

One Knight in Product - E129 - Daniel Elizalde

Sun, 7/10 5:19PM 40:21

SUMMARY KEYWORDS

book, b2b, customers, people, companies, product, building, solution, problem, early adopters, climate, prototypes, talking, market, discovery, user, idea, work, aligned, stage

SPEAKERS

Daniel Elizalde, Jason Knight



Jason Knight 00:00

Hello and welcome to the show. I'm your host, Jason Knight, and on each episode of this podcast, I'll be having inspiring conversations with passionate product people. If that sounds like your cup of tea, why not head over to <https://oneknightinproduct.com>, where you can find interviews with some of the finest minds in and around product management, binge the back catalogue, subscribe on your favourite podcast app or share with your friends and a few fancy popping some spare change in the tip jar to help with hosting costs. There's a handy donate link at the top to stop me turning to the dark side of having to run Squarespace ads. On tonight's episode we talked about one of my favourite topics, B2B product management, and how to map your way to product success via a tried and trusted innovation plan that will get your product from idea to hands of first 10 customers, we talked about why 10 is the magic number. Some of the ways you might find these people in the first place, how to make sure you're not over optimising for the needs that a few and some of the general challenges of trying to find the near mythical concept of product market fit in B2B. We also consider my guests work applying principles to one of the most important missions ever is where the main objective is preventing the collapse of the earth's ecosystem. And the key result is reducing carbon emissions despite everyone else's best efforts to make them go up. Through this and much more, please join us on One Knight in Product.



Jason Knight 01:19

So my guest tonight is Daniel Elizalde. Daniel is a product executive turned coach, advisor and now author who says all jobs are weird. Daniel's worked on some of the hardest problems in art, including detecting landmines. So I'm sure he won't be surprised by any questions in this interview tonight. As well as these days helping climate tech companies accelerate their products time to market. He's also here to help B2B companies in general innovate better with his impending book, "The B2B Innovator's Map", which aims to get you from your idea to first 10 customers. Let's hope they're the right 10. Hi, Daniel, how are you tonight?



Daniel Elizalde 01:40



Daniel Elizalde 01:49

That's great. Jason, thank you so much for having me. Very excited to be here.



Jason Knight 01:52

It's good to have you here. It's always good to have more compatriots in the B2B journey. All right, so first things first, the books not out yet. Although I guess it probably will be by the time this episode comes out. So obviously really excited to see that come out, get it in my hands and all that stuff. But before that, I guess, how's the writing process been for you?



Daniel Elizalde 02:12

It's been a roller coaster. For multiple reasons. People say it's really, really, really hard to write a book. And it is, but I think it's different for everybody. It's this roller coaster of emotions of I love this book. I hate this book. I love this book. I hate this book. Since I'm very used to writing blog posts and articles, etc. The writing itself hasn't been hard for me. It's more about the fine tuning and the ideas. And then the impostor syndrome of it's like, Is this any good? Right? But it's been really fun. And now that I'm done and coming out in a couple of weeks, I, you know, I think I would write a second and a third.



Jason Knight 02:51

Yeah, no, wait to get the first one out first, I guess. But you've got quite a list of testimonials in the book, you've got quite a few people that have given your glowing references. And that's obviously fantastic. So these all people that you've kind of turned to along the way and tried to get them to help you validate that the ideas in the book are good. And that makes sense and that you're not just going to fall on your face? Or is it been kind of a wider group of people that you've been talking to to try and do some of that stuff as well?



Daniel Elizalde 03:19

A little bit of both, I approached the book as a product. So very early on, I interviewed a lot of people to understand what are the challenges that they wanted me to talk about, it's not what I wanted to do. The ideas that I thought I'm going to write about this, nobody cared about. So the book, the book, when it launches, it's going to be about his 10th rewrite. And the first ones I would put out the, the manuscript for feedback from people that I know that I trust, and it would get destroyed. And I would rewrite over and over and over again. And then eventually I start getting some of the feedback like you saw in those comments. Like, I wish I had this 10 years ago, every product person in b2b needs this. And it's like, okay, now I know I'm on to something, right? So, but it was always going through to ratios, presenting it to people get the feedback. And then when I had questions that I wanted to go deeper, I actually leveraged my podcast, because just like you, I have a podcast. So if I wanted to understand something about, you know, the early adopter journey, well, I interviewed Geoffrey Moore, or if I wanted to learn something about product market fit, I interviewed Steve Blank. And so those were very helpful to just like, you know, there's something here and, you know, they got upset or in some of the comments, but that's how it is.



Jason Knight 04:35

It's interesting, though, because one of the things I've reflected on I mean, I've been podcasting for coming up two years now, and obviously spoken to a bunch of people myself, and it's obviously always really insightful and great to have those conversations. But I don't know about you, but I've started to really wonder which of my opinions and things that I think I know are things that I actually think about or know versus things I've basically just absorbed for all these great people that I've been talking to. I don't know if you feel somewhat the same or if you've managed to compartmentalise a little bit.

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Daniel Elizalde 05:03

Yeah, I think that's a really common thing. And I struggle with that a lot when I was writing the book from, like, the structure of the book, because I want it to be my perspective. But at the same time, I felt like all of these things have been written about before. It's not like becoming something new. Yeah. But what I what I had to offer, I think, for the book was putting all the concepts together in my worldview. And then the book has a lot of examples. And all of the examples are about my career. And so there is like, this is how I've learned and how I've internalised the concept. So it's difficult, but we're all standing on the shoulders of giants like the saints. So let's try to add a little bit more and hope it's useful.



Jason Knight 05:44

A little bit of additional flavour, or just a way to make it resonate with people that maybe other people didn't resonate with. So yeah, I totally get that. I think it's really important.

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Daniel Elizalde 05:51

Yeah. And I want to say one of the big feedback that I get when I was interviewing a lot of people was on number one, there's not a lot of information for B2B innovation and product management. Oh, yeah. And then number two, a lot of the people that I talked to spend a lot of time browsing through books and articles and websites to try to find something. So people would actually show me this big shelves of books. And I said, if I want to know something about this, yeah, right. I have one paragraph in this book, and one tip in this other book there. But like, being able to put a story together cohesively in one place, I think that's what I set out to do. And I think that's what my goal is, with this effort, at least.



Jason Knight 06:34

Makes a lot of sense. And obviously a big fan of getting more good b2b content out there. But let's talk about that content. And so you've got a book. It's called the b2b innovators map. What's the top level value proposition? Like if you had to pitch that to some person who wanted to go and buy that book and use it? Like, how would you do that?

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Daniel Elizalde 06:54

I would say that the book is a practical guide for people working on B2B digital products to go from idea to your first 10 customers. And so as you can see there several several things were right side, b2b, when I say digital products, I've mostly been known for IoT. But this also applies for enterprise software. So that's why I said, Well, it's digital products. And then it's also the first stage of the journey from idea to first 10 customers is not to scale is not growth. It's like that part, right?



Jason Knight 07:25

That's book two, right?

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Daniel Elizalde 07:26

That's book two, and three and four. Yeah. But as I was interviewing a lot of people, I learned that a lot of the new products in B2B fail before getting to 5, 10 customers. So what's the purpose of writing about scale? Or growth? If 70-80% of companies never get there, right?



Jason Knight 07:45

No, absolutely. Would you say that books then specifically aimed at product managers, like individual contributors? Or is it aimed at product leaders, people running the teams, startup founders, and entrepreneurs, all of the above other people like who's the actual ideal target or your kind of key persona for the book.

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Daniel Elizalde 08:02

So it is product leaders, and executives that are responsible for delivering a new product to market. And so what I wanted to reflect in the book is not necessarily there are a lot of tactics on how to do it, because it's a practical guide. But what I realised is that a lot of the people that are driving this initiatives, whether they are in a startup, a founder or CEO, or a large corporation, and an innovation group, or a product leader, they don't have a cohesive framework to put all these ideas together, to sell the idea both externally and internally. So it is for the person responsible to driving this product to market and their teams.



Jason Knight 08:41

Absolutely. But you're a busy guy, right? Like you're a consultant, you're working to solve really hard problems and climate Tech with your consulting practice. And there's obviously a lot to solve there. But that doesn't sound like the kind of guy that can just sit there, write in a book, dedicate loads of time to writing a book. So I guess the question on my lips is, well, why did you decide to write this book? And why did you decide to write it now?

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Daniel Elizalde 09:03

You know what happens? I've always wanted to write a book. And I've always felt that B2B could use a little bit more love. Yes, I was I was working in, in Silicon Valley, I was vice president of IoT in Ericsson. And then with the pandemic, my wife and I decided that when wanted to move closer to family, which is in Austin, Texas, we had a six month old baby at the time, so we needed aunts and uncles and grandparents support system. And so when we got to Austin, there, the schools were closed, there was not a lot of opportunity. So my wife and I talked and I decided to leave my work at Ericsson and say, I'm going to be a stay at home dad for however long this pandemic takes and I thought, you know, six months, right, and, you know, a year and a half later, there comes out of the pandemic. So, during that time, I had a handful of hours a week in between changing diapers and all those things to work on the book and I said, if I am not able to As you know, Dr. My full consulting practice during that time, I am going to come out of this pandemic with new IP. And so that's why I focused on the book right now. And, and so that's why I'm finishing it all. And I never thought I was going to be the person to take some time to be with my daughter. And it is the best decision I ever made. So I'm extremely happy. And I would do it in a heartbeat again.



Jason Knight 10:23

100% family's much more important than some of these tiresome, hustle, culture cliches that you keep hearing and reading about. And this year, I don't think anyone needs to justify themselves. Now, I think it's a fantastic decision. I like to spend as much time my kids as well as as I possibly can, too. So 100%. But just as an aside from the book, it sounds really cool working on something as meaningful as climate tech, right? There's a big hairy problems to solve out there. And kind of everything's at stake, right. Like, it's not like we're just fixing some API for a bank or something like we're, we're fixing some of the most meaningful problems on the planet, quite literally. Now, I'm definitely enjoying working on meaningful problems these days to in mental health tech, but even that doesn't sound quite as big as saving the planet. And it's also pretty hard to make a difference in climate tech, because people and governments around the world seem to be aggressively trying to make this harder than it needs to be to solve, like, even if it was easy to solve. There are so many people putting roadblocks and barriers in the way. So I have to ask, I mean, product management can be tough at the best of times. What is it like working in climate tech product?

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Daniel Elizalde 11:36

Yeah. Where to start? First, I have to backtrack a little bit from that question. Because I grew up in Mexico City, which is one of the most polluted cities in the world. So for me, the impact of climate has always been very present. And then all my career, I've always liked working in this complex problems, and climate has always been at the forefront. That's why I left Austin to move to Silicon Valley, to work in climate. And I was head of product for energy storage, AI based company. So it's always been there in their industry. And so when I, before joining Eriksson, and I became an independent consultant, I was teaching IoT at Stanford. And a lot of the people that I talked to were from climate related companies. And so once I had the opportunity to take a step back and become a stay at home dad, and then go back to the workforce, I decided, you know, what is it that I really want to do after kind of analysing my life here. And in my mind, it's always been my passion. So I said, Okay, I want to work in climate. So that's why I focused on my coaching practice helping climate tech companies. And the

reason is, because, yes, the challenges are huge. But the opportunity is also huge. And so if we tie that with the book, most of climate tech is B2B, and therefore, most new products never make it to first 10 customers. So if I can lend my a little bit of my expertise to help make that better. That's why I'm doing this whole thing, right? And the second reason is that, you know, I get to work with all these incredible companies, the technology is unbelievable. The opportunity is huge. Now, to your specific question, it is very, very hard, because not only the technology is more complex, because you're dealing with software and hardware. You also have the the government regulations. And then you also have the complexity that your customers doesn't don't necessarily want your products. I mean, nobody really wants to spend money on the environment, right? So you have to make sure that you understand the operational value of your solution that has a byproduct to climate, right. So it's all this extra variables that make it extra hard. But it's fascinating.



Jason Knight 13:43

Well, that's interesting know the idea about people not wanting to get because it's just spending money on stuff that they don't want to think about. And that makes me think about wanting to demonstrate some kind of clear ROI on what it is that you're selling them. So like they can actually sit there and say, well, actually, on the balance of things, this really does make a lot of sense. Like, is it easy to frame things in ways that resonate with people in some way? Like, are there calculations you can do? Or is there some kind of justification that you can bring up that isn't just well, the planet's going to burn into a ball of fire? Like, there's got to be something that's going to be more real for them on the day to day, and something that's going to be more real for them right now. Right?



Daniel Elizalde 14:24

Correct. And that's one of the main positioning aspects. So for example, I work with companies that are building technology to help the decarbonisation of the economy. So for example, let's say a building, the building manager wants to reduce how much they pay on their energy bill, that is a real tangible, operational problem they have and they don't care if like you just change the lightbulbs or switch to solar, or you turn off all the lights right, the solution is different. So what about the money? Exactly? If you can come up with a solution, let's say energy storage that charges from solar incredible technology. And if that results in a savings on their electricity bill of what they want, that's a no brainer. And it just happens to be the benefit that you're not burning fossil fuel to drive that building, right? You're juicing from renewables. So that is a perspective, right? Like, what's the operational challenge that these companies want to solve? Reduce risk, increase profits, reduce costs? And how can your solution whether it be carbon capture, whether it be forecasting platforms, whether would it be EV chargers, electric vehicles, fleets of electric vehicles, all these things control with digital solutions, and IoT, they will result in cost benefit for this customers. And so the companies that I work with, it's all about building a product that delivers on that result wo that they can provide that value to their customer.



Jason Knight 15:52

Now, that makes a lot of sense. And I could probably talk about this whole topic for multiple podcast episodes. But I guess just to finish that section, is there any one company and nail one solution amongst the companies that you're working with at the moment that really excites you

the most like something that you just sit there and think, yeah, that's the one.

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Daniel Elizalde 16:11

There's, honestly, there's so many that are doing so much incredible work in the various areas, because if you think about, let's say, just decarbonizing the grid, you have to deal with energy production, energy transmission, energy distribution. And so each one of those elements has a series of companies that are using credible technology with AI with IoT with edge computing, with distributed computing, that can actually make that portion of the problem solvable. So I work with companies that, like they do fast chargers for bus fleets, but other companies that are doing carbon capture from the air and putting it into perfume, I suppose, like so many different things. And they all doing amazing things. Like they're all doing amazing things. And they're all it's all important.



Jason Knight 16:59

Spoken like a true politician.

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Daniel Elizalde 17:04

I don't want any of my clients to think that one is better than the other!



Jason Knight 17:07

Exactly. They're all your favourite child.

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Daniel Elizalde 17:09

They're all my favourite.



Jason Knight 17:13

So the book lays out an innovation process to get you from idea to your first 10 customers. And as I say, I feel kind of silly going away from such weighty topics back to the book. But I guess we're also saying that the book is going to help companies build some of those climate facing solutions. So hopefully, we're still going to be on the side of moral good here. Now, you kind of touched on earlier, like, some companies are going to kind of live and dream of the idea of getting 10 Customers ever. Because it can be really challenging, especially with early stage stuff. But I guess the first question on that is why specifically 10 Customers like is there? Is that a magic number? Is that something that you've backed up with research? Is that just the easiest number to get? Like... Why 10?



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Daniel Elizalde 17:55

Yeah, there's a couple of reasons why 10. So, in my experience, right, I've seen companies when companies work in prototyping a solution, and then they get 10 customers in the same target market, and very important 10 customers in the same target market. By the time you work with 10, you've probably seen everything that's going to go wrong has gone wrong. So at that point, you're at a point where you can start making next level decisions, whether that is investing in scalability, or in sales, or in marketing or going to growth. Before that, you still haven't proven that you can not only sell 10, but actually deliver value of 10. Now, I have these conversations about well, what about eight is like, Yeah, I mean, it's like, oh, seven, five is too little 12 is too many. And it's the other reason why I said 10. It's because a lot of what I wrote in the book is about internal alignment with your teams. And so instead of going with a milestone of like, and I'm doing air quotes here, product market fit, would nobody know what it is. If you can say you know what our critical milestone is 10, successful customers, everybody can get behind that, right. And everybody understands where we're going. And everybody can be aligned. And so that's why it's a little bit of heuristics. But it has some reasoning behind it and talking to a lot of people that have gone through this process in the past. They're like, yep, that that works.



Jason Knight 19:21

But isn't that a slight danger? And I emphasise slight because obviously, you'd hope that people did their homework properly, but 10 customers, especially if they're big customers, giving you a bunch of money for the solution, and you're kind of almost co-creating with them and almost Wizard of Oz adding as much as you can or conserving as much as you can maybe backing out with professional services to cover up for the gaps. Is there not a danger that you can get to 10 think you're ready to try and go big and scale but actually you've really built something that isn't actually generic enough to go out to a market because you've been putting so much effort behind it. That that 10 customer base Do you have is actually still not very representative at all?

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Daniel Elizalde 20:03

That's a great question. And that's why the last stage of the innovators map is working with 10, early adopters that are going to be representative of the target market that you want. And then your goal during that whole stage is to figure out whether you're converging towards a problem that can be repeatable past 10 or not, right? And that's why it's not only about delivering value to those 10. But it's like, our do, are we seeing enough generalisation? And also from that comes the strategy of packaging an offering to say, you know, what this portion is our core offering, from here to here is what we have to customise. So we either open a set of API's, or we bring an implementation partner or like, yeah, at that point, you can make those decisions, right. But I think it's very important, like you said, to make sure that you're always looking for that area that is common, and you're converging to the right problem and the right solution, otherwise, you're just being a professional services firm. And I make a lot of emphasis of that in the book.



Jason Knight 21:05

Exactly. And like our mutual friend, Rich Mironov, will say, you're going to do that you want to

Exactly. And like our mutual friend, Rich Milonov, will say, you're going to do what you want to put your prices up. Now the book lays out a six point plan to get you from zero to that 10. And with the obvious caveat that we don't want to give away all your secrets, plus has spent a little bit of time talking about those six steps from a top level helicopter perspective, of course. So first up, we've got strategic alignment. Now, obviously, a lot of companies are going to sit there and say, well, we've got a strategy. Many companies will say that they're aligned. But of course, we all know that that could be a challenge in the real world. And if you look behind the spin, so what are some of the key challenges at this stage that you're looking to solve with this step?

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Daniel Elizalde 21:48

Yes, when I was designing this journey, I wasn't sure about starting with strategic alignment, because I thought anybody going in this journey or is already aligned. But then I recalled my 20 years of experience and working with hundreds of companies. And they're not. And so what you're looking for as a as the product leader responsible for bringing this to market to make sure that you have the strategic alignment of your company. And what that means is, the company is clear on what problem they want to go and explore, not solve, but explore, right? Yeah, because you talk to five executives, and they all have different ideas of what they want to go so. So first, is make sure that everybody is aligned with the product to explore. And the second is that the company is willing to back you up throughout this journey. I talked to a lot of innovators that say, you know, I'm tasked with creating this next revolutionary product for the company. And I by myself, I have no anybody else, I have to borrow people on the weekends. And if you're not committed to invest and put an innovation team and everything it entails, then just don't do it. Right.



Jason Knight 22:53

Yeah, this is more like strategic alignments in that situation. Right, you got loads of different competing alignments in different directions with different teams and different politics getting in the way. Exactly. Obviously, that's never going to help get anything done. I mean, there's been enough books about how you need to focus, right. So yeah, I guess this is just all about doubling down on that aspect.

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Daniel Elizalde 23:12

Exactly. And in in my book, I have some techniques on how to get that alignment. And I, of course, point out to, you know, many books that dive deeper. But the main takeaway is, if you don't have that alignment, then either stop the initiative, or find another job or something. It's gonna go nowhere. I mean, yeah.



Jason Knight 23:33

Absolutely. So then after that, we go straight into market discovery. Now, you talked about Geoffrey Moore earlier, he's obviously got the book, the classic book Crossing the Chasm, which will advise us at this stage to niche down, find a small segment of a market that you can own,

go and completely dominate it and then start to move sideways or wherever you want to move after that. Is that really what you're talking about? With regards to market discovery? Are there some different aspects to your approach?

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Daniel Elizalde 23:59

There are, they're similar, what I focus on is you have to choose one area to explore because if the goal of this process is to ensure that you're narrowing down on making sure that you understand the problem, and you have a solution for a specific audience, then you have to narrow down who that audience is. Yeah, I talked to a lot of companies, like startups that would tell me, you know, I have 10 customers, one is in automotive, another one is in healthcare, and others in government and other is an air company, well, you really don't have a cohesive problem that you're solving, right? And so it's very important to narrow down and say, I am going to attack this particular target market and I in the book I defined what does that mean, right? It has to be the same industry, the same use case, I even say the same geography to start, especially in the areas that I work in, you know, energy, or healthcare, where regulation is paramount. If all of a sudden you're gonna say I'm gonna, I'm gonna have a customer here, another one in Japan and another one in France, the regulation is going to kill your product price. So that Where I go with this market discoveries, like find this niche that you want to focus on, and then find the people in those companies that has a problem that you are willing to solve. So that's the the main areas in the market discovery stage.



Jason Knight 25:14

Sounds fair enough. And I'm well aware of the dangers of trying to go too wide too soon, because you just end up chasing your tail in various different directions, and, and all those different alignments that we were just talking about. But after that, then we've aligned we've found our market, and we're now talking about user discovery. Now, there's obviously a lot to speak about, with regards to good interview techniques. Maybe I should learn some one day, there are some great books about discovery in general. And all of the ways that you can visualise the outputs of that and take those back to your team to start to work out what to do next. But we both know that b2b discovery is not always that simple. So what are some of the key watch outs from your perspective when it comes to user discovery in a B2B context?

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Daniel Elizalde 26:00

Yeah, that's a great question. So I make the distinction that there are there are two levels that we call it usually the buyer and the user, right? Yeah, I call it the champion, as opposed to the buyer, because initially, you don't need a buyer, you need somebody that champions your initiative to get to the first 10. Yeah. And so in user discovery, we have to be aware that the champion will have an overarching business outcome. But then a multitude of users working together across departments, their actions will add up to the outcome of the champion. And so therefore, you have to discover all the different people involved in that process. So you can figure out where can your product have some differentiated value, so that you can contribute to the outcome of the champion. So it's not about making the lives of the specific users better? It is. But if you do that, and that doesn't impact the overarching business outcome, then your product is not going to get a position, right?



Jason Knight 27:02

Yeah, I always say is like, buyers for the sale and users for the renewal, right? Because you need to win both sets of hearts and minds to make a big splash, as you say. So I think it can be really problematic if you focus all of your efforts on one or the other.



Daniel Elizalde 27:18

Yep. And the other thing that's important to understand is that you have users across the enterprise lifecycle that has to do with installation, onboarding, configuration, implementation, maintenance, decommissioning. So all those play a role. So you have to understand that whole lifecycle, right, a lot of company has struggled. And if you're working in projects, like a dude that have software and hardware, then it becomes even harder. So that's why the discovery has to be across all that to figure out where you can add value. And in the book, I have techniques, and I have examples and a lot of things and what does that look like for B2B.



Jason Knight 27:57

Fantastic. I think also, just as an aside, I think the very concept of working with hardware products just terrifies me. But that's probably my problem.



Daniel Elizalde 28:05

It's my problem, too! But I chose this path years ago. And I just can't go with it. But yeah, it is it is another another challenge. yeah. What the interesting thing, though, is that the first three stages of the method, strategic alignment, market discovery and user discovery, are about figuring out the problem of your customers. And so whether you're using software or hardware or use doesn't matter, right? Those considerations come into play on the next stage, which is solution planning.



Jason Knight 28:34

Exactly. Well, let's talk about that. So solution planning, sounds obvious. Take all those insights that I got in that first diverge part of my double diamond, or however many diamonds we're talking about, take all those insights, go up into my ivory tower, get the typewriter out, start typing, come back down a couple of weeks later, maybe a bit like you did with a book with a fantastic final draft, then just tell him, that's what we're gonna do. Is it that simple? Or do you propose a slightly different approach for solution planning?



Daniel Elizalde 29:00

I actually advise a little bit of a different approach, because this is this is the opportunity for the various teams, you have to do this process together with leadership engineering, product design. But here's an opportunity to say, given what we know about our customers challenge,

what potential solution could we create? And here's where techniques like that I have in the book like solution diagramming and things like that help you articulate all those things, so that everybody is aligned on, what is it that we're going to build? And where are we going to start? What evidence do we have? And what do we need to go test in? And here, this is where I, you know, based on my experience, I can go deeper with if you decide that what you need to solve the problem is a hardware software solution in IoT. Well, I have all sorts of frameworks for that. If it's just cloud, I have all sorts of frameworks for that, right. But, but the important thing is here, you're going to come up with a potential solution, but you're not going to build it right you're going to go into the prototyping stage. To test it out little by little, and we can talk more about that. But a lot of people, to be honest, start already at the prototyping stage, right? So they skip this whole thing in advance. And then they complain that two years later that product didn't you know, nobody liked it?



Jason Knight 30:18

Well, let's talk about those prototypes then. So, when we're talking about prototyping, are we talking about low fidelity, fat marker sketches? Are we talking about no code front pages that we put together? Are we talking about fully built MVPs that are pretty much fully functional and almost the first version of a product give or take, like, how deep or how detailed? Do we need to get to take those solutions that we've planned out into upcoming early adopters to try and validate that these are actually a good thing to do?



Daniel Elizalde 30:47

Excellent question. And basically, you named it all right. So the approach is here, it's not linear writes, it's iterative. And so you have to start validating whether your proposed solution is actually the signup, feasible and viable. And I have all sorts of techniques in the book on what does that mean, but in reality, you need to start with paper sketches and putting in front of prospects. And if you're going in the right direction, then you can start increasing the level of fidelity with clickable prototypes, higher fidelity prototypes, no code prototypes, until you actually start building. And at some point, after this iterative process, you're working prototype, as I call it, this, I don't like the term MVP, you're working prototype is going to be so valuable, that one of your champions is going to offer to buy it. And at that point, that's your your gate to go into the early adopter stage. But this, this period can take a long time. And if you look at the book, it has arrows forward in each of these steps. But it also has errors backwards. So it is possible that your prototypes, you know, the solution you're proposing doesn't have any viability or visibility in the market, or desirability, well, you have to go back to solution planning. Or you might have to go back to user discovery, or market discovery or all the way to the beginning. So you're always back and forth. It's not a linear process by any means, right? But the whole idea is, if you're able to invest the least amount possible, in some paper prototypes, and that didn't work, then go back and try something else. Right? Especially in B2B companies are like, Okay, we are here, here's \$10,000,000, 20 engineers, go build me the next thing, and we're gonna get Q3. Up in revenue. It doesn't work like that, right?



Jason Knight 32:34

Well, not always. But finally, we then finally move on to those early adopters that we talked about. So this is where we get serious. And then, as you say, start trying to get this into

people's hands. Hopefully, they give us a bunch of cash for it. For sales, that B2B product can be a tricky beast, sometimes, you know, this, I know this, it could be sometimes tricky to get engagement with these users, you may have a certain culture within the company that's a bit terrified of putting not fully formed staff in front of these users, because they're so high value, or there's maybe a cultural problem within the industry that you're setting into, that means that they're just not likely to respond well to early stuff. So where do we find these people? And how much do we need to get into their hands?

D

Daniel Elizalde 33:19

Yes. So the excellent, excellent question. And we need always to find these people. And here I'm leveraging Geoffrey Moore's work and crossing the chasm, which is, early adopters are the people that are that have a pain that is so big, that are willing to test and to, to try an unproven solution in the market. Yeah. And so oftentimes, especially established companies, they try to sell to their existing customers, and they're usually what Geoffrey Moore calls pragmatist, so they only want full fledged, fully scalable, tested solutions. So they're not going to go with your, your working prototype, really. So you have to find the people that are willing to take a risk on you. And one of the things that I that I discovered is that it's not a matter or it's not a function of size of company, there are early adopters in large companies. And there are early adopters in startups. So you just need to find them and make sure that you work together with them. One of the things that I spend the most time on that section of the book is pilots, because, you know, the dreaded pilot hell for me to be in. So how do you actually set up a pilot programme, not only to learn, but for delivering value to your customers so that you can actually move forward. So that whole stage is about, okay, I need to make this customers happy. I need to go through the pilot hell, and I need to make sure that my 10 first customers are converging into a repeatable solution that I can then think about scaling.



Jason Knight 34:51

Absolutely. I think it's also really fair to say that there are some companies out there especially if you're a very small early startup, selling into a very large Enterprise space, for example, that they can pretty much afford to spend just about anything on your solution in the sense that you're basically going to be charging a rounding error in their annual turnover. So like, some companies, even big ones will just try stuff. And I guess one of the great things that you can do there, and again, you're gonna know this just as well, as I do is go in and get in with someone who's trying to make a name for themselves within the company, there's some kind of transformational figure, right, because if you can get that person's buy in, then you can pretty much in theory, at least get them to try anything for the sake of \$10,000 or whatever, which is, again, just a rounding error for them. So there's definitely fertile hunting grounds out there. I guess the only thing that might be considered a risk there is that you end up just building for those people that are prepared to pay that money, because they kind of bully you into then just building down a rabbit hole for them. So yep, I guess that's just a buyer beware or seller beware type thing going on there?

D

Daniel Elizalde 35:56

Yeah. And that's why I think you've touched on a very important point. That's why you have to go through the early adopter stage to very, you know, together with engineering, because as

go through the early adopter stage to verify, you know, together with engineering, because as your customer is demanding some custom pieces for them, you have to build them in a way that they are decoupled. So if they are not part of what you really need to productize Yes, you can do them. Right. But but the couple them. The other thing, I think one of the mistakes that I've seen companies do is that once you get into this early adopters, and you have one of your first customers, the sales team, and the executive team latch on to that and say, we're going to grow this account, and we're going to penetrate this account, you're not there yet. So it's actually possible that you learn everything that you need to learn to deliver the value for this pilot, but that pilot dies, and it doesn't go forward, that's still okay. Because now you have proof that, you know, finding the right customer, you can deliver this value. So sometimes I'm telling you try to go in and do anything you can because you want to grow that account might be counterproductive. And I have a few examples in the book about about that.



Jason Knight 36:59

So we've made it through the six steps, we're at the end of the pipeline, we've had the chance to go back if we've failed at any of those steps to revisit our assumptions and maybe come back and have another go. But I'm assuming that even the most optimistic author isn't going to suggest that success is guaranteed at the end of that pipeline, even if you navigate all those steps successfully. So what does come next, after you've got your first 10? Done your early adopters, you've got some kind of learning, you've got some level of confidence. What do you do now? I mean, aside from wait for book two?



Daniel Elizalde 37:33

Yeah, well, the first thing to do is wait for book to second thing you could do it really what what the first 10 successful customer gives you is market validation that you can get some traction in the market. And so at that point, you are ready to go back and have serious discussions with your leadership team to say what do we do next? How do we go after the next step? And that might mean well, I need a business development team of two or three people or we need marketing money. Or you know what, we learned that this is great, but it doesn't scale? Well. Okay, let's let's invest in technical debt so that we can be ready to pursue the next 10. And so it's an important milestone to make decisions of what's next. But at this point, you've gained the credibility that your product actually has desirability viability and visibility in the market. So if the company is really aligned from the very first step, they should be willing to invest because you actually see a path to revenue and a path to profit. After this doesn't mean that from here, you hit the unicorn hockey stick growth, which doesn't exist. But you're ready to invest more, that's the main thing.



Jason Knight 38:45

And looking forward to the Simpsons style money fight as well. Right? And where can people find you after this, then if they want to find out more about the book, find out about product management in general, or maybe find out how they can pivot into climate tech?



Daniel Elizalde 39:00

For sure. Thank you. They can find me on my website, <https://danielelizalde.com>. And you can also go to <http://b2binnovator.com>, which routes to my website again, but that's the page for the book. And there you can also download a free chapter, if you want to check it out.



Jason Knight 39:17

Is it the first one or the last one?



Daniel Elizalde 39:19

You'll have to find out!



Jason Knight 39:22

All right, well, I'll make sure to link that all into the show notes. And then hopefully you get a few people coming in your direction, downloading a free chapter, and hopefully finding out a little bit more as well. Well, that's been a fantastic chat. So obviously, really appreciate you taking the time and I'm always keen to build up my network and allies in the world of B2B and we can all support each other and grow and get through this thing together. Obviously, best of luck with the book. Let's keep in touch and yeah, again, thanks for taking the time.



Daniel Elizalde 39:48

Thank you so much. So this was a great conversation, and I look forward to keeping in touch.



Jason Knight 39:54

As always, thanks for listening. I hope you found the episode inspiring and insightful. If you did again And I can only encourage you to pop over to <https://www.oneknightinproduct.com>, check out some of my other fantastic guests. Sign up for the mailing list, subscribe on your favourite podcast app and make sure you share your friends so you and they can never miss another episode again. I'll be back soon with another inspiring guest but as for now, thanks and good night.