



VALIDATING YOUR VISION

Lisa Fernow, Fernow Consulting



AGENDA

- **Why Validate – 3 Myths**
- **What to Validate – 3 Areas**
- **How to Validate – Tips**
- **Q&A**



Acknowledgements: This is based on my 30+ years in marketing and consumer insights across a range of industries / verticals from startups to F100 companies.

I'll stay afterwards to answer any Q&A we don't get to in the session.

If anyone wants a copy of this, give me your email address and I'll send it along.

Let's start with some myths.



Kevin Costner was hearing voices in Field of Dreams. Remember what they said to him? (If you build it he will come.)

MYTH # 1

IF YOU BUILD IT THEY WILL COME



That's the first myth. If you build it they will come.

Why is this not true? Well, you might be building the wrong thing, or building it the wrong way, or building it for the wrong person, or it isn't better than what people are doing today, or you're ignoring someone who has life or death power over your success. Lots of reasons.



Second myth. What is it?

MYTH #2 YOU KNOW EVERYTHING



You know everything. You know what your prospects want.

Why is that a risk for you think this way? You could be designing for yourself. The only time this is acceptable is if there are millions of people out there just like you. But most of the time you'll be building something for people who are not like you. If they were, they'd have built it already, right?



Third myth. What is it?



MYTH #3
YOU HAVE A
BEAUTIFUL BABY

You have a beautiful baby. You have a prototype in your mind. Or maybe you've built something. And it's perfect.



WHY VALIDATE YOUR VISION

- **Why Validate**

- Become **customer-centric**
- Learn about the **market**
- Hone your **value proposition**
- Lay foundation for the **sales** process
- Lay foundation for your **pitch**
- Get **early feedback** on product, pricing, business model
- Helps you **focus**
- Saves **time and money**





AGENDA

- **Why Validate – 3 Myths**
- **What to Validate – 3 Areas**
- **How to Validate – Tips**
- **Q&A**





WHAT TO VALIDATE: 3 AREAS

The Problem



- What you're solving

Your Value Proposition



- What you'll promise

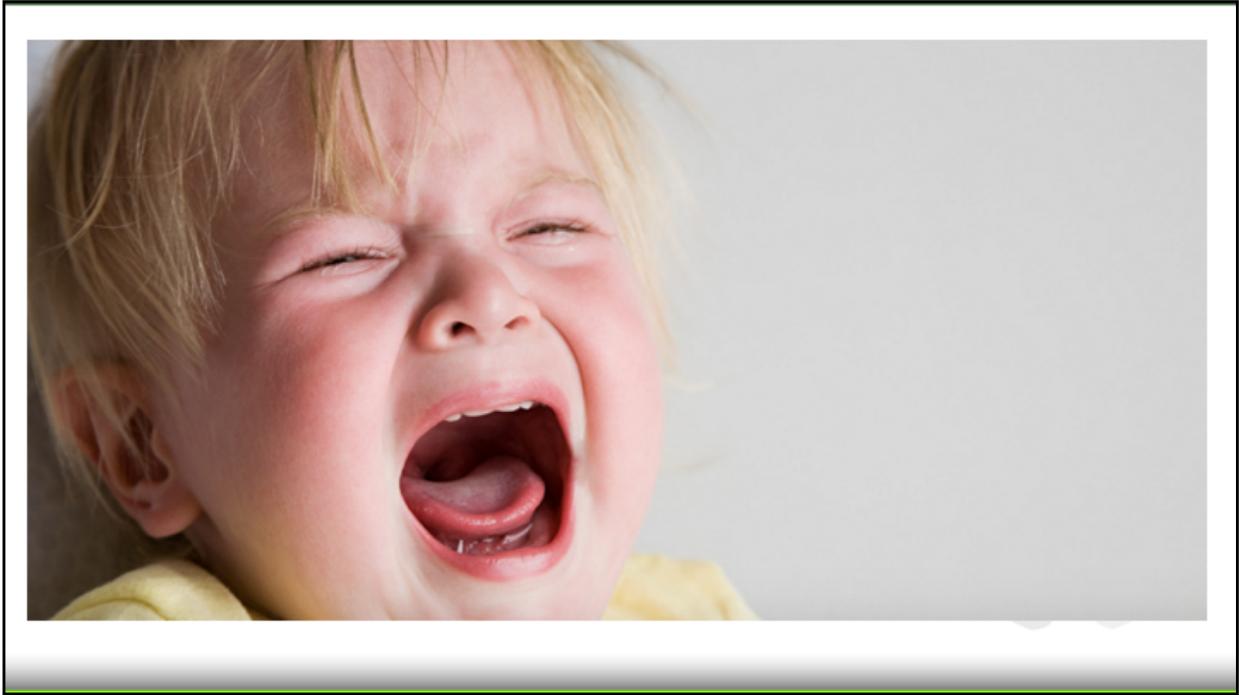
Your Solution



- What you'll deliver

Three big areas, in order of importance. Want to focus on the problem, and your value proposition for now (will touch on value prop in a minute).

Premature to talk about your solution at this stage for most of you, but know that this validation is important and most of this work will come later. I will cover some research questions you can ask to get ahead of this.



At the problem stage you're hoping to validate THIS. Pain! Lots of Pain! Where does it hurt?



THE PROBLEM EXAMPLE RESEARCH QUESTIONS*

- What exactly is the **problem** you are solving?
- **Who** has the problem? Segments
- Is this a substantial problem across a large, definable **market**?
- **How bad** is it? What are the consequences?
- What are people **doing today** to solve this problem?
- Why hasn't the problem **already been solved**?
- How do you know you are entering at the **right time**?
- What **macro trends** will help or hurt you?

* *Things you need to learn, NOT how you'd ask them!*



The most important thing you need to learn at this stage is all about the problem.

These are questions you want to answer, for yourself and your investors.

Next, let's talk about inputs to your value proposition.



At the value proposition stage you're hoping to validate THIS. Demand!

First, let's define value proposition.



VALUE PROPOSITION FRAMEWORKS

Geoffrey Moore

For	(target customer)
Who	(statement of the need or opportunity)
Our product is a	(describe the product or solution)
That provides	(cite the breakthrough capability)
Unlike	(reference/competition)

Other Frameworks

<http://torgronsund.com/2011/11/29/7-proven-templates-for-creating-value-propositions-that-work/>



Value proposition basically means a promise of value you plan to deliver.

Geoffrey Moore's framework is probably the most well known, and if you are pitching to investors it can be handy to use whatever framework they are familiar with.

Also leaving a link to an article that shows other possibilities.



HOW I DO IT ☺

FERNOW CONSULTING VALUE PROPOSITION FRAMEWORK

For ...	Target customers who have X problem
We offer a ...	The category or solution you compete in/with
That enables them to ...	The benefit – how it solves their problem
Because <u>only</u> we ...	Reasons why – differentiating proof points
All that's required is ...	What customer pays – price, time investment, risk

This particular version builds off of work from Geoffrey Moore, Proctor & Gamble, and my work at PepsiCo, among other sources – thanks to the giants who let me stand on their shoulders.

About the framework: unlike other value prop frameworks this builds in emotions (as you'll see in the example), and explicitly considers the value prop from the customers' pov: what's in it for me and what do I have to do to get it.

This has to resonate with your target audience – it's not about you!

The target needs to be attractive enough to go after and have a big problem that you can solve uniquely well and make money doing it. Think in terms of which segments: industries, company size, geography, demographics, psychographics, job titles, etc..

The benefit needs to be compelling for the customer or consumer – not a feature of your product, but what they get out of using your product.

Reasons why need to be believable to your target audience, differentiating, and ideally protectable – patents or trade secrets.

What they pay – optional section – helps you think about the value proposition from the pov of the customer.



EXAMPLE



For corporate travel program managers who hate to overpay

Yapta is the travel price assurance expert

That allows them to book airfare and hotels with confidence they'll get the lowest available price

Because only Yapta automatically provides refunds when prices go down after booking, without disrupting their travelers' plans in any way – typically saving 1-2% of their total travel budget

All that's required is to pay based on performance or by transaction. They'll be up and running in 2-3 weeks, no software changes.

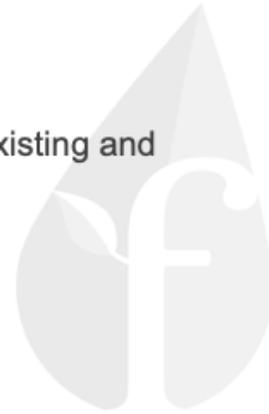
This is a Seattle startup – my interpretation of their value proposition.

Notice I built in some emotional language – that's because people make decisions at the emotional, even subconscious, level



VALUE PROPOSITION INPUTS EXAMPLE RESEARCH QUESTIONS

- Which **segment** should you target?
- What solution would you **replace**?
- What **benefits** really matter to them?
- What are your **strengths and weaknesses** versus existing and emerging competitors and substitutes?
- Why will you **succeed better** than anyone else?
- What **proof** can you offer?
- What **price** would your target pay: \$, time, risk?



These are inputs to your value proposition. These are also questions your investors will ask, and validating the market need will help you focus your efforts as a company which can mean shorter time to market, and greater market success.



YOUR SOLUTION EXAMPLE RESEARCH QUESTIONS

- What is the **ecosystem** and who do you need to engage? How?
- How do **purchasers** buy?
- How would the **end user** actually use it?
- What would the **ideal solution** need to be able to do?
- What's the **whole solution**?
- Positive and negative feedback on **your solution**
- Possibilities for **going to market**



You also want to learn about things that will help you go to market:

Ecosystem: influencers, experts, buyers, users, payers, industry regulators, etc. These are people who can help or hurt you. Who do you need to better understand?

Purchase process: how they learn about a new product, who recommends, who buys, who approves, when they buy, rules, when are budgets assigned, how long does a purchase typically take

End user: ideal use cases

Ideal solution: what does it need to do. Explore possible solutions they have tried and what's good/bad about them. What would people want if you could wave a magic wand

Whole solution: your product may be only a part of the solution. What else is

needed to fully solve the problem?

Feedback on your product ideas (features) and/or business model – to the extent this comes up naturally in conversation. You'll want to address this with your target prospects once they have agreed to continue talking (beginning of the sales process).

GTM: 4 Ps of marketing – covering later in the course but includes place / channels, pricing considerations, promotion, and product



AGENDA

- **Why Validate – 3 Myths**
- **What to Validate – 3 Areas**
- **How to Validate – Tips**
- **Q&A**





OBSERVATION



"I will now play a familiar seasonal piece."



Especially useful for: understanding targets' problem and solution.

If you can observe people actually grappling with the problem, you get invaluable information. This can include observing what especially frustrates them.

When you are ready to start getting feedback on a solution, UX testing, beta testing, trials are key and ideally you can observe this. Not addressing in depth at this stage yet.

Often the way people use products will surprise you.



DESK RESEARCH



Especially useful for: market size, market composition, macro trends

Desk research is a great way to get a handle on the market itself. Size of market, composition – who is in it, and macro trends that might help or hurt your venture.



QUALITATIVE INTERVIEWS



VIP to start here because you don't know what you don't know.

Especially useful for: exploring problems and value proposition, building relationships

Here is where you can explore problems and your possible value proposition.

And you want to start building relationships with potential future customers and other people key to your success.

Going to spend a little time here.



WHO TO INTERVIEW

- **Potential buyers**
- **Potential users**
- **Ecosystem**
 - Experts
 - Influencers
 - Regulators



At this point you want to make sure you are considering a range of possible buyers and users. You also want to understand your ecosystem and what drives them. Who can you enlist?



GENERAL INTERVIEWING ADVICE

- **Respect** their time
- Do your **homework**
- **Plan** the interview
- Focus on **their needs**
- Don't try to **convince or sell**
- Ask if they'd like to **hear back** on your progress
- Ask if there is **someone else** you should talk to
- Offer **value** in return
- **Follow up**





TERRIBLE QUESTIONS

Terrible	Better
We have this great product!	We want to understand your needs.
Do you have a problem with x?	What problems, if any, do you run into when you are trying to do x? 5 whys
Have you ever tried x?	What solutions have you tried to solve this problem?
What features do you want?	What would you need be able to do with this solution?
Would you be interested in x?	Who do you think might most value x?
How much would you pay for x?	What would you save in time and money?

Talking about yourself is premature. It needs to be about their needs.

Closed end questions cut off conversation v open ended questions open the conversation up (you can always probe later)

Asking people to design your solution for you is a bad idea because they won't be able to tell you. They can tell you what they need to do.

Asking people directly if they want what you're building or how much they'd pay gives misleading answers (they'll be unlikely to tell you to your face)



QUANTITATIVE SURVEYS



Once you've gotten good insights from interviews and desk research, it can be helpful to get quantitative validation.

Especially useful for: sizing questions

Issue tends to be cost and ability to reach the people you need to hear from. But it's helpful to be able to quantify the opportunity you're going for.



GENERAL VALIDATING ADVICE

- Start **early**
- **Prioritize** most important questions
- Use appropriate research **method**
- Determine **how good an answer** you require
- Expect to **iterate**
- Embrace negative **feedback**
- Don't get **discouraged**





When you validate your vision well your baby will get much better looking.

QUESTIONS?



THANK YOU!

LISA.FERNOW@GMAIL.COM

[HTTPS://FERNOWCONSULTING.COM/FOOD-FOR-THOUGHT/](https://fernowconsulting.com/food-for-thought/)

