

Product Alchemy: A Formula For Startup Success.

Developing a new product is fundamentally different for a startup than for an established company. I've worked as a marketing and product executive at seven startup companies, two brand leaders, and one Fortune 100. Almost all were selling consumer technology hardware, some with connection to the Internet, and a few that had recurring revenue subscriptions. In all, my teams launched *hundreds* of new products and services and I've seen what has separated successful startup products from those at established companies.

With existing businesses, their brand and product categories have usually been established. But with most startups, their initial product launch will be the first time they put forth their brand, vision, position, category, and value proposition to their intended market. Suffice it to say a lot is riding on a startup's first product launch.

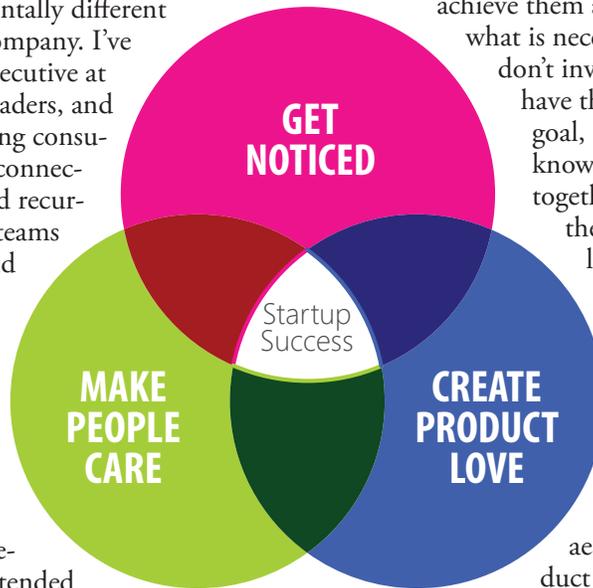
A common problem I've seen is startup founders placing a disproportionate emphasis on only one aspect of their product development plan to the detriment of other areas. It's common for entrepreneurs to revert to their own core expertise when devising product development plans. Founders who were coders focus on software, marketers obsess over story, and designers lose sleep over ID/UI/UX. This is analogous to seeking medical opinions for an injured knee: general practitioners prescribe physical therapy, and orthopedic surgeons want to cut—in other words, to a hammer everything looks like a nail.

But for startups that likely have only one turn at bat, plans based on personal bias induce additional risk and may limit potential success. And though company leaders may intellectually understand the theory behind a multi-disciplined approach to product design, technology development, and marketing, they still may be loathe to fund areas outside their personal domain expertise as being too risky, unnatural, or unnecessary. The goal of this article is to propose a formula that informs organizational and budgetary planning to reduce risk and provide the best possible outcome for startup success.

THE GOALS

Before exploring this startup success formula, it is important to understand the three things it is designed to achieve: to **Get noticed**, **Make people care**, and **Create product love**. These goals may seem obvious, but they can be incredibly difficult to achieve and even easier to overlook for being too obvious. Some of the problems startups encounter trying to

achieve them are because: 1) they don't understand what is necessary to accomplish each goal, 2) they don't invest in building their organization to have the skills necessary to accomplish each goal, and/or 3) the people they hire don't know how to, or aren't motivated to, work together to accomplish all three. To address these challenges, we have created a formula consisting of the tasks necessary to overcome them and achieve the goals.



STARTUP SUCCESS FORMULA

Startup success results from having a product with three well-executed elements: **Design**, **Story**, and **User Experience**. In this context, '**Design**' includes any activity that shapes the aesthetic or functional aspects of the product or service, such as industrial design,

user-interface design, and even brand design—all done so well that they cut through the noise of the market and competition while fomenting a high level of interest from prospective users. '**Story**' includes all actions that draw people in and compel them to drive awareness for the product of their own volition. This includes tasks such as product naming, positioning, category selection, plus creating a backstory, messaging, and other brand elements. '**User Experience**' (UX) includes activities that will result in customer satisfaction, stellar reviews, and post-sale word-of-mouth marketing. These can be achieved through a carefully crafted customer journey, out-of-box-experience, product user and customer support experience.

Properly executed, Design, Story, and User Experience can define a startup's brand essence, significantly accelerating market adoption and revenue while lowering costs of public relations, advertising, and customer support. Conversely, when one of the three elements is particularly weak, prominent deficiencies can result. For example: excellent Design with a compelling Story that lacks a commensurate User Experience will likely produce good initial uptake while being haunted by mediocre user reviews and a stall of adoption after launch. Likewise, a great User Experience with compelling Story that lacks inspiring Design may cause a lackluster product launch because the press, influencers, and prospective buyers won't even take notice of what looks like a ho-hum product. Finally, even inspiring Design with a stellar User Experience that lacks a compelling Story will force excessive funding of PR and advertising to push new product news to a world that doesn't much care to talk about it on its own.

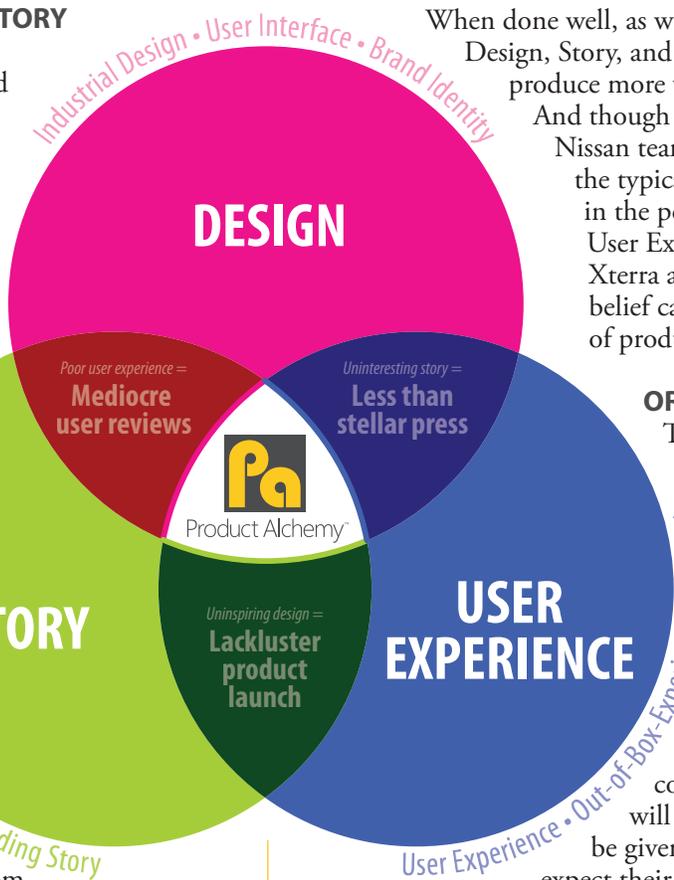
THE INTERPLAY BETWEEN DESIGN, STORY AND USER EXPERIENCE

Although well-executed Design, Story, and User Experience can each produce high value on their own, it's the interplay between the three that produces a true product gestalt. My favorite example of this is the 2000 Nissan Xterra, a youth-focused, mid-sized 4x4 SUV with features tuned for its target demographic, such as a roof rack to dry wetsuits, inside bike mounts, rear theater seating and my favorite, a first aid kit integrated in the rear hatch.

The first aid kit is a perfect example of using Design in support of Story and User Experience. Notice the bump on the rear hatch? (see below) Inside is the Xterra first aid kit. Note how it pushes up into the rear window glass to make it obvious that something is there. That bump was certainly not required to accommodate a first aid kit inside the vehicle. And the odd-shaped glass that resulted from the upward intrusion of the bump certainly cost Nissan more than straight-cut glass found on almost all other SUVs. So why would the Xterra design team go to the cost and effort of having the bump be expressed so prominently on the car's exterior?

The answer lay with the Xterra buyers as evidenced by their original TV commercials: kayakers, mountain bikers, scuba divers and other twenty or thirty-year olds from Generation X (hence the "X" in Xterra). Nissan created the Xterra for people searching for outdoor adventure. And for them, *of course* you would prominently display a first aid kit, because adventure seekers see themselves as living on the edge

and would presumably need one. And wouldn't those GenXers be more inclined to buy a car from a company that understood their lifestyle and needs so well? They would, and they did. Design, Story, and User Experience worked together to get across the concept of the product to its intended audience, in a way that was believable and that drove viral spread of the new product, garnering Nissan huge sales and awards in the process.



When done well, as with the Xterra, this is how Design, Story, and User Experience combine to produce more value than each can do alone. And though the resources available to the Nissan team may not parallel those of the typical startup, it was their *belief* in the power of Design, Story and User Experience that made the Xterra a product gestalt. And this belief can be adopted at every level of product development investment.

ORGANIZING FOR SUCCESS

There are many ways to build an organization for success and as many ways to create obstacles that will prevent it. Belief in the power of Design is one key area to start that is often overlooked. Does one spend precious cash and equity to hire a design agency or devote a head count to design director? How will Story and User Experience be given equal attention? Will CEOs expect their VPs of Marketing to understand how to leverage the interplay between Design, User Experience and Story?

How a CEO structures their organization to properly attend to Design, Story, and User Experience may define the success or failure of the company because they address the core goals of getting noticed, making people care and creating product love. And, history has shown that most organizations don't achieve excellence in



any of the three, let alone the interplay between them. Companies typically focus instead on product engineering and treat marketing as a completely separate function with some attention paid to user experience as a function of product development. The point is, Design, Story, and User Experience don't happen by themselves, and they won't be created by an organization staffed with people talented only in their separate disciplines. To achieve success, organizations need to create positions and embrace people who have interdisciplinary skills.

DECISION-MAKING FOR STARTUP SUCCESS

So let's say a startup has bought in to the Startup Success formula and have hired an outside firm to produce the industrial design of their product and user interface screens associated with a connected mobile app. When the design firm presents three different versions of the proposed designs, who gets to choose the final design direction? Will it be the CEO or VP engineering, VP marketing, or a product manager, committee, or the outside design firm themselves? Who will determine that the interplay between the Design, Story, and User Experience is good enough? The time to determine how decisions will be made is at the outset of the process, and should not be dependent on how the Design, Story, or User Experience proposals end up. It is critical to work out how decisions will be made and to ensure that everyone knows who is responsible for making the final call. Teams that don't figure this out ahead of time will encounter serious problems at the most critical point in the project. Many great designs have been scuttled because of a lack of managerial courage or because a group didn't know how to evaluate a design proposal against the original design brief or company goals. Not all decisions can be made by consensus, so a structure needs to be defined before it becomes necessary to use it.

THE FORMULA IN ACTION

I've been lucky to have been an executive at multiple companies that have successfully combined Design, Story and User Experience to make truly groundbreaking products. These companies were able to invest money to get this right up front, and were then able to spend much less in post-launch marketing costs because the Design was so provocative, the Story was so compelling, and the User Experience was so surprising and delightful. I intend to profile some of those products in future articles and focus on how each critical factor was addressed.

For now, I encourage entrepreneurs and startup executives to consider how they will address the interplay of Design, Story, and User Experience in their own products and let me know how they are doing or if they need any help: info@prodalchemy.com. ::

LINKS MENTIONED IN ARTICLE

- Xterra launch commercial: <http://bit.ly/xterralaunch>
- Xterra case study: <http://bit.ly/xterracasestudy>
- Eric Ries' *The Lean Startup*: <http://bit.ly/leanstartup-amazon>

EPILOGUE

I've received some comments on this article and wish to add these clarifications. I characterized Design as the task necessary for a product to *Get noticed*. Some took this to mean design was only about the aesthetic. Nothing could be further from the truth. While great design often—even usually—results in gorgeous products, it's the success with which a user's problem is solved that typifies great design. Others commenters were confused why Design was separate from User Experience considering both would often be crafted by people holding the title of designer. These two activities are separate for two reasons. First, the goals they address—**Design** to *Get noticed*

and **User Experience** to *Create product love*—need to be approached very differently. One is meant to lure in prospective buyers, and the other to positively delight those who have bought or adopted the product or service. Secondly, the interplay with Story is very different for a product's Design and User Experience. Design and Story work together to create *interest* and *belief*. User Experience and Story work together to create *joy* and *trust*. Done well, all three create a desire within both shoppers and users to tell others about this new wonderful thing they have discovered.

And that is where the gestalt of Design, Story, and User Experience—what we call **Product Alchemy**—provides value that is more than the sum of its parts. Value that is worth budgeting for, organizing around, and getting expert help to achieve. ::

WHAT ABOUT THE LEAN STARTUP?

Eric Ries' seminal book, *The Lean Startup*, relies on a methodology of "validated learning," i.e. rapid scientific experimentation as well as a number of practices aimed at shortening product development cycles. The Lean Startup method measures actual progress to learn what customers really want and allows startups to change directions rapidly. Nothing in this Startup Success formula contradicts the lean startup methodology. It just challenges entrepreneurs to develop their minimum viable products taking Design, Story, and User Experience into consideration as key elements to be validated. Still, some companies don't rely on validated learning to gauge development direction. Apple's Steve Jobs famously said: "It isn't the consumers' job to know what they want. It's hard for [consumers] to tell you what they want when they've never seen anything remotely like it." Whether a startup chooses a *'give 'em what they want'* or *'build it and they will come'* methodology, ignoring Design, Story or Experience could easily be a fatal error.

ABOUT THE AUTHOR

Peter Radsliff is the founder and Principal of Product Alchemy, a strategic marketing/product/business consultancy located in Silicon Valley. He has been a marketing and product executive of consumer tech and enterprise software companies responsible for developing and launching hundreds of products and online services. Peter's operational experience has been in the Internet of Things, Consumer electronics, Digital storage, Aging/digital health, and Scuba industries with executive roles at one Fortune 100, two mid-size brand leaders, and seven venture-backed startups funded by KPCB, Sequoia, Greylock, DCM, Intel and others top-tier VCs. He has taught undergraduate and graduate classes as a member of the design faculty at San Francisco State University and has been a guest lecturer at Santa Clara University's Leavey School of Business.

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