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# THINKING OUTSIDE THE BOX

AND EXPERIMENT WITHIN

INNOVATING FOR
PRODUCT-MARKET FIT
& BEYOND

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#### **PREFACE**

Bringing a new product to market is extremely complex, given the various moving parts. There are always "unknown unknowns". As part of the discovery 'outside the box' phase, these must be turned into some "known unknowns" so they can be stated as clear hypotheses that can then be developed into experiments (to be run inside the box). This approach of 'Thinking Outside then Building Inside' as a series of experiments was developed by our work with 50+ innovators building solutions from Web & Mobile apps to emerging technology solutions like Artificial Intelligence & Internet of Things (IoT).

#### What is innovation?

Innovation comes from Latin innovare for renew, whose root is novus means new. It is the act of introducing something **novel** and **useful** (value-added) to the world. Typically, a lot of ventures struggle with the second part (to provide something not new but valuable - so useful that the market pulls it organically). Problems should be seen as an opportunity (a room for innovation).

**Problem-Solution Fit:** This help ascertain there is a real problem to be solved (discovery phase) and a solution is a fit to user needs.

**Product-Market Fit**: A product that meets the demand (pull) of the market. Traditionally, these milestones have never been easy to measure. In the guide we will provide some techniques to assess them and resources to evaluate it.

#### **Key Terminology**

**CVP** = Core Value Proposition

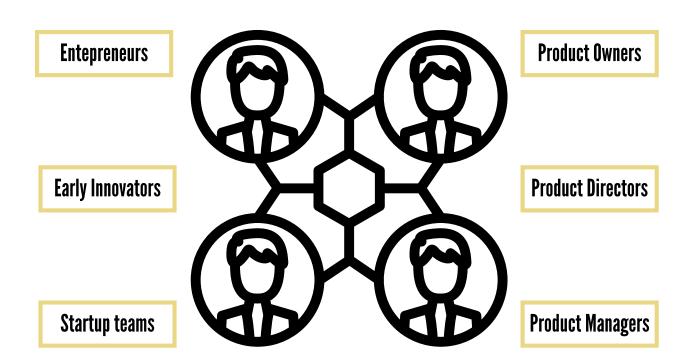
**MVP** = Minimum Viable Product

**EVP** = Evergreen Venture Pilot



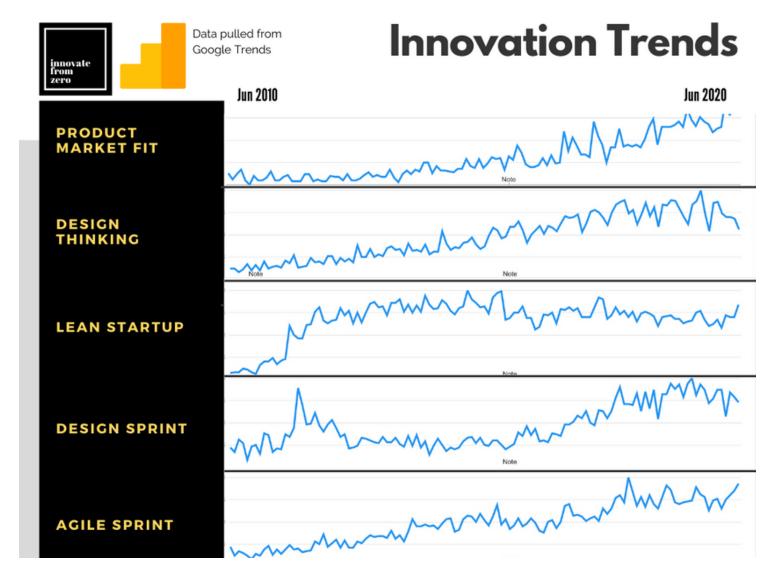


# WHO THIS HANDBOOK IS FOR?



This incl. Product Owners (PO), Product Managers (PM), Product Director (CPO), and Entrepreneurs creating disruptive solutions. Startup teams & SMBs (company/ size 2-50 people) building and launching innovative products constantly.

First and foremost, the guidebook encourages product leaders to develop a "maker-mindset" that combines outside-in thinking with rapid prototyping experimentations in a sandbox to create solutions that solves real problems.



Innovation is often about the foresight to spot trends even before they become mainstream. In the past decade there has been an explosion of innovation tools, methods, and methodologies like above. They all fall in the category of customer discovery and validation based product development, rapid feedback cycles and a learn-fast philosophy.

Broadly, these tools help you to achieve something called **Product-Market Fit** (P/M-F) which is a key milestone for any new venture enterprise.

From Design Thinking to Lean Startup, this handbook is based on key concepts from these frameworks incl. the use of Jobs-To-Be-Done (JTBD) framework; our goal is to provide a practical and actionable guide to apply them to practice.

This guide will help your team explore questions like:

Do we have Problem-Solution fit? How to reach P/M-F? How can we measure that?



# THE INNOVATOR'S STUGGLE



I have read several Design Thinking pieces, read the the Lean Startup head to toe, and attended many seminars on the topic. Yet I still don't know how to apply that theory and put it into practice for the product we are building, really how?

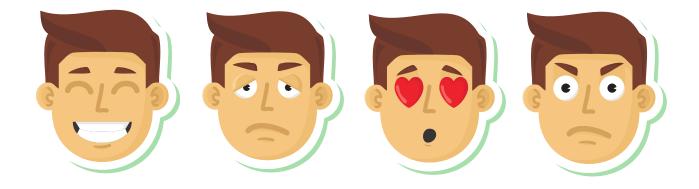
Ben (Product Owner at Xtended Reality)



# WHAT YOU WILL GAIN?

In this guide, we present an innovation matrix process based on a "prototype + pretotype" technique to run product and market experiments simultaneously. Use prototypes to capture qualitative data and insights, use preto-types to gather quantitative data insights at a wider scale. Here is your first key takeaway.

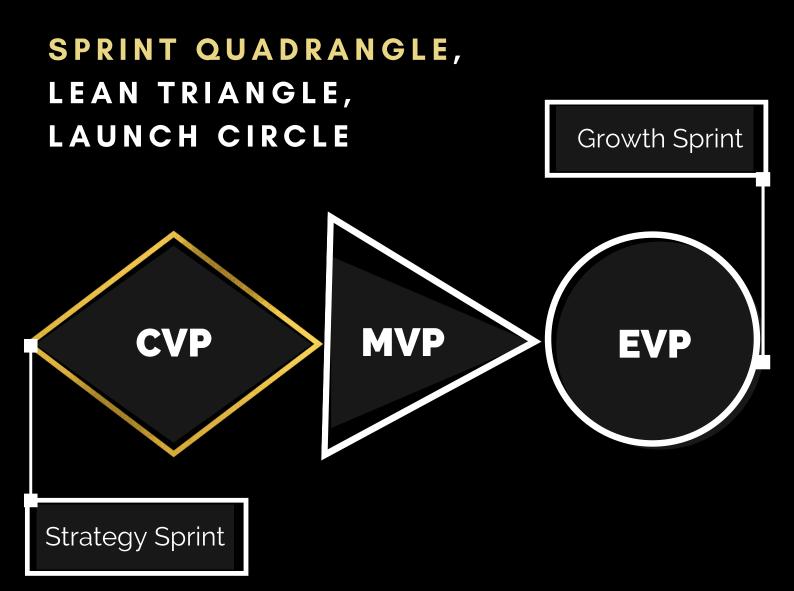
When you demo a solution, capture reactions (not feedback). FEEDBACK can be empty words; an ACTION made or a REACTION captured is priceless. This is what we call human data insights.



A picture is worth a 1000 words, a video demo is worth a 100 pictures, and a rapid prototype is worth a million surveys... actions always speak louder than words.

The <u>Dropbox MVP video</u> is a great example on how to create useful demo videos to garner feedback and build a community.

## INNOVATION MATRIX



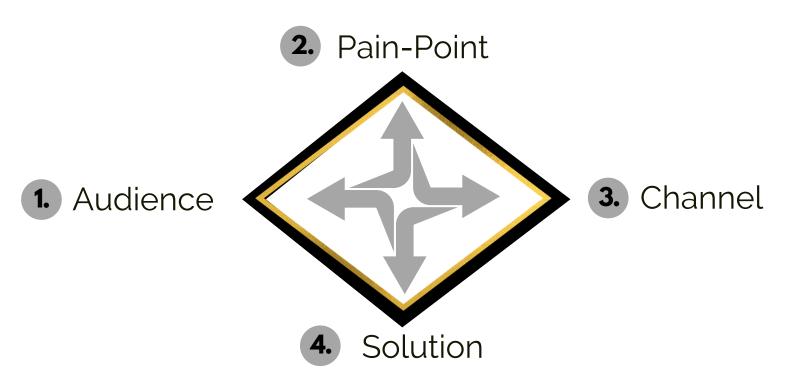
At the outset, do an audit to see where your problem proposition is today and where you would like to be in a set time period (e.g. 6 months) and work backwards from there. We like to do this with a strategy sprint. This helps to transition onto the core value proposition - what we call CVP here. This version of the guidebook presents methods to run CVP experiments.

# THE SPRINT QUADRANGLE

#### INNOVATION MATRIX

#### the quadrangle

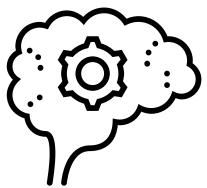
The sprint quadrangle covers our core value proposition process. The matrix begins with identifying target audience, leading to understanding of their pain-points with empathy (a key design thinking attribute), and finally designing solutions in a series of experiments. The first 4 methods can be used to iterate until Problem-Solution Fit is validated. Our team likes to run a full or mini <a href="Design Sprint">Design Sprint</a> at this stage in the development and at various stages later in the process where these assumptions need to be revisited or new data leads to new insights.



# METHOD 1: AUDIENCE

# WHO ARE YOU DESIGNING FOR?

Understanding your audience is crucial to learning about their needs and desires. Therefore, the first step in our quadrangle we propose to create a prototype persona (proto-persona), to help you get inside the mind of your audience. They allow you to gain valuable insights and make decisions based on your users' needs with empathy.



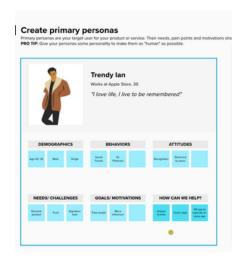
#### **EMPATHISING**

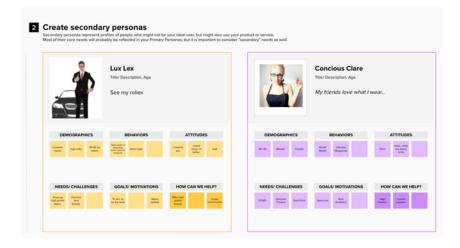
We start this off by brainstorming ideas and gather all the **research** about the audience and their articulated and unarticulated needs. When doing this, ask yourself what is their main reason for using your solution? What needs will this resolve?

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# CREATING PROTO PERSONAS

Once a clear description of the user has been reached, we begin creating proto personas. The trick here to make your persona as human like as possible.





#### PRIMARY PERSONA

#### SECONDARY PERSONAS

The primary persona represents the visioned target user. The user who regularly interacts with the business.

The secondary personas are users who may not necessarily be the preferred target audience, but might also use the product offering.

#### MAIN OUTCOMES

By the end of this you should be able to visually describe the persona, and list their psychographics and demographics as well as their behaviours and actions. t's important to note that you can't understand the problem without figuring out and understanding the audience.

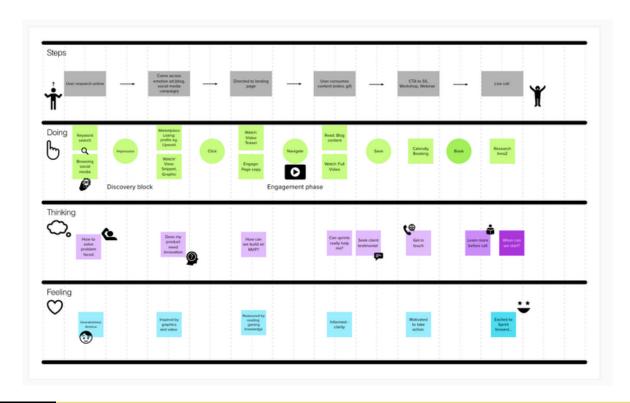
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Request the worksheet if you want access.

# METHOD 2: PAIN-POINT

# UNDERSTANDING THE PERSONA'S MAIN PROBLEM

Now that a proto-persona has been created that represents your audience, we move onto the next part of the quadrangle; the user's pain point. Here we identify the main problem faced by the persona by going through their journey to better understand this pain point. Without understanding the persona's pain-point you won't be able to cater their needs. This is where we have repeatedly found that showing genuine empathy with your persona creates radically unique products.



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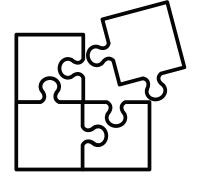
Request the worksheet if you want access.

# METHOD 3: SOLUTION

With this exercise it is time to put the pieces of the solution puzzle together and then go to your channels for testing. Brainstorm, group and prioritise solutions to the proposed pain point identified earlier.

Firstly summarise the main challenge faced by the persona in the form of a problem statement. We advise this statement to be around 2/3 sentences, making sure its neither too narrow nor too broad.

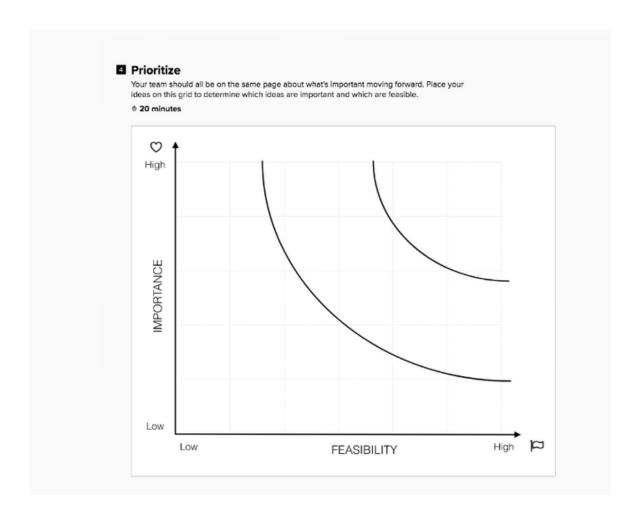
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#### **SOLUTION RANKING**

Directed and convergent brainstorming is a common exercise in the CVP process. In this method we start to rank the solutions that closely meet the problem statement identified.

Gather all the ideas suggested and group those that are similar . Finally place these solutions onto the grid sorting them by importance and feasaibility.



# CHOOSING A CHANNEL TO TEST YOUR SOLUTION

If you are wondering where to find your personas to interact with, don't worry this method is meant for just that. Just before we finalise the solution, we must identify the value delivery mechanism. It will help us to test early and test easily. You will soon see how. For this method we utilise the Bullseye technique, By following the AARRR framework (Acquisition, Activation, Retention, Referral and Revenue) to understand the customer's journey.

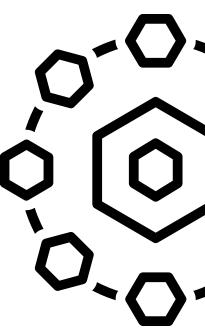
There are 19 traction channels that can be utilised for growth. At an early stage however we have found that there are different channel sets that work better. These can be used to:

A. Recruit your persona

B. Test market assumptions

C. Interview prospects

Here we list 6 unique channels to test the CVP. From this only one or two channels will be found to be most useful for a particular product via experiments. The outcome of testing 1 channel ONLY at a time is that via successful test you can scale the channel or to test another one.

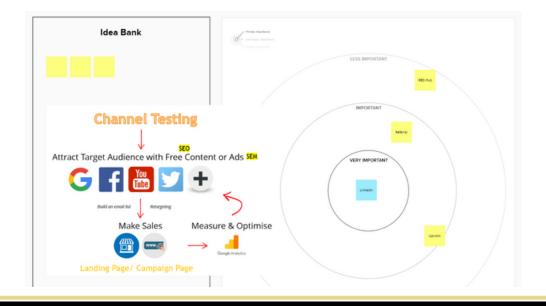




It is very likely that one channel is optimal. Most businesses actually get zero distribution channels to work. Poor distribution - not product - is the number one cause of failure. If you can get a single distribution channel to work, you have great business. If you try for several but don't nail one, you're finished. So it's worth thinking really hard about finding the single best distribution channel.

Peter Thiel (Co-founder of PayPal)

For this reason we recommend a channel test experimentation strategy.



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Click to access the worksheet.

#### **TESTING VALUE DELIVERY**

Pick one of the following six channels to test your Problem-Solution Fit. The goal here is to gather new insights and find users who perfectly match your defined Audience (from method 1). When presented with your CVP or concept demo - if it resonates with their pain-point strongly enough, they will be more than happy to give their time to share feedback or join on an interview call...



#### **GROUPS & FORUMS**



Meaningfully engage in Reddit, Quora, Discord, or Sub-Reddits where users are passionately discussing the particular topic



## PRIVATE GROUPS IN SOCIAL NETWORKS

There are tons of social groups that brings together people with similar interests. Post your problem statement here and assess responses.





#### **ALUMNI GROUPS**

These are a great way to find people willing to help as there are shared backgrounds.





## CROWD TESTING GROUPS

You can easily create a campaign page in crowdfunding sites Indiegogo or Kickstarter that help bring creative projects to life - you can share this preview link with select crouwdfunding groups to collate feedback on the CVP without turning the campaign LIVE. Your objective is feedback not money here.





5

Bring Your Own Followers. You or your staff may have third degree connections who are your ideal audience. Give them a reward with an invite to user interviews.



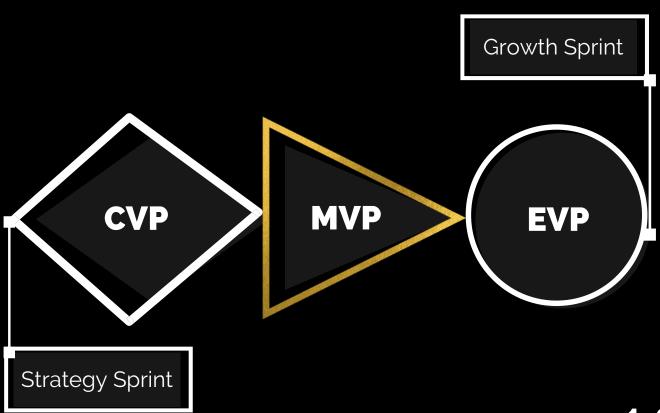
#### **USER RECRUITMENT SITES**

If you are unable to find users meeting your defined audience profile via above means a final option is to use user recruitment sites (usually paid).. Here is a good <u>list</u>.



## WHAT'S NEXT? UNDERSTAND MVP





### WHERE TO FIND US...



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