

Startup Survivor

Challenge 1 | Customer Discovery

Innovation doesn't start with an idea, a widget, or a prototype. Innovation starts with a **problem**.

In Challenge 1, we want you as founders to **forget about your solution**. Most of the time, founders come to The Forge with solutions but very often change these solutions after they do proper customer research. We want you to keep an open mind and avoid jumping to a solution. This challenge will teach you customer discovery methods to help you understand the problem you are trying to solve on a deeper level – through the eyes of your customers.

For example: The entrepreneurial journey for Airbnb founders Brian Chesky and Joe Gebbia started in 2007 when they were attempting to travel from New York to San Francisco for a conference.

The problem? They could not find a cheap hotel room. All the affordable, inexpensive hotels in San Francisco had been quickly snapped up leaving only premium establishments at a minimum cost of \$300/night – completely out of their budget. As Brian and Joe asked other conference attendees about their journey to find a hotel, they discovered a strong pattern.

Goals for this Challenge



- Identify what is the problem
- Who is having this problem
- Understand whether this problem is important
- Identify patterns that cross from one customer to next

Instructions

1. Attend Startup Survivor Workshop to learn about the **Customer Discovery Process**.
2. Based on your current knowledge about the problem you wish to solve, fill in the template '**Problem Statement Canvas**' in the Excel file.

Ask yourself:

- When does the problem occur?
- Who has the problem most often?
- What is the root cause of the problem?
- What is the measurable impact of the problem? How does the customer feel when experiencing the problem?
- What do customers do now to fix the problem?
- What are the disadvantages of the alternatives?

It's okay if you don't know the answers to some of the above questions. Customer interviews will help you answer them!

Instructions (continued)

3. Review the Problem Statement Canvas and **identify assumptions** you are making about the problem.

These assumptions should mainly focus on your problem for now. In the future, you will be testing assumptions about every aspect of your business. An assumption represents a risk to your future business. An assumption about the problem might be as simple as: *people actually experience the problem I presume exists*. If this assumption proves to be false, then you do not have a market. As an entrepreneur, we need to make assumptions. If we aren't making assumptions, we aren't really innovating. Fill in your top ten assumptions in the template 'Assumptions' list in the Excel file. Your riskiest assumptions should rank highest on the list.

4. Use the assumptions you identified to **create an interview guide** – a list of questions that you will ask customers. These questions will help you gather data to eventually validate or invalidate your assumptions.

Avoid introducing bias into your interviews. Ask lots of open-ended questions. Don't talk about your solution. We've provided samples of interview guides in the 'Helpful Resources' section.

5. **Brainstorm list of stakeholders** who are impacted by the problem. Stakeholders include customers such as end users and buyers.

Example: If you're looking to solve a medical problem with a novel medical device, your stakeholder list can include patients, caregivers, doctors, nurses, hospital administrators, procurement officers, insurance providers, disease awareness groups, etc.

6. **Conduct customer interviews, record them, and transcribe them to the Customer Discovery Record.**

The minimum number of interviews you need to complete is outlined in the "Interview Matrix" table on the next page. Record answers to the questions you've asked in the template 'Customer Discovery Record' in the Excel file. Additionally, you must provide a certain number of audio and/or video recordings of the interviews you conduct. The minimum is also outlined in the "Interview Matrix" table on the next page. Save the recordings in a Dropbox or Google Drive folder and include the link in the 'Company Information' section of the Excel file.

7. Analyze information you've gathered in your interviews. Review interviewee answers with your team and identify patterns. **Record your insights** in the template 'Customer Discovery Record' in the Excel file.

If you don't see patterns in your data, interview more customers. Go beyond the minimum! Use the information gained from customer interviews to update your 'Problem Statement Canvas'.

8. **Submit the online [Startup Survivor Application Form](#)** before the deadline of March 31, 2024.

Customer Interview Matrix

Business Model	Minimum Number of Interviews	Industry Exceptions	Notes & Examples
Business to Consumer (B2C)	15 Interviews 5 Recordings	No exceptions	<p>B2C refers to the process of selling products directly between a business and an individual consumer who is <i>typically</i> the end-user of its products.</p> <p>Netflix is a B2C company. They sell subscriptions to a range of movies, TV shows and more to consumers.</p> <p>Casper is a B2C company. They are an e-commerce business that sells mattresses directly to consumers.</p>
Business to Business (B2B)	5 Interviews 2 Recordings	2 Interviews for Military/Government 1 Recording	<p>B2B refers to business that is conducted between companies, rather than between a company and an individual consumer.</p> <p>CATL is a B2B company. It's the world's largest electric vehicle battery maker and supplies businesses like Tesla with their product to use in their manufacturing process.</p> <p>Longan Vision is a B2B company. They sell an Augmented Reality headset enabling firefighters to see through smoke and debris when rescuing victims from emergency situations.</p>
Business to Business to Consumer (B2B2C)	15 Interviews 5 B2B + 10 B2C 5 Recordings	No exceptions	<p>B2B2C combines B2B and B2C for a complete product/service transaction. Popular examples are online marketplaces.</p> <p>Amazon is a B2B2C company. B2B: Amazon developed an online platform where retailers set up virtual stores. B2C: Consumers use Amazon to search for and buy products from retailers. Amazon takes a hefty fee from retailers.</p> <p>Uber is a B2B2C company. B2B: Uber developed a mobile app where drivers offer rides. B2C: Passengers use the mobile app to request rides. Uber takes a hefty fee from drivers.</p>

NOTE: If you're unsure about how many interviews you must conduct at minimum, contact Mariya Leslie (mariya@theforge.mcmaster.ca) for guidance.

Tools for Challenge 1

Note: click the icon beside each tool to open.



Application Part 1 of 2: Customer Discovery Record Excel file



Application Part 2 of 2: Online Application Form



Your phone's voice recording app (Eg. *Voice Memos*) or video conferencing software with recording feature (Eg. *Zoom* or *Microsoft Teams*)

Helpful Resources

The following resources may be useful to you as reference/research while completing this challenge.

Note: click the icon beside each tool to open.



Sample Customer Interview Guides



PDF copies of popular startup books about customer discovery

Submit the following deliverables for review:

- 1 Online Application Form
- 1 Excel file with the following elements:
 - Problem Statement Canvas
 - Assumptions
 - Interview transcripts with questions, answers, and insights
 - Link to audio/video interview recordings



Challenge 1 Deadline & Key Dates

All deliverables must be submitted by **11:59PM** on **Sunday, March 31, 2024**.

There are NO exceptions.

Judging will take place **April 1-10**.

Semi-finalists will be called for short interviews.

Top 10 finalists will be notified by **April 17**.

Startup Survivor Program runs **May 1 - August 30**.

Judging Rubric

Section Description	Points
Progress & Passion <ul style="list-style-type: none"> 0 - Included the bare minimum. Does not seem motivated to work on the startup. 1 - Seems motivated to work on the startup. 2 - Passion for solving problem is clear. 3 - Went above and beyond during this challenge. 	0 - 3
Problem <i>(When scoring, refer to Excel file section 'Problem Statement Canvas')</i> <ul style="list-style-type: none"> 0 - Not a potent problem, does not make sense, not important to customer. 5 - Moderate problem that needs to be solved or problem that has already been solved but solution could be significantly improved. 10 - Significant and unique problem that needs to be solved. Many potential end users who have this problem and are willing to pay to solve it. 	0 - 10
Solution <ul style="list-style-type: none"> 0 - Proposed solution does not solve problem at all. 3 - Proposed solution is adequate in solving some pain points and has some unique benefits. 5 - Proposed solution directly solves pain point, has differentiation & many unique benefits. 	0 - 5
Target Market <ul style="list-style-type: none"> 0 - No customer targets identified, or unrealistic. No/low demand for product. Too many barriers to entry. 3 - Customer target is not specific enough and needs to be refined. Moderate demand for product. Pathway to market is unclear or very crowded. 5 - Customer target identified. Specific/attainable beachhead market that fits with the problem. Strong demand for product. Significant impact and high market potential. Pathway to market is fairly clear. 	0 - 5
Secondary Research <ul style="list-style-type: none"> 0 - No effort was made to conduct secondary research. 1 - An effort was made to conduct thoughtful secondary research. Used reputable sources. 2 - Significant effort was made to gather secondary research and perform market analysis. 	0 - 2
Business Model & Competition <ul style="list-style-type: none"> 0 - Unrealistic or no revenue model provided. No competitive advantage. 3 - Some thought given on revenue model and are in the right direction. Some competitive advantages identified. 5 - Revenue model has been identified, is realistic and well thought out. Strong competitive advantages identified over competitors. 	0 - 5
Team <ul style="list-style-type: none"> 0 - Very inexperienced team/individual and unaware that they're missing key people/resources. 3 - Decent team/individual but missing critical expertise. Has identified some gaps but plan to fill is inadequate. 5 - Strong team/individual that has required expertise. Knows where their gaps are and has a good plan to fill them. 	0 - 5
Assumptions - <i>(When scoring, refer to Excel file section 'Assumptions')</i> <ul style="list-style-type: none"> 0 - Assumptions do not relate to problem statement canvas and are not well thought out. Missed critical assumptions. Has not considered failure points in their assumptions. 3 - Some assumptions are identified and make sense but lack gravity. Some important assumptions and failure points have been missed. 5 - Assumptions are valid and are the most important to the problem statement. Considered failure points. 	0 - 5
Customer Discovery - <i>(When scoring, refer to Excel file section 'Customer Discovery Record')</i> <ul style="list-style-type: none"> 0 - Lack of open-ended questions. Lack of in-depth questions. Confirmation biases prevalent. No insights gained. Didn't listen to interview subjects; only heard what they wanted to hear. No "why" or follow up questions. 10 - Some good questions but did not dig deep or follow-up. Usually avoided bias. Came up with some insights but missed obvious ones. Depth in analysis could have been better. Some "why" and follow up questions used. 25 - Able to get answers with depth leading to insights that move the entrepreneur towards validation or pivot. Avoids bias. Shows genuine curiosity and asks open ended questions/asks for stories/experiences. Identified many strong, thoughtful insights. Showed depth in analysis. Consistently asked "why" and follow-up questions. 	0 - 25
BONUS - Do you feel this application deserves additional bonus points for any reason? <ul style="list-style-type: none"> 0 - No 1 - Yes 	0 - 1
TOTAL	65