How Rapid ‘Testing and Learning’ During Product Development Saves Time and Money

Investing money and design work is all very well. But what do your (potential) customers think? That’s what really counts.

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A few weeks ago, I met with an extremely frustrated founder. “I just spent all of my capital building and designing a great product,” he fretted to me. “We hired the best branding and design team, and we paid top dollar for ‘first in class’ market research. Now, I can’t get anyone to use my product.”

“But did you know if anyone wanted it?” I immediately asked.

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“Of course they do!” he said. “I know they want it because we’ve invested so much. How could anyone not like this?”

“But you haven’t really tested it!” I responded. “You haven’t gotten customers to sign up and pay, which is really easy with white label tools available on the market.” I’m not sure my words got through, however. The guy walked away, determined to keep “plugging away” – which, sadly, will probably yield him the exact same results next time.

Customers first.

All too often – both as a growth marketer and aninvestor – I've heard from entrepreneurs struggling to attract a customer base, even after they've invested millions into product development and engineering. Those things are important, of course, but not as important as what really matters: a customer base.

Yes, there have been notable failures that have occurred despite there being a solid customer base, as occurred in the case of Color – and the infamous Galaxy Note 7. But, overall, this failure by entrepreneurs to attend to the customer issue has been all too common. Failures may happen often, but the reasons behind them needn't be hard to understand.

Digital products also have some real advantages: For instance, they have no red tape, like real estate development, for instance, where developers are often delayed from putting their building on the market as they wait for zoning approvals, design changes and construction permits. By contrast, a digital product, like a new SaaS tool or mobile application, can be built within days or weeks, and adjusted on the fly as customer feedback is received.

Unfortunately, many first-time entrepreneurs treat a digital product like a real estate development! They try to sell "the house" before they even understand whether customers want to buy it.

There is a better way. Rather than building a product full stop, you can learn as you go by testing and using tools to do this that are as simple as "interns and a spreadsheet." Your goal? To understand *exactly what your customers want* and how to develop the product they need.

What an “interns and a spreadsheet” approach entails.

For many digital products, especially those that are direct to consumer, entrepreneurs can employ an easy three-step process for testing and understanding their market.

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This process, titled “interns and a spreadsheet,” technically involves manually accomplishing many of the tasks you’ve set for yourself. First, Build out what the “MVP” would be. Second, use media and customer acquisition tactics to test whether your customer base will actually “buy in.” Finally, re-group around the value focus that your customers are responding to and build that. Here is more detail on these three steps:

Build the “MVP.”

First, set up a sign-up a landing page to start getting feedback. Companies that have been successful at this approach provide a clear picture of what they plan on offering. Good examples include the Muzzle app, which includes animation to illustrate how it works, and Transferwise, which also provides a visual means for immediately understanding the tool.

These companies’ landing-page descriptions include the value being offered and a call to action to encourage sign-up. In return, the company can better assess the level of interest in what it is developing by how many people respond to the call to action.

After following these steps, have “interns” or internal staff accomplish the bulk of the actual product work manually. This can include studying the overall environment and trends, and

the competition’s offering; and conducting direct customer surveys and interviews.

Test user acquisition.

Testing user acquisition provides good evidence for whether or not you should further develop your product. There are a number of ways to test: First, create a variety of different sign-up pages that can be tested with different demographics. Using a tool like ClickFunnels is an effective way to match a specific goal or item you want to sell (a product, service, B2B application, etc.) with the most appropriate sales funnel template.

This is particularly valuable for any company that doesn’t have designers and developers to create those different funnels.

Next, spread your acquisition dollars across social platforms like Facebook, Twitter and Instagram, focusing on different targeted groups to understand how each responds to what you’re offering. You can test various social ad campaigns for each group on these platforms to determine product viability.

Use content marketing to create articles that drive attention to the product in development. Focus on one component of a value proposition within each article to attract a specific target audience-segment.

Review data and build into what customers want.

Review the data from your acquisition and then, as YCombinator’s tagline says, “make something people want.” With so much information available from audience members willing to share their preferences, opinions, challenges, desires and lifestyles, there emeges a much more detailed picture of what

your potentials customers really want.

This data then becomes the blueprint you can use to build your product and be confident that your target audience will want it.

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Adjust and deliver.

Often, entrepreneurs' initial inclinations are proven wrong as they work through the testing and learning experience. It's better to learn this bad news prior to full development so that you can talk about how to adjust people's expectations and deliver a product that they actually want. Over the longer term, this process can save you money and time, minimize frustration and maximize audience engagement.

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