

# Early Stage Growth

Acquiring your first 10, 100, and 1000+ customers as a consumer business

# Who are we?



**Matt Spettel**

Co-founder + CEO @ trainwell

CMU ECE '19



**John LaGue**

COO @ trainwell

Y-Combinator '19

# \$38M+ Revenue

Powered by D2C marketing

# \$19M

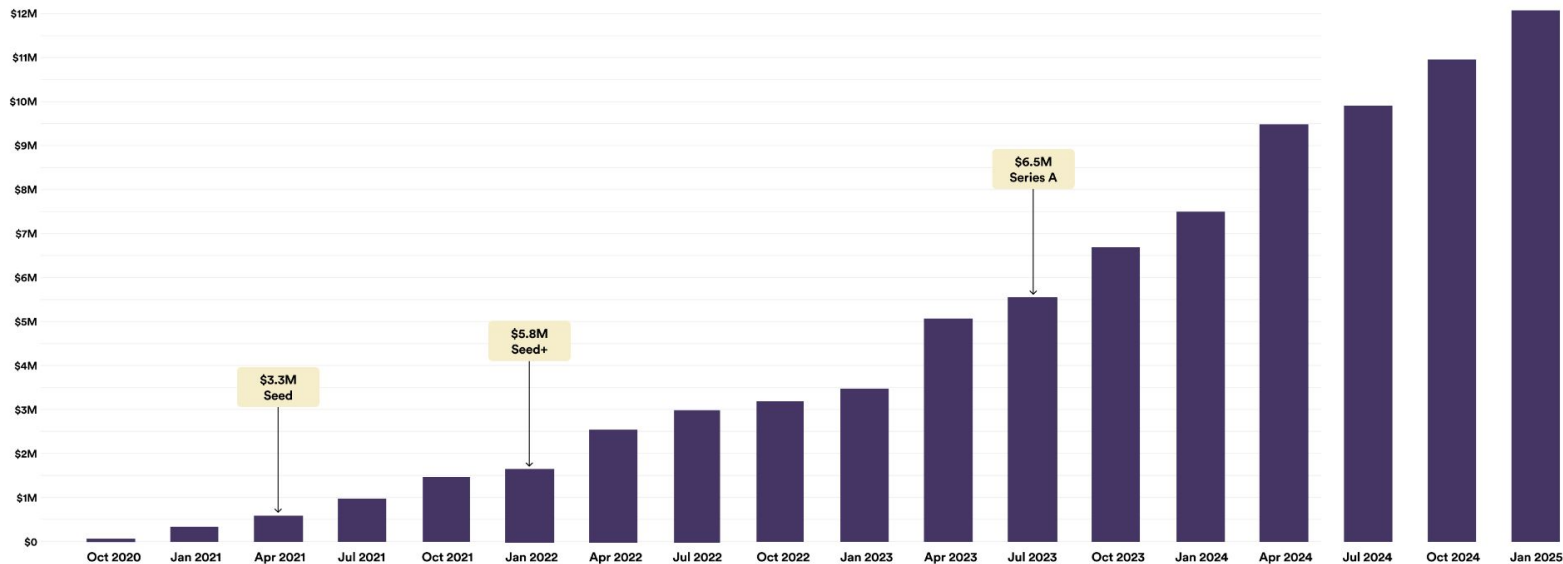
funding raised

# 90,000+

clients served

# 7M+

workouts completed



ARR calculated by multiplying MRR by 12. Strong seasonal growth during every Q1.

# Things we'll cover

## Assumptions

**0–100 customers:** Sell manually and find a winning offer

**100–1,000:** Find something repeatable.

**1,000+:** Exploit what works and optimize the machine

# What do you need to grow?

## Product Market Fit

Differentiated solution to a painful problem.

Access to users who will pay to have that problem solved.

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**We'll be focusing here today**

An arrow points from the text 'We'll be focusing here today' to the text 'Access to users who will pay to have that problem solved.'.

# Product Market Fit

*“The customers are buying the product just as fast as you can make it — or usage is growing just as fast as you can add more servers. Money from customers is piling up in your company checking account. You’re hiring sales and customer support staff as fast as you can.”*

**Marc Andreessen**

# 0-100 Customers

(pre-scale)



# Four ways to get in front of potential customers

## 1. Find them 1-on-1

Ex: text/email/DM/call people you know, cold calls/email/DMs/door-to-door

## 1. Pay to reach them (1-to-many paid)

Ex: Google/Meta ads, Billboards, Direct Mail, Sponsorships

## 1. Attract them (1-to-many free)

Ex: Social media content, Creating content/tool/ freemium app that ranks highly on Google/ App store, Creating communities

## 1. Other People's Audiences & Relationships

Ex: Referrals, Distribution (B2B2C) partnerships, Affiliates, Press, Influencers, etc

# Four ways to get in front of potential customers

## 1. Find them 1-on-1

Ex: text/email/DM/call people you know, cold calls/email/DMs, door-to-door

## ~~1. Pay to reach them (1 to many paid)~~ You probably don't have a lot of \$

~~Ex: Google/Meta ads, Billboards, Direct Mail, Sponsorships~~

## ~~1. Attract them (1 to many free)~~ Better once offer is solid/ Slow to ramp up

~~Ex: Social media content, Creating content/tool/ freemium app that ranks highly on Google/ App store, Creating communities~~

## 1. Audiences & Relationships (Potentially slow/ difficult if no existing connections)

Ex: Referrals, Distribution (B2B2C) partnerships, Affiliates, Press, Influencers, etc

# Do things that don't scale (grind)

Use your networks!

- You all have FB/insta/Snap/LinkedIn connections, CMU groups, phone contacts.

Likely will be **very** manual. Don't be afraid to just talk to random people and get rejected 100, 200, 1000 times.

Probably will take longer than expected (took us ~9 months to get 100 clients)

Use this as an opportunity to talk to your customers face-to-face.

# Get people to pay you

Validate that your solution solves a painful problem by **forcing people to pay for it**.

If you say “would you use this?” everyone will say “sure, sounds cool!”.

If you say “okay great, it’s \$20 do you have your credit card on you?” then they have to actually assess the value.

You can get people to pay for products way earlier than you might think.

Ex: Manual versions of software, vibe coded prototypes, preorders, waitlists, etc.

***Warning: Paying customers doesn’t automatically mean PMF***

# Tips if you're uncomfortable with "sales"

1. Your goal is to HELP. You are providing a solution to a problem, not trying to shove something down people's throat. Keep the problem solver mindset - you are doing them a favor by solving their problem!
  
1. Start with people you already know:
  - a. Start with reconnecting (don't send a dm with no context) and asking how they are doing. Offer a compliment if it is genuine (Ex: "Congrats on starting the new job at XYZ company!")
  - b. Go indirect: "I am looking for X person with Y problem to do/provide Z solution. Do you know someone who might benefit from that?"

# Examples of doing things that don't scale

- Setting up a table on a street corner.
- Force your friends and family to buy it.
- Giving away free Apple Watches to use the product.
- Manually scraping the MIT/Harvard alumni database to send alumni handwritten letters.
- Called every local gym and pitched them remote training. Go in person if necessary. Built them their own branded apps.
- DMing people directly.
- Personally connecting with and reaching out to local press.
- Put out cheap flyers / door hangers.sha
- Commenting on Reddit posts / DMing Redditors.
- Dropping off fancy welcome boxes at wealthy homes here in Shadyside.

# Refine your offer/pitch as you go

Iterate both the solution/product itself but **ALSO** iterate *how you talk about your product* as you get the first 100 customers.

Many of you may want to launch a revolutionary new product

“Uber for shoe shining robots”

Don't forget that there are billion dollar “boring” businesses that simply know ***how to sell.***

Liquid Death is literally just water in a can

If you can get both the product AND offer right, you'll grow even faster.

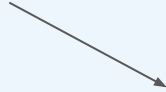
# Value equation to refine your offer

$$\text{Perceived Value} = \frac{\text{Dream Outcome} \times \text{Perceived Likelihood of Success}}{\text{Time Delay to Outcome} \times (\text{Effort} + \text{Sacrifice})}$$

Taken from smarter marketers than myself^

# Value equation to refine your offer

How painful is the  
problem being solved?



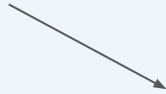
Dream Outcome x Perceived Likelihood of Success

Perceived Value = -----

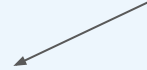
Time Delay to Outcome x (Effort + Sacrifice)

# Value equation to refine your offer

How painful is the  
problem being solved?



Do people believe it  
will solve the problem



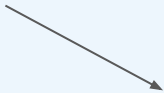
**Dream Outcome   x   Perceived Likelihood of Success**

**Perceived Value = -----**

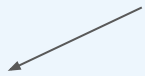
**Time Delay to Outcome   x   (Effort + Sacrifice)**

# Value equation to refine your offer

How painful is the  
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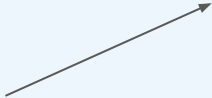
Do people believe it  
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**Dream Outcome   x   Perceived Likelihood of Success**

**Perceived Value = -----**

**Time Delay to Outcome   x   (Effort + Sacrifice)**



How long will it be  
before their problem  
is solved?

# Package your offer to maximize Perceived Value

How painful is the  
problem being solved?

Do people believe it  
will solve the problem

**Dream Outcome x Perceived Likelihood of Success**

**Perceived Value = -----**

**Time Delay to Outcome x (Effort + Sacrifice)**

How long will it be  
before their problem  
is solved?

How much effort do  
people need to put in to  
get to the solution

# Common Mistakes

- Outsourcing growth before **you** know how to grow (avoid marketing agencies, growth execs, online gurus, etc.)
- Trying to fundraise to get initial growth (it's actually the opposite - growth lets you fundraise). Only exception is if you are working on crazy biotech or hardware.
- Not prioritizing actual growth. Building more features, fundraising, or going to competitions will not create growth. Growth (not cool features) is what separates real companies from fun projects.
- Giving up too early (be in the mindset of this taking years, not days)

# 100 - 1000 Customers

(Finding repeatability)



# What is a growth channel?

Think back to the 4 buckets (Direct, Paid, Organic, Audiences/Platforms).

A channel is what connects your product with potential customers.

At the highest level, a channel is a place where you can get impressions (views) of your product and attempt to convince people to buy it.

# How to find a growth channel?

No perfect answer, you need to test and iterate!

One framework for testing channels:

Bullseye Framework outlined by Gabriel Weinberg *Traction*.

# The 19 Channels in *Traction*

1. Blogs
2. Publicity
3. Unconventional PR
- 4. Search Engine Marketing (SEM)**
- 5. Social & Display Ads**
6. Offline Ads
7. Search Engine Optimization (SEO/AEO/ASO)
8. Content Marketing
9. Email Marketing
10. Viral Marketing
11. Product led growth
12. Business Dev. / B2B2C
13. Sales
14. Affiliates
- 15. Existing Platforms (Influencers)**
16. Trade Shows
17. Offline Events
18. Speaking Engagements
19. Community Building

# **Finding a channel that works for you**

Note: Do not dismiss any channel as off limits. Typically the under-utilized channels can offer some of the best hidden gems.

# Questions to ask when evaluating a channel

1. What is the cost to acquire a customer?
1. How many potential customers are available?
1. Are these the type of customers that you want?

# **What is the cost to acquire a customer?**

How much \$ do you have to put into the channel to get 1 customer?

And/or how much time and effort is required to get 1 customer?

# How many customers are available?

Useful for planning future tests and comparing against other channels.

Is this channel scalable? (the earlier on, the less this matters)

# **Are these the type of customers you want?**

Does this channel have people who really need your product?

**Is the problem you solve for them painful? Are they willing to pay for it?**

Do those people refer others to your product?

Would these people be very disappointed if you stopped offering your product?

# Implementing the framework

1. Make a big spreadsheet of all your test ideas

**Channel:** Meta Ads

**Test:** 30-year-old professionals + testimonial creative + \$59 offer

or:

**Channel:** Partnerships

**Test:** Offer 10 Pittsburgh gyms a white-labeled training product

Get ideas from

- Competitors
- Other Startups (new and old) in completely other markets/domains
- Last resort from AI (don't rely 100% on AI, it can send you down bad paths)

# Implementing the framework

2. Compare each test based on the 3 questions

Will it be Scalable?

Will it have a viable CAC?

Will it get me Ideal Customers?

# Implementing the framework

3. Target the ones that are easiest to do with the most upside.

# Implementing the framework

4. Test, test, test each based on the 3 questions

# When do you know you've tested a channel?

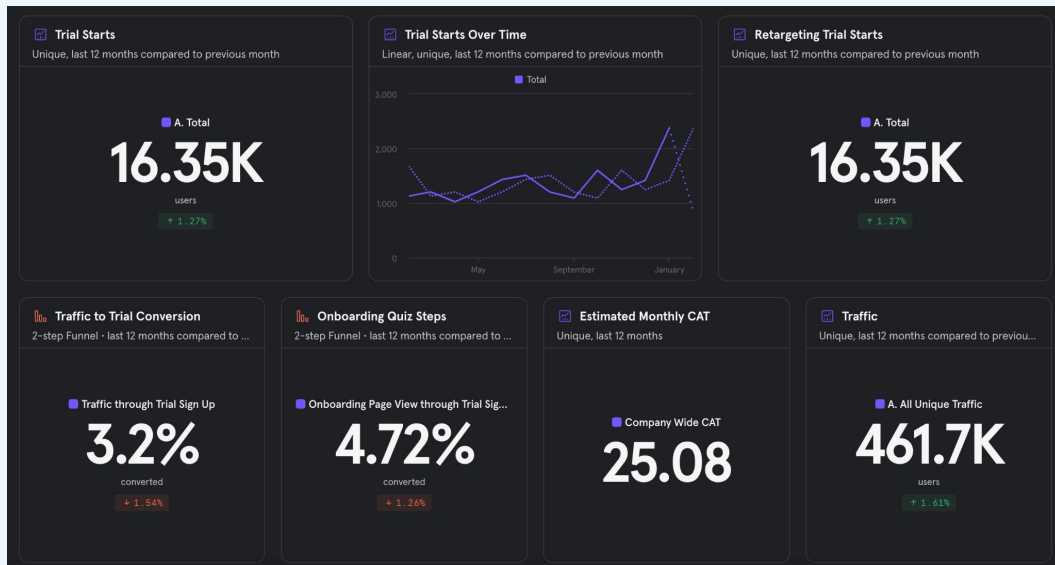
- A single channel test probably shouldn't take more than 1 month
  - Really should only be a few days
- And probably shouldn't cost more than \$1,000 (or 5x your ideal CAC)
  - Depends on your business
- Sometimes a channel may require multiple tests
  - Don't feel attached to any single channel early on though
- At Trainwell we performed 55 channel tests before discovering one that really works

Once you have something that works and is repeatable. Hold onto it for dear life.

*\*This is not the only way to get customers*

# 1,000-10,000 Users

## (Scaling & Optimization)



# Starting to Scale

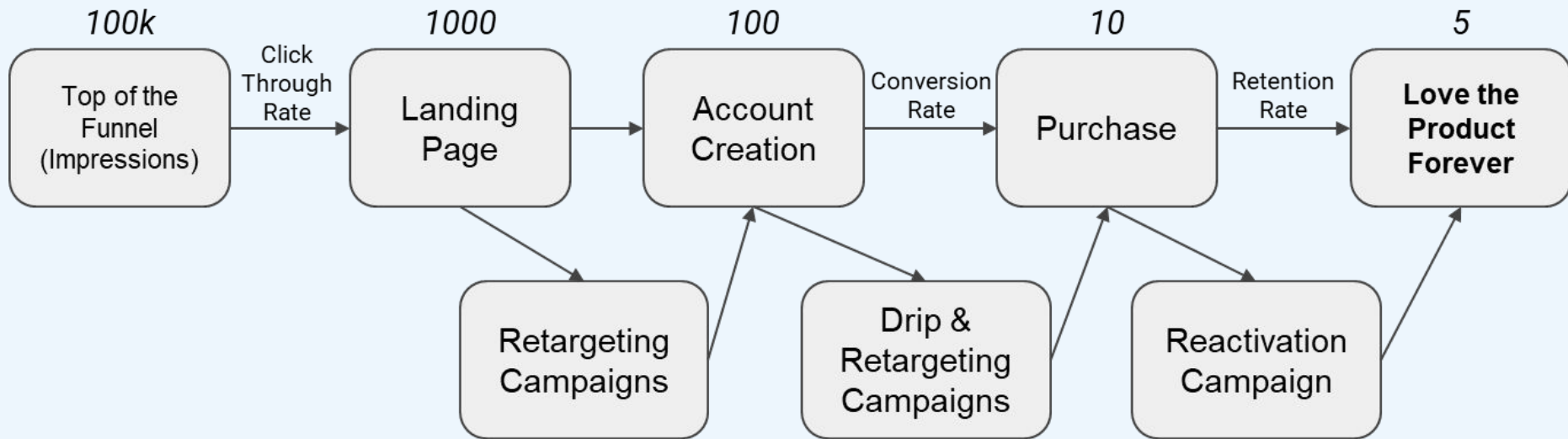
Most companies get the vast majority of their scale from just 1 channel.

Take the channel you found that is repeatable.

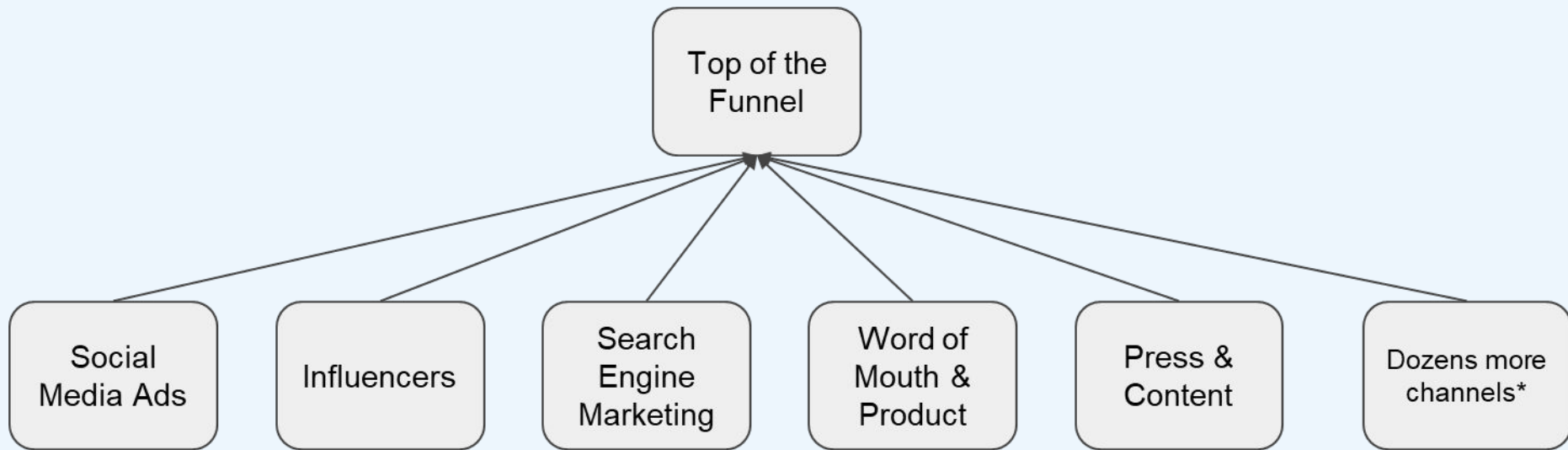
Scale it up and optimize every step of the acquisition process.

Continue to double down on it until it stops producing (then go back to testing).

# "The Funnel" & Optimization



# "The Funnel" & Optimization



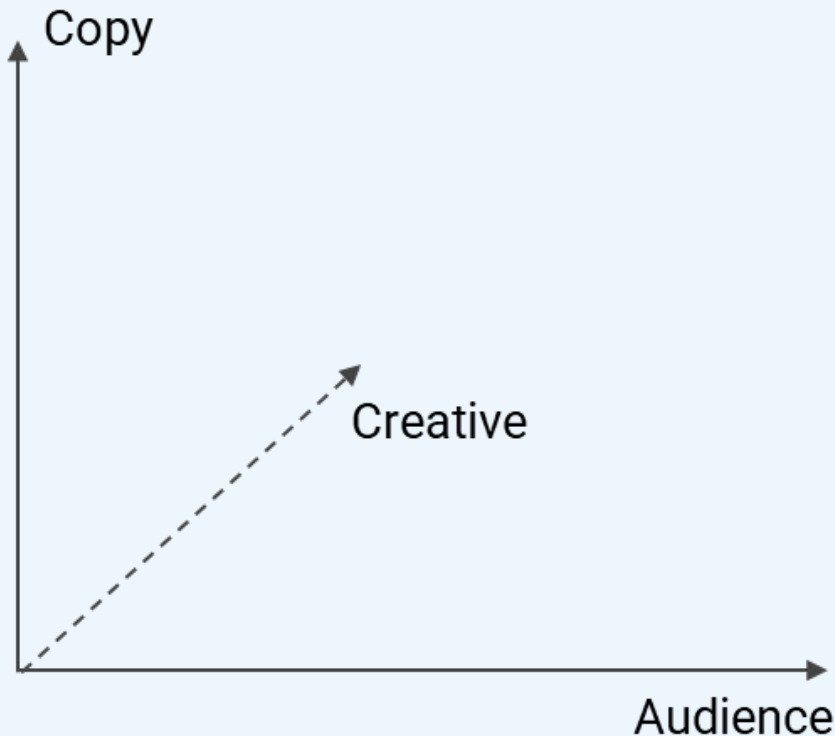
# Advertising-Specific Optimization

**Copy:** The text on the ad

**Creative:** The image/video on the ad

**Audience:**

- Attributes being targeted
- Dozens of options in FB
- Demographics
- Interest Audiences
- LaL Audiences
- Customer Lists / Purchased Lists



# Advertising-Specific Optimization

- Always align copy, creative, and audience for each test (don't mix and match)
  - Ex: Picture of business man + "Struggling to fit your workout into your busy day?" + high-earning job audience
- Videos are better than stills, but only if they are high quality videos
  - If you don't have the skills/resources to make good videos, stick to stills
- Use Customer List LaL and Pixel LaL Audiences
  - LaL audiences will always outperform basic targeting
- Use Ads With an Objective
  - Optimize toward the outcome you actually want, not cheap clicks or impressions.
  - Could be clicks, **subscriptions**, leads etc.
  - Wire this up in your Pixel to populate a LaL audience

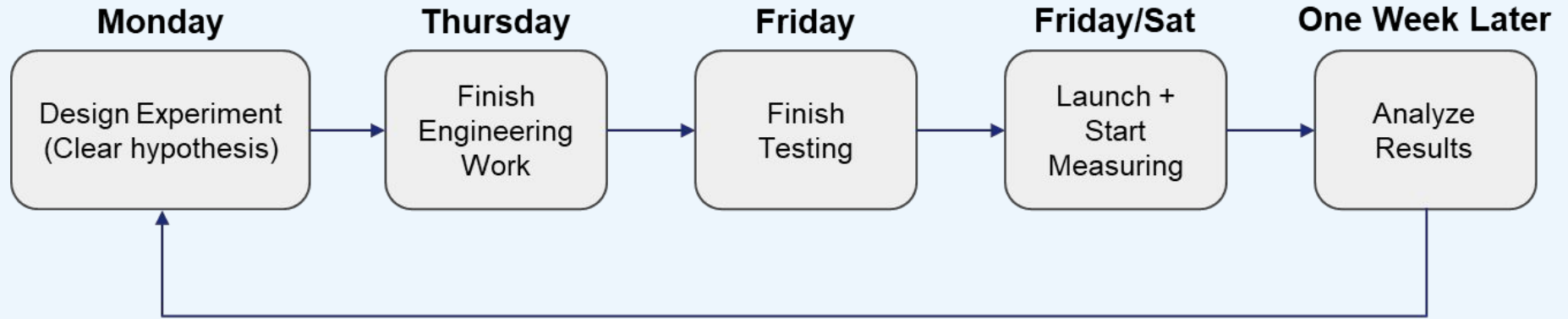
# Influencer-Specific Optimization

- Clearly define what influencers you want and what they need to do
  - Our influencer agreement has 2 full pages of specific requirements of what they need to do and say. Working with influencers is like herding cats – you need to control the process.
  - Experiment with influencer niches and audience sizes.
- Ensure that influencers have an emotional connection with your brand and product. Don't just have them pose with your product and write a sales post.
- Expect 50% of influencer partnerships to fall through
  - Set deadlines and don't be afraid to end partnership talks if they are lagging
- Treat influencers just like an audience in social media ads
  - It's still your job to help match the “copy” and “creative” around it
- Re-use influencer content as creative for social media ads

# How to measure experiment success?

- Never run ads without a clear metric/objective in mind
- High-level metrics
  - Cost to Acquire a Customer (CAC) + Lifetime Value (LTV)
- Performance at each step of the funnel
  - Cost per 1000 impressions (Ads: CPM)
  - Cost per click / Click through rate (Ads: CPC)
  - Bounce Rate / Time Spent on Site (Landing Page)
  - Drop off at every step of the onboarding funnel (Onboarding App)
  - Purchase / Conversion Rate (Onboarding App)
  - Retention Rate / Churn Rate (Product)
  - Net promoter score (NPS) / Referral rate / Sharing rate (Product)
- Be ready to commit a significant amount of money to see actual results
  - In general, spend at least 5X your CAC on a test before concluding anything. If you don't know your CAC, use 10X your product price.

# Experiment Structure & Timeline



(with two of these cycles going on at once, you can do an experiment every week)

**Hiring for growth**

# Hiring for growth

- At risk of being a broken record, **no one will magically solve growth for you**. It's your job to figure it out.
- Hire generalists who have worked on early stage growth before.
  - Ideally other/former founders.
- Until you have a channel that is repeatable/some level of scale; grind, passion, and creativity are way more important than industry experience in a specific channel.

# Hiring agencies

- Good agencies exist, but for every 1 good agency there are 5 bad ones
- Plus, good agencies are expensive, If you don't have money, then no agencies
- Agencies work best when you use them to:
  - Scale a playbook you've already proven
  - [Hack] Teach you a new platform
    - "Let's meet twice per week and instead of just going over updates, I want you to do all the work for the account on that call with me. I do the clicking and you just tell me what to do"

# Summary

# Summary

1. Do things that don't scale, talk to your customers
2. Don't expect someone else to solve growth, and prioritize it relentlessly
3. Use the Bullseye framework to find a channel that works
4. Be a good scientist and constantly run optimization experiments as you scale

# Action plan

If you're building something right now:

1. Find 10 people with the problem.
2. Offer them your solution and ask them to pay you.
3. Write down 20 ways you could find more people like them.
4. Test the cheapest/easiest ideas first.
5. When something works, do a lot more of it.

# Resources for further learning

1. [Traction](#) by Gabriel Weinberg (DuckDuckGo founder)
  - Bullseye framework and channel testing

But if you don't want to get that book the essence of it is in these 3 medium articles he wrote:

[Bullseye Framework article](#)

[19 types of channels article](#)

[Channel testing ideas article](#)

1. [The Mom Test](#) by Rob Fitzpatrick
  - a. How to get honest feedback from your users (or potential users).

1. Connect with us on LinkedIn: Matt Spettel & John LaGue