

FOOLPROOF: DE-RISKING NEW VENTURES

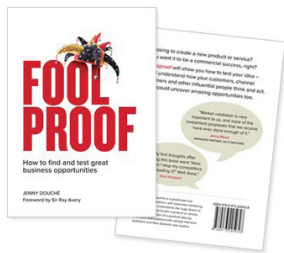
Whether it's a start-up or a product line extension, next to having the right team on board, **validating your market prior to developing your product is the best way to increase the probability of your success.**

Often I hear the cry "oh, this doesn't apply to us"... "We do disruptive technology like Steve Jobs... "our customers don't know what they need till we show them".

Truly successful disruptive technologists use research to back up and tune their visionary thoughts. They study their target audience's behaviour to the point where they can create powerful product insights based on a combination of research and creativity to de-risk their investments. Without this behavioural research you are simply guessing.

It's no wonder we have such a high failure rate with companies in this country when you hear facts like – "only 20% of companies approaching MOVAC for investment have completed market validation, which is a prerequisite for us to invest" - Dion Mortensen

85% of those completing market validation will fundamentally change the functionality of their product, ultimately creating a product that will be more profitable and actually sell!



Jenny Douché has just released her latest book "Fool Proof – How to find and test great business opportunities".

"This easy to read book is full of great tips and guides, it should be compulsory reading for all new ventures and product managers".

Jenny has included some insights from New Zealand entrepreneurs (Rod Drury's Xero, Campbell Gower, Phil & Teds buggies, etc) and a few local investors who have experienced the fruitful outcome of performing market validation.

Foolproof is an easy light read, designed for entrepreneurs - 2 aeroplane trips should have it read with no bullshit or big theories. It will be one of those books that you will refer back to.

Unlike other books on this topic, Jenny actually gives you plenty of actionable content, rather than just theory, including lists of questions for all participants of market validation including: target end users, distributors, market influences and enablers. She covers both desk research and engaging with stakeholder groups, including how to talk when interviewing and surveying.

Too many entrepreneurs fail to look at the wider macroeconomic factors that will influence their business both now and in the future. It's amazing what insights you can gain from mapping and studying your market place's value and supply chains along with current trends. By performing this type of research, you can save yourself the embarrassment of being blind sided down the track, or worst still investing in the world's best mouse trap that no one will ever buy.

Just because what we have created is faster or better than the existing market alternative, it is not a right of passage to easy sales. As creators of new products, we easily forget the life of a consumer; where we are faced with better and newer products and services, yet we choose to ignore them and use what we consider easy, safe and predictable.

Clearly getting there is a balance between "no market validation" and "doing so much research you never do anything". Either extreme is going to be a recipe for failure.

TIPS ON MARKET VALIDATION:

1. Undertake market validation before undertaking any major investment is an essential risk mitigation tactic
2. If you are seeking investment, doing market research will put you ahead of the pack
3. Do both desk and personal research – yes, talk to potential customers
4. Map out your market place (value chain and trends), make sure you are not missing any opportunity or trend merging – a lot of this can be done by desk research and validated by contacting key industry commentators
5. Engaging key stakeholders in the industry in market validation often builds loyal evangelists for you and your new business
6. A quick prototype or sketch can help discussions
7. Market validation is not a one-off exercise, it is a crucial part of improving your business and product over its life
8. If you are developing disruptive technology then you need to be doubly sure of your target audience's "pain" and more importantly motivation to change behaviour to adopt your new product. Do some behavioural research.
9. Be warned if you have been in the industry or are a target user – you do not know enough.
10. Doing market validation will often open your eyes to a better product than the one you have conceived by yourself.

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