AI and ChatGPT Will Revolutionize Customer Discovery

Steve Blank (Stanford University)

EDITOR'S NOTE: Steve Blank has had a celebrated career as a serial entrepreneur and founder of the Lean Startup movement, which for the first time gave startups a methodology for success. Best known as the Father of Modern Entrepreneurship, he also received the Lifetime Award for Entrepreneurial Excellence from the U.S. Association for Small Business and Entrepreneurship for the impact his work has had on entrepreneurship and entrepreneurial education. EIX recently asked Steve three questions about how AI will impact customer discovery, which is a key step in the Lean Startup process.

Q: What are the potential implications of AI for customer discovery?

The implications are enormous. Ultimately AI and ChatGPT are going to automate the entire entrepreneurial customer discovery and validation process. In some markets, such as e-commerce, it's going to happen way sooner than you think. Every part of customer discovery and customer validation, every part about coming up with a business model and testing it, every part of generating a website and testing products...you're going to do that with a click of a button. And then it's going to create your fundraising presentation to VCs. The ability to do this is right around the corner, and ChatGPT is the harbinger of the revolution in building new ventures.

People look at ChatGPT today and say, "Well, it doesn't get everything quite right," and, "It can't completely do x or y." They're missing the point. It's like looking at a baby in diapers and going, "Well, he doesn't play ball well." They're missing what they're looking at. What they're seeing is an incredibly disruptive leap in capabilities that are only going to get substantially better at an astounding rate.

Just think through the entire Lean Startup pipeline. Today, it starts with building a series of hypotheses around a business model. Imagine being able to describe the technology you have, or the problem you have, or the customers you want to reach. You can say to an AI, "Generate a couple of alternate business models for me to test." And then you could say, "Who are the likely customer segments?" And it'll come up with a list of customer segments. And then you could ask it, "Build me some customer archetypes." And it'll say, well, here's the demographics, geographics, age groups, etc. And then you could say, "Go acquire all the data that's available on those archetypes." Think about this. In ecommerce, 100% of profiles of any archetype are available online. You could buy them.

We can microtarget anyone: What do they do? What do they buy? What phones do they have? It means a startup no longer needs to talk to a person. They could run artificial tests against your artificial persona, and in doing that, another AI agent could generate a website. Then another AI agent could create fake products and see if people click on them.

This end-to-end process is not science fiction. It's certainly not complete yet today, but it's 100 times more complete today than it was 12 months ago. That's frightening.

And so if the same rate of innovation is going to happen, I contend within a year there are people who will be able to do this, at least when they can acquire data sets. I used ecommerce as an example, where there's infinite data. You can also imagine patient healthcare data, where there's infinite data, though it's protected. But if I have access to patient data or other data, or genomic disease data, or something else, I could be generating proxy products, MVPs. I could create artificial videos and create an artificial demo of the products or services. Again, half this stuff isn't available today. I'm describing an end-to-end process where right now these pieces are missing, or available tools can't quite do this. But it's like complaining that the baby isn't speaking three languages yet; it doesn't even speak one. But we know we have a baby, right?

Q: Have you seen any compelling ingenious uses of AI in customer discovery?

There's something called Agent GPT, which you can find here.(https://agentgpt.reworkd.ai)

There are lots of other examples, and they are all over the place. The point is that Chat GPT has turned from an application to a platform where you could plug in additional data. That's what makes this thing compelling.

Q: How does AI change the way entrepreneurs should think about approaching customer discovery?

As last week, I now tell all my students that besides Googling, they need to be using ChatGPT to help them build business models and do discovery. They're already using it to tell them who all the competitors are, and to help them generate alternate business models. And I've encouraged that. It's not a substitute yet, but I think in another couple of years, these classes and the whole first pass of the Lean methodology pipeline is going to be done by machine. Not the best version, but at minimum it will start your thinking about what an end-to-end process and pipeline could do.

If AI can help you can create a couple of them in the first week of your startup, and then refine them with a human being, you saved a year.