CURT CARLSON’S N-A-B-C INNOVATION PROCESS

A systematic design for entrepreneurial innovation.

What is the important customer and market Need?
- Customers have a feeling of dissatisfaction with the current state.
- Important needs are those felt intensely by large numbers.
- Dissatisfaction is multi-dimensional – include all elements of value.
- Dissatisfaction is inarticulate – customers can’t tell you what they want.
- Use means-end thinking and empathy to identify the deeper meaning customers seek.

What is the unique Approach for addressing this need?
- Includes the design of the product/service and the technology, as well as delivery and business model.
- It’s the HOW in “How we will solve the customer’s problem”.
- It must be easy and convenient, fit into the customer’s life and current circumstances (i.e. easy to adopt, and be affordable).
- It must reach the customer through channels they want to use.
- It must be 2x to 10x better than anything currently available.

What are the specific Benefits per costs that result from this approach?
- What does the customer experience – in all dimensions, including results, function, quality, convenience – cost?
- How is this experience superior to the current state – and to what degree (i.e. perceived relative difference 2x–10x better)?
- What are the customer’s costs – not only $$$, but opportunity cost, switching cost, reputational cost (leader or follower)?

How are these benefits per costs superior to Competition and the alternatives?
- Requires thorough understanding of the competitive marketplace – both direct substitutes, and indirect substitutes.
- Customer also has the choice of deferring purchase or not purchasing at all – are these viable alternatives?
- Your Approach should have perceived uniqueness and a competitive moat.

N-A-B-C Value Propositions are iterative – you never get it right the first time.

Compound your knowledge – encourage diversity of skills on your team, combining knowledge from different fields.

Use comparative learning – take comments from other innovators to improve your N-A-B-C.

Let Austrian Economics Be Your Source of Innovation.

Economics For Entrepreneurs is a project of the Mises Institute, to demonstrate how the application of economic principles helps entrepreneurs succeed.

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