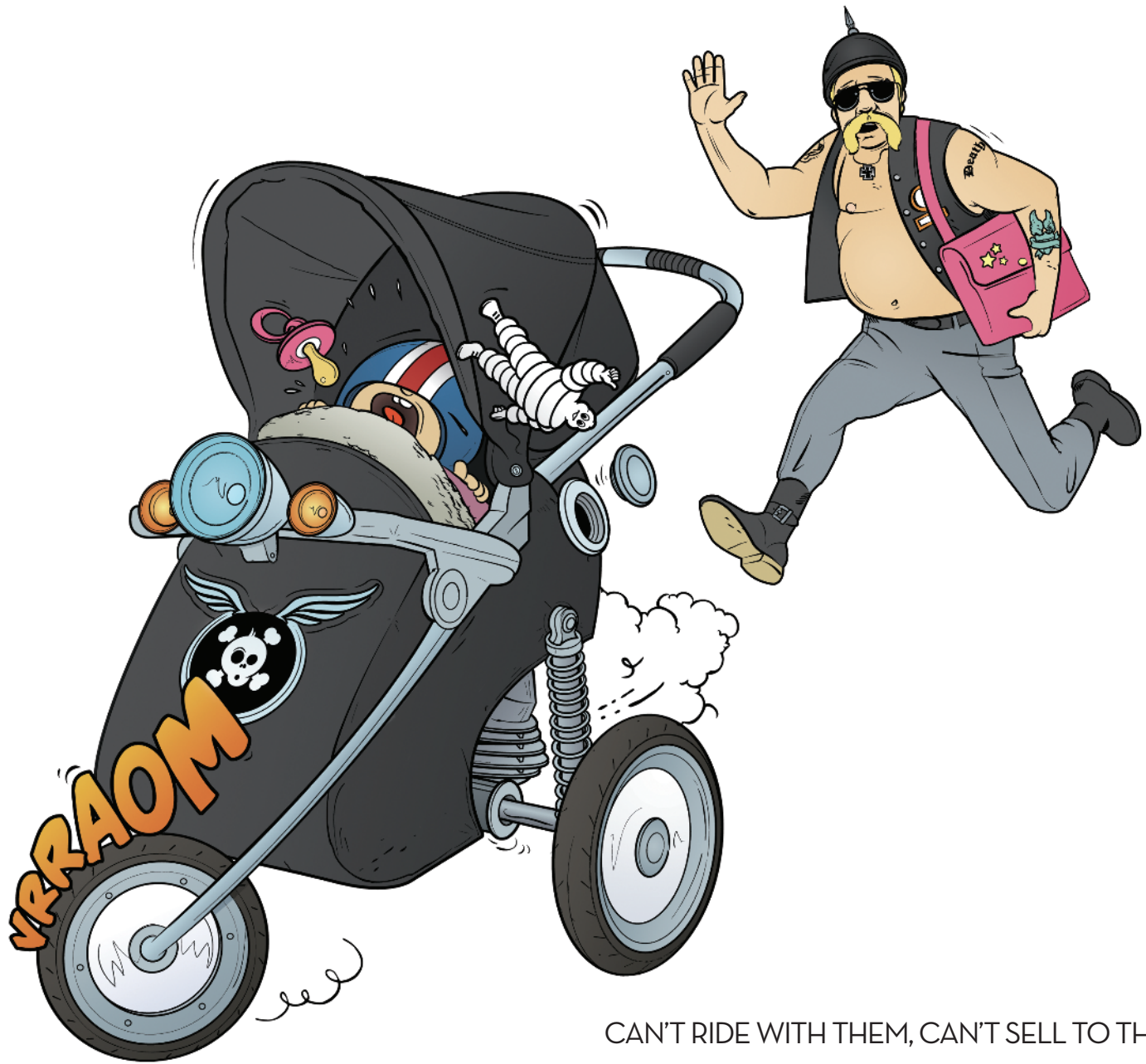


# CUSTOMERS

TO CREATE A NEW MARKET OR DISRUPT AN  
EXISTING ONE, YOU NEED CUSTOMERS.

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CAN'T RIDE WITH THEM, CAN'T SELL TO THEM.



## CUSTOMERS

LET'S BE CLEAR: EVERY COMPANY NEEDS CUSTOMERS; YOU WON'T SUCCEED WITHOUT THEM. BUT IF YOU'RE GOING TO WIN THEM OVER, YOU HAVE TO UNDERSTAND WHAT THEY WANT. WHAT IS THEIR UNDERLYING "PAIN"? WHAT PROBLEM OR NEED DO THEY HAVE THAT YOUR COMPANY MIGHT BE ABLE TO SOLVE OR FULFILL? YOU MUST HAVE A PASSION FOR FINDING THE "CURE" THAT WILL EASE THEIR PAIN, AND YOU HAVE TO BE WILLING TO LOOK BEYOND EXISTING OPTIONS TO COME UP WITH THE BEST POSSIBLE SOLUTION.

### ARE YOU SOLVING A PROBLEM?

What is your company's "reason for being"? To build a company, you need to solve a problem. The problem doesn't have to be the greatest of challenges, but your company must exist for the clear and simple reason that a group of people out there wants to have the problem solved—and you can solve it. Many times an idea sounds great when discussed in a conference room or presented in a business plan, but in the end it doesn't go anywhere because the product doesn't kill a pain that someone has.

The pain is a problem or issue that bothers the customer. Pain can be expressed as, "I spend too much time doing this," or "I pay too much for that," or "This is too complicated," or even just "This isn't fun!" Your cure, therefore, is what you offer to relieve that pain—how you reduce the time, the cost, the difficulty, or the tedium.

Sometimes the customer and the end user feel different aspects of the pain. (Note that they are not necessarily the same individual. The customer is the person who pays for the product. The end user is the person who actually uses the product.) It is important, therefore, to make sure you have identified them correctly.

### HOW WILL YOU KNOW WHAT WORKS FOR YOU AND YOUR COMPANY?

To discover your potential customers' pain, and to find out whether your idea for a new product is a good one, you'll have to step out of your comfort zone—the office. That's right; you will have to walk out of your building and start interacting with your future customers. But how will you know which people to interact with? You won't find them through awkward first points of contact via whatever data



you scrounged up on the Internet. And e-mail blasts of open-ended surveys are simply a waste of your precious time. You could, of course, try the direct approach—simply asking a person what he needs. If you are very lucky, he will tell you. More often, however, your potential customers will have only a vague notion that something isn't right, and they won't be able to articulate what would make them happy. Henry Ford once said, "If I had asked people what they wanted, they would have answered faster horses."

## **INTERACT WITH YOUR CUSTOMERS!**

The best way to identify your potential customers and discover their pain is to observe, participate, and interact with them. Learn how to take notes and draw conclusions. You might be able to deduce that people could be doing something smarter, faster, easier, cheaper, or with more fun. Try it! Go sit on a park bench and just watch potential customers pass by: What are they doing and paying attention to? What gadgets, tools, and equipment are they carrying around? Are they acting alone or in groups? These field trips will reveal important information about your potential customers and their pain. As a Harley-Davidson salesperson once observed, "If you can't ride with them, you can't sell to them."



## CUSTOMERS

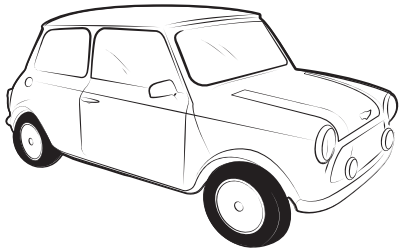
So learn how to ride! Make a prototype, and get out there and sell it! Then get ready to create revised versions; the more feedback you get on different iterations, the faster you'll figure out whether or not there's a pain that your product can cure. Talking to your potential customers and selling them a prototype is far more efficient than spending endless hours in meetings, drawing on a whiteboard and discussing how great your product is going to be. What's more, you will learn a lot about why customers would even consider buying your product—it might not be for the same reason you're selling it! They will give you ideas for improvements, and you will find out quickly what they like and dislike about it. Launch that first version fast!

Apple's design team is still doing it, the designers of Volvo are still doing it, and the founder of IKEA gets a kick out of doing it—interacting with customers, that is. But it is increasingly difficult to persuade potential customers (and end users) to invest time in considering a new product. To start, just getting their attention can be tough. And even once you have that, you'll find that most people already have full schedules; they may not be interested in making a change, moving away from their routine, and doing what you'd prefer them to do instead. There are only 1,440 minutes in a day, and they are already packed with work, travel, meals,

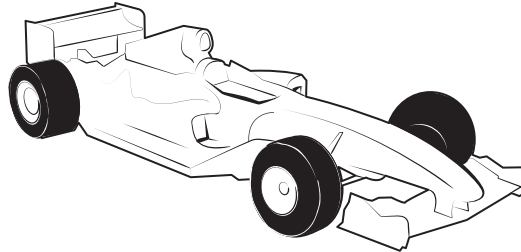
exercise, conversations, household chores, entertainment—maybe even a little sleep. Somehow you'll have to convince potential customers that what they've got now isn't good enough, and that it's worth a little time to consider—and with luck, commit to—the amazing alternative that you're offering. Still, while changing your customers' behavior is tough, it can be done. Companies that take on this challenge are usually known as “high risk, high potential.”

You don't necessarily have to go that route, however. There are two alternatives to changing customers' behavior. First, try switching up the product. If your customer is already driving a car, why not offer her a different one? Your customer's behavior doesn't change (she is still driving a car), but her product choice does—to yours!

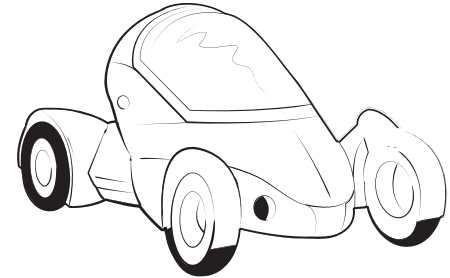
The second option is to offer a product that gives the customer more than she expects. The first cell phones, for example, allowed people to be available and connected 24/7—an amazing breakthrough in communication. But then came smartphones. Now people can not only talk on their phones, but they can also use them for checking e-mail, listening to music, and playing games, no matter where they are or what else they're doing at the time. Now that's added value!



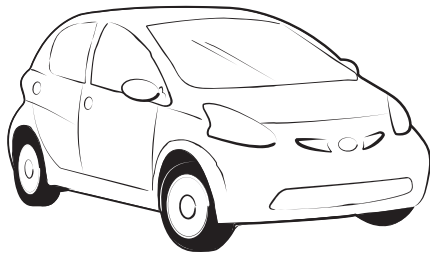
**HOW THE CUSTOMER DESCRIBED IT**



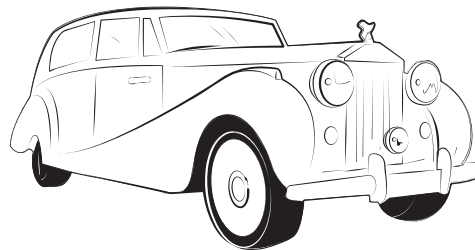
**HOW THE SALESMAN SOLD IT**



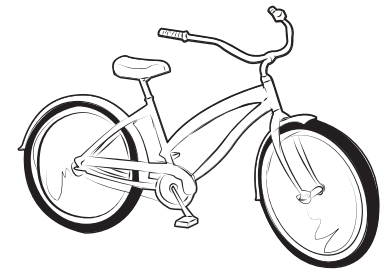
**HOW THE PROJECT LEADER UNDERSTOOD IT**



**HOW THE FACTORY BUILT IT**



**HOW THE CUSTOMER WAS BILLED**



**WHAT THE CUSTOMER REALLY NEEDED**

**Note!** *Don't build a car when a bicycle is what your customer really needs.*

# WHO ARE YOUR CUSTOMERS?

DO THEY SHARE THE SAME PAIN? ADD SHORT DESCRIPTIONS OF THEM IN THE FRAMES BELOW.

**My customers are:**  
*Inspiration: "Surfers."*

**Note!** How many customer groups do you really have?  
How do they differ?

### Segment your customers:

*Inspiration: Surfers could be divided into smaller segments, such as "Longboarders."*

*Inspiration: "Hippies."*

*Inspiration: "Locals."*

*Inspiration: "Executives."*

*Inspiration: "Surf Pros."*

*Inspiration: "Kids."*





## CUSTOMERS

### FROM PAIN TO PRODUCT

OK! Now you have a fairly good idea of who your customers are and how their pain can be eased by your product. The next challenge is to communicate that information to your team and create a fully-fledged, marketable solution to your customers' pain.

### HERE'S HOW IT USUALLY GOES

You're pretty sure you know what the customer needs; she talks about it and shows you what she wants. She might even have her own ideas about what to do. You and your team listen—and listen well—to translate what you've heard into product specifications. Your team's experience and expertise will influence the layout of the internal project that you design.

The customer's pain has now become a project description. You pass it along to the engineering team, who translates the outline into a road map with milestones and deliverables (engineers are great at this!).

If your team really understands your customers' pain, and your engineers have successfully developed the solution for it, then you finally have a product! And once you have refined the prototype through more interaction with your

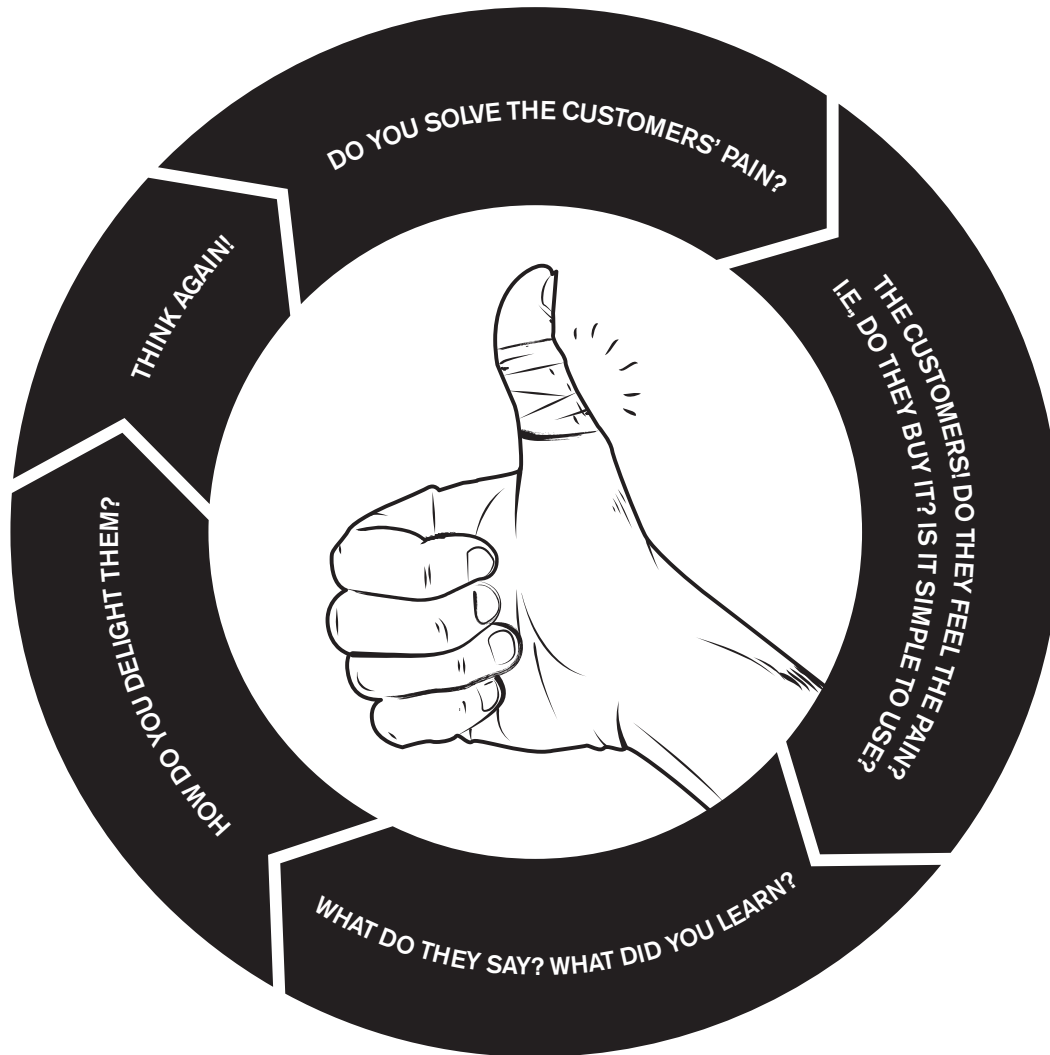
customers, then you have a product that is ready to launch. Out to the market it goes—usually with a big release party. (The more media coverage, the better!) The sales force then starts looking for leads, while the operations group implements a system for billing, perhaps with an installation fee and a monthly subscription to secure recurrent revenue. And support? Maybe you still need to determine how that will be handled and by whom, and whether to include it in the customer acquisition costs. Still, revenue is pretty good. And the buzz isn't bad, either! Nevertheless, the question lingers: Is it really what the customers want? If they come back for more, then the answer is yes!

### OH, THE PAIN!

Do your customers feel pain? What do they say? What have you learned from them? Do you offer a solution for your customers' pain? Do they buy your solution? Is it simple to use? Do you delight your customers? Are you sure? Think again!



# WHAT PAIN DO YOU SOLVE?



# YOUR CUSTOMERS' PAIN

WHAT PARTICULAR "PAIN" DOES YOUR PRODUCT OR SERVICE GET RID OF?

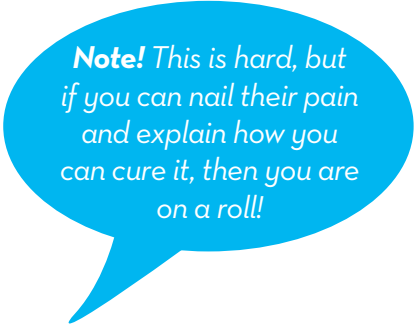
Explain the pain your customers have:

*Inspiration: "It's difficult to see in the dark."*



**Explain how you cure the pain:**

*Inspiration: "Lightbulb."*



**Note!** This is hard, but if you can nail their pain and explain how you can cure it, then you are on a roll!

**You are right about your customers' pain because:**

*Inspiration: "I have interviewed, watched, observed, participated, experienced, talked, sold a beta product, etc."*

**Would you be able to sell your product on preorders only? Explain why:**

*Inspiration: "Volkswagen made a prototype of a new Beetle. Strong public reactions and many preorders convinced the company to start manufacturing the car."*



## CUSTOMERS

### CROSSING THE CHASM

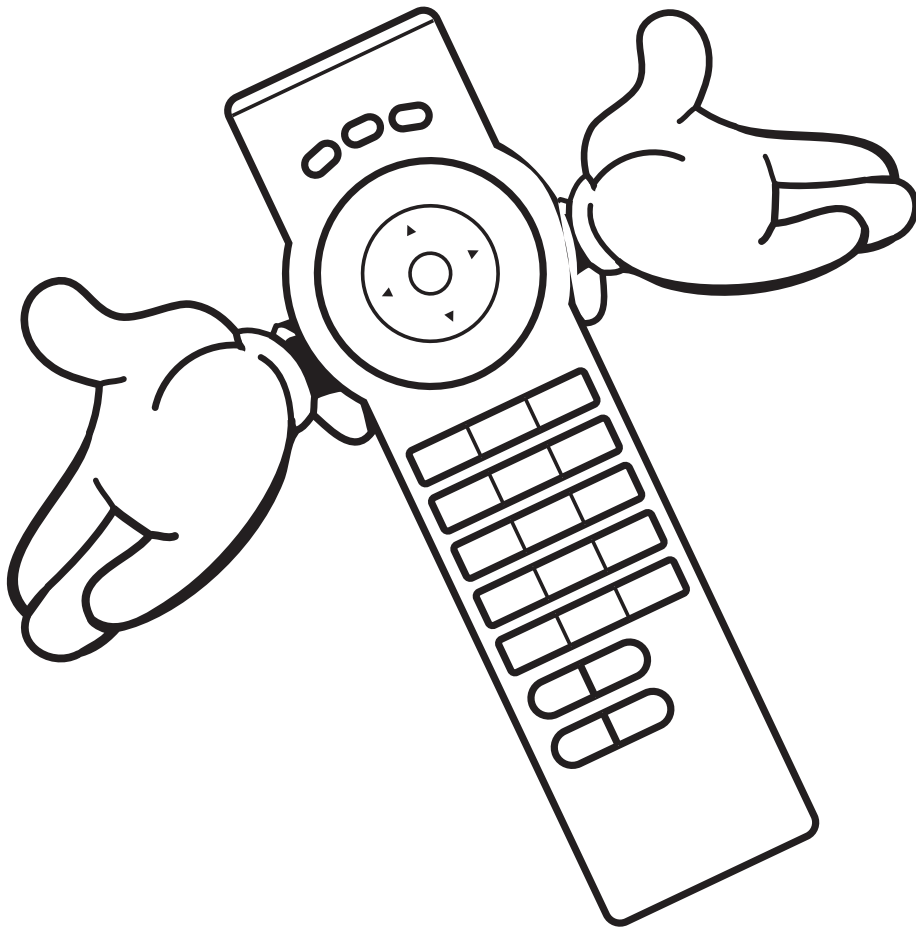
You've acquired your first customers—well done! Now what? How do you “cross the chasm,” that is, how do you reach beyond your tiny group and move into the huge mass markets? Geoffrey A. Moore developed one of the most influential models for high-potential companies: the Technology Adoption Life Cycle. In his book *Crossing the Chasm*, he explains why most companies never end up capturing mass markets. In a nutshell, it is because they don't realize that different customer groups have different pains. As a result, they fail to turn their “technology” (which is what most high-risk, high-potential companies sell in the early days) into a product that can adapt to the changing demands of different markets. Most companies face some serious challenges when they make the leap to cross the chasm, and even in businesses that do so successfully, no one's really sure just how they did it. But pay attention, because one thing is certain – your company will change!

### THE SHIFT

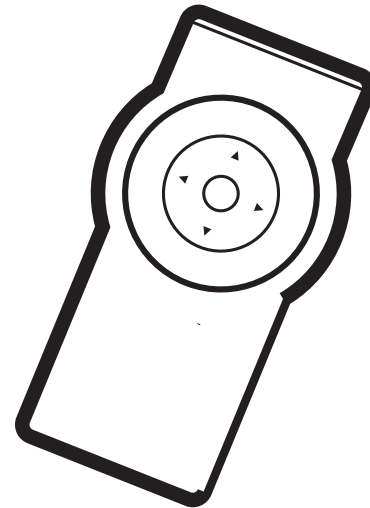
Let's reimagine how a company crossed the chasm many years ago with a product that was intended to save people from the onerous task of getting up off the couch to change the TV channel. You are the head of that company, and you have a terrific, enthusiastic team of engineers.

You assign them the task of developing the product, and they do a great job. The first prototype of your product—the remote control—has eight buttons. The next has 10, and the one after that has 14. You decide it's time to create a design with 20 buttons, but lucky you: the engineers' budget runs out while they're working on the design, and you have to put an end to development. Pre-chasm: Your first customers are thrilled with the new remote because they don't have to budge from the couch anymore, and they love all the fun buttons—even though they might only use three or four of them. Your partners, employees, and potential investors also love it, because they adore new technology!

As the novelty wears off, customers seem to forget why they liked your product in the first place. All they now see is an ugly device with too many buttons to figure out. They toss your creation aside and go back to switching channels the old way. What does this mean? You have crossed the chasm! Your new customers have other demands. You will need to adjust to your evolving customer base and changing market conditions (you might even need to create a Sales and Marketing department!) and find new partners. And you will definitely be rethinking your solution to your customers' pain. Maybe you should check again: Exactly how many buttons do your customers really need?



HOW THE EARLY CUSTOMER DESCRIBED IT



WHAT THE MAJORITY OF CUSTOMERS REALLY WANTED

# CROSS THE CHASM

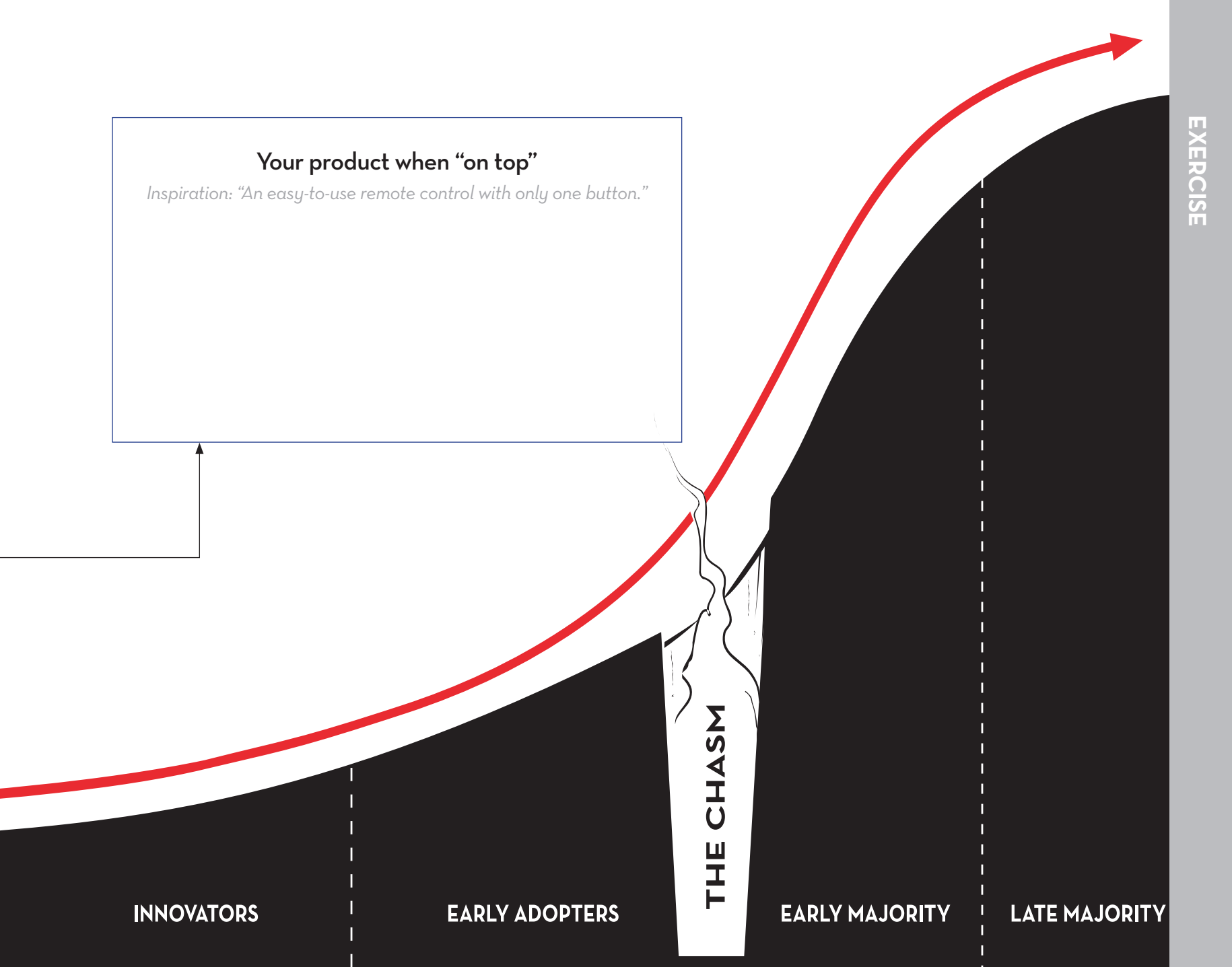
THIS IS YOUR CHALLENGE: TAKING YOUR PRODUCT FROM TARGETING INNOVATORS AND EARLY ADOPTERS TO CROSSING THE CHASM AND TARGETING A MASS MARKET

**Your product today**

*Inspiration: "A remote control with many buttons."*

**Estimate what needs to  
be done to cross  
the chasm**

SHOW WHERE ON THE TALC YOUR PRODUCT IS RIGHT NOW >



**Your product when "on top"**

*Inspiration: "An easy-to-use remote control with only one button."*

INNOVATORS

EARLY ADOPTERS

THE CHASM

EARLY MAJORITY

LATE MAJORITY



# A DAY IN THE LIFE OF YOUR CUSTOMERS

## How will they use it?

*Inspiration: "A Harley-Davidson is used by a 47-year-old accountant, dressed in black leather and feeling like an outlaw."*

## Where will they use it?

*Inspiration: "On winding roads in the countryside or cruising through small towns having people be afraid of them."*

## When will they use it?

*Inspiration: "Harley-Davidsons are used at the weekend for "freedom rides" when the owner wants to feel alive."*

**Note!** Do you solve different pains in different parts of the customers' user journey?  
e.g., unpacking, installation, usage, cancellation, etc.

## CHAPTER SUMMARY – CUSTOMERS

You must identify your customers' pain, and your passion for finding and curing it must link up with customers who are prepared to pay for having it cured. If you don't know what the customers' pain is, then you need to observe and interact with potential customers. Asking customers directly for advice is not always the best strategy. If you can ride with them, you can sell to them! If your answer is NO to any of the questions below, you need to keep on working with this gear.

### QUESTIONS THAT REQUIRE AN ANSWER:

- 1 Have you found a pain that many potential customers share? (How do you know?)
- 2 Are you and your team passionate about curing that pain?
- 3 Do you know who your first customers are?
- 4 Can you make a prototype that resolves your customers' pain?
- 5 Will you be ready to cross the chasm when the time comes?

### SYNC YOUR GEARS...SYNC WITH CUSTOMERS

Customers are where it all starts and ends! Everything you do from now must be synced with the wishes of your customers.



### REMEMBER

Ride with your customers and understand their pain. Then develop a cure for it.