Product-Market Fit

STEPS TO
PRODUCT/MARKET FIT

9/10 startups fail

9/10 ~~startups~~ products fail

66% drastically change their original plans

Not a better Plan A but a path
to a plan that works.

Lean Startup is a systematic process for iterating from Plan A to a plan that works before running out of resources.

Plan that works = Scalable, repeatable, business model

Product/Market Fit is the first thing that matters.

the key to #winning:
find your product/market
fit before you run out of
money.
THAT. IS. ALL.

via Tara Hunt (@missrogue)

Steps to Product/Market Fit

1. Document your Plan A
2. Tackle the riskiest parts first
3. Maximize for speed, learning, and focus – Fail Fast

Reasonably smart people can rationalize anything but entrepreneurs are especially gifted at this.

Business Model versus Business Plan

Business Model versus Business Plan

A document investors make you write
that they don't read

Business Model versus Business Plan

A single diagram of your business

Problem	Solution	Unique Value Proposition	Unfair Advantage	Customer Segments
Top 3 problems	Top 3 features	Single, clear, compelling message that states why you are different and worth buying	Can't be easily copied or bought	Target customers
	Key Metrics Key activities you measure		**Channels** Path to customers	

Cost Structure	Revenue Streams
Customer Acquisition Costs Distribution Costs Hosting People, etc.	Revenue Model Life Time Value Revenue Gross Margin

PRODUCT   MARKET

1

Your product is NOT "the product".

Your "product" is NOT the product

| Problem	Solution	Unique Value Proposition	Unfair Advantage	Customer Segments
	Key Metrics		Channels	
Cost Structure			Revenue Streams	

Your "business model" is the product

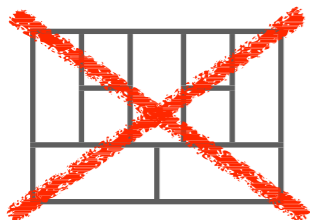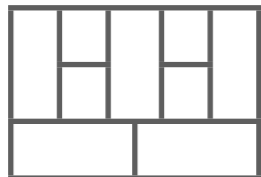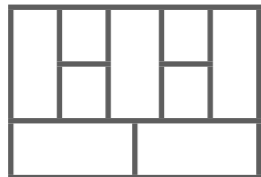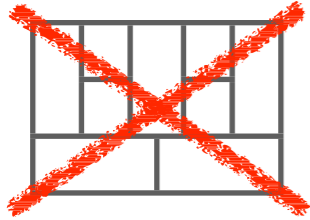| Problem	Solution	Unique Value Proposition	Unfair Advantage	Customer Segments
	Key Metrics		Channels	
Cost Structure			Revenue Streams	
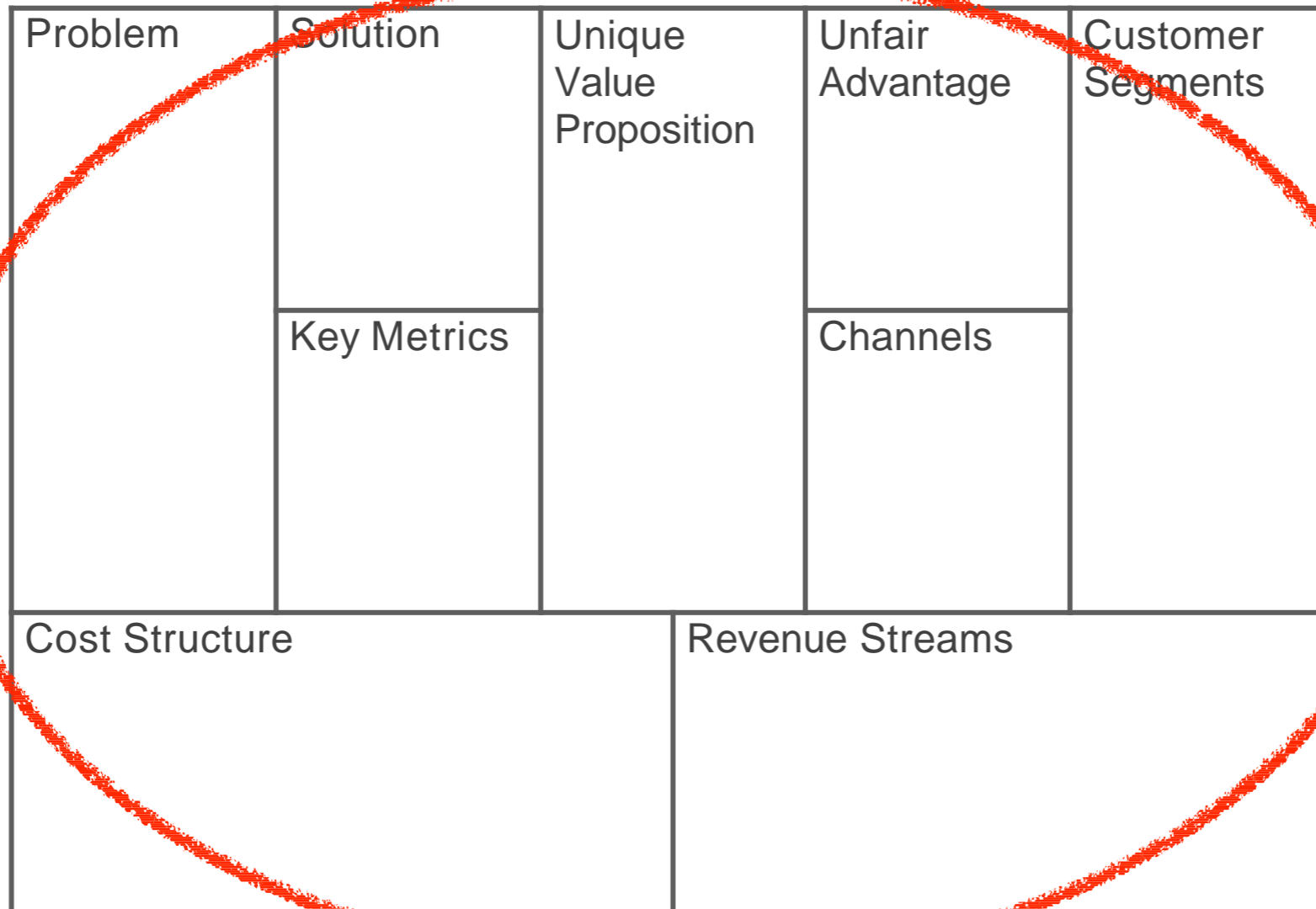
2 Brainstorm multiple models and prioritize where to start.

Brainstorm possible models
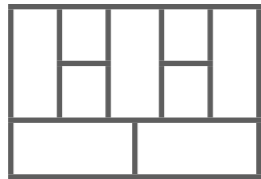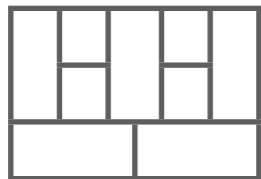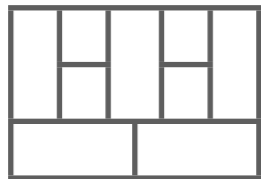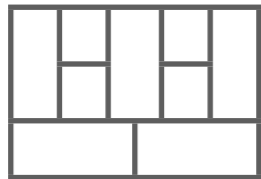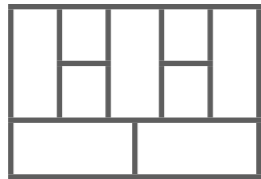
Time

Prioritize where to start
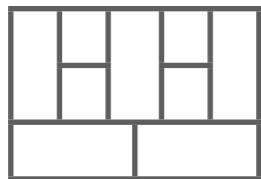
1. Customer Pain Level
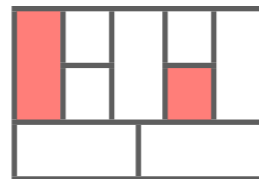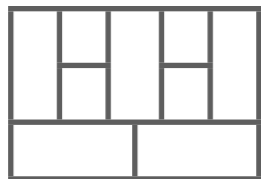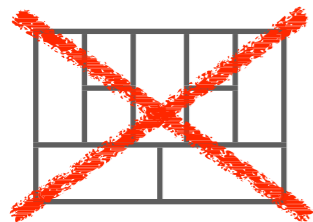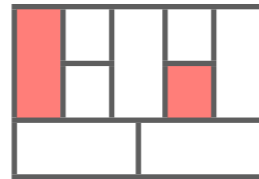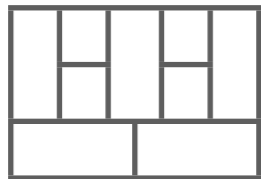2. Ease of Reach
3. Price/Gross Margin
4. Market Size

Time

Identify the riskiest parts of your model
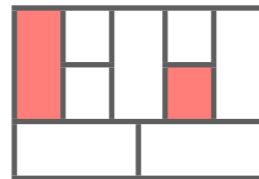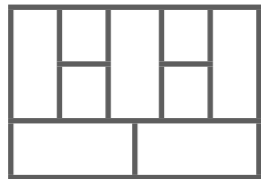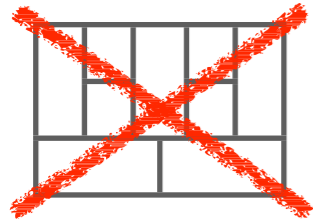
Time

Understand the three stages of a startup.

3 Stages of a Startup

| Problem/Solution Fit | → | Product/Market Fit | → | Scale |

Stage 1   Stage 2   Stage 3

3 Stages of a Startup

Problem/Solution Fit	→	Product/Market Fit	→	Scale

Do I have a problem worth solving?

3 Stages of a Startup

Problem/Solution Fit	→	Product/Market Fit	→	Scale

Have I built something people want?

3 Stages of a Startup

| Problem/Solution Fit | → | Product/Market Fit | → | Scale |

How do I accelerate growth?

Before Product/Market Fit

Problem/Solution Fit → Product/Market Fit → Scale
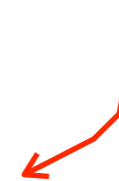
Focus: Validated Learning

Experiments: Pivots

Terrain: Qualitative

After Product/Market Fit
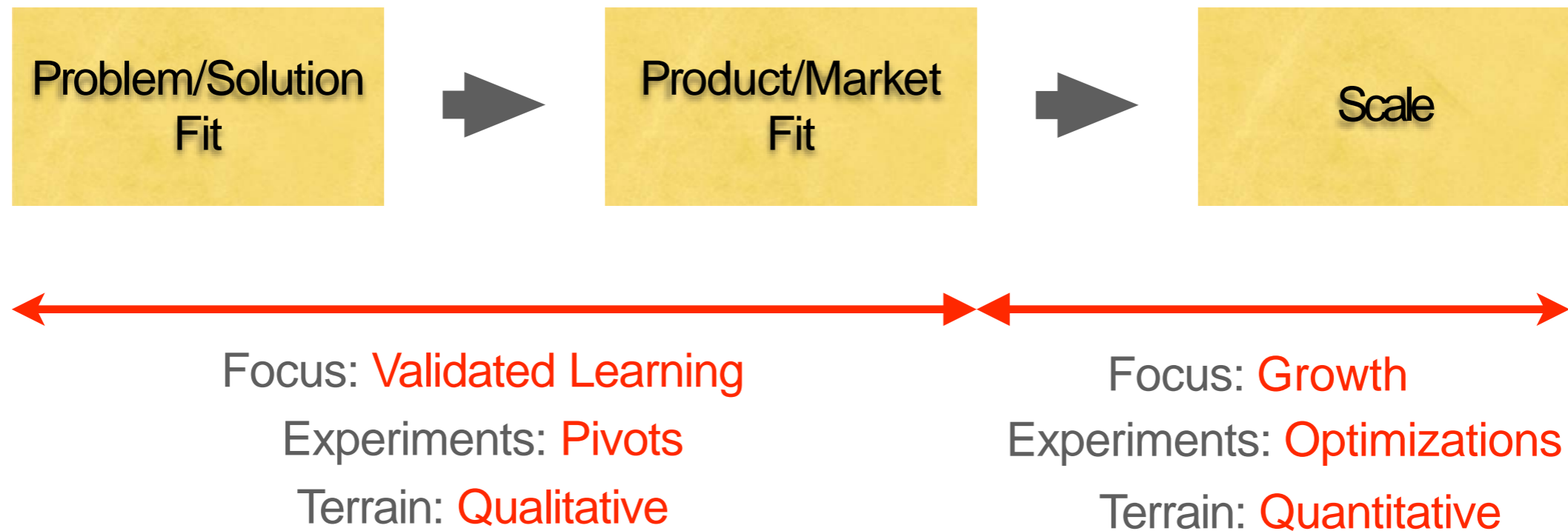
Key Metrics

Acquisition	How do users find you?
Activation	Do users have a great first experience?
Retention	Do users come back?
Revenue	How do you make money?
Referral	Do users tell others?

Before Product/Market Fit

Acquisition How do users find you?

Activation Do users have a great first experience?

Retention Do users come back?

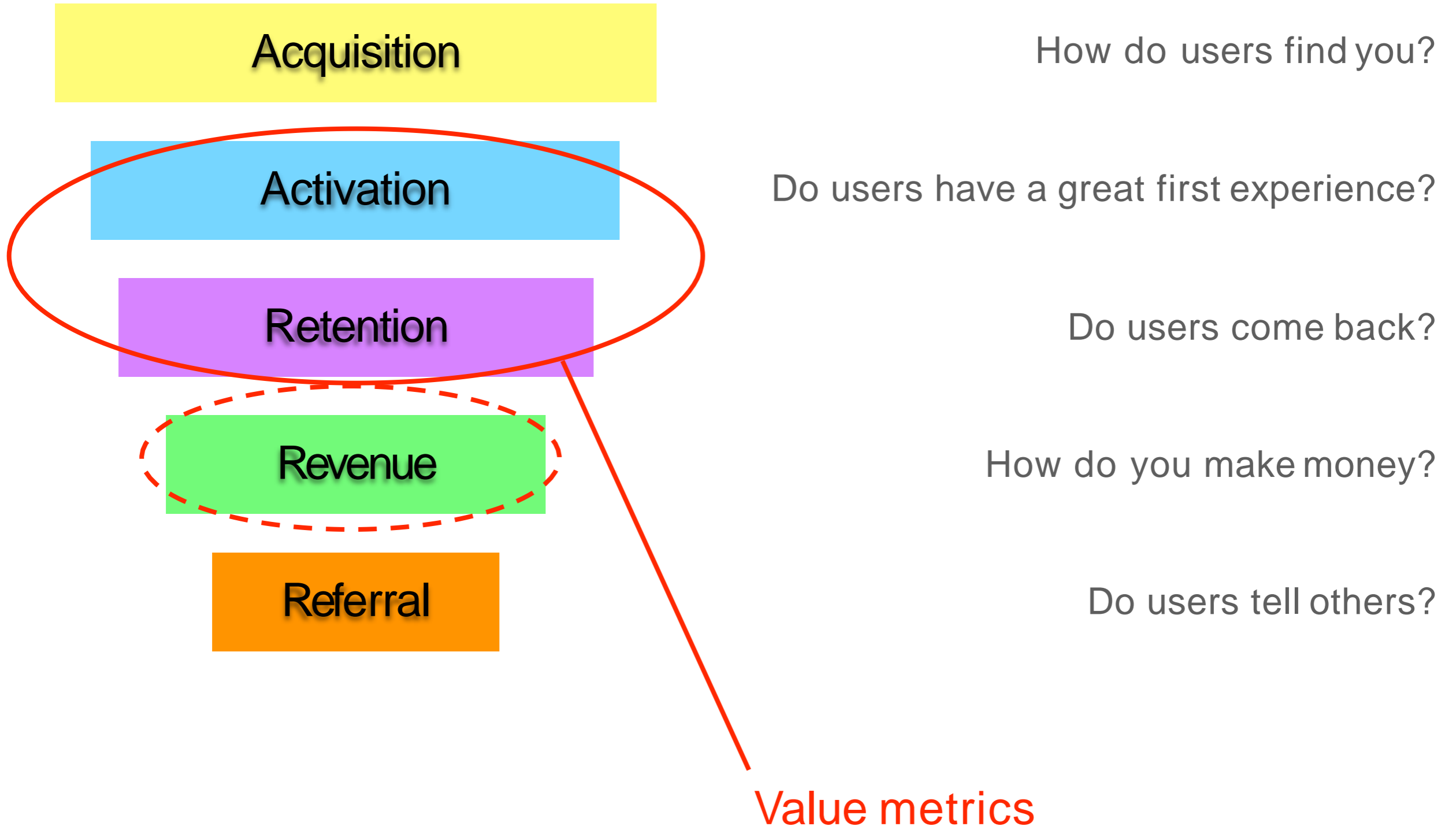**Revenue** How do you make money?

Referral Do users tell others?

Value metrics
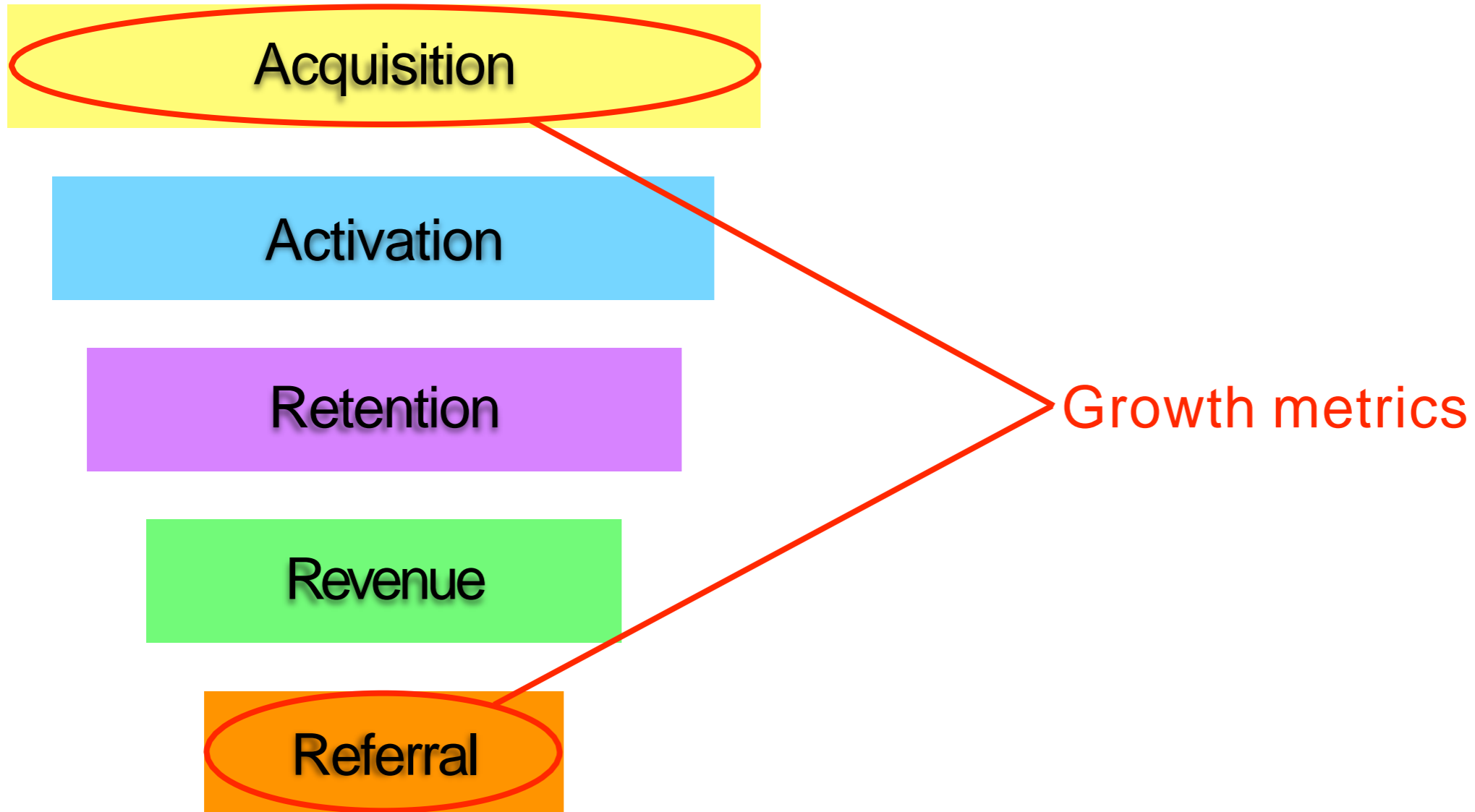
After Product/Market Fit

The Product Market Fit

I sell _____A_____ (my core product) to

_____B_____ (my core customer)

B has a problem, and it is

_____C_____ (customer's pain point)

My product / service solves C by

_____D_____ (how do you solve the problem)

The Product Market Fit

I sell ___ *clean vegetables* ___ (my core product)

to_ *middle and upper middle class customers in Jaipur and have them home delivered through a mobile app _* (my core customer)

B has a problem, and it is ___ *Customers in Jaipur do not know whether the vegetables they eat are grown in fresh water or dirty water* ___ (customer's pain point)

My product / service solves C by___ *posting regular video and photo streams of farms from where we buy and have then home delivered on a subscription model, for increased ease of purchase* ___ (how do you solve the problem)

The Product Market Fit

• We sell customised commercial board wood furniture to customers like incubation centres, cafes, shops etc that have need for specialised furniture with high aesthetics. Such customers are not able to get custom furniture from organised players and have to depend on the local carpenter, with quality assurance compromised. We solve this problem by creating highly customisable designs that can be manufactured on CNC machines, thus enabling zero inventory and high degree of precision.

Thank You