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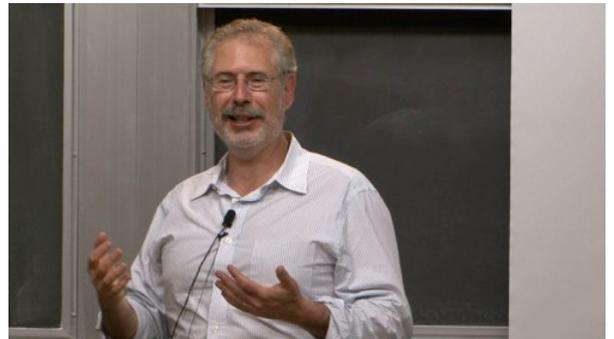
The Customer Development Process

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Any assumption that an entrepreneur makes about their customers and markets is nothing but a guess, says serial entrepreneur Steve Blank. But how can one prove a working hypothesis? It goes beyond soliciting friends for feedback in the dorm room. Successful ventures locate real customers in the field, solicit their feedback, and deeply analyze the customers whose problems they hope to solve.



Transcript

Unless some of you have been working in a specific domain for the last 20 years or so, the odds are that anything you're thinking about customers and markets are nothing more than a guess. And you go, "Oh no, the buddies in the dorm. They liked it! And look, you know I put it up and I got 300 hits!" That's not a business. In fact, the heuristic is, if you can't get 10,000 hits like in Silicon Valley, like your server is not connected. But it's not a business. The real notion is, how do you take your idea, size the opportunity and figure out whether you're hypotheses, your guesses about customers, about the problems your solving, about your product are correct? And the first thing I teach students and coach young entrepreneurs is while your hypotheses are great, have all of them you want, you got me excited, the next step is get the hell out of the building and test them. On a Web company, you could do that virtually. You can get users to click on your page. If it's a physical product, you physically leave the comfort of your dorm or office and you go out and you talk to people. And the first step you want to do is leave any notion of your slides or website or whatever at home and go out and test some of the fundamental hypotheses that you have about your business.

And you have two that are just absolutely essential. One is, in any company that you're making a product or service you believe you're solving a problem or need that a customer has. Great! I'll believe you. Now show me that there are customers out there who have agreed with you. Who have said, "Why yes, this really is a problem and it's the most important problem we have. And in fact, it is so important we'd actually pay you money or use your service. Or if it's not a problem you could convince me that it's a need I didn't even know I had. And I'll rush and go use your site or buy your product." And while you're out there, by the way, you can find out millions of other things about customers. And this is hard because if you're a passionate entrepreneur, you look at somebody like me and go, "Steve, you don't get it. I'm right.

I'm passionate. I got it! I nailed it. I've talked to 20 people. They're all over me. I'm done! We're launching!" And I'll usually go, "Great. So this ought to be a very quick exercise. In about 20 minutes, you could go out of the building or get some people to click on your website and confirm just what I said." For those of you thinking about companies and particularly those of you building web companies, you can run this exercise in a week. And trust me, it would be very sobering. The goal is not to convince you not to do a business. The goal of a customer development process is simply to take the hypotheses about your business and product as-is and see if there's customers and a market outside the building.