

## Stating Hypothesis

In his book, “The Four Steps to the Epiphany”, Steven Gary Blank describes how important it is to write down your initial assumptions regarding the product or service you will be selling in your venture. He argues that getting assumptions down on paper is essential because you will refer, test and update them as you gradually build your business. Ideally, you make a one or two-page document that answers the questions in the different categories below.

### Product hypothesis

- Product features
  - What features will your product have?
  - In which order – if relevant – will you ship them to your customer?
  - What is a minimum set of features that your first product requires?
- Product benefits
  - Will your product be new, better, faster, cheaper, or a combination?
- Intellectual property
  - Are you inventing anything unique?
  - Is your IP patentable?
  - Do you *need* a license or other patents to sell your product?
- Dependency analysis
  - Define on what trends your product is based (e.g. widespread adoption of smart phones) and what it means to your company is if it doesn't happen.
  - Does your product or service needs to interact with other products/machines/software in the customer's organization?
- Product delivery schedule
  - When do you expect to ship your product (and its features)?
- Total cost of ownership
  - How much does it cost for your customers to own and use one of your products?
  - Do customers have to acquire other products or services to use your product?
  - Do customers need training?
  - Do customers need to change lifestyle?
  - In case of B2C, what operational changes is your customer forced to do in case of companywide implementation of your product or service?

### Customer & problem hypothesis

- There are different types of customers for your product
  - Are your customers the end users?
  - Are there any influencers, recommenders?
  - Who is the economic buyer? (the one with the cash)
  - Who is the decision maker?

- What is your value proposition to the different buyers (economic buyer, technical buyer, user buyer)
- Are there any saboteurs in the sales process?
- Customer Problems
  - What is the customer's need? Is it an active or latent need? Do customers already have some kind of vision on how to solve the need/problem?
- A day in a customer's life
  - How do they spend their days?
  - What products/services do they use?
  - How would your product affect them?
  - What are the trends in the customer's industry (B2B)?
- Organisational map and customer influence map
  - Key question: who is surrounding the actual user of you product and how do they influence the actual user? How does everyone interrelate?
- ROI justification for your customer
  - If a customer would buy your product, would it feel to him as if he got a good deal? Was it worth it?
- Minimum feature set
  - What is the smallest or least complicated problem the customer will pay us to solve?

### **Channel and pricing hypothesis**

- Through which channel do you intend to reach the customer? (direct sales, via mail, internet...)
- Will you have partners for certain channels? How big is their part of the pie?
- Does the channel add value to the sales process?
- What are the price and the complexity of the product?
- Are there established buying habits/practices?
- How much do customers pay for solving their need today? If with separate products/services, how much do they cost?
- If the product were free, how many products would your customer use?

### **Demand creation hypothesis**

- Creating customer demand
  - How will you create demand to drive customer adoption in the channel you chose?
  - Is it advertising, PR, spam, word of mouth, promotions? etc.
  - Does your customer go to trade shows? What magazines does he or she read?
- Influencers

- Who are potential influencers? Kids, spouse, boss, colleague?
- Why do they respect their influencers? Are there other possible influencers you could use?

### **Market type hypothesis**

- Entering an existing market
  - Who are the competitors and who is driving the market? What is the market share?
  - How much is the competition's marketing spending?
  - Do you understand the cost of entry?
  - How do competitors define and segment the market?
  - How do competitors define performance?
  - Are there existing standards? If yes, who is driving those standards?
  - Do you extend, embrace or replace the market boundaries?
- Resegmenting an existing market?
  - What existing markets do you customers come from?
  - What are the unique characteristics of those customers?
  - Which one of their needs were unmet by previous suppliers?
  - Why don't existing companies offer the same thing?
  - Do you have to educate the market? If so, how long will it take?
- Entering a new market
  - What markets will potential customers come from?
  - What specific *feature* will make customers use/buy your product?
  - How long will it take you to educate potential customers to grow a market of sufficient size? How will you do this?
  - How will you create demand?
  - How much financing do you need to educate and grow the market? For how long?
  - What will stop competitors with deep pockets from buying your market once you developed it?

### **Competitive Hypothesis**

- How much market share do the existing players have? What are the different proportions?
- How have existing competitors defined the basis of competition? Is it product features, service? Why is your company different regarding these attributes?
- Do you have better features, better prices, a better channel or a combination of these? What makes you think the customer cares?
- In case your product does not exist yet, how do customers solve their need today? What substitutes do they use, and why?