

Hacking by Questioning

This questionnaire aims at asking you a few questions which trigger a certain thought process, which may be essential while building an MVP/Sales Pitch- the core of a startup action-plan. The questionnaire can be visualized as a startup-plan building (dynamic) recipe/process. The answering experience may take you through various ways of thinking through startup products/business models/sales pitches.

One way of experiencing a process/recipe is to try it out. While you could try using the process to understand why the successful startups did well, you could also try and look at new ideas to experience the power of the process to create something from the scratch. Well, it is usually much easier to make post-hoc explanations than to make novel predictions. You could pick a startup idea or problem and travel through the questions to experience the process- the Hacker culture. A hacker tries to break down problems, solve them, stitch the pieces together and all within a time deadline. A hacker tries to evolve with time and loves to solve problems. A hacker loves questions, especially the questions which lead to more questions.

It's alright if you do not have a startup idea, you could pick up a problem which you'd like to solve. We have problems all around us and these problems excite entrepreneurs. Every problem is probably an opportunity in disguise, waiting for entrepreneur to solve it creatively. Pick up a problem and think of ways to solve it. Your solution may be ad-hoc and primitive, but that's alright, we are going to hack through the problem, to evolve it gradually. We'd question the product rigorously, to ensure that we could find and debug various issues.

Analysis section aims at exposing you to three crucial techniques which may, in many ways, be prerequisites to MVP/Sales Pitch development. P1 of Analysis introduces you to ways of identifying market potential, while P2 introduces you to hacks through which you could test/prototype your idea with minimal resources and P3 introduces you the "Lean startup" culture where you Build-Measure-Learn and evolve your product gradually.

So welcome aboard, let's experience the Socrates way of starting up, the Darwinian way of starting up!

General Instructions:

- Answers of each part P1/P2/P3 shall not exceed 500 words.
- Answers of T1/T2 shall not exceed 800 words.
- Students are also required describe the background work in the report.
- If you disagree with any implicit assumptions in the question, please state your point of view explicitly. You'd receive extra marks for pointing out problems/objections around the questions.
- There may be no correct/wrong answers.
- No woo-woo! Please use words within proper context.

Selection Criterion:

Language: Usage of words/phrases/jargon within appropriate context.

Rigor: Are the arguments properly defined/explained?

Perspectives: alternative ways of looking at the ideas, from different stakeholders' p.o.v.

Creative Problem Solving: Novel problems/solutions/questions/answers/thought-process

P1: Identifying Market Potential

Define a problem which you'd like to solve- saying making it easier for people to find books online or getting best deals or say connecting talent with companies.

Q1. How can you find out if people are actually facing this problem?

Q2. Can Google search traffic help?

Q3. If you start blogging about it, can you get some insights into the problem? How do you think a blog can get you connected to stake-holders of the eco-system? How can you gather more information about the eco-system?

Q4. Can you create facebook/whatsapp groups to develop an online community? How does it help? Can it help in understanding the consumer's problems? Can you look up a few groups, see the kind of posts there and check if groups help in understanding customer behavior?

Q5. How would you find out if people would be willing to pay, to get the problem solved? Would people be willing to pay for a solution to every problem they face in life? Quite a few young entrepreneurs ask 1-4 questions, but ignore this question, why do you think so?

P2: Prototyping using Open-Source Tools

Do you have to be a Tech guy to start your company? Do you need tech guys in your team from day one? Do you have to build your own app or website to test your product? Can we leverage free tools and Open Source tools?

Whatsapp/FB Groups, Wordpress Blogs, Google - Forms/Drive/Sheets, AdWords- test (conversion through various key-words), Feedback/Survey- FB Polls/G-Forms, quickmvp.com(costs \$30/month)

Q1. Why is it important to get the pen-paper model correct before diving into web/mobile-app development? What do you understand by a wire-frame?

Q2. If were to test the idea of Flipkart, how would you free/open-source tech tools to test it? If you were to test the idea of Instagram, how would you do it? Can you think of a tech model whose MVP can't be prototyped using free/open-source tools?

Q3. Once you build a whatsapp group or a blog as a prototype of your products and get a few early adopters onto it, what would you observe? What data would you measure?

Q4. Can you pick up code online? Do you think Git-Hub can help? Any other sources? Does it reduce your operations costs?

Q5. Think of a wire-frame and suggest a way to test it using free/open-source tools?

P3: Lean Startup

Minimum viable product

"Zappos founder Nick Swinmurn wanted to test the hypothesis that customers were ready and willing to buy shoes online. Instead of building a website and a large database of footwear, Swinmurn approached local shoe stores, took pictures of their inventory, posted the pictures online, bought the shoes from the stores at full price after he'd made a sale, and then shipped them directly to customers. Swinmurn deduced that customer demand was present, and Zappos would eventually grow into a billion dollar business based on the model of selling shoes online"- Ries in "The Lean Startup"

Q1 Can every product be tested in a 'lean' manner? What are the pros/cons of 'lean' testing? Why would you want to understand user experience?

Q2 The Minimum Viable Product(MVP) and is developed to test the fundamental business hypothesis (as seen in P1). How would you define MVP? Ries defined it as "version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort"

Q3 How does an MVP help in starting the "learning process"?

Q4 Do you think split testing(offering different versions of the same product at the same time) is feasible? If you have multiple choices for a product, say shirt only store versus complete clothing store, can you test both the ideas independently and compare the data?

Q5 The Lean Startup believes in the "Build-Measure-Learn" loop and emphasizes on speed. Do you think a startup should iterate fast, make mistakes fast and learn fast? Why? What do you understand by Product-Market fit ? Can your product be tweaked to fit into the market vacuum? How can the product market fit help in improving your business model(approach, size, products, markets, pricing, business promotion, development- it states what the entity should be doing and how so as to achieve business goals) and revenue model(layout for the process by which a company makes money by specifying how it is going to charge for the services provided)?

T1- Building your MVP

Q1 What are the core-features sufficient to deploy your product? What are the core features of Facebook or Instagram or Snapchat or Uber? If you had the money to develop just three features in each of these apps, what would you pick? Post-hoc explanations are easy aren't they, but what if you had to identify core-features of Facebook even before it was built? How do you identify the core-features of an app which you'd like to build? How would you cut down the time needed for building and deploying the MVP? How can the development time be reduced? Can free/open-source tools help? How can you improve speed and flexibility to make the development process more dynamics? How would your MVP evolve while interacting with the early adopters? Can you MVP be tested without its design? Is Design a part of the product experience?

Q2 How do you identify early adopters? Why would you prefer the more forgiving lot? Would everyone be willing or be able to give feedback? Can everybody see the grander vision by looking at your prototype? How would you identify influencers? A Marketing/Sales professional may suggest that a product should be tested on a sample which is representative of the target market. Would the same concept be applicable in the startup scenario or would influencers be a dominant part of the sample?

Q3 How can test your revenue/business model? Would you be better off with a B2B (selling to businesses) or B2C(to customers directly) model? Would you prefer selling and maintaining relationship with a few clients, with a greater risk of losing business or would you prefer reaching to individual customers? Do you think it will be feasible/cost-effective to reach individual customer? Do you think word of mouth referral based spread depend on the nature of the product/industry? How would you arrive at the pricing?

Q4 How would you test your distribution model? Would the distribution affect the success of the product? Is your product bought on impulse, if yes, would you want to try high traffic areas? Would customers want to try your product before buying, would you then have to distribute through retail stores? Is the customer willing to travel a distance to buy your product? How would frequently would a customer buy the product, how does distribution get affected by the frequency? Would you be better off using existing distribution network than creating one of your own?

Case: There are several startups built on the idea of placing advertisements inside notebooks to reduce the cost. Kanjoos-Club, a startup founded by IIT-B Alumni executed the same idea differently. They pick up orders from advertisers, say 100,000 books and they place an order with the factories for the advertisements. About 4 factories may print 25,000 ads each in all the notebooks which are manufacturing that month, with the cover being branded with Kanjoos club. The books would be sent to stores, as always, to customers who buy, as always.

Q5 How would you market your MVP? How would you take the message to the target audience? How do you get access to your prospective customers? What are your channels of communication? In what environment would you want to interact with them? For instance if you are selling food, would you prefer interacting with them inside their office, at a shopping mall, on the road or at a restaurant? How do you ensure a communication stream with your prospective customers? How would you build a brand or a community which believes in your vision?

Developing a Sales Pitch

Q1 Do you understand your customers needs? How have you validated your diagnosis? Can you position your product against the needs? Why should a customer buy your product? Can you list five key deliverables of your product which may appeal to customers? Which of these five deliverables would appeal the most, how would you find out? How do you identify the core contents of your sales pitch?

Q2 Guy Kawasaki said *"Enchantment is the purest form of sales. Enchantment is all about changing people's hearts, minds and actions because you provide them a vision or a way to do things better. The difference between enchantment and simple sales is that with enchantment you have the other person's best interests at heart too"*. Connect it with Regis McKenna's quote- "Education is the best Marketing".

How would you educate/enchant your customer through your understanding of the problem or the space in which you 're currently working? How would you move people to be a part of your story? Why should people want to be a part of your vision?

Q3 How would you develop an elevator pitch? How would you describe your product within 6-8 sentences? How would you create just enough curiosity to get another 5mins to show the product to your customer? Why would a customer want to look at your product? Can it be built around the customer's pain-point or may be aspirations? Can you use questions in your pitch? Can a series a question lead to the customer checking out your product? Would you be better off crafting your message as a 5min long monologue or as a series of questions(drawn from the prospective customer) which end up delivering the 5min-content ? How would you do it?

Q4 What are the potential objects? Can you think of any- Budget(can't afford, too expensive), Authority(not the decision maker, need somebody else's permission), Need(not required, using something already), and Time(not right time/call me later etc) based objections to your product? How would you respond to these objections? How would you know if the objection is real or if there are more objections underneath? How would you know the real concerns/apprehensions of the customer?

Q5 How do you identify serious prospects from a crowd of window-shoppers? Would you be better off avoiding window-shoppers and discount-hunters? How would you pick up business from the serious prospects? What is your call for action? Your customer has heard your pitch, alright, but then what next? How would you ensure that the customer is engaged? If the customer is not ready to buy the product immediately after the sales pitch, how would you get a chance to follow up the customer? How do you ensure a continuous communication stream with the customer? Can you get references/ referrals out of customer, in case he/she is excited about your product?

Appendix

Very few startups/product managers get it right in the first attempt. So how do you think one can develop a great product or a great app?

Twitter: Started as Odeo, a network where people find and subscribe to podcasts, until Apple got started offering podcast search. After being given two weeks of time to think of new ideas, the team came up with the idea of a micro-blogging platform.

Groupon: Started as "The Point", a fundraising platform where people could receive funds once the pledged donations crossed a certain numbers. The same idea was applied to local deals and Groupon started as a side project. But then Groupon soon overshadowed 'The Point' with its popularity.

Instagram: Started as "Burbn", a check-in app which included a lot of gaming elements like Mafia Wars and the photo element as well. The founders felt there was a lot of clutter on the app and decided to take the gamble- focus on the photography element.

Wiki Article: Criticism

Ben Horowitz (the co-founder of a VC firm) criticized the lean startup method for over-emphasizing "running lean" (constantly cutting and reducing non-essential parts of the company to save time and money). He specifically disagreed with portraying "running lean" as an end rather than a means to winning the market without running out of cash. Horowitz gave as an example his startup [Loudcloud](#), which by "running fat" was able to outperform 20 direct competitors and after 8 years reach a value of \$1.6 billion. However, at least since 2008, numerous advocates of lean methods have pointed out that "running lean" does not mean cost cutting.

Trey Griffith, the VP of technology at Teleborder, stated in 2012 that the majority of backing for the lean startup methodology was anecdotal and had not been rigorously validated when first presented. However, he goes on to note that better support of the method comes out of a 2011 analysis of the factors of success in growth companies as described in the 2011 book *Great by Choice*.

John Finneran, a business writer and former user of the lean startup method, described in 2013 a number of the method's assumptions that he did not recognize during his use of the method. In particular, he observed that his clients were often not motivated to invest time and effort into helping iterate a minimal viable product; instead they wanted a more polished product to begin with. Second, he found virtually no early adopters who were willing to try to give feedback on unpolished software simply to be the first to get a chance at it. Third, he argued that lean startup can distract from essential traditional management practices like development discipline and budget protection. In general, he stated that it is important to be critical and skeptical of lean startup methods rather than pre-supposing that they will be effective.

Ries had already anticipated this criticism in his book when he wrote, on page 279: "We cannot afford to have our success breed a new pseudoscience around pivots, MVPs, and the like. This was the fate of scientific management, and in the end, I believe, that set back its cause by decades." This implies that the concept of validated learning applies to the lean startup methods themselves, and not just to products.