

TOOLKIT & GUIDE

A Startup's Guide to New Product Development

ACCION VENTURE LAB

New Product Guide 101

- Throughout the lifecycle of your business you will be **constantly exploring new ways to serve your customers** – whether through brand new products, or adjustments to existing ones.
- This guide is meant to help you through that process – **from brainstorm to launch** – to know **how to start, what questions to ask, and what to plan for** to ensure you're set up for success.
- We've broken the guide into **three key “phases”** (covered on the next slide); however, we recognize the launch of a new product or feature is often **not linear**.
- We encourage you to **start with the phase that makes most sense for you**, whether the beginning, middle, or end, and recognize you **may revisit specific steps or entire phases multiple times**.

The three phases of this resource

	Phase 1: Define the full option set	Phase 2: Narrow down option set & prioritize	Phase 3: Design, test, & launch (<i>coming soon</i>)
What's the Goal	<ul style="list-style-type: none">• Revisit your customer needs & re-establish core principles	<ul style="list-style-type: none">• Guide you through key questions to consider for new products	<ul style="list-style-type: none">• Lay out the steps required to make a product idea into reality
When to Use	<ul style="list-style-type: none">• Infrequently – when core customer sets and needs should be revisited	<ul style="list-style-type: none">• More frequently – when determining new product priorities or pressure testing potential of a certain product	<ul style="list-style-type: none">• As needed – when a product idea has been chosen, but exact design & go-to-market (GTM) remains unclear
Pre-Requisites	<ul style="list-style-type: none">• Definition of core product and customer set	<ul style="list-style-type: none">• Shortlist of potential products	<ul style="list-style-type: none">• Product that you have decided to launch
Desired Outcome	<ul style="list-style-type: none">• List of potential, needs-based products targeting different customer segments	<ul style="list-style-type: none">• Understanding of expected relative lift + impact for products considered• Ability to best prioritize and sequence “high impact” products	<ul style="list-style-type: none">• Understanding of steps required + best practices for product launches• Ability to successfully determine design + GTM execution plan

Guide to new product development

Phase 1: Define the full option set

Determine who you're looking to serve – customer segments & types
Understand & detail out each of those segments' needs
Brainstorm products to fill those needs

Phase 2: Narrow down option set & prioritize

Determine your goal & related success metric
Validate customer interest & demand
Understand competitive set, product substitutes, and their impact
Understand product sustainability and related bottom line impact
Understand capability or resource gaps (if any)
Highlight additional considerations driven by the impact of COVID-19 (addendum)
Determine new product categorization & related prioritization

Phase 3: Design, test, & launch

Additional resource to launch soon

Guide to new product development

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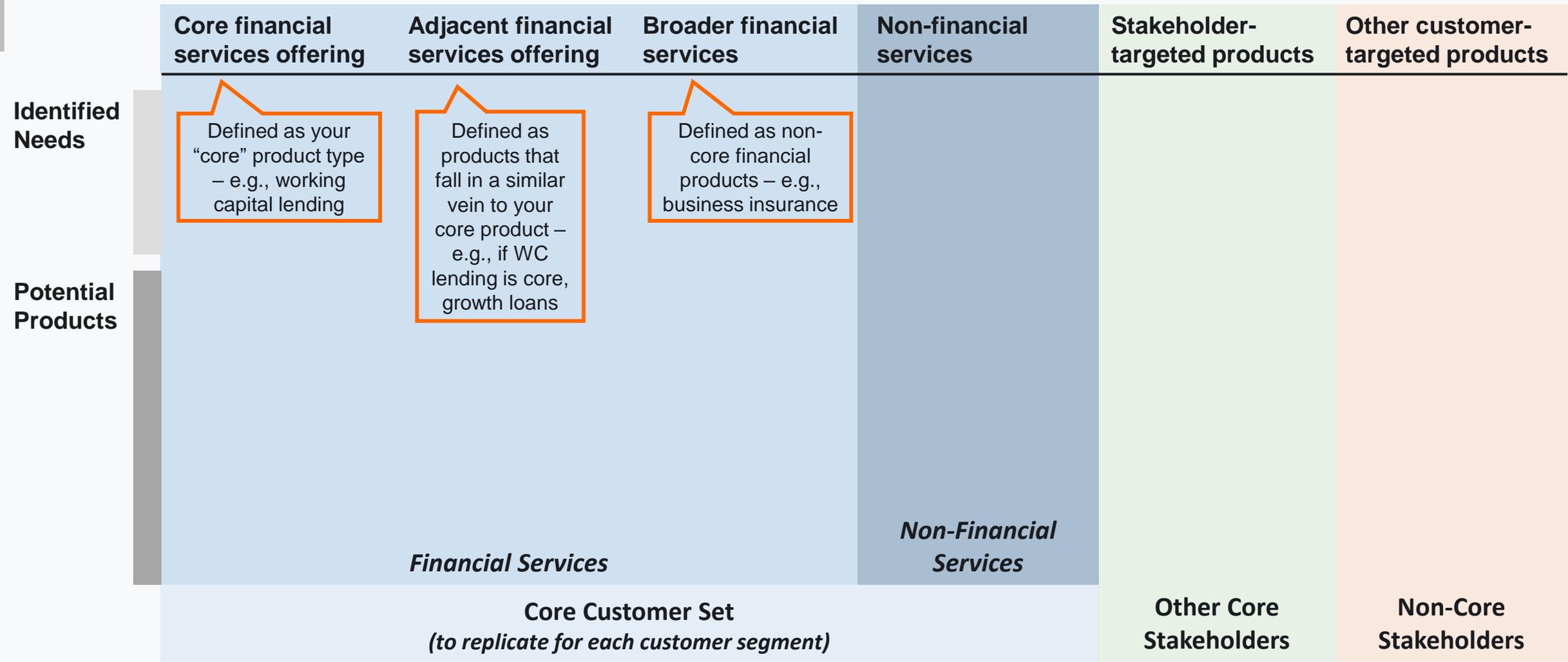
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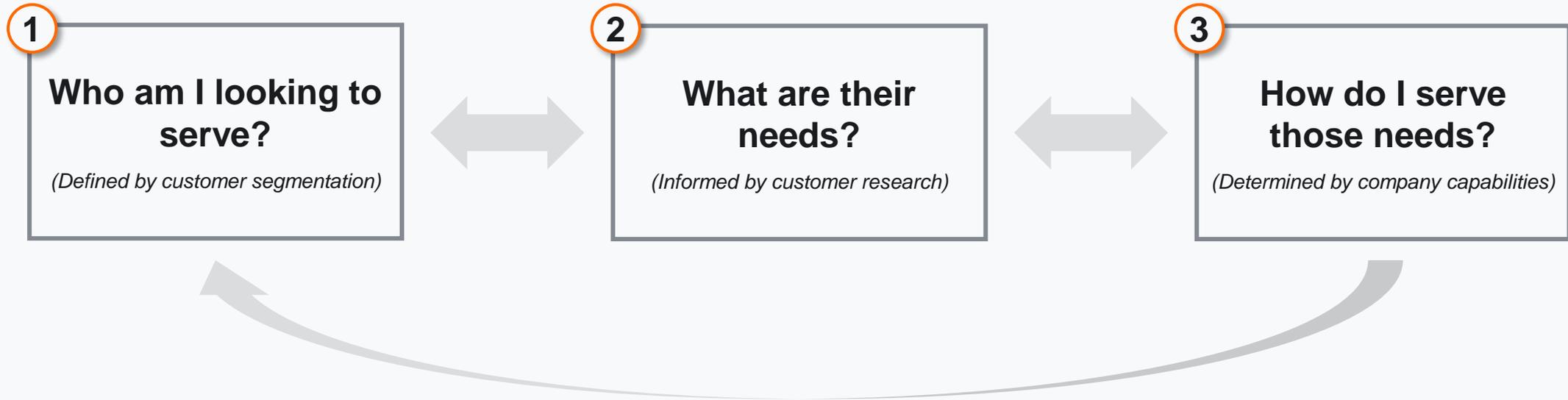
Phase 3: Design, test, & launch

Additional resource to launch soon

The target output of this section is a segmented view into your customers' needs & products to serve them



The creation of this output & option set of products will come from answering three key questions



While each step is critical to ensuring a successful, customer-centric product, they will likely happen iteratively

1 A strong customer segmentation will allow for a more customer-centric lens throughout your product cycle

Most segmentations create 4-6 core customer segments based on the most pertinent variables across each of these dimensions

	Demographic variables	Needs-based variables	Behavioral variables
Description	<ul style="list-style-type: none"> • Demographic characteristics (age, income, banked, etc.) • Useful for describing customer segments 	<ul style="list-style-type: none"> • Concrete customer needs and attitudes • Helpful in creating value propositions 	<ul style="list-style-type: none"> • Customer behavior (purchasing behavior, usage patterns) • Valuable for targeting different segments
Example variables	<ul style="list-style-type: none"> • Income, net worth • Nationality, geography • Age, gender, household size • Employment status, industry 	<ul style="list-style-type: none"> • Prioritization of price vs. quality vs. convenience vs. service, etc. • Most important product needs and use cases • Emotional state or attitude toward product 	<ul style="list-style-type: none"> • Purchasing, saving, borrowing habits • Typical product usage • Financial, tech literacy • Usage of channels • Reliance on social network
Typical data sources	<ul style="list-style-type: none"> • Customer onboarding questions • Secondary market data 	<ul style="list-style-type: none"> • Customer interviews or surveys 	<ul style="list-style-type: none"> • Transaction data • Web, app, or other customer behavior data • Customer surveys

1 Example: Segmentations help you understand key traits & needs across portions of your base

One approach is to use this 'worksheet' to brainstorm customer groupings; if having trouble, start with the profile of a common customer to complete the worksheet

	Segment #1	Segment #2	Segment #3
<i>Economic</i>			
Income	<20K	20-40K	>40K
Net worth	In debt	Near break-even	Actively saving
<i>Attitudinal</i>			
Emotional state	Highly stressed	Stressed	Cautiously optimistic
Empowerment	Unaware of products	Passively considering products	Proactively pursuing products
External reliance	Isolated, reserved	Close community institutions	Broader institutions
<i>Behavioral</i>			
Transaction habits	Monthly	Weekly	Daily
Financial literacy	Minimal knowledge	Basic awareness	Actively managing
Tech literacy	Largely offline	Basic online	Online / mobile savvy
<i>Demographic</i>			
Employment status	Unemployed	Partial / temporary	Fully employed
Age	>50	30-50	<30
Geography	Rural	Suburban	Urban

Understanding the situations of various common "segments" will help you better hone your potential value proposition, approach, & channel strategy for each individually

1 Within segments, it's helpful to overlay customer type to understand the user's current situation

	Existing	Inactive	Net New
Definition	<ul style="list-style-type: none"> Customers in your existing, active customer base 	<ul style="list-style-type: none"> Customers who tried your product but stopped using it 	<ul style="list-style-type: none"> Customers you have never acquired or engaged
Pros of this audience	<ul style="list-style-type: none"> Low cost of engaging Willing to try new things; often more forgiving of early issues if framed as pilot 	<ul style="list-style-type: none"> If re-acquired, often turn into your strongest promoters 	<ul style="list-style-type: none"> Open-minded about the product & company Highest potential for cross-sell & ability to drive LTV
Cons of this audience	<ul style="list-style-type: none"> Will not drive raw growth numbers 	<ul style="list-style-type: none"> Difficult to drive engagement due to pre-existing opinion 	<ul style="list-style-type: none"> Most expensive to reach given lack of relationship
What should you consider?	<ul style="list-style-type: none"> This customer is already being serviced by your products – what needs are being met today? How can you extend their lifetime value? You know this customer best – what does your data allow you to infer about their needs? 	<ul style="list-style-type: none"> Why did you lose this customer in the first place? Do you believe you lost them to a competitor? Or are they not using a given product or service today? What would it take to re-engage them? 	<ul style="list-style-type: none"> Do these customers use alternative solutions today or are they completely greenfield? What would switching costs be? What needs are and are not being solved by substitutes today?

② Once segments are defined, detail out the needs of each – and for other potential customer types

Identified Needs

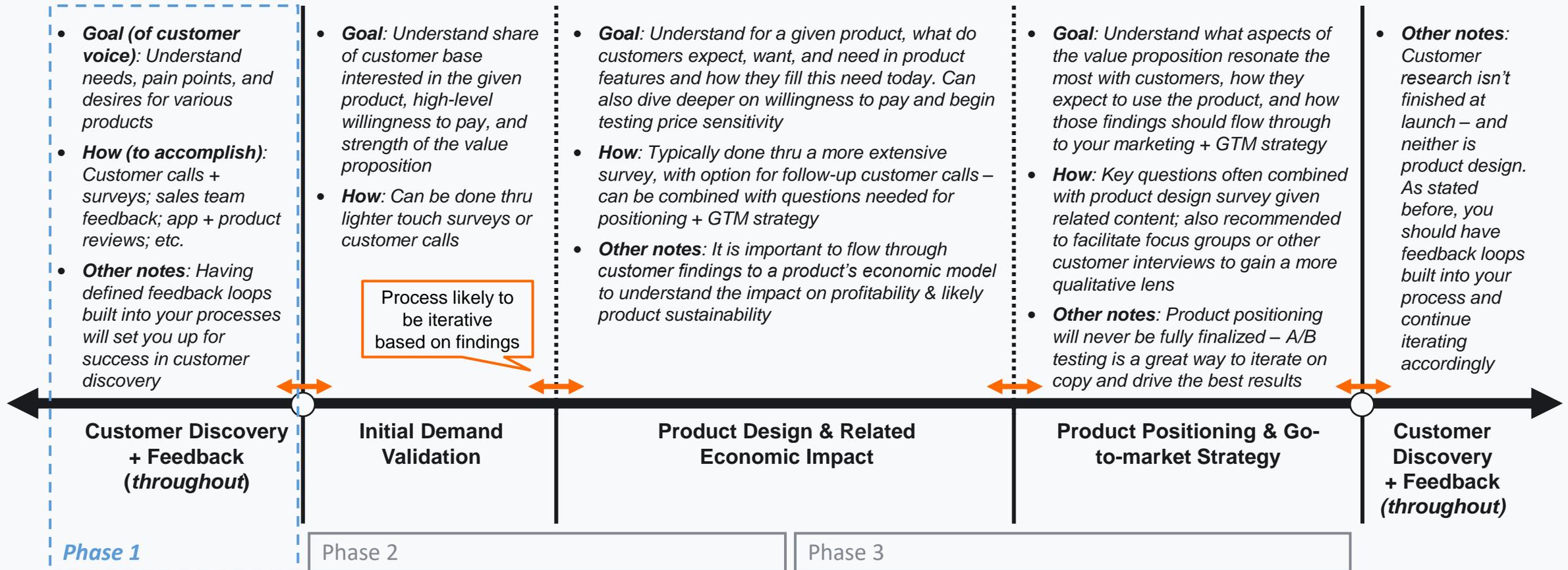
Core financial services offering	Adjacent financial services offering	Broader financial services	Non-financial services	Stakeholder-targeted products	Other customer-targeted products
<ul style="list-style-type: none"> • <i>Why is your core product offering relevant to this customer segment?</i> • <i>What are struggles within the current product design that they still have?</i> 	<ul style="list-style-type: none"> • <i>What are other needs this segment has that may be solved within the same product type?</i> 	<ul style="list-style-type: none"> • <i>Outside of your core product type, what are other issue areas this segment faces within their financial lives?</i> 	<ul style="list-style-type: none"> • <i>This list is likely long... are there any aspects of your segments' non-financial life you're uniquely plugged into?</i> • <i>What are their wants and needs?</i> 	<ul style="list-style-type: none"> • <i>Are there other stakeholders you're uniquely positioned to serve?</i> • <i>What are their wants and needs?</i> 	<ul style="list-style-type: none"> • <i>This segment may be further down the product roadmap, but it's worth understanding.</i> • <i>What are other segments that you may be interested in serving?</i> • <i>What are their wants and needs?</i>
<p>Assuming I'm a WC lender, a need for this segment could be longer repayment cycles to free up cash flows for operations</p>	<p>An adjacent need could be access to flexible, long-term capital to fund the opening of a second store location</p>	<p>A broader need may be protection from unexpected store closures</p>	<p>A non-financial services need may be a way to stop theft during store closed hours</p>	<p>Another core stakeholder may be the shop owners' customers – they may not be protected from the upcoming disease season</p>	<p>Would you ever expand into small-holder farmers? Gig workers? Microbusinesses?</p>
<p>Core Customer Set <i>(to replicate for each customer segment)</i></p>				<p>Other Core Stakeholders</p>	<p>Non-Core Stakeholders</p>

② It's important to capture customer voice when defining needs – and throughout the entire product process

- While many founders and product leads have intuition around what they *think* their customers want or need in a product, **it's important to pressure test this with your actual customers – intuition is not always enough!**

Product Idea

Product Launch



2 Different primary research approaches can be used throughout the process depending on goals

	<u>Short-Form Surveys</u>	<u>Long-Form Surveys</u>	<u>Focus Groups</u>
Description	<i>2-3 questions</i>	<i>Sub 15-minute survey</i>	<i>Small group discussion</i>
Medium	<i>Push notification, WhatsApp, FB Messenger, etc.</i>	<i>Email, Google Forms, Qualtrics, Survey Monkey, etc.</i>	<i>In-person or via video call</i>
For Whom?	New Customers	X	X
	Existing Customers	X	X
For What?	Quantitative Research	X	
	Qualitative Research		X
	Validation / Simple Understanding	X	
	Product Design	X	X
	Product Positioning + GTM		X
Customer Feedback	X	X	X
Benefits	<i>Quick to stand up; high response rate</i>	<i>More in-depth responses; collect a lot of info at once</i>	<i>Adds qualitative understanding & a true customer voice</i>
Blind Spots	<i>Limited data collection</i>	<i>More resource-intensive; may struggle with survey fatigue</i>	<i>Small sample size</i>

For a more detailed approach and list of best practices for standing up a survey or focus group, see our dedicated customer research resource [here](#).

3 Then, finally, once you understand segments' needs – what products could you offer to fill those needs?

	Core financial services offering	Adjacent financial services offering	Broader financial services	Non-financial services	Stakeholder-targeted products	Other customer-targeted products
Potential Products	<p><i>Using the identified needs slide as a base – what products are you as a company able to offer to fill each of the needs listed? This brainstorm may cover short-, mid-, and long-term product opportunities.</i></p>					
	<ul style="list-style-type: none"> Longer-tenure WC loans, with adjusted pricing 	<ul style="list-style-type: none"> Multi-year, term loans for business growth 	<ul style="list-style-type: none"> Business insurance offerings 	<ul style="list-style-type: none"> Store alarm systems 	<ul style="list-style-type: none"> Health insurance for the end customer, sold through the store 	<ul style="list-style-type: none"> WC loan, targeting smallholder farmers with longer tenures repaid at harvest
	<p>Core Customer Set <i>(to replicate for each customer segment)</i></p>				Other Core Stakeholders	Non-Core Stakeholders

Carrying from the earlier example... an "Urban-located, SME owner, single shop location"

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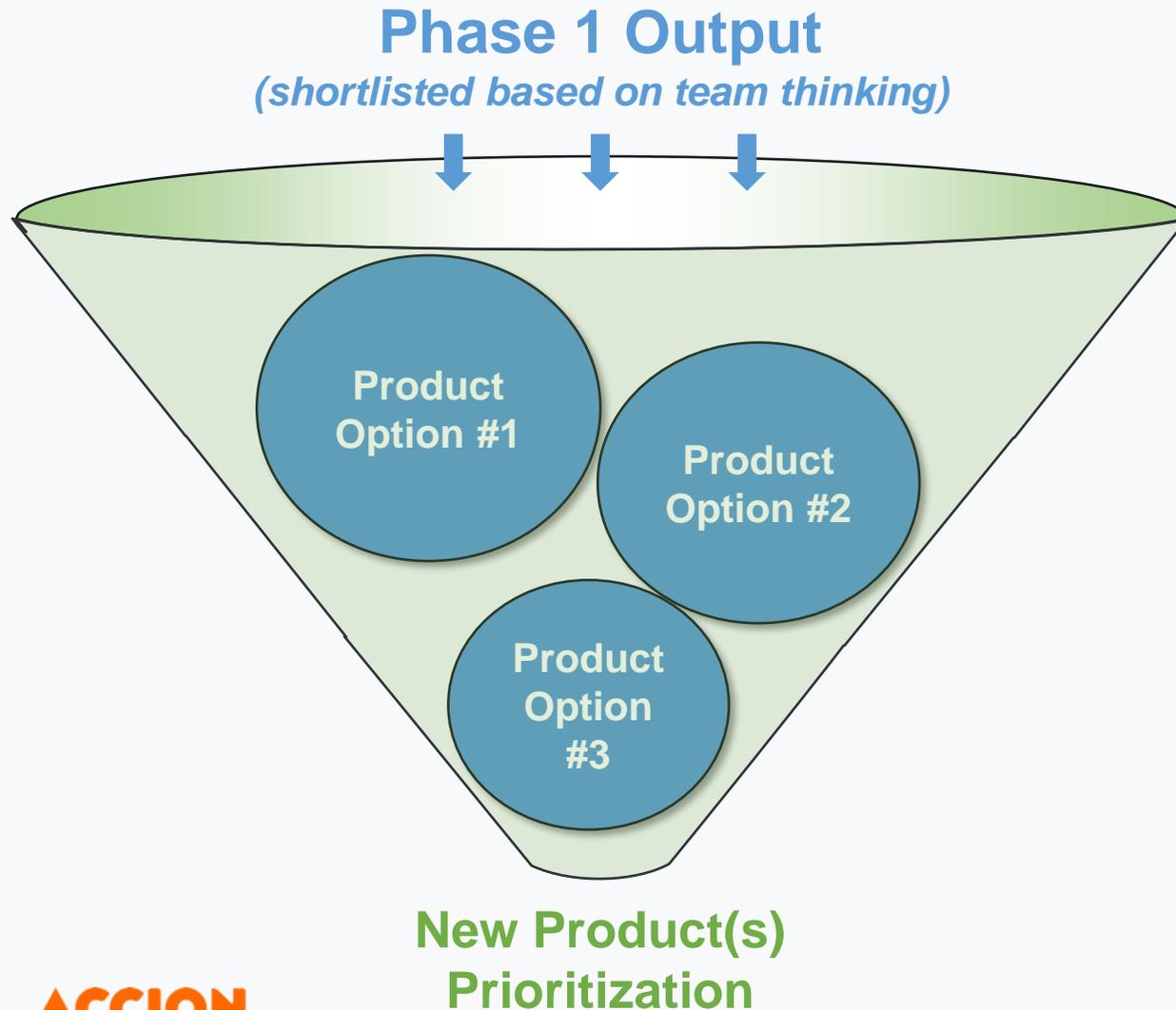
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Additional resource to launch soon

Phase 2 is designed to guide you through a list of lenses to help narrow down & prioritize products



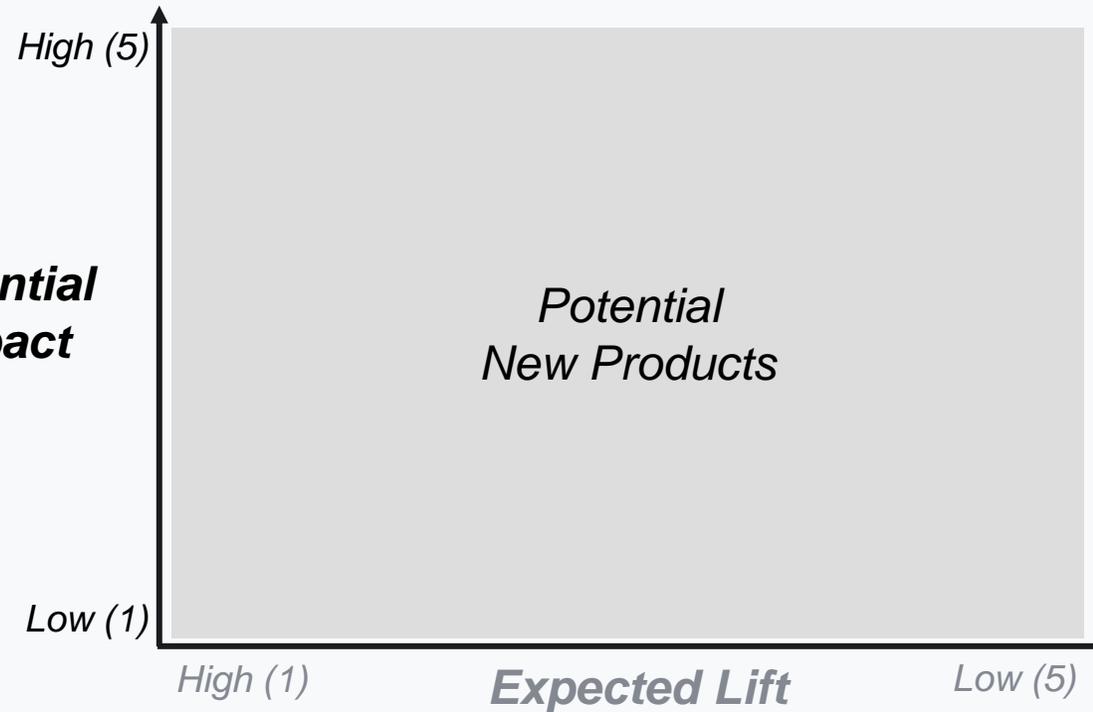
- This phase constitutes **different lenses to evaluate** a potential product **at this moment in time**
 - While some products may not make sense now, that does not mean they won't make sense later
- Throughout this process, ask yourself: *“Is the answer to this question compelling enough that I want to devote the resources necessary to develop this product?”*

Each lens will act as an input to the potential impact + lift of these products – allowing for direct comparison

Relevant lenses

- ① Performance on key success metric
- ② Amount of expected customer demand
- ③ Competitive need + potential differentiation
- ④ Product sustainability / bottom line impact

Potential Impact



Note: If there is a clear deadline for the product (e.g., launch by growing season; need to see traction by next raise) apply these considerations within that timeframe

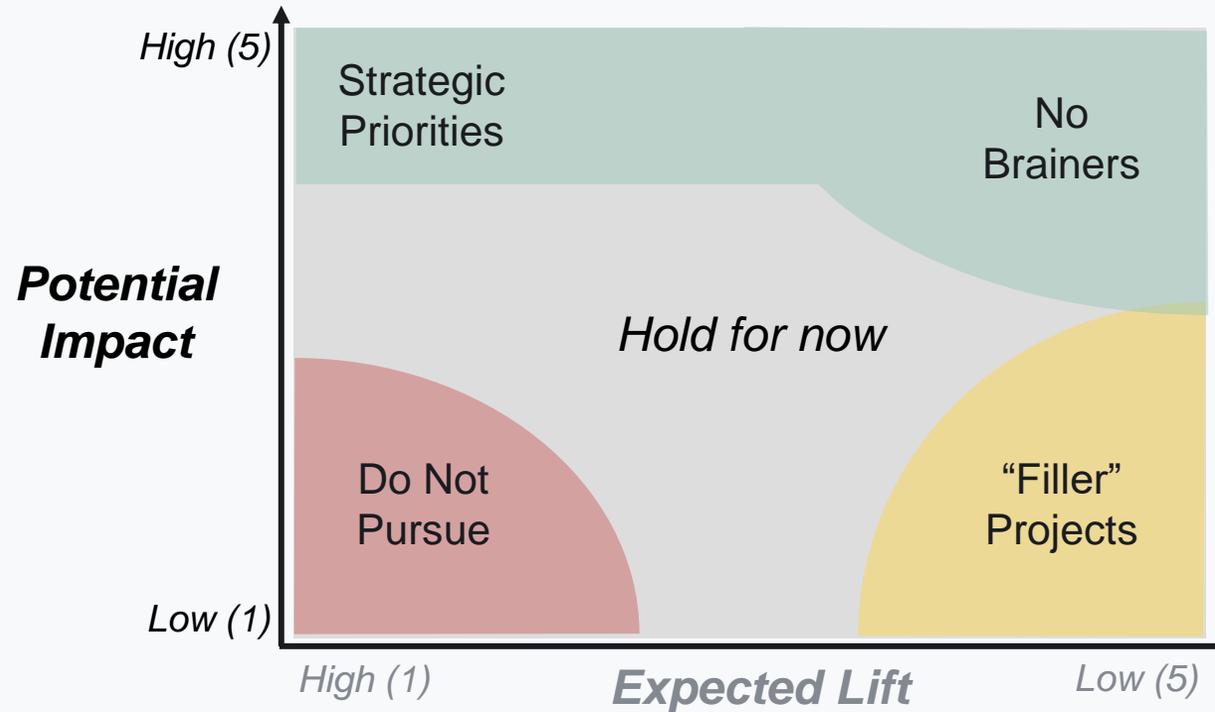
Relevant lenses

- ⑤ Capability & capacity requirements, including:
 - Additional talent required and related cost (if any)
 - Additional data & analytics required and related cost (if any)
 - Team time required and related costs or trade-offs
 - Current cash position and ability to support a successful launch
- ⑥ Ability to execute within desired timeline

We will then overlay categories and discuss pros/cons of each & how to think about prioritization

Relevant lenses

- ① Performance on key success metric
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Relevant lenses

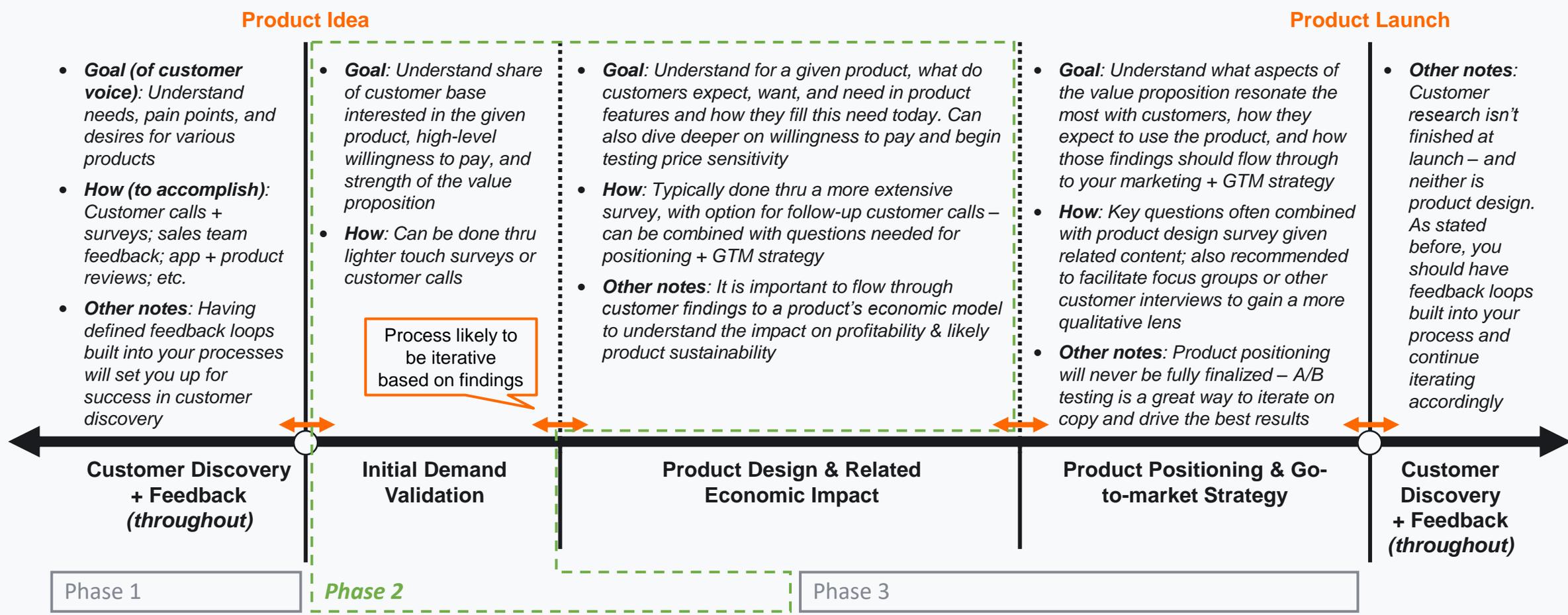
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① Define your goal & success metric early, as it will allow you to focus on a shorter list of products

- Before considering any new product rollouts, ask yourself: **What are we looking to drive, and how well will this potential product impact that goal metric?**
- Examples of product goals include:
 - Increasing customer LTV
 - Driving top-line revenue
 - Bettering unit level profitability
 - Increasing customer engagement / retention
 - Driving user growth
 - Gaining access to a new user type
- Whatever the metric, it should be **aligned with what your operational & fundraising goals are as a company**. Throughout the product selection and launch process, be sure to **keep this metric top of mind**.

② As noted in Phase 1 – validating demand & willingness to pay is critical to understand impact

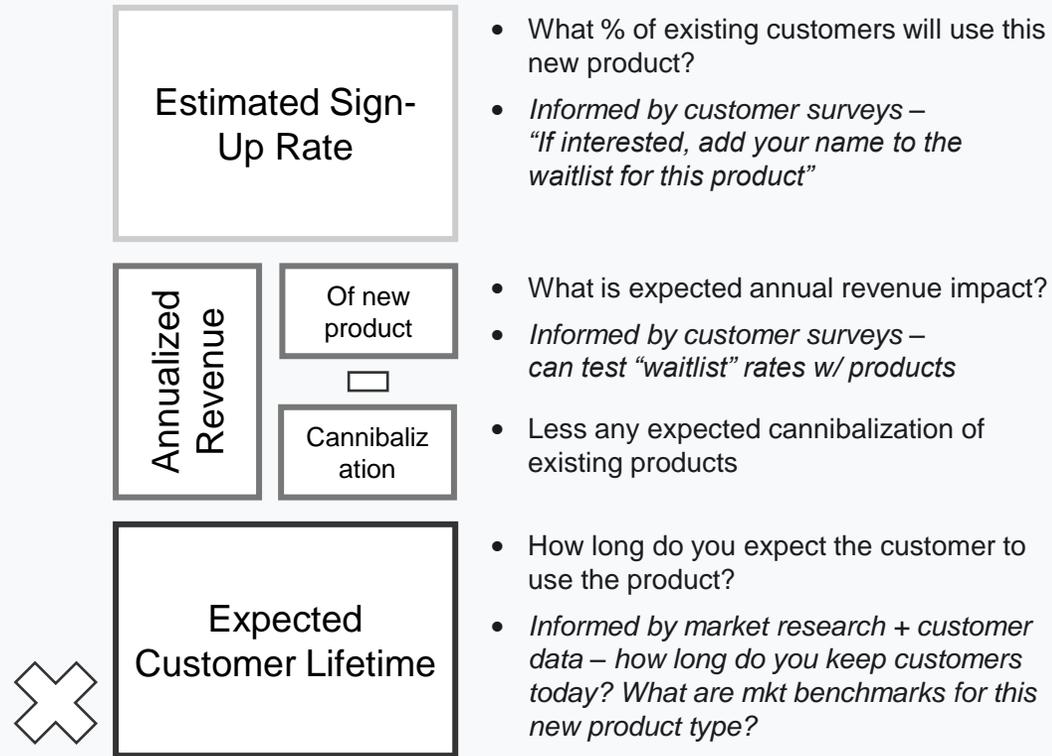
- While many founders and product leads have intuition around what they *think* their customers want or need in a product, **it's important to pressure test this with your actual customers – intuition is not always enough!**



② These primary research outputs can act as direct inputs when understanding impact on success metric

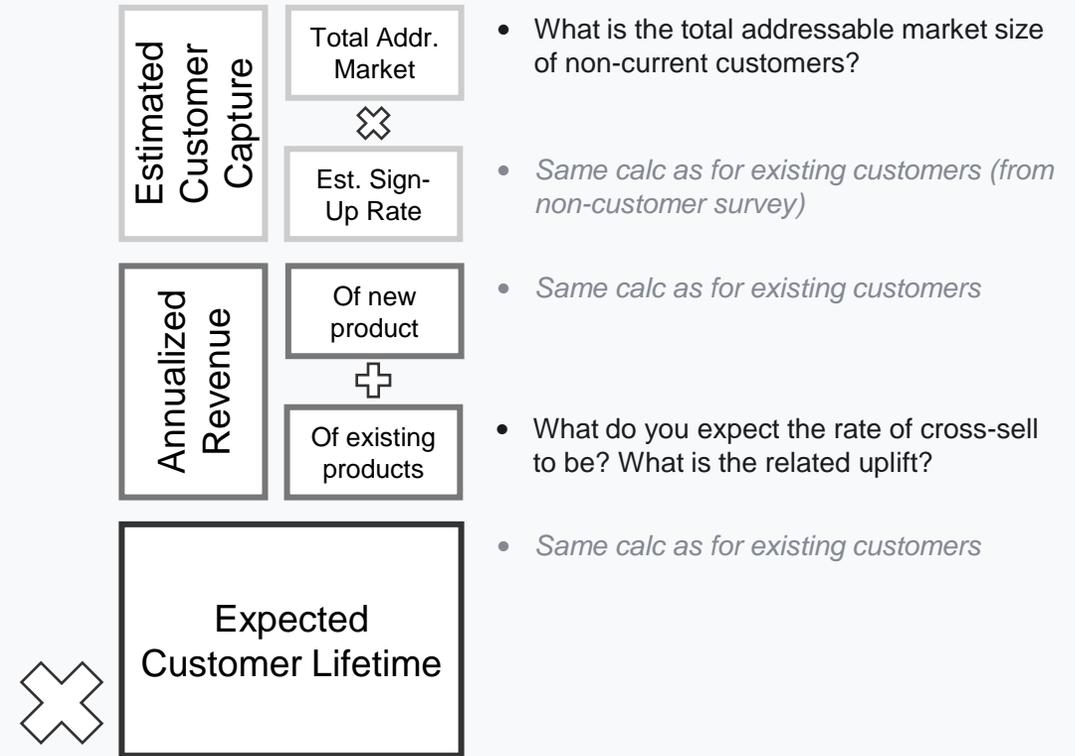
ILLUSTRATIVE TOP-LINE REVENUE

Existing customers



Revenue uplift from **existing** customers

Net new customers



Revenue uplift from **net new** customers

③ Define the competitive set of product substitutes & understand their key attributes & flaws

	Substitute #1	Substitute #2	Substitute #3	Substitute #4	...
Estimated market share	<i>How competitive is the product in the market?</i>				
Acquisition channel	<i>How does the competition acquire customers (e.g., D2C, employer channel, etc.)?</i>				
Product requirements	<i>Are there any barriers to using the product?</i>				
Pricing	<i>How do all competitors' prices compare? Should be "fully-loaded" – e.g., APR + admin fees</i>				
Product-specific characteristics	<i>Any other key characteristics to note? E.g., coverage for insurance; tenure for loans</i>				
Major aspects of the value proposition	<i>What do customers cite for why they use this product today?</i>				
Major pain points associated	<i>Where do current solutions fall short – what pain points do customers cite?</i>				
Graduation path (if any)	<i>Any "sweeteners" that are used to keep customers engaged and around longer?</i>				

③ Example: Landscaping the US secured card market allows you to see positioning & offering of key players

							
Card type	Mastercard	Discover	Visa	Mastercard	Mastercard	Visa	Mastercard
Starting balance	\$200*-3,000	\$200-2,500	Min \$200	Min \$200	\$200-2,000	\$200-1,000	\$200-2,000
Annual fee	\$0	\$0	\$35	\$0	\$29	\$39	\$49
Intro APR (length)	--	10.99% (6 mo.)	--	--	--	--	--
Regular APR	26.99% variable	25.25% variable	19.64% variable	24.74% variable	19.99% variable	19.99% variable	10.74% variable
Rewards	--	1-2% cash back, depending on purchase	--	--	--	--	--
Graduation path	Increased credit line after 5 months of on-time payments	Automatic, periodic review to transition to unsecured	Credit tops & education through online platform				

More popular cards offer \$0 annual fee with higher APR – Perception of no fees, with greater margin on revolving balances



							
Annual fee	\$0	\$0	\$35	\$0	\$29	\$39	\$49
Regular APR	26.99% variable	25.25% variable	19.64% variable	24.74% variable	19.99% variable	19.99% variable	10.74% variable

Market leading offering

③ Once competitive landscape is understood, ask yourself the following...

Strategically, do we need this product?

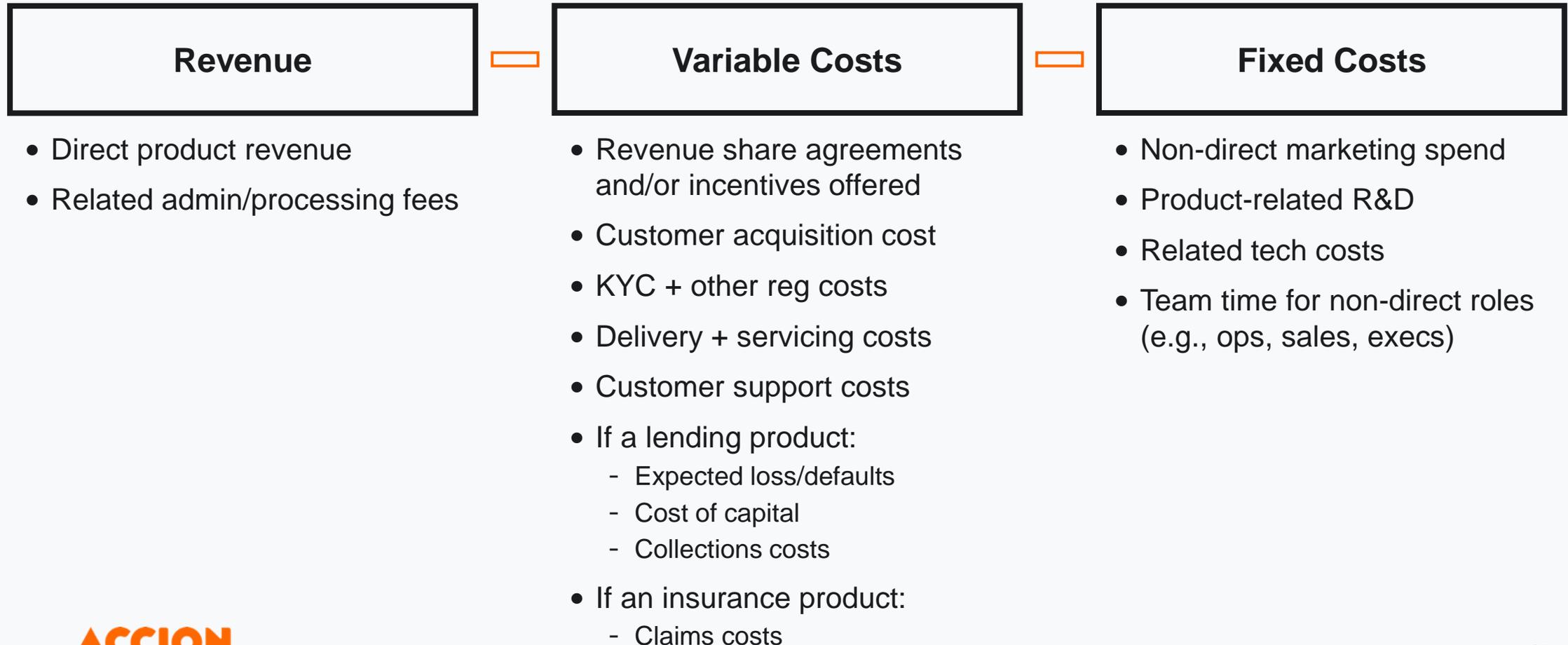
- If we don't offer this product, do we risk losing customers – either due to competitors or due to a lack of continued engagement (e.g., customers graduate out)?

Operationally, can we launch a competitive product?

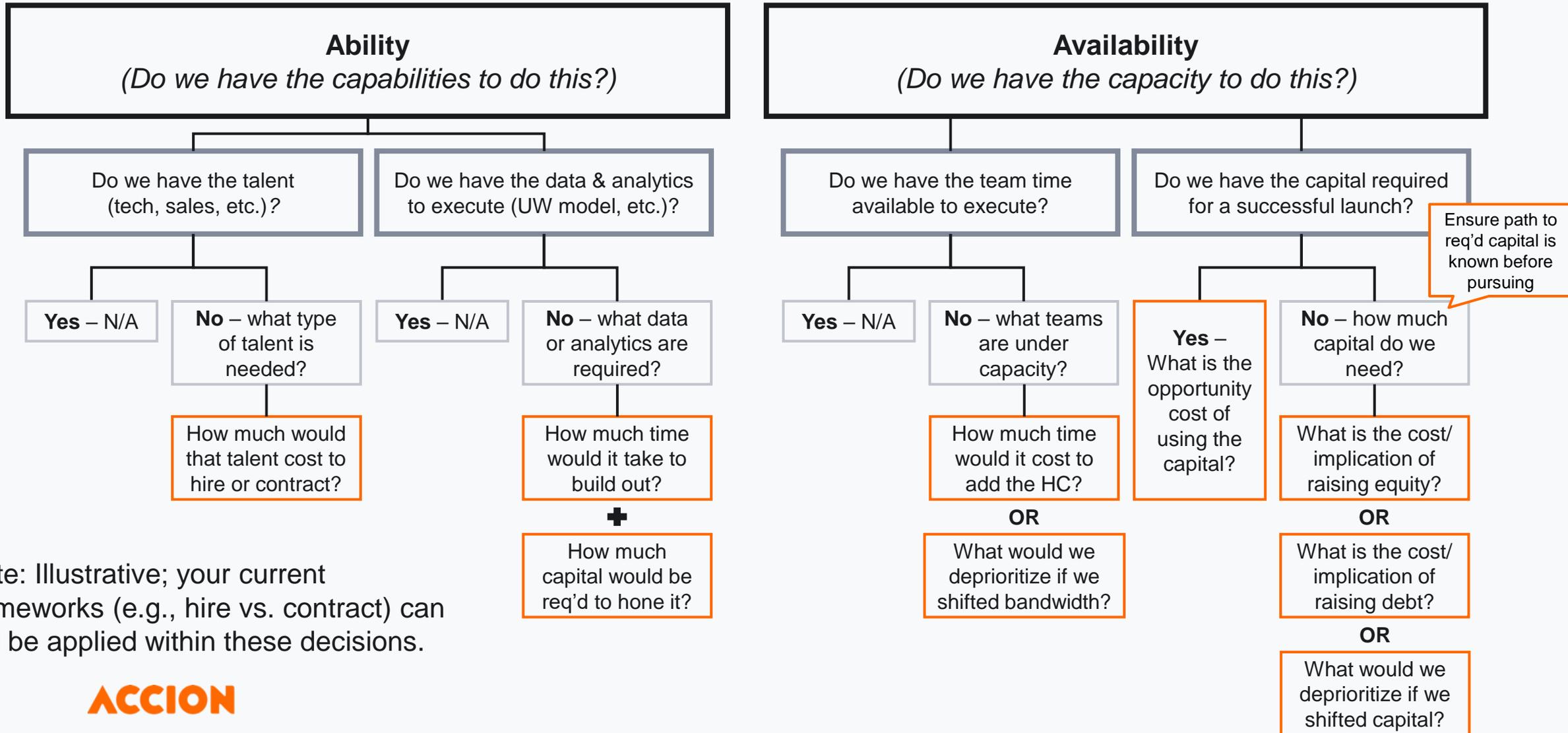
- What are the common aspects of the value proposition across competitors – can you at least match, if not better, each of those?
- What are the major pain points across competitors (especially those you hope to target) – can you address these effectively?
- What is the switching (or joining) cost for potential customers? Will your unique value proposition offset these costs?
- Outside of the product itself, do competitors have a superior ability to acquire these customers (e.g., pre-existing relationships, partnerships, etc.)? How does that influence the product features or touchpoints needed to win in this market?

④ Finally, creating an end-state unit economics will help understand product sustainability + bottom line impact

Note: Not all unit economics will be the same, and this slide is not exhaustive – it should be taken as illustrative and includes the more common line items, as well commonly forgotten costs



5 Lay out the investment & trade-offs necessary to execute on this product vision



Note: Illustrative; your current frameworks (e.g., hire vs. contract) can still be applied within these decisions.

⑥ Given the capability & capacity req'ts outlined – are you able to execute on your desired timeline?

There are many factors that may impact necessary timeline for a product launch...

- **Competitive threats** – are you working to be the first to market? Is there a barrier to entry that may expire that you'd like to capitalize on?
- **Fundraising plans** – do you have certain traction targets or proof points you need to hit before your next debt or equity fundraise? Are you baking in enough time to hit those?
- **Seasonality requirements** – is there a seasonal component to your product (e.g., planting season, school calendar) that requires the product to be live by a certain date?
- **Situational pressures** – did a sudden change in market conditions impact your product strategy (e.g., inability to lend during COVID moratoriums)?
- **Macroeconomic impact** – would a shift in the broader economic situation impact the economics or value proposition of your product (e.g., hyperinflation or a recession)?

Is the timeline you have outlined realistic for your team? If not, are there potential negatives impacts of a rushed, partial, or late launch?

Note: It's important to build in "buffer time" for unexpected delays

COVID Addendum

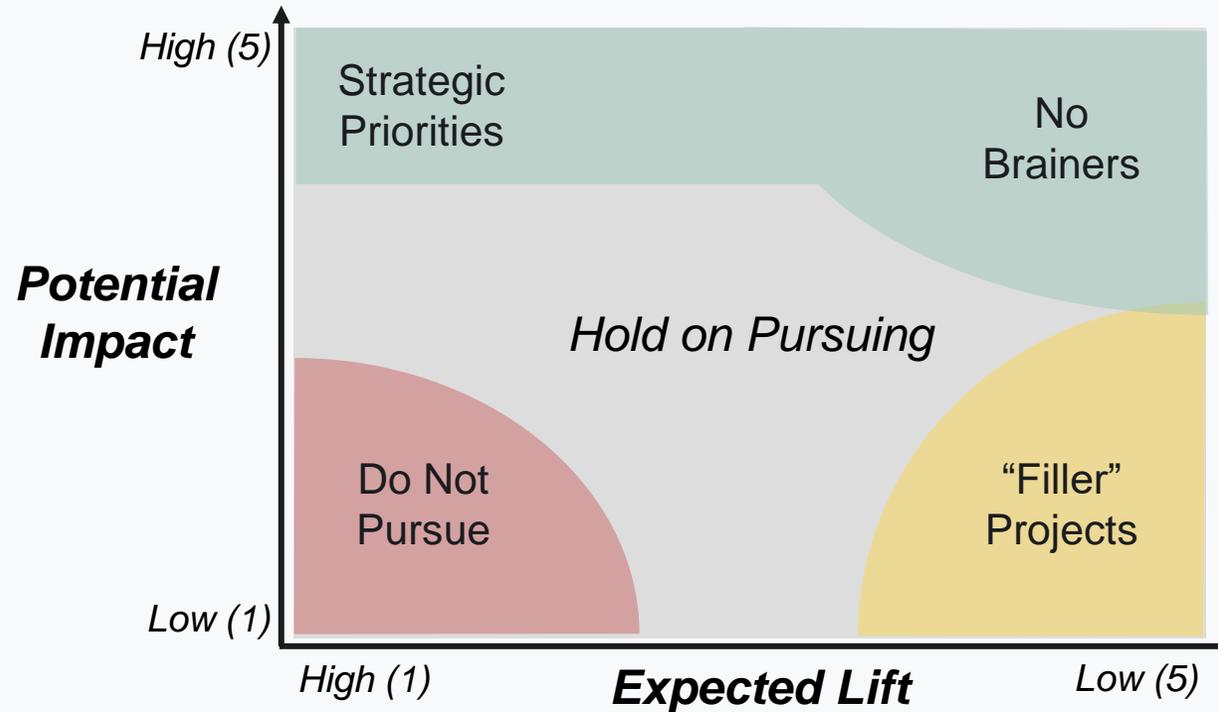
Given situations have changed so dramatically during COVID-19, a few additional considerations for this time:

- Ask yourself if this is a short- or long-term need. In other words, will this need continue once the world returns to normal?
 - If yes, approach the product in a similar way. Acknowledge that desired timelines may be shorter given how quickly things are changing.
 - If no, make sure you don't invest *too* much time and energy. If the need will last 6-12 months, what level of investment is worth it?
- Consider the team's capability to build and operate given different working conditions.
 - Are they able to build effectively remotely?
 - How may this new way of working affect timelines, decision-making processes, etc.?
- Capital markets are currently tighter for both debt and equity. Pursue products with large cash requirements cautiously.
 - We recommend conferring with your board regularly for support and guidance.

For products of interest, plot qualitative assessment of impact vs. lift to create relative positioning

Relevant lenses

- ① Performance on key success metric
- ② Amount of expected customer demand
- ③ Competitive need + potential differentiation
- ④ Product sustainability / bottom line impact



Note: If there is a clear deadline for the product (e.g., launch by growing season; need to see traction by next raise) apply these considerations within that timeframe

Relevant lenses

- ⑤ Capability & capacity requirements, including:
 - Additional talent required and related cost (if any)
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- ⑥ Ability to execute within desired timeline

Once bucketing has occurred, understand the implications of products in each category...

Strategic Priorities

Given lift required, should be pursued one-at-a-time (maybe two) based on strategic necessity and company priorities.

Do Not Pursue

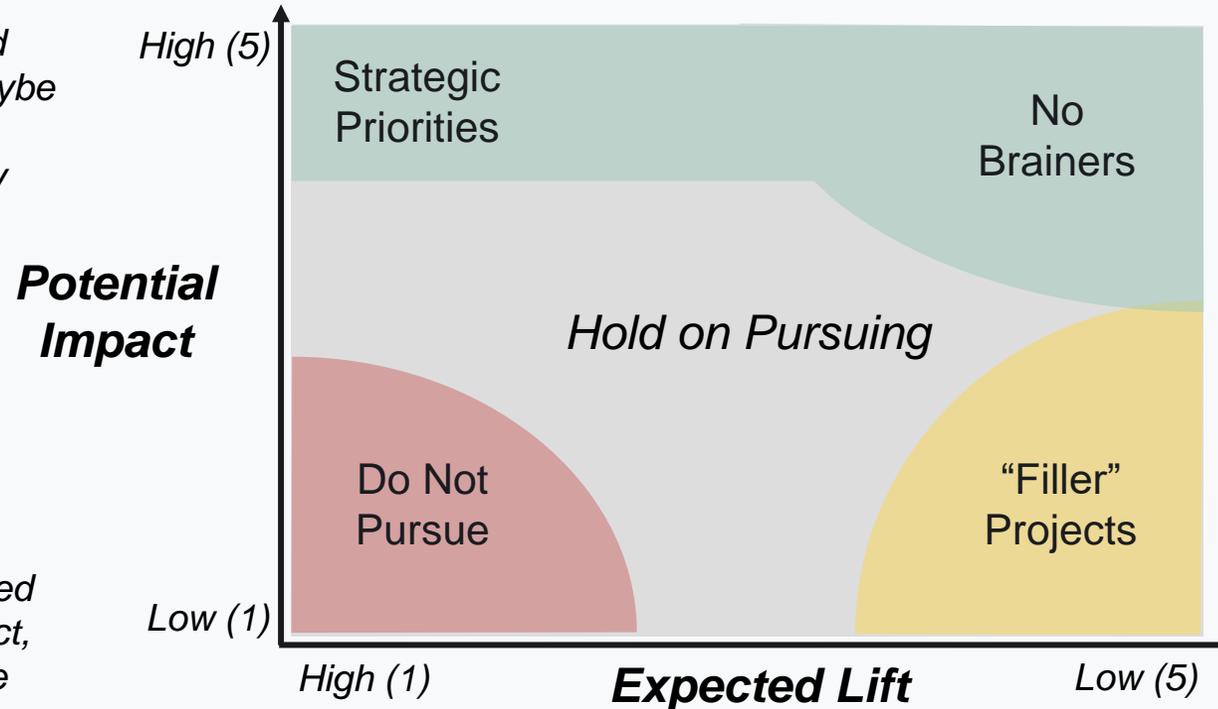
Given lift associated and minimal impact, these products are likely not worth pursuing.

No Brainers

Low lift and high impact are products that are often prioritized for the short- to mid-term—can likely be rolled out in tandem with other products given low lift required.

Filler Projects

These types of products can be rolled out opportunistically, as team bandwidth allows.



Hold on Pursuing

If there are options in the “strategic priorities” or “no brainers” buckets, products in this category can be deprioritized. If none exist in those two buckets, consider adjusting your scale.

...and select the products you'd like to move forward for launch

- The **chart on the previous slide is NOT a static view** – things will move into different categories driven by many factors, such as time, urgency, the relative comparison set, and more
- Anything in the **green category today should be in the consideration set** for a product launch
- For **prioritization of launches**, a few additional topics to consider when making your decision:
 - Is there a **time element that may expire or make launch more urgent** (e.g., an exclusivity contract)?
 - **What will be the impact on your core product or other products you plan to launch?**
 - Will there be **incremental learnings from some products** (e.g., customer data captured) **that could benefit other future launches?**
 - **Is there a preference on your teams for one product over the other?** Leaning into excitement around the work may lead to human capital benefits.
- When considering multiple launches, frame the decision by **understanding the trade-offs** (e.g., what's the cost/benefit of pursuing 2 “strategic priorities” vs. 1 “strategic priority,” and 2 “no brainers”).

DISCLAIMER: Determining product roadmap will forever be **more of an art than a science** – while applying objectivity where possible is critical, some decisions will come down to team intuition. Additionally, once you've decided to launch a product, **continue to listen to your customer and remain willing to discover it was the wrong decision.**

Finally, before moving to launch, the PR FAQ is a useful tool for aligning on a new product vision

- The **Press Release (PR) Frequently Asked Question (FAQ)** is a product tool that gained popularity through its use at Amazon – it is a **customer-centric write-up that helps you align on the end-state vision for a product**, while getting all stakeholders on board.
- The **purpose of the exercise is to “work backwards”** from what you want the customer experience to be to what you need to build to make that a reality. It should be **used before kicking off the design and launch process to define your end goal, and then be revisited throughout to hone & test your thinking**, while keeping you focused on the overall vision.
- As the name would suggest, a typical PRFAQ has two sections:
 - The press release for the new product, written from the future point-of-view (i.e., why should customers be excited?)
 - Expected FAQs for the new product, covering the questions from a customer’s perspective (i.e., how will the customer interact with this product?)
- A few helpful primer links to get you started:
 - [How Amazon uses PR FAQs](#)
 - [How to use PR FAQs](#) (includes a link to an example PR FAQ)
 - [101 on PR FAQs](#)
 - [Best practices for PR FAQ reviews + buy-in](#)

Be on the lookout for a resource on Phase 3: design, test, & launch – coming soon!

	Phase 1: Define the full option set	Phase 2: Narrow down option set & prioritize	Phase 3: Design, test, & launch (<i>coming soon</i>)
What's the Goal	<ul style="list-style-type: none"> Revisit your customer needs & re-establish core principles 	<ul style="list-style-type: none"> Guide you through key questions to consider for new products 	<ul style="list-style-type: none"> Layout the steps required to make a product idea into reality
When to Use	<ul style="list-style-type: none"> Infrequently – when core customer sets and needs should be revisited 	<ul style="list-style-type: none"> More frequently – when determining new product priorities or pressure testing potential of a certain product 	<ul style="list-style-type: none"> Semi frequently – when a product idea has been chosen, but exact design & GTM remains unclear
Pre-Requisites	<ul style="list-style-type: none"> Definition of core product and customer set 	<ul style="list-style-type: none"> Short-list of potential products 	<ul style="list-style-type: none"> Product that you have decided to launch
Desired Outcome	<ul style="list-style-type: none"> List of potential, needs-based products targeting different customer segments' 	<ul style="list-style-type: none"> Understanding of expected relative lift + impact for products considered Ability to best prioritize and sequence "high impact" products 	<ul style="list-style-type: none"> Understanding of steps required + best practices for product launches Ability to successfully determine design + GTM execution plan

Thank you.