

Now it is time for you to build your own product or services strategy. We have created some simple templates from the examples shown in this chapter. As in prior chapters, use these templates to think about your venture. Take out your Venture Concept Template and your Business Model Template. Bring all your customer and competitor research to the table. Then begin.

Step 1: Define "Good, Better, Best"

The first Reader Exercise is to apply the template shown in Figure 4.5 to define your product line or suite of services. All the customer and competitor research you have performed to date should guide your thinking here. You have segmented customers into groups, studied their use cases, and defined an interesting new product or service concept—now flex that concept into an initial handful of specific commercial offerings that will please different types of customers. Remember, some customers just want the basic product or service; others will want something more advanced, and will pay more for it. Yet others will want services in addition to products; and yet others who are buying primarily services will want you to include certain types of products with those services. This is about giving different types of customers what they need and want, all within your initial industry segment/niche and target customer group focus. Also, with some quick competitive research online, now is the time to begin to think about the pricing strategy that fits with your "good, better, best" portfolio design. Companies usually charge more for better and best.

After drawing your product line/services strategy, make a set of bullet points that contains the common features of your product or services portfolio. These might be a certain type of styling or packaging, a certain type of engine or microprocessor, a common user interface, or certain service guarantees. Later on, once you are building

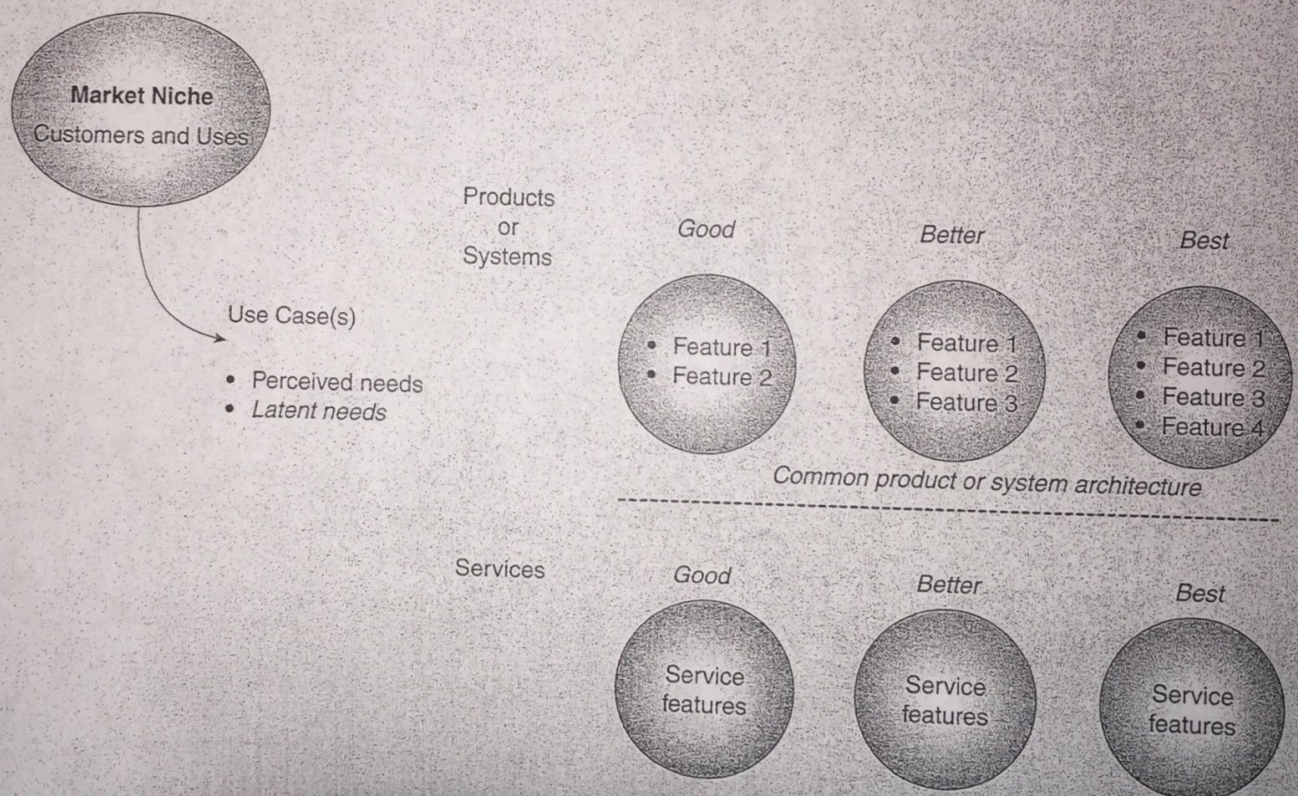


Figure 4.5 The "Good, Better, Best" Template

your company, these will turn into common platforms for your products or services—things that you can leverage across the entire portfolio.

Now step back. Take a look at the result with your team members. Does the combination of products and services set the foundation for an exciting, growing business? How can you make it even more exciting?

Step 2: Define Your Intellectual Property Strategy

This straightforward stuff is your company's name and logo, the trademark on your first product or service brand name, and copyrighting all company published material that is printed or placed on the Web. For logos, there are a number of online auction or bidding-type resources. For example, you can check out 12designers.com (be sure to set the language to English) or designcrowd.com to get access to all sorts of design capabilities.

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online auction or bidding-type website (such as designcrowd.com to get access to all sorts of design capabilities.

Next come potential design and utility patents. Law firms with an established relationship with your university should be willing to have an initial conversation for free. Remember, you need to speak with not just a general business attorney, but one specialized in handling intellectual property. If you are doing a university spin-out of a technology developed in a research lab, now is a good time to pay a visit to the technology licensing office to get a taste of the terms and conditions. Look for the royalties, licensing maintenance fees, and any mention of stock ownership in "typical" licensing agreements. Whether your university or an attorney, don't promise stock to anyone. Too many entrepreneurs give up too much stock too early in the game, which only limits their ability to raise capital and control decision making later on. Remember, *everything is negotiable*.

Nor do you require patent applications (provisional or full) or completed technology licenses in order to write a business plan and get your company started. You just need to understand if these items are going to be required to build a successful company. Lots of software companies, for example, develop proprietary IP over the first two or three years of operation. They don't start with a patent. However, for certain types of ventures—particularly biotech—professionals typically expect some type of IP as part of the venture's assets. Having some type of IP, or access to someone else's IP, for your target application will greatly increase the valuation of your company.

Step 3: Define Your Beachhead and Growth Strategy

Figure 4.6 provides the template. Take your customer segmentation grid from Chapter 2 and overlay your product line or services strategy on top of it.

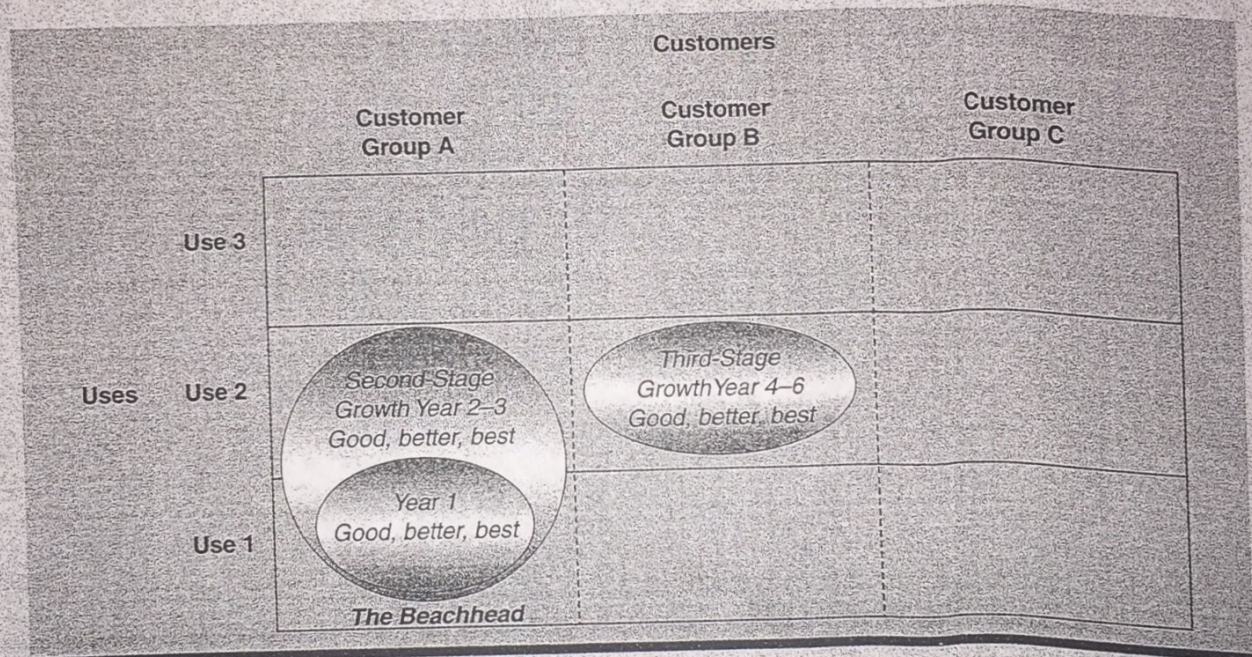


Figure 4.6 Define the Beachhead and Next-Stage Growth Template

If you wish to restructure your customer segmentation grid based on your continued learning over the past several chapters, now is the time to do it. Take the time to write down the clearly different customer groups that you encountered in your field research. We have used age, gender, size of company, type of pet, and other dimensions as customer grouping examples in this book. Also, what are the primary use cases? Think of the different types of fishing in our fishing boots example. Or for services, think about the industrial equipment example where downloading machine controls, monitoring tire pressure, and measuring worker productivity were three distinct use cases for large construction and mining companies. What is the analogy for your customers? For certain teams, expanding to a foreign country is by itself a new customer group by virtue of the huge differences in customer preferences and buying behaviors in those new markets.

For each cell on the template, try to identify your "good, better, best" within the template. How does Michael Dell's Inspiron, XP, and Alien strategy apply to your venture? And remember, whenever we say "good, better, best" it might just be "different," as in the case of the rodent, tick, and deer control for Pure Pest Management, or for various types of services that Kinko's brought to small-business owners, only one of which was photocopying.

After structuring your template, circle the region on the template that will be your unswerving focus for at least the first two years of your venture. This is your beachhead for startup. Then, where might you grow for the next stage of growth? What is your reasoning if someone—such as your professor or professor—