



TTE01

Entrepreneurship for Engineers

Additional document peer review Module 2

4TU.

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1. Background information question 1

The value proposition is a set of very strong and persuasive reasons why your target customers have an interest in your offer and are willing to spend money on it. To arrive at this understanding it will help to first formulate what your idea is in your own words.

Your initial idea

First, give a short and concise description in your own words of what your initial idea is and what it actually does. What are the main features of your offer, what does it solve, how does it help? Can it do something we could not before? This can be very basic, such as *'My technology is a bendable screen'*. It is not necessary to go in much detail such as what the screen resolution is or what the energy consumption is. Second, the challenge is to find applications. List a number of potential applications for your technology and think about the possible benefits in terms of gain creators or pain relievers that your offer has. These can be various and it is very technology-dependent. But many times we think of product features that are related to categories such as usability, accuracy, costs, compatibility, safe, fast, etc.

Your possible customers

The next step is to identify a number of possible customer groups that are mostly in need of the benefits your offer provides. For each of the customer groups you have identified, you can identify what the main jobs are these people have. Describe the gains and pains each group might have with the current job they do. Do not immediately relate these to your offer. At this point it is the customer that is central and you need to put yourself into the position of this customer. Knowing the exact job the customer does will inform you about the true pains and gains. Once these are identified you can see how it resonates with your offer and you can select the customer groups that are mostly helped by your offer.

The alignment between the offer you have and potential customer segments, may result in that you identify multiple customer groups, or as we call them customer segments.

Question 1 (see peer review assignment):

- 1.1 Formulate your initial idea on what your technology/offer can do and list a number of gain creators and pain relievers.**
- 1.2 Formulate your initial thoughts on who might be the users for this offer.**

2. Background information question 2

Before we proceed with the targeted customer, it is important to select the more attractive customer groups. This attractive customer group has two characteristics: one is that the target customer is willing to buy your offer and second that the customer group will help to address related customer groups. This is what we call the beachhead market. Once you approached the targeted customer, you can easily scale up and expand to other groups.

Question 2 (see peer review assignment):

Select your beachhead market by following characteristics:

- 1. Is the target customer well-funded?**
- 2. Is the target customer readily accessible to your sales force?**
- 3. Does the target customer have a compelling reason to buy?**
- 4. Can you today, with the help of partners, deliver a whole product?**
- 5. Is there entrenched competition that could block you?**
- 6. If you win this segment, can you leverage it to enter additional segments?**

In order to get solid answers to these questions, the empathy map can help. The empathy map will help you to develop a deeper understanding of your customer. With the empathy map you are able to assess how much you actually know about your (potential) customers and it shows you what information you still need. In doing so we follow 3 steps.

Step 1: List your customer segments and select one by one.

Step 2: Start filling in the empathy map by placing key words on separate sticky notes. The use of separate sticky notes is helpful when you will iterate and want to adapt your empathy map. First create your customer profile by developing personas: give your customer a name (use one sticky note for this) and define his/her demographic status (gender, age, income, marital status). Then start empathizing with your customer by considering what he THINKS and FEELS. What is really important to your customer? And how does your ideal customer view the environment? What does your customer SEE? What environment your customer sees. What marketing messages is he exposed to? What does your customer HEAR? Who is influencing him? What do his friends/boss/ colleagues/family members say? What does your customer SAY and DO? How does he act in public? And what are your customer's PAINS and GAINS? What does he fear? What problems/challenges/frustrations does he have? Collect and collate sticky notes and place them on the empathy map to identify interesting market segments. Group the segments and possible applications of the technology (products) through using various colors of sticky notes.

Step 3: Get out of the building and find your target customer to talk about your initial idea. The objective is to collect evidence to validate your initial idea and develop a precise profile of your target customer. You are welcomed to come up with your own test setup. Below you can find an example of interview questions to test a problem-market fit by means of face-to-face interview:

- Name of the person you're interviewing
- Age (approximate)
- Demographics/description
- Does this problem affect you directly? YES / NO
- On a scale of 1 - 10, how concerned are you about this problem? (1 = not concerned at all, 10 = extremely concerned)
- What are some solutions that you are aware of for this problem? Do you think these solutions are effective? Why or why not?

3. Background information question 3

Customers must justify the investment required to acquire your product by offsetting this against how much money your product will make for them, or how you will improve their life in a way that really matters to them. In a simple view of the world, benefits fall into three categories: “better,” “faster,” and “cheaper.”

You will now create a value proposition focused on the criteria you identified as your targeted customer’s top priority. If the top priority is time to market for producing goods, and your product’s value is that it will lower the cost of production, your value proposition—“Our product saves \$XX per month”—will not persuade your target customer to buy your product. Align the offer you have to your targeted customer’s top priority.

- Provide the evidence to justify your actions
- What do they really value in the product?
- What is the market size, and market share?
- What price are they willing to pay?

Question 3 (see peer review assignment):

Evaluate which product features and customers segments fit best and why? Then discuss how large each customer segment is in terms of number of products and also discuss what is needed to adapt the technology to the needs of this customer segment. Discuss which customer segment is most interesting to continue exploring market access.