Evidence-Based Entrepreneurship
Customer Discovery Best Practices
March 2017
What we once believed

What we now know
definition of a “company”
definition of a “company”

An organization that sells a product or service in exchange for revenue and profit
400 years of companies!
Dutch East India Company 1620
The Principles of Scientific Management

by Frederick Winslow Taylor
Tools for the 20th Century

“Century of the Corporation”
.... but what about new ventures?
What we once believed:
New Ventures are a Smaller Version of a Large Company
New ventures are a Smaller Version of a Large Company.
What’s a New Venture?
A temporary organization designed to search for a repeatable and scalable business model
A temporary organization designed to search for a repeatable and scalable business model

New Venture ≠ Company
What We Used to Believe

**Start** with an Operating Plan and a Financial Model
All I Need to Do is Execute the Plan
All I Need to Do is Make the Forecast

| A   | B       | C       | D       | E       | G       | H       | I       | J       | K       | L       | M       | N       |
|-----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 32  | Balance Sheet |       |         |         |         |         |         |         |         |         |         |         |         |
| 33  | Assets   |         |         |         |         |         |         |         |         |         |         |         |         |
| 34  |          |         |         |         |         |         |         |         |         |         |         |         |         |
| 35  | Cash and cash equivalents* | $4.27   | $6.38   | $7.62   | $8.83   | $7.00   |         |         |         |         |         |         |         |
| 36  | Accounts receivable* | $20.58  | $24.39  | $28.77  | $34.11  | $32.00  |         |         |         |         |         |         |         |
| 37  | Inventories* | $26.73  | $30.45  | $36.75  | $43.27  | $38.00  |         |         |         |         |         |         |         |
| 38  | Deferred income taxes* | $0.00   | $0.00   | $0.00   | $0.00   | $0.00   |         |         |         |         |         |         |         |
| 39  | Total current assets | $51.58  | $61.22  | $73.14  | $86.21  | $77.00  |         |         |         |         |         |         |         |
| 40  | Fixed assets |         |         |         |         |         |         |         |         |         |         |         |         |
| 41  | Cost* | $331.64 | $423.92 | $503.87 | $613.28 | $650.00 |         |         |         |         |         |         |         |
| 42  | Accumulated Depreciation* | $98.72  | $105.09 | $112.40 | $122.26 | $115.00 |         |         |         |         |         |         |         |
| 43  | Net fixed assets | $232.92 | $318.83 | $391.47 | $491.02 | $535.00 |         |         |         |         |         |         |         |
| 44  | Goodwill* | $0.00   | $0.00   | $0.00   | $0.00   | $0.00   |         |         |         |         |         |         |         |
| 45  | Intangible assets* | $0.00   | $0.00   | $0.00   | $0.00   | $0.00   |         |         |         |         |         |         |         |
| 46  | Other assets* | $0.00   | $0.00   | $0.00   | $0.00   | $0.00   |         |         |         |         |         |         |         |
| 47  | Total assets | $284.50 | $380.05 | $464.61 | $577.23 | $612.00 |         |         |         |         |         |         |         |
| 48  | Liabilities |         |         |         |         |         |         |         |         |         |         |         |         |
| 49  | Accounts payable* | $31.83  | $63.43  | $83.84  | $94.41  | $80.00  |         |         |         |         |         |         |         |
| 50  | Current debt* | $30.86  | $43.03  | $64.85  | $79.49  | $50.00  |         |         |         |         |         |         |         |
| 51  | Total current liabilities | $62.69  | $106.46 | $148.79 | $173.90 | $80.00  |         |         |         |         |         |         |         |
| 52  | Long-term debt* | $40.00  | $46.92  | $53.41  | $73.57  | $214.54 |         |         |         |         |         |         |         |
| 53  | Other long-term liabilities* | $0.00   | $0.00   | $0.00   | $0.00   | $0.00   |         |         |         |         |         |         |         |
| 54  | Total liabilities | $102.69 | $153.38 | $202.10 | $247.47 | $294.54 |         |         |         |         |         |         |         |
| 55  | Shareholders' equity |         |         |         |         |         |         |         |         |         |         |         |         |
| 56  | Common Stock and Additional Paid in Capital* | $90.00  | $130.00 | $160.00 | $220.00 | $200.00 |         |         |         |         |         |         |         |
| 57  | Retained Earnings* | $91.81  | $96.67  | $102.51 | $109.76 | $117.46 |         |         |         |         |         |         |         |
| 58  | Total Shareholders' Equity | $181.81 | $226.67 | $262.51 | $329.76 | $317.46 |         |         |         |         |         |         |         |
| 59  | Total liabilities and shareholders' Equity | $284.50 | $380.05 | $464.61 | $577.23 | $612.00 |         |         |         |         |         |         |         |
Step 1. Write Business Plan
Step 2. Make 5-year Forecast
Step 3. ???
Step 4. PROFIT!
No Business Plan survives first contact with customers
Everyone has a plan until they get punched in the face.
How do you avoid having your new venture punched in the face?
Talk to Stakeholders
Be Willing to Adapt
Pivot
Keep Talking to Stakeholders
Anyone who receives value from your project.
Stakeholder Discovery is:

Learning from your Stakeholders by talking to them
GET OUT OF THE BUILDING
#AlternativeFacts
Talk to at least 100 people

You must gain **insight** into your stakeholders.

You are doing **pattern recognition**. Must have sufficient data points to see them.

100 works. It is **proven**.
Interview People You Don’t Know
“What are you doing these days?”
“I’m working on a platform that provides intrabuilding navigation for first responders via predictive analytics through the cloud”
“Bless Your Heart.”
What type of interviews?
Strongly agree
Agree
Disagree
How to Get an Interview

Whatever it takes. Walk up to strangers and start talking. You’re an Entrepreneur!
How to Get an Interview

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Use your **network**. Friends, neighbors, family, co-workers, social clubs.
How to Get an Interview

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Use your network. Friends, neighbors, family, co-workers, social clubs.

Be transparent. Tell them you are students, learning about the ecosystem. Use Ga Tech for credibility.
How to Get an Interview

Whatever it takes. Walk up to strangers and start talking. You’re an Entrepreneur!

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Ask for **help**. Ask for **5 minutes**
How to Conduct an Interview

Do not try to sell them on your idea!
DON’T

Sell, pitch, sell, pitch
you got it?

Talk About Your Idea / Solution

Ask them what they Want

take feature requests
Remember
Remember
How to Conduct an Interview

Ask about:

Jobs
How to Conduct an Interview

Ask how they do their jobs
Ask about the specific steps they take to accomplish the job.
What tools are required.

Ask about their day.
Learn what their life is like.
How to Conduct an Interview

Ask about:

Problems
How to Conduct an Interview

What **problems** do people have?

Are they **big** problems? (how do we know?)
How to Conduct an Interview

Look out for **surprises**.

Then dig deeper.
How to Conduct an Interview

ask open-ended questions

where do you ...
how do you ...
when do you ...
who do you ...
tell me about ...
How to Conduct an Interview

ask *why?*

then *why? why? again*
What else should I have asked?

Who else should I talk to?
Hi, my name is ...  
Thank you for your time  
I know you are busy, I only need a few minutes  
I’m from Georgia Tech working on a project, and want to ask some questions to learn more about you and your organization  
Tell me about yourself  
What do you do?  
How does that work?  
What problems do you face?  
Is that a big problem? Why?  
How do you resolve it today?  
How much of an inconvenience is that?  
Oh, that is interesting, tell me more.  
Why is that? Why? Why?  
BTW, we are working on a project in the area of ...  
Thank you for your time.
How do I keep track of the data I’m gathering through interviews?
**IMPACT GAPS CANVAS**
A tool to help you understand a social or environmental challenge, the current solutions, and the impact gaps

- **CHALLENGE MAPPING**
  - Challenge: describe the challenge? Who or what is affected? How is it related to other issues?

- **CHALLENGE LANDSCAPE**
  - What are the causes of this challenge and what is keeping it from changing? Who or what benefits from the current status quo?

- **HISTORY & FUTURE OF THE CHALLENGE**
  - How has this problem or opportunity changed over time? What is the projected scope of the challenge in the future?

- **CHALLENGE LEARNING LOG & OPPORTUNITIES**
  - What resources have you used to understand the challenge? Who have you spoken with to verify your understanding of the challenge? Who else do you need to speak with to learn more?

- **LANDSCAPE GAPS**
  - Who or what is not being served in the gap between the problem and the current solutions? What is missing that would further the collective impact of these efforts?

- **UNADDRESSED OBSTACLES**
  - What is missing or not working in each of the models for change? What are the unintended negative consequences of these efforts? What obstacles to change are still being overlooked?

- **IMPACT OPPORTUNITIES**
  - What are the specific key opportunities (market-based, regulation, research, education, partnership, etc.) which can unlock future impact?

- **KEY INSIGHTS**
  - What are the key lessons you learned about that are important for those working to improve the landscape and impact of the solutions to your chosen challenge?

- **SOLUTIONS MAPPING**
  - What solutions are already being tried? Create a map of the current’s solution efforts by businesses, governments, finance providers, aid organizations, academic media, local community groups, etc.

- **SOLUTION LANDSCAPE**
  - What different impact models are being tried? How are each of these models different and what parts of the problem do each of these models address?

- **FUTURE IMPACT SCOPE & SCENARIOS**
  - What new resources, opportunities, legislation, or changing demands are on the horizon which might impact the collective and individual solutions? What are possible future scenarios and how might these impact future efforts?

- **SOLUTIONS LEARNING LOG & OPPORTUNITIES**
  - What resources have you used to understand current solutions which have been or are being tried? Who have you spoken with to verify and add to your understanding of the solutions landscape? Who do you need to speak with to learn more?
Exercise 1:

open-ended questions
Stakeholders?
Value?
create 3 open-ended questions

where do you ...
how do you ...
when do you ...
who do you ...
tell me about ...
Exercise 2:

talking to humans
your new startup is RAINO
your product is
You get a $10 rebate if you let someone else walk with you,
What if conversations with my stakeholders reveal gaps in my project idea?
Stakeholder Segment

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Service / Product / Solution

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Value To Deliver
Who are the Stakeholders?

(who derives value?)
Funder
Beneficiary
Double- or Multi-sided Market
Ecosystem

consider everyone

who affects the success of your project?
“The first principle is that you must not fool yourself…”

- Richard Feynman
“The first principle is that you must not fool yourself, and you are the easiest person to fool.”

- Richard Feynman
GET OUT OF THE BUILDING
Talk to humans
A man who carries a cat by the tail learns something he can learn in no other way.
Failure Mode

Not Enough Interviews

Talking to People Like You

Tech Talks

Not Listening
and remember....
EVERYONE
PIVOTS
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