# LEAN CUSTOMER DEVELOPMENT

## Building Products Your Customers Will Buy

### CINDY ALVAREZ

**CINDY ALVAREZ** is Director of User Experience at Yammer, inc., a company acquired by Microsoft in 2012. She mentors a team of designers, researchers and copywriters who use fast, experiment driven techniques in their work. She is also a Faculty Advisor at Alchemist Accelerator where she mentors business startups. She was previously with KISSmetrics, Lean LaunchPad, Yodlee and Loomia. She is a graduate of Harvard University.

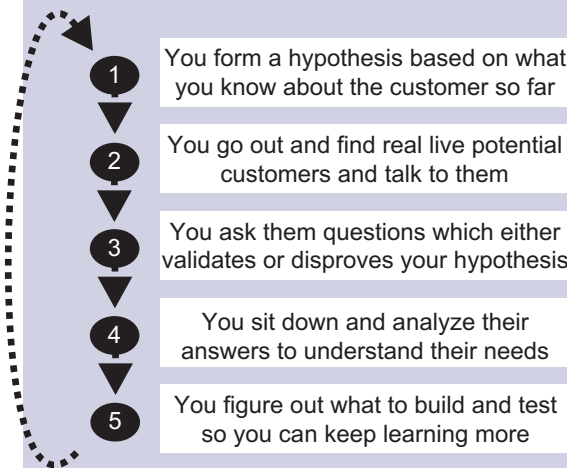The author's website is at www.CindyAlvarez.com.

## MAIN IDEA

Most companies get busy developing new products and then sit down and try to figure out how to market what they have. Sometimes, this can lead to a situation where you end up with a solution looking for a problem to solve.

A better approach – the "Lean Customer Development" approach – is to learn what your customers need and then use that knowledge to build and deliver what they're willing to pay for.
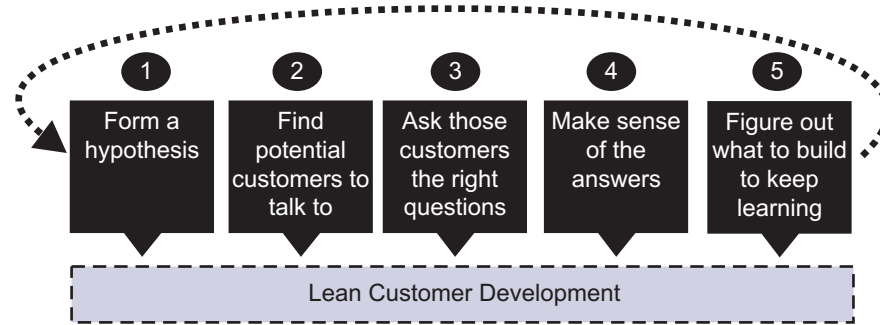
| Learn what your customers want | Build exactly what they will be willing to buy |

So how do you achieve that? Lean Customer Development basically consists of five steps:

1. You form a hypothesis based on what you know about the customer so far
2. You go out and find real live potential customers and talk to them
3. You ask them questions which either validates or disproves your hypothesis
4. You sit down and analyze their answers to understand their needs
5. You figure out what to build and test so you can keep learning more

*"Every hypothesis you invalidate through conversations with prospective customers prevents you from wasting time building a product no one will buy. If your hypothesis is wrong or even partially wrong, you want to find out fast. If you can't find customers, you modify your hypothesis. Those course corrections will lead to validating an idea that you know customers want and are willing to pay for."*

– Cindy Alvarez



| 1 Form a hypothesis | 2 Find potential customers to talk to | 3 Ask those customers the right questions | 4 Make sense of the answers | 5 Figure out what to build to keep learning |

Lean Customer Development

Everything you do in customer development is centered squarely on testing a hypothesis or hypotheses about what customers are thinking and doing. You start by identifying your assumptions, by articulating your initial hypothesis and by figuring out what type of customer you want to serve. This shouldn't take long but few teams remember to do it.

Once you have your hypothesis, it's time to start looking for customers to talk to so you can validate your hypothesis. Obviously, the more people you talk to, the better. Start out by looking for those who have the potential to become your most passionate customers in the future – your "earlyvangelists."

It's easy to over prepare for customer interviews and to have pages of questions to ask. In practice, you'll generate as much feedback as you will ever need by asking five basic questions. Start with those and then add one or two custom questions if necessary.

Your interviews give you the raw material for validating (or invalidating) your hypothesis. Look and listen for clues the customer confirms there is a problem, has tried to solve it already but the existing solutions don't hit the mark. After 10 or so interviews, there should be some useful patterns emerging. Stop interviewing when you stop hearing things that surprise you.

Once you validate your hypothesis, you then build a minimum viable product (MVP) so you can keep learning what customers want. Get that MVP into the hands of potential customers and see how they actually use it. Based on your MVP experience, you then have a much better idea of what features need to go into the full-strength product or service and which do not. Keep talking to your customers and using their ideas.

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