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How Do You Design and Build Your Product? i.e., Let's build something! (Steps #7, 20-23)

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Howard Anderson

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- V 1.. Proof of concept
- V 2 ..Demonstration..that
- Is not a TOTAL disaster
- V3. hit your stride, customers like your product, ready for prime time
- V4. Added features, new models
- V5. Whole new generation

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Done To Date

Who is Your Customer?	What Can You Do for Your Customer?	How Does Your Customer Acquire Your Product?	How Do You Make Money off Your Product?
1) Market Segmentation 2) Select a Beachhead Market 3) Build an End User Profile 4) Calculate the Total Addressable Market Size (TAM) for the Beachhead Market 5) Profile the Persona for the Beachhead Market 9) Identify Your Next Ten Customers	6) Full Life Cycle Use Case 7) High-Level Product Specification 8) Quantify the Value Proposition 10) Define Your Core 11) Chart Your Competitive Position	12) Determine the Customer's Decision-Making Unit (DMU) 13) Map the Process to Acquire a Paying Customer 18) Map the Sales Process to Acquire a Customer	15) Design a Business Model 16) Set Your Pricing Framework 17) Calculate the Lifetime Value of an Acquired Customer (LTV) 19) Calculate the Cost of Customer Acquisition (COCA)

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To Be Discussed Today

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Who is Your Customer?	What Can You Do for Your Customer?	How Does Your Customer Acquire Your Product?	How Do You Make Money off Your Product?	How Do You Design and Build Your Product?
1) Market Segmentation 2) Select a Beachhead Market 3) Build an End User Profile 4) Calculate the Total Addressable Market Size (TAM) for the Beachhead Market 5) Profile the Persona for the Beachhead Market 9) Identify Your Next Ten Customers	6) Full Life Cycle Use Case 7) High-Level Product Specification 8) Quantify the Value Proposition 10) Define Your Core 11) Chart Your Competitive Position	12) Determine the Customer's Decision-Making Unit (DMU) 13) Map the Process to Acquire a Paying Customer 18) Map the Sales Process to Acquire a Customer	15) Design a Business Model 16) Set Your Pricing Framework 17) Calculate the Lifetime Value of an Acquired Customer (LTV) 19) Calculate the Cost of Customer Acquisition (COCA)	20) Identify Key Assumptions 21) Test Key Assumptions 22) Define the First Testable Product 23) Show that the Dogs Will Eat the Dog Food

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The Whole Picture

Who is Your Customer?	What Can You Do for Your Customer?	How Does Your Customer Acquire Your Product?	How Do You Make Money off Your Product?	How Do You Design and Build Your Product?	How Do You Scale Your Business?
1) Market Segmentation **2) Select a Beachhead Market** **3) Build an End User Profile** **4) Calculate the Total Addressable Market Size (TAM) for the Beachhead Market** **5) Profile the Persona for the Beachhead Market** **9) Identify Your Next Ten Customers**	6) Full Life Cycle Use Case 7) High-Level Product Specification 8) Quantify the Value Proposition 10) Define Your Core 11) Chart Your Competitive Position	12) Determine the Customer's Decision-Making Unit (DMU) 13) Map the Process to Acquire a Paying Customer 18) Map the Sales Process to Acquire a Customer	15) Design a Business Model 16) Set Your Pricing Framework 17) Calculate the Lifetime Value of an Acquired Customer (LTV) 19) Calculate the Cost of Customer Acquisition (COCA)	20) Identify Key Assumptions 21) Test Key Assumptions 22) Define the First Testable Product 23) Show that the Dogs Will Eat the Dog Food	14) Calculate the Total Addressable Market Size for Follow-on Markets 24) Develop a Product Plan

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Step 7 Revisited

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Now Building Off This … the Topic for Today is "How Do Optimally Design, *in a balanced* fashion*, and Build Our Product?

* - Balancing time, money, odds of success and long term value

Step 20 – Identify Key Assumptions

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Step 21: Test Key Assumptions

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See Aulet, Bill. *Disciplined Entrepreneurship.* Wiley, 2013.

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Build your product for your persona

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- 1. gives heartrate…no chest strap
- 2. built for competitive college athlete
- 3. tells coaches, trainers, how hard athlete is working… whether in danger of injury; overtired.
- 4. coaches can see… training history, sleep history… can measure against others on the team
- 5. can specify “individual workouts”

Product Road Map

Phase I.

Engineering prototype

Cosmetic prototype

Preproduction

Early production

Full Production

…close coupling with customers

….Early adapters

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Your first product is a trojan horse…

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Phase II

Expand geography

Expand channel

Same product to new market?

Same market, new product?

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Product Development Must be a Rapid & Continuous Process

Speed-learning-focus figure removed due to copyright restrictions. See: Maurya, Ash. "Lessons learned in 2010." *practice trumps theory* (blog). n.d. http://practicetrumpstheory.com/2010/12/lessons-learned-in-2010/.

Step 23: Show that "the Dogs will eat the Dog Food"

Illustration removed due to copyright restrictions. Fabulous new dog food. See Aulet, Bill. *Disciplined Entrepreneurship.* Wiley, 2013.

When do you release?

Early? Capture market share

Category leader?

Later? You only get one chance to make a first impression

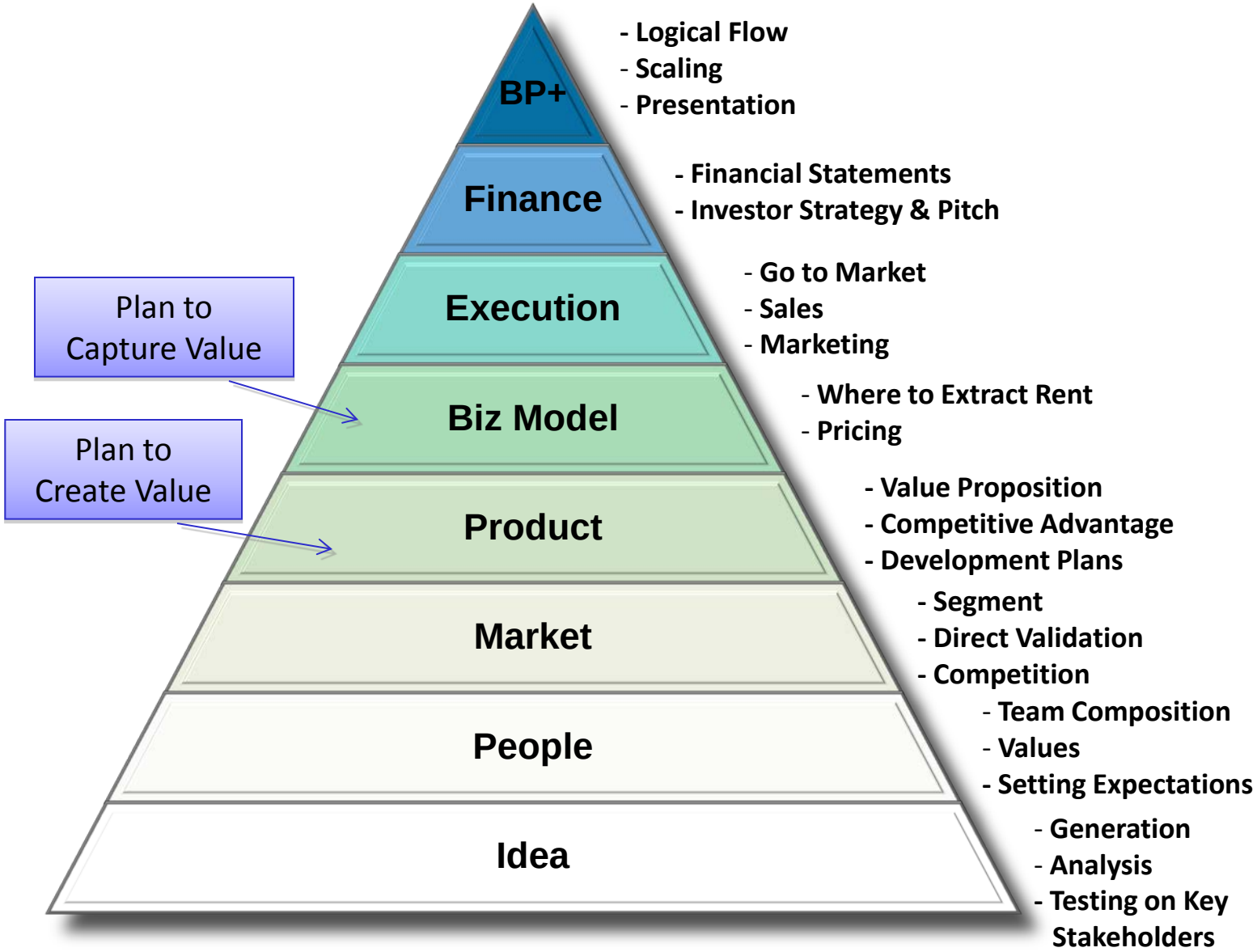
Action

Phase III. Cruising

Sales start increasing…at a decreasing rate

- Phase IV
- Maturity
- ..sales begin to level,…saturation… new products are derivative

Logical Flow of Course



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