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### THREE LEVELS OF DISCOVERY PRESENTATION OVERVIEW

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*Quick Summary: Performing detailed customer discovery is absolutely critical for an entrepreneur.*

**Abstract:**

*Customer Discovery should be the first, and is the most critical, activity an entrepreneur can do as they start their journey. It involves determining the proper product-market fit for their company. It is based on obtaining external validation that the problem they are solving and their solution resonates with prospects. Successfully pursuing this activity does not guarantee success, but not doing it almost certainly guarantees failure! This article is an introduction to a presentation of the same name. Although formatted as a presentation, the sixty-six slides should be considered as a course with steps taken sequentially.*

This article is an introduction to the PowerPoint™ presentation accessed through article 8.0403131. Each of the presentation slides contain slide notes that use the standard PowerPoint Note capability. A separate PDF document that contains a composite copy of all of the Notes is also available as article 8.0403132. The notes, written in a narrative format, can be read while simultaneously reviewing the slides.

The customer discovery process is, without question, the most important activity an entrepreneur should follow as soon as they move past the “dreaming” and “thinking” phases of their new business. It is a process that methodically tests the entrepreneur’s fundamental understanding of the problem they are solving and how appropriate their solution is in addressing it. Naturally, every entrepreneur with an idea thinks they have a home run in the making. Unfortunately, what they think has little to do with success. What only counts is what prospects DO. “Do” is characterized not by what they think. It is characterized by one thing: Did they buy? If customers did buy, they affirmed the entrepreneurs’ solution had the proper “product-market fit.” Their willing purchase provided external validation that the entrepreneur’s understanding of the prospect’s problem and their solution was correct.

Not only did the prospect’s buying decision validate the problem and solution, it also validated the decision in the presence of many other choices a prospect had for allocating their time, resources, and money. It indicates they see value in the offering to take action now. Further, they took action by selecting the offering vis-à-vis other potential alternatives, including doing nothing.

The customer discovery process focuses on another aspect besides proper product-market fit. It helps determine if the entrepreneur can build a sustainable business that makes money!

There are several outstanding resources available online and through incubators on this subject. All have the common theme of determining proper product-market fit AS DETERMINED BY THE CUSTOMER.

This presentation divides the process into three distinct but overlapping phases. This approach has been taken to avoid a very common trap that virtually all entrepreneurs fall into. It involves their fixation on their “new, revolutionary, one-of-a-kind super idea that will take over the entire market.” Perhaps not said in all those exact terms or out loud, but the passionate belief is there. Instead of probing to understand the problem from the prospect’s point of view, they focus their energy on convincing prospects about their solution. They broadcast to them instead of listening to them. Unfortunately, many well-meaning coaches, mentors, and “experts” encourage this behavior with the advice to “go out and talk to customers.” Although the advice probably includes the statement “talk TO customers,” entrepreneurs end up “talking AT customers.”

To avoid this almost unavoidable problem, this presentation (course) suggests the first phase of customer discovery is Problem Discovery. During this phase, the entrepreneur is encouraged to fully investigate the problem without ever mentioning their approach to solve it. The entrepreneur must spend time with multiple sources and people, not only their potential customers, to understand the problem they are addressing, its root causes, those it impacts, the alternative solutions, and most importantly, why it has not been addressed before.

Once the entrepreneur has, in their mind, a thorough understanding of the problem, it is time to move the second level of discovery: Prospect Discovery. This level has two distinct phases. The first involved meeting with prospects to validate all the entrepreneur has learned about the problem. Only after agreement on the problem and its need to be addressed should the entrepreneur put forth their idea on how to resolve the problem. Agreement by the potential customer is not enough. Agreement must also be obtained from those impacted by the problem. I made an observation many years ago: “In any organization, there are only a few people empowered to say Yes, but there are many more people empowered to say No.” Socializing the offering to all involved constituents is critical.

The third level of discovery is the only one that matters. It is Customer Buying Discovery. It is indicated by one factor: “Did they buy from you, now.” All other activities related to this buying decision point are based on opinions: The entrepreneur’s opinion and the prospect’s opinion. Buying is an Action, not an opinion.

Including the Customer Buying activity in the customer discovery process also means that customer discovery is more than an initial exercise. As the entrepreneur and their company grow and take on and address new challenges, new facts about the problem, the market, competition, and other aspects of the business will be uncovered. As these new facts occur, the fundamental assumptions about the business verified in the previous customer discovery activities should be verified.

The presentation identified a fourth level or stage of discovery: Continual Discovery. In keeping with the notion that change is constant, the entrepreneur must always check for the continued relevancy of what problem they are solving and the applicability of their solution. Yesterday’s and today’s ideal product-market fit, may not be correct for tomorrow. A statement and question to remember is: “Someone will put you out of business. The only question to answer is will it be you or someone else?” Both the product and market requirements may change due to any number of reasons, what worked today, may not work tomorrow. The entrepreneur must continually watch for thunder in the distance that can be a precursor to dramatic changes in the required product-market fit equation.