# How to Prove Your Concept Will Attract Customers

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Most startups, even those helmed by experienced founders, mistakenly seek funding based on their concepts alone.

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Boston's annual Lean Startup Challenge is just that: a six-week business model competition for startups based on the principles explained in *The Lean Startup* by Eric Ries.

The winner gets a cash prize, exposure, and connections to capital sources. I recently spoke to Tina Weber, who runs the contest. I asked: What are the most common mistakes you see every year that undermine entrants--and, likewise, what are the positive traits winners typically share?

Her answer shocked me, given that the entrants typically have business school training or previous startup experience. Most entrants make the mistake of trying to compete based on the strength of their concepts alone. The wiser path--what winners always do--is demonstrate customer demand for the concept.

## How to Demonstrate Customer Demand

All of which creates a markedly important question: If you're a pre-launch startup, what steps can you take to show that your concept has viable customers? Here are two tips from Weber:

**1. Before you build your prototype, build a landing page.** A landing page could be as simple as a one-page web site with a "buy" button. This basic online form will allow you to quantify prospective customer interest (based on how many people push the "buy" button). You'll also be able to collect contact information from those prospects, surveying them on not only what they're willing to pay for but also what they're willing to pay. That feedback can help you build your first prototype.

You might be thinking that all of the above is obvious. Who wouldn't try to gauge customer interest, prior to building a prototype? But Weber says that the build-it-first-ask-questions-later approach happens far more often than not.

Of course, building a so-called "minimal viable prototype" or MVP is a key stage in lean startup methodology. In their haste to reach it, many entrepreneurs neglect the crucial step preceding it: Specifying the customer problem that needs to be solved. Which is to say, figuring out precisely what customers will pay for.

Weber told me about one experienced entrepreneur who'd run an online brokerage company for 10 years. "He wanted to build something else, and he said, 'I need $300,000 for the MVP,'" she recalls. He was asking for this sum of money before he performed any customer research. To Weber's mind, it was as if he was building the company before he'd even tried to gauge customer interest. That's a mistake.

Moreover, it's possible to learn from potential customers, even if you don't want to spend money building a landing page. Weber worked with one group of founders who went to colleges and stood in front of dorm rooms, interviewing a few hundred students, and persuading them to sign up to receive an email. It was old-school market research, in other words. But it was something tangible.

**2. Respond to what you learn from customers.** Think of this as the process of finding your niche. And embrace the notion that your initial niche will be smaller than your product's eventual niche.

For example, the winner of last year's contest, [Avalanche Energy](#), developed a new way to collect solar energy that doesn't involve photovoltaic sells. Their device is the size of a satellite dish. Their potential niche--anyone who pays an energy bill--was massive.

Their breakthrough, after performing their customer research, was to fine-tune their offering. They recongized that the specific, most immediate problem they could solve for customers was saving them money on their home hot water heating bills. So they positioned their product as an easy-to-install roof-based device that works with existing hot water tanks.

They did this, even though their product has the potential--with an upgrade--to go one step further and generate electricity, using a slim micro-turbine. The reason? They'd discovered it was much easier to get homeowners to push "buy" on a simpler, more affordable initial investment. "They spoke to customers before going to their MVP," notes Weber.

Another way to look at this, she points out, is that patenting a product can cost upwards of $10,000, considering all of the consultations and billable hours it involves. Before spending on a patent to protect an MVP, wouldn't it be wiser to validate that MVP with potential customers? Or to have customers who've testified that they'd happily pay for such a product, once it becomes available?

The bottom line is, you can't develop your idea in a vacuum, tempting though it can be. "A lot of entrepreneurs are protective of their ideas in the beginning, and they don't want to show it to the world unless it's perfect," says Weber.

"But you really need to break it down--and shop it around--in a way that gives you proof."

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