Entrepreneurship Learning & Preparation

Have a business idea but aren't sure where to begin?

Developing a business concept involves more than identifying a product or service. Successful entrepreneurs learn to understand their customers, investigate market opportunities, evaluate business models, and communicate their ideas effectively.

These resources are designed to help A-State students develop those skills at their own pace, whether they're preparing for a business plan competition, exploring a startup idea, or simply interested in entrepreneurship.

- Customer Discovery: A Practical Guide for Student Entrepreneurs

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Understand your customers. Test your assumptions. Build a stronger business idea.

Have a business idea you're excited about? Before investing significant time or resources developing a product, service, or business plan, there's an important question to answer:

Does the problem you're trying to solve actually matter to the people you hope will become your customers?

Customer discovery helps you answer that question.

Whether you're developing a new technology, launching a small business, or preparing for a student business plan competition, customer discovery can help you understand your potential market, identify unmet needs, and make more informed decisions about your business idea.

This guide walks you through the process, from identifying potential customers to conducting interviews and applying what you learn.

You don't need a finished product, a business plan, or prior entrepreneurship experience to get started.

What You'll Learn

By the end of this guide, you should be able to:

- Identify potential customers for your business idea.
- Develop assumptions about the problem you want to solve.
- Find and interview people who may experience that problem.
- Ask questions that produce useful information rather than polite encouragement.
- Recognize patterns, unmet needs, and potential market opportunities.
- Use your findings to strengthen your business concept and competition materials.

> **Estimated time:** 20–30 minutes to review the guide, plus time to prepare for and conduct interviews.

Customer Discovery Toolkit

Use these downloadable resources as you work through the guide. Each tool supports a different stage of the customer discovery process.

Resource	When to Use It	Download
Interview Planner & Notes	Before and during each customer interview	Download PDF
Customer Discovery Findings Tracker	After conducting interviews, to compare findings and identify patterns	Download Excel
Customer Discovery Summary Template	After analyzing your findings, to prepare your business plan or competition materials	Download PDF

New to customer discovery? Start with Section 1 below and work through the guide in order.

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1. What Is Customer Discovery?

Customer discovery is the process of learning about potential customers by speaking directly with people who experience the problems your business hopes to address.

Rather than assuming you understand what customers need, you investigate their actual experiences, challenges, and behaviors.

The goal is to replace assumptions with evidence.

An Example

Imagine you're developing an app that allows college students to preorder meals between classes.

You might assume:

Students need a faster way to order food on campus.

That sounds reasonable, but several important questions remain:

- Do students actually struggle to get food between classes?
- How often does this happen?
- What do they currently do when they're short on time?
- Are they dissatisfied with existing options?
- Is the problem significant enough that they actively seek alternatives?

You could spend months developing an app before discovering that most students don't consider ordering food a significant problem.

Alternatively, you might discover that the real issue isn't ordering food at all. It could be limited pickup locations, unpredictable wait times, or difficulty finding affordable options.

Customer discovery helps you identify the problem worth solving before committing to a particular solution.

Customer Discovery vs. Market Research

Both are important, but they serve different purposes.

> **Market research** helps you understand the broader market, including industry trends, competitors, market size, and potential demand.
>
> **Customer discovery** helps you understand individual customers, their experiences, and the problems they are actively trying to solve.

For example:

- Market research might tell you how many college students purchase campus dining services.
- Customer discovery might reveal why students avoid certain dining options and what they do instead.

Together, these approaches help you develop a more credible business concept.

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2. Start with a Customer and a Problem

Before conducting interviews, identify two things:

1. **Who do you believe experiences the problem?**
2. **What problem do you believe they experience?**

These are your initial assumptions, sometimes called *hypotheses*.

You aren't trying to prove yourself right. You're trying to determine whether your assumptions are supported by real experiences.

Identify Your Potential Customers

A customer segment is a group of people or organizations that share characteristics relevant to your business.

Depending on your idea, your potential customers might include:

- College students living on campus
- Working parents with young children
- Small business owners
- Healthcare providers
- Agricultural producers
- Manufacturers
- University research laboratories

Avoid defining your target customers too broadly.

For example:

> **Too broad:** College students
>
> **More specific:** Students who commute to campus and have limited time between classes
>
> **Even more specific:** Commuter students who regularly purchase meals on campus during breaks of 30 minutes or less

You may eventually discover that your original customer segment isn't the best fit. That's part of the process.

Customers, Users, and Decision-Makers

The person who uses your product isn't always the person who purchases it.

For example:

- A student might use educational software, but a school district purchases it.
- A nurse might use a medical device, but a hospital makes purchasing decisions.

- A manufacturing technician might use specialized equipment, but a plant manager approves the investment.

Understanding these differences becomes especially important for technology-based businesses and products sold to organizations.

Consider interviewing both potential users and purchasing decision-makers when their needs or responsibilities differ.

Develop Your Initial Problem Hypothesis

A problem hypothesis is a statement describing who you believe experiences a problem and why it matters.

Try this format:

> We believe [specific customer group] experiences [specific problem] when [situation], resulting in [negative consequence].

Example:

> We believe commuter students experience difficulty obtaining meals between classes because of limited time, resulting in skipped meals or inconvenient alternatives.

This gives you a starting point for interviews.

> Remember: **Your hypothesis is something to investigate, not a conclusion you've already reached.**

Try It Yourself

Before moving forward, write down:

- My potential customer is:
- The problem I believe they experience is:
- I believe this problem matters because:
- What I still need to learn is:

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> *Suggested downloadable resource:Customer_Discovery_Interview_Planner.pdf*

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3. Find People to Interview

Once you've identified your potential customers, the next step is finding people who have relevant experience with the problem.

You don't need a large research budget or an extensive professional network.

Start with people you can reasonably reach, but prioritize those who actually fit your target customer segment.

Where Can You Find Potential Customers?

Depending on your business idea, consider:

- Student organizations and campus groups
- Local businesses and professional associations
- Community organizations
- Industry events and networking opportunities
- Faculty and professional contacts
- Online communities related to the problem
- Referrals from people you've already interviewed

For business-to-business ideas, you may need to speak with professionals working in specific industries or roles.

For example, a student developing technology for agricultural producers should seek input from producers or others directly involved in the relevant operations, rather than relying exclusively on classmates.

How Many Interviews Should You Conduct?

There is no universal number that establishes customer validation.

For students just getting started, **begin with three to five interviews** to practice the process and identify questions worth investigating further.

Then continue interviewing people within your target customer segment.

As you progress, look for recurring patterns, differences between customer groups, and assumptions that need additional testing.

A handful of interviews can generate useful insights, but it generally isn't enough to establish broad market demand.

How to Request an Interview

Keep your outreach brief and professional.

Example:

> Hello,
>
> I'm an A-State student exploring a business idea related to [general problem area]. I'm speaking with people who have experience with [activity or challenge] to better understand their perspectives.
>
> Would you be available for a brief 15–20 minute conversation? I'm not selling anything. I'm simply hoping to learn from your experience.
>
> Thank you for considering it!

You can adapt this for email, LinkedIn, or other appropriate communication channels.

> **Tip:** Avoid describing your proposed solution in detail when requesting an early problem-discovery interview. You want to learn about the person's experience without influencing their answers.

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4. Conduct Effective Customer Interviews

This is the most important part of the process.

Customer discovery interviews are not sales pitches, product demonstrations, or surveys asking whether people like your idea.

They are conversations designed to help you understand how potential customers experience and respond to a problem.

Two Essential Rules

Rule 1: Don't Pitch Your Product

During early customer discovery interviews, focus on the customer's experience rather than explaining your proposed solution.

Avoid questions such as:

- Would you use an app that solves this problem?
- Do you think my business idea is useful?
- Would you buy this product?
- Does this sound like a good idea?

These questions can encourage people to be supportive rather than candid.

Someone saying they like your idea doesn't necessarily mean they experience the problem or would purchase a solution.

Instead, ask about what they're already experiencing and doing.

Rule 2: Ask About the Past, Not Hypothetical Futures

People are generally better at describing what they've actually done than predicting what they might do.

Compare these questions:

Less useful:

> Would you pay for a service that helps you save time?

More useful:

> *Tell me about the last time you had difficulty completing this task. What did you do?*

Less useful:

> Would you switch to a better solution?

More useful:

> *Have you tried any alternatives? What led you to try them?*

Less useful:

> How much would you pay for this product?

More useful:

> *Have you spent money trying to solve this problem? What did you purchase?*

Questions about actual experiences provide stronger evidence than hypothetical expressions of interest.

Five Questions to Guide Your Interviews

You don't need to follow a rigid script. However, these five question areas provide a useful starting point.

Question 1: Understand the Challenge

Ask:

> What has been most difficult about [activity or situation]?

Listen for:

- Recurring frustrations
- Unexpected obstacles
- Problems the customer considers significant
- Issues you hadn't previously considered

Question 2: Explore a Specific Experience

Ask:

> “ Can you walk me through the most recent time you experienced that difficulty?

Listen for:

- What happened
- When and where it occurred
- Who was involved
- What the customer did
- What happened afterward

Specific examples are generally more informative than broad opinions.

Question 3: Understand Why It Matters

Ask:

> “ What made that situation particularly challenging?

Listen for:

- Lost time
- Additional expenses
- Missed opportunities
- Frustration or inconvenience
- Consequences for other people or activities

A problem becomes more commercially interesting when customers experience meaningful consequences.

Question 4: Investigate Existing Solutions

Ask:

> “ How have you handled this situation in the past?

Listen for:

- Products or services already being used
- Workarounds
- Time or money spent
- Attempts to find alternatives
- Reasons existing solutions were selected

Remember that your competitors aren't necessarily businesses selling similar products.

Sometimes the alternative is a spreadsheet, a manual process, an improvised workaround, or simply doing nothing.

Question 5: Identify Unmet Needs

Ask:

> “ What has been missing or frustrating about the approaches you've tried?

Listen for:

- Features or capabilities that are unavailable
- Costs or inconveniences
- Problems that remain unresolved
- Opportunities to improve existing solutions

> **Important:** These are starting questions, not a checklist you must complete in order.

Follow the conversation naturally and ask additional questions when something important emerges.

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5. Learn to Listen and Ask Better Follow-Up Questions

One of the most valuable customer discovery skills is knowing when to stop talking.

Your role is to guide the conversation, not dominate it.

Give the interviewee time to think, explain, and describe their experiences.

Go Beyond the First Answer

People often provide short or general responses initially.

For example:

Student interviewer: What makes getting lunch between classes difficult?

> **Potential customer:** I just don't have enough time.

Student interviewer: Can you tell me about the last time that happened?

> **Potential customer:** Last Tuesday, I only had 20 minutes between classes.

Student interviewer: What did you do?

> **Potential customer:** I skipped lunch because the line was too long.

Student interviewer: Does that happen often?

> **Potential customer:** Usually twice a week.

Notice how the follow-up questions reveal more useful information.

The original answer identified a general inconvenience.

The follow-up questions revealed a specific situation, behavior, and frequency.

Useful Follow-Up Prompts

Keep these available during your interviews:

- Can you tell me more about that?
- What happened next?
- How often does that occur?
- What did you try?
- Why did you choose that approach?
- What was the most frustrating part?
- How much time did that take?
- What did that cost you?
- Can you think of another recent example?

You may need to revisit an issue several times using different questions.

However, avoid repeatedly asking the same question if the participant has already provided a clear answer or seems uncomfortable.

Pay Attention to What Customers Don't Say

Some of the most useful discoveries are unexpected.

For example, you might interview a business owner about difficulty tracking inventory and discover that the bigger challenge is coordinating deliveries.

Don't ignore information simply because it doesn't support your original idea.

Unexpected findings may reveal a better opportunity than the one you initially imagined.

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6. Document What You Learn

Customer discovery becomes significantly more valuable when you can compare findings across multiple interviews.

After each conversation, take a few minutes to document what you learned.

Don't rely entirely on memory.

What Should You Record?

For each interview, capture:

Interview Context

- Interview date
- Customer segment
- Participant's relevant role or experience
- Problem or assumption being investigated

Customer Experience

- Specific problems described
- Frequency of the problem
- Consequences of the problem
- Existing solutions or workarounds
- Time, money, or effort spent addressing the problem

Important Observations

- Unexpected insights

- Recurring frustrations
- Specific language used to describe the problem
- Questions requiring additional investigation

Your Initial Interpretation

- Does this interview support or challenge your hypothesis?
- What evidence suggests the problem matters?
- What should you investigate next?

> *Suggested downloadable resource: Customer_Discovery_Findings_Tracker.xlsx*

A Note About Privacy

Collect only the information necessary for your discovery work.

Avoid collecting sensitive personal details unless they are genuinely needed and appropriate to your project.

If you want to record an interview, obtain the participant's permission first.

For projects involving health information, vulnerable populations, or potentially sensitive research, consult the appropriate university resources before collecting information.

Students conducting formal research involving human participants may also need to consider university research compliance requirements.

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7. Analyze Your Interviews: Look for Patterns

Once you've conducted several interviews, review your notes together.

Your objective is to identify patterns rather than focusing exclusively on individual comments.

Ask yourself:

- Which problems were mentioned repeatedly?
- Which problems caused the greatest inconvenience or expense?
- Which customers were actively trying to find solutions?
- What alternatives were people already using?

- Which assumptions were supported?
- Which assumptions were challenged?
- Did different customer groups experience the problem differently?

Recognizing Stronger and Weaker Evidence of Need

Not every customer experiences a problem with the same urgency.

Consider three general categories.

Strong Evidence of Need

The customer:

- Experiences the problem regularly.
- Describes meaningful consequences.
- Has actively attempted to solve it.
- Spends time, money, or other resources addressing it.

What this suggests: The problem may be important enough to justify further investigation.

Potential Need

The customer:

- Recognizes the problem.
- Experiences occasional frustration.
- Has made limited efforts to address it.

What this suggests: The problem exists, but its urgency or commercial significance may be uncertain.

Limited Evidence of Need

The customer:

- Rarely encounters the problem.
- Does not consider it particularly important.
- Has not sought alternatives.

What this suggests: This customer may not be part of your most promising initial market.

These categories are guides for interpreting interview evidence, not definitive measures of market demand.

A useful discovery process includes people who challenge your assumptions, not just those who confirm them.

Example: Comparing Interview Findings

Imagine your team interviews 12 students about obtaining meals between classes.

You discover:

- Nine students describe difficulty getting food during short breaks.
- Seven report skipping meals or choosing inconvenient alternatives.
- Six regularly bring food from home to avoid long lines.
- Three report that getting food between classes is rarely a problem.

These findings suggest that time constraints may be important for a particular customer segment.

However, they don't yet prove that students need a new ordering app.

Your next questions might include:

- Which students experience this problem most frequently?
- Are existing mobile ordering services available?
- Why aren't students using them?
- Is the main challenge ordering, preparation time, pickup, or something else?
- Are students already paying for alternatives?

The purpose of analysis is to decide what you need to learn next.

> *Suggested downloadable resource: Customer_Discovery_Summary_Template.pdf*

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8. Use Your Findings to Improve Your Business Idea

Customer discovery is not complete when you finish interviewing people.

The next step is using what you've learned to make better business decisions.

You may discover that:

- Your original problem is more significant than expected.
- The problem exists, but among a different customer group.
- Existing solutions are more effective than you anticipated.

- Customers face a related problem you hadn't considered.
- Your proposed solution needs substantial changes.
- The opportunity isn't strong enough to pursue in its current form.

All of these are useful outcomes.

Refine Your Value Proposition

A value proposition explains the benefit your business intends to provide and why it matters to your customers.

Customer discovery helps you develop a more specific and credible value proposition.

Before customer discovery:

> Our app makes campus dining easier.

After customer discovery:

> Our proposed service aims to help students with short breaks between classes access prepared meals more efficiently, reducing time spent waiting and the likelihood of skipping meals.

The revised statement identifies a more specific customer problem and intended benefit.

It remains a proposed solution until further testing establishes whether customers actually find it useful.

Revisit Your Customer Segments

You may also need to reconsider whom your business serves.

For example:

Original customer segment: All college students

Refined customer segment: Students with short breaks between classes who regularly purchase meals on campus

A more specific customer segment can help you:

- Develop a clearer value proposition.
- Identify relevant competitors.
- Estimate market opportunity.
- Select appropriate marketing channels.
- Design future product tests.

Update Your Business Model Canvas

If you're using a Business Model Canvas, customer discovery can help you refine several sections.

Customer Segments: Who experiences the problem most significantly?

Value Proposition: What problem are you addressing, and what benefit might your solution provide?

Channels: Where and how do these customers currently look for information or solutions?

Customer Relationships: How do customers interact with existing providers?

Revenue Streams: What evidence exists about current spending, purchasing behavior, or potential business models?

You don't need to complete a Business Model Canvas before conducting customer discovery.

However, it can be a useful tool for organizing what you've learned and identifying assumptions that still need testing.

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9. Apply Customer Discovery to a Business Plan Competition

Customer discovery is particularly valuable when preparing for entrepreneurship competitions.

Judges often want to understand whether a team has investigated the market opportunity rather than relying entirely on assumptions.

Your interviews can strengthen several parts of your business plan.

Problem Statement

Explain the customer problem and why it matters.

Use specific examples and recurring themes from your interviews.

Target Market

Describe the customer groups most likely to experience the problem.

Explain how you identified them.

Value Proposition

Show how your proposed solution addresses the needs uncovered through customer discovery.

Competitive Analysis

Discuss the solutions customers currently use, including alternatives and workarounds.

Business Model

Use your findings to inform assumptions about purchasing behavior, customer relationships, and potential revenue opportunities.

Example: Presenting Customer Discovery Findings

Weak statement:

> Students love our idea, and everyone we talked to said they would use our app.

This provides little meaningful evidence.

Stronger statement (illustrative example):

> Our team conducted 15 interviews with students who regularly purchase meals on campus. Eleven described difficulty obtaining food during short breaks between classes, and eight reported skipping meals or choosing less-preferred alternatives because of time constraints.
>
> These findings led us to focus on students with limited time between classes and investigate whether a faster ordering and pickup process could address their needs.

The stronger example demonstrates:

- Who was interviewed
- What problems were identified
- What evidence was collected

- How the team used its findings

Important: Interview findings should be presented honestly, including the number and type of participants. A small group of interviews can inform your business concept, but it does not necessarily represent the broader market.

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10. What Comes After Customer Discovery?

Customer discovery is an ongoing process.

Your first interviews may help establish whether a problem exists and identify customers who experience it.

But identifying a problem is not the same as demonstrating that your proposed solution will succeed.

As your idea develops, you'll need to investigate additional questions.

Problem Validation

Does the customer experience a meaningful problem?

Evidence may include recurring challenges, consequences, and existing attempts to solve the problem.

Solution Validation

Does your proposed solution actually address the customer's needs?

This may involve prototypes, demonstrations, usability testing, or pilot programs.

Market Validation

Is there sufficient demand and commercial opportunity to support a viable business?

This requires additional evidence, potentially including market research, purchasing behavior, pricing tests, and early sales.

Each stage builds on what you've learned.

You may need to return to earlier stages as new information emerges.

Your Customer Discovery Action Plan

Ready to get started?

Use this checklist to begin applying what you've learned.

Step 1: Define Your Assumptions

☐ Identify your potential customer segment.

☐ Describe the problem you believe they experience.

☐ Write a short problem hypothesis.

Step 2: Prepare for Interviews

☐ Identify three to five people with relevant experience.

☐ Develop open-ended interview questions.

☐ Prepare a consistent method for recording notes.

Step 3: Conduct Interviews

☐ Focus on actual experiences rather than hypothetical situations.

☐ Avoid pitching your product during early problem discovery.

☐ Ask follow-up questions.

☐ Document existing solutions, frustrations, and unexpected findings.

Step 4: Analyze Your Findings

☐ Compare interview notes.

☐ Identify recurring problems and customer behaviors.

☐ Recognize assumptions that were supported or challenged.

☐ Determine which questions still need answers.

Step 5: Apply What You've Learned

☐ Refine your customer segment.

☐ Reconsider your value proposition.

☐ Update your business model or business plan.

☐ Identify your next customer discovery activities.

About the Customer Discovery Tools

Use these resources to organize your interviews and apply what you've learned.

Customer Discovery Interview Planner & Notes: Customer_Discovery_Interview_Planner.pdf

Prepare your interview, document customer experiences, and capture important observations.

Customer Discovery Findings Tracker: Customer_Discovery_Findings_Tracker.xlsx

Compare multiple interviews, identify recurring themes, and organize evidence about customer needs.

Customer Discovery Summary Template: Customer_Discovery_Summary_Template.pdf

Summarize your findings and explain how they influenced your business concept or competition submission.

Need Additional Guidance?

Customer discovery is an important starting point, but developing a business idea often requires additional research and experienced guidance.

A-State students can explore business advising, startup mentoring, commercialization assistance, and entrepreneurship programs through organizations such as:

- **Arkansas Small Business and Technology Development Center (ASBTDC):** Business planning, market research, and financial projections.
- **ARise Arkansas:** Technology startup development and commercialization support.
- **Epicenter:** Entrepreneurship programming, business development support, and regional connections.
- **A-State Technology Transfer:** Intellectual property, university inventions, and commercialization guidance.

Visit the **Entrepreneurship Resources & Support** chapter to learn more.

Final Takeaway

The purpose of customer discovery isn't to convince people that your business idea is good. It's to learn whether you're solving a problem that matters.

The most useful interviews may confirm your assumptions, challenge them, or reveal opportunities you hadn't considered.

Start with a few thoughtful conversations, document what you learn, and use that evidence to guide your next steps.

A stronger business begins with a better understanding of its customers.
