

Bringing your product to Market: Best practices from Tom Kosnik

“One of the most important things for an entrepreneur is to pick the right talents for your venture. You should look for two key factors – Can you trust them? And do you enjoy their company? If the answer to both is ‘No’, avoid them at all costs, for these are the snakes, assholes and bozos! If you can’t trust them, but enjoy their company, put them aside for play mates or dates. For those you trust but dislike, do not disregard them completely, as they are useful to go to for advice or be your critics. And when you find people you both trust and enjoy being with – these are your dream team mates and even your soul mates. Look out for these people, as they are worth their weight in pink diamonds!”

This is how Professor Tom Kosnik started his workshop-cum-seminar, given to some 300 people at a Technology Venture Forum organized by the NUS Entrepreneurship Centre.

The Silicon Valley is well known for being one of the world’s leading entrepreneurial hotspots. Prof Kosnik, from Stanford’s Technology Ventures Programme, shared some of the strategies that Silicon Valley companies implement, when taking their product or service to market. Some readers may have already learnt these tools when attending Prof Kosnik’s lectures, during the NUS Overseas Colleges or iLEAD programmes. However, for the rest of us, read on to learn these best practices!

1. **Customer Development Model** – To create a demand for your product/ service, you need to have a good understanding of your customers. This is crucial, especially when you are getting started. Get out of the lab or office and meet with potential customers, gather their opinions, find out their needs or even just observe them. Look out for issues and problems, as well as what is below the surface, such as recurring patterns or behaviours. It is ideal if you are able to understand the customers’ mental models or thinking processes. Some companies are able to build trust with their customers, as they are creating the product. This allows them to get feedback and validate their product/ service, even before it is launched.
2. **Technology Adoption Life Cycle** – New technology products/ services go through an adoption life cycle. When it is first launched, the techies and innovators pick it up, as they enjoy using latest gadgets. Then the visionaries and trend leaders adopt it, as they see its competitive advantages. In some cases when there is a truly innovative invention, a chasm develops here, preventing further adoption, as the innovation is too disruptive. But if you are able to cross this chasm, the adoption rate accelerates rapidly as herd mentality influence the early majority. The adoption rate plateaus as the conservatives and late majority finally succumb. There will always be a small group of skeptics that will never adopt a new technology, no matter what happens. The people in your

venture that manage customer development must know about this life cycle, and how to influence the adoption rate. Once you understand this life cycle, you can plan for the Category Maturity Life Cycle, which is a model that describes the rise, duration and decline of a category of products/ services.

3. **Technology Food Chain** – You cannot afford to just interact with your customers. You need to also interact with your customers' customers! Create a value chain both upstream and downstream, to get a better understanding of your customers. You need to reveal to your customers what is the risk to their customers if they choose not to adopt your product/ service.
4. **Market Diagnosis** – Frequently, when you create a new technology product/ service, you need to find out the market size. However, figures can be deceiving, as this reveals the total available market, which could be the size of the universe! It is more accurate to look at the served available market, which are those you can reach out to with your sales channel over the next 2-3 years. You must also look at the specific target market for a start-up, which are the buyers you will be targeting over the next 12 months. It is important to have short term priorities, because it is likely that your product will change over time.
5. **Target Customer Selection** – When choosing your early customers, select them carefully. You need to find those who need the product, can afford the product and are able to influence others. These customers will help you to cross the chasm, and reach out to the early majority, when they share the benefits of your product/ service.
6. **Whole Product** – The whole product is the complete set of products and services that fulfill the reason for customers to buy your product. For example, with an IT product, the whole product would include the hardware, software, peripheral equipment, connectivity equipment, post-sales service, interfaces, etc. Obviously, you will not produce the whole product yourself, but may want to look for channel partners who you can work with.
7. **Positioning** – This refers to the position of your product in the minds of your customers or channel partners. Hypothesize what this position is, and then take it out to the target customer to see if it is true. Listen to what the customer says, look at his needs, look at the competitors' product and see how your product provides an added advantage. The outcome of the positioning exercise will allow you to create a suite of publicity material to boost your company and products' position. This includes items such as an executive summary, the corporate presentation, an elevator pitch,

website, tagline and all other publicity collateral.

8. **Dynamic Positioning and the CRUDE Test** – Once you have created the position, it is important to test it. Do the CRUDE test - Is it Credible, Relevant, Unique, Durable, Dynamic and Emotionally Appealing? Check the answers with different groups, for example, with company employees, with customers, with friends and family, etc.
9. **Reality Test** – This is critical to any entrepreneur that is about to launch a new product. After you have completed the previous 8 tools, you need to do the reality test. You must identify the risks, your mitigation plan for each risk, as well as the contingency plan. Do this on a regular basis, for example every month or even every week. Ask comments from different people, as everyone has different ideas.