Finding Product Market Fit

Presented by Sean Sheppard
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MANAGING PARTNER, U+ AMERICAS

Speaker, Product-Market Fit expert with 3 Silicon Valley exits, invested in 140+ startups across 3 VC funds.


27
YEARS OF EXPERIENCE

U+ • Managing Partner Americas
2020 – Current
Leading operations and sales in North America

GrowthX & GrowthX Academy • Founder
2015 – 2020
Leading a venture capital fund run by operators with extensive go-to-market experience

London Business School & Vanderbilt Owen Graduate School of Management • Guest Lecturer
2017 – Current
Mentoring and lecturing on topics of Business, Leadership and Sales

3
SILICON VALLEY EXITS

140+
STARTUPS INVESTED IN

3
VC FUNDS FOUNDED
The Problem

Most products fail due to markets and people

Yet most of us remain focused on product.
Welcome to The Age of Applied Technology

The Past
Technology expensive and complex
Product talent sparse

Today
Technology/cost complexity reduced
Product talent plentiful

Early stage products must produce product-market fit
This approach is designed to find product market fit by developing, testing and validating hypotheses at every stage of the market development process.
The fastest path to Product-Market Fit is word of mouth from happy early customers.
The Purpose of the Framework

Find the **truth** about where your product best fits in the market today, if at all.

Create a functional **learning** organization to accelerate the path to that truth.

Demonstrate that predictable, scalable and **profitable** revenue is achievable.

Product and markets may be unique, but the path to finding product market fit is not. Following a proven framework means less time and capital is required to learn whether and when a company can achieve product market fit.
A Milestone Based Approach

**Milestone 1**
Market Foundation and Discovery
1. Resource Review
2. Market Discovery
3. Initial Market Milestone

**Milestone 2**
Market Messaging and Outreach
1. Market Messaging
2. Sales & Marketing Instrumentation
3. Initial Market Outreach

**Milestone 3**
Market Results
1. Market Results
Milestone 1: Market Foundation

- Resource Review

Goal
Create a roadmap of people, processes and technologies necessary to create and support a functional learning organization.

Focus
- **Resource Review Mapping and Planning:** Review the current market development team and skill sets. Preliminary recommendations to maximize sales throughput and effectiveness.
- **Marketing & Sales Process Analysis:** Review the current marketing and sales processes. Preliminary recommendations to optimize by removing any blockers, friction points or bottlenecks that can be eliminated through simple process change.
- **Current Marketing & Sales Technology Stack:** Review the systems, tools and rules in place today to effectively manage the market outreach programs. Preliminary recommendations as to whether they should be maintained or replaced.

Outcomes
A roadmap of the people, processes & technologies required to create and support a functional learning organization.
Milestone 1: Market Foundation

- Market Discovery

**Goal**
- Understand current customer lifecycle and prioritize to establish the foundation for retention and growth.
- Understand the current customer profile(s), how they’re acquired, the resulting acquisition costs (CAC) and projected lifetime value (LTV).
- Understand and define customer acquisition channels, pricing strategy and data acquisition in preparation for Market Outreach.

**Focus**
- Current Account Mapping and Pipeline Review:
- Discover Initial Ideal Customer Profiles (ICPs)
- Prioritize Current Pipeline.
- Review Current Customer Experience
- Business/Pricing Models:
- Define Customer Acquisition Strategy
- Create Data Acquisition Strategy
- Establish Initial Market Milestone

**Outcomes**
- A prioritized map of the current customer(s) lifecycle(s).
- A deep understanding of current ideal customer profile(s) (ICP), customer acquisition model(s), average acquisition costs (CAC) and projected lifetime value (LTV).
Milestone 1: Summary

Following the completion of milestone one, we should know:

✔ What resources we may need to test and execute on this idea
✔ Who an initial ideal customer is
✔ How to prioritize our ideal customers for learning - and eventually for growth
✔ Where to find our initial ideal customers
✔ What proposed pricing model and acquisition strategy will be for the first test
✔ What channels to use to reach out to them
✔ What are initial market milestones
✔ What data acquisitions strategies we will use

Now that we know the above, we need to find our customer, talk to them in a way which gets them to respond with the truth!!
## A Milestone Based Approach

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Milestone 2: Market Messaging & Outreach

Goal
- Develop initial messaging hypothesis designed to attract relevant ICP(s) for each use case.
- Develop a comprehensive market messaging map that aligns messaging to customer acquisition strategy.

Focus
- **Conduct Current Customer Interviews:** Where appropriate, conduct detailed interviews of current customers to understand “why they bought” and “how we’re different”.
- **Develop Initial Unique Value Proposition (UVP) and Unique Selling Proposition (USP) Frameworks:** Develop UVP (i.e., what we do for them) and USP (i.e., what we do) for each ICP and use case for use in market messaging.
- **Develop Initial Attraction Framework:** Develop messaging to generate interest and a desire to want to learn more for each channel to be leveraged during market outreach.
- **Create Conversational Framework:** Develop a live conversation structure that converts pre-qualified interest into qualified opportunities.

Outcomes
- Initial messaging hypotheses that attract relevant ICP(s) for each use case.
- A comprehensive market messaging map aligning messaging to customer acquisition strategy.
Milestone 2: Sales & Marketing Instrumentation

Goal
- Implement tools necessary to support the marketing and sales process and measure / validate results.

Focus
- Define Marketing and Sales Funnel:
- Implement Marketing and Sales Stack:

Outcomes
- The tools necessary to support marketing and sales processes, and measure validate results.
Milestone 2: Initial Market Outreach

Goal
- Build a portfolio of marketing assets (e.g., demo decks, white papers, email and ad copy, collateral, etc.).
- Create a closed-feedback loop to test messaging across customer acquisition channel(s).

Focus
- Campaign Creation and Execution by Channel:
- Create Opportunity Framework:

Outcomes
- A portfolio of marketing assets (e.g., demo decks, white papers, email and ad copy, collateral, etc.).
- A closed-feedback loop to test messaging across customer acquisition channel(s).
Milestone 2: Summary

Following the completion of milestone two, we should know:

✓ How to talk to market in way that generates the feedback we are looking for
✓ How to attract and qualify leads
✓ What our unique value proposition (UVP) and unique selling proposition (USP) is
✓ How to learn from customers to further develop our UVP and USP
✓ How to build a market messaging map
✓ How to build a portfolio of marketing assets (e.g., demo decks, white papers, email and ad copy, collateral, etc.).
✓ How to create a closed-feedback loop to test messaging across customer acquisition channel(s).

Now that we’ve begun to seek the truth from our market, we need to effectively manage functional learning!!
A Milestone Based Approach

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Market Results
1. Market Results
Milestone 3: Market Results

Goal
- Measure and track market response to optimize messaging, outreach and conversion.
- Validate and document all hypotheses made at every step of the market development lifecycle.
- Prepare for scaling people, tools and processes.

Focus
- Strategic Opportunity and Pipeline Management:
- Develop Onboarding and Implementation Framework:
- Nurture and Opportunity Framework:
- Implement Product Feedback Loop:
- Talent Acquisition Framework and Roadmap:

Outcomes
- Optimized messaging, outreach and conversion methods based on measured and analyzed market response.
- Validated and documented hypotheses covering the market development cycle.
- A comprehensive recruitment marketing and employment brand strategy complete with ideal candidate profiles, job descriptions and stage-relevant compensation/incentives structure for every human resource required to scale each functional role within the complete market development lifecycle.
- Documentation and training for all people, processes and technologies to enable the marketing, sales and customer success function to properly execute at scale.
Milestone 3: Summary

Following the completion of milestone three, we should know:

✔ How to successfully run a functional learning plan
✔ How to measure and manage market response at scale
✔ How to validate most steps across all three milestones
✔ What messaging works for each use case, by channel and format
✔ Conversions rates for each ICP by channel
✔ How to scale outbound, conversions and the team to support it
✔ Our employment brand and how to recruit stage relevant talent
✔ How to support repeatable, predictable and scalable growth

We should have enough evidence to show a path toward product market fit and justify investing in the transition from learning to expansion!
How long does this take?

IDK

It depends and many many market factors. We don’t know what we don’t know until we’re in market!
Thank you

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Traction Speaks Louder Than Words