

The Customer Development Processes [Mr. Michael P. Y. Asare for FrontPage Consult]

With your permission, let's delve straight into today's topic: Customer Development Processes for businesses

My objective:

- CD Concept explained
- How to identify NEEDS of prospects
- The Customer Development Process
- Bonus:** Steve Blank's Customer Development theory

Before anything, let me "put you in the right mood" to better appreciate CDP ...Let me tell you about "Abena Konadu" ...

Abena Konadu is from a small town near Kumasi. She is a final year marketing student and has few friends. Her aunty in Asia encouraged her to join a network market and start a retail business for anti-ageing health products. The returns and opportunities were obviously juicy.

Abena Konadu imagined all she could do with the huge returns on investment including business expansion. During the long vacation, she mobilized her savings and got extra 'help' to order the expensive foreign products. She started social media marketing campaigns immediately.

The goods came, yes, but are still stashed up in her hostel after six months! Now there is a pandemic.

So the question is, why can't she make Sales? What really went wrong?

DEFINITION OF CD

Customer development is basically the process of identifying potential customers and figuring out how to meet their needs.

Most startups spend too much time fantasizing about their idea and eventually create a brilliant product or service WITHOUT knowing their target audience or market.

The failure of startups within 3 to 5 years can be more related to lack of customers than lack of technology. No wonder our traditional market women have survived decades.

Please define your market of interest!

Business survival and growth is based on revenue or sales.

The product or service must be accepted and prospects must be willing to purchase.

HOW TO IDENTIFY NEEDS OF PROSPECTS

Customer development aims at understanding the need/problem to validate whether the proposed solution will indeed meet customer needs and demand.

You need to know your prospects, segregate, know their purchasing power and reach out to them.

To know the NEEDS of prospective customers, try PROBLEM - SOLUTION FIT Approach.

PROBLEM can be known through their PAIN POINTS or Challenges:

~Financial Pain Points~ [costs involved]

~Productivity Pain Points~ [time factor and Profitability]

~Process Pain Points~ [internal processes or convenience]

~Support Pain Points~ [lacking help at critical stages]

SOLUTION to the above PROBLEMS addresses their respective NEEDS.

After knowing the Needs, let's then move on.

THE CD PROCESS

We, as Founders, need to understand that the Customer is the starting point of all operations.

We can define and develop prospective clients by:

1. Starting with existing data

You may have existing data at your fingertip; including past surveys.

There's no need funding an extensive and expensive research on some customers.

Save the budget for unavailable data.

2. Interviewing stakeholders/customers

Try and collect knowledge from stakeholders as to what they want. You may not have to pay for this.

3. Mapping the customer process, if you know it

Figure out the stages your prospective customer goes through now.

For example, before Uber, to get a ride you call a taxi, waited for their consent, bargain prices, hoped the driver finds you, and hope you have enough cash when you reached your destination.

With Uber, you open your smartphone and summon the nearest car with one tap.

4. Analyzing your competition

Consider objectives of customers who engage with competitive businesses.

5. Analyzing cause-and-effect relationships

Think positive, but sometimes, negative thinking can solve problems more effectively. Play the devil's advocate in your team.

6. Conducting Qualitative Customer Research

Listen to existing clients, if any. Their feedback is needed to better serve them.

BONUS: Steve Blank's theory

Steve Blank proposed the use of a 4-step scientific approach to business creation and customer definition is the first 2.

His CD approach also helps to know whether your team is delivering the right thing.

The Steps are:

- *Customer discovery
- *Customer validation
- *Company creation – deploy the right resources
- *Company building – grow your organization to support the demand

Let me conclude with this:

“For our businesses or startups to succeed, we need to pay attention to the customer.”

So what do you think crashed Aminata's retailing business??