



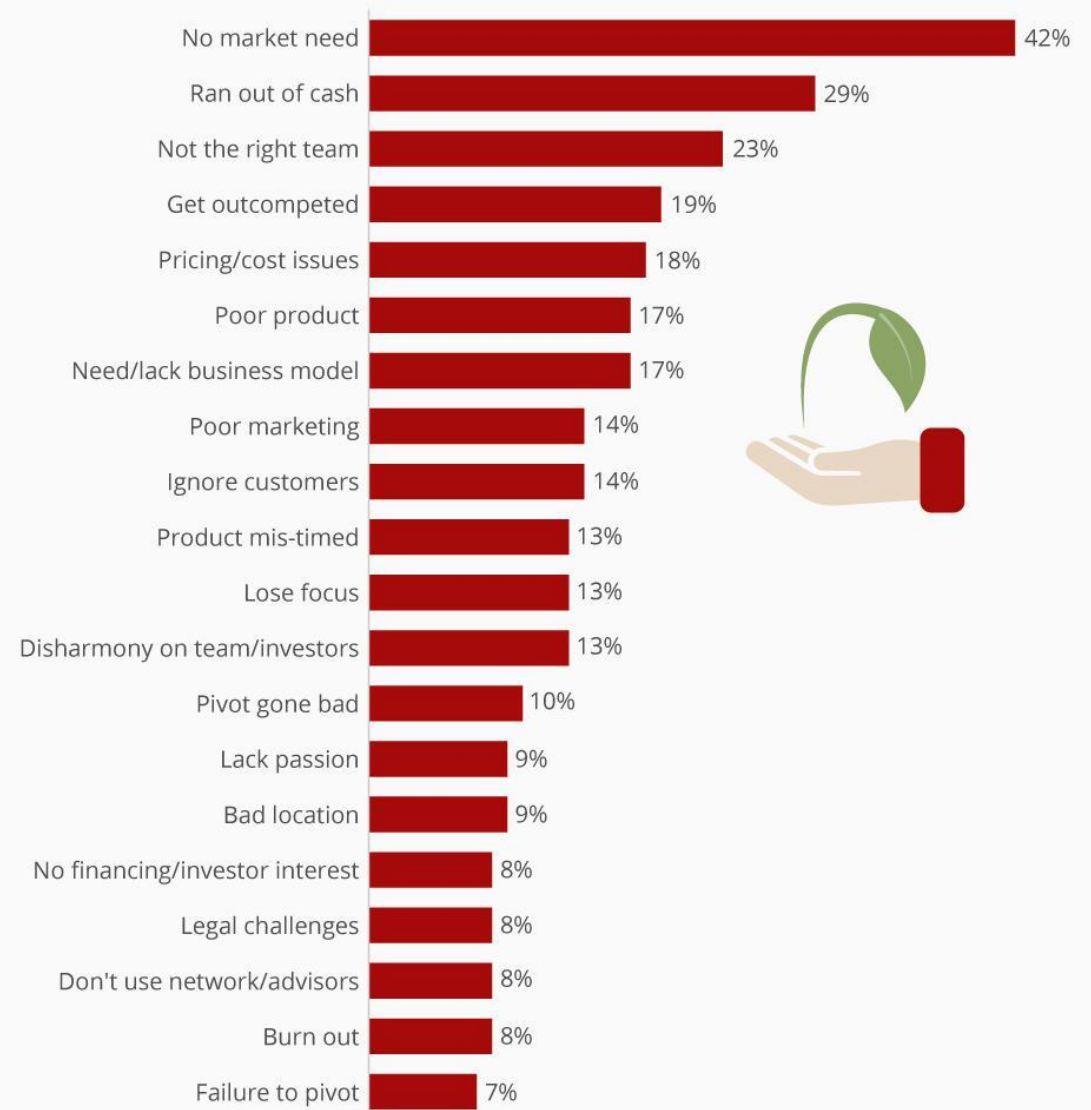
# CUSTOMER DISCOVERY

# #1 REASON STARTUPS FAIL

They build something people don't want!


## The Top Reasons Startups Fail

Most frequently cited reasons for startup failure\*





HOW DO WE KNOW  
WHAT PEOPLE WANT?



TALK TO THEM!

# ASSUMPTIONS

- Every new business idea is built on **assumptions**.
- We need to **validate** whether they are true or false.
- If critical assumptions are false, it will lead to startup failure

**DON'T LET YOUR STARTUP BECOME A STATISTIC**

# CUSTOMER DISCOVERY

**Process de-risks your business idea.**

- Interview potential customers, end users, buyers, stakeholders.
- Validate or invalidate assumptions.
- Assess market needs/wants before building your product.

**Customer discovery helps you find Product-Market Fit**

# CUSTOMER DISCOVERY = INVESTMENT IN FUTURE

- Customer discovery is cheap and accessible.
- The work you do today will be instrumental in helping you save immense time, money, effort and heartbreak down the road.

*“For each 1 hour of customer development, businesses tend to save 5 to 10 to 20 hours of wasted development time.”*  
- Cindy Alvarez, Lean Customer Development Author

# CUSTOMER DISCOVERY IS MISUNDERSTOOD

- “Is this a good idea?” and “Would you buy it?” are meaningless questions.

Immediately biases answers and gives you false data.

- Customer discovery interviews are **not** regular conversations.

It's not a back-and-forth discussion.

It's not a debate.

You're not educating the customer about the problem.

**It's not a sales pitch.**





# THE MOM TEST

# EXAMPLES OF “BAD” QUESTIONS

Excerpt from The Mom Test by Rob Fitzpatrick:

## **1. Fishing for compliments**

“I’m thinking of starting a business... so, do you think it will work?”

“I had an awesome idea for an app — do you like it?”

## **2. Exposing your ego**

“So here’s that top-secret project I quit my job for... what do you think?”

“I can take it — be honest and tell me what you really think!”

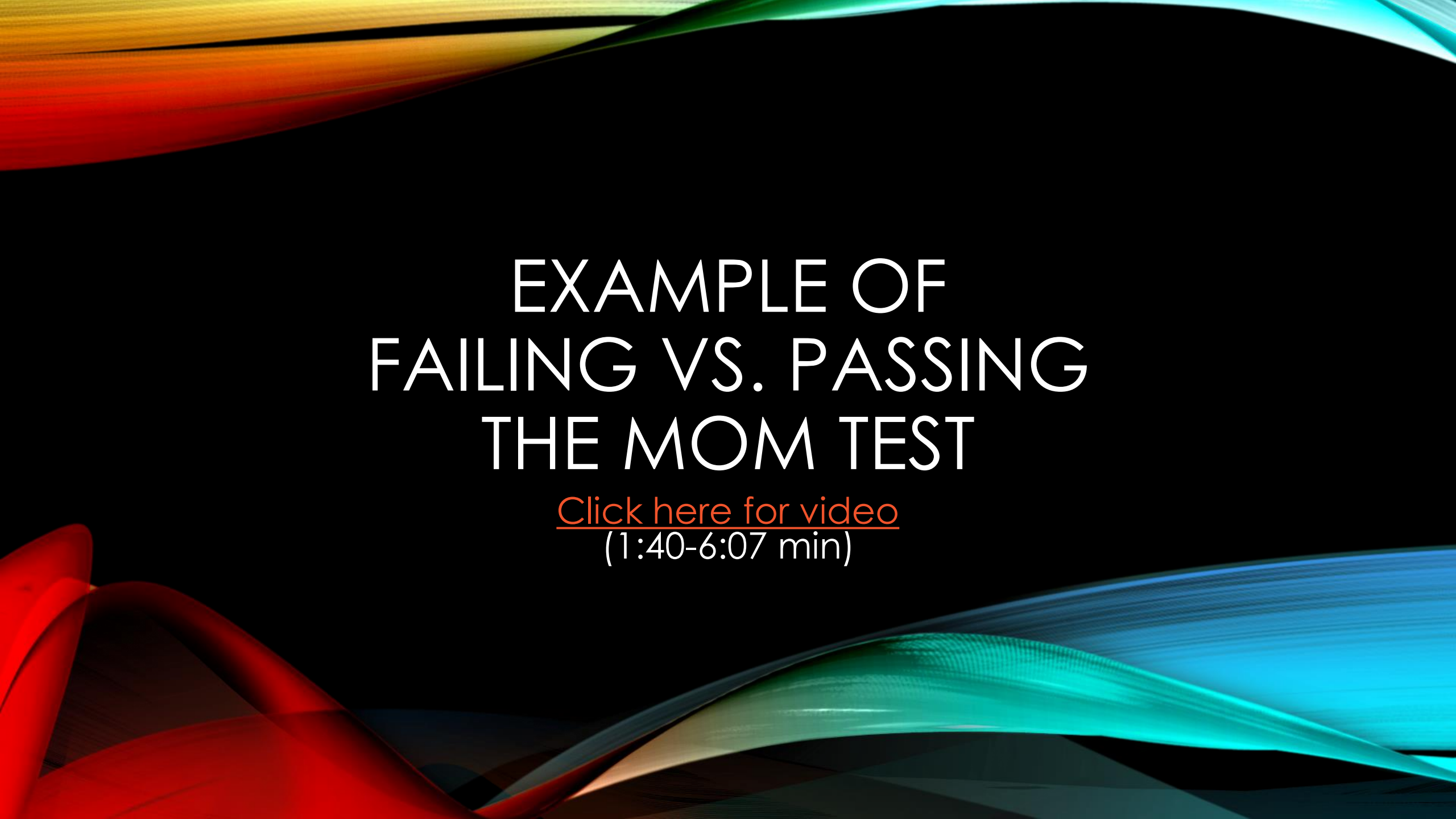


# INTRO TO THE MOM TEST

[Click here for video](#)  
(0:20-3:30 min)

# THE MOM TEST

- 1. Ask customer about their life**  
(instead of telling them about your idea)
- 2. Ask customer about specific past experiences**  
(instead of generics or opinions about the future)  
(past behaviour is the best predictor of future behaviour)
- 3. Listen more than you speak**  
(90% listening and 10% talking)



# EXAMPLE OF FAILING VS. PASSING THE MOM TEST

[Click here for video](#)  
(1:40-6:07 min)

# CUSTOMER DISCOVERY TIPS

- **Keep it casual**
  - This is not a 1-hour focus group.
- **Avoid group interviews**
  - Biased answers because people have a desired 'image' to uphold.
- **Allow for silence after customer responds**
  - Encourages them to expand on their answer.
- **Create an interview guide but don't be rigid**
  - Always dig deeper.

# DIG DEEPER

Ask probing questions:

- What do you mean by that?
- Can you explain that a little more?
- Why do you say that?
- How do you feel about that?

# CONTINUOUS CUSTOMER DISCOVERY

Customer discovery is an iterative process.

- It continues throughout the lifecycle of your startup.

You should **never** be done learning about your customers.

- If you think you're done learning, you'll become **complacent**.



# STARTUP SURVIVOR APPLICATION: MINIMUM # INTERVIEWS

## Overall:

You're looking for patterns in your data; you should see strong trends.

## For Startup Survivor application:

- Minimum # interviews is based on your business model
- Refer to Challenge Guide for details

# SURVEYS ARE NOT A SUBSTITUTE

- Only human conversations count toward customer discovery
- Non-anonymous surveys can be a **first step** in gathering **contact information** to set up future face-to-face interviews.

# SURVEYS ARE DANGEROUS

Surveys **introduce bias** and **limit the scope** of what you learn.

- Force you to **frame** questions to get answers.
- No opportunity to ask **follow-up questions** or dig deeper.
- No way to gauge **emotional response**.



# PROBLEM STATEMENT

# PROBLEM IS YOUR NORTH STAR

- Problem is your guiding light while you're building your business.
- Customer Discovery helps identify the **right** star!

# PROBLEM STATEMENT

## FOCUS

- 1 critical problem needs your full attention.
- Cash-strapped startup does not **funds** to solve multiple problems at once.
- Solofounders or tiny team do not have **time** to tackle multiple problems.
- Don't spread yourself thin.

**Use customer discovery to identify most potent problem.**

# NO SOLUTION STATEMENTS

- Do not mention solution.
- Many possible solutions. One critical problem.
- Future 'Solution Interviews' will help you develop 'Solution Statement.'

# PROBLEM STATEMENT TEMPLATE

When **context** occurs,  
**customer type** who has **characteristics**,  
have **problem**.

Because of this, they feel **emotion**, then experience **quantifiable impact**.

Currently, they use **alternative solutions**  
despite **disadvantages**.



# PROBLEM STATEMENT CANVAS

<p><b>CONTEXT</b> When does the problem occur?</p>	<p><b>PROBLEM</b> What is the root cause of the problem?</p>	<p><b>ALTERNATIVES</b> What do customers do now to fix the problem?</p>
<p><b>CUSTOMERS</b> Who has the problem most often?</p>	<p><b>EMOTIONAL IMPACT</b> How does the customer feel?</p> <p><b>QUANTIFIABLE IMPACT</b> What is the measurable impact (include units)?</p>	<p><b>ALTERNATIVE SHORTCOMINGS</b> What are the disadvantages of the alternatives?</p>

# PROBLEM STATEMENT PROMPT

**Prompt:** People have a huge problem with traffic in São Paulo, Brazil.

# SAMPLE PROBLEM STATEMENT CANVAS

<p><b>CONTEXT</b> When does the problem occur?</p> <p><b>Every workday, in the mornings and evenings for an average of 2-3 hours per day</b></p>	<p><b>PROBLEM</b> What is the root cause of the problem?</p> <p><b>Lose time in traffic instead of doing something more valuable</b></p>	<p><b>ALTERNATIVES</b> What do customers do now to fix the problem?</p> <p><b>Sign up for Uber and accept rides only when going to or coming back from work</b></p>
<p><b>CUSTOMERS</b> Who has the problem most often?</p> <p><b>Young men aged 25-35 with middle-low income, who live in suburban São Paulo and work in a corporate office in the city center</b></p>	<p><b>EMOTIONAL IMPACT</b> How does the customer feel?</p> <p><b>Frustration &amp; boredom</b></p> <p><b>QUANTIFIABLE IMPACT</b> What is the measurable impact (include units)?</p> <p><b>Lose on average 40 hours per month</b></p>	<p><b>ALTERNATIVE SHORTCOMINGS</b> What are the disadvantages of the alternatives?</p> <p><b>Driving for Uber requires more time waiting for a ride, as trip origin &amp; destination might not coincide with their home-work itinerary</b></p>

# STARTUP SURVIVOR APPLICATION SECTION

## ii) Problem Statement Canvas

Answer the following prompts as they relate to the problem you are solving.

CONTEXT	PROBLEM	ALTERNATIVES
[When does the problem occur?]	[What is the root cause of the problem?]	[What do customers do now to fix the problem?]
CUSTOMERS	IMPACT	ALTERNATIVE SHORTCOMINGS
[Who has the problem most often?]	[How does the customer feel when experiencing the problem? What is the measurable impact of the problem? Include units if possible Eg. time lost in hours /money wasted in CAD or USD]	[What are the disadvantages of the alternatives?]



# ASSUMPTIONS

# PROBLEM STATEMENT ASSUMPTIONS

- Which parts of the canvas were full of assumptions?
- Which assumptions are you missing?
- Which assumptions, if invalidated, will make your startup fail?
- Consider assumptions about customers, end users, buyers, problem impact/potency, alternatives, workaround solutions, etc

# STARTUP SURVIVOR APPLICATION SECTION

## iii) Assumptions

*Fill out your assumptions below. Prioritize in order of riskiness. Most risky = Assumption 1. Least risky = Assumption 10.*

- |                       |                     |
|-----------------------|---------------------|
| <b>Assumption 1:</b>  | [Insert assumption] |
| <b>Assumption 2:</b>  | [Insert assumption] |
| <b>Assumption 3:</b>  | [Insert assumption] |
| <b>Assumption 4:</b>  | [Insert assumption] |
| <b>Assumption 5:</b>  | [Insert assumption] |
| <b>Assumption 6:</b>  | [Insert assumption] |
| <b>Assumption 7:</b>  | [Insert assumption] |
| <b>Assumption 8:</b>  | [Insert assumption] |
| <b>Assumption 9:</b>  | [Insert assumption] |
| <b>Assumption 10:</b> | [Insert assumption] |



# INTERVIEW GUIDE





# CONVERT ASSUMPTIONS TO QUESTIONS

**WHAT DO WE NEED TO LEARN FROM STAKEHOLDERS?**

Use Assumptions List to brainstorm key questions you need answered via customer discovery.

# INTERVIEW GUIDE TIPS

- **Overall**

- Ask open-ended questions.
- Ask about the last time customer experienced problem.
- Avoid leading questions.
- Write follow-up questions anticipating potential responses.

- **Ending**

- Thank interviewee.
- Ask whether they'd be open to another interview in the future.
- Ask whether they'd be willing to introduce you to someone else.



# SAMPLE INTERVIEW GUIDES

# SAMPLE CONSUMER INTERVIEW GUIDE

Tell me about yourself as a drummer.

- How often do you play?
- Do you ever play professional venues?
  - If yes, how often?
  - If yes, is this an important source of income for you? If yes, how important?
- Do you or have you ever taught drumming?
  - If yes, where and how long? (*School/private tutor/online channel/etc*)
  - If yes, is this an important source of income for you? If yes, how important?
- How many drum kits do you have?
  - How many toms and sizes in each setup?
  - What brand of drum heads do you use? Why?
  - Are you planning to buy more? Why or why not?
- How do you transport your drums when playing outside of your home?
- How did you first get into drumming?
  - How old were you?
  - Did anyone encourage you to start drumming? (*school/parents/friends/etc*)
  - Were you inspired by other drummers? If yes, which ones?

# SAMPLE BUSINESS INTERVIEW GUIDE

TOPIC	SAMPLE QUESTIONS
Demographics	<ul style="list-style-type: none"><li>• What is your role?</li><li>• What are your responsibilities?</li><li>• How long have you been working in this company?</li><li>• With what department and business unit are you affiliated?</li><li>• How many people report to you?</li><li>• To whom do you report?</li><li>• Can you walk me through a day in your work?</li></ul>

Business drivers	<ul style="list-style-type: none"><li>• What are your objectives this year?</li><li>• How will you be evaluated this year?</li><li>• After the New Year's Holiday, when you look back at this year, how will you know if you have been successful?</li><li>• Do you expect these objectives to be different next year?</li><li>• What are your clients typically trying to achieve with your products?</li></ul>
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Problem priorities	<ul style="list-style-type: none"><li>• What keeps you up at night? Why?</li><li>• What are your top three challenges?</li><li>• Out of these X problems, which would you say are your top three?</li><li>• What keeps you from acquiring more users / what keeps you from doing x, y or z (main objective)?</li><li>• What would be the first thing you would change about your work?</li></ul>
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# STARTUP SURVIVOR APPLICATION SECTION

## iv) Customer Discovery Record

*Question Column:* If your questions are the same from one interview to the next, you should be able to easily copy and paste from the first section.

*Answer Column:* To save time, do not transcribe recorded interviews manually. Instead, use an app where you upload audio/video and it converts speech to text transcript. For example, Microsoft Word offers transcribe feature.

*Insight Column:* Not every answer will give you an insight. This is okay and you can leave some blank. You should, however, be looking for insights as you parse through these interviews after they have been conducted.

**Name of Interviewee:** [E.g Jane Smith]

**Date of interview:** [Eg. February 14, 2024]

**Recorded? (Yes/No)** [Eg. Yes]

**Interview #**

1

**Description of interviewee:** [Insert demographic information about the person you're interviewing as well as any key characteristics.]

	Question	Answer	Insights
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			



# STAKEHOLDERS

# LANGUAGE MATTERS

- Entrepreneurship ecosystem adopted “Customer Discovery” terminology
- Depending on business model, “customer” is not only “end user”
- Numerous stakeholders could be involved including end user, buyer, champion, influencer

*E.g. If product is pacifier: end user is baby, influencer is pediatrician, buyer is parent/guardian.*

*E.g. If product is MRI machine, end user is MRI tech, champion is radiologist, buyer is hospital.*



# INCLUSIVE INNOVATION

Do not create homogenous group of stakeholders.

- Path of least resistance is to only talk to people in your direct network.
- Don't end up with all interviewees being 20-year-old university students in a tech program...

Think of stakeholders as categories of diverse humans.

# EXAMPLE: MEDICAL ED APP

Don't interview five 60+ year old doctors who are all from one hospital in a remote rural community because your grandma lives there and has connections.

This is not a representative sample.

# EXAMPLE CUSTOMER: DOCTOR

- Beginning of career vs. close to retirement
- Work in rural vs. urban hospitals
- Practice in highly liberal vs. conservative areas
- GPs vs. specialists
- Women, men, non-binary, etc

**Summary:** Avoid only interviewing stakeholders from niche community

# CONNECTING WITH CUSTOMERS

**How do you reach them for customer discovery?**

- Personal connection, warm intro, cold outreach, etc



# SAMPLE STAKEHOLDER CHART

Stakeholder	Type*	Direct Connection	Warm Referral	Cold Outreach
MRI technician	End user			
Radiologist	Champion			
Chief of Medicine	Influencer			
Hospital (Director of Procurement, CFO)	Buyer			
Patient	Influencer			
Patient Advocate Foundation	Influencer			
Etc	Etc			



# CUSTOMER DISCOVERY TIPS

# RECORD YOUR INTERVIEWS

- Allows you to be present in interview without worrying about trying to remember responses.
- Notes are not ideal because it's impossible to convey body language, emotions, tone, etc.
- Recordings can be viewed and analyzed by all team members.
- When you start to see patterns, you can go back to prior interviews and pull further insights.



# STARTUP SURVIVOR APPLICATION: MINIMUM # RECORDINGS

- Minimum # interview recordings is based on your business model
- Refer to Challenge Guide for details

# TIPS FOR IN PERSON INTERVIEWS

## **Avoid scaring off potential interviewee**

- No business suits.
- No clip boards.
- No tablets.
- No mics (*until you get their permission*)

# TIPS FOR IN PERSON INTERVIEWS

Do not introduce yourself as an Entrepreneur / CEO / Founder.

- Interviewee may assume you're selling something and reject the request.
- If they accept interview, you've already biased their perception.

Introduce yourself as a student doing research.

- Ask if they have 5 minutes to talk.  
*(Easy to agree to 5 minutes, a good interview will naturally run longer)*
- Explicitly say you're not selling anything.
- Mention that interviewee will remain anonymous.

# TIPS FOR WARM OUTREACH

## **Reach out to people you personally know:**

- Relatives, friends, colleagues, classmates, professors, student club members

## **Reach out to LinkedIn contacts you know but haven't actively stayed connected with:**

- Colleagues from past co-op terms, supervisors from past volunteering gigs, teammates from past hackathons, case competitions, DECA, etc

## **Ask for referrals from current network:**

- Use "six degrees of separation" to your advantage

# TIPS FOR COLD OUTREACH

## Emails, LinkedIn messages, etc

### Create template outreach message

- Customize first line for each stakeholder.
- Get to the point - no essays!
- Do not use ChatGPT - it will sound inauthentic.

### Follow-up

- After 3 business days of no response, send friendly follow-up.
- Be polite but persistent.

# TIPS FOR COLD OUTREACH

## Phone calls

### Prepare 3 scripts:

- For your target stakeholder, gatekeeper, and voicemail.
- E.g. You want to book an interview with a doctor (**target**) but the office manager (**gatekeeper**) picks up the phone. You need to have them transfer you, take a message, allow you to leave a **voicemail**, or get email address to send “full details”.
- Remember: YOU ARE NOT SELLING!

### Voicemail:

- Keep it short. Don't rush. Speak clearly.
- Who are you calling? What is your name and phone number? Why are you calling? Kindly request call back. Repeat your phone number slowly. Thank them.

# TIPS FOR COLD OUTREACH

## Your brand matters

- You have a digital footprint. Time to clean it up!
- Your interview target will google your name to make sure you are not a scammer, are professional and won't waste their time.

# IMPROVE YOUR BRAND

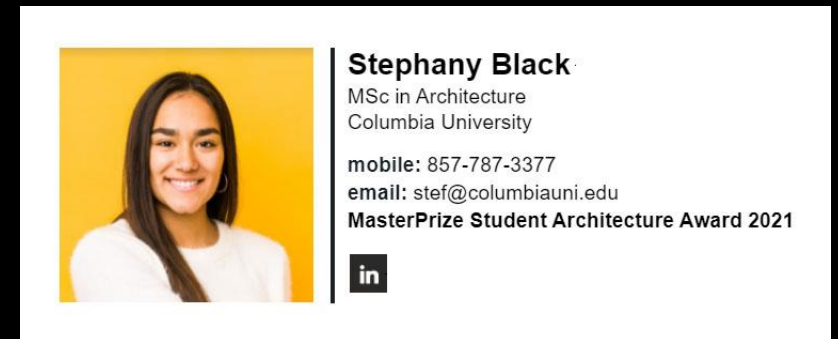
## Update LinkedIn Profile

- Professional headshot
- Enticing tagline
- Delete high school
- SPELL CHECK

## Make other social media accounts private

## Email

- Use school email
- Update signature (Add McMaster signature footer [linked here](#))
- If you include your cell phone, make sure your voicemail is professional







# BUSINESS MODELS

# BUSINESS MODELS

- Business to Consumer (B2C)
- Business to Business (B2B)
- Business to Business to Consumer (B2B2C)

# BUSINESS TO CONSUMER

Popular examples are consumer products:

- Clothes
- Bag
- Water Bottle
- Contact Lenses

# BUSINESS TO BUSINESS

- **Clothing manufacturer** buys cotton thread from **supplier** who sources cotton from farmers.
- **Bag manufacturer** buys leather from **supplier** who sources it from a bovine farm.
- **Water bottle manufacturer** buys aluminium from **supplier** who owns metal mines.
- **Contact lens manufacturer** buys silicone hydrogel from chemical **supplier**.

# BUSINESS TO BUSINESS TO CONSUMER

- **Uber**

Drivers ↔ **Uber** ↔ Passengers

- **Skip The Dishes**

Restaurants ↔ **Skip The Dishes** ↔ Hungry People

- **Airbnb**

Hosts ↔ **AirBnB** ↔ Renters

# BOTH B2B & B2C

- **Laptop**

- **McMaster University** buys product in bulk and gets discounted price from **Dell**.
- I buy directly from **Dell** at full retail price.

- **Phone plan**

- **McMaster University** buys product plan in bulk and gets discount from **Rogers**.
- I buy directly from **Rogers** at full retail price.

Business Model	Minimum Number of Interviews	Industry Exceptions
Business to Consumer (B2C)	15 Interviews 5 Recordings	No exceptions
Business to Business (B2B)	5 Interviews 2 Recordings	2 Interviews for Military/Government 1 Recording
Business to Business to Consumer (B2B2C)	15 Interviews 5 B2B + 10 B2C 5 Recordings	No exceptions

# MINIMUM NUMBER OF INTERVIEWS & RECORDINGS

**Depends on your business model**



QUESTIONS





# Need Help? Get in Touch

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