

# The surprising fastest cheapest smartest path to product-market fit

## **MARKETFIT**

Strategic Services for Measurable Growth

Alan Albert

[marketfit.com](http://marketfit.com)

[alan@marketfit.com](mailto:alan@marketfit.com)

[@A\\_Albert](#)

Presentation copyright © 2016 Alan Albert All rights reserved

C O N T E N T

# ADVISORY

CONTROVERSIAL IDEAS

# Agenda

Intro

State of the Art

Customer Values

Maximum Value Proposition

Cognitive Psychology

Computer Science

Product

Marketing

Development

Customer Service

Quality Assurance

Strategy

CEO



Startups

Bootstrapped

Venture-funded

SMB

Fortune 500

Advisor

Investor

Director

Chair

B2B Products & Services

B2C Products & Services

Brick & mortar retail

Personal computing

Enterprise software

SaaS / Cloud computing

Industrial technology

Software development

UI / UX

Information architecture

Input / output devices

Mobile devices

Corporate strategy

Corporate partnerships

Marketing automation

Online marketplaces

Consulting services

Databases

Personal productivity

Business intelligence

E-commerce

Financial services

Social networking

Education

Knowledge Management

Home Grocery Shopping

Online security

Real estate software

Video software

Scheduling software

Process Control

Publishing

# MARKETFIT

Strategic Services for Measurable Growth

Alan Albert

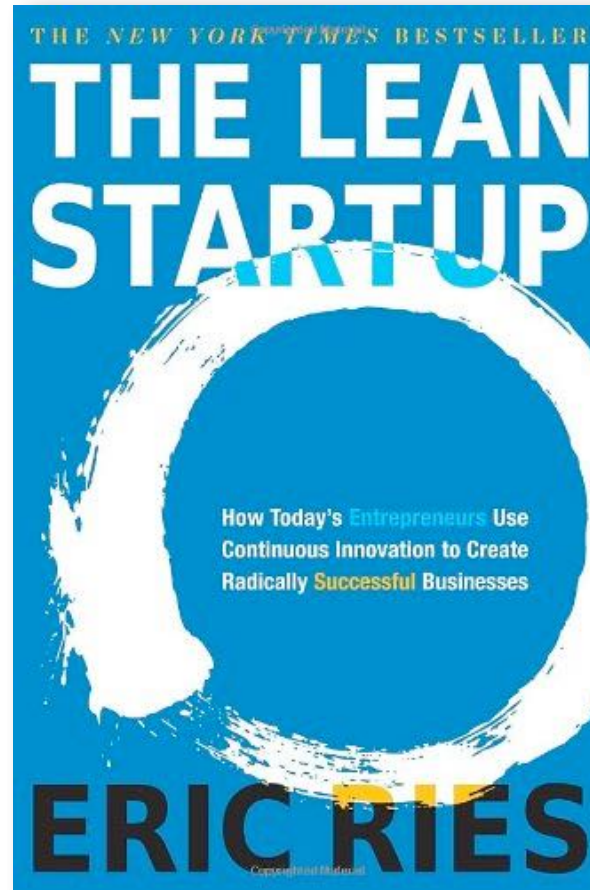
[marketfit.com](http://marketfit.com)  
[alan@marketfit.com](mailto:alan@marketfit.com)  
[@A\\_Albert](#)

Presentation copyright © 2016 Alan Albert All rights reserved

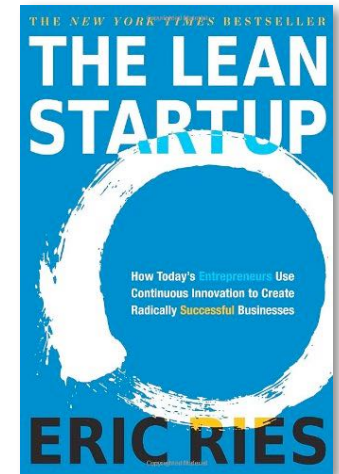
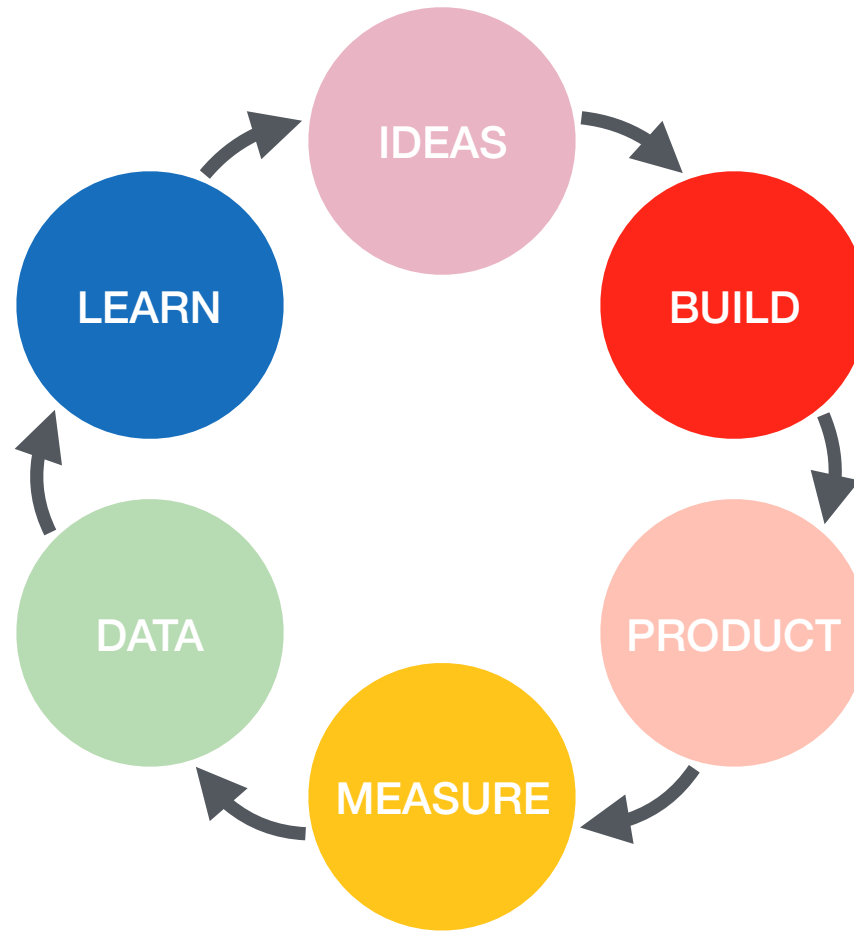
Cute  
Friendly  
Soft Fur  
Fetch  
Potty Trained

**\$20**





Credit: Eric Ries



Credit: Eric Ries



Start with your idea

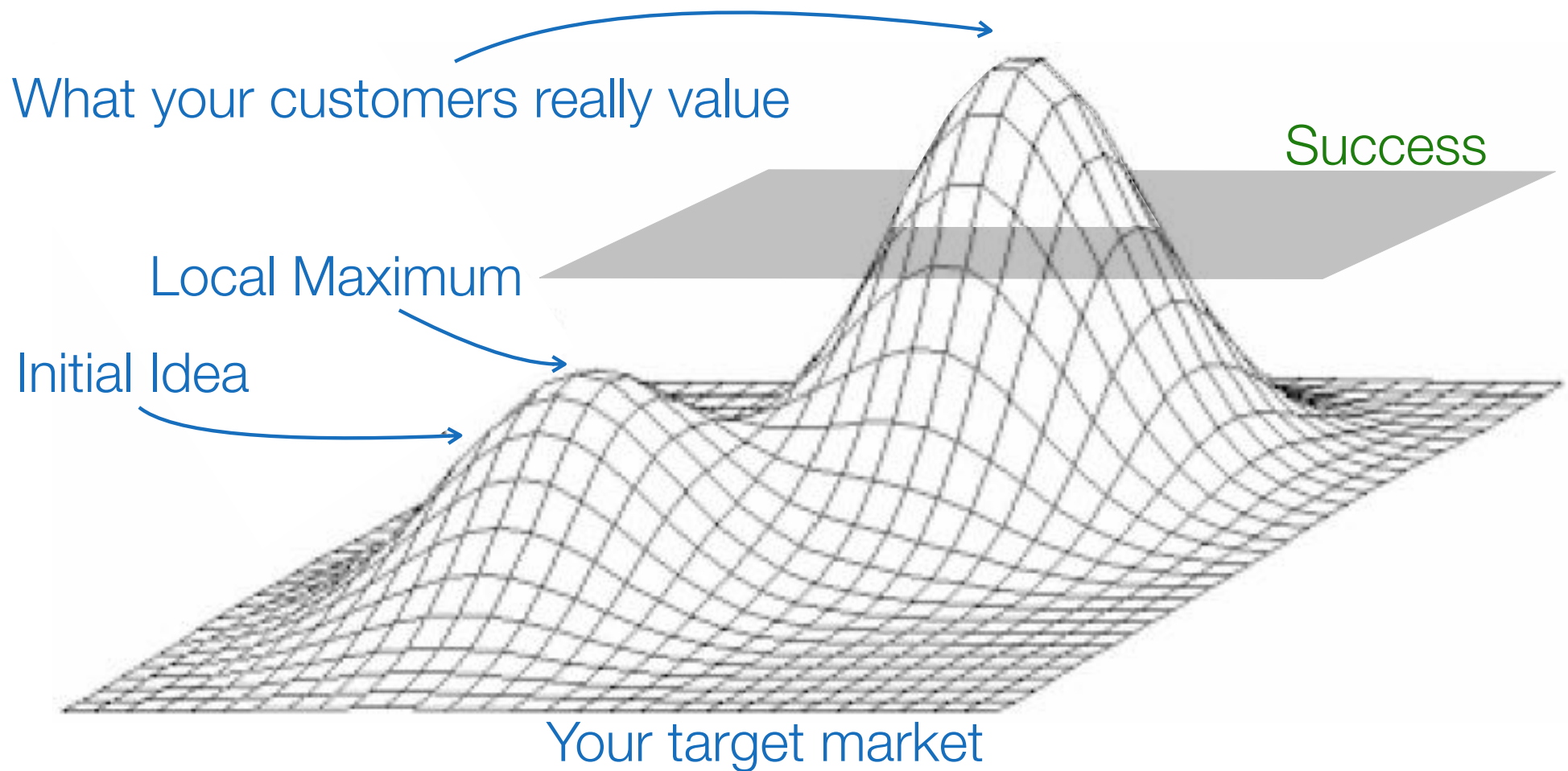
Build Minimum Viable Product (MVP)

Iterate to validate your idea

Fail faster



# Start with your idea?



Measuring how customers react to your idea  
won't tell you what they really care about.

MarketFit.com

@A\_Albert

Asking customers if they like your product  
is like asking “is my puppy cute?”.

MarketFit.com

@A\_Albert

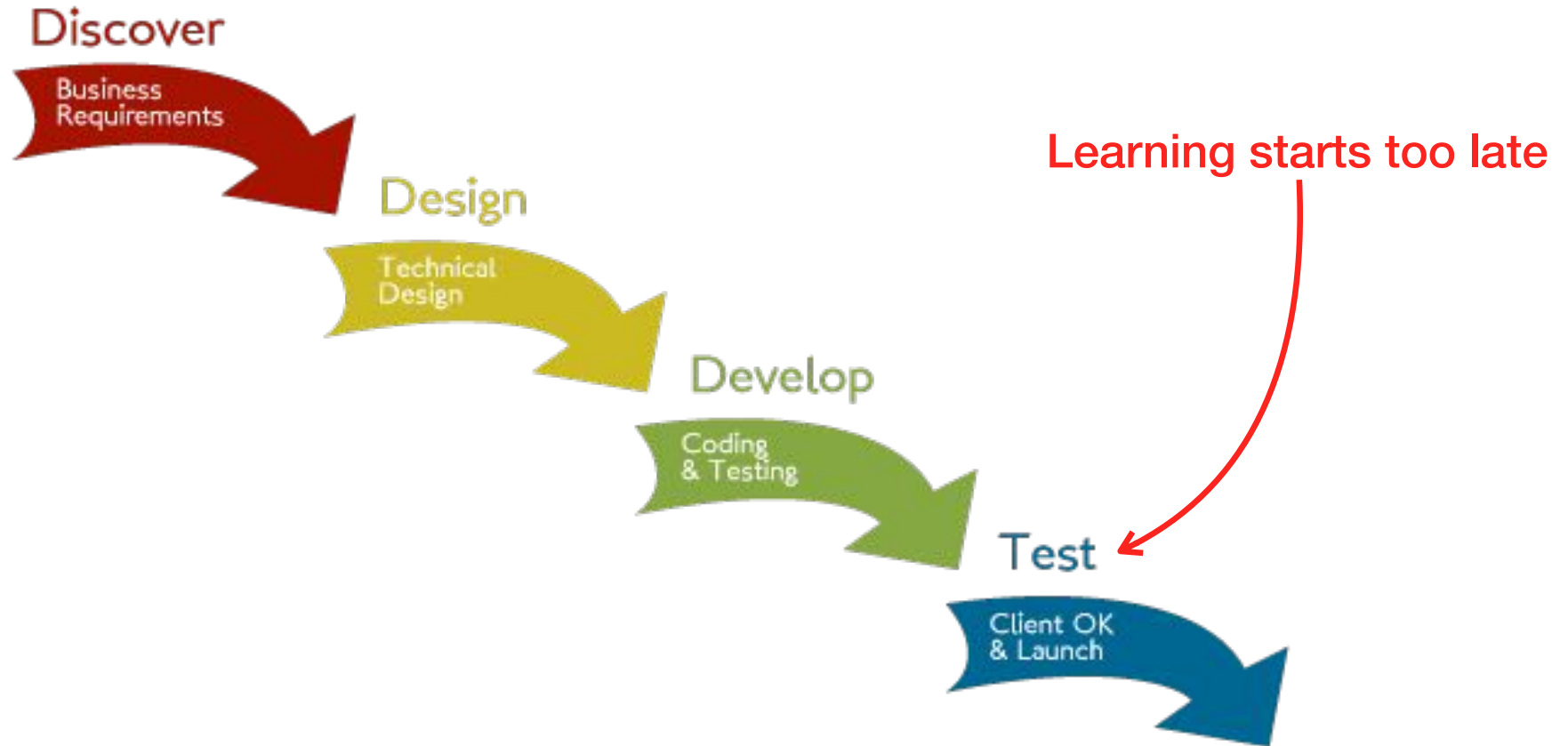
~~Start with your idea~~

Build Minimum Viable Product (MVP)

Iterate to validate your idea

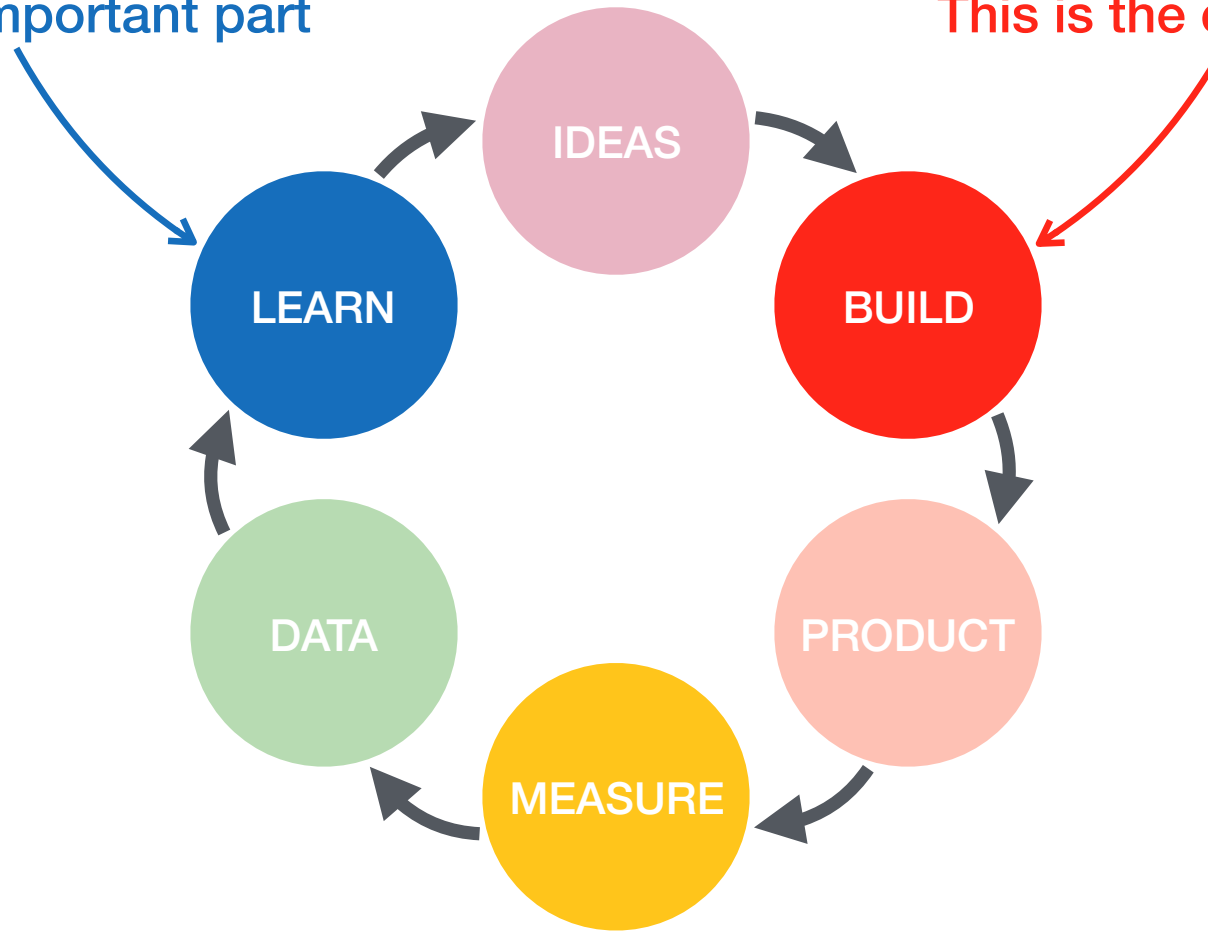
Fail faster

# Waterfall

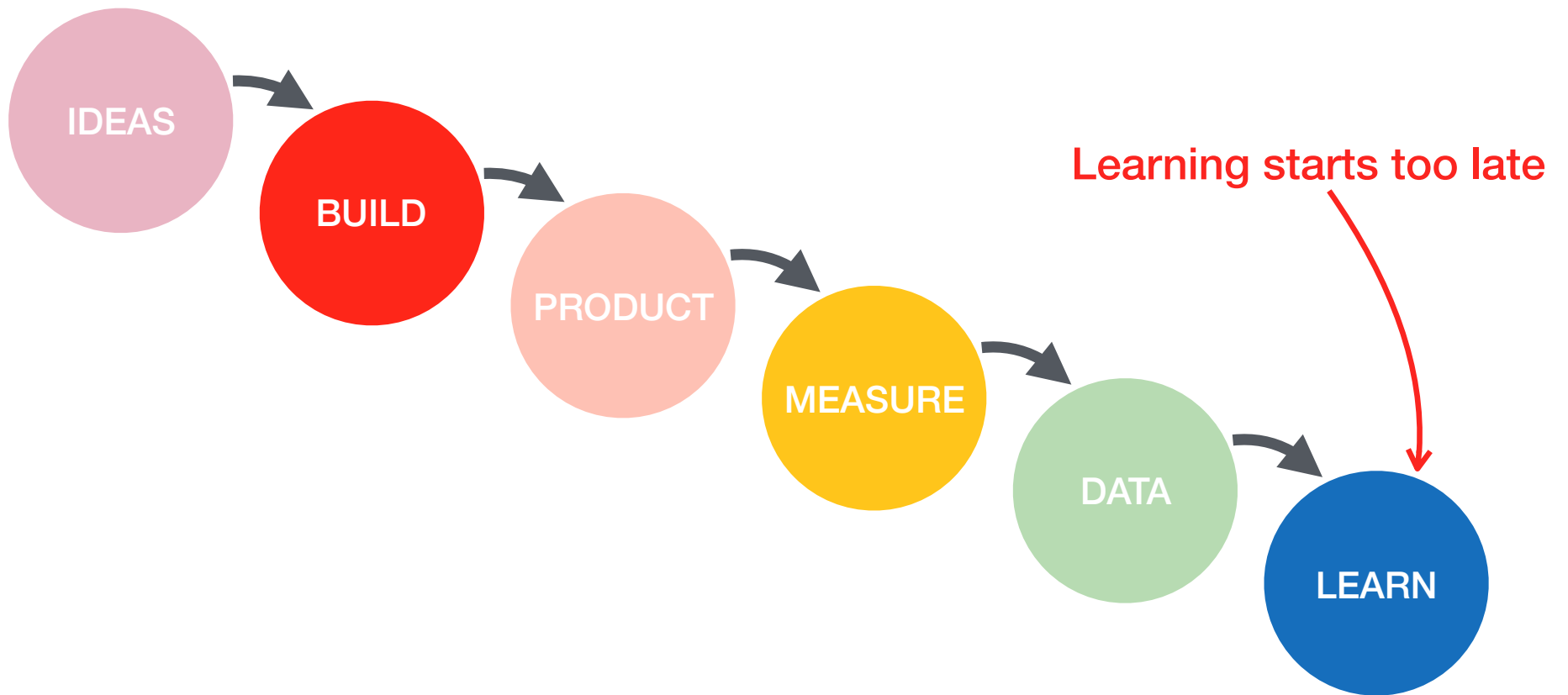


This is the important part

This is the expensive part

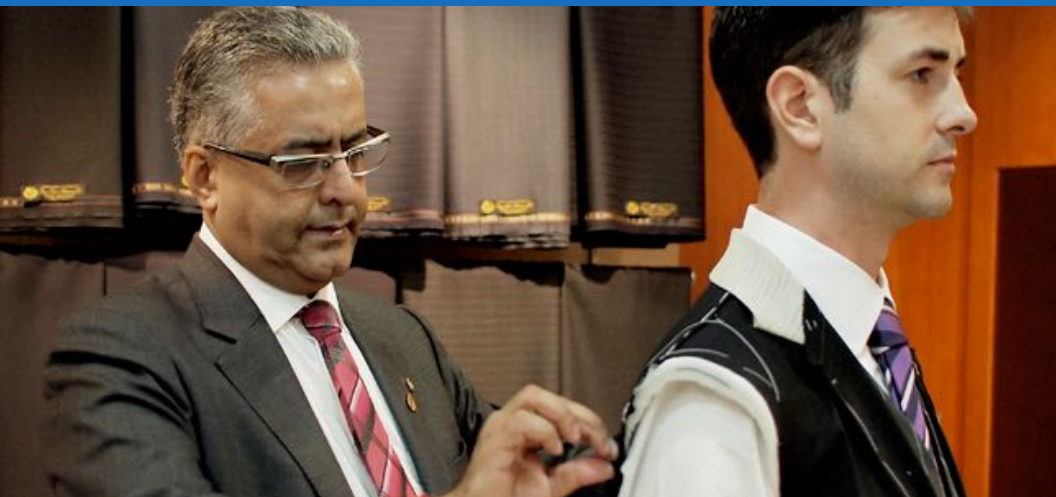








Why build *before* you measure?



 iPhone

What if they had started with minimum?



TESLA MOTORS

Why do Lean companies build first,  
then measure? What if we measured first?

MarketFit.com

@A\_Albert

~~Start with your idea~~

~~Build Minimum Viable Product (MVP)~~

Iterate to validate your idea

Fail faster

Disprovable  
Hypothesis

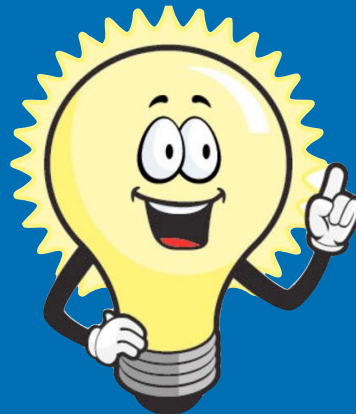
**Scientific Method**

Collect evidence  
aiming to disprove it.

Vague  
Hypothesis

**Lean gone rogue**

Collect evidence  
that supports it.



Don't iterate to validate your idea

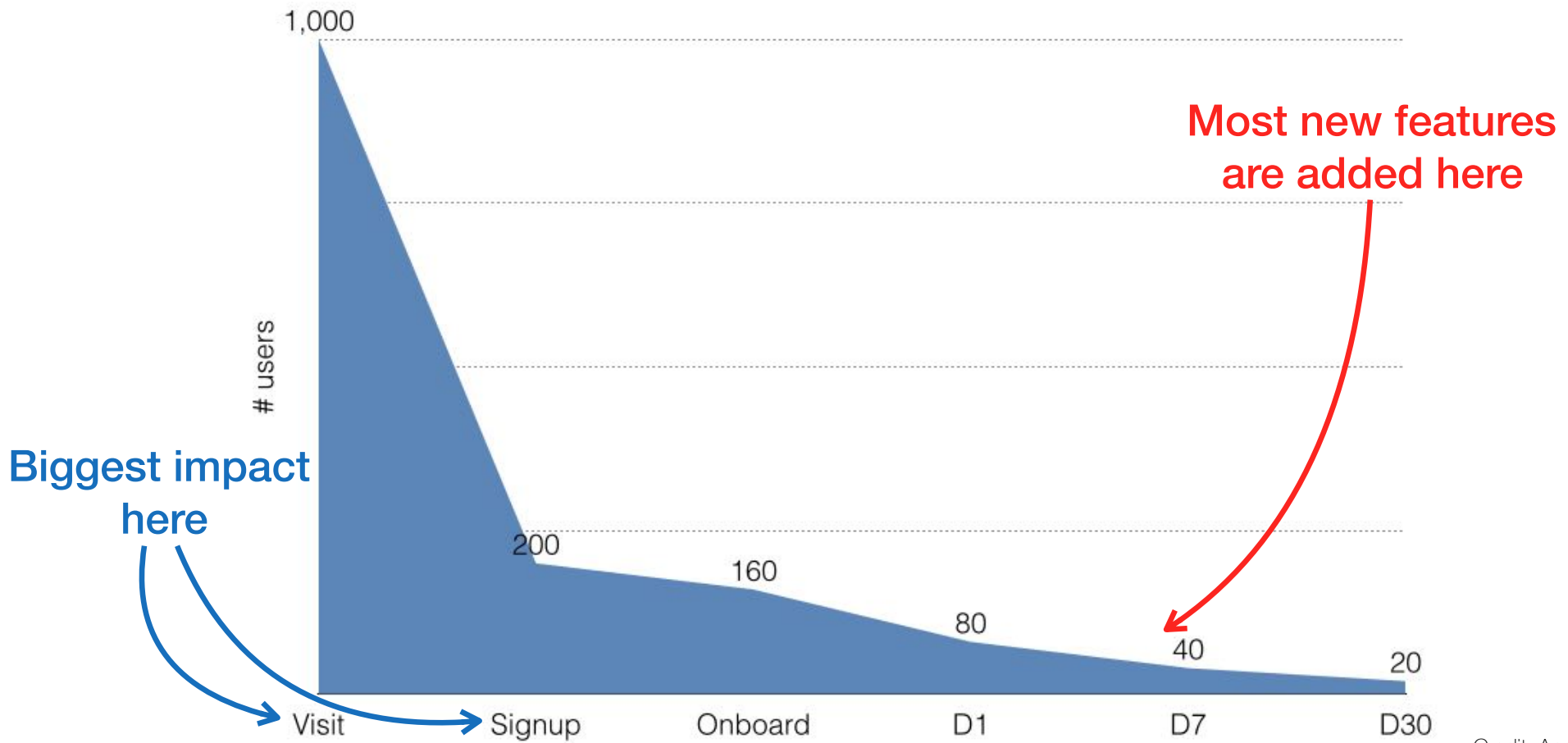


If you're working to validate your hypothesis,  
you're doing it wrong.

MarketFit.com

@A\_Albert

# The “Next Feature” Fallacy



Credit: Andrew Chen

Adding a new feature won't suddenly  
make people want your entire product.

MarketFit.com

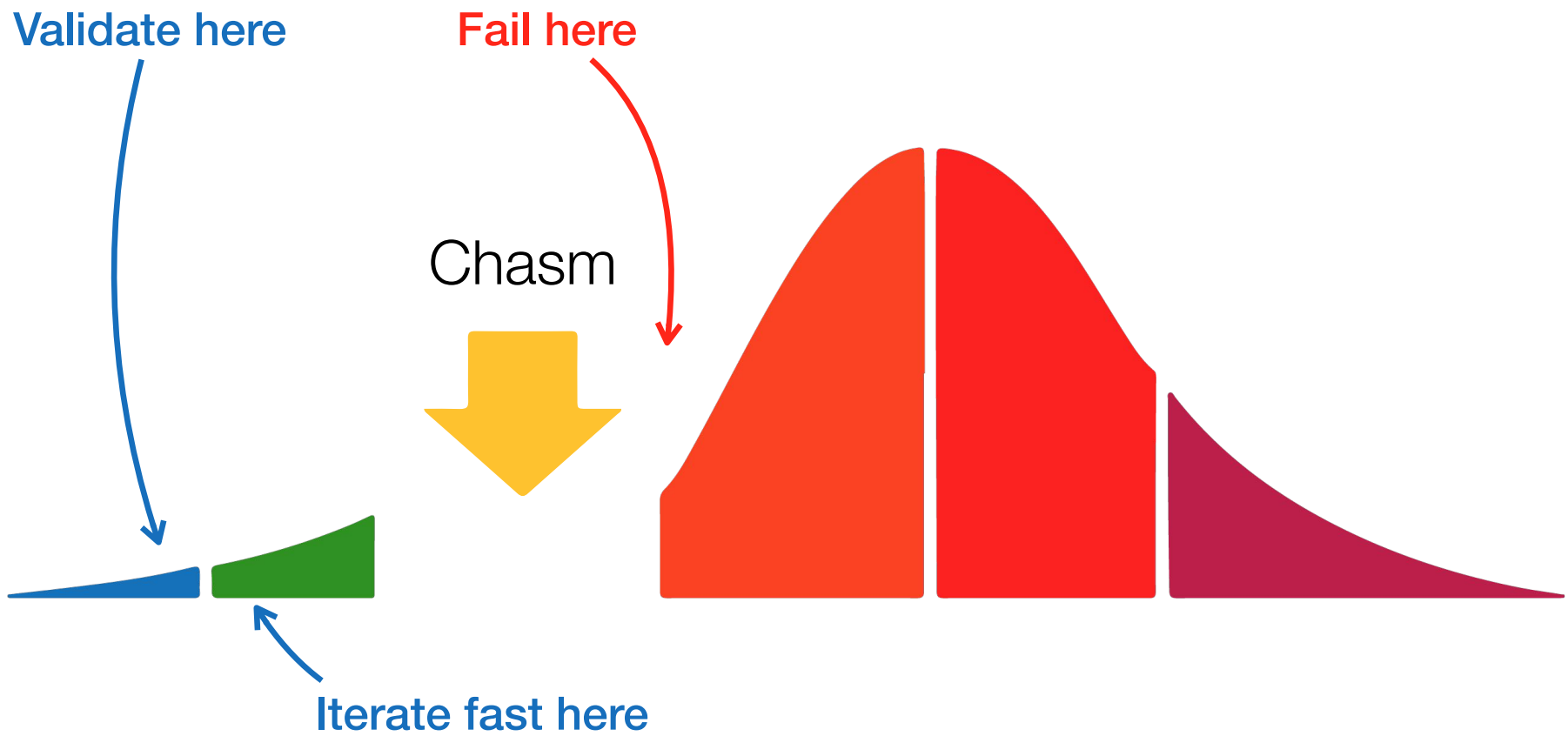
@A\_Albert

~~Start with your idea~~

~~Build Minimum Viable Product (MVP)~~

~~Iterate to validate your idea~~

Fail faster



Credit: Geoffrey Moore

Why iterate with early adopters,  
if your true target customer has different values?

MarketFit.com

@A\_Albert

>80% **Fail**

If the Lean approach was were truly scientific,  
shouldn't the failure rate be less than 80%?

MarketFit.com

@A\_Albert



Why fail faster? Why not find a way to  
succeed sooner?

MarketFit.com

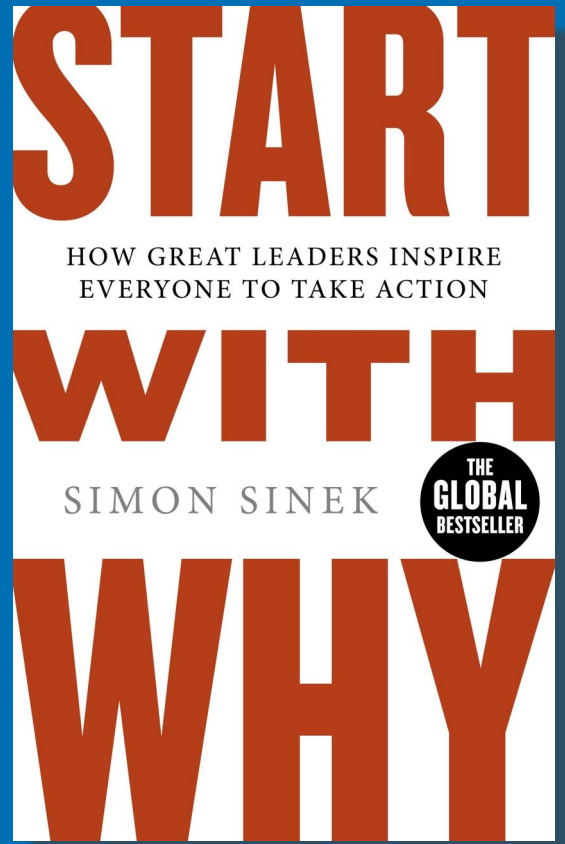
@A\_Albert

~~Start with your idea~~

~~Build Minimum Viable Product (MVP)~~

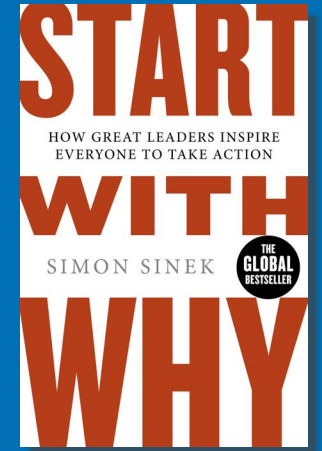
~~Iterate to validate your idea~~

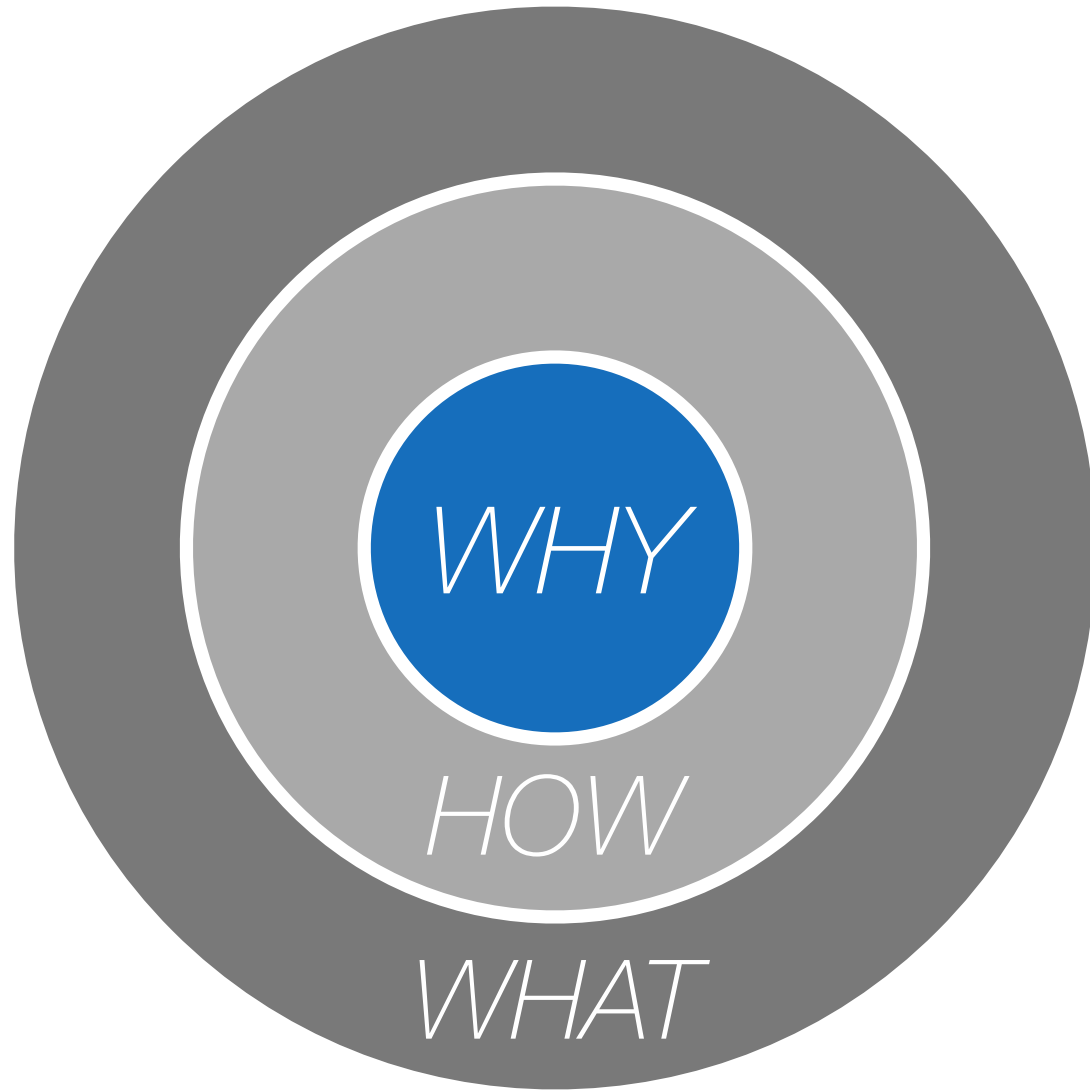
~~Fail faster~~



“People don’t buy what you do;  
people buy why you do it.”

–Simon Sinek





Lean starts with your idea — the what —  
aiming to discover the why. Why not start with why?

MarketFit.com

@A\_Albert

THE CLASSIC BESTSELLER

"Absolutely brilliant. Clayton Christensen provides an insightful analysis  
of changing technology and its importance to a company's future success."

—Michael R. Bloomberg, founder, Bloomberg Financial Markets, and mayor of New York City

---

THE

---

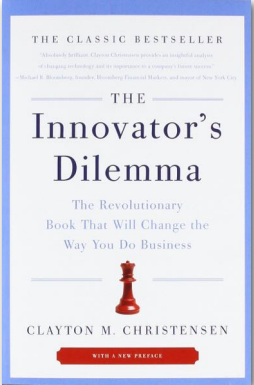
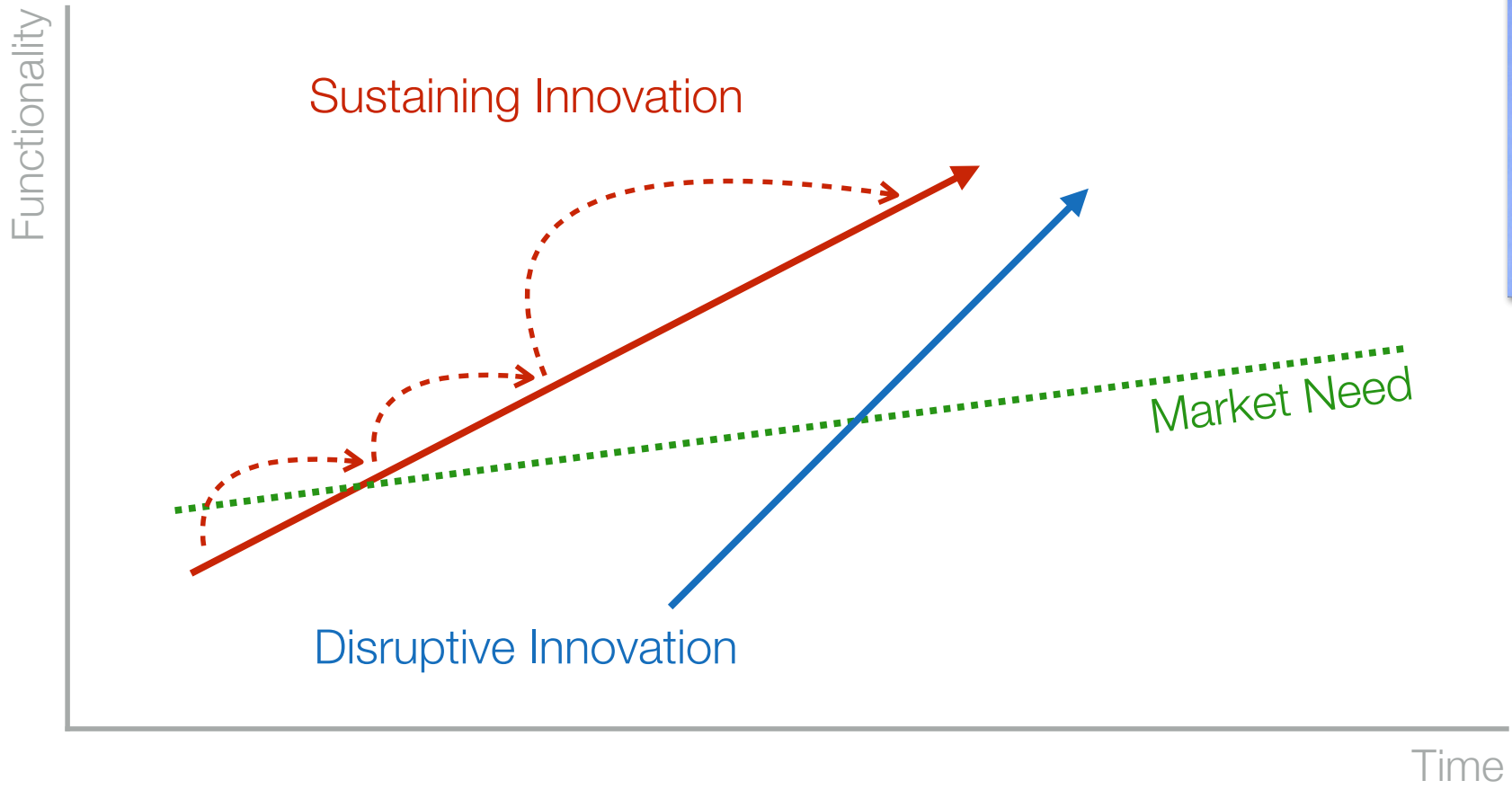
# Innovator's Dilemma

The Revolutionary  
Book That Will Change the  
Way You Do Business



CLAYTON M. CHRISTENSEN

WITH A NEW PREFACE





What makes a product disruptive?  
Disruptive products appeal to a different set of  
customer values.

MarketFit.com

@A\_Albert

# Customer Values



Values =  
motivations  
goals  
concerns  
emotions

what people care about  
the “why” that makes them buy



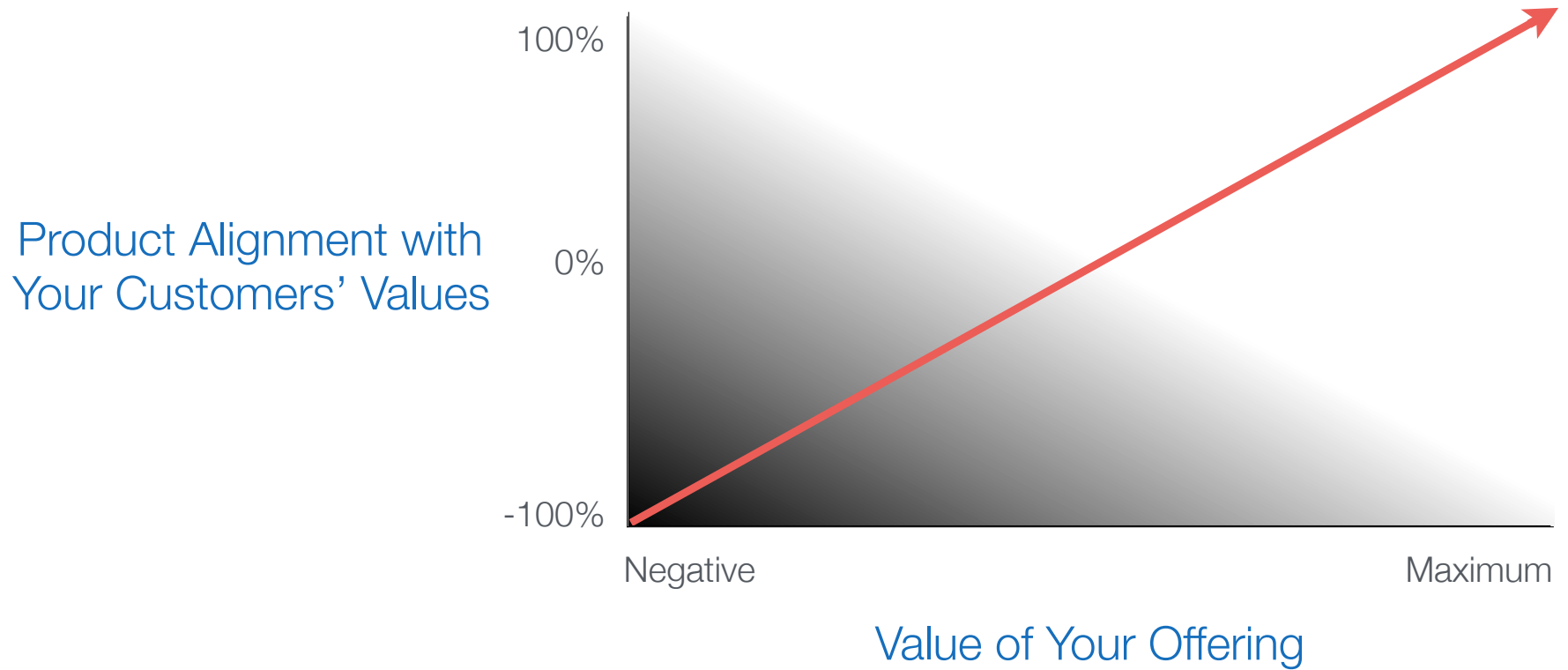
PRODUCT

FEATURES

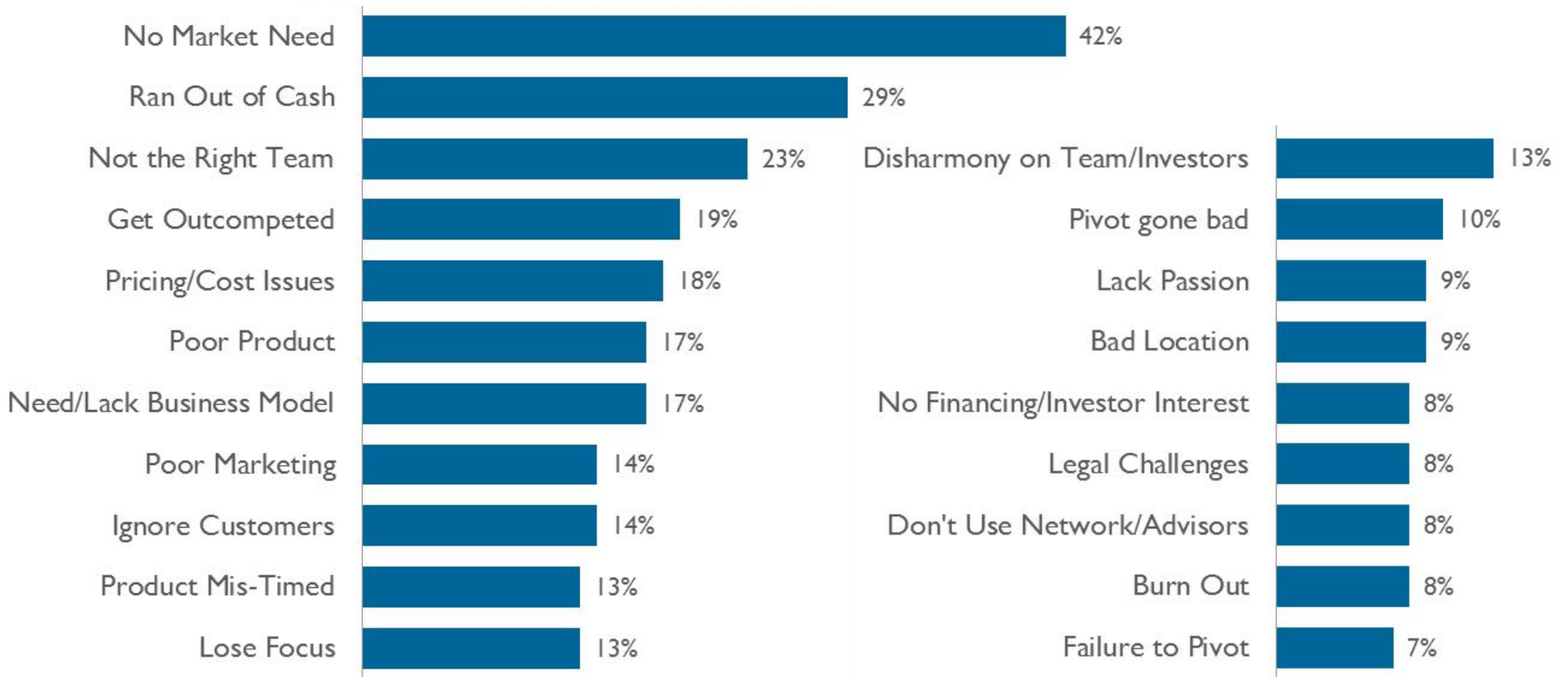
BENEFITS

VALUES

# Customer Values Define Product Value

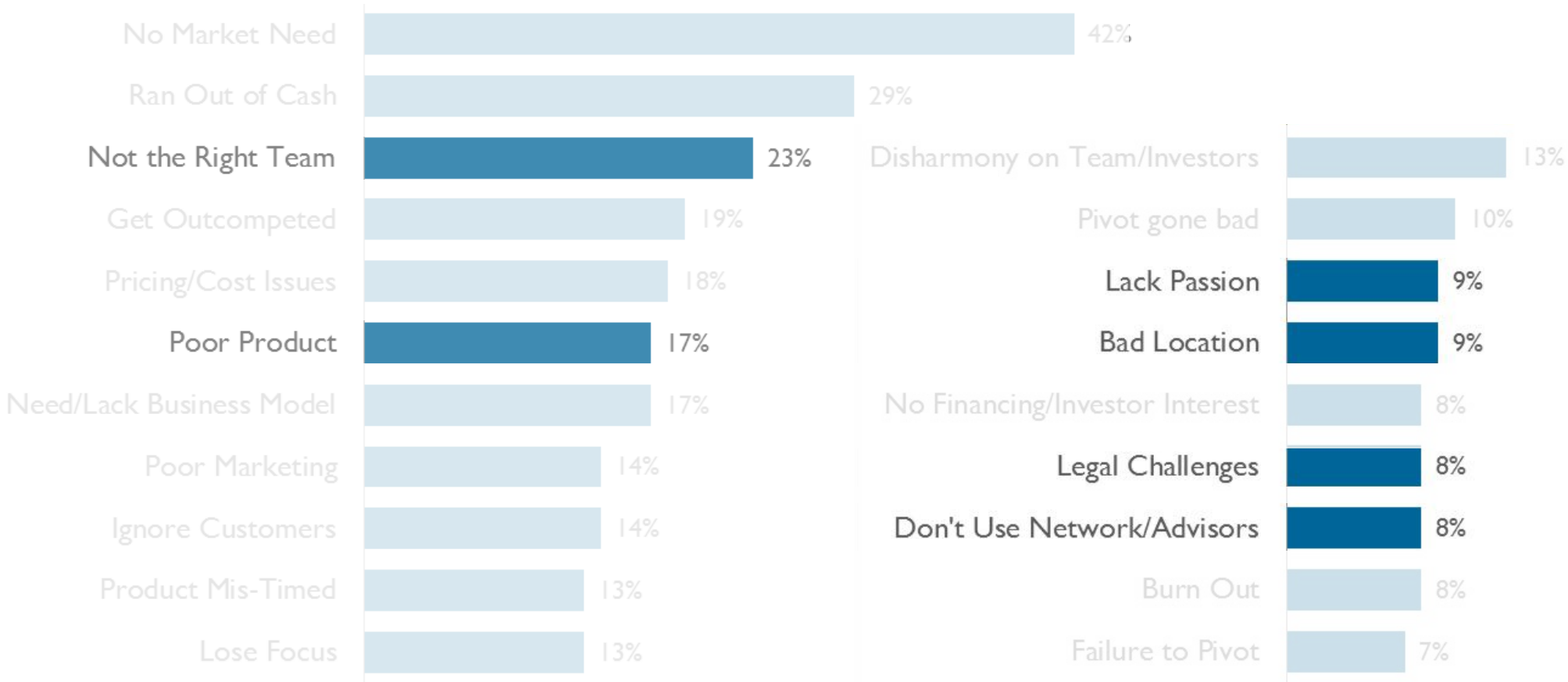


# Top 20 Reasons Startups Fail



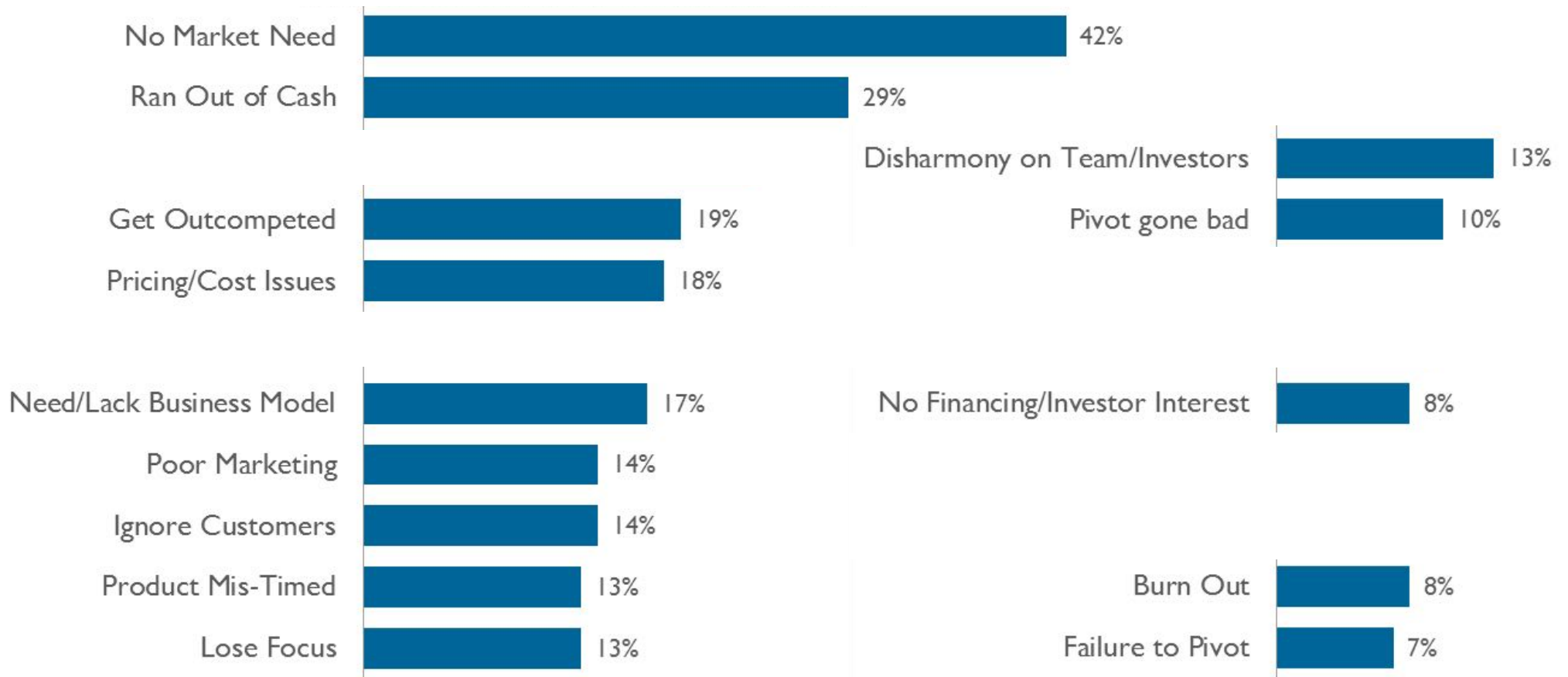
Credit: CB Insights

# Top 20 Reasons Startups Fail, Unrelated to Values





# Top 20 Reasons Startups Fail, Related to Values



You can easily change

ideas

products or services

markets or segments

positioning and messaging

Values

hard to change

trigger emotion

discoverable

measurable

Customer values are discoverable, measurable and quantifiable. Why skip this step?

MarketFit.com

@A\_Albert

NO Optical Drive  
NO Ethernet Port  
NO Media Card Slot  
NO replaceable battery  
ONLY 1 USB slot  
SLOWEST processor

80%



The world's thinnest notebook. **MacBook** Air.





For those who dream big  
Surprising style, advanced tech  
Feels fast and looks cool  
Impressive efficiency



Unrivalled luxury  
Unrelenting performance  
Penchant for power  
Demands attention



precisely what you need  
in places you want to go

for business or play  
best available rate guarantee

comfortably familiar rooms  
free Wi-Fi  
convenient dining  
always included



explore the world  
discover local experiences  
sense of belonging  
community and connections  
sharing

unique accommodations  
trust & safety  
more affordable

support neighborhood businesses  
increase local tax revenue

# Market Segment

Geographic  
Demographic  
Behavioural  
Psychographic  
Occasional  
By Benefits  
Cultural



New definition of Market Segment:  
Customers who share the same set  
of strongly held values.

MarketFit.com

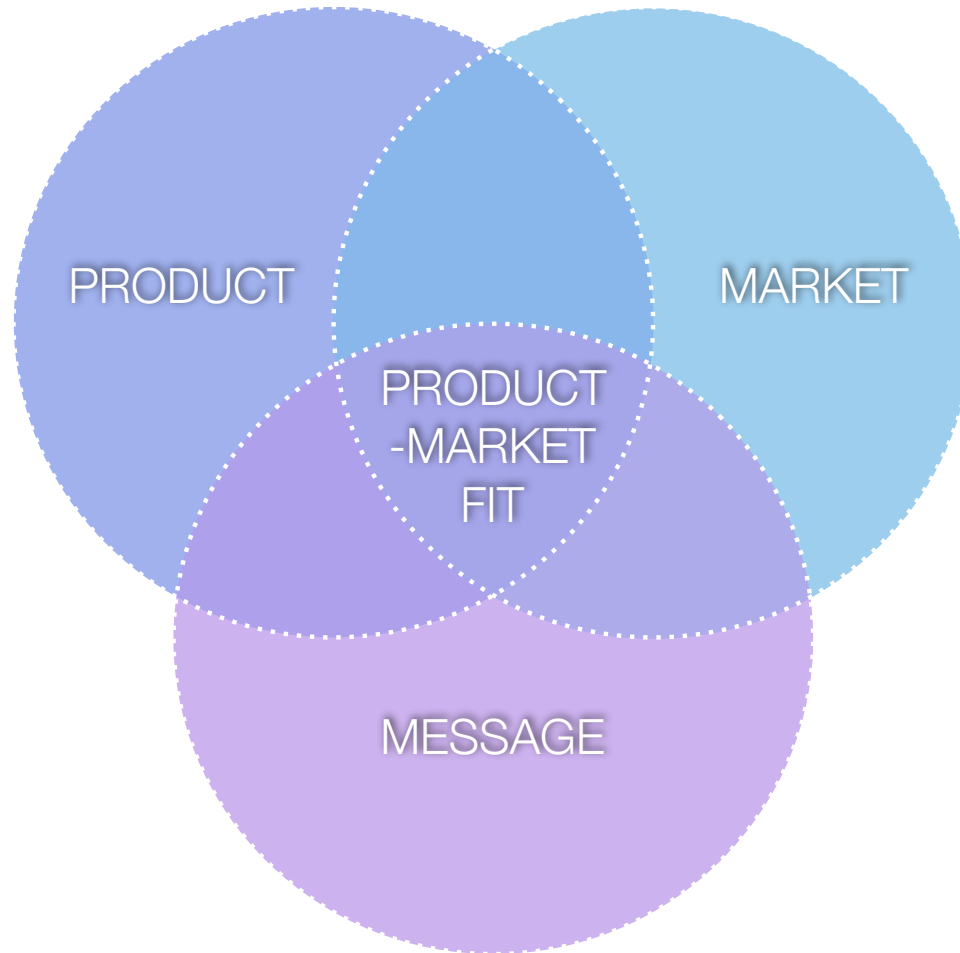
@A\_Albert

# Maximum Value Proposition

The New  
**MVP**

The “why” that makes them buy

# Maximum Value Proposition



## Product-Market Fit

40%

“Product-market fit is the only thing that matters.”

–Marc Andreessen

Customer values exist independent of  
your product.

Discover them independent of your product.

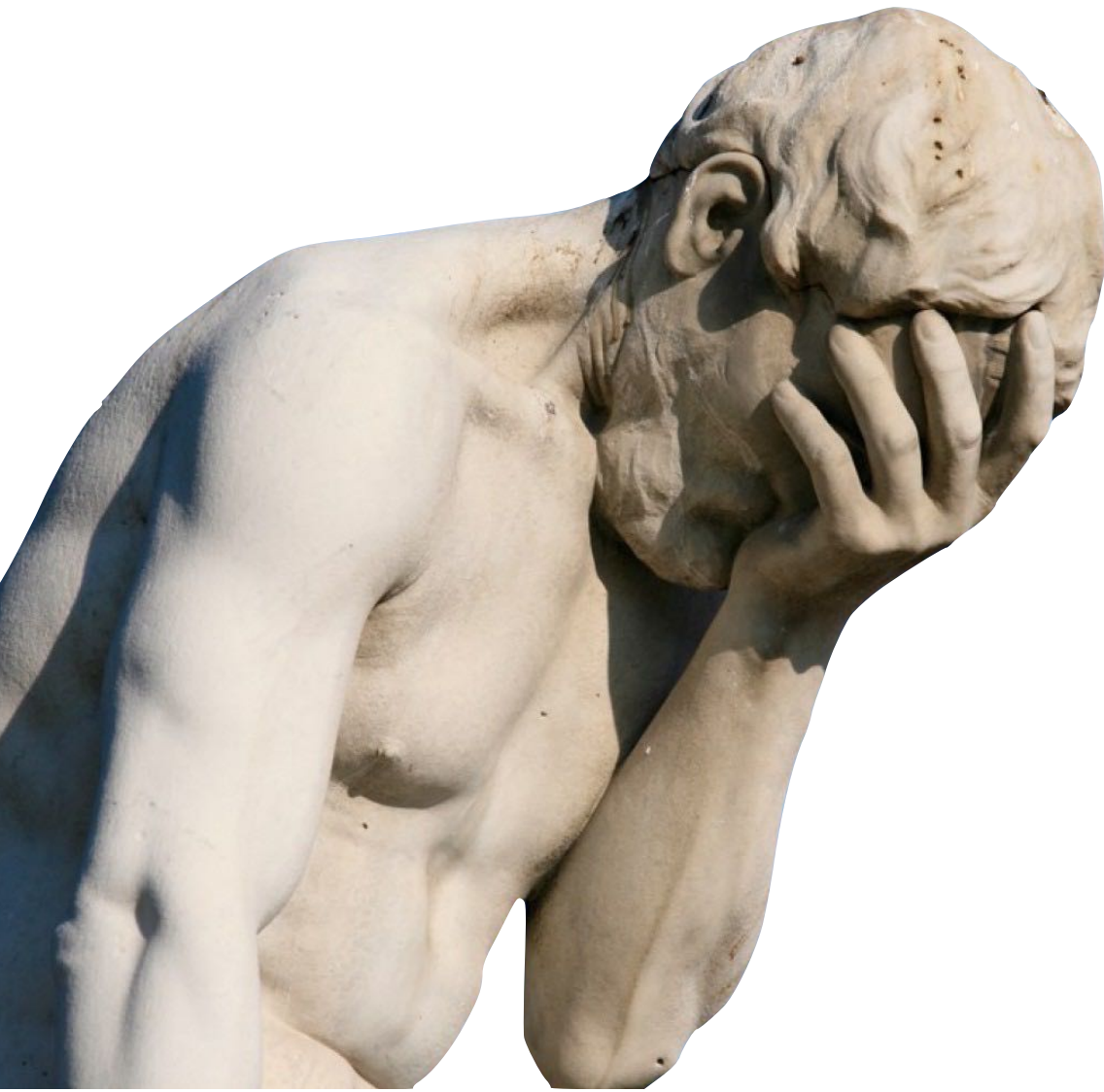
MarketFit.com

@A\_Albert

Don't build an MVP until you discover the Maximum Value Proposition. It's your *first* MVP.

MarketFit.com

@A\_Albert



# Cognitive Biases

Your worst enemy

**>150 Biases**

# Confirmation Bias

We tend to search for, attend to and trust information that confirms our beliefs or hypotheses

Wikipedia "[List of Cognitive Biases](#)"





How to create products and services customers want.  
Get started with...

# Value Proposition Design

[strategyzer.com/vpd](http://strategyzer.com/vpd)

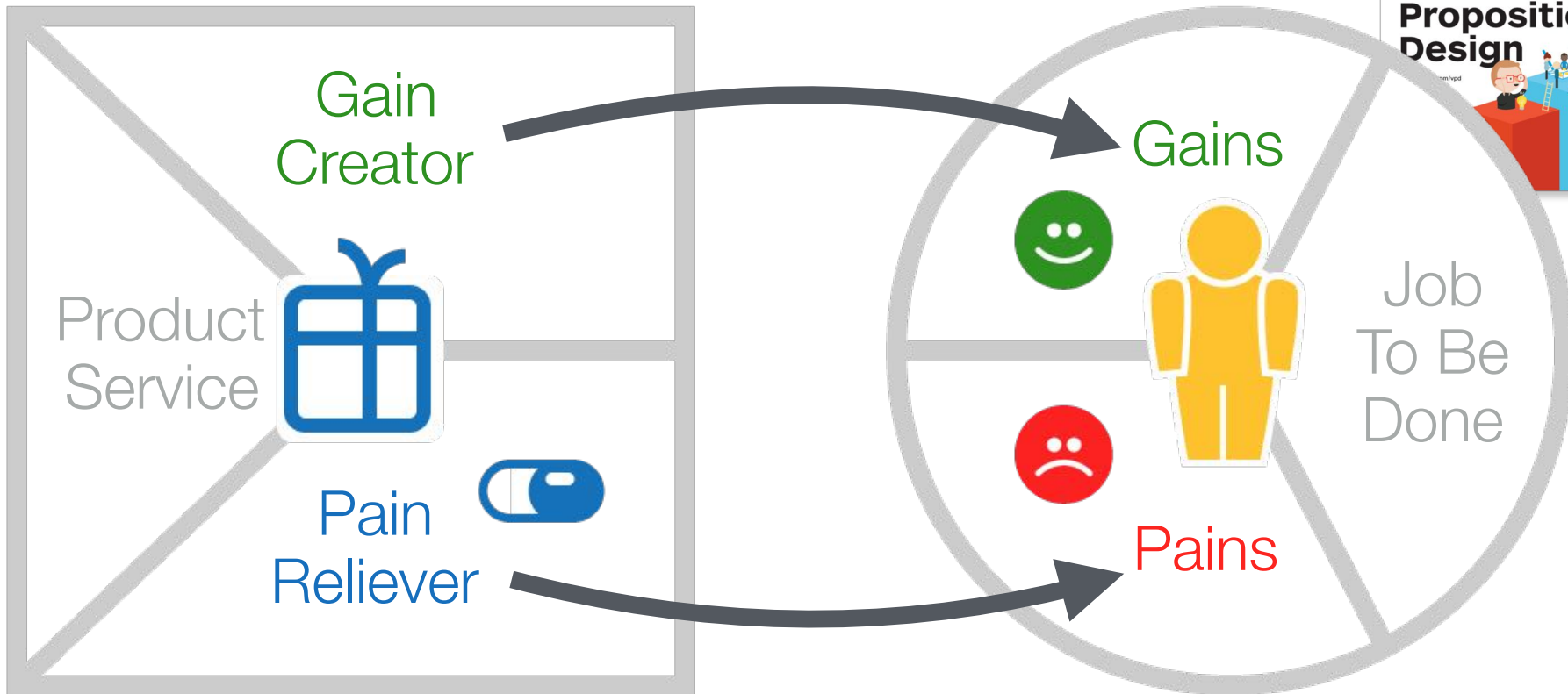
Written by  
Alex Osterwalder  
Yves Pigneur  
Greg Bernarda  
Alan Smith

Designed by  
Trish Papadakis

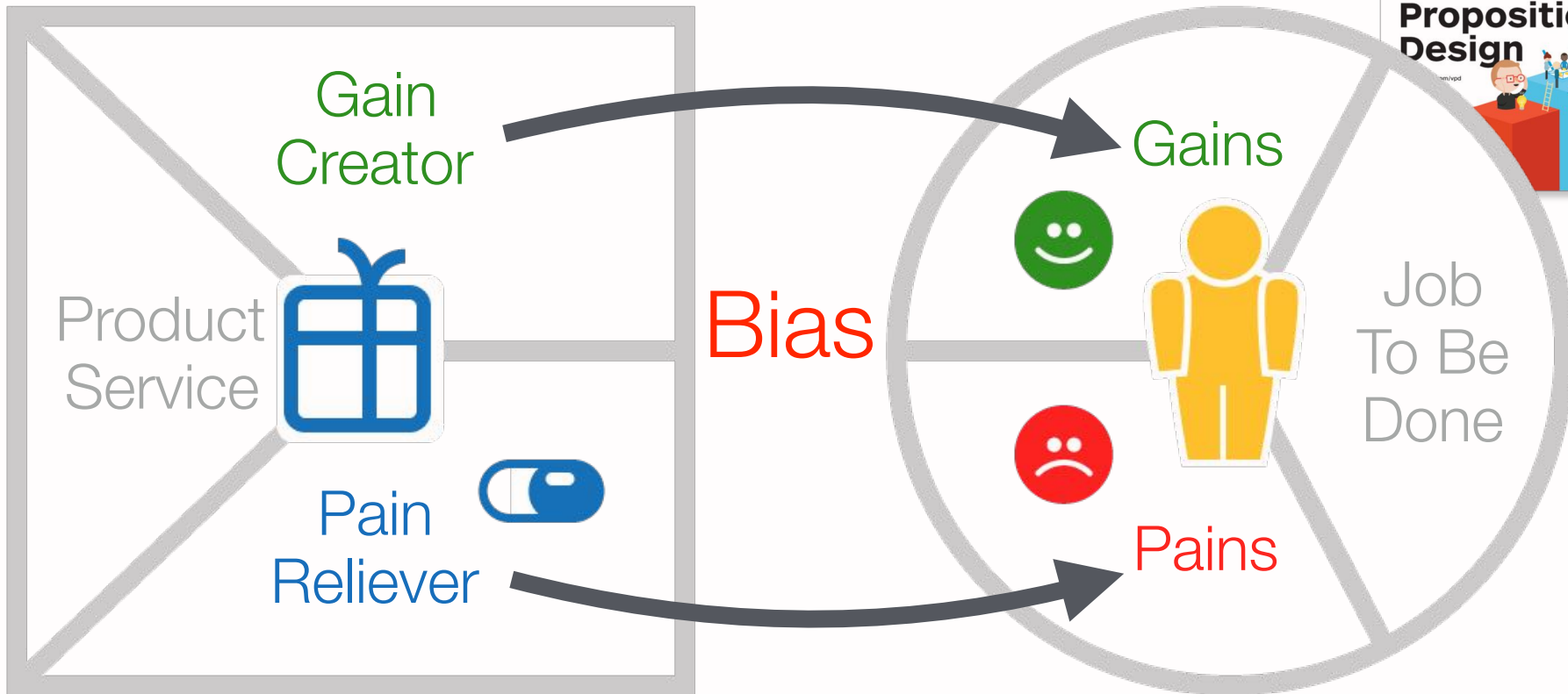
WILEY



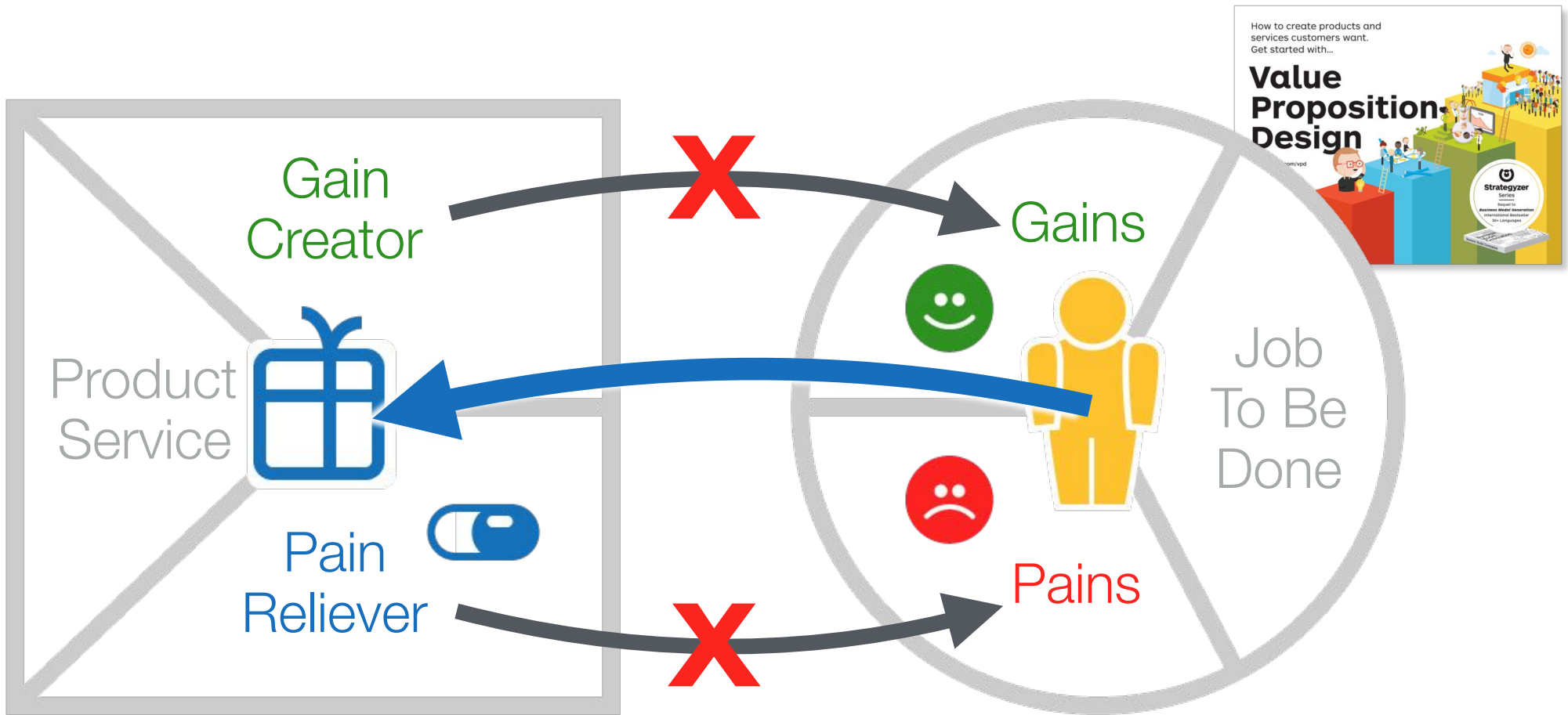
Credit: Strategyzer



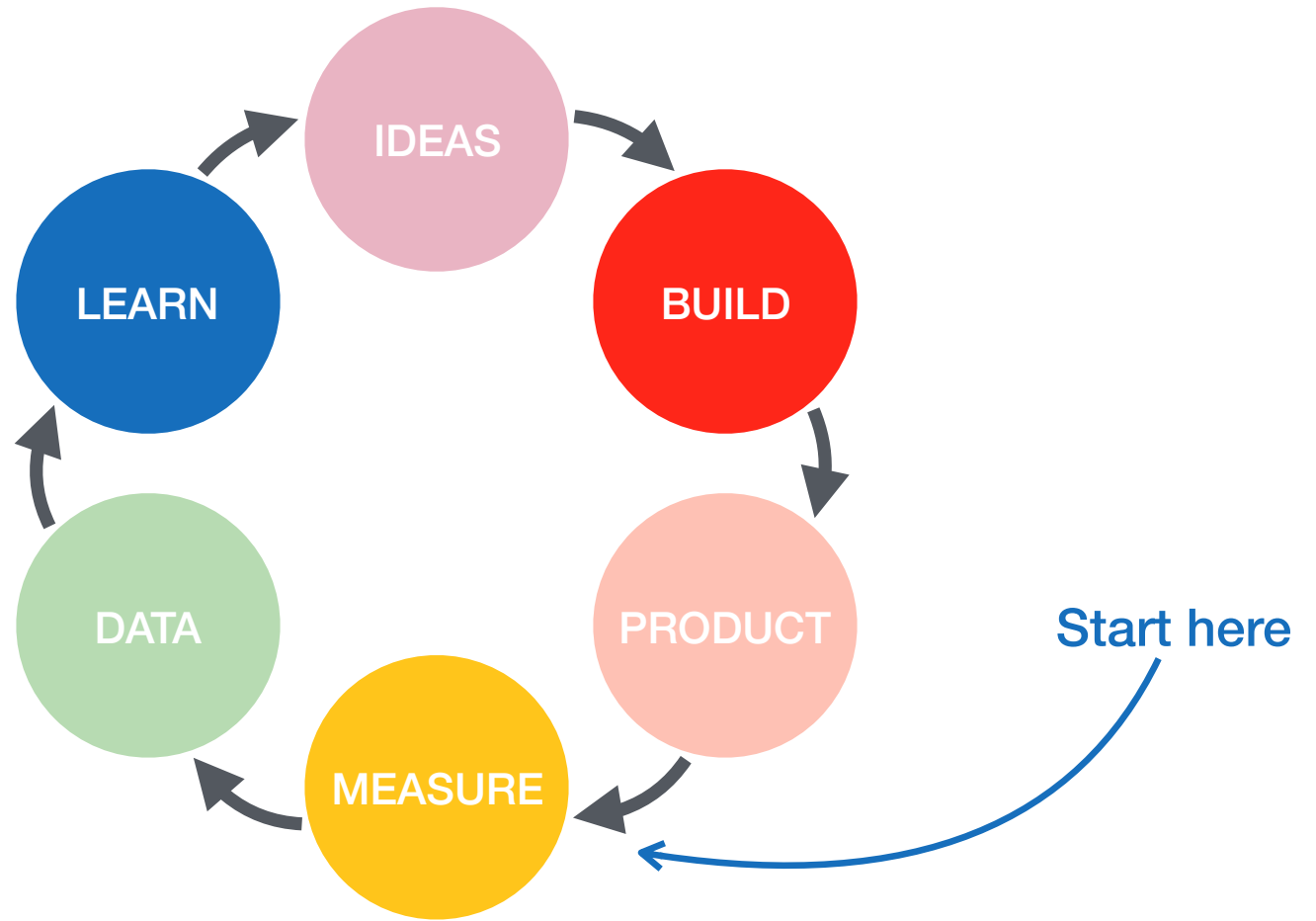
Credit: Strategyzer



Credit: Strategyzer



Credit: Strategyzer



**Value Discovery**<sup>TM</sup>

# Are you asking...

What **features** should we build?

How should we **position** our product?

What should our **brand** stand for?

How do we make **roadmap** decisions?

What **market segments** should we target?

How do we extend our **product line**?

How should we **price** our product?

How can we **grow faster** than the competition?



## Why conduct **Value Discovery** research?

Typical Market Research	Value Discovery
Tactical, one-time	Strategic, long-term
Biased, self-serving	Valid, reliable
Interesting, not clearly actionable	Relevant, immediately actionable
Time-consuming, expensive	Time-efficient, cost-effective
Risky: might not be useful	Low risk: useful by design



# Value Discovery Research





# How does **Value Discovery** work?

**Structured**, multi-step research framework

Focused on **discovering and quantifying values**

Designed to **identify and minimize bias**

Conducted by an **unbiased researcher**

**Answer strategic questions** based on data



# What is **Value Discovery** research?

1:1 interviews

Small sample size

Structured sequence

Focused on understanding top values

Qualitative and quantitative

# Value Discovery research tips

Explore values — not Yes/No or A/B decisions

Inquire from general to specific

Get feedback to identify biased questions

No “leading the witness”

Avoid mentioning features

Learn, don't prove

Seek empathy

# Why Empathy?

do more than solve problems

create products that intimately connect  
with your customers' identity

## Validating the Minimum Viable Product

Starts with your idea  
Problem hypothesis testing  
Solution hypothesis testing  
Goal is to validate your idea  
Build minimum viable product

## Discovering the Maximum Value Proposition

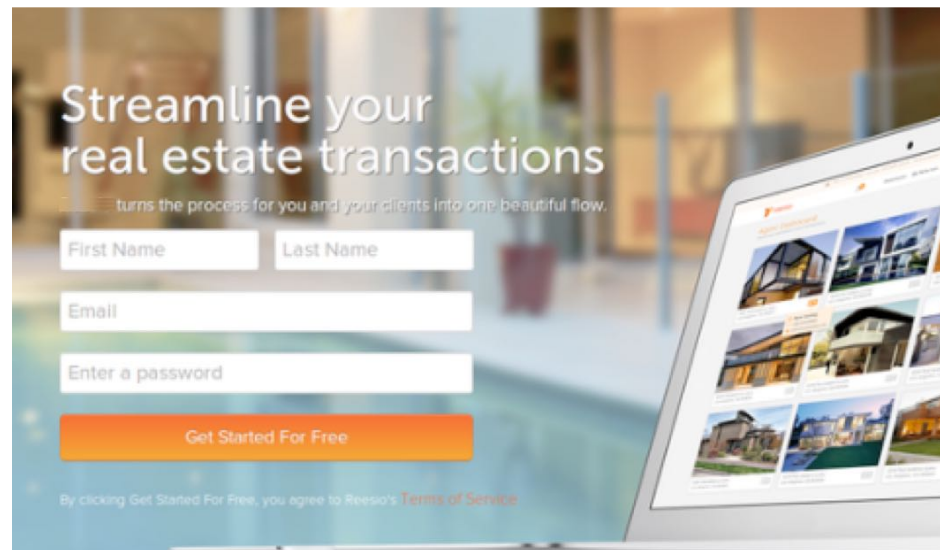
Starts with the customer  
Value discovery  
Value measurement  
Goal is to gain empathy  
Discover maximum value

**MVP**

Maximum Value Proposition

# Value Discovery™ Case Studies

## Real Estate Financial Services





# Real Estate Financial Services

## Before Value Discovery

Long lists of detailed requirements  
Wireframes for MVP

Workflow: Document management  
Unified view of all documents

Prospect interest, but no commitment  
Seeking contractor to build MVP

## After Value Discovery™

Fewer requirements, simpler features  
Mockups illustrating “New MVP”

Dashboard: Deal management  
Different views for different roles

4 customer commitments  
\$950k/year @ \$50/transaction  
Investment to launch and grow

“If you believe that *you’re* the subject matter expert, then you’re doing it wrong.”

# Value Discovery™ Case Studies

## English Language Centers



# Factors of Importance in Language School Choice

## Industry Market Surveys



# Factors of Importance in Language School Choice

## Industry Market Surveys

## Value Discovery™

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Learning English not the goal

Confidence to communicate globally

Enhance career opportunities

Make friends and gain experience

### Maximum Value Proposition

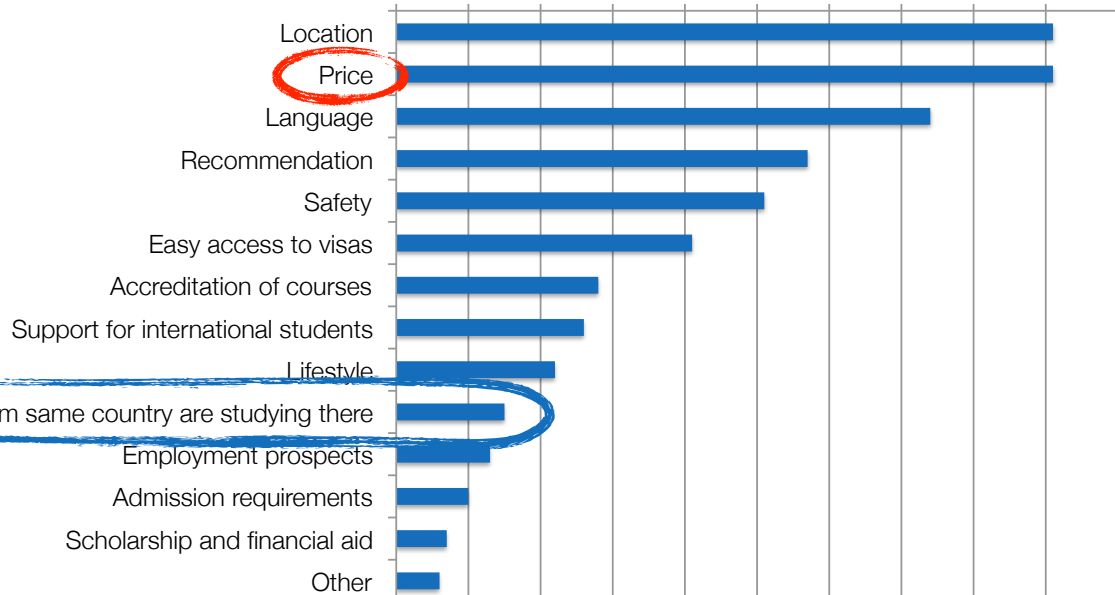
Opportunities to connect *after* class

Easy access to social activities

Few students from my country

No other country dominant

Price not a major factor



# Language School

## Before Value Discovery

Entire market experiencing decreasing volume, lower margins

Considering reducing price and margin to remain competitive

## After Value Discovery™

Implemented simple changes to pricing model, timetable, marketing

Decrease in volume halted

50% increase in year-over-year profit

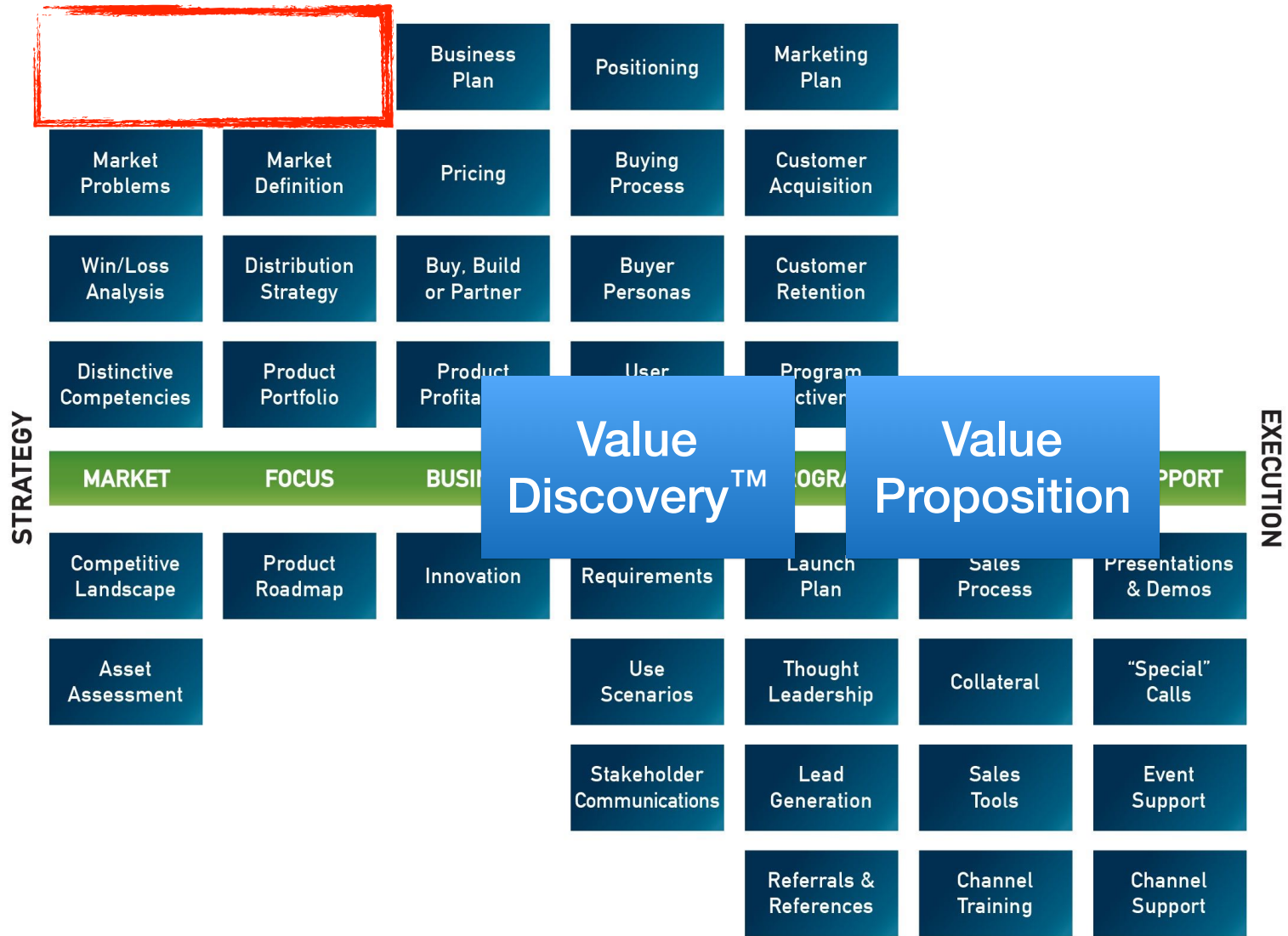
“Value Discovery uncovered startling insights you simply can’t get with traditional market research, yielding quick wins. We’re coming back for more.”

Launch Strategy Support Lead Generation Innovation  
Buying Process Sales Process User Personas Events  
Partners Product Roadmap Channel Training Demos  
Win/Loss Analysis Requirements Collateral Profitability  
Marketing Plan Product Portfolio Technology Assessment  
Market Problems Business Plan Leadership Referrals  
References Positioning Competitive Landscape Pricing  
User Scenarios Distinctive Competence Presentations  
Sales Tools User Retention Program Effectiveness Calls  
Build vs Buy Status Dashboard User Engagement Staffing  
Buyer Personas Distribution Strategy Market Definition

**OVERLOAD**



© 1993-2016 Pragmatic Marketing, Inc.



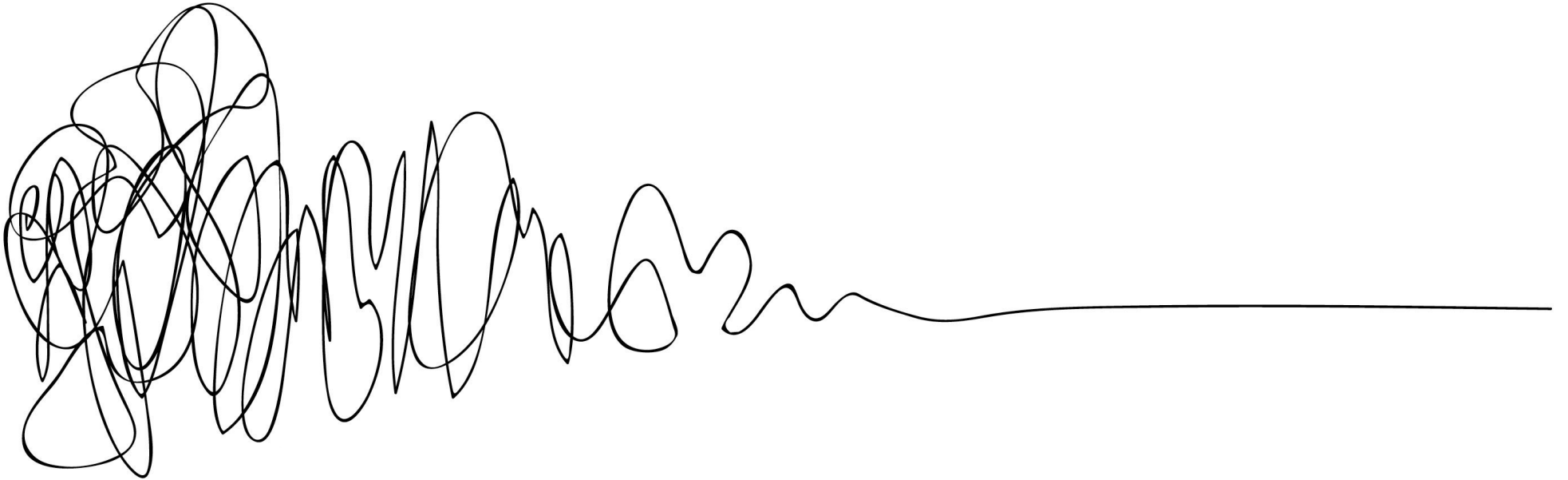
© 1993-2016 Pragmatic Marketing, Inc.





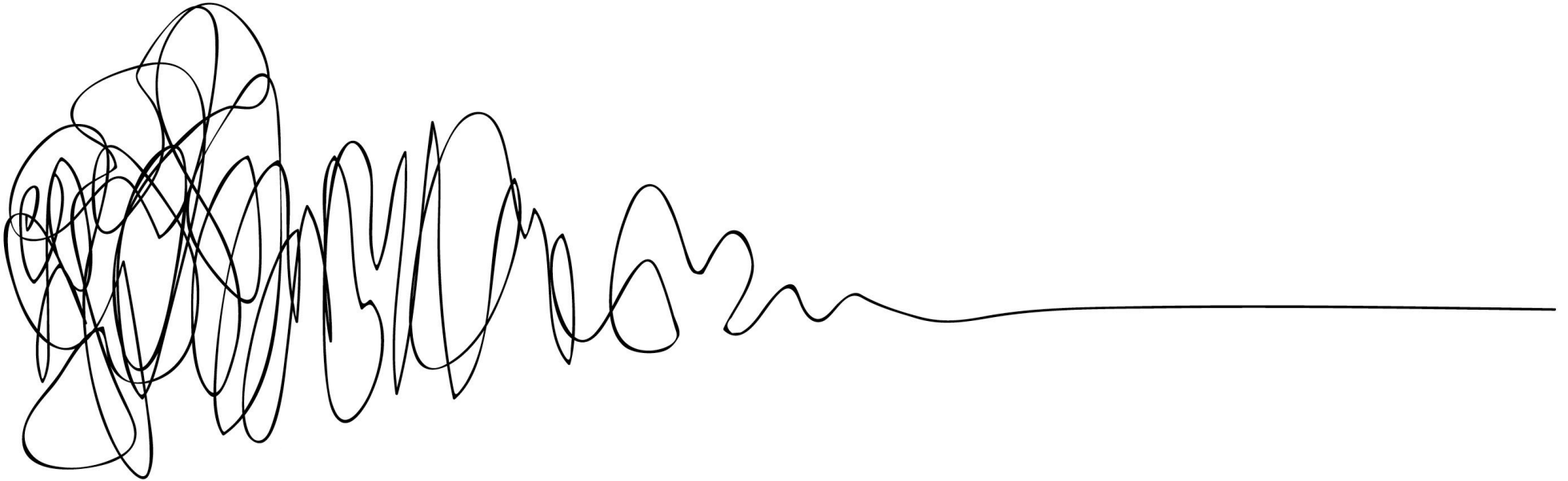
Value Discovery™	Value Proposition	Business Plan	Positioning	Marketing Plan		
Market Problems	Market Definition	Pricing	Buying Process	Customer Acquisition		
Win/Loss Analysis	Distribution Strategy	Buy, Build or Partner	Buyer Personas	Customer Retention		
Distinctive Competencies	Product Portfolio	Product Profitability	User Personas	Program Effectiveness		
<b>MARKET</b>	<b>FOCUS</b>	<b>BUSINESS</b>	<b>PLANNING</b>	<b>PROGRAMS</b>	<b>READINESS</b>	<b>SUPPORT</b>
Competitive Landscape	Product Roadmap	Innovation	Requirements	Launch Plan	Sales Process	Presentations & Demos
Asset Assessment			Use Scenarios	Thought Leadership	Collateral	"Special" Calls
			Stakeholder Communications	Lead Generation	Sales Tools	Event Support
				Referrals & References	Channel Training	Channel Support

# Design Process



Credit: Damien Newman

# Lean Product Management



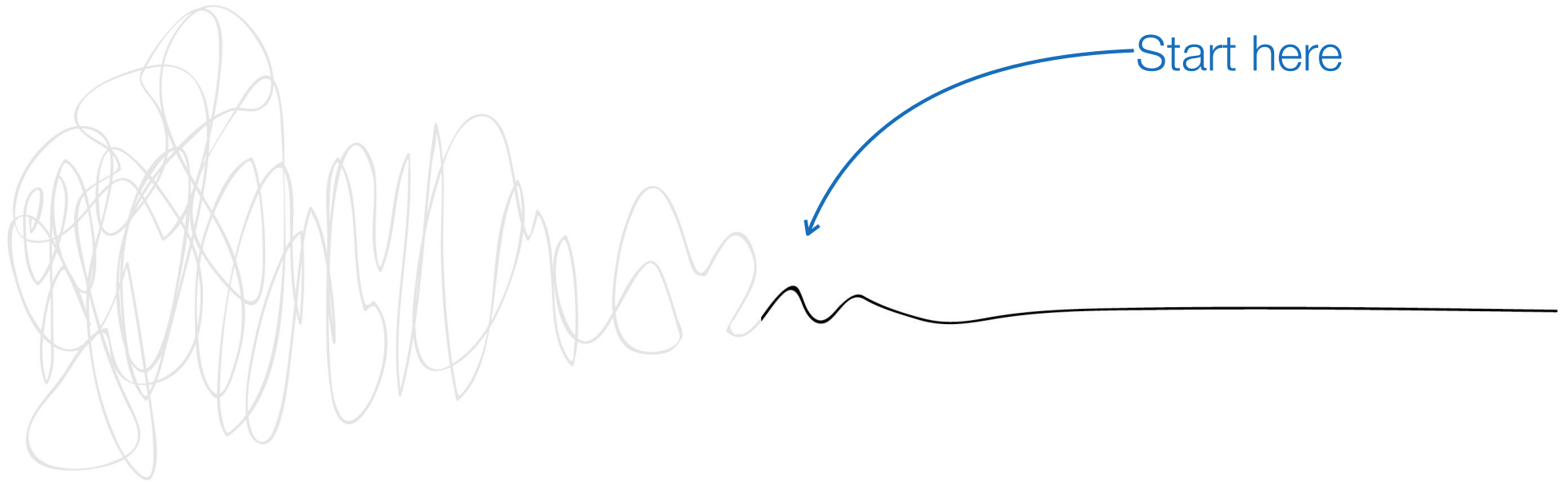
---

Unknown values

---

Known values

# Clean Product Management



Unknown values

Known values

Will you keep iterating, hoping for product-market fit?  
Or would you rather first discover *why* your customers buy?



MarketFit.com

@A\_Albert

**Thank You**

# MARKETFIT

Strategic Services for Measurable Growth

Alan Albert

[marketfit.com](http://marketfit.com)  
[alan@marketfit.com](mailto:alan@marketfit.com)  
[@A\\_Albert](#)

Presentation copyright © 2016 Alan Albert All rights reserved