Losing Your Way in the Market?

Succeeding in an early-stage company means understanding and catering to the ultimate business driver: Customer Pain

Stu Silverman [**SalesRamp**] | POSTED:

Over the years, I've worked with about 100 startups. I'm still surprised by the number of "build it and they will come" companies who are just hoping the product they've developed will connect with customers in a profitable manner.   The landscape is littered with them.

I can think of one recent example: A low-power microprocessor company with a very innovative design. Out of the gate they had a terrific first-mover advantage, only to see the market window close as they failed to relieve real customer pain in a timely and profitable manner. Unfortunately, they aren't alone.

What Often Goes Wrong

So what happens between proof of concept and first customer shipment that crushes a company? There are a million things that CAN go wrong, yet what often DOES go wrong is the inability of the product or service to truly relieve customer pain.

You've seen the drill: A brilliant engineer develops a new killer app and finds some funding, sometime sufficient to get the product into the hands of real customers. Marketing subscribes to all the market research, and starts talking about how the company will ascend quickly to star status on all the appropriate analysts' charts.

This works fine until it's time to find the next 5-10 customers who will buy in volume. At this point, the company may have hired salespeople who have fat Rolodexes and robust social network networks. There may be sufficient monies to fly around to meet a lot of analysts, customers and investors. However, there is most likely no real customer in sight to give the company the insights and conviction it needs to know whether they have the right product for the market.

To Succeed, Focus on the Customer's Pain

Failing to engage early with real customers about their pain is a serious impediment to success.

It's bad enough in most startups that Marketing is on a completely different planet from Sales. It's worse if Marketing depends on standard off the shelf market sizing data to arrive at total available or addressable market. Following this path, you end up with a value proposition and market messages are not focused on the customer.

Time and time again, in situations too numerous to count, we've seen the Marketing-centric monster rear it's head and tempt the company down the path to oblivion.   Key symptoms include:

- Real prospects and customers are not involved in the dialog
- The sales cycle is inordinately lengthy and/or leads are not converting at the predicted rate
- Sales and revenue lag original projections in spite of robust & attractive product offerings

3 Critical Questions

Given today's intense focus on capital efficiency (achieving profitability or a successful exit on fewer $), no investor will wait while you employ "hope" in the form of a marketing-centric positioning

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strategy to connect with customers. They're going to be aggressively seeking answers to these key questions and more:

- What is the market readiness for the product? How intense is the customer pain?
- How do the products address customer pain sufficiently to get them to open their wallets?
- How will we tap this opportunity & potential in a timely, profitable manner?

Finding the Answers

The answers to these critical questions are found with real prospects and customers, not industry analysts. One way to unlock the key to customer pain in about 8 weeks or less is through a carefully-crafted primary research study.

I'm not talking about some big, bloated, expensive endeavor. Simply conducting a primary research survey (online, in-person or by phone) in a strategic and organized way with key prospect & customer decision makers is how to discover their pain points. In your survey, you can probe them regarding critical business problems, competitive fears and what's keeping them awake at night. This will quickly tell you what you need to relieve their pain including properly prioritizing product features and benefits. In most cases, you can get an excellent, accurate view of the situation through a dialog with only about 40-60 decision makers, giving you all the data needed to firm up your strategy & tactical actions.

What Now?

As a result of your study, you now have a wealth of information & insights to develop your strategy in a powerful way:

- What pain the customer is in and how your product relieves that pain
- Whether your messages and value proposition are compelling to the customer
- What's in it for them to do business with you
- Who represents your optimum prospect
- How you should focus to win

You can now make course corrections to ensure your value proposition and messages resonate with the customer. But don't stop there... market validation is an ongoing process, not a one time exercise. In fact, many of today's savvy investors require ongoing studies prior to any new funding round, at the least to address shifts in the market.

To succeed in the market, you should remain in continuous contact with your prospects and customers via primary research to identify and address new pain points as they arise.   In doing so, you will see revenue and profitability grow while you watch competitors quickly fall by the wayside.

Stuart Silverman is CEO of SalesRamp, a sales and marketing consulting firm in Silicon Valley that specializes in helping early-stage, Venture Capital backed companies improve both their sales and marketing.