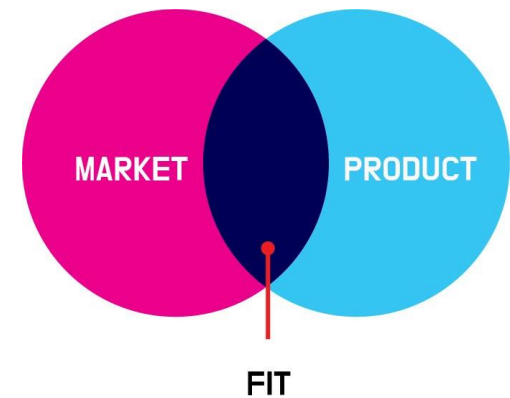


Achieving Product-Market Fit with the Lean Product Process

What is Product-Market Fit

- Being in a good market with a product that can satisfy the market
- Product creates significant customer value
- Does so in a way that is better than alternatives



Creating and Capturing Value

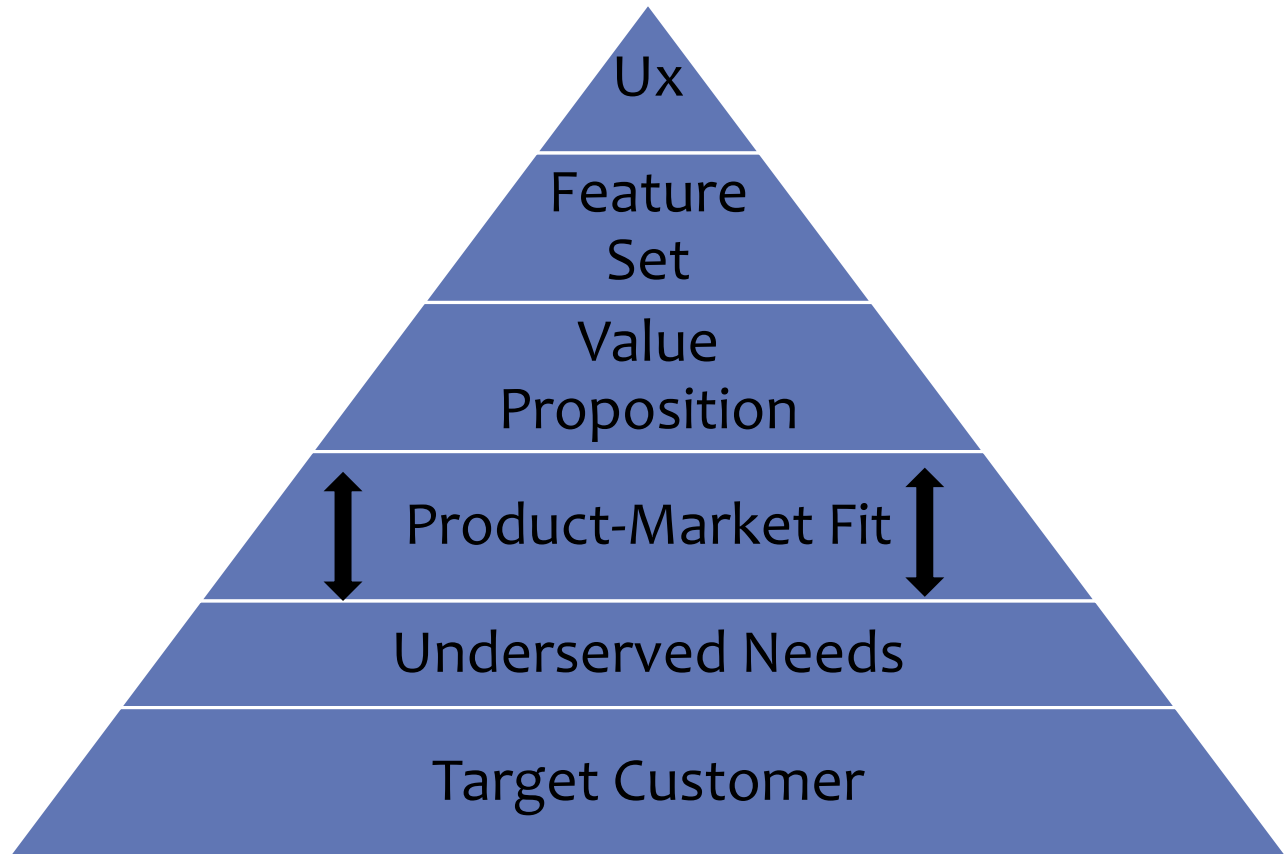
- In order to capture value, you must first create it
- Critical success topics: business model, customer acquisition, marketing, pricing



Product-Market Fit Pyramid

Product:

Market:



The Market

- Consists of all the existing and potential customers that share a particular customer need or set of related needs
- Within a given market, you can analyze the market share of each competing product



The Market

- Products in many different market categories
- The life cycle stage of a market can vary
- Mature markets
- New markets



Create Value for Customers

- Identify the specific needs that correspond to a good market opportunity
- Don't want to enter market where customers are extremely happy
- Address customer needs that aren't adequately met



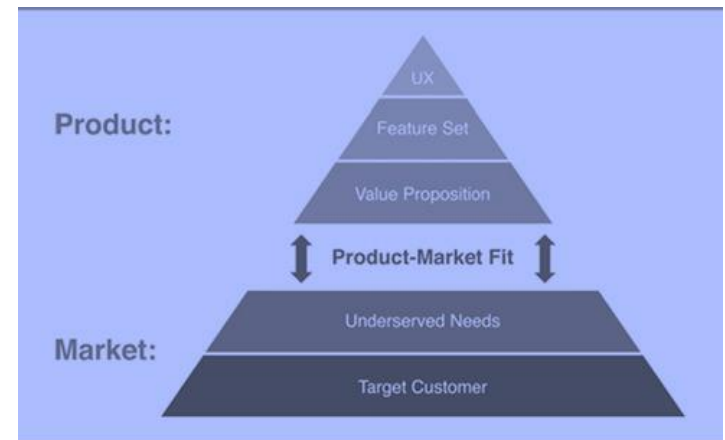
Create Value for Customers

- “underserved needs”
- Customers are going to judge your product in relation to alternatives



Product

- A specific offering intended to meet a set of customer needs
- Applies to services as well as products
- A product is a physical good while a service is intangible



User Experience - UX

- Real world manifestation is the user experience (UX)
- UX is what brings a product's functionality to life
- Can create barrier to exit



Product Feature Set

- Product functionality consists of multiple features
- Built to meet a customer need
- Form the product's feature set



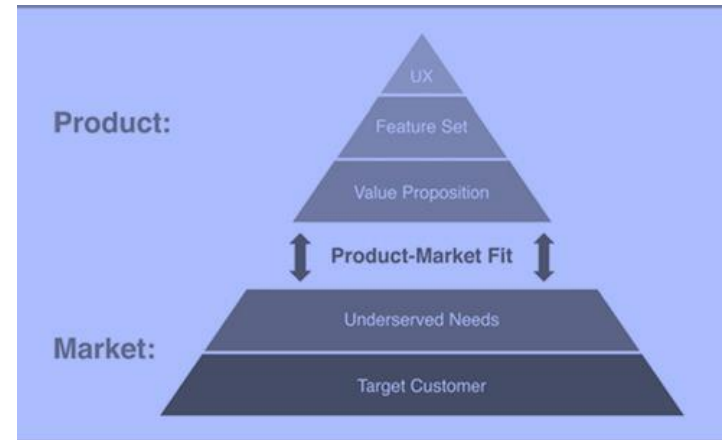
Product Strategy

- Identify the specific customer needs your product should address
- Determine how your product will be better than the others
- Set of needs that you aspire to meet with your product forms your value proposition



Product-Market Fit

- Goal is product market fit
- Is the measure of how well your product satisfies the market
- Customers will judge your product's fit in relation to the other products on the market

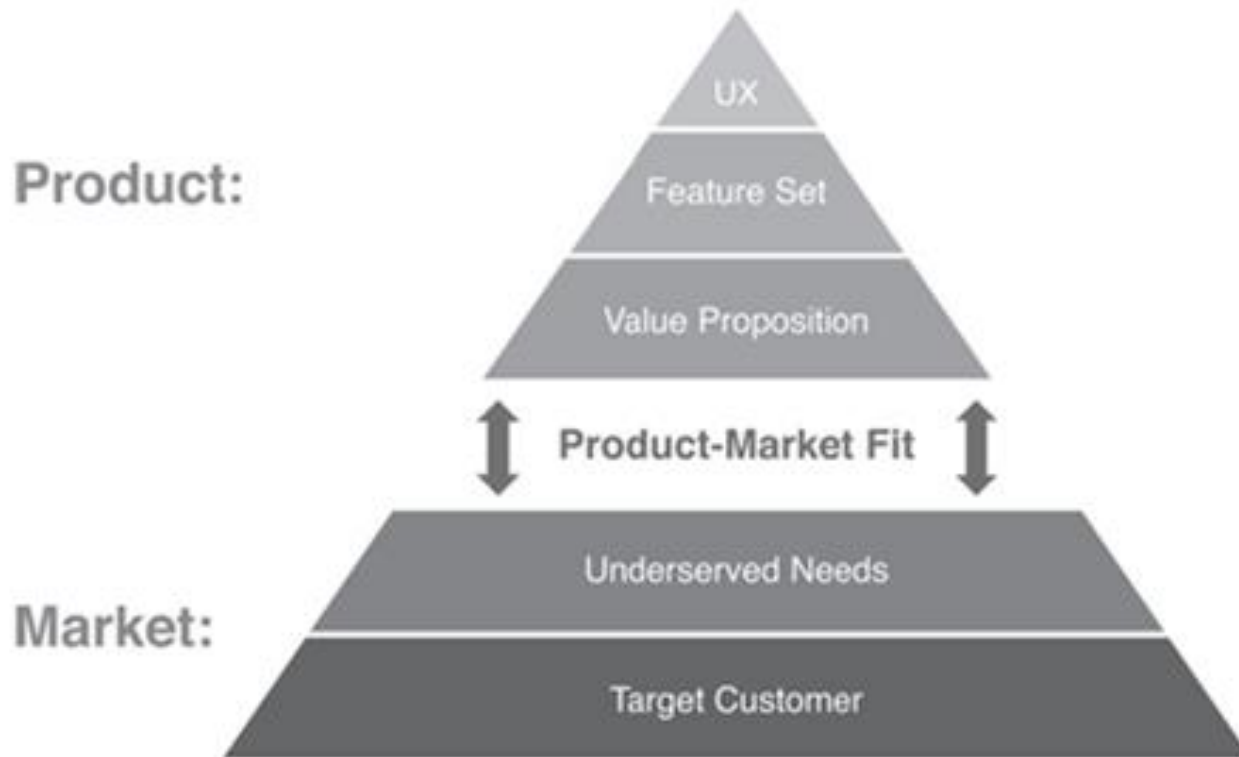


Quicken: From #47 to #1

- Scott Cook and Tom Proulx
- 46 personal finance products in the market
- Products didn't meet customer needs and were difficult to use
- Hypothesis that a checkbook-based design would do well



Assess Quicken Using the Product Market Fit Pyramid



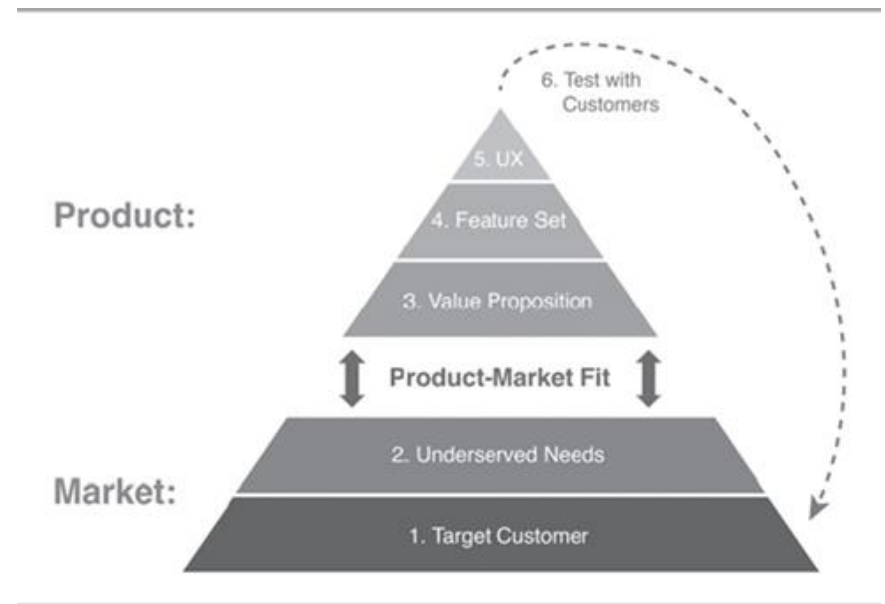
Assess Quicken Using the Product Market Fit Pyramid

- Many customers in its market
- Addressed real customer needs
- Customer needs were still underserved
- Design insights led to an innovative UX
- Ease of use main differentiator



Product Development Process

1. Determine your target customers
2. Identify underserved customer needs
3. Define your Product Value Proposition
4. Specify your Minimum Viable Product (MVP) Feature Set
5. Create your MVP prototype
6. Test your MVP with Customers



Product Development Process

1. Determine your target customers
 - Fishing for the right customer
 - Segmenting customers
 - Create personas



Product Development Process

2. Identify underserved customer needs

- Can be new to the world
- Can be existing industry fringe customers
- Many successful startups have overtaken existing large companies this way
- Disruptive innovation often occurs this way
 - Telephone—Western Union
 - Uber
 - AirBNB



Product Development Process

3. Define Your Product Value Proposition

- Many forms of this
- Elevator pitch is very effective
- Starts as hypothesis – tested and refined
- Matches customer need – positioning against competition



Product Development Process

4. Specify your Minimum Viable Product (MVP) Feature Set

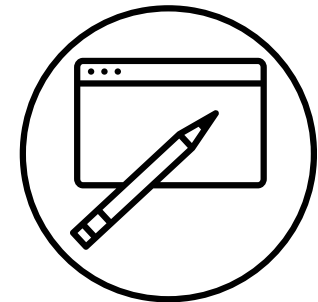
- Again, starts with hypothesis
- Must understand most important needs that are least satisfying to customers
- Be sure to consider recent research showing how a more complete product results in better customer satisfaction



Product Development Process

5. Create your MVP prototype

- MVP can range from a brochure to a physical prototype to an early version of software application
- Align with industry – some types MVPs better for specific industries, i.e.,
 - --Brochure for travel/experience based products
 - Spec sheet for technical product



Product Development Process

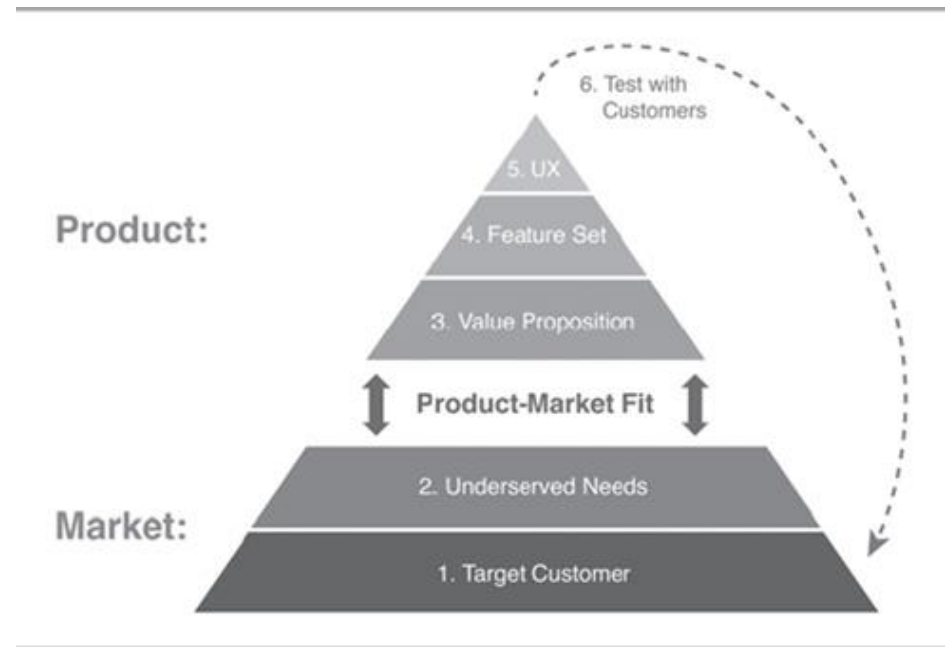
6. Test your MVP with customers

- Initial hypothesis tested by “Discovery interviews” where no product is pitched—only problem is investigated
- Next round of hypothesis is tested using “smallest product from which entrepreneur can learn”
- Iterate continually for rest of product lifetime



Summary: Product Development Process

1. Determine your target customers
2. Identify underserved customer needs
3. Define your Product Value Proposition
4. Specify your Minimum Viable Product (MVP) Feature Set
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Questions?

