Customer Development

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Organizations grow when they develop a base of customers.

Companies find profits, non-profits serve their cause, political ideas become movements for just one reason: they develop a group of people who are changed by what they do. For ease, let's call them 'customers.'

Once you see that, it becomes pretty clear that this is the most difficult and important thing that the organization does, and in fact is the only one you can't outsource or work your way around.

It's possible but unlikely that the first product or service you develop will be exactly what potential customers were already hoping for. That's why failure is the fuel that moves new projects forward. *Failure is a way of discovering one more thing that customers didn't want*, and perhaps, learning a bit about what they might want. By iterating without tears or fears, organizations are able to discover things about their future customers.

Sometimes (actually, almost every time) the innovation an organization brings to the market isn't instantly and universally adopted. While there are people who get satisfaction and status and results by going first (early adopters), most customers would prefer to wait. These customers see little upside in investing the time to be a pioneer or in taking the risk to go first.

And so, you see the paradox: on one hand, organizations need to be agile and eager to pivot as they engage with a market that's invisible or skeptical, but on the other hand, ideas don't spread through a marketplace instantly.

That's one reason why it's so important to identify your smallest viable audience. The smallest group of customers that will enable you to thrive. By seeing them, obsessing about them, and serving them, you can refine your product at the very same time that you establish the conditions for growth.

At this stage, growth can come from one of two places:

It could be that your core audience begins to tell the others. That you've built the network effect into your offering, so that it works even better when people tell their friends and colleagues. This is Tom's shoes or Starbucks coffee. This is Twitter and the ice bucket challenge as well. When you create a purple cow, the remarkable nature of your product or service is in fact part of the reason people buy it, and the reason they talk about it. Not because it helps you, but because it helps them.

Or, just as powerful, it could be that your success at serving this small but viable audience gives you the team, the cash flow and most of all, the social proof to begin to find a different set of customers. Customers that might want a different set of benefits, a different story, a different way to change.

Often, this shift to a different customer set is difficult, because now you might feel stretched, you might even have to leave behind the people who originally embraced you and your offering. Patagonia doesn't spend a lot of time selling removable pitons to hard-core rock climbers anymore. As they shifted to become the organization they are now, they probably got a lot of push back from people who said, "no one buys from them anymore, it's too popular."

Both approaches share two underlying principles:

- You're telling a story.
- You're making a change.

Being clear about 'who's it for?' and 'what's it for?' is the actual hard work of developing customers. And if you're not gaining traction, deciding to hype harder is not the right choice. Traction doesn't come from more social posting or working your network and asking for favors. Traction comes from accompanying the customers you've chosen on a journey that they're eager to go on.

And the hard work of customer development is finding a reason for your customers to bring in new customers or discovering a path where you can help non-customers discover what you offer and eagerly engage with it.