From market validation to traction: the 3 keys for gaining early stage startup success.

Today's agenda

1. Customer validation

2. Building a GTM playbook

3. Customer intent

4. Conversion & Monetization

5. Pricing

About me

→ 6x founder, currently running growth @ Runzy/RaceMenu/MarathonGuide and consulting via GrowthMinded

→ 3x LAUNCH Accelerator (Red Tricycle, Votion, Growth U / Velocity Growth)

→ Leadership at companies that have raised over $175M in total

→ Mentor on Intro and GrowthMentor

→ Talks at LAUNCH, ProductLed, Product School, Founder Institute, Spero Ventures, DC Startup Week, among many others

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Customer and market validation

Our grim reality as founders

Roughly **1 in 12** startups make it past 10 years.

Data shows >75% of failure is tied to **non-product** issues.

Validation may save you <u>**years**</u>

➔ Founders have a bias towards action.

➔ Building stuff is fun & rewarding.

➔ And it's uncomfortable handling rejection after rejection.

But...

➔ Your early hypothesis on <u>what</u> to build is likely wrong, even if the <u>why</u> is correct.

➔ Get out in front of this ASAP!!!

What usually happens

1. You **think** you have a great idea

2. Maybe you talk to some people who **agree**

3. Then you **build** a bunch of stuff

4. *Then launch*

5. *It's crickets, leading to "Oh $hit moment(s)"*

6. **Then** you think about validation…and distribution

7. A year or more has gone by :(

8. Hopefully you still have $$$ left

Fun, right?

The victims

The juicy companies that raised a ton of $$$:
Juicero, Homejoy, Quibi, & many more

My companies including Upside Business Travel (no consumer demand, pivoted, failed) & Votion (PM fit in one product, scaled out too quickly, failed)

And the **tens or hundreds of thousands** of startups who you've never heard of!

** I have a ton of stats on this in my <u>Mastering Growth Foundations course</u>

What successful founders do

1. Value customer input & revenue over everything else
2. Are obsessed with talking to customers
3. Know how to sift through what is real and what is noise
4. Build distribution into the product from the start
5. Find product market fit in a segment before expanding
6. And are so in the weeds you'd be shocked

Validate early, validate often!

Founders who figure out what problems their customers face can then present solutions .

Early on - it's all about the problem

If you don't know what acute problem you are solving it's not worth proceeding.

Validate this first. Stay here as long as you need to.

Then move to solution. Build while validating.

Early validation

TALK TO PEOPLE! Ideally customers, but friendly ICPs are great too.
Understand the problem.

How do I find people?
1. Ask your network for help! Make it easy…forwardable emails.
2. 1:1 outreach on LinkedIn & email
3. Spend some $$ on paid channels - look for signals
4. Use Wynter or https://growthminded.co/validate

"Hi Jen, saw you are a founder. I just started Growth Minded and was wondering if you'd be open to giving me some feedback on my early concept? I'd be grateful for your time."

Validation later on

Always validate - built it into your culture.

1. Run A/B tests on content
2. Test pricing and models
3. Keep detailed notes of what you are changing, what's working, what's not
4. Don't just rely on data, but capture any quantitative data that you can

1 → Which messaging is more impactful to you?

Which one makes you feel like you know what value this provides?

There's a new way to make video and podcasts. A good way.

Descript is the simple, powerful, and fun way to edit.

Get started for free → | See product tour

A Choice 1

The All in One Video Editor.
Write, record, edit, transcribe...do it all!

Descript makes the complex easy & fun. Get started and 10x your output!

Get started for free → | See product tour

B Choice 2

Which resonates more with you?

Results

Last time:

- B) 68%
- A) 32%

Option A is what was live on the website when I ran this survey.

How much $$ is left on the table because generic content is being used?

When things get tough...remember

AirBnB sold cereal to try to keep their dream alive. While not directly correlated with selling nights in AirBnB, YC's Paul Graham said:

"If you can convince people to pay $40 for a $4 box of cereal, maybe you can get strangers to stay in other strangers' homes."

Building a GTM playbook that works

How to build your ICP playbook

1. Define your ICP as best as you can based on your validation
2. Build out your core value props
3. Build out your problem & solution matrix (including offers)
4. Get this into the market

This is very hard work! Be ready.

| ICP Name	Description	Example Job titles	Size	Geography
Seed Stage Founders	Founders at companies that have raised over $2M in the past year.	Founder, CEO	50-500	USA, UK, Austrailia, Canada
Marketing Leader	Marketing leader at Series A and beyond comapnies.	CMO, VP of Marketing, Chief Growth Officer	50-500	USA, UK, Austrailia, Canada

ICP Development

Key Value Prop	Problems	ICP 1 (i.e. Seed Stage Founders)	ICP 2 (i.e. Marketing Leaders)
	Problem 1	Pressure to gain traction before next fundraise.	Pressure to build a forecastable and reliable sales pipeline
Drop in your first known value prop here. I.e. "Accelerate growth and build sustainable, predictable revenue. "	Solution(s)	Make smart marketing choices by objectively measuring the potential impact of various marketing levers you can pull.	Learn how to leverage an account based growth and marketing strategy to build a strong & sustainable pipeline.
	Offer(s)	Join Mastering Growth and learn how to leverage customer intent for growth.	Download our ICP and ABM Message Matrix
	Problem 2	Uncertain about marketing & sales focus	Seeing a decrease in channel efficiency at scale
	Solution(s)	Understand where your resources and budgets are working and not working, and map out the next areas of focus.	Model potential ROI from other channels by leveraging rapid experimentation to build model inputs.
	Offer(s)	Book a growth audit that delivers a strategic and tactical playbook for you to execute on.	Participate in our Channel Optimization Workshop, where we help you optmized existing channels & evaluate new channels via rapid experimentation.
Drop in your second known value prop here. I.e. "Maximize your marketing impact and ROI while outperforming your competitors."	Problem 1	Unsure or skeptical about impact marketing is having	Lower conversion rates compared to competitors
	Solution(s)	Leverage your growth model and historical data to map out effort and spend against potential ROI	Put existing data into an apples-to-apples comparison model and remove under-performing efforts
	Offer(s)	Download our free growth model & dashboard toolkit to map out your plan.	Levearge our conversion optmization audit that includes detailed analysis and optimization strategy to enhance your conversion rates.

Value props, problem/solution matrix

Layering in customer intent to find channel / product fit

Chicken & Egg problem

➔ Channel / product fit is key for early growth, but where do you even start?

➔ Leverage what you are learning from validation and think about channel fit (form the problem/solution standpoint)

➔ Through discovery, openly ask how your buyer finds and evaluates products they use or purchase

➔ Think about customer intent and where your buyer(s) may be
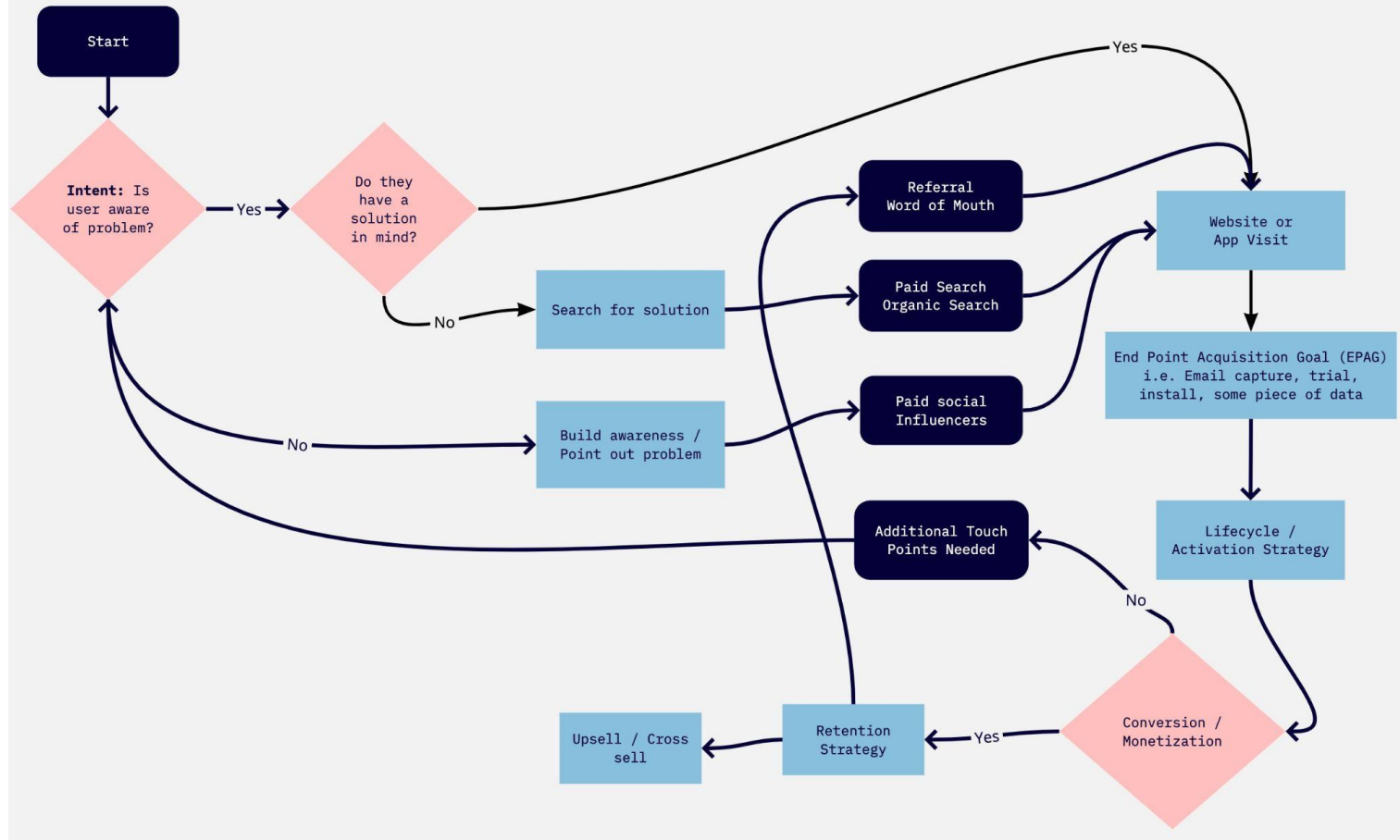
Customer Channel Intent

Get to work

Push into channels

➔ Building on the Value props, problem/solution matrix you have, start layering offers into the market

➔ There is no "standard" way to do this - you just need to map it all out

➔ I generally build a giant ABM / campaign document that goes from strategy to tactical

Map strategy to tactics

- ICP (i.e. Marketing Leader)
  - Target persona (i.e. Founder)
    - Paid
      - Channel 1
        - Ad 1
        - Ad 2
    - Organic
      - Network
        - 1:1 referrals
      - Social
      - SEO
    - Outbound

Iterate

- ICP (i.e. Marketing Leader)
  - Target persona (i.e. Founder)
    - Paid
      - Channel 1
        - Ad 1
        - Ad 2
    - Organic
      - Network
        - 1:1 referrals
      - Social
      - SEO
    - Outbound

Craig Zingerline • You
Six-time founder helping companies grow with strategies that advance p...
now • 🌐

Fundraising in this tough market?

Feeling the pressure to show rapid growth before your next funding round?

Make smart marketing choices by objectively measuring the potential impact of the levers you can pull.

You still have time!

Join Mastering Growth (free) and fuel your startup's success. You'll learn:

- How to build a growth model
- Why you need to validation early and often
- How to leverage customer intent to determine product/channel fit
- How to build a strong offer
- Ways to increase conversions and retention

and a lot more...

Comment "MG" and I'll DM you the direct link to sign up for the waitlist.

🙂 ▾   👍 Like   💬 Comment   🔁 Repost   ➤ Send

Raising capital? Idea for your round   — ⤢ ✕

Craig Zingerline (growthminded.co)

Raising capital? Idea for your round

Hi Craig,

Are you raising right now?

If so you likely are feeling the pressure to show rapid growth before your round.

Do you want to grow while making smarter marketing choices?

My Mastering Growth Framework has helped hundreds of founders like you learn how to leverage customer intent to fuel your startup's success..

Join free here.

Craig

--
Craig Zingerline
Founder, Growth Minded

Marketo started before they had a product!

"At Marketo, not only did we have SEO in place even before product development, we also had a blog. We talked about the problems we aimed to solve... Instead of beta testing a product, we beta tested an idea and integrated the feedback we received from our readers early on in our product development process."

Adobe bought Marketo for $4.75 billion (2018) after Marketo went public in 2013.

Tune based on learnings

- Does your offer/message resonate with your ICP?
- Feedback?
- Crickets?
- Go wide quickly if you can to gather signals
- Then go deep and double down on things that are working

Wrapping up: the process

- Start with the strategy - do not skip this
    - ICP development
    - Persona work
    - Validation feedback
- Build in your ideas on messaging and offers
- Launch early campaigns
- Measure and iterate (>3x per week check ins)

You'll likely find out that something is majorly broken. Like your offer. This is normal. Fix, Launch, Learn. Repeat.

Doing more with what you've got

Conversion & Monetization

➔ Let's say you're successful on ICP targeting and generate some actual interest

➔ What now? How do you convert or monetize your customers?

➔ Is your onboarding / sales path clear?

➔ What constraints can you leverage?

Constraints are key for driving conversions

Have you noticed how many products you use that you end up being upgraded within?

Free → Paid

Paid → Upsell

Usually that's driven by constraints.

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Constraints in onboarding

Some of the most prominent, fastest growing startups who have leveraged PLG plus advanced marketing and sales do this amazingly well.

They start with personalization, then layer in constraints later.

miro

Get started free today

No credit card required

👤 | Name ⋯

✉ Work email ⋯

🔒 Password 8+ characters

☐ I agree to Miro Terms and Privacy Policy.

Get started now

Or sign up with:

G f [slack] [office]

Included for Free:

3 editable boards • Core integrations • Templates

Unlimited team members • Anonymous board viewers

Miro Onboarding

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Set up your team

Enter your team name

Choose your role in a company ⌄

What's your company size?

Only me	2–50	51–250
251–1k	1k–5k	5k+

☐ Anyone with **@growthminded.co** domain can join

Set up and continue →

Invite teammates

Invite from Slack   or   **Gmail contacts**

Copy this link and share in your work messenger:

https://miro.com/welcome   Copy

Enter emails here

Send invitations   Skip for now

Miro Onboarding

What do you want to do?

Choose the area you want to work in and we'll help get you started.

Meetings and Workshops

Research and Design

Mapping and Diagramming
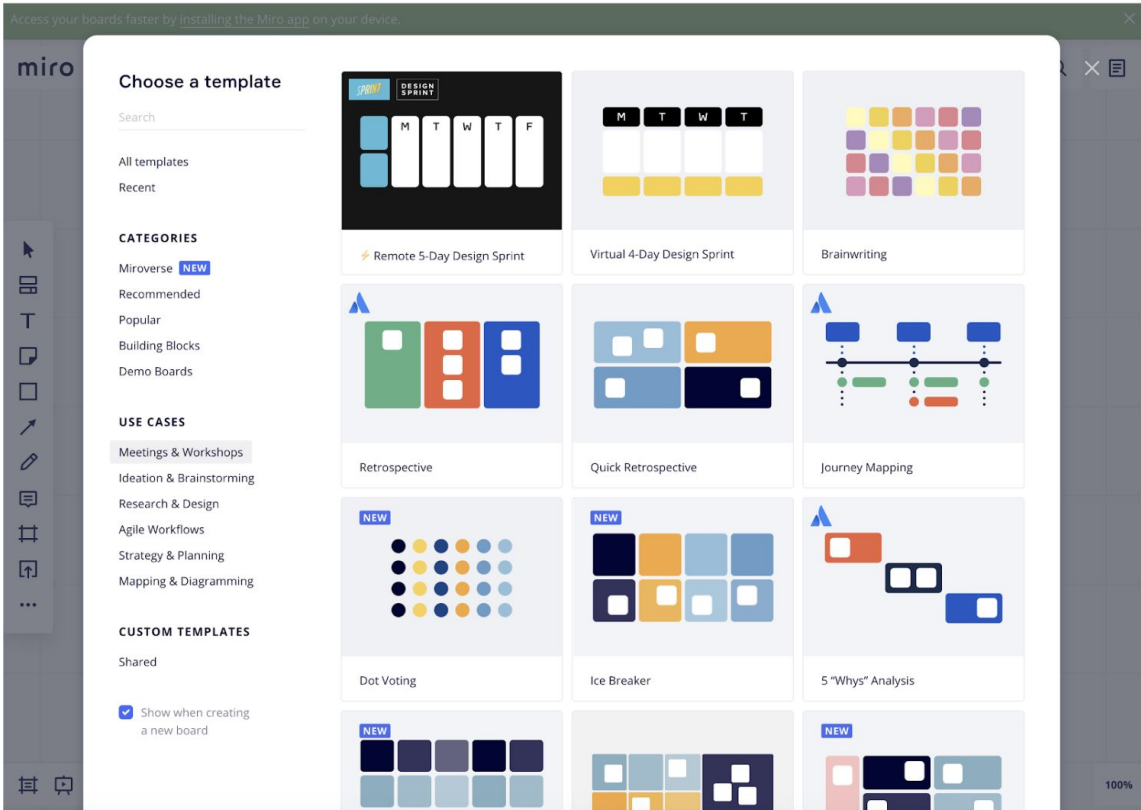
Strategy and Planning

Ideation and Brainstorming

Agile Workflows

Didn't find what you wanted to get started with? Start from scratch →

Miro Onboarding

Miro Onboarding

EPAG = Free plan

End Goal Activation
Upgrade to a paid plan

Next Step 1
Create one board OR invite teammate

Activation Loop

Next Step 2
Create a second & third board
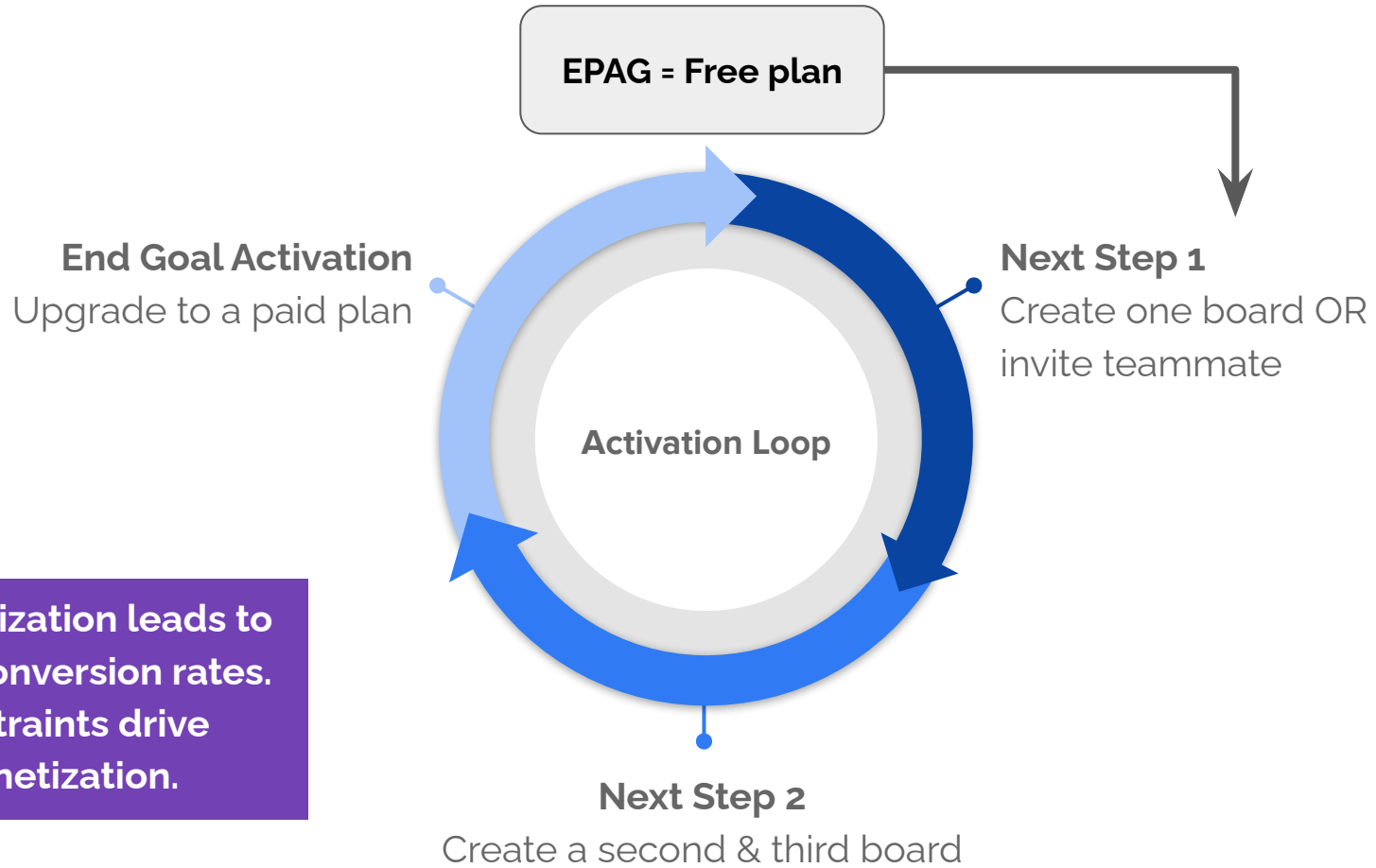
Personalization leads to higher conversion rates. Constraints drive monetization.

Activation Loop created by onboarding personalization

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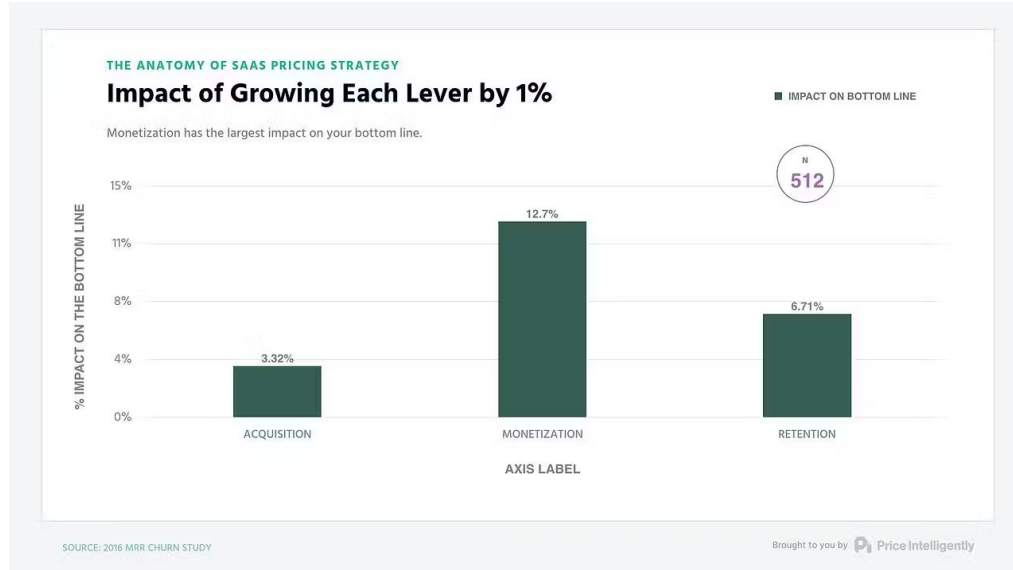# **Activation cheatsheet**

➔   Regularly audit your properties

➔   Look at each step of the funnel

➔   Know your goals

➔   Pick off lowest effort, highest return

Price to win

Shocking stats

➔ Average SaaS company spends 8 hours on pricing

➔ But, pricing is the biggest driver of ROI

THE ANATOMY OF SAAS PRICING STRATEGY

Impact of Growing Each Lever by 1%

Monetization has the largest impact on your bottom line.

■ IMPACT ON BOTTOM LINE

N 512

15%

12.7%

11%

8%

6.71%

4%

3.32%

0%

ACQUISITION   MONETIZATION   RETENTION

% IMPACT ON THE BOTTOM LINE

AXIS LABEL

SOURCE: 2016 MRR CHURN STUDY

Brought to you by ⓟ **Price** Intelligently

Source: https://www.paddle.com/blog/monetization-saas-growth

Pricing

➔ Regularly test pricing if you can

➔ Talk to your customers about their price to value feelings

➔ Run willingness to pay (WTP) surveys

➔ Experiment, and be OK messing up!

But whatever you do, don't just double your pricing! That is bad advice.

In closing

➔ Validate, always

➔ Build your GTM playbook

➔ Determine channels and channel / product fit

➔ Get to work on acquisition and conversion

➔ Think about pricing

Keep grinding, keep learning.

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Thank you!

➔ If you like this, you'll love my free courses.
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➔ Mentoring via GrowthMentor.com.

➔ Workshops Available

bitly