Achieving Product/Market Fit For Your Small Business Startup

For any startup to succeed, achieving product-market fit is among the most vital of goals. But verifying that your product meets a strong market need and can stand up to competitors is not an exact science, nor does it typically happen in one grand “a-ha” moment. Likewise, building momentum in a market requires patience and comes with no guarantees as customers’ needs, regulatory landscapes, and competitive pressures change over time.

“Consider that your business will only succeed if it adds real value for the user. In this case ‘value’ means that businesses or individuals will understand they need or want it enough to pay you a price that will give you profit and success,” advises SCORE mentor Bob Goedjen. “Start by understanding your target market's need and then whether you will be a better solution than your competition.”

Despite the uncertainty and risk you face when starting a business, there are some actions you can take to increase your success in accomplishing product/market fit:

Do your homework to understand your customers’ current needs and anticipate what they’ll need in the future. Research your target demographic by spending time with prospective customers, read industry blogs and print publications, attend industry tradeshows and webinars, and seek out a professional in your industry who might serve as a mentor to you as you develop your products and services.

Focus on one primary and critical value proposition. It’s impossible to be all things to all customers. By homing in on what’s most important to your target customers, analyzing significant trends in your industry, and identifying where competitors are falling short in solving customers’ problems, you can deliver value out of the gate. If you’re solving a pain point for your customers from the start, they will be more patient in waiting for you to add other features and options.

Listen. Learn. Adapt. Have a business plan, but be open to change as you listen to feedback and ideas from your early customers. Learn from what they’re telling you can improve your products or services. And be prepared to adapt your systems and processes to make your business more viable and sustainable.

According to Goedjen, “Good planning and research will pay off in money/costs avoided and a far better marketing strategy and tactics that will resound in your customers’ minds. It is not ‘how’ you bring your product or service but rather what the benefits are in the language the customer understands.”
One last suggestion: In my last column, I quoted another SCORE mentor friend, Hal Shelton. Hal has an amazing resume as a CFO (the kind who actually “gets” marketing and strategy), a board member (the kind who is helpful and rolls up his sleeves), an angel investor (the kind who is encouraging but practical and honest) and business mentor (the kind who everyone wants). With his resume and knowledge, Hal could easily dole out advice. I admire Hal as a SCORE mentor because he approaches each entrepreneur and interaction with humility and openness. He is a great listener who absorbs information, asks insightful questions and then zeroes in on the main issues and next steps. He has just released a new edition of his best-selling “The Secrets to Writing a Successful Business Plan.”

I recommend that those who are trying to start a business, consider adding this book to their library. It is clearly organized to get at the real questions a living business plan should answer:

 ✓ How will you pay yourself?
 ✓ How will you get customers?
 ✓ How will you get help?
 ✓ How do you find and qualify for financing or investors?

This latest edition now includes: The biggest issues for startups in their first 100 days, including setting your compensation, hiring staff and creating marketing programs; Crowdfunding and the real implications with the new rules from the Securities & Exchange Commission; The pros and cons of alternative funding solutions, including peer-to-peer lending; and More real-life examples of people putting these tips and advice to use – and succeeding.

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