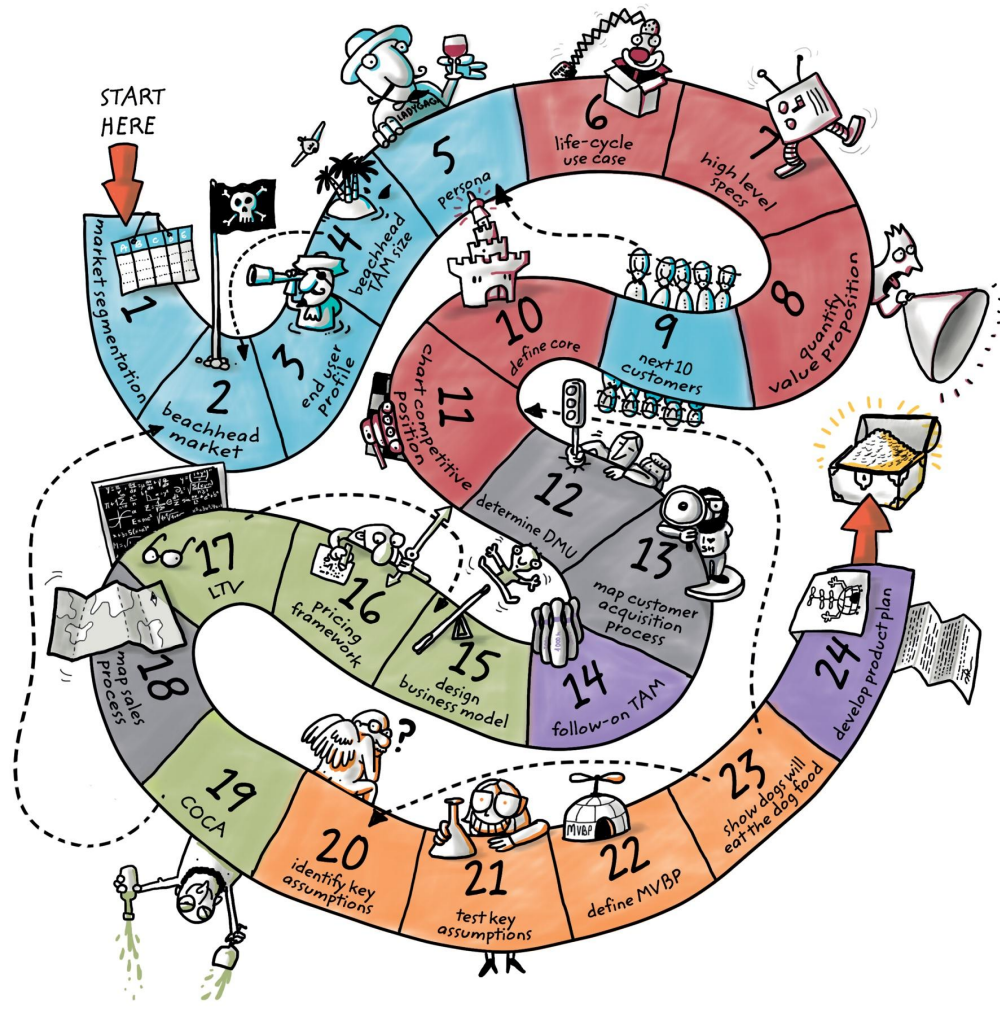


Design and Build

Lecture 10
GSL Peru 2014

HOW DO YOU DESIGN & BUILD YOUR PRODUCT?

- 20 Identify Key Assumptions
- 21 Test Key Assumptions
- 22 Define the Minimum Viable Business Product (MVBP)
- 23 Show That "The Dogs Will Eat the Dog Food"



Review - Customer

- Persona
- Value Creation - Differentiation
- Product Acquisition
 - Full Life Cycle Use Case
- Value Capture

All logical assumptions so far!

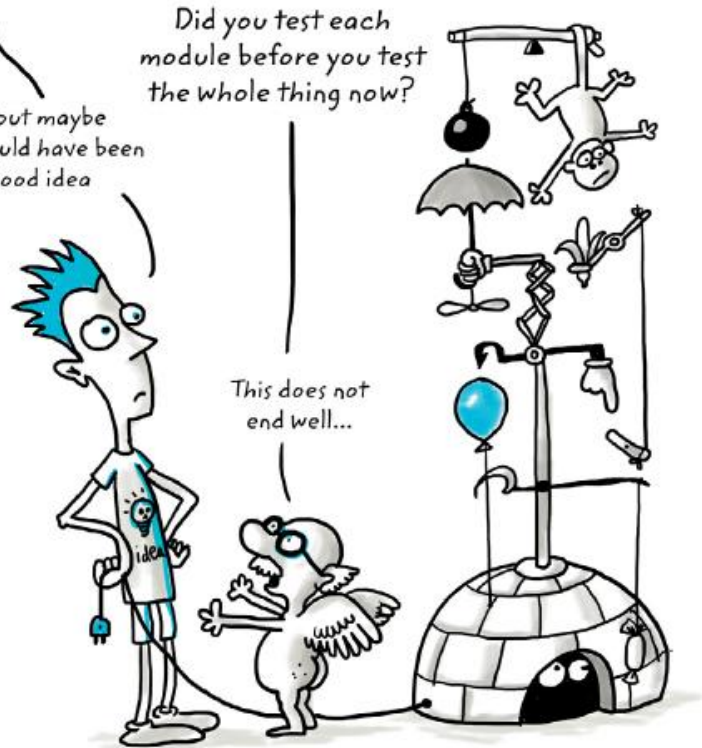
Identify Key Assumptions

I can't wait to see
how this works!

No, but maybe
that would have been
a good idea

Did you test each
module before you test
the whole thing now?

This does not
end well...



Identify Your Key Assumption

Strategy

- Are the Persona's **priorities** correctly identified?
- Value Proposition attractive? Does the customers feel the pain?
- Is your gross margin correct?
- Are you costs target accurate?

Identify Your Key Assumption

Development

- Key development challenges
- Technical assumptions
- Cost Items
- Resource requirements

Identify Your Key Assumption

Sales

- Do you have a “lighthouse” customer in your “Next 10 Customers”?
- Any “linchpin” customer where others will not buy if they do not?
- Are there unidentified “linchpin” customers?
- Are “lighthouse” and “linchpin” customers interested in purchasing?

Example - Sasa

Producers Assumptions

1. Craftswomen (i.e., Producers) want to be economically empowered.
2. Craftswomen will adopt the Sasa platform into their market practices.
3. The vendors will earn a sustainable income.
4. Vendors will trust the Sasa technology and services.
5. Existing infrastructures will be consistent and expand with demand.
6. Vendors will earn more using Sasa than by selling in the open-air markets.
7. A vendor can afford to buy a simple feature phone, which is camera-enabled.
8. A vendor is familiar with using SMS.
9. A vendor is able to leverage their knowledge of SMS to quickly adopt the use of MMS.

sasa

Customer—Assumptions about the producers

Example - Sasa

Web Consumer Assumptions

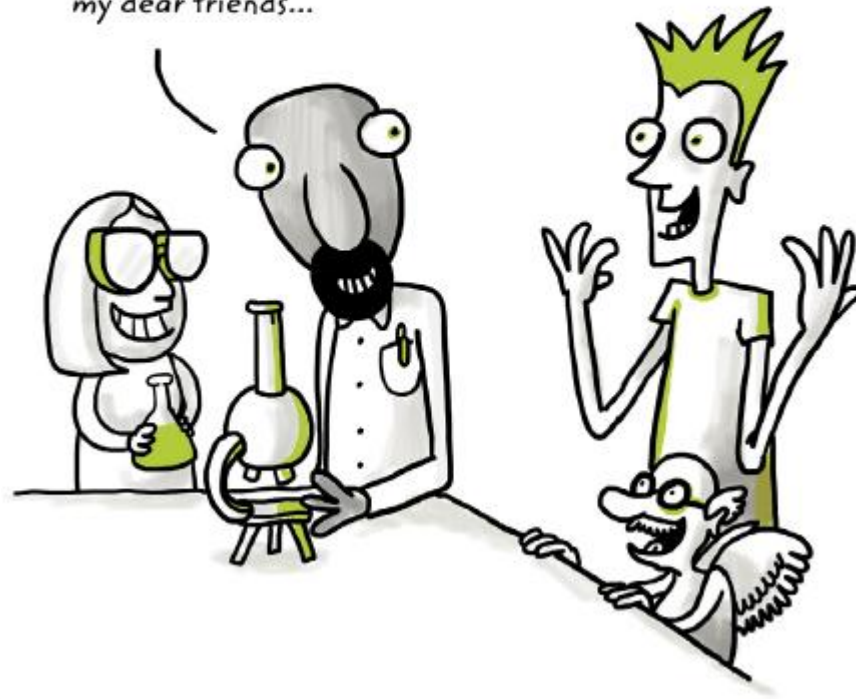
1. Consumers not only value, but prefer handmade goods.
2. Consumers want to know who made their products and how.
3. International consumers will trust the Sasa technology and services.
4. International consumers will be compelled to buy products on the Sasa platform.
5. Sasa customers will return to Sasa to buy more products.
6. International consumers will happily wait for up to three weeks to receive products from Africa.
7. Sasa can profit greatly just from selling jewelry to start.
8. The necessary infrastructure and policy will be consistent and expand with demand.

sasa

Customer—Assumptions about the web consumer

Test Your Key Assumptions

*While trying to find
that entrepreneurship gene
was a waste of time,
this seems very doable
and productive
my dear friends...*



Testing Interest

- Prepay for your solution (best)
- Put down a deposit (good)
- Provide a letter of intent (okay)
- Agree to a pilot (acceptable)
- Express a strong interest in purchasing if certain conditions are met (not too reassuring but may be acceptable)

Examples - Weather

Assumption: Smartphone Users Aged 25–34 Access Weather Forecasts on Their Phone to Decide What to Wear

- Used survey weather app install/use - >90%
Yes
- <30% consulted weather to decide what to wear, >70% in another survey said yes
- Not enough segmentation, male/female

Example

Assumption: People Will Be Inspired to Contribute to Chalkboards That Have Writing Prompts on Them

The idea was to capitalize on the trends of food trucks and coffee drinking to start a coffee truck that would be in close proximity to college campuses where there are no “good” coffee shops near academic buildings

Example - Inspired

The students called their trucks “Inspired” and believed that to attract a loyal following, they could cover the sides of the truck with chalkboards for people to write on.



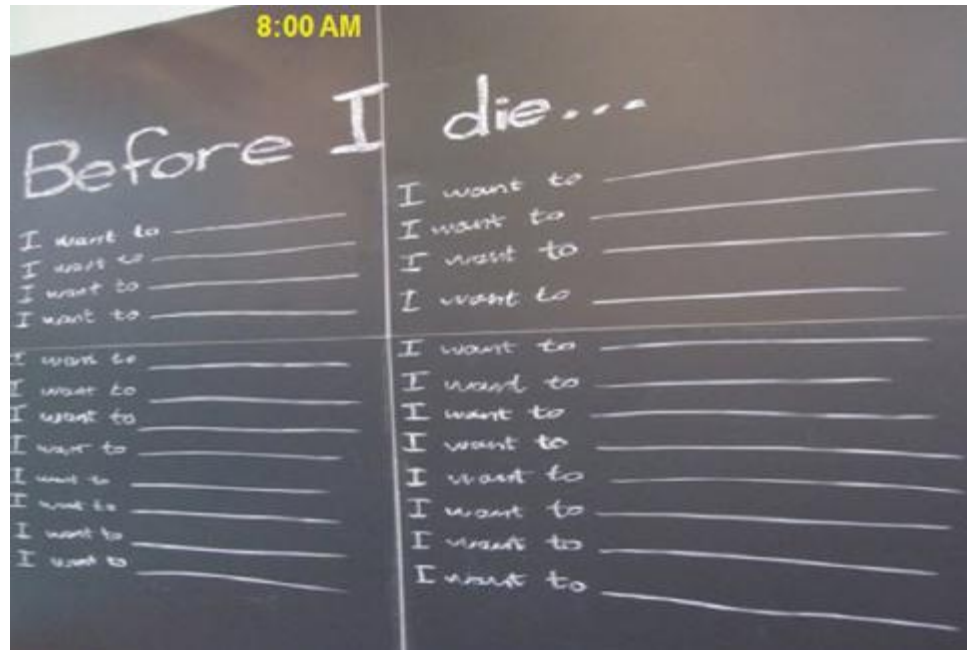
“ ” makes me Smile



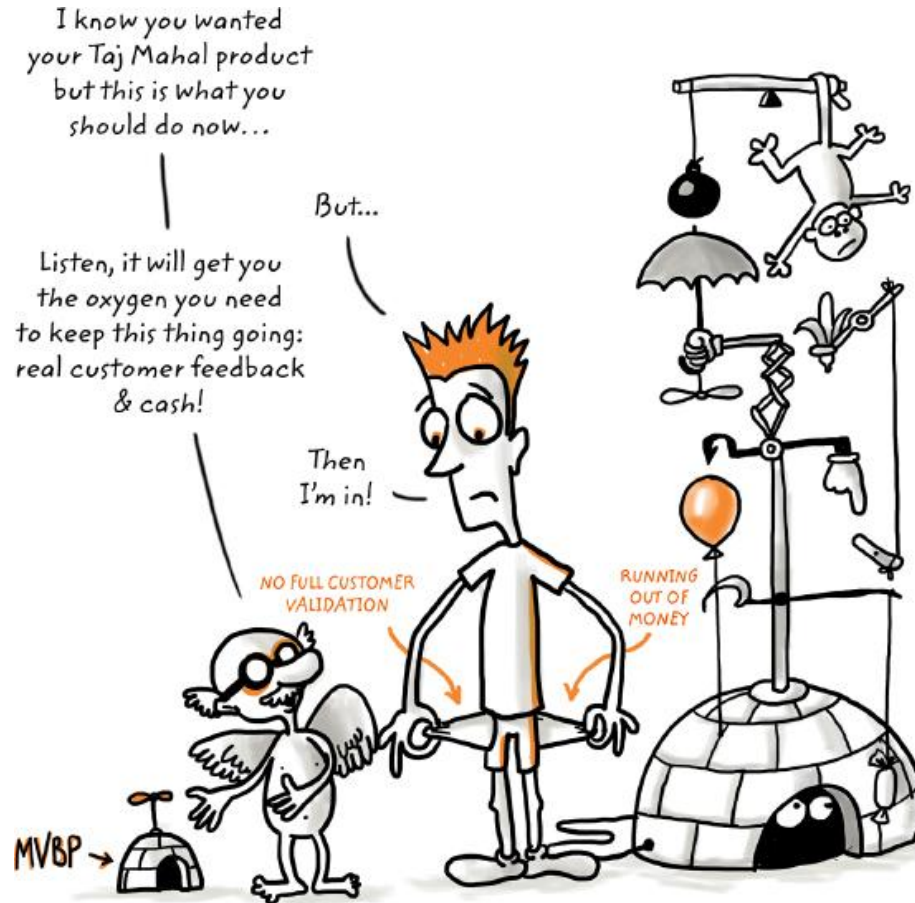
“ _____ ” makes me Smile



“Before I die, I want to _____”



Define the Minimum Viable Business Product (MVBVP)



Key Validation

The customers will pay for your product!



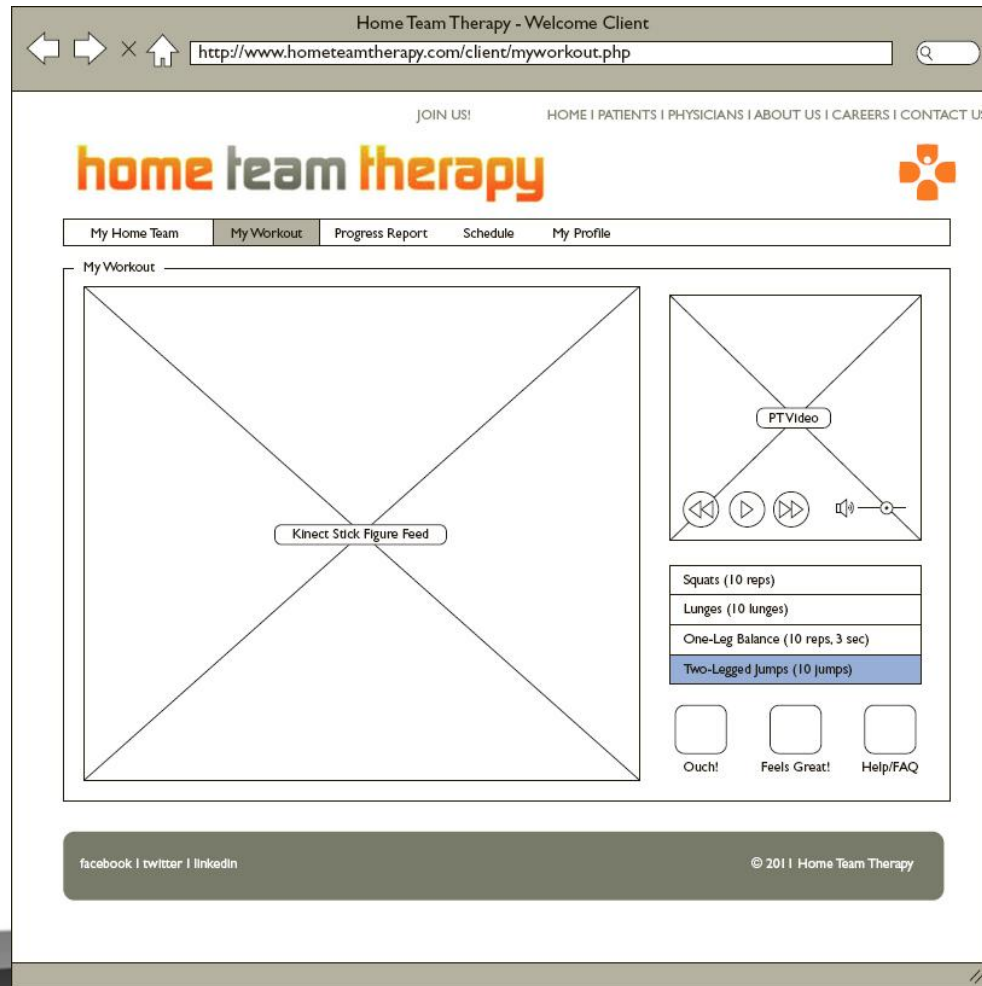
3 Conditions for MVBP

- The customer gets **value** out of use of the product.
- The customer **pays** for the product.
- The product is sufficient to start the customer feedback loop, where the customer can help you iterate toward an increasingly better product. (Customers actually use the product.)

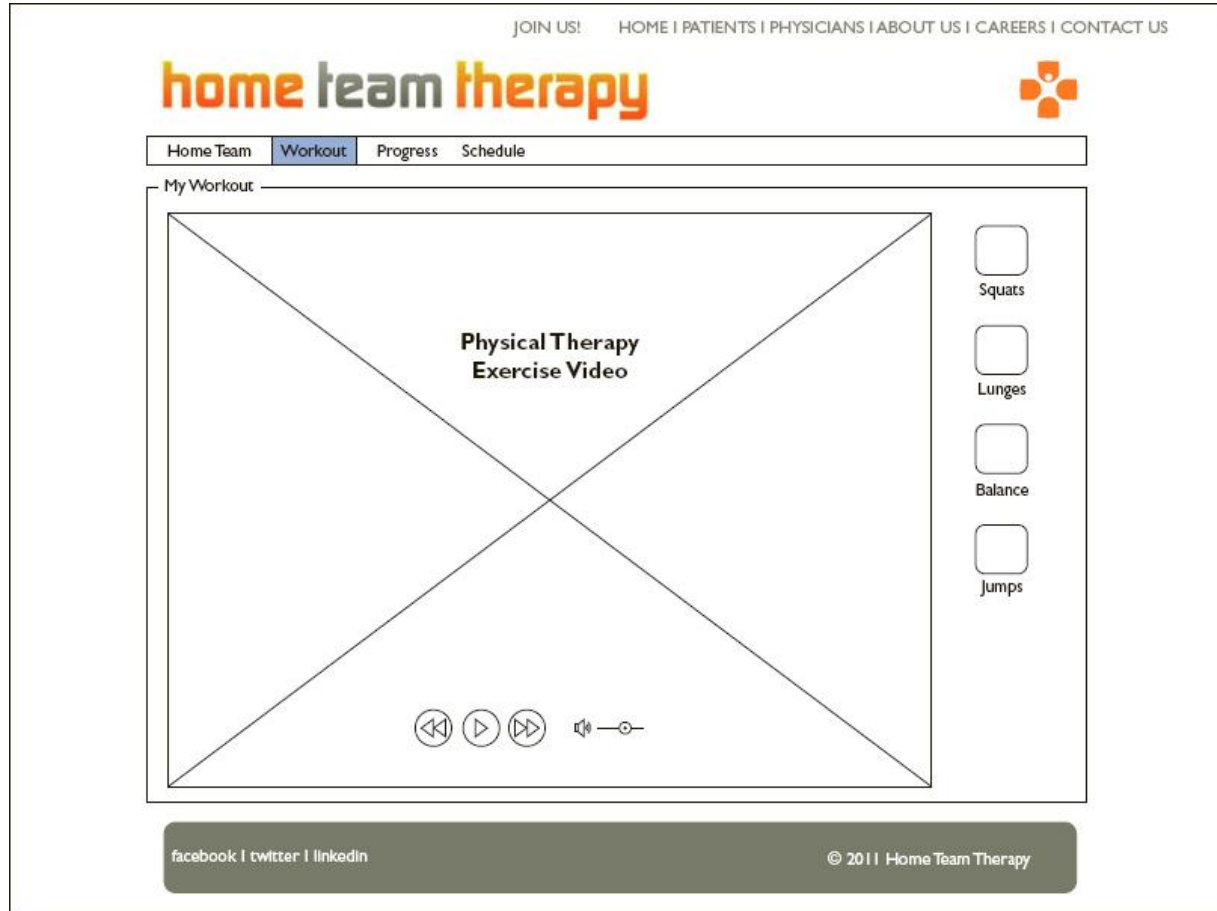
Example - Home Team Therapy

Use Microsoft Kinect to provide patients with real-time automated feedback when they do their therapy exercises at home. Doctors could also see the home sessions and provide feedback of their own.

Original High Level Product Specification



New High Level Product Specification



How to Determine MVBP?

- Can we get patients to sign up?
- Will they use the system?
- Can we get doctors to sign up?
- Can we get paid for this in general?
- We've done customer research, but how can we determine if these are the features that customers really want?
- Are these the features that customers will pay for?
- Are these the features that customers will always want, or does it appear that their preferences will change over time?

“The Dogs Will Eat the Dog Food”

But they have to eat it.
This doesn't make sense.
All my logical data and research
shows that it is good for them ...
plus they told me
they would eat it.

Shoulda checked
before you built
that big plant and
spent all that money!

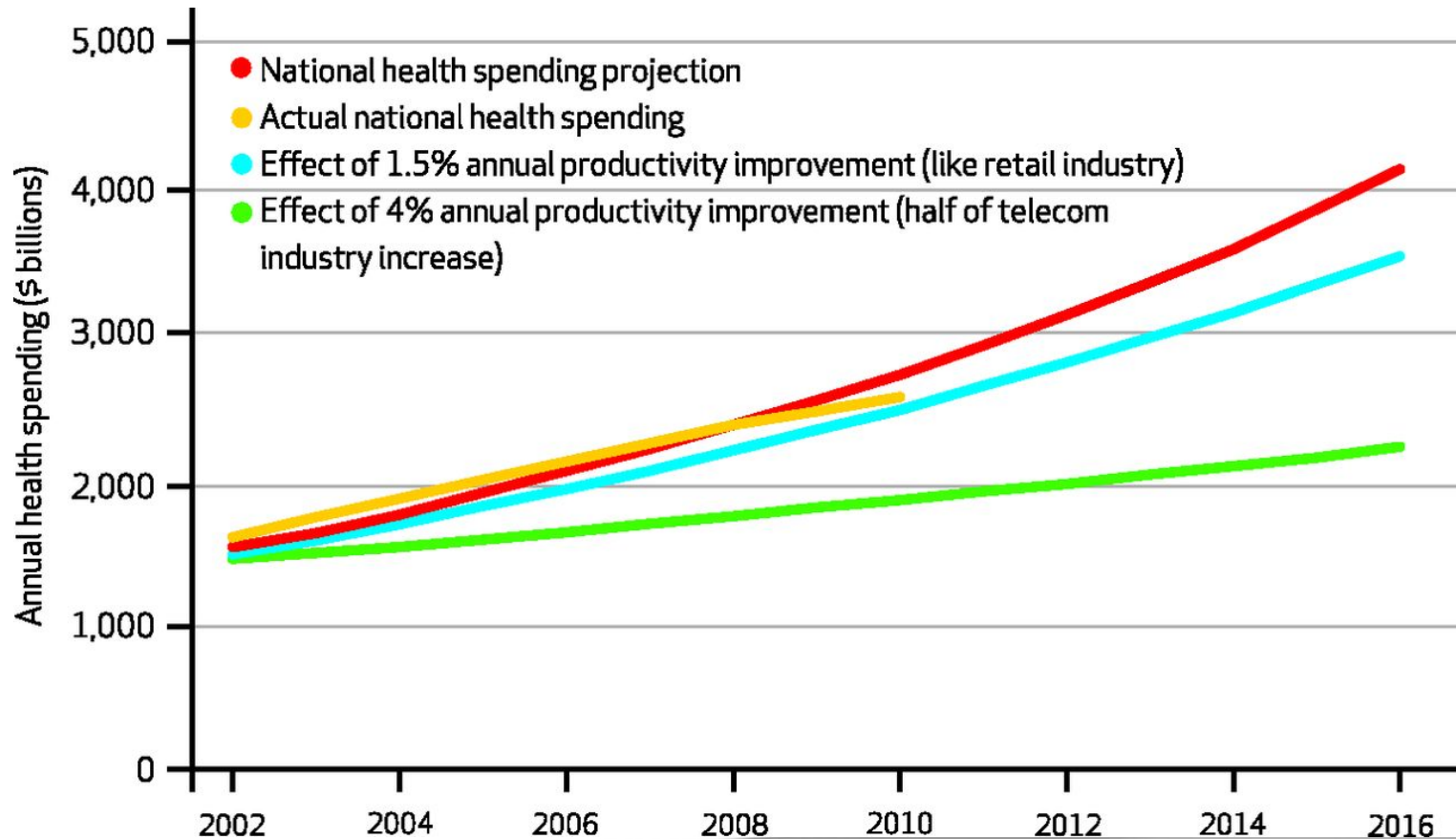


Example - Patient Health Records (PHR)

Allow patients to “carry” their medical records around. Would allow any doctor’s office or hospital to have easy and complete access to your medical history (past diagnosis, lab reports, x-rays and other imaging, etc.)



US Healthcare Spending



PHR



Why it failed

- Lack of consumer awareness
- Used PHR system their healthcare provider's used. (doctors, hospitals, etc.)
- Lack of interoperability
- Not user friendly
- Privacy and security concerns (real or not)