focusing on customer retention**



Step4 : Company Building



Goal: Transition from a startup to a **scalable, repeatable business.**

Key Actions:

- Build an operational foundation (hiring, processes, systems).
- Shift focus from discovery and validation to growth and scaling.
- Invest in customer retention and satisfaction.

Practical Tip: As you scale, make sure customer feedback loops remain intact to refine your product continuously.



Step4 : Company Building

- **Pitfalls to Avoid**

1. **Failing to create processes**
2. **Weak leadership and culture**
3. **Lack of financial discipline**



JOBS TO BE DONE

For an Excellent Customer Development



Jobs to be done a practical framework for founders

- **Key Concept:**

- JTBD is a framework that helps you understand why customers 'hire' your product or service to solve a problem or fulfill a need.
- It focuses on the **outcomes** customers want, rather than the features of the product.

- **Why it's Very Important:**

- **Core Insight:** Customers don't buy products; they buy solutions to their problems.
- **Relevance to Founders:** Helps you design your product or service around real customer needs, increasing your chances of product-market fit.

- **Example:**

- When people buy a drill, they **don't want the drill**—they **want a hole in the wall**. Focus on the "hole" rather than the drill.



JTBD and Customer Development

- **Connection to Customer Development:**

- JTBD complements Customer Development by deepening the understanding of the customer's problem and desired outcome.

- It enables founders to uncover the real motivations behind customer behaviors in the **Customer Discovery** and **Validation** phases.

- **Key Insight:**

- JTBD focuses on **why** customers use your product, while Customer Development focuses on **how** to develop the product based on their needs.



Jobs to be done categories

- **Functional Jobs:** What practical task the customer wants to complete (e.g., booking a flight).
- **Emotional Jobs:** The feelings a customer wants to experience (e.g., feeling secure when purchasing insurance).
 - **Personal Jobs:** Aspirational goals (e.g., becoming more productive using an app).
 - **Social Jobs:** How the customer wants to be perceived by others (e.g., driving a luxury car for status).

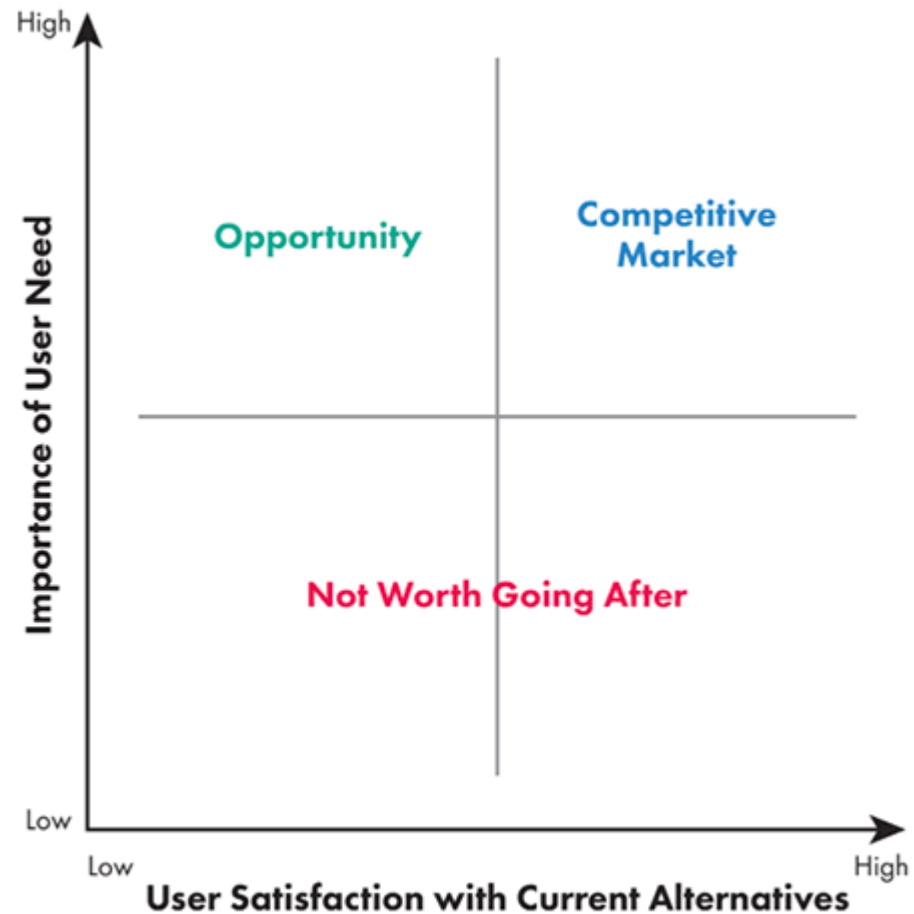
Example:

- Uber satisfies the functional job of getting from point A to B, the emotional job of feeling in control (predictable pricing), and the social job of convenience and status.



Opportunity plot

- **Opportunity Plot:** A visual tool to prioritize jobs based on the level of importance to the customer and the current satisfaction with existing solutions.
- **How to Use:**
 - Plot different jobs on a grid, with **importance** on one axis and **satisfaction** on the other.
 - Prioritize jobs that are **important** but have **low satisfaction**—these represent significant opportunities.



Source:

<https://www.uxmatters.com/mt/archives/2020/05/book-excerpt-the-jobs-to-be-done-playbook.php>



Conclusion – The Path to a Scalable Business

- Customer development is a **continuous process**.
- It is **a journey** rather than a one-time activity.
- Emphasis is on **learning** and **discovery** before execution
- Focus more on reality, facts, rather than assumptions, hypothesis not tested
- **Be ready to pivot. Every time**
- Stay **customer-centric** throughout each phase—ensure you're solving **real problems**, not just building cool products. Rely on **facts** and **data**.

Final Thought:

“Always listen to your customers; they will guide you to product-market fit.”



Appendix





Customer Discovery

State your Hypotheses

Product
Customer & Problem
Distribution & Pricing
Demand Creation
Market Type
Competitive

Test "Problem" Hypothesis

Friendly First Contacts
"Problem" Presentation
Customer Understanding
Market Knowledge

Test "Product" Hypothesis

First Reality Check
"Product" Presentation
More Customer Visits
Second Reality Check
1st Advisory Board

Verify

Verify the Problem
Verify the Product
Verify the Business Model
Iterate or Exit



Customer Validation

Get Ready to Sell

Articulate a Value Proposition
Prelim. Sales & Collateral Material
Prelim Sales Roadmap
Hire a "Sales Closer"
Align Execs

Sell to "EarlyVangelists"

Contact EarlyVangelists
Sell to EarlyVangelists
Refine Sales Roadmap
Sell to Channel Partners
Refine Channel Roadmap

Develop Positioning

Product Positioning
Company Positioning
Present to Analysts & Influencers

Verify

Verify the Product
Verify the Sales Roadmap
Verify the Channel Roadmap
Verify the Business Model
Iterate or Exit



Customer Creation

Get Ready

Market Type Questionnaire
Choose Market Type
Existing/Re-segmented/New
Choose 1st Year Objectives

Position

Select PR Agency
Positioning Audits
Match Positioning to Market Type

Launch

Select Launch Type
Select Customer Audiences
Select the Messengers
Craft the Messages
Understand Message Context
Understand the Media
Measure success

Create Demand

Select Demand Creation Strategy
Agree on Measurements
Iterate or Exit



Company Building

Mainstream Customers

EarlyVangelists to Mainstream
Manage Sales by Market Type

Management/Culture

Review Management
Develop Mission Centric Culture

Management/Culture

Review Management
Develop Mission Centric Culture

Functional Departments

Set Dept. Mission Statement
Set Dept. Roles by Market Type

Fast Response Dept's

Implement Mission-centric Mgmt
Create an "Information Culture"
Build a "Leadership Culture"

