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Bolotin Points Newsletter

Providing Actionable Ideas to Increase Your Profit

Due Diligence · Go to Market Strategy & Execution · Revenue Acceleration · Partnering & Asset Sales

Common Mistake #2: Introducing Your Product Before It's Ready

or

Wait! (Orson Wells Was Right)

In this issue, we continue our series on common "go to market" mistakes, any one of which could be fatal. We begin with a quote recognizable to anyone who remembers watching TV in the early 1980s:

"We will sell no wine before its time."

While Orson Wells' double entendre was intended to benefit the hawking of Paul Masson wine, it is nonetheless a useful admonition for you if you are considering presenting a product before the value propositions are validated or introducing a product before it's done.

definition

Done *v.* Completely finished.

I write this definition here for the benefit of those among us who would, in operation, define "done" as "almost finished", "soon to be finished", "just wait a few moments" or anything similar. For our purposes, "done" has only one definition: completely finished.

Let's deal initially with why it is important not to present your product to your target market at large before you validate your value propositions. (Hint: it all has to do with what happens if you're wrong.)

Of course, once you are reasonably certain of your value propositions, you should proudly, assertively and publically present them to the market. If you've been deliberate in your process and done your homework, your value propositions will be on target, and

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you'll be off to a great start. If you've been sloppy in any way, however, and you're wrong, it will be extremely difficult for you to recover, and sometimes impossible. If you're wrong, you'll have to start over.

When you do start over, you'll have the significant additional handicap of having to undo the perception of being wrong the first time, both in your target market, and amongst your investors. In order to illustrate this, let's pretend that this happened, and, as a result, you're confronted with the following questions:

- Will you have more or fewer resources of time and money to re-introduce your product a second time?
- How will being wrong affect your credibility amongst thought leaders, prospects and customers in the market?
- How will being wrong affect your credibility with your investors?

Let's say that the unpleasant exercise of answering the questions above convinced you that you have to work extra diligently not to be wrong the first time. How do you make certain you've adequately tested your value propositions so that you're not wrong?

how to test this:

When testing your value propositions, make certain you get the same answer from three different people; you don't want to have a data point from just one. Also, make certain that you don't talk just to people who are Innovators and Early Adaptors; talk to others as well. Don't put on your "Happy Ears." To make more certain you're getting a true read, don't talk with just those who are supportive. Instead, talk with different stakeholders along the Product Adoption Lifecycle Curve, with different views, and especially talk with people who are not necessarily on your side. (For a more complete explanation of who you should talk to, please see the October 4, 2008 newsletter, "Common Mistake #1: Defining Product Specifications (and Believing You Can Build A Company) By Talking Only With Innovators", available at the On Target Consultants web site.)

Of course, the best validation of your value propositions is to have customers—defined in this context as "disinterested third party buyers of your product who paid full price." If you can't wait for that level of validation before bringing your product to market (and very few of us can), you'll have to make a judgment call. If you follow the advice in this newsletter, you can be reasonably certain your value propositions are valid even before having customers.

Next, you'll have to employ the proper technique.

tq technique

When communicating with early prospects, thought leaders and other people from whom you gather information to develop and test your value propositions, keep your value propositions "preliminary." If you do this, you will have the right to change your value propositions, not only for the prospect you're working with, but, more importantly, to the industry at large.

How do you keep your value propositions "preliminary?" Simple. Just state that they are. Instead of going "all in" right away, take a multi-step, iterative process into the market, carefully making certain to couch your assertions for what they are— preliminary or provisional.

how to test this: When talking with Innovators, Early Adopters and Thought Leaders, ask them what they think of various preliminary value propositions, as opposed to stating your value propositions as final.

Please consider the following example and the explanation that follows.

example Instead of stating, "The value of our product is that it decreases the overtime you will have to pay staff to do [a particular task]", say "We have a product we believe has value, but we want to make certain. Would you purchase a product whose primary value was that it decreased the overtime you will have to pay your staff to do [the particular task]?"

To further illustrate, let's consider the back story to the example above. Let's say you haven't followed the advice in this newsletter, but nonetheless believe that your product could reduce costs because it reduces overtime, that this should be sufficient for people to buy it, and therefore, that this is your value proposition. Satisfied that you think you know how to sell your product, you do your Web site, make flyers, buy advertising, etc., all with your value proposition prominently displayed. Imagine your surprise when you and everyone else discover that your value proposition is completely invalid. Why? Because, in the example above, your prospect (and industry) pays its staff on salary instead of hourly, and therefore, doesn't pay overtime.

Now what do you do?

Notice how you could have avoided this problem by using a technique similar to the one shown in the example above. Always make certain to clarify. Then, follow the next technique.

technique The next thing you do (and this is the counter-intuitive part that is probably the most important and the most difficult), is to gently argue against your preliminary value propositions in order to see if your prospects take the other side of the argument.

Why would you do this? Simple. To get to the truth. Almost everyone you're talking with will be very friendly and helpful. In general, helpful and friendly people are also encouraging and supportive, and, furthermore, will not want to get into a confrontation with you. As a result, they will tend to tell you what they think you want to hear. When they do this, however, it will <u>not</u> help you. In fact, it could lead to your downfall. If they "tell you what you want to hear (in this example, that it is great that overtime pay would be reduced)", but this is not exactly the case, you will go into the market with the wrong value proposition. Please see the next example for good follow-up questions, assuming the prospect answered "yes" to the question you should have asked.

example Ask "How much overtime would you estimate you pay today [do to this task]?" If the prospect gives you an answer that demonstrates value for your product, you would follow up with "But isn't it true that these savings are never realized, that if staff is relieved of one task that causes overtime, they just find another to take its place?"

Would you ask a question like this, one that argues against your product? You should, and here's the reason: you can be close to 100% certain that a question like this will eventually be asked by someone else, before the prospect commits to purchase your product. It is far better for you to know the answer to this question now, before you commit your resources to a potentially fallacious value proposition.

By using this technique, if you're wrong, you will not have lost credibility and you will not have to re-enter the market after a false start. You can merely shift to testing other value propositions to see which ones are best. If you're right, the prospect will tell you. If he or she does tell you, you can be fairly certain you're hearing the truth (very, very important to know), your credibility will be enhanced with everyone (including the prospect), and you won't have to strain to explain the value proposition or wonder if your prospect understands it. The reason you won't have to strain or wonder is that your prospect will explain it to you.

Next, let's discuss our second caveat: Do not start selling until you're completely done with the product—software, device, etc. (See definition of "done" above.) Reason: if you do not follow this advice and, as a result, establish a reputation in the market for selling a "not finished (read: inferior)" product, it will be extremely difficult to change people's perceptions and your bad reputation. ("Extremely difficult" is an understatement. More accurate would be "you can't blow it out with dynamite.")

One of the reasons why companies sometimes come to market too soon is that they're running out of money. Please, don't let this happen to you. Make certain that you're "funded for success", as opposed to "funded for failure". If you don't have enough investment capital for a deliberate, rational plan that follows the guidelines above, it makes no sense to risk the money that you do have in the execution of a flawed plan.

Always make certain you're funded for the intelligent use of funds, with a rational, realistic plan. If you've got to give up a little more dilution, if you've got to be more forthcoming with your investors or be more realistic (even with yourself), it's very much worth it. It is much better to accept this early on and be funded properly than to fail completely because you were forced to do things pre-maturely on account of a lack of money. This is especially tragic when you could have been successful, if you had just been realistic, funded for success, and just followed Orson Wells' advice— don't sell your wine before its time.

Use your time wisely at the beginning and don't be impetuous; doing so can turn a potential success into a failure. If you've done a good job, your value propositions are valid and you're "done" with development, you'll be off to the fastest and the surest start possible. As with many other aspects in life, "shortcuts" only take longer and bring forth hazards you could have avoided.

In the next issue, I'll discuss presenting to investors.

About Chuck Bolotin

Chuck founded, funded, operated and sold two companies. The On Target Consultants Process™ he developed, and the success he has achieved applying it has made him an expert in bringing products to market in virtually any vertical, many times when the target market is not known in advance.

Chuck is available for talks to your organization as well as personalized consulting assignments.