

TALKING TO HUMANS

Success starts with understanding
your customers

GIFF CONSTABLE

with Frank Rimalovski
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and foreword by Steve Blank

Business Assumptions Exercise

I am agnostic about the framework you choose to use to map out your business assumptions. Alexander Osterwalder's business model canvas and Ash Maurya's lean canvas are both powerful tools. I also often find myself using this simple set of questions to lay out a belief system around an idea:

Try to make your assumptions as concise and specific as possible. You want to be able to run an experiment against it to see if it is true.

My target customer will be?

(Tip: how would you describe your primary target customer)

The problem my customer wants to solve is?

(Tip: what does your customer struggle with or what need do they want to fulfill)

My customer's need can be solved with?

(Tip: give a very concise description / elevator pitch of your product)

Why can't my customer solve this today?

(Tip: what are the obstacles that have prevented my customer from solving this already)

The measurable outcome my customer wants to achieve is?

(Tip: what measurable change in your your customer's life makes them love your product)

My primary customer acquisition tactic will be?

(Tip: you will likely have multiple marketing channels, but there is often one method, at most two, that dominates your customer acquisition – what is your current guess)

My earliest adopter will be?

(Tip: remember that you can't get to the mainstream customer without getting early adopters first)

I will make money (revenue) by?

(Tip: don't list all the ideas for making money, but pick your primary one)

My primary competition will be?

(Tip: think about both direct and indirect competition)

I will beat my competitors primarily because of?

(Tip: what truly differentiates you from the competition?)

My biggest risk to financial viability is?

(Tip: what could prevent you from getting to breakeven? is there something baked into your revenue or cost model that you can de-risk?)

My biggest technical or engineering risk is?

(Tip: is there a major technical challenge that might hinder building your product?)

And then answer the following open-ended question. Be creative and really examine your points of failure.

What assumptions do we have that, if proven wrong, would cause this business to fail?

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.

After you have looked at your business holistically and also answered the broad final question, mark the assumptions that would have a large impact on your business **and** feel highly uncertain.

Now you know your priorities for customer discovery and the experiments you need to run!

Teaching Exercise #1: Mock Interviews

If you are using this book to try to teach customer discovery/development, there is nothing like real-world practice to make learning stick.

Before you send your class out into the world to conduct their own interviews, however, you might try a compact exercise like the following:

Tools

All participants should have pen and paper

Preface: Choose a Topic

Everyone in the class will interview each other based on the same topic, which means it needs to be something most people can relate to. There are two angles you might take:

1. Something that helps the interviewer dig up past behavior. For example, “Tell me about the last thing you purchased over \$100.” Have the interview subject explain what they bought, what the purchase process was like from desire to actual ownership, how they made their purchase decision, etc.

2. Something that helps the interviewer unlock deeper motivations and desires. For example, “Tell me about your dream car.” Prompt your students not just to get people to describe the car, but to dig into the reasons behind the choice; they can also prompt for whether the interview subject has ever experienced driving the car.

Exercise

Step 1: Intro, 5 minutes

Explain the exercise, the topic that the students will use, and give a few specific suggestions for questions they might ask. Example questions for the dream car: *when did you fall in love with the car and why? of the reasons you shared, why are these the most important to you? how have you imagined using the car? etc*

Step 2: Interview Plan, 2 minutes

Give your class the topic and let them spend 5 minutes on their own. They should write down no more than 6 questions to ask.

Step 3: Pair Interviews, 5 - 7 minutes each

Pair up your students. One will begin as the interviewer, and their opposite will be interviewed. Give them 7 minutes, and then switch the roles, keeping the pairs unchanged. The new interviewer gets 7 minutes.

The person doing the interviewing should also take notes, which will give them some exposure to doing an interview solo as opposed to bringing a note-taker to help (which is what most people prefer to do when possible).

Step 4: Observations and Questions, 5-10 minutes

Ask the room to share observations, challenges, lessons or questions on what it was like to do a live interview.

Teaching Exercise #2: Mock Approach

Dean Chang, the Associate VP of Entrepreneurship at the University of Maryland, recommends a class exercise where one or more teams of students takes on the role of cold calling an “expert.” The team has to do it over and over until they get it right.

For this exercise, select one team and have them come to the front of the classroom. Their job is to “cold call” a selected member of the teaching team. The teacher will pretend to be an expert in the team’s target field. The team needs to get the expert to take the call, and smoothly transition into asking questions.

The job of the person playing the “expert” is to block the team’s misguided attempts to engage. When the team does something wrong, the expert declines the interview request, or ends the conversation, or gives them a gong. Then the team has to start over again.

Classic mistakes that should trigger the team starting over include long or unclear introductions, pitching the product/technology too soon, implying that the expert has problems and desperately needs help, and/or generally making the expert feel uncomfortable with the line of questioning.

As Dean describes it, “We let the other teams offer critiques and suggest plans of attack for winning over the expert and then the chosen team tries it again. Eventually after being gonged several times in a row, they stop making the same mistakes and start to

converge on a good elevator pitch that praises and disarms the expert and paves the way to entering into an interview. Then we stop the exercise.”

The exercise will probably be humorous and painful at the same time, but there is nothing like stumbling, or watching a team stumble, to realize why best practices are best practices.

Screwing Up Customer Discovery

So how do people screw up customer discovery? Here are a few anti-patterns:

1. You treat speculation as confirmation

Here are some question types that I don't like — and if you ask them, you should heavily discount the answer: “would you use this?” “would you pay for this?” “would you like this?”

I can't say that I *never* ask these questions, but I always prefer behavioral questions over speculation.

As contrast, here is a behavior-focused interaction: “Tell me about a time when you bought airline tickets online.” “What did you enjoy about the process? What frustrated you about the process?” “What different systems or methods have you tried in the past to book tickets?”

2. You lead the witness

Leading the witness is putting the answer in the interviewee's mouth in the way you ask the question. For example: “We don't think most people really want to book tickets online, but what do you think?” Examine both how you phrase your questions and your tone of voice. Are you steering the answer? Ask open-ended, neutral questions before you drill down: “what was that experience of buying online tickets like?”

3. You just can't stop talking

Some entrepreneurs can't help themselves — they are overflowing with excitement and just have to pitch pitch pitch. There is nothing

wrong with trying to pre-sell your product — that is an interesting experiment unto itself — but you should not mix this in with behavioral learning.

If you do try to pre-sell, don't just ask, "Would you pay for this?" but rather ask them to actually pay, and see what happens. Some people ask the question, "How much would you pay for this?" but I do not. Instead, try actually selling at different price points (albeit one at a time). I much prefer having the potential customer experience something, rather than speculate over something.

4. You only hear what you want to hear

I see some people go into interviews with strong beliefs about what they like and dislike. When you debrief after their custdev conversation, it is magical how everything they heard aligns perfectly with their opinions. Our brains are amazing filters. Leave your agenda at the door before starting a conversation. One way to solve this is to have two people for each interview — one person to ask questions, and the other to take notes.

5. You treat a single conversation as ultimate truth

You've just spoken to a potential customer and they have really strong opinions. One instinct is to jump to conclusions and rush to make changes. Instead, you need to be patient. There is no definitive answer for how many similar answers equals the truth. Look for patterns and use your judgement. A clear, consistent pattern at even 5 or 10 people is a signal.

6. Fear of rejection wins out

This is one of the biggest blockers to people doing qualitative research, in my experience, because of fear of a stranger rejecting your advance or rejecting your idea. Many excuses, such as "I don't know how to find people to talk to," are rooted in this fear. JFDI. Customer development isn't just about street intercepts. You can

recruit people on Craigslist, Facebook and LinkedIn groups, and good old fashioned networking.

7. You talk to anyone with a pulse

I see some teams taking a shotgun approach. Instead, define your assumptions around who your customer will be and who your early adopter will be. You might even do a lightweight persona (see the book *Lean UX* for examples). Zoom in on those people and try to validate or invalidate your assumptions about your customers. It is ok to occasionally go outside your target zone for learning, but don't boil the ocean. Focus, learn, and pivot if necessary.

8. You wing the conversation

If you go into a conversation unprepared, it will be evident. Write up your questions ahead of time and force-rank them based on the risks and assumptions you are worried about.

To define your assumptions, you can answer the questions in the business assumptions exercise (previous section), or do a business model canvas or a lean canvas. Your exact method doesn't matter as much as the act of prioritizing your risk areas.

During your actual interview, do not literally read your questions from a piece of paper, but rather keep things conversational (remember, you are getting the subject to tell you stories). If you uncover something interesting, follow your nose and don't be afraid to diverge from your initial priorities.

9. You try to learn everything in one sitting

Rather than trying to go as broad as possible in every conversation, you are actually better off zooming in on a few areas which are critical to your business. If you have a huge range of questions, do more interviews and split the questions.

10. Only the designer does qualitative research

It is ok to divide and conquer most of the time, but everyone on the team should be forced to get out and talk to real people. Note: you will probably have to coach newcomers on #5's point about not jumping to conclusions.

11. You did customer development your first week, but haven't felt a need to do it since

It is always sad to see product teams start things off with customer development, and then completely stop once they get going. It *is* perfectly fine to let customer discovery work ebb and flow. If your learning curve flattens, it can make sense to press pause or change up your approach. However, you want to build a regular qualitative cadence into your product process. It will provide a necessary complement to your quantitative metrics, because it will help you understand the reasons why things are happening.

12. You ask the customer to design your product for you

There's a famous line attributed to Henry Ford, "If I had asked people what they wanted, they would have said faster horses." Remember, it is not the customer's job to design the solution. It is *your* job. It is the customer's job to tell you if your solution sucks. Get feedback, yes. Remember that the further away you are from a working product, the more you have to filter what you hear through your judgement and vision.

Disclaimer

As with all tips on lean and agile, there are always places and times to break the rules and do what is right for your context, and your business.

Glossary

Concierge and “Wizard of Oz” Experiments

A concierge experiment is where you manually act out your product. An example in Eric Ries’ book *The Lean Startup* shows an entrepreneur serving as a personal shopper for people before trying to design an automated solution. When my colleagues were testing a diet plan service, we did not want to rush to software before testing our assumptions. Instead, we interviewed participants about their food preferences, manually created meal plans which were emailed to them over two weeks, and interviewed them at various points in the process. At the end of the two weeks, we asked them to pay a set amount to continue, and tracked the conversion rate.

A “Wizard of Oz” experiment is similar, with the difference being that the manual work is hidden from the customer. For example, another set of colleagues tested an idea for a smart task management system for married couples. The twenty couples participating in the test thought that they were interacting with a computer system, but in reality they were emailing in to our team, who then processed the emails accordingly. We just said that the servers would be “down” at night!

Minimum Viable Product (MVP)

An MVP is the smallest thing you can create that gives you meaningful learning about your product. MVP is often used interchangeably with “experiment” in the broader community. I personally tend to reserve it specifically for tests around the product, and not for experiments related to other business assumptions. It is best to think about MVPs as an ongoing process, rather than a single release. Validation is rarely that neat and tidy.

Scientific Method

I think the best way to explain the scientific method is to quote the theoretical physicist, Richard Feynman:

“In general we look for a new law by the following process: first we guess it. Don’t laugh -- that’s really true. Then we compute the consequences of the guess to see what, if this law is right, what it would imply. Then we compare those computation results to nature, i.e. experiment and experience. We compare it directly to observation to see if it works.

“If it disagrees with experiment, it’s wrong. That simple statement is the key to science. It doesn’t make a difference how beautiful your guess is, it doesn’t make a difference how smart you are, who made the guess or what his name is -- if it disagrees with experiment, it’s wrong. That’s all there is to it.” (*Cornell lecture, 1964*)

It is relatively straightforward to apply the scientific method to business. You accept that your ideas are hypotheses. You make them as specific as possible so that you can guess the results, i.e. the implications, of your hypotheses. You design and run an experiment. If your hypothesized results do not match the results of your experiment, your hypothesis is proven wrong. However, business is about people, and people are highly complex and inconsistent compared to laws of nature. So if your experiment fails, you will still need to apply judgement about whether the errors are in the hypothesis or in the experiment.

Other Learning Resources

Authors

The two seminal books on the topics of lean innovation and customer development are Steve Blank and Bob Dorf's *The Startup Owner's Manual* and Eric Ries' *The Lean Startup*.

There are a ton of other resources out there, from books to videos and blog posts. Rather than link to particular items and thus miss out on newer developments, here are a few names that I recommend you pay attention to: Alex Osterwalder, Alistair Croll, Ash Maurya, Ben Yoskowitz, Brant Cooper, Cindy Alvarez, David Bland, Jeff Gothelf, Joel Gascoigne, Josh Seiden, Kevin Dewalt, Laura Klein, Patrick Vlaskovits, Rob Fitzpatrick, Salim Virani, and Tristan Kromer.

Talking to Humans Website

On our website talkingtohumans.com, you can get worksheet pdfs and sign up for our email list, where we send occasional notes based on useful resources we discover.

Behind the Book

Talking to Humans was written by Giff Constable, at the instigation and with the collaboration of Frank Rimalovski of NYU's Entrepreneurial Institute, and with the wonderful illustrations of Tom Fishburne.



Giff Constable

Giff Constable (giffconstable.com) is a repeat entrepreneur and currently the CEO of Neo, a global product innovation consulting company. He has held product design and business roles in six startups, and provided M&A and IPO services to technology firms while at Broadview/Jefferies. He was one of the earliest adopters & bloggers of the Lean Startup movement, co-organizes

the 4,700-person Lean Lessons Learned meetup in New York, and tries to give back to the entrepreneurial community through mentoring and speaking engagements. He lives outside of New York City with his wife, two children, and an excessively rambunctious retriever.

**Frank Rimalovski**

Frank Rimalovski brings over 20 years of experience in technology commercialization, startups and early-stage venture capital investing. He is executive director of the NYU Entrepreneurial Institute, managing director of the NYU Innovation Venture Fund, Adjunct Faculty at NYU's Polytechnic School of Engineering, and an Instructor in the NSF's I-Corps

program, having trained and mentored hundreds of entrepreneurs in customer development and lean startup methodologies. Previously, he was a founding partner of New Venture Partners, director/entrepreneur-in-residence at Lucent's New Ventures Group, and has held various positions in product management, marketing and business development at Sun Microsystems, Apple and NeXT. He lives outside of New York City with his wife, two daughters and his increasingly mellow mutt.

**Tom Fishburne**

Tom Fishburne (marketoostudio.com) started drawing cartoons on the backs of Harvard Business School cases. His cartoons have grown by word of mouth to reach 100,000 business readers a week and have been featured by the Wall Street Journal, Fast Company, and the New York Times. Tom is the Founder and CEO of Marketo Studios, a content marketing studio that helps businesses such as Google, Kronos, and

Rocketfuel reach their audiences with cartoons. Tom draws from 19 years in the marketing and innovation trenches at Method Products, Nestle, and General Mills. He lives near San Francisco with his wife and two daughters.

Like The Book?

When Frank approached me to write this book, we both had the same goal of giving back to the community. We debated charging for the book, and pondered whether the question of free versus paid would affect how it was perceived. But ultimately, we decided to put it out into the world for free.

Should you like *Talking to Humans*, and feel a need to contribute back to something, we would encourage you to think about doing one or all of the following:

1. Pay it back (and forward!) by mentoring another student or entrepreneur
2. Donate to one of our favorite causes: Charity: Water, Girls Who Code, Kiva or the NYU Entrepreneurial Institute
3. Share a link to the talkingtohumans.com website or give someone a copy of the book

If this book has helped you in some small way, then that is reward enough for us. It's why we did it.

Giff Constable and
Frank Rimalovski
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talkingtohumans.com

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Acclaim for *Talking to Humans*

“*Talking to Humans* is the perfect complement to the existing body of work on customer development. If you are teaching entrepreneurship or running a startup accelerator, you need to make it required reading for your students and teams. I have.”

Steve Blank, entrepreneur and author of *The Startup Owner's Manual*

“Getting started on your Customer Discovery journey is the most important step to becoming a successful entrepreneur and reading *Talking To Humans* is the smartest first step to finding and solving real problems for paying customers.”

Andre Marquis, Executive Director, Lester Center for Entrepreneurship,
University of California Berkeley

“If entrepreneurship 101 is talking to customers, this is the syllabus. *Talking to Humans* is a thoughtful guide to the customer informed product development that lies at the foundation of successful start-ups.”

Phin Barnes, Partner, First Round Capital

“A lot of entrepreneurs pay lip service to talking to customers but you have to know how. *Talking to Humans* offers concrete examples on how to how to recruit candidates, how to conduct interviews, and how to prioritize learning from customers more through listening versus talking.”

Ash Maurya, Founder of Spark59 and author of *Running Lean*

“When getting ‘out of the building,’ too many people crash and burn right out of the gate and wonder what happened. *Talking to Humans* is a quick and effective guide for how Lean Startup interviews should be done.”

Dean Chang, Associate VP for Innovation & Entrepreneurship,
University of Maryland

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