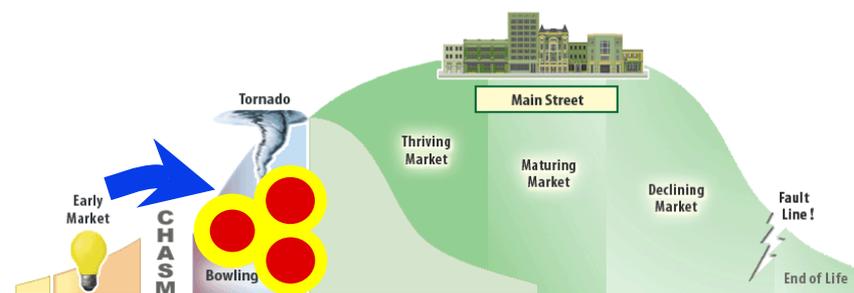


# 7 Deadly Sins: How to Successfully “Cross The Chasm” By Avoiding These Mistakes

Product  
Management Festival  
(Zurich)

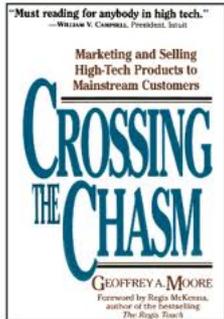
17-September 2014

Session Leader:  
Michael Eckhardt  
Managing Director

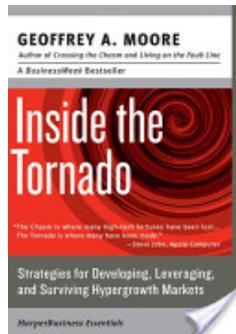


# Chasm Institute workshops + consulting are based on:

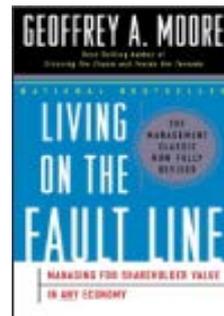
- Michael Eckhardt's 500+ engagements with tech-based clients
- our 6 best-selling strategy books by Chairman Geoffrey Moore
- 15 years of Thought Leadership in accelerating market success



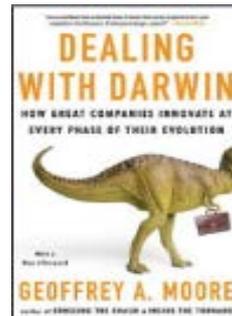
1991



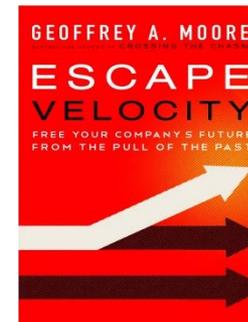
1995



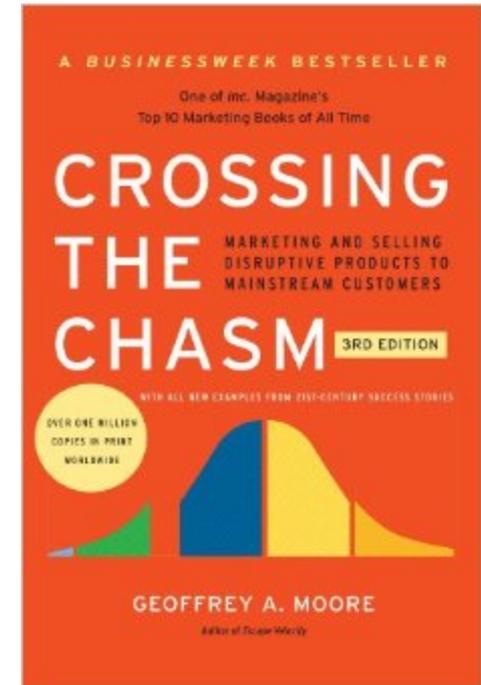
2001



2006



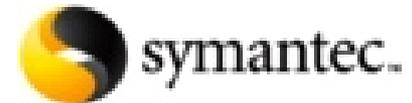
2011



Crossing The Chasm 3.0

2014

Chasm Institute has analyzed examples of “Best & Worst”  
Chasm Crossing practices from many of these companies:



Michael Eckhardt – Managing Director & Senior Workshop Leader at Chasm Institute, is a veteran of HP, Price Waterhouse, Harbridge Consulting and Pepsico.

An MBA graduate of **Harvard Business School** and **Wall Street Journal** Award winner, Michael Eckhardt is a recognized expert in strategic marketing and new venture success. He provides clients:

- in Silicon Valley, the US, and Europe / Asia-Pacific
- with strategy workshops & practical market strategy tools
- for gaining (+ sustaining) leadership positions in highly-competitive markets

Michael Eckhardt has worked with over 90 technology-based businesses in 20 countries. Founded in 1993, our clients include: Intel, Cisco, Adobe, HP, AT&T Wireless, SAP, Agilent Technologies, Jive, QAD, LMC Data Systems, NetApp, Autodesk, Plantronics, Mentor Graphics, and other high-tech leaders.



His 3 primary areas of focus are: target market success, driving new venture results, and accelerating Go-to-Market outcomes.

Michael Eckhardt and his Chasm Institute senior team have worked on market strategy for winning products, services and solutions in North America + worldwide. Geoffrey Moore is Chairman Emeritus of Chasm Institute, and Eckhardt has edited and contributed to several of Moore's popular high-tech strategy books, including the 2014 version of the best-selling **Crossing the Chasm**, with all-new tech examples / best practices for driving new growth.

Chasm Institute provides these advanced workshops to executives + teams:

***“Driving Go-to-Market Results”***

***“Accelerating Market Success”***

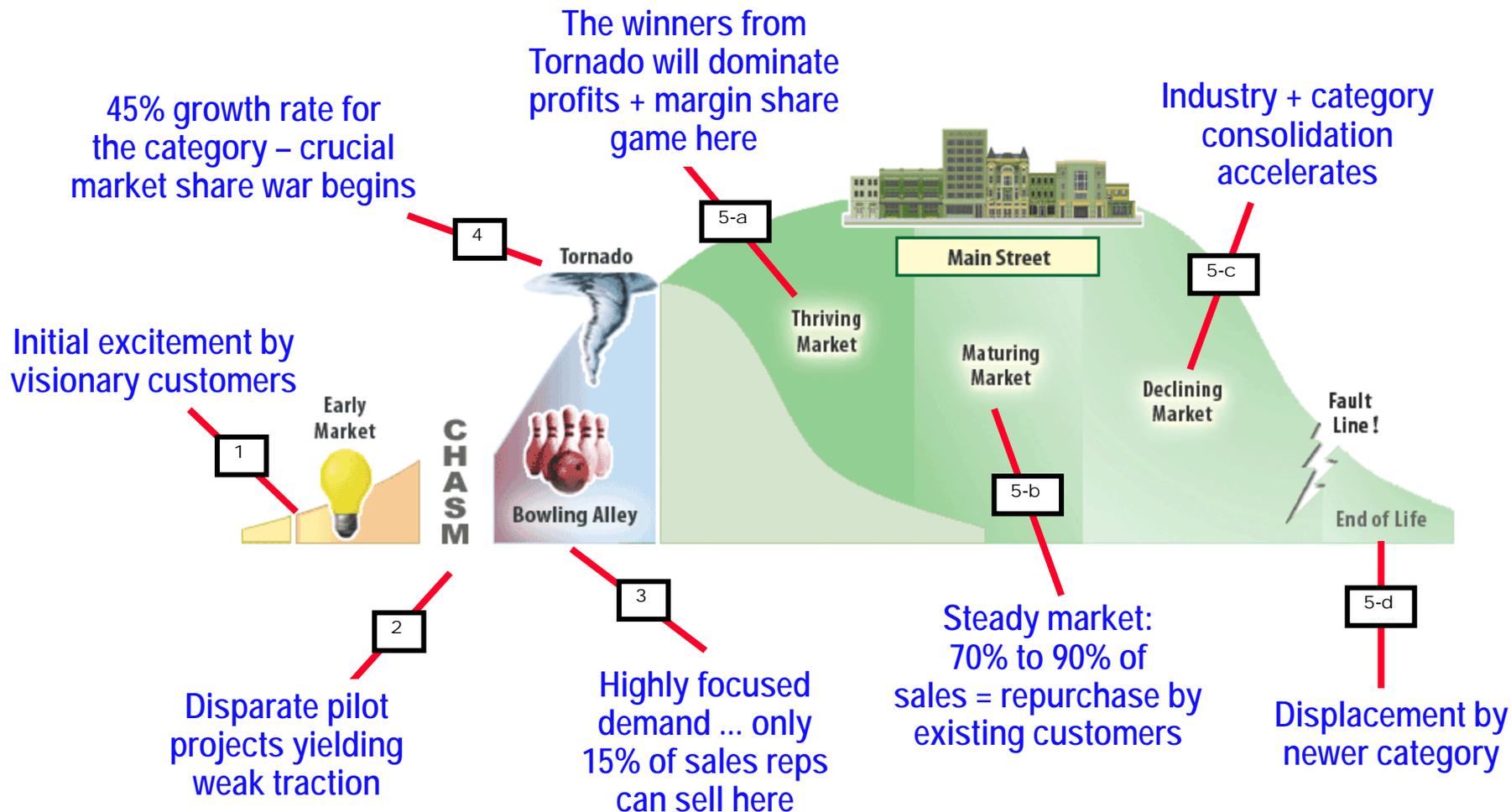
***“Crossing the Chasm 3.0”***

***“Winning in Mature Tech Markets”***

... for more information please click on: [www.chasminstitute.com](http://www.chasminstitute.com)

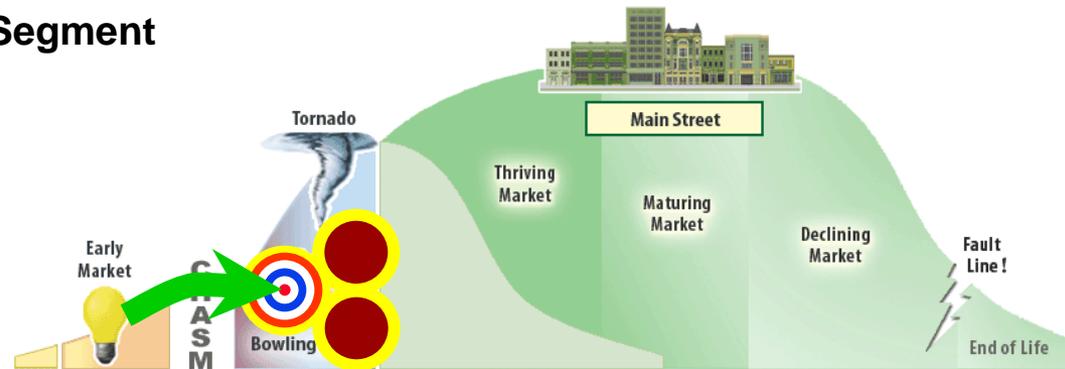
# The Tech Market Model

There are 8 Key Patterns in high-tech – this session will focus on the first 3



# Crossing the Chasm:

## Identify + Attack a Beachhead Segment



- ▶ The Problem:
  - 80% of many solutions — 100% of none
  - Pragmatists won't buy 80% solutions
- ▶ Most frequent vendor mistake:
  - Working on the most common overall enhancement requests
  - Never *finishing* any one segment's requirements
- ▶ The Correct Solution (leading to success):
  - Focus on a **single beachhead** segment
  - Accelerate formation of that segment's 100% whole product
  - ***Pick a list of requirements for a specific segment – and finish it !***

**Dominating a market begins with dominating a segment**  
Examples: Cisco, Apple, Salesforce, Google, Facebook, Amazon



## The “7 Deadly Sins” to Avoid

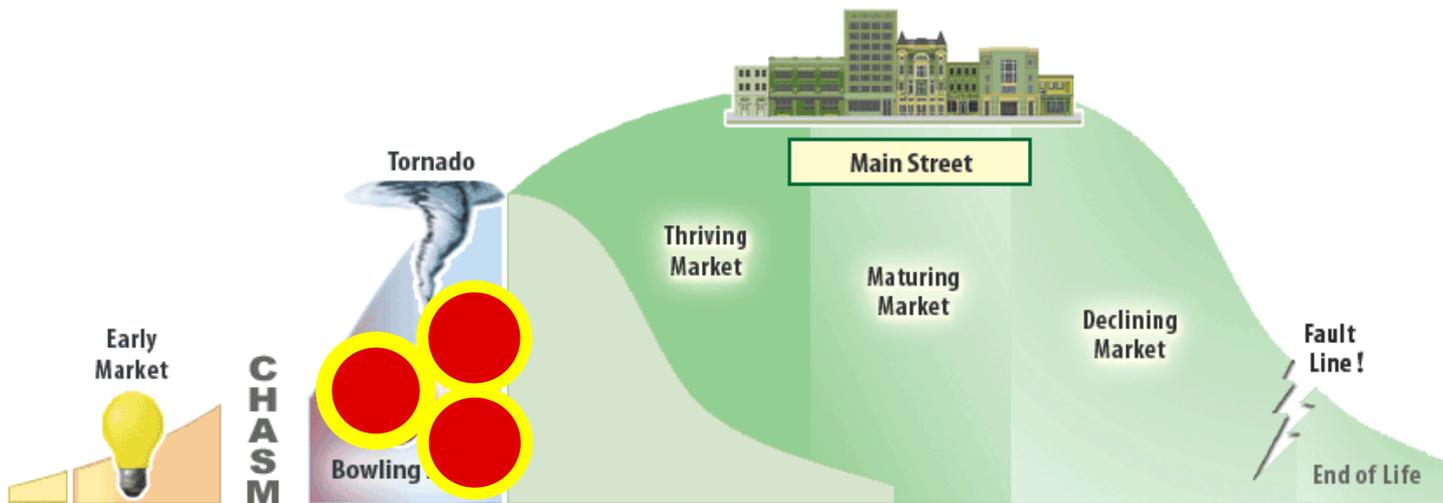
### 1. **Target Customer Mix-up:**

If you're in the Early Market and ready to move beyond it – don't just ask your current customers what they want or need. Instead, gain insight from Mainstream customers who have not yet adopted – since they are your target in the coming 12 to 24 months and beyond. We've seen companies suffer \$1 billion losses due to this avoidable mistake.

# The “7 Deadly Sins” to Avoid



## 1. Target Customer Mix-up:





## The “7 Deadly Sins” to Avoid

### 2. **Compelling Reason Confusion:**

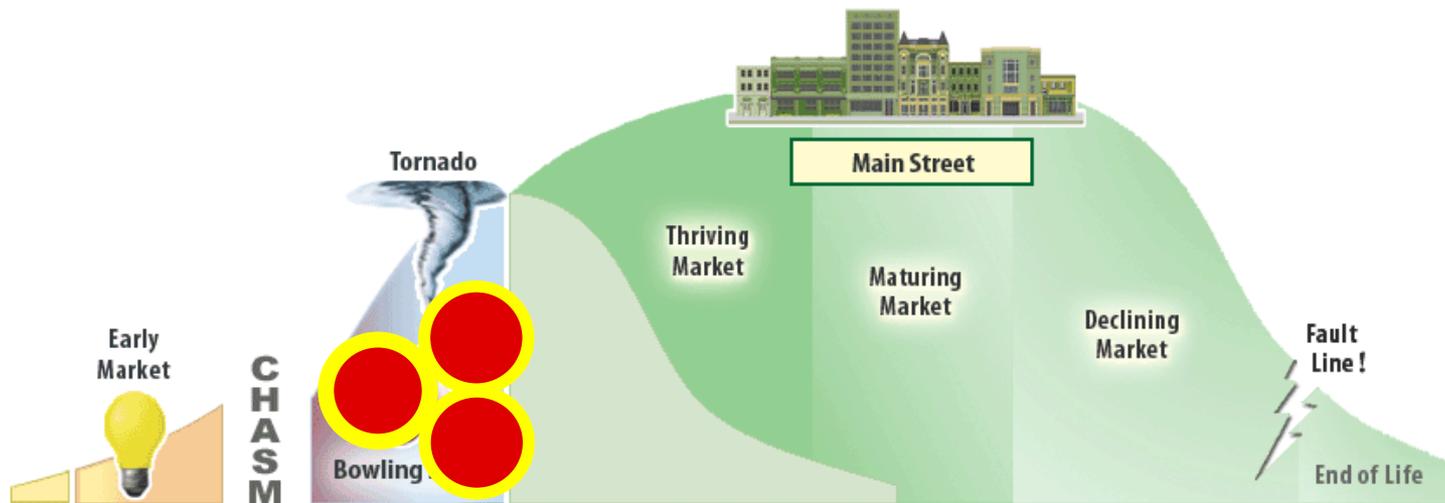
The catalyst for driving adoption by mainstream customers is to understand the target customer’s “Compelling Reason to Buy.”

Do not confuse that with “Compelling Reason to Sell.” The latter is your problem, and the customer doesn’t care about that.

# The “7 Deadly Sins” to Avoid



## 2. Compelling Reason Confusion:



# Compelling Reason to Buy (CRTB)



Describe in 20-40 words the specific CRTB priorities for this particular target customer, in their relevant TMM phase, during the next 3-12 months ...

Customers in this segment  
will now be better able to:









## The “7 Deadly Sins” to Avoid

### 3. **Whole Product Perfectionism:**

If you’re waiting until you have the perfect product before you launch into the main marketplace – surrender now.

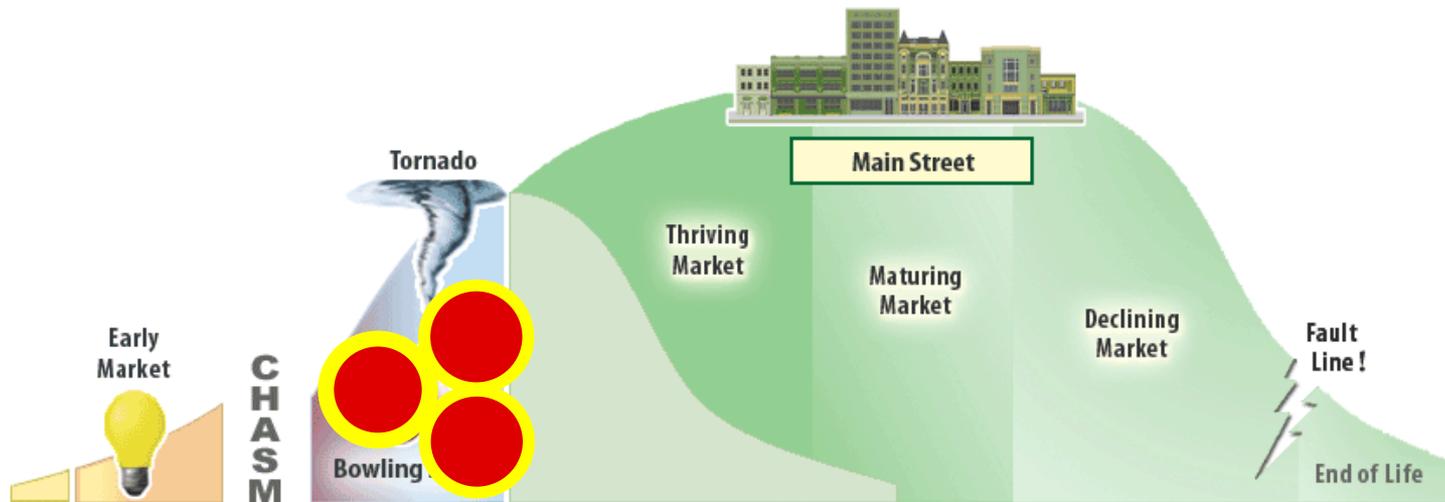
To successfully cross the chasm, we advise clients to focus on initially delivering MVP (Minimum Viable Whole Product). That’s the least complex solution that fulfills the target customers’ compelling reason to buy.

Stop thinking about “what else to add in,” and consider subtracting features to simplify the buy / install / use process.

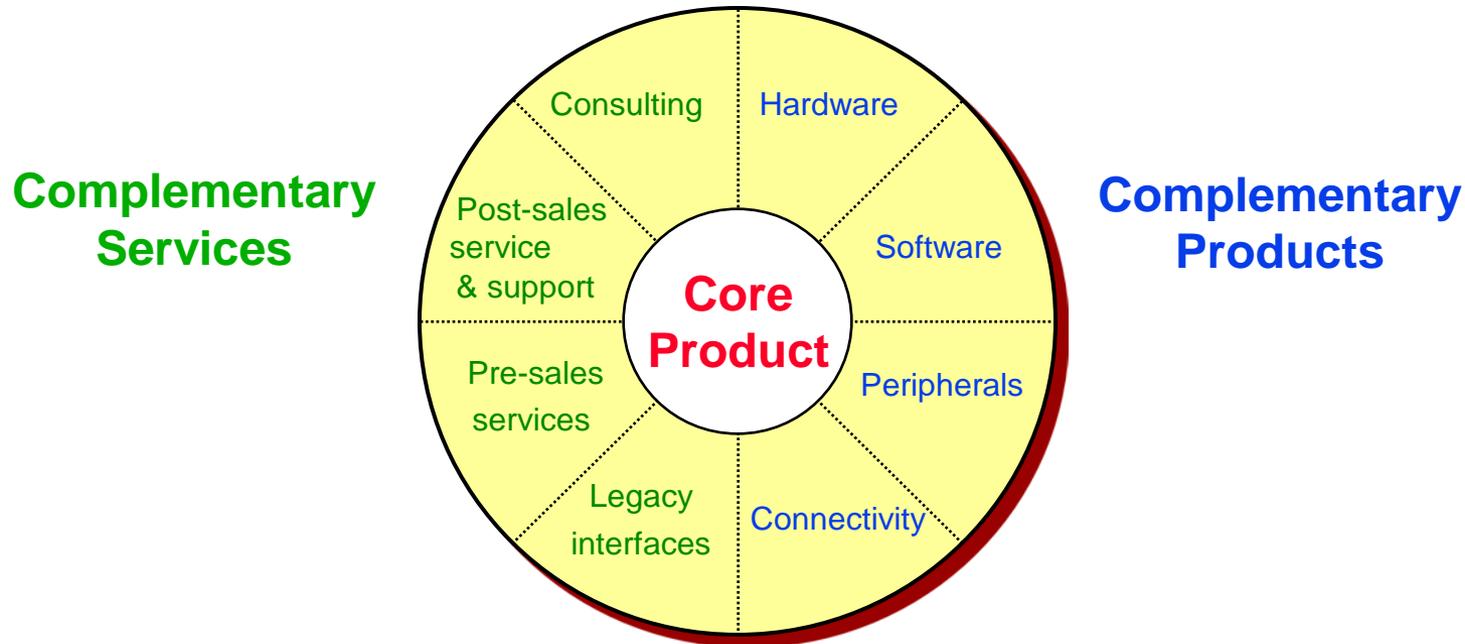
# The “7 Deadly Sins” to Avoid



## 3. Whole Product Perfectionism:



# The Whole Product Model



This “wheel” may need to contain many other components to achieve MVP

In Chasm Crossing – **MVP** is crucial ... and often more about subtraction than addition !

$$\text{Whole Product} = \text{Core Product} + \text{Key Enablers}$$



## The “7 Deadly Sins” to Avoid

### 4. **Overdoing Sales Training:**

Just because you are excited about your new product or service doesn't mean everyone must be trained on it.

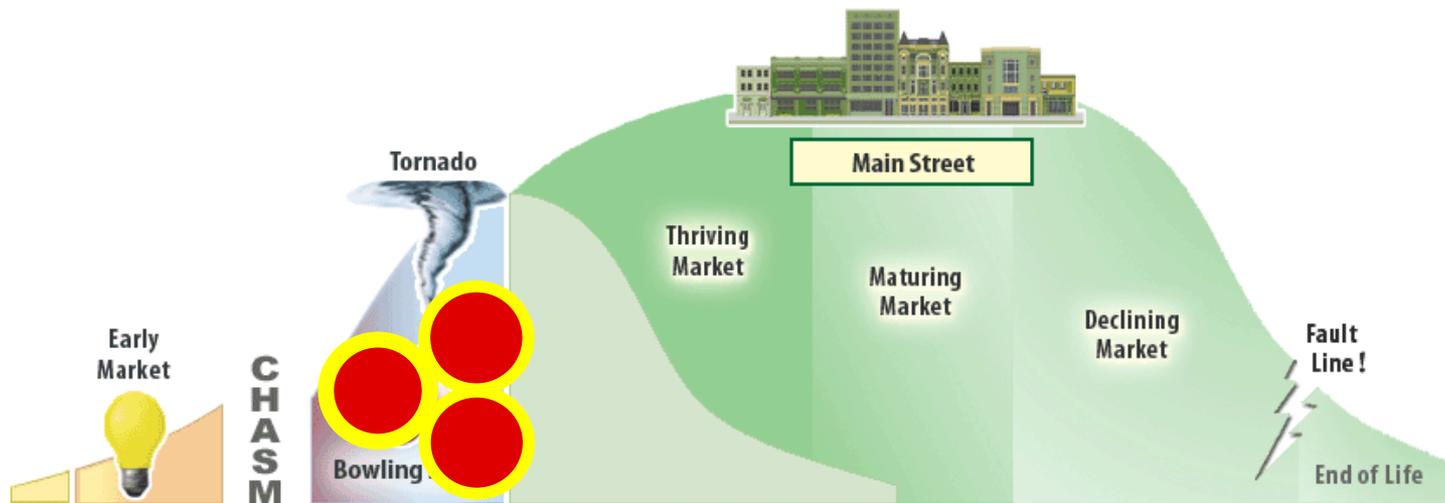
If you truly have a new breakthrough product (i.e. a disruptive innovation), then experience tells us that less than 15% of your sales team will account for 80% or more of first-year sales – so don't train everyone right away.

Instead, double-down on training and incentives for a small “Tiger Team” of sales pros who have the right mix of consultative skills, motivation, and energy – and limit the rest to “awareness training” in that first year after launch. Avoids wasted training time and money.

# The “7 Deadly Sins” to Avoid



## 4. Overdoing Sales Training:





## The “7 Deadly Sins” to Avoid

### 5. Pricing Misstep:

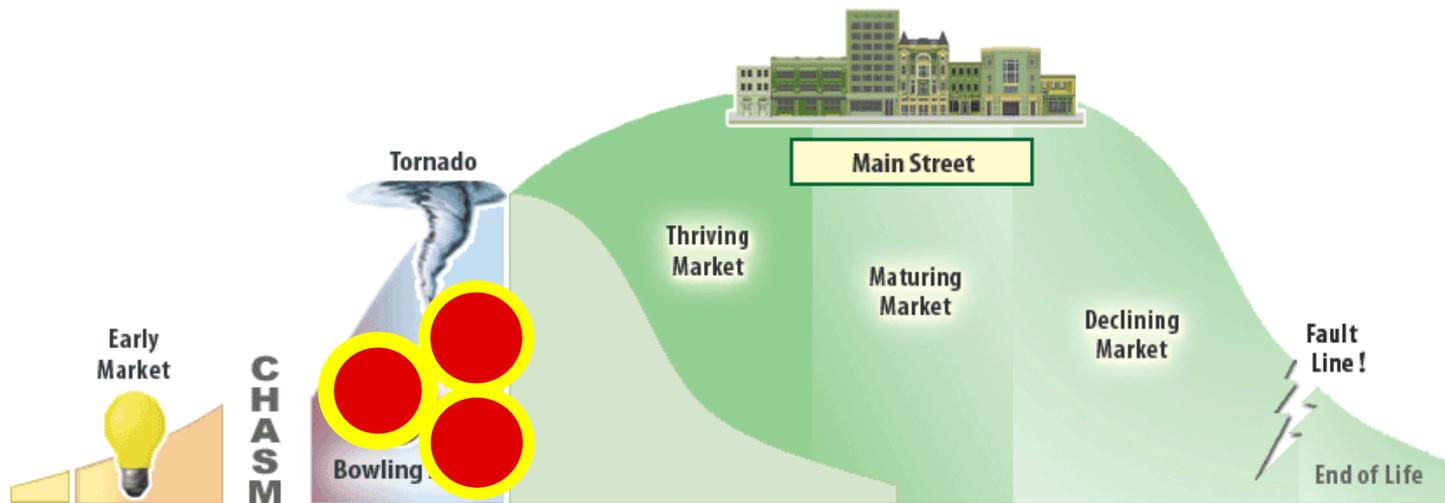
The road is littered with businesses that thought cutting price by 15% to 20% would help them cross the chasm. Sadly, price elasticity is muted at this stage of the market.

Yes, you need a reasonable price, but reducing it further will likely not cause unit sales growth – it will just damage margins. Instead consider reducing adoption risk for these pragmatist buyers by offering a performance guarantee or an attractive low-risk financing package.

# The “7 Deadly Sins” to Avoid



## 5. Pricing Misstep:





## The “7 Deadly Sins” to Avoid

### 6. **Weak Messaging:**

For a B2B message to be effective, it needs to be well articulated in 75 words or less. Preferably way less.

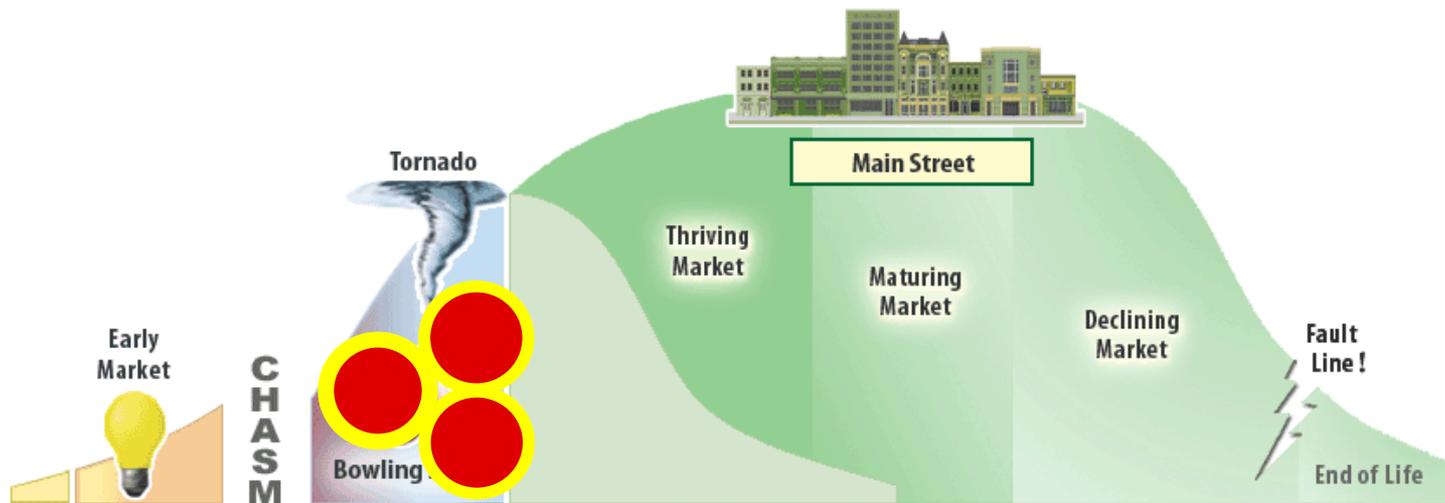
And be cautious of thinking in terms of “unique selling propositions.” Unique could imply weird or different. Instead, communicate a superior selling proposition.

Software companies in particular struggle with this, as many use a plethora of terms that end in “ility” and “ivity” (agility, manageability, productivity, connectivity) – yet miss the mark in communicating how their solution is truly superior to that of competitors.

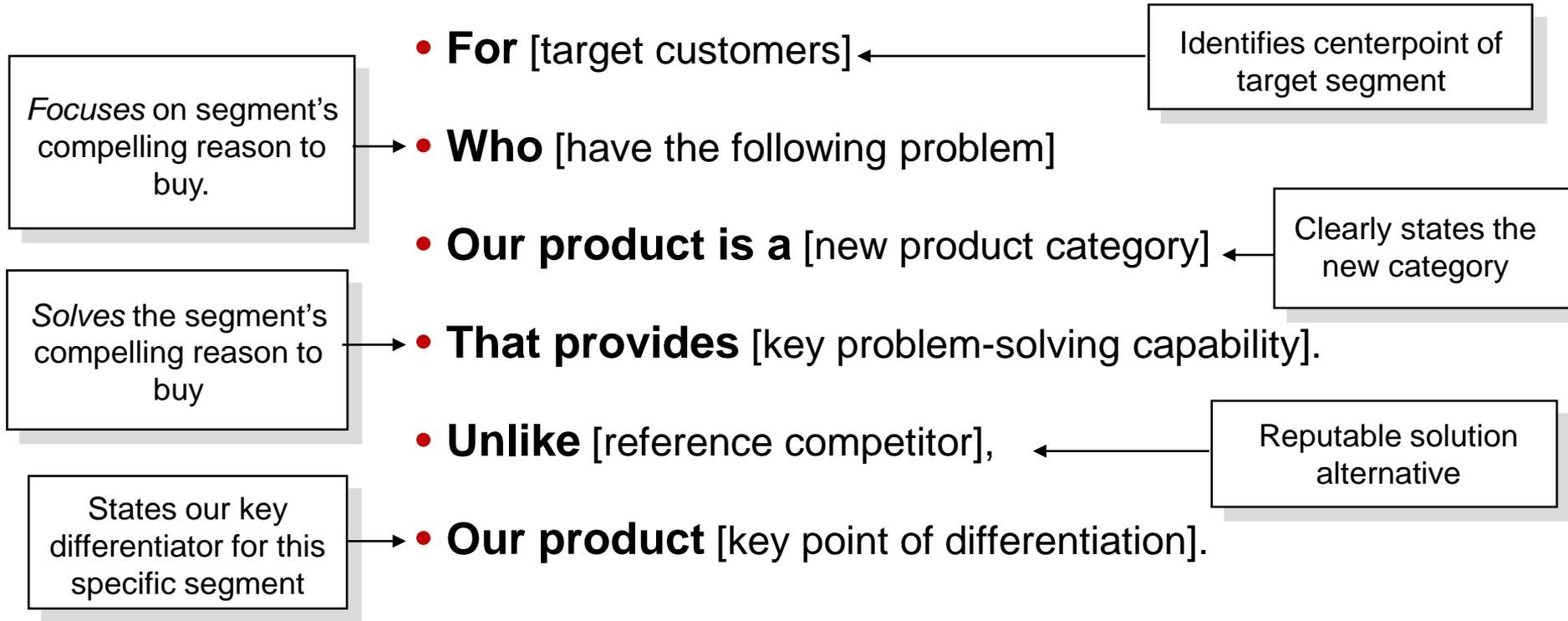
# The “7 Deadly Sins” to Avoid



## 6. Weak Messaging:



# Positioning Statement Template



**This statement is the platform for all marketing and sales messages.  
It must be relevant, credible and true.**



## The “7 Deadly Sins” to Avoid

### 7. Lastly, the **Vision Thing**:

It's great, yes even essential, to have a longer-term vision for your business.

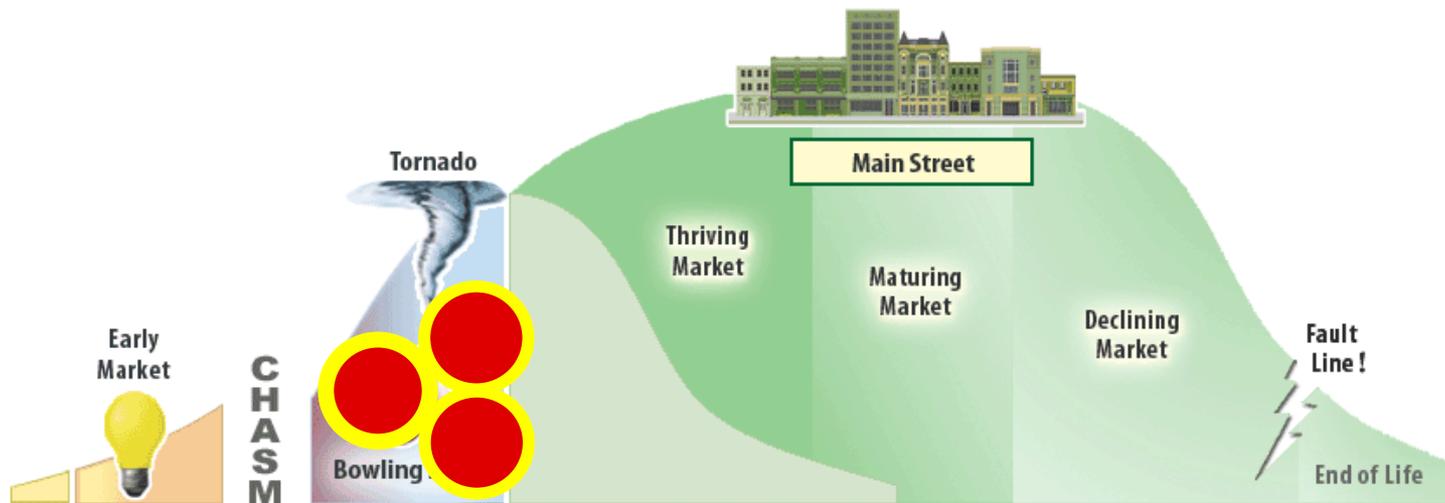
But don't confuse that vision with today's imperative – to identify and deploy a compelling solution for specific customer pain points. And aim for revenue growth rates of 30-40% in those customer segments.

That's the fuel that will propel you forward onto a scalable and profitable path in the years ahead.



# The “7 Deadly Sins” to Avoid

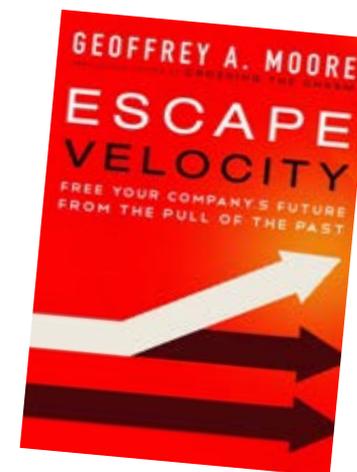
7. Lastly, the **Vision Thing**:



Chasm Institute provides:

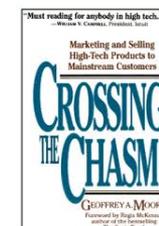
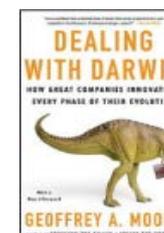
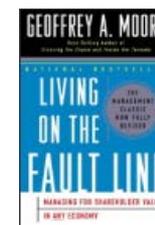
... **tech-based companies with workshops + tools to accelerate sales thru marketing -- by leveraging**

- ▶ **our best-selling books, authored by Chasm Institute Chairman Geoffrey Moore**
- ▶ **and our 15+ years of work in Silicon Valley**

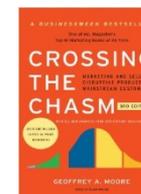
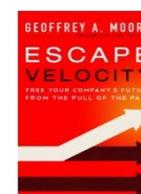
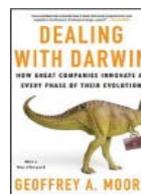
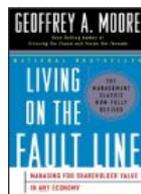
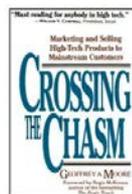
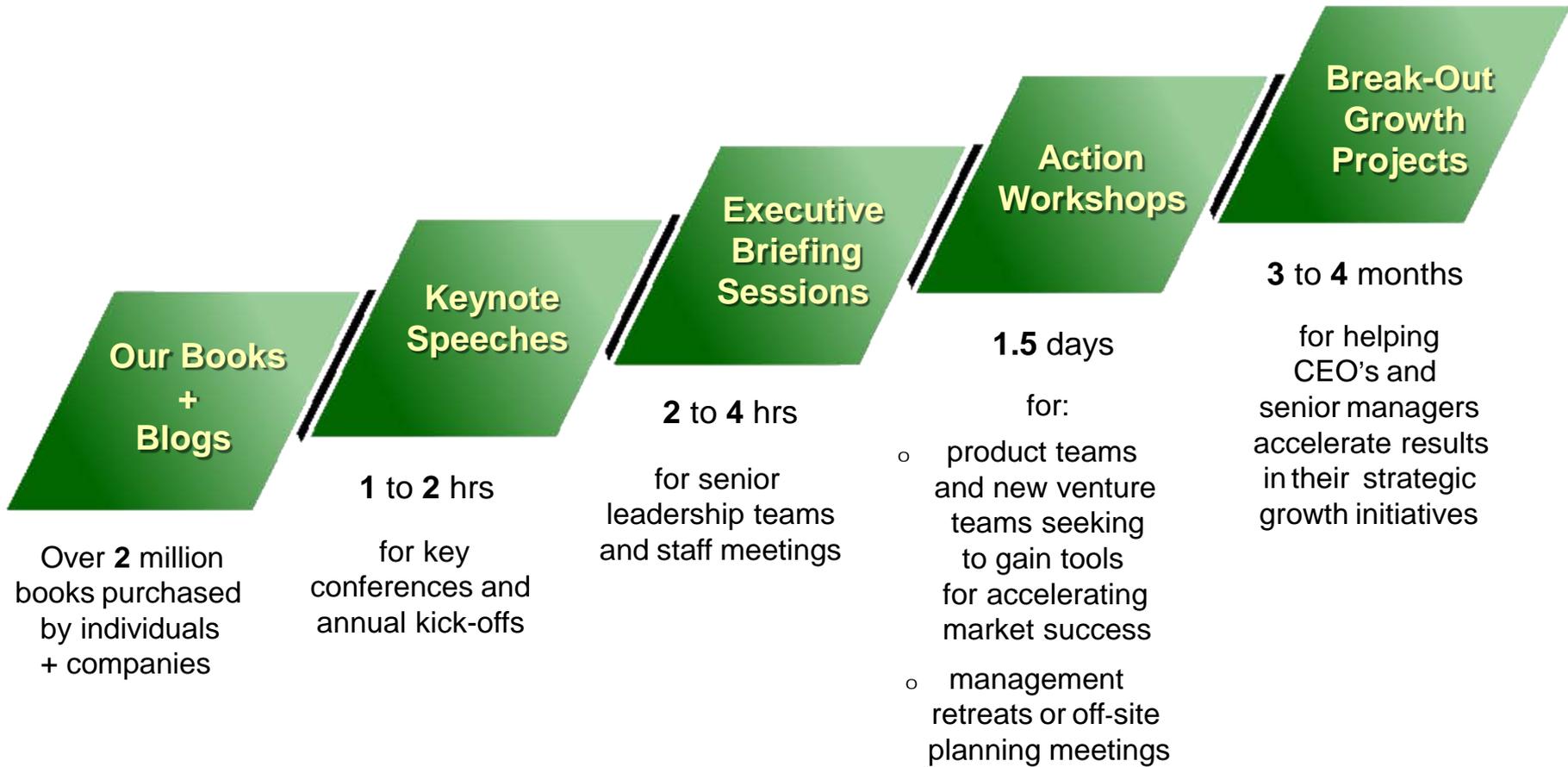


Chasm Institute helps:

- **tech companies drive profitable growth**
- **key managers operationalize their strategy**
- **teams in product management, R&D, marketing + sales achieve market success**



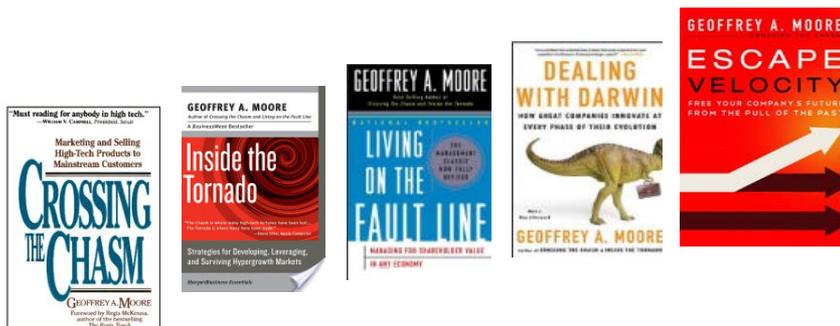
Here are **5 ways** to engage with Chasm Institute:





# For More Information on Chasm Institute Workshops For Your Business Team:

- ▶ Chasm Institute provides **workshops + tools** for helping tech-based companies achieve product and service success in tough, highly competitive markets
- ▶ Workshops are based on these best-selling business books by Chasm Institute's Chairman Emeritus, Geoffrey Moore:



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