Early Stage Growth

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

Who are we?

Matt Spettel

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CMU ECE '19

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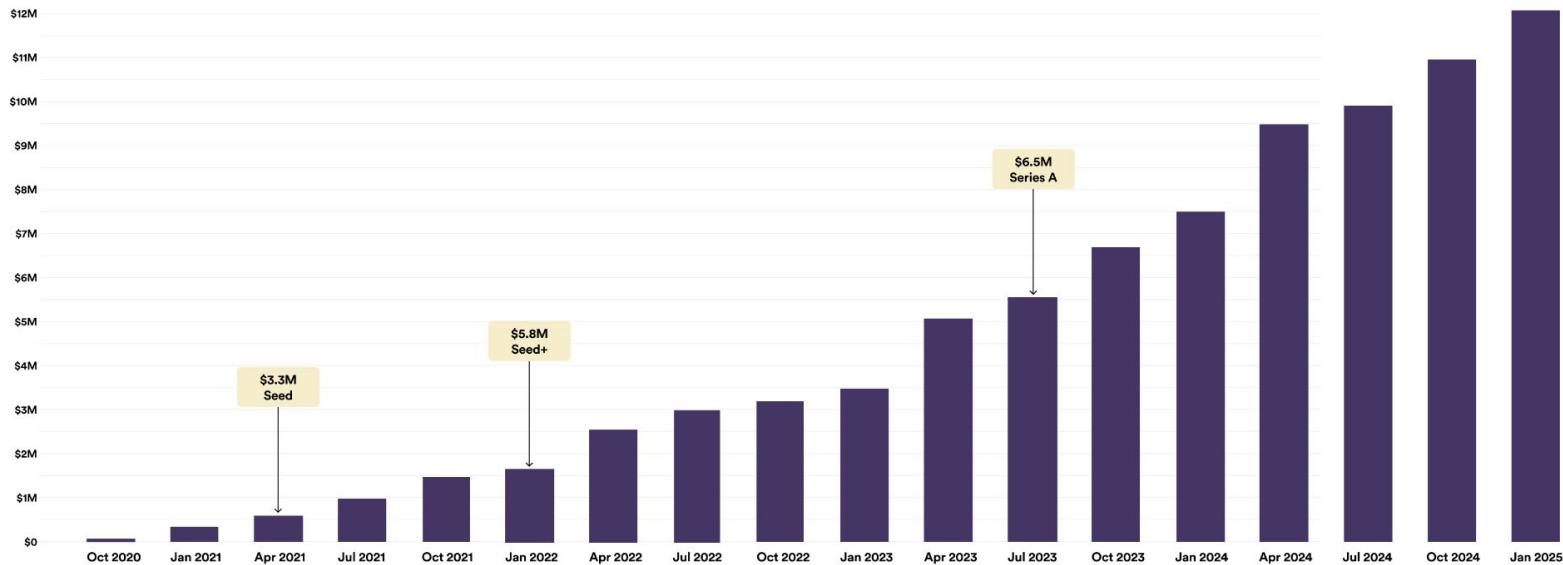Y-Combinator '19

$13M+ ARR
from B2C business

$17M
funding raised

52,000+
clients served

4M+
workouts completed

$12M
$11M
$10M
$9M
$8M
$7M
$6M
$5M
$4M
$3M
$2M
$1M
$0

$3.3M
Seed

$5.8M
Seed+

$6.5M
Series A

Oct 2020 | Jan 2021 | Apr 2021 | Jul 2021 | Oct 2021 | Jan 2022 | Apr 2022 | Jul 2022 | Oct 2022 | Jan 2023 | Apr 2023 | Jul 2023 | Oct 2023 | Jan 2024 | Apr 2024 | Jul 2024 | Oct 2024 | Jan 2025

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

trainwell

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

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

($0 - $100k ARR)

Do things that don't scale

Use your networks!

Likely will be very manual

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

Talk with your customers!

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.
- Call 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.
- Commenting on Reddit posts / DMing Redditors.
- Dropping off fancy welcome boxes at wealthy homes here in Shady Side.

Talk to your users … often.

- The first few sales should be as manual as possible so you can get as much "face time" or 1-on-1 conversations as possible.
- Deeply understand the problem(s) of your users
- Learn what other solutions they have tried
- Read "The Mom Test"

100 - 1000 Customers

($100k - $1M ARR)

What is a growth channel?

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.

Finding a channel that works for you

Bullseye Framework outlined by Gabriel Weinberg *Traction*.

Lists 19 types of channels to test.

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)

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?

2. How many potential customers are available?

3. 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?

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

Implementing the framework

2.   Compare each test based on the 3 questions

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 test probably shouldn't take more than 1 month
- And probably shouldn't cost more than $1,000
- Sometimes a channel may require multiple tests, but don't feel attached to any single channel
- At trainwell we performed 55 channel tests before discovering one that really works

This not the only way to get customers

# 1,000-10,000 Users
($1M - $10M ARR)
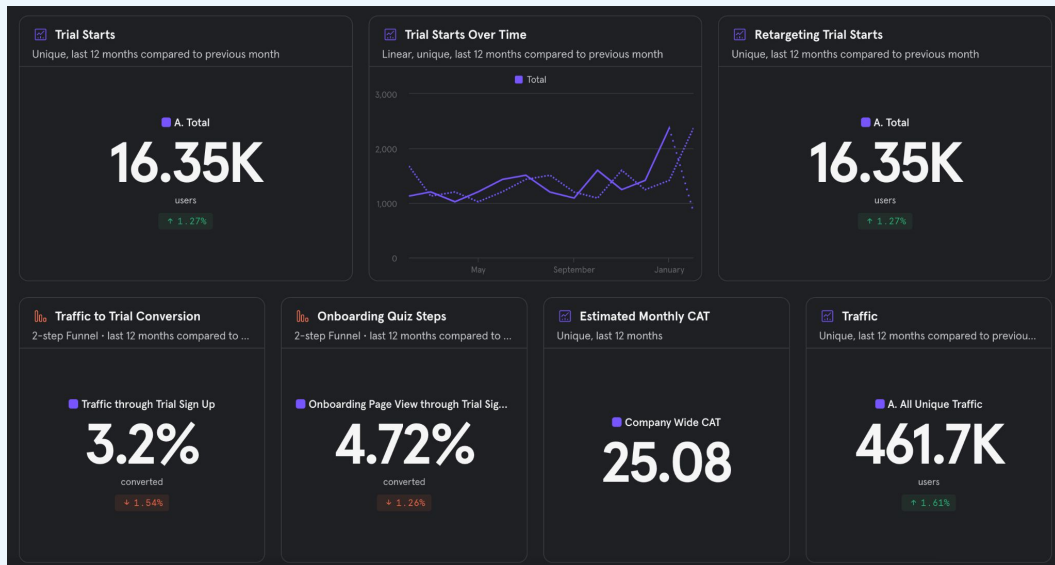
Starting to Scale

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

Take the channel you found and start to scale it up and optimize every step of the acquisition process.

But, dedicate a little bit of resources to continuing to exploration from the previous section. You never know if there is a 10X better channel out there that you have not tried.

"The Funnel" & Optimization
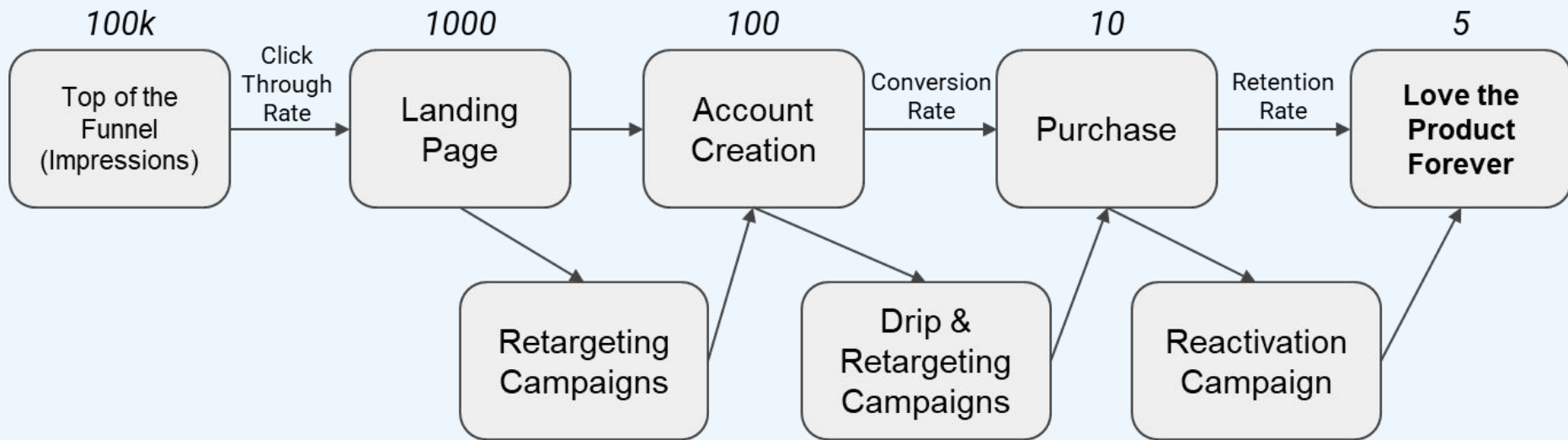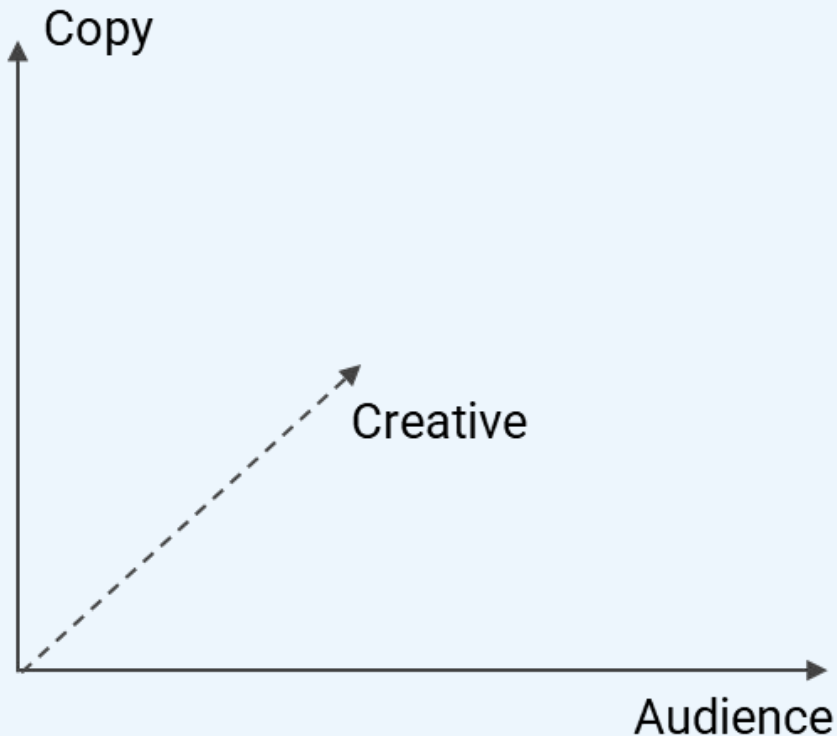
"The Funnel" & Optimization
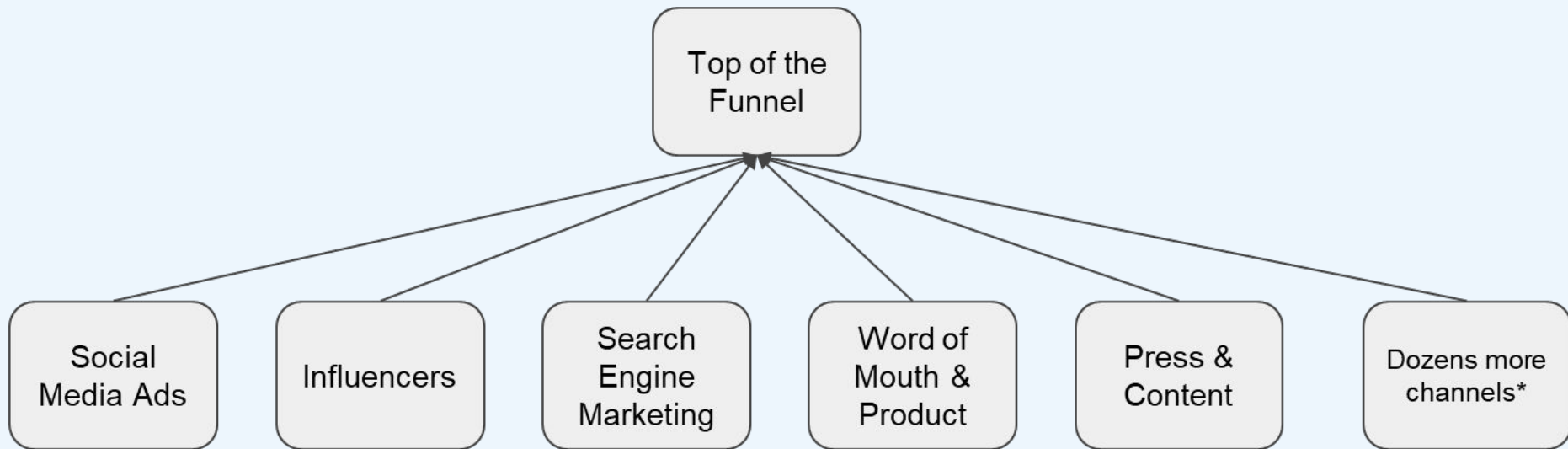
Advertising-Specific Optimization

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
  - Could be clicks, subscriptions, leads etc.
  - Wire this up in your Pixel to populate a LaL audience
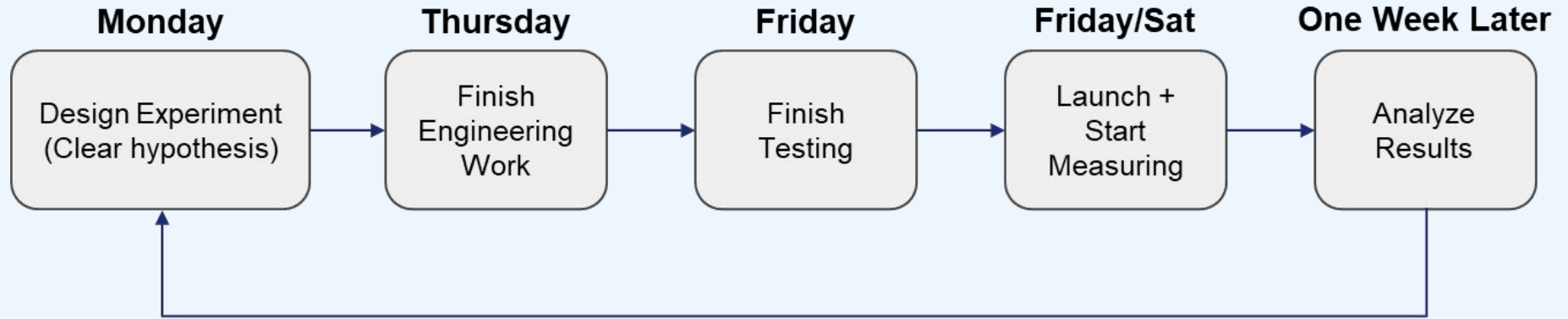 - Never run ads for clicks or impressions (FB will literally scam you)

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 audiences 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 Time (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 monthly price.

Experiment Structure & Timeline

Monday → Thursday → Friday → Friday/Sat → One Week Later

Monday: Design Experiment (Clear hypothesis)

Thursday: Finish Engineering Work

Friday: Finish Testing

Friday/Sat: Launch + Start Measuring

One Week Later: Analyze Results

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

Hiring for growth

Hiring for growth

- **No one** will magically solve growth for you. It's your job to figure it out, not the "business" intern.
- Agencies should be avoided early on. They will all promise to grow your business, but severely lack the ownership and strategy that are needed to solve early growth.
- Hire generalists who have worked on early stage growth before. Ideally other founders.
- Until you reach 10,000+ scale, grind, passion, and creativity are way more important than industry experience in a specific channel.

Summary

Summary

1. Do things that don't scale & talk to your users
2. Don't expect some agency to solve your problems
3. Use the Bullseye framework to find a channel that works
4. Be a good scientist and constantly run optimization experiments as you scale

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

2. The Mom Test by Rob Fitzpatrick
   a. How to get honest feedback from your users (or potential users).

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