

# Startup Weekend Hamilton Market Validation

Developing customers while you develop product

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# Robin Hopper



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**3 Million Dollars**



# Some stats...

- \* Startups need 2-3 times longer to validate their market than most founders expect. This underestimation creates the pressure to scale prematurely
- \* Many investors invest 2-3x more capital than necessary in startups that haven't reached problem solution fit yet
- \* Startups that pivot once or twice times raise 2.5x more money, have 3.6x better user growth, and are 52% less likely to scale prematurely
- \* Premature scaling is the most common reason for startups to perform worse

# High stakes...

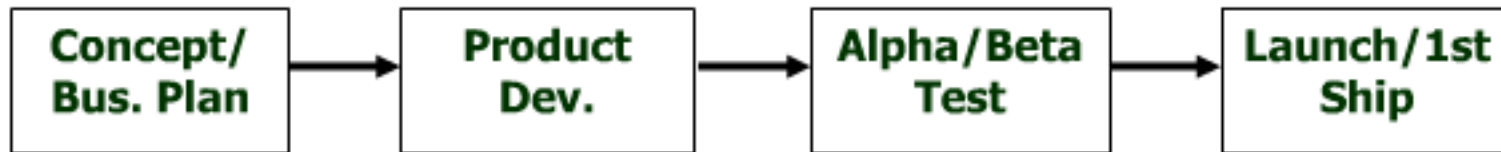
90% of start-ups fail not because of bad product, but because they don't find the right market and customer.

# Ouch...

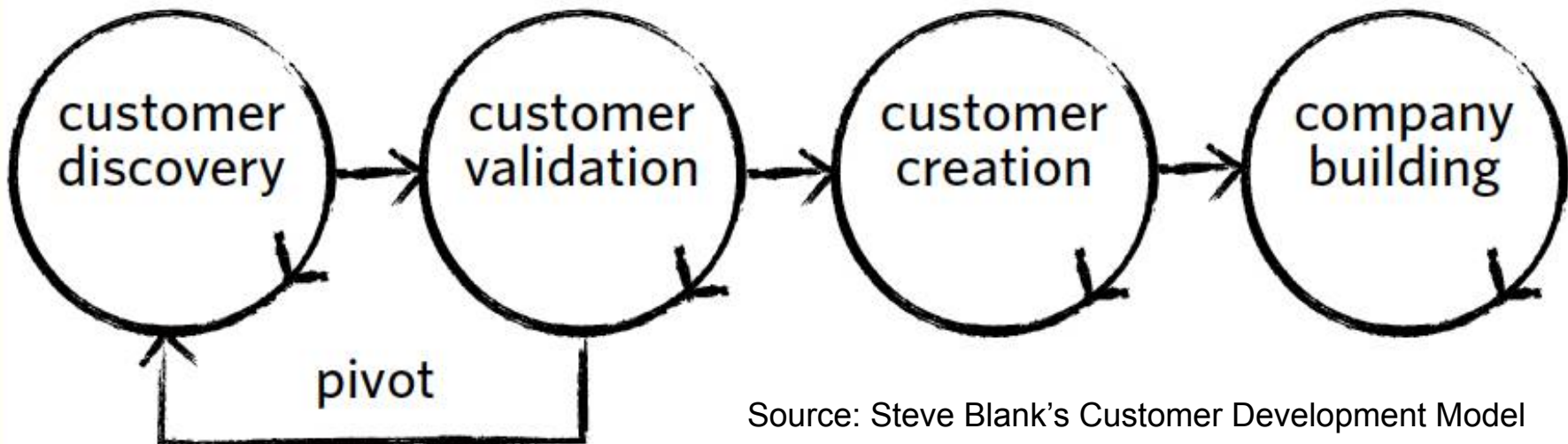
- \* Market research is not the same as market validation
- \* No business plan survives the first customer contact...
- \* Structure and process around customer development were critical to hit product/market fit milestone
- \* Plan, pitch, etc., was all about building a company, but was really lacked attention on building customers, aka, market validation

# Product Dev AND Market Validation

## Product Development



## Customer Development

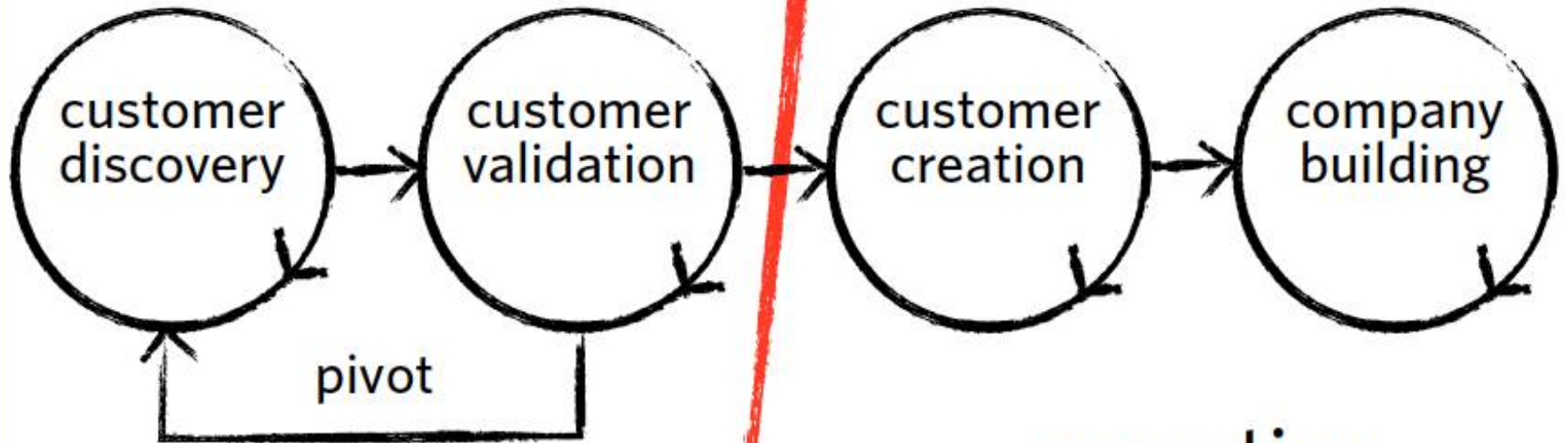


Source: Steve Blank's Customer Development Model

“Get out of the  
building and talk to  
customers”

Steve Blank

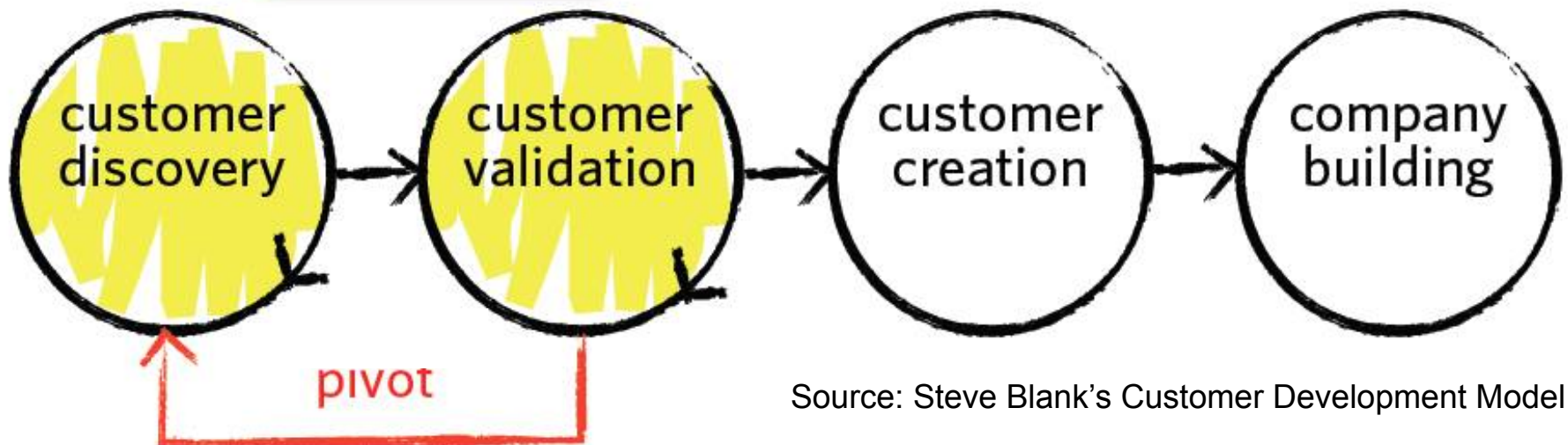
search



execution

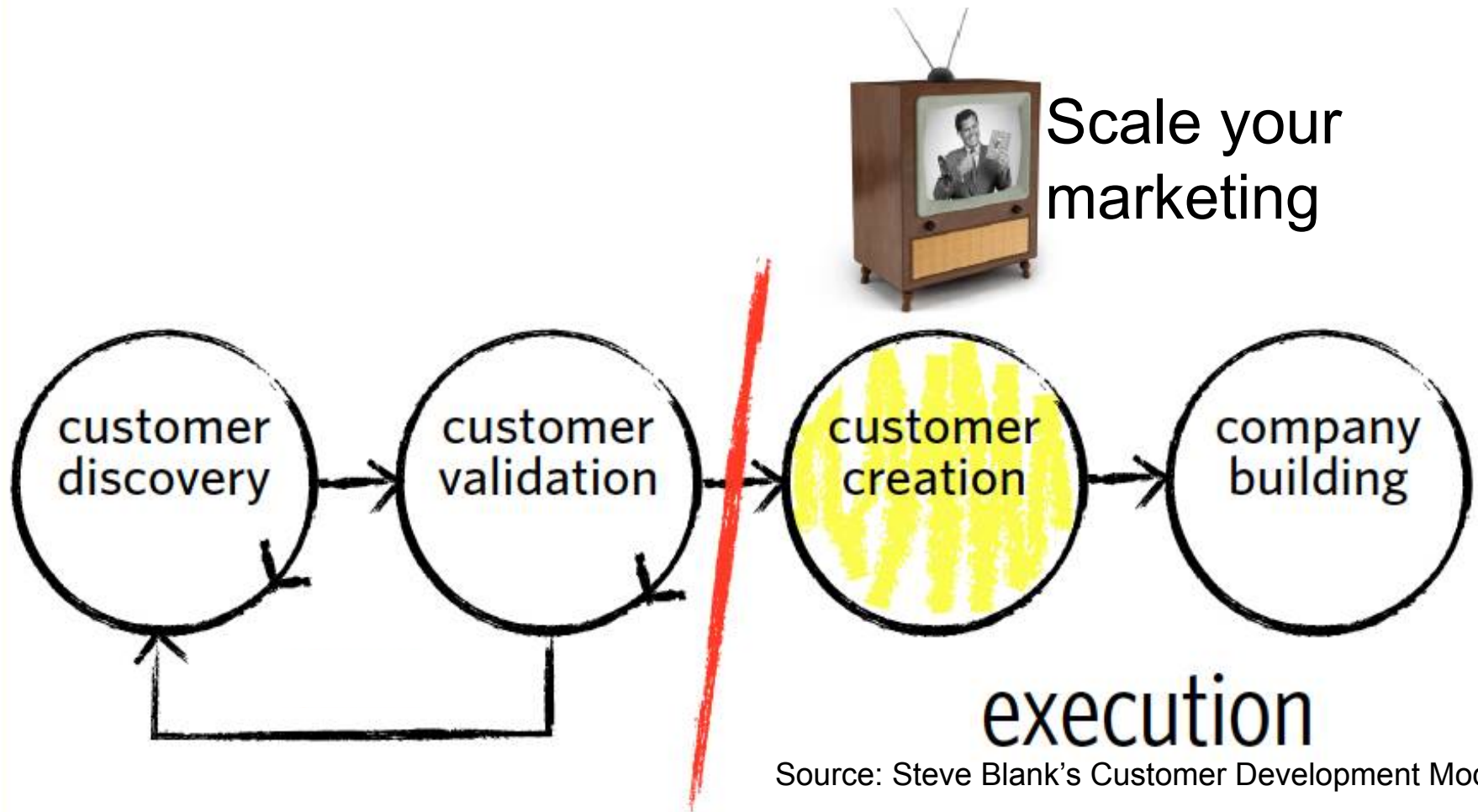
# Market Validation

- \* Stop selling, start listening
- \* Let customer segments tell you their problems – what does a day in their life look like
- \* Do they agree you solve
- \* How much will they pay to solve.



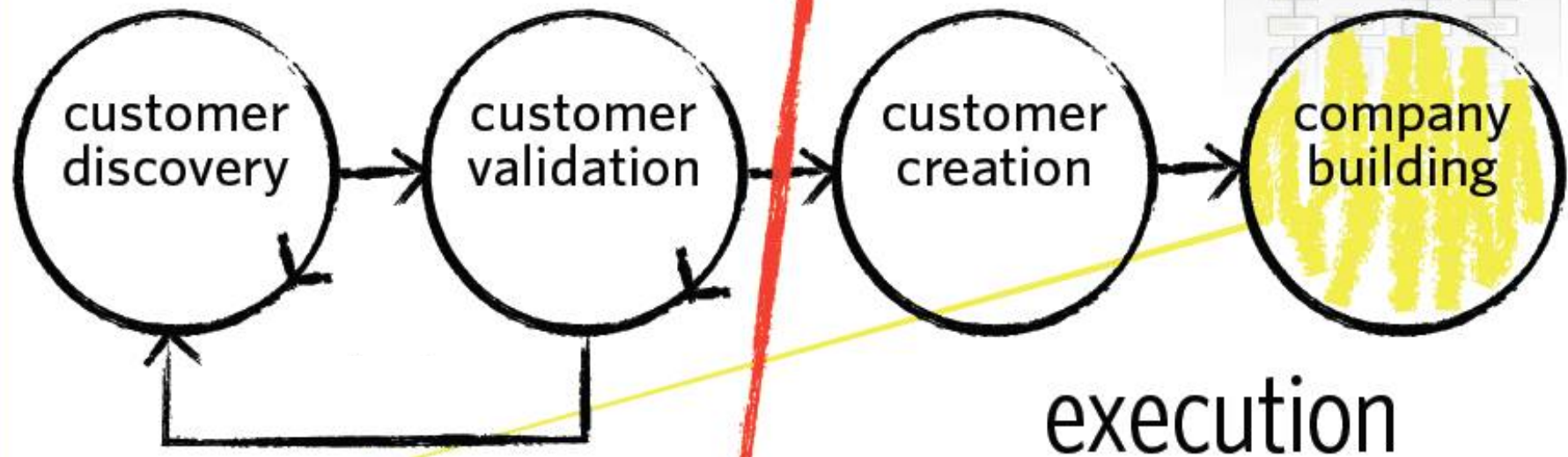
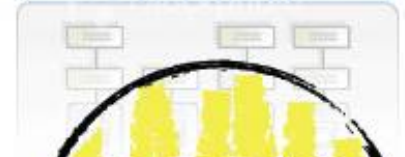
Source: Steve Blank's Customer Development Model

# Repeatable Sales



# Scale the company

Build your org structures



execution

# So the \$3M Lessons?

- 1 Market research IS NOT market validation
- 2 No product/biz plan survives 1<sup>st</sup> customer interaction
- 3 Test & refine every one of your guesses by learning everything you can about your customers
- 4 Don't scale it 'til you nail it

# More resources...

- \* Eric Reis | Lean Startup
- \* Steve Blank | 4 Steps to the Epiphany
- \* Alexander Osterwaldert | Business Model Generation
- \* Ron Neuman | VistaShift

# Thank You

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