

The truth about product market fit is out there

A founder has a great idea, a startup develops a great product, but how do you know if there is an actual market for it? How do you know that you have a disruptive product or service that can also generate revenue simultaneously?

To some, it might be as inexplicable as the marginalised, unsolved cases of the X files that find their way from the bottom of a filing cabinet into the hands of special agents Dana Scully and Fox Mulder from the Federal Bureau of Investigation.

Agent Dana Scully: "The truth is out there, but so are lies."

The Product-Market fit is not only creating a product (or a service) that responds to a problem. It is also the level at which the product (or service) satisfies a strong market demand.

The biggest mistake a startup can make in the early stages is to focus on winning customers that are not aligned with their vision for the sake of

"winning" customers. Opportunistic revenue might give you some money in the bank, but, it can be damaging in the long run. Opportunistic revenue can have an impact on future sales and their price, as well as putting strain on resources, and even causing deviation off the roadmap in your vision only to serve customers who... well, never bought your vision. When you sign a customer, and it comes to you through the network, you don't have to understand their problems. It was an easy and fast signature: you were too cheap, you did not prove your value, you stayed in your comfort zone.

Special Agent Dana Scully: I have to be in Washington, D.C. in 11 hours for a hearing, the outcome of which might affect one of the biggest decisions of my life, and here I am in the middle of nowhere, Texas, chasing phantom tanker trucks.

Don't play the pity card with the most common excuse of all ' people don't yet know they need me. I am disrupting the industry". Many startups, which have gone on to become scaleups and successful public companies were able to overcome, and so will you. You've got this.

Agent Dana Scully: "Any thoughts as to why anybody would be growing corn in the middle of the desert?"

Yes, it is possible to sell things that don't yet appear as a line on someone's spreadsheet. Yes, you can sell even though your prospect does not know he/she needs your product. Yes, it is possible to sell at a high value. But only if you bring value to the table. Your product may sell itself if it is the self-service type. But it is fixing an issue for the community that is picking up on it.

Special Agent Dana Scully: "Please explain to me the scientific nature of the whammy."

There is are a few tips you can use:

1. If you push only benefits, expect your prospects to buy a nice-to-have solution, therefore at a low value.
2. A company that looks into fixing a problem, usually a technical or functional problem such as "I cannot do something" will want to write their own Request For Proposal (RFP) and associated requirements. They will conduct their research before meeting you, the product-market fit is therefore difficult to influence in your favour.

It is, therefore, your responsibility to make your prospect verbalise their functional problems, make them share with you what they cannot do (also called functional pain). Your value proposition lies in how you can fix this functional problem better than anyone else with an impact on their business. Note that operational issues in themselves do not carry a significant budget if it does not impact a) revenue, b) cost, and/or c) reputation.

Assistant Director Walter Skinner (to Agent Fox Mulder) "You and I both know that if it looks bad, it's bad for the FBI. Blame has to be assigned somewhere."

When you cannot have this type of conversation because the prospect will not allow it, because of an official RFP, it is better to qualify out gently, and politely walk away. Your chances of winning are slim. Every time I did so, I protected my team, and occasionally enough, we won by changing the prospect's mindset. We were able to turn the tables around by walking away with respect: "We understand your current situation, we believe we can bring a lot to the table because of the expertise we have developed. Nevertheless, the setup you wish for us to respond to is not in line with our long-term vision for our customers. Therefore, we will not respond to the RFP as it is written. We are, however, more than happy to share our vision of the future, a disruptive

manner of fixing your issue through an open workshop”.

Special Agent Dana Scully: “I don’t have time for your convenient ignorance.”

To ensure that you get the most valuable conversations with prospects, make sure to choose your early adopters, the right companies at the right time. For this, do not stop at the type of market you can address, such as large companies vs mid-market. Instead, try to understand your personas. Who are you targeting? How do they work? What is their process? What are their struggles? Are you aligned with their vision? What have you identified that they cannot do, and that you can solve?

Last but not least, your product-market fit does not lie in some kind of return on investment (ROI) that you cannot guarantee. For over twenty years, suppliers have pushed the idea that their solution can bring hard (cash money) and soft ROIs. News flash: your buyers are aware that in 90% of cases, it is bullshit. You cannot manage the resources they will allocate, the processes they will put in position, not adoption. ROI is in fact, quite fictitious in most cases. Nonetheless, you define a set of meaningful KPIs to watch and improve. This is how your company will be sticky: by providing real value and building trust.

Agent Fox Mulder: “Trust no one. And that’s hard, Scully. Suspecting everyone, everything, it wears you down. You even begin to doubt what you know is the truth.”

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