

# Neglecting Product-Market-Fit

A common and fatal mistake

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Engineer turned professional VC (Startup / early stage)

Independent non-executive director, coach, founder

20+ journeys from 0 to 1

Corporate experience

USA and Switzerland

[www.bluprnt.ch](http://www.bluprnt.ch)

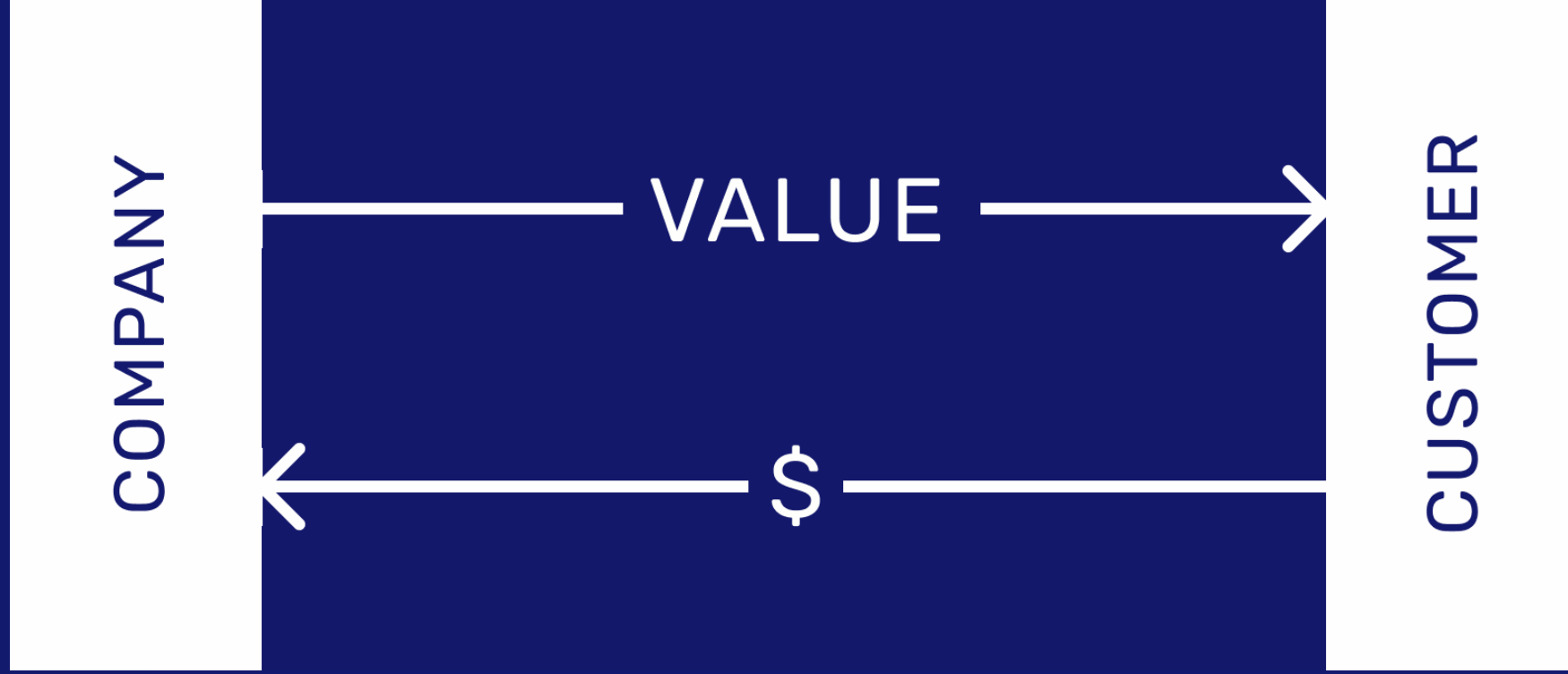
# Today on the Menu

- Concept of Product-Market-Fit
- How to integrate the concept in strategy and execution

# Concept Product-Market-Fit



# Selling a Product



# Selling a Product



# Let's Talk About Value

WITHOUT PRODUCT



WITH PRODUCT



VALUE





# Avoiding Pain Is Value: the Two Sides of the Same Coin

PAIN  VALUE

## **Measurable Pain:**

cost, time, quality

## **Measurable Value:**

money, time, quality

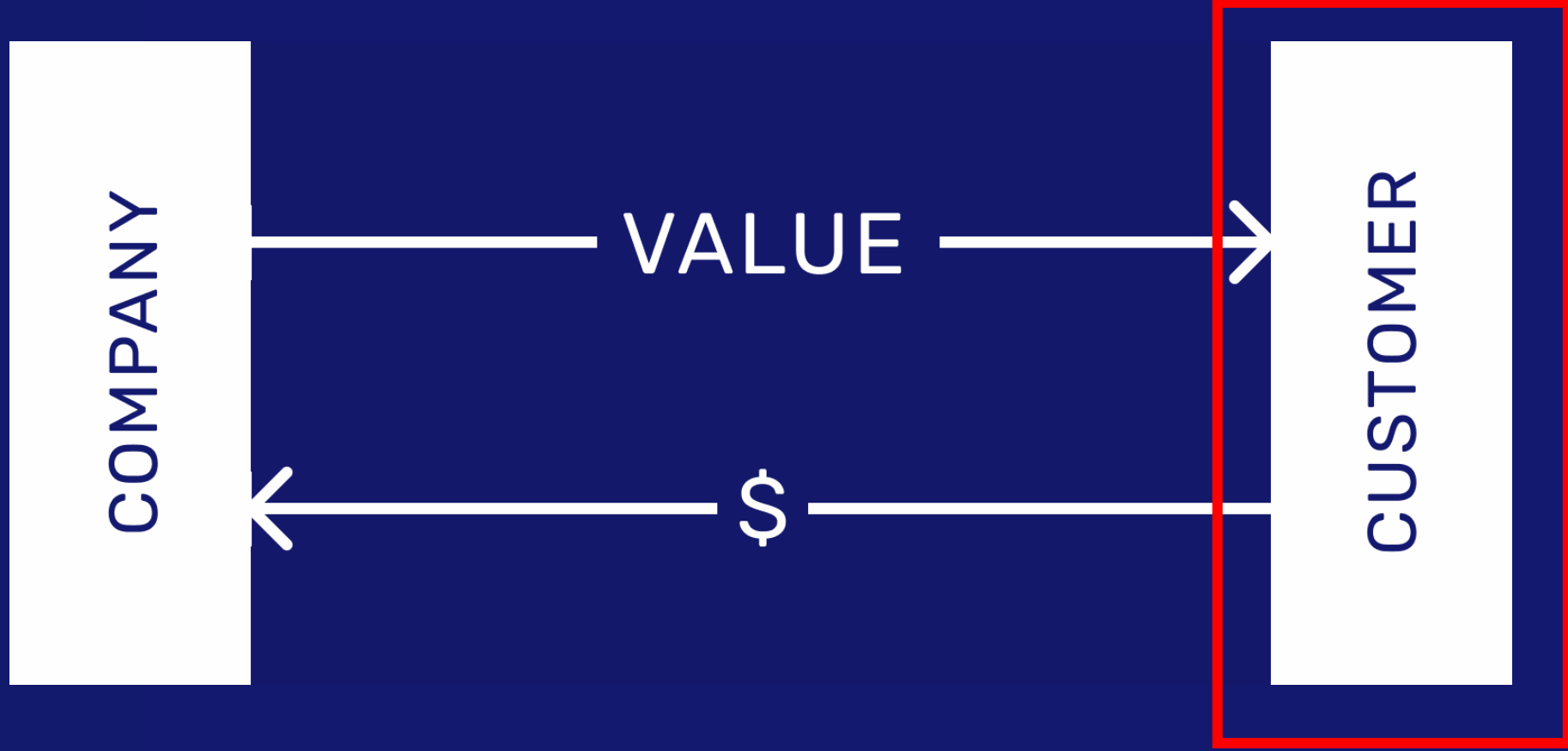
## **Emotional Pain:**

fear of failure, fear of missing out,  
low self esteem, greed, ...

## **Emotional Value:**

peace of mind, signaling power,  
signaling success, instant  
gratification, ...

# Selling a Product



# Let's Talk About "the Customer"

- In b2c (d2c): a customer is generally one person
- In b2b, b2b2c: a "customer" is a group of stakeholders that influence the sale (=buying centre)
  - User
  - Economic Buyer (owns the budget)
  - Economic Beneficiary (owns the financial upside)
  - Champions (understand the strategic or operational pain)
  - Influencers (have the power to positively influence champions, economic buyer, user)

**A veto of one stakeholder is often enough to lose the sale!**

# ICP: Ideal Customer Profile

Description of Pain / Value Proposition of each stakeholder of the buying centre

Stakeholder	Pain	Value Proposition
User	<ul style="list-style-type: none"><li>• ...</li><li>• ...</li></ul>	<ul style="list-style-type: none"><li>• ...</li><li>• ...</li></ul>
Economic Buyer	<ul style="list-style-type: none"><li>• ...</li><li>• ...</li></ul>	<ul style="list-style-type: none"><li>• ...</li><li>• ...</li></ul>
Champion	<ul style="list-style-type: none"><li>• ...</li><li>• ...</li></ul>	<ul style="list-style-type: none"><li>• ...</li><li>• ...</li></ul>
....		

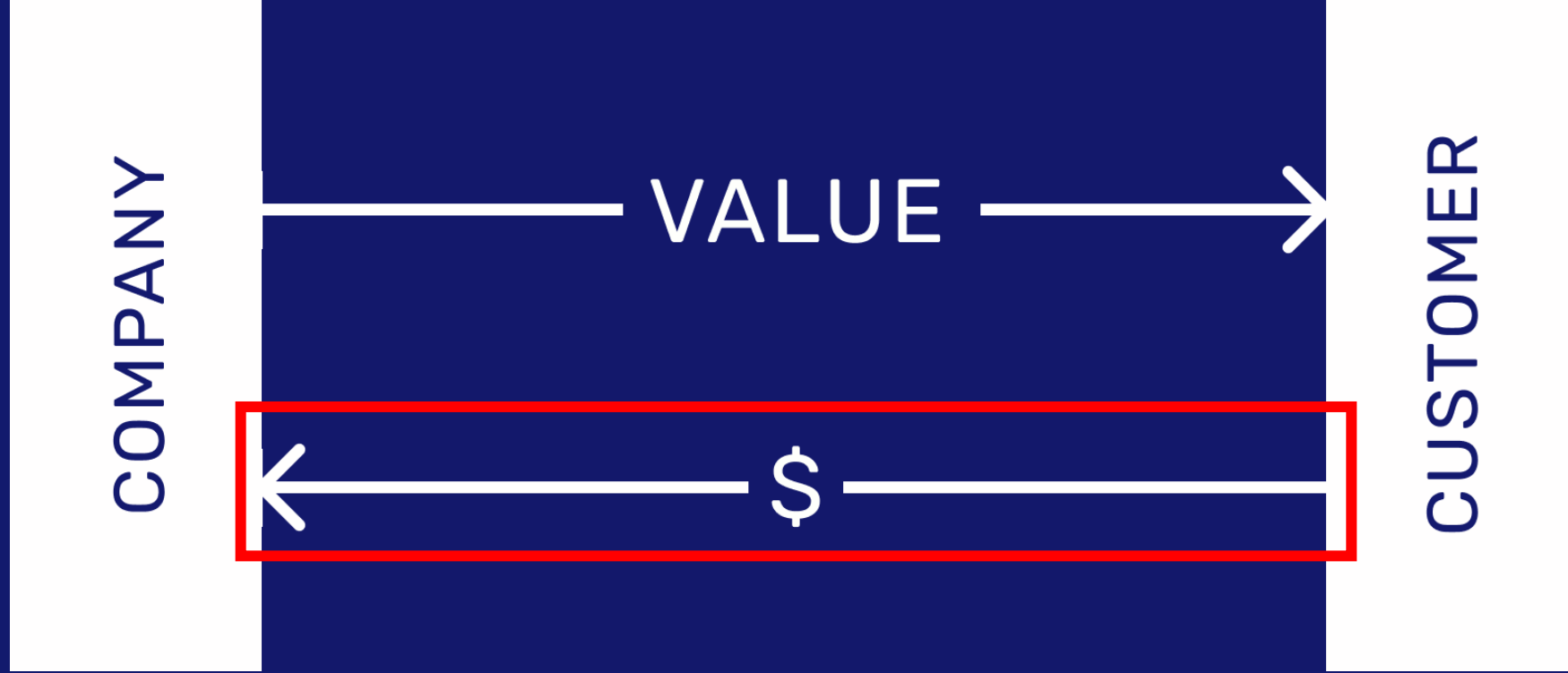
# No ICP – No Scale

BUILD A PRODUCT



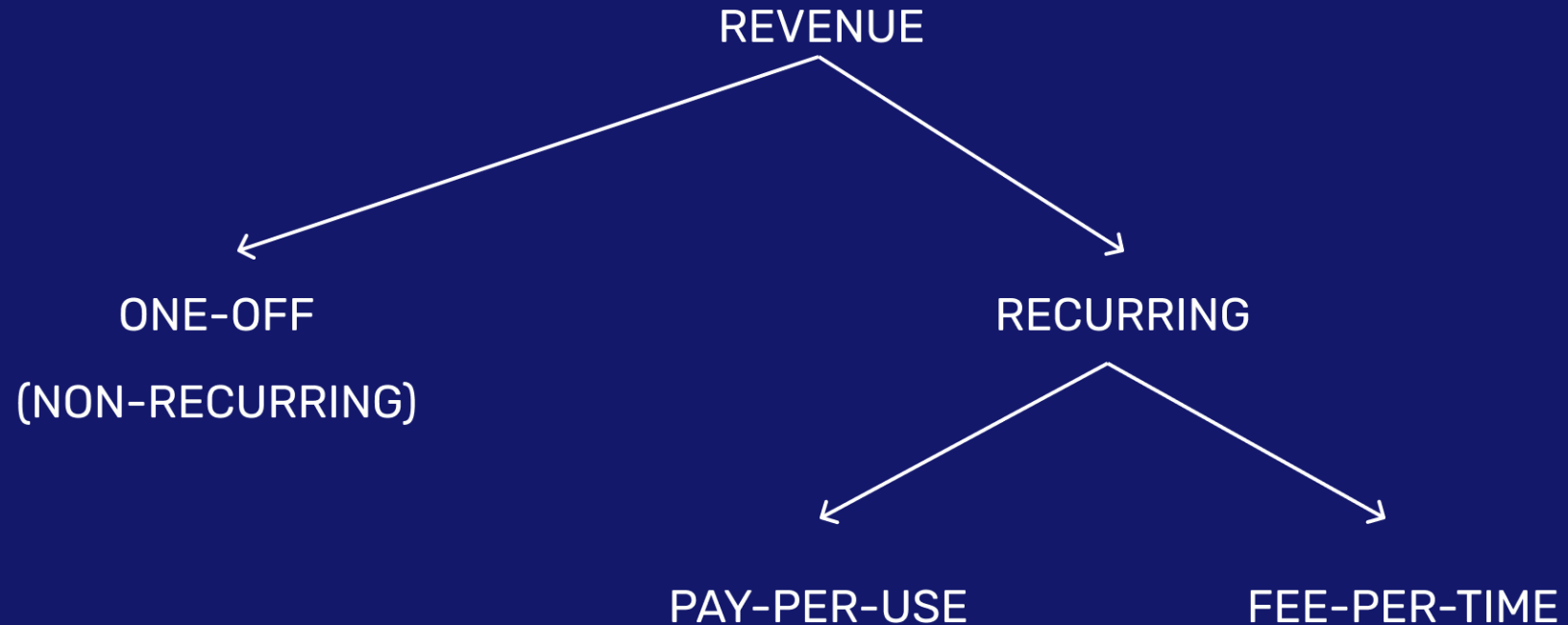
Cumulated Amount of all Customers =  
Serviceable Market

# Selling a Product

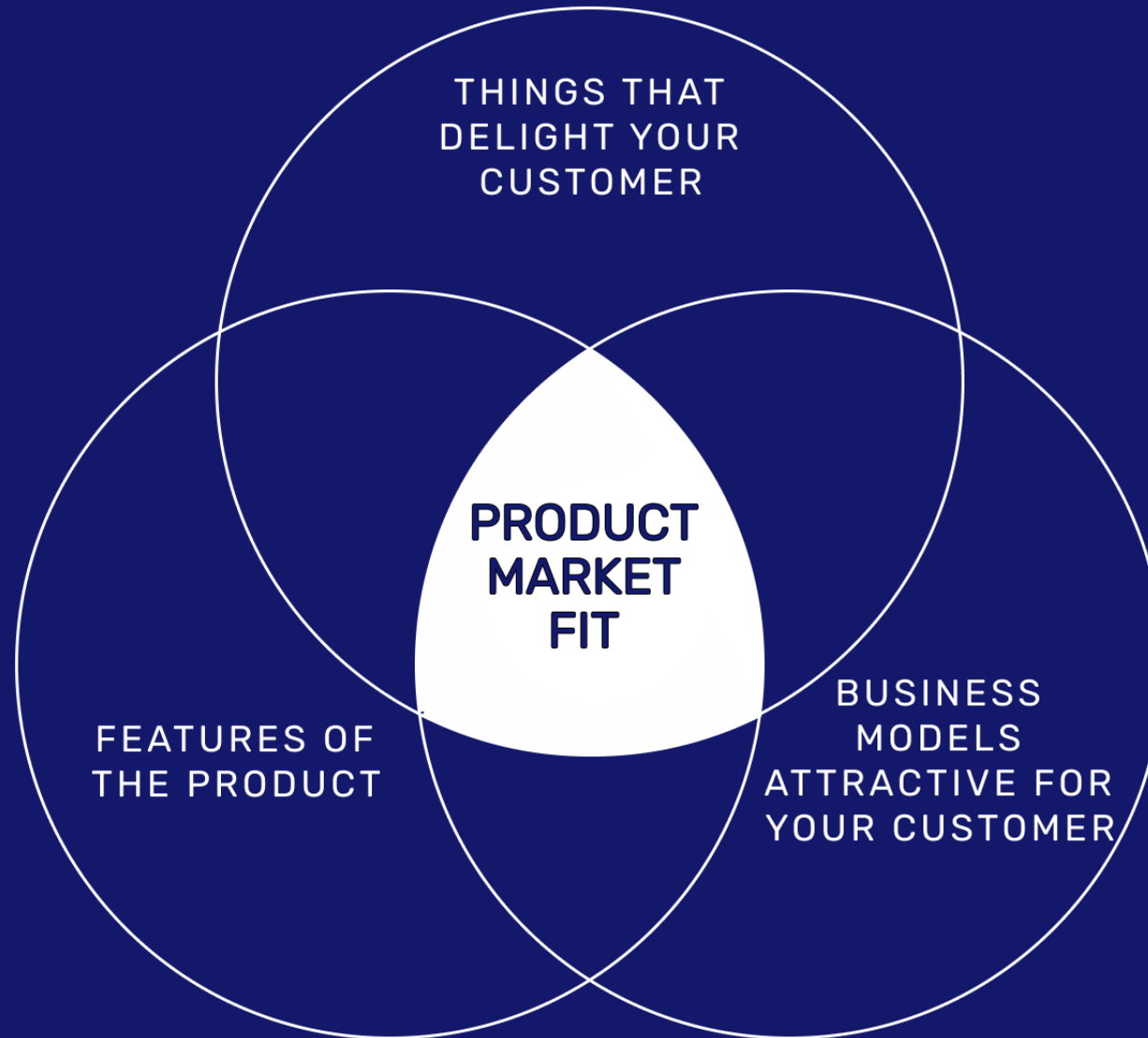


# Business Model = Value Capturing

- Flow of Money
- Willingness to Pay
- Revenue Generation

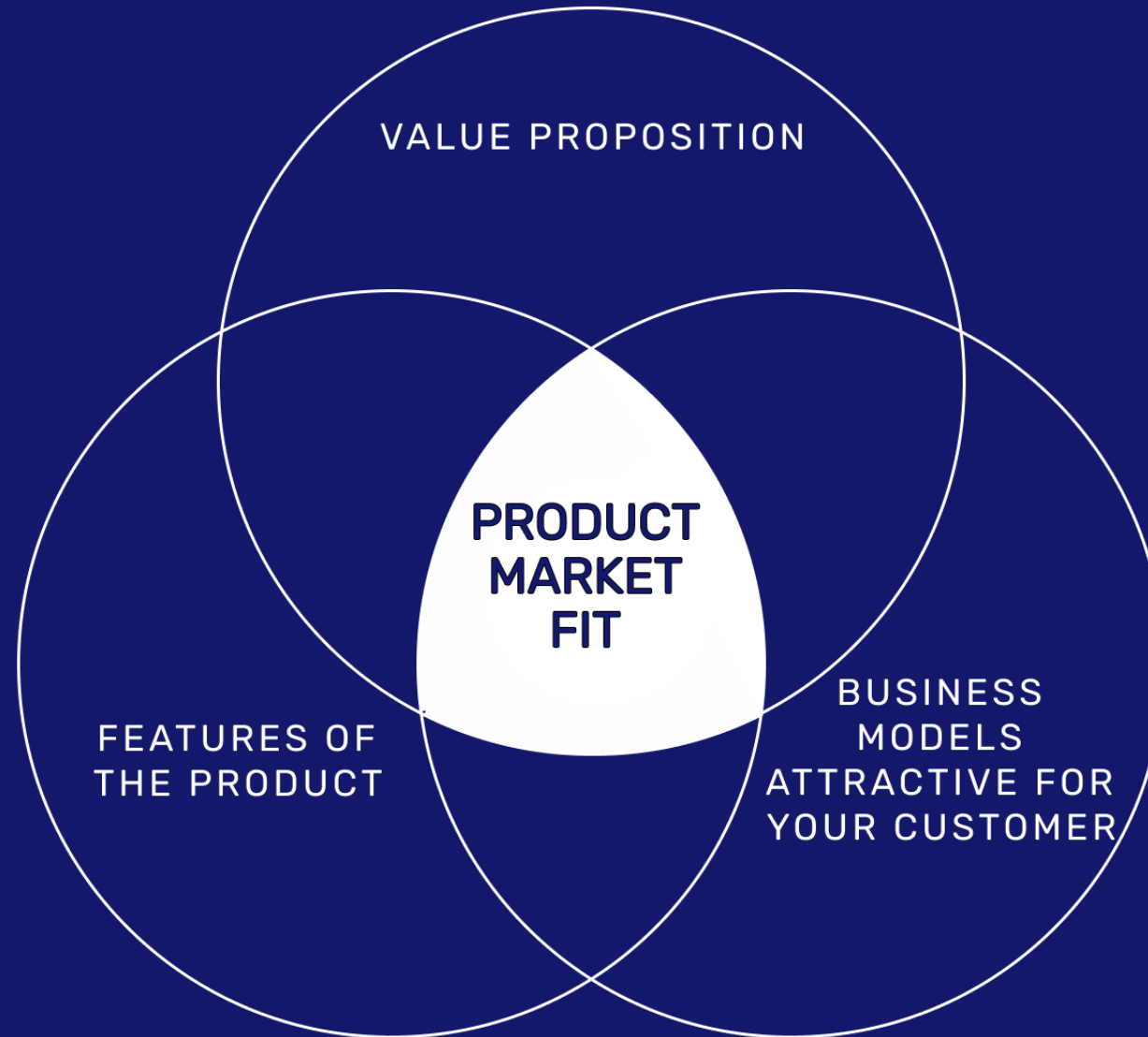


# Product-Market-Fit





# Product-Market-Fit



# Product-Market-Fit



“MAKE SURE THE DOG WANTS  
TO EAT THE DOG FOOD”

-EUGENE KLEINER

# How to Integrate the Concept in Strategy and Execution

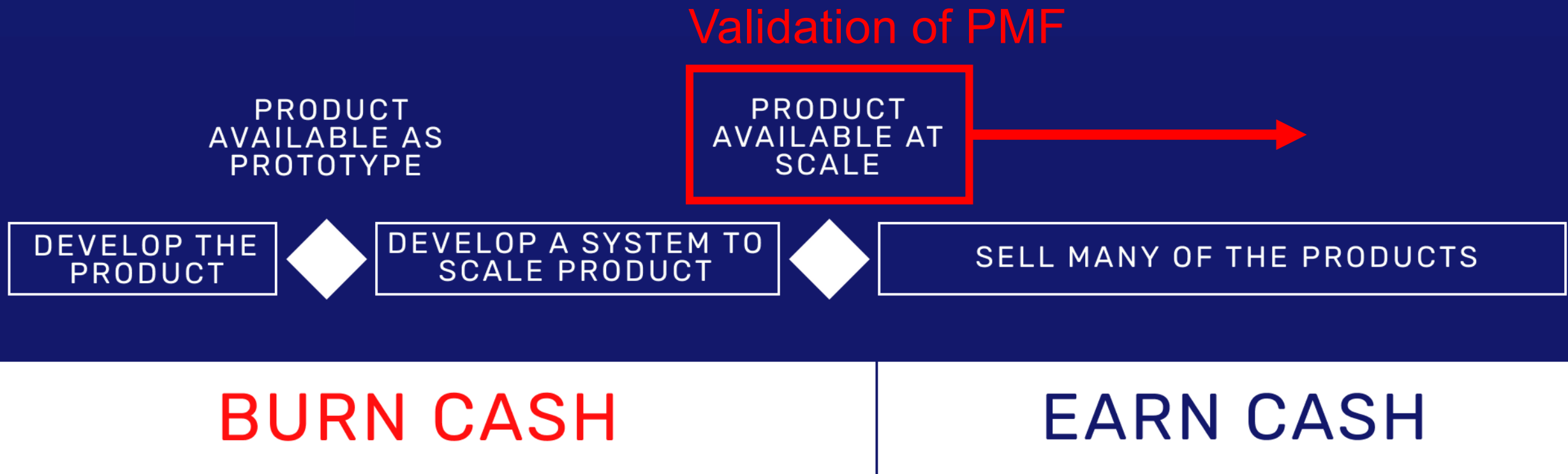
# Proof of the Pudding is in the Eating

Product-Market-Fit is validated when the product is available at scale and launched

And that's a problem

A blue-tinted photograph of a small, round, fluted pudding on a white plate. A silver spoon and knife are placed to the right of the pudding. The background is a dark blue gradient.

# Proof of the Pudding is at Launch



# How to Reduce Probability to Fail PMF at Launch?

PRODUCT  
AVAILABLE AS  
PROTOTYPE

PRODUCT  
AVAILABLE AT  
SCALE



Understand the pain (problem):

- Talk to many prospective customers
- Customers are reliable to articulate pain
- Customers are *totally unreliable* to articulate value (see Ford)
- Find the root cause of pain (Toyota Way, 5W)



It's your job to articulate Value Proposition

Foundation for product development:  
requirement specs, user stories



# How to Reduce Probability to Fail PMF at Launch?



Involve prospective customers at prototype level

- Customers understand they are part of an innovation effort
- Sell an Early Access Program (Early Adopter Program)
- Some customers see value in being part of an Early Access Program

# How to Reduce the Impact of missed PMF at Launch?

PRODUCT  
AVAILABLE AS  
PROTOTYPE

PRODUCT  
AVAILABLE AT  
SCALE

DEVELOP THE  
PRODUCT

DEVELOP A SYSTEM TO  
SCALE PRODUCT

SELL MANY OF THE PRODUCTS

**BURN CASH**

**EARN CASH**

Move Fast  
Burn Less

# How to Move Fast and Burn Less?

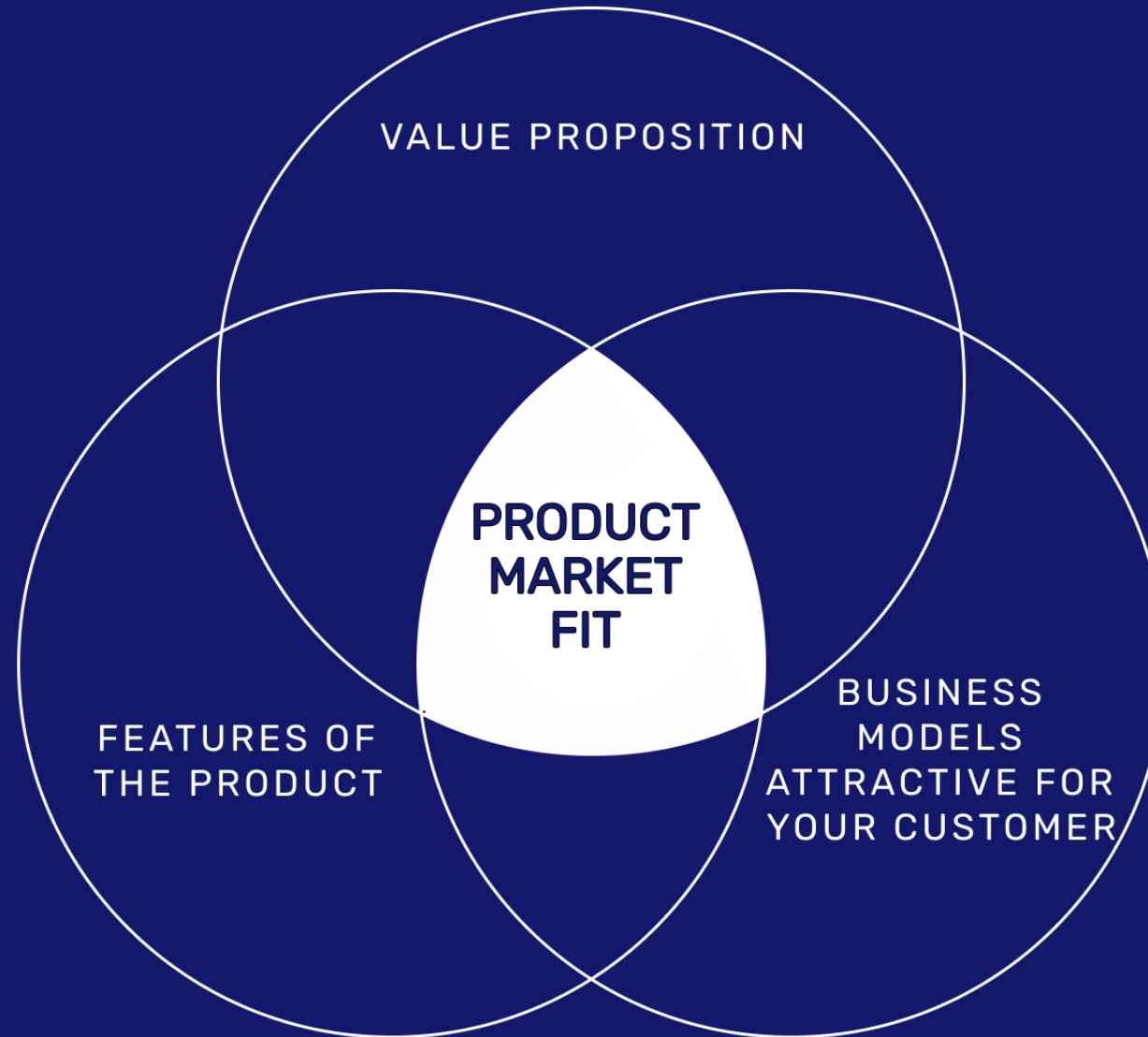
Focus

# How to Move Fast and Burn Less?

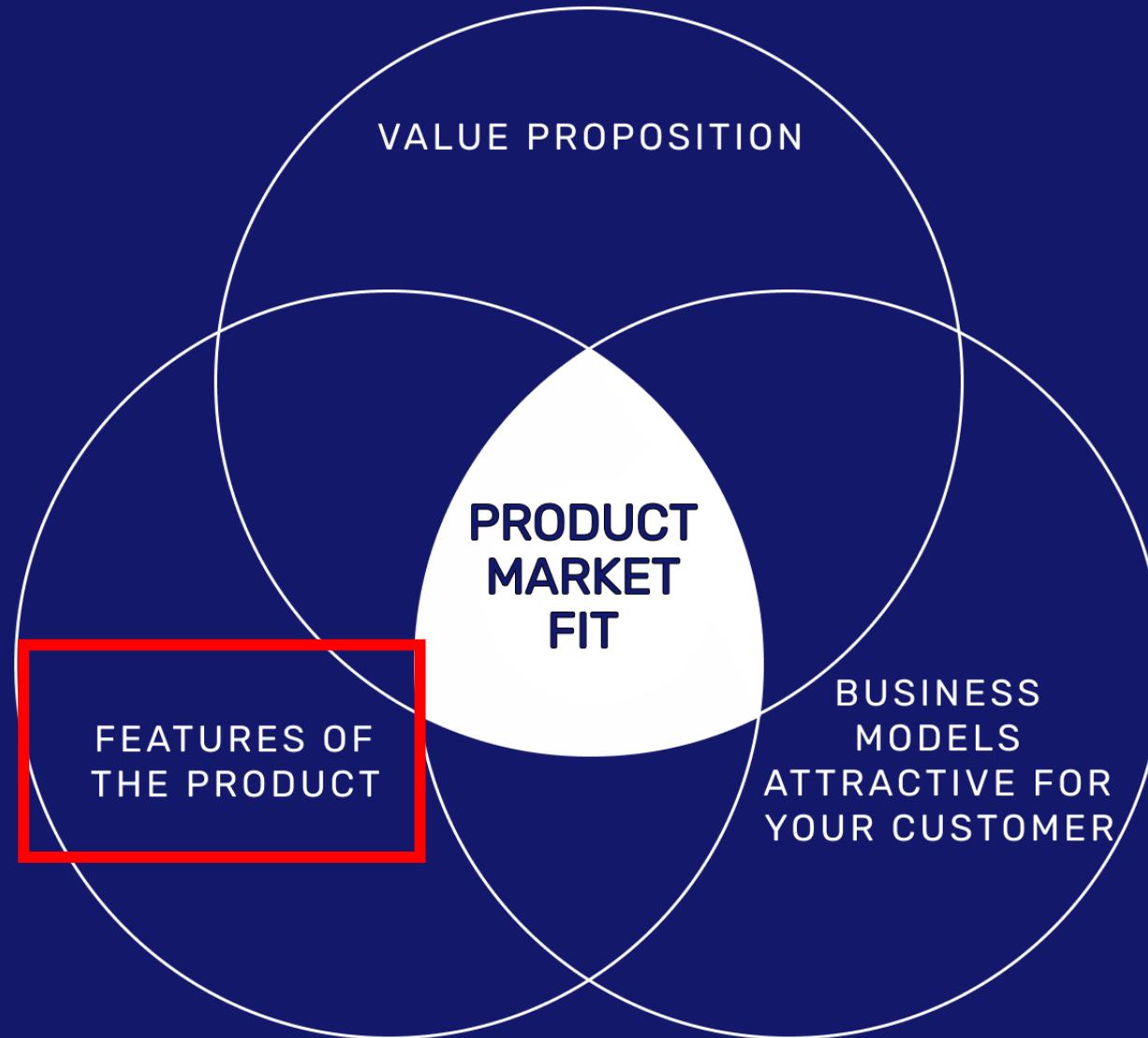
1<sup>st</sup> Product: Focus on Minimally Viable Product

N<sup>th</sup> Product expansion: Focus

# What to Do When You Know You Failed PMF?

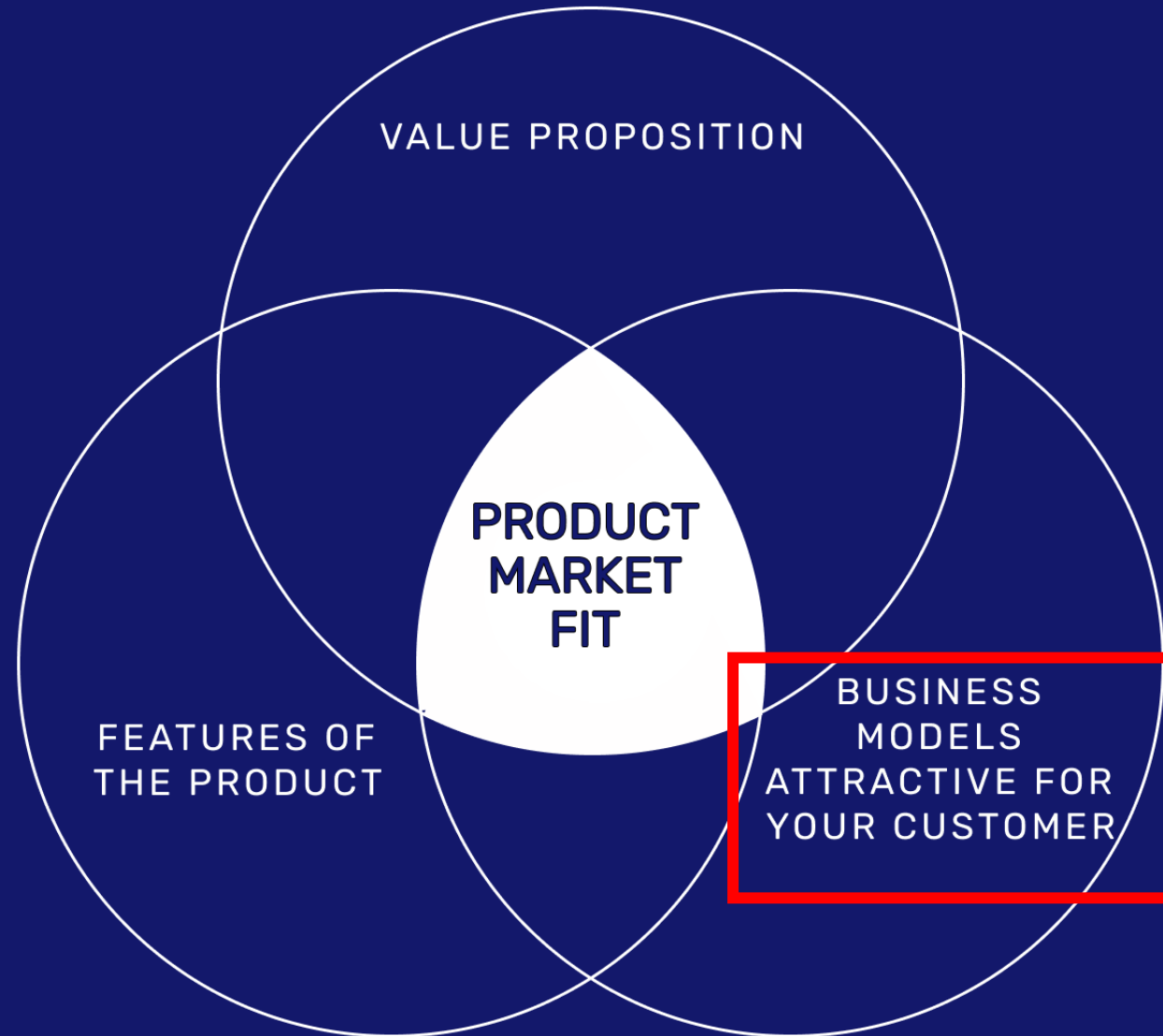


# What to Do When You Know You Failed PMF?



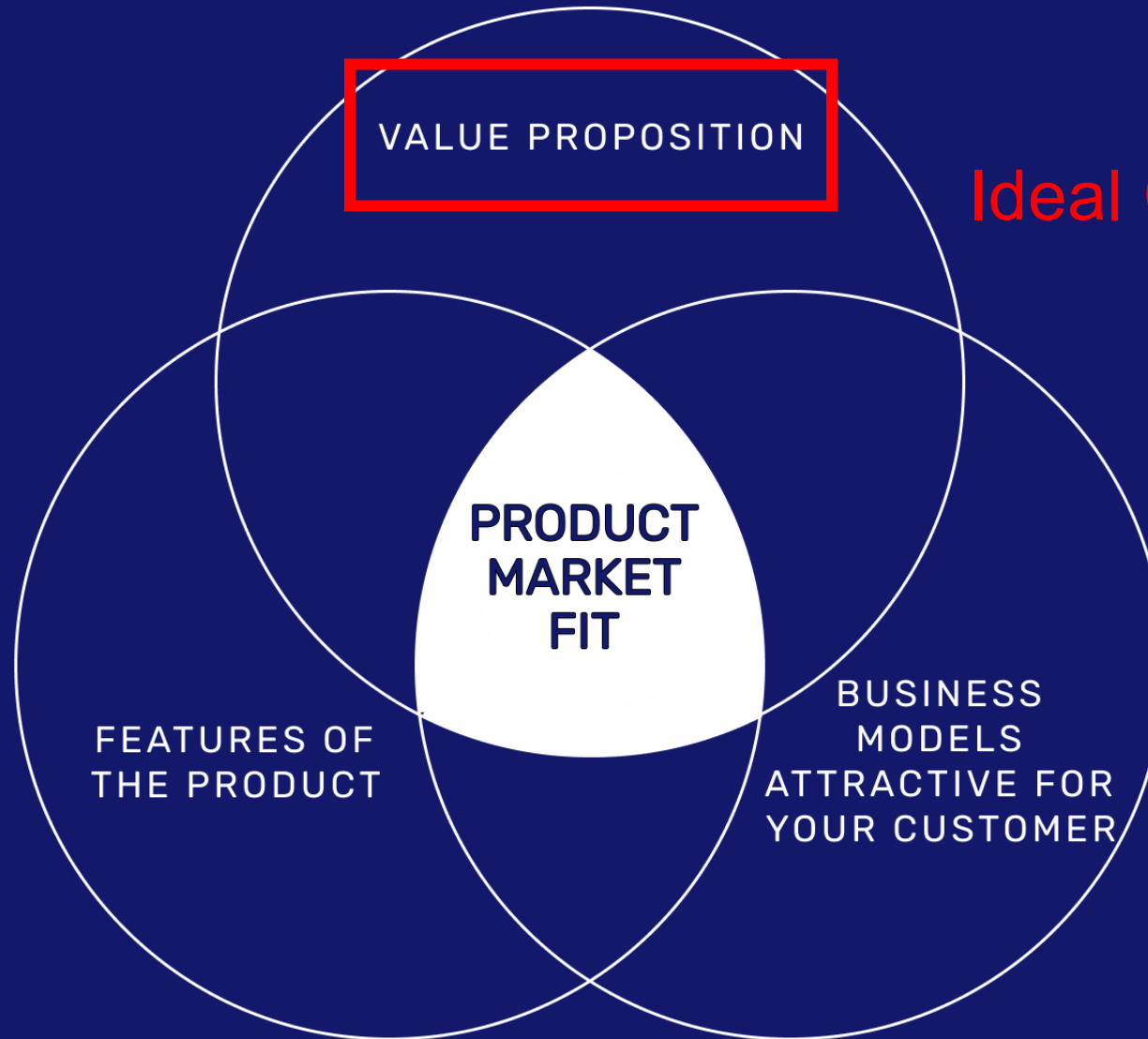
Rebuild Product?

# What to Do When You Know You Failed PMF?



**Change Business Model**

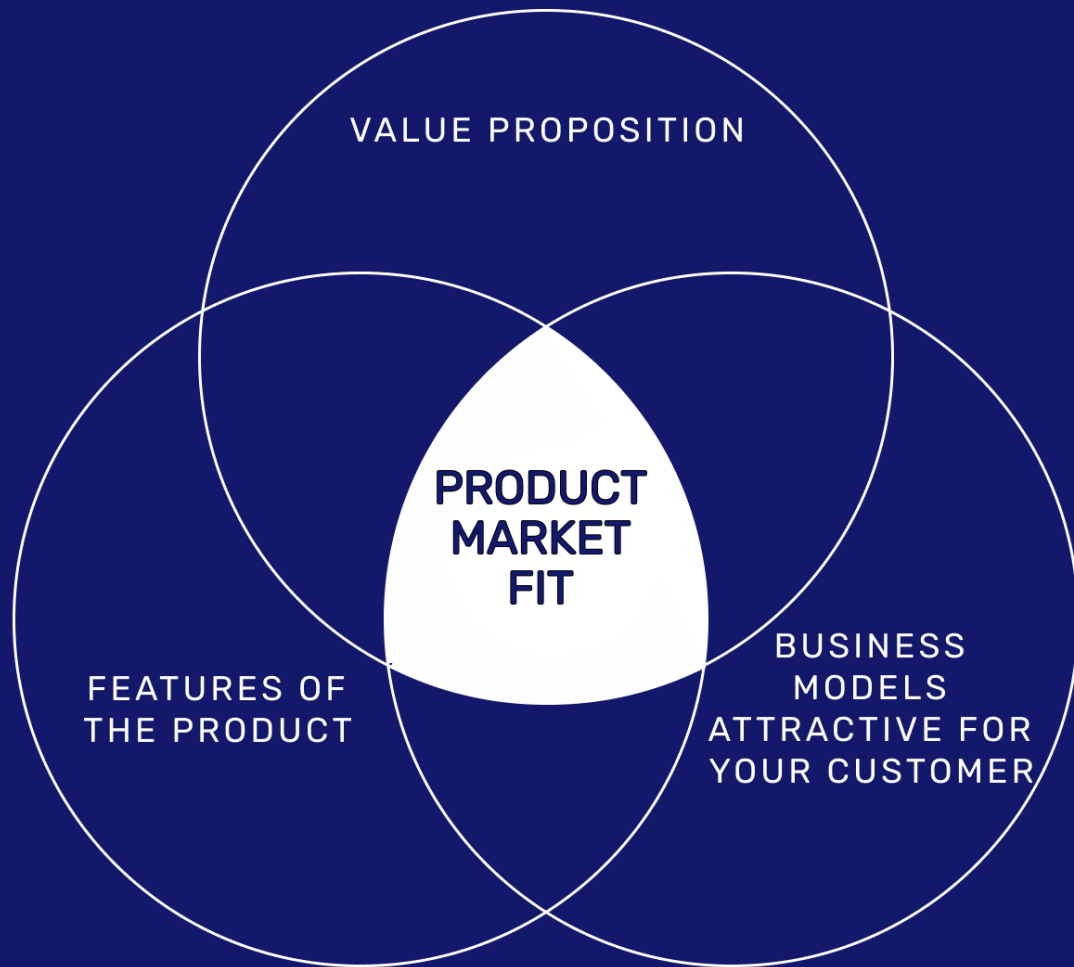
# What to Do When You Know You Failed PMF?



Change  
Ideal Customer Profile



# Take Home Message



- Fall in love with the problem and not the solution (from day 1)
- Involve prospective customers before hard launch (Early Adopter Program)
- 3F: Focus, Focus, Focus
- If PMF fails, change in this order of priority:
  - Business Model
  - Ideal Customer Profile -> Value Prop
  - Product

Q&A