



CENTER FOR HOMELAND
DEFENSE AND SECURITY
NAVAL POSTGRADUATE SCHOOL



HSx MODULE: ENTREPRENEURSHIP (STEP 12 – DETERMINING THE CUSTOMER'S DECISION MAKING UNIT)



APRIL 2017

WHAT IS DETERMINING THE CUSTOMER'S DECISION MAKING UNIT?

- Rarely is the purchasing process simple. When almost any product of significance is acquired or adopted for use, whether in a B2B or B2C market, multiple people will have to be convinced that your product is worth purchasing.
- To sell your product successfully, you will need to identify all the people who will be involved in the decision to acquire the product for the end user. Some people will actively approve or block acquisition, while others will present opinions that can sway the acquisition process.

HOW DO YOU DETERMINE THE CUSTOMER'S DECISION MAKING UNIT?

Interview customers to gain the following information;

1. Assuming we could produce the product we have described, what would need to be done to bring a product in to test out?
2. Who besides you would be involved in the decision to bring our product in?
3. Who will have the most influence?
4. Who could stop this from happening?
5. Assuming the product does what we believe it will do, whose budget will the money come from to pay for it?
6. Does this person need anyone else to sign off on this budget?
7. Who will feel threatened by this and how will they react?

PRIMARY ROLES IN DECISION MAKING UNIT

- Champion- Person who wants the purchaser to purchase the product, are typically but not necessarily your end user. Multiple people can play this role. The champion can also be referred to as the advocate.
- End User- This is the person that will actually use the product in Step 8, Quantified Value Proposition. Hopefully this person is your champion as well; regardless, the end user typically plays a significant role in the purchase of the product.
- Primary Economic Buyer- This is the primary decision maker, as everyone else looks to this person to sign off on spending money to purchase your product. Most often, this person controls the budget. Sometimes, the primary economic buyer is also the champion and/or the end user, which makes your job easier, but does not completely neutralize influencers or individuals who object to the purchase.

ADDITIONAL ROLES IN THE DECISION MAKING UNIT

- Primary and Secondary Influencers - These individuals often have a depth of experience in the subject matter, and can influence the rest of the DMU, including the champion and end user.
- Person with Veto Power - These individuals can reject a purchase for any reason. Often in a B2B environment, the individual outranks the advocate or end user in a corporate hierarchy.
- Purchasing Department - This department handles all of the logistics of the purchase. They can be another obstacle, as this department often looks to drive the price down, even after the decision to make the purchase has been made by the Primary Economic Buyer. In general, they are a link in the chain that you should neutralize but not sell to.

HOW DO YOU DETERMINE THE CUSTOMER'S DECISION MAKING UNIT?

- Review previous information learned during interviews pertaining to who or what influences the Persona, from people, organizations, websites, publications, and media gurus.
- If the Advocate or Primary Economic Buyer are not your Persona, build a fact sheet similar to your Persona fact sheet for the individuals in each role. You will have to think about how you appeal to them, so you get a “yes” or at least a “neutral” response.

REFERENCES

- Module 2 – Part 0 – Entrepreneurship 103 – Introduction to Decision-Making Unit
<https://www.youtube.com/watch?v=PaNIjuvXS8M>
- Module 2 – Part 1 – Entrepreneurship 103 – Primary Roles in the Decision-Making Unit
https://www.youtube.com/watch?v=d_ndhq2JwAA&index=3&list=PLm3AgYHrI_yiTEfWUvKIOZkvyGPiJOk8Q
- Module 2 – Part 2 – Entrepreneurship 103 – Additional Roles in the Decision-Making Unit
https://www.youtube.com/watch?v=79RAOHMwQN8&list=PLm3AgYHrI_yiTEfWUvKIOZkvyGPiJOk8Q&index=4
- Module 2 – Part 3 – Entrepreneurship 103 – Case Study: Yan Liu of TVision Insights
https://www.youtube.com/watch?v=vvFWa8OaAvs&list=PLm3AgYHrI_yiTEfWUvKIOZkvyGPiJOk8Q&index=5
- Module 2 – Part 4 – Entrepreneurship 103 – Yan Liu Discusses TVision Insights
https://www.youtube.com/watch?v=RCtw7NxjalQ&index=6&list=PLm3AgYHrI_yiTEfWUvKIOZkvyGPiJOk8Q
- Module 2 – Part 5 – Yan Liu Explains the Primary Roles in TVision's DMU
https://www.youtube.com/watch?v=GBLjShtuD6g&list=PLm3AgYHrI_yiTEfWUvKIOZkvyGPiJOk8Q&index=7
- Module 2 – Part 6 – Entrepreneurship 103 – Additional Roles in the TVision DMU
https://www.youtube.com/watch?v=fKYStfeiYb4&index=8&list=PLm3AgYHrI_yiTEfWUvKIOZkvyGPiJOk8Q
- Module 2 – Part 7 – Entrepreneurship 103 – Veto Power Holders in the TVision DMU
https://www.youtube.com/watch?v=YRTnVBYQV8c&list=PLm3AgYHrI_yiTEfWUvKIOZkvyGPiJOk8Q&index=9
- Module 2 – Part 8 – Entrepreneurship 103 – How Yan Liu Determined TVision's Primary DMU
https://www.youtube.com/watch?v=qvpmXp_TOjM&index=10&list=PLm3AgYHrI_yiTEfWUvKIOZkvyGPiJOk8Q
- Module 2 – Part 9 – Entrepreneurship 103 – How Yan Liu Discovered Additional DMU Roles
https://www.youtube.com/watch?v=jR7EHP0vGtK&list=PLm3AgYHrI_yiTEfWUvKIOZkvyGPiJOk8Q&index=11
- Module 2 – Part 10 – Entrepreneurship 103 – Decision-Making Unit Wrap-Up
https://www.youtube.com/watch?v=7-qlknar6c0&list=PLm3AgYHrI_yiTEfWUvKIOZkvyGPiJOk8Q&index=12

SUMMARY

- “Having determined how you create value for the customer, you must now look at how the customer acquires the product. To successfully sell the product to the customer, you will need to understand who makes the ultimate decision to purchase, as well as who influences that decision. The Champion and Primary Economic Buyer are most important; but those holding veto power, as well as Primary Influencers, cannot be ignored. B2B situations are easier to map out, but the process is still important in a customer situation; large consumer goods companies like Procter and Gamble have been doing this process for years.”

Bill Aulet, Disciplined Entrepreneurship

Entrepreneurial Process – Determining the Customer’s Decision Making Unit

Date of information: June 1 2017

Overview: “Having determined how you create value for the customer, you must now look at how the customer acquires the product. To successfully sell the product to the customer, you will need to understand who makes the ultimate decision to purchase, as well as who influences that decision. The Champion and Primary Economic Buyer are most important; but those holding veto power, as well as Primary Influencers, cannot be ignored. B2B situations are easier to map out, but the process is still important in a customer situation; large consumer goods companies like Procter and Gamble have been doing this process for years.”¹

Recent Publications, Videos and Journal Articles:

- Module 2 – Part 0 – Entrepreneurship 103 – Introduction to Decision-Making Unit
 - <https://www.youtube.com/watch?v=PaNIjuvXS8M>
- Module 2 – Part 1 – Entrepreneurship 103 – Primary Roles in the Decision-Making Unit
 - https://www.youtube.com/watch?v=d_ndhq2JwAA&index=3&list=PLm3AgYHrl_yiTefWUvKIOZkvyGPiJOk8Q
- Module 2 – Part 2 – Entrepreneurship 103 – Additional Roles in the Decision-Making Unit
 - https://www.youtube.com/watch?v=79RAOHMwQN8&list=PLm3AgYHrl_yiTefWUvKIOZkvyGPiJOk8Q&index=4
- Module 2 – Part 3 – Entrepreneurship 103 – Case Study: Yan Liu of TVision Insights
 - https://www.youtube.com/watch?v=vvFWa8OaAvs&list=PLm3AgYHrl_yiTefWUvKIOZkvyGPiJOk8Q&index=5
- Module 2 – Part 4 – Entrepreneurship 103 – Yan Liu Discusses TVision Insights
 - https://www.youtube.com/watch?v=Rctw7NxjalQ&index=6&list=PLm3AgYHrl_yiTefWUvKIOZkvyGPiJOk8Q
- Module 2 – Part 5 – Yan Liu Explains the Primary Roles in TVision's DMU
 - https://www.youtube.com/watch?v=GBLjShtuD6g&list=PLm3AgYHrl_yiTefWUvKIOZkvyGPiJOk8Q&index=7
- Module 2 – Part 6 – Entrepreneurship 103 – Additional Roles in the TVision DMU
 - https://www.youtube.com/watch?v=fKYStfeiYb4&index=8&list=PLm3AgYHrl_yiTefWUvKIOZkvyGPiJOk8Q
- Module 2 – Part 7 – Entrepreneurship 103 – Veto Power Holders in the TVision DMU
 - https://www.youtube.com/watch?v=YRTnVBjYQV8c&list=PLm3AgYHrl_yiTefWUvKIOZkvyGPiJOk8Q&index=9
- Module 2 – Part 8 – Entrepreneurship 103 – How Yan Liu Determined TVision's Primary DMU
 - https://www.youtube.com/watch?v=qvpmXp_TOjM&index=10&list=PLm3AgYHrl_yiTefWUvKIOZkvyGPiJOk8Q
- Module 2 – Part 9 – Entrepreneurship 103 – How Yan Liu Discovered Additional DMU Roles

¹Aulet, B. (2013). *Disciplined Entrepreneurship*. Hoboken, New Jersey, United States of America: John Wiley & Sons, Inc.



- https://www.youtube.com/watch?v=jR7EHP0vGtk&list=PLm3AgYHrl_yiTefWUvKIOZkvyGPiJOk8Q&index=11
- Module 2 – Part 10 – Entrepreneurship 103 – Decision-Making Unit Wrap-Up
 - https://www.youtube.com/watch?v=7-qIknar6c0&list=PLm3AgYHrl_yiTefWUvKIOZkvyGPiJOk8Q&index=12

Other Resources:

The Lean LaunchPad: Stanford Engineering 245. 2 Minutes to See Why:

<https://www.youtube.com/watch?v=m733s5PNpWc&feature=youtu.be>

<http://www.SteveBlank.com> – Video collection from the founder of Lean Launch

<http://www.Startupstash.com> – This is a website with hundreds of resources covering topics most entrepreneurs find difficult especially when getting started.