FIND PRODUCT-MARKET FIT *FASTER*

Lessons for Product Managers

ProductPlan

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WHY I WROTE THIS GUIDE

Products launch, products fail.

For some products, it may take years to find a fit in the market. And it's often during that time products fail. They fail to see traction in the market, and the startup runs out of cash.

I've been a part of product teams for almost 20 years now. During this time, I've helped transform rough ideas into real products and bring those products to market.

Thanks in part to practice, and in part to mistakes made along the way, I've honed some great techniques for validating products. This technique is the process I used to quickly iterate ideas, validate concepts, and make rapid decisions about what to build.

This validation process will hopefully help you determine who your customer is, the value proposition for your product, what features to build, how to price the product, and how to talk about the product with potential customers.

By far, my best piece of advice for product managers and entrepreneurs setting out on their journey to product-market fit is this:

Make better mistakes faster and fail as early as possible.

It may seem like counterintuitive advice. But I can assure you, it works. In fact, it was with this mentality that my co-founder Greg and I were able to create a rapidly-growing SaaS business with thousands of happy customers (without a dime of outside funding).

As part of this guide, I'll share our story at ProductPlan. I'll share examples of the real lessons we learned as we validated our market, got our product built quickly, and eventually found product-market fit.

Jim Semick
Co-Founder, ProductPlan
www.productplan.com

What is Product-Market Fit?

Before I start, let's get on the same page about what I mean by product-market fit. You've likely heard about the magical product-market fit that startups aspire to—the so-called 'holy grail' for products and businesses alike. There are a lot of different ways to define it. Here's how I like to think about it:

Your company is selling a product that solves a problem for a market segment, and you're selling it in a repeatable way.

- **Solving a problem.**
- **For a defined market.**
- **For customers who are willing to pay for solving it.**
- **And selling to them is repeatable.**

Bonus points: Finding a model that is cost-effective to acquire customers. Can you gain customers for less than what they pay you?

While this sounds like more of a mature company, my experience shows that you can find product-market fit earlier, and begin to reduce the risk of failure even before you build the product. This book focuses on the early stage work you can do to better assure product-market fit.

I'll also add that you've probably found product-market fit when you're no longer pivoting significantly. While experimentation, market expansion, and change are essential, you're no longer implementing wild gyrations of the model to make the business model work. You're not saying, "We got this wrong, let's try another market." Or, "If only the product had this feature, then people will buy."

A lot of companies will continue to revolve on revenue models and value propositions. They'll ask themselves these questions:

- **How should they talk about the product?**
- **Who are the customers that they should be approaching?**

All the while just hoping, okay, one day this is going to click. Well, when you stop doing that, and you find something that's repeatable, then you probably have found product-market fit.

That can happen fairly early in the process and this is how we did it at ProductPlan.

The Process for Finding the Fit

Here are the tried and true steps I used:

1. **Start with the end in mind.**
2. **Be a seeker of pain.**
3. **Make your best guess.**
4. **Find patterns of pain with customer discovery.**
5. **Validate the Minimum Sellable Product.**
6. **Find repeatable economics.**

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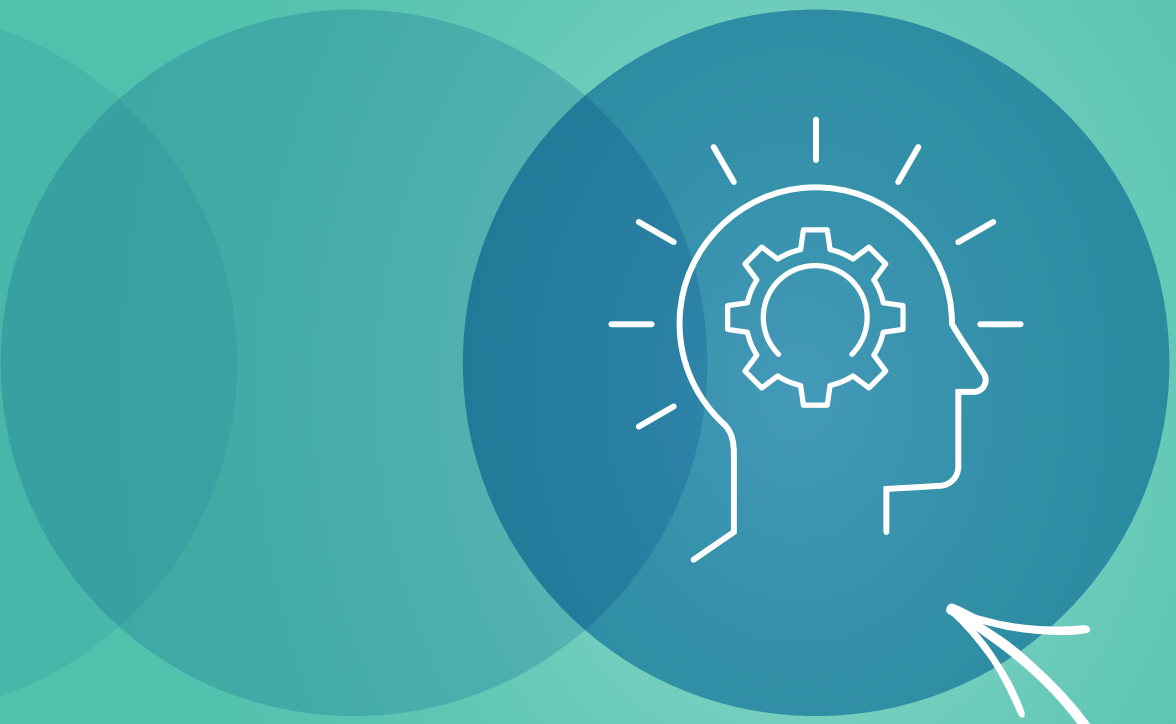


START WITH THE **END IN MIND**

1 START WITH THE **END IN MIND**

When my co-founder and I started our software company, we started it not with a product idea, but with a mutual understanding of what we wanted to achieve.

Looking back, this was the most critical step for us: **starting with the end in mind.**

For product managers creating new products or releasing major features, think through why you are doing this in the first place. Is it growth? Revenue? Market expansion?

For entrepreneurs launching new products, your "why" may be more in-depth. It's a passion. Passion is essential for building a successful product. Here's why: there's inevitably a honeymoon phase when you're building a product, and you will be excited about the potential and possibilities. But later, you need the passion to carry you over the big, inevitable hump because there will be times that aren't as glamorous.

Our "Why" at ProductPlan

In the beginning, we talked for hours about what type of company culture we wanted to create. We discussed how many employees we'd be comfortable managing. We debated how we could balance our life with work. Moreover, there were a dozen other things that had nothing to do with what product we would build. We had a lot of these discussions while paddleboarding and hiking, a comfortable environment for both of us.

Your conversations will be very different, but the point you'll reach is the same.

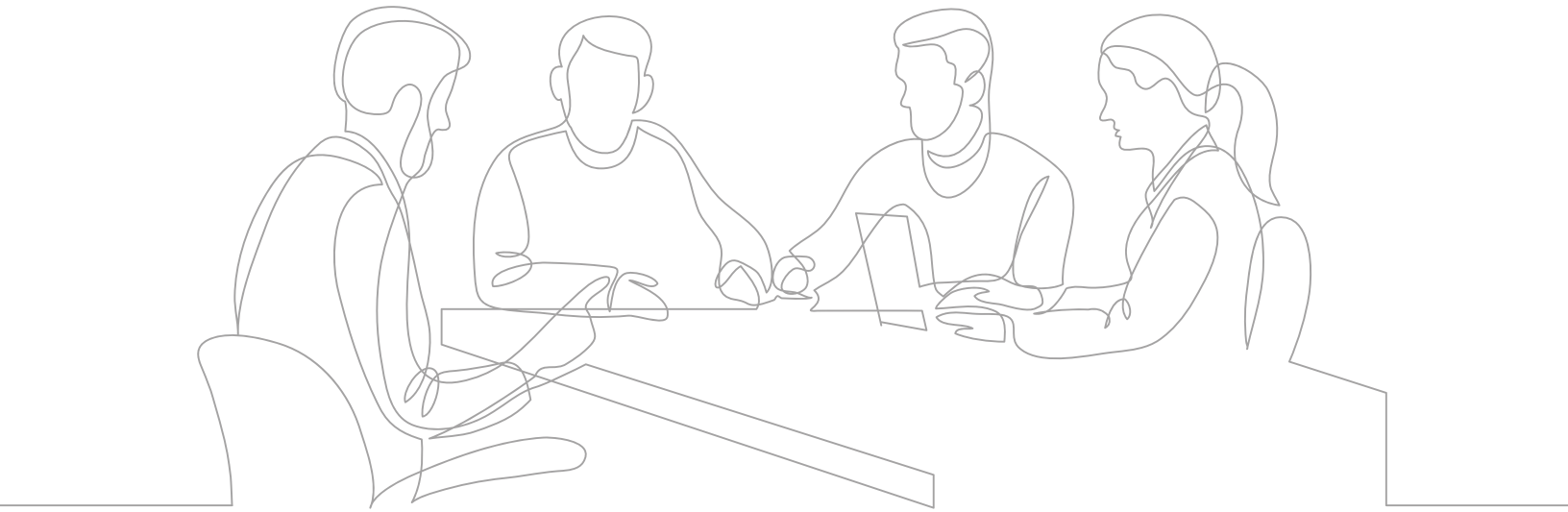
We both had the luxury of experience. We both had previously built companies and launched successful software products. Our past taught us what we wanted to accomplish and brought to light what we wanted to avoid.

From those discussions we decided our ideal company was:

- **A SaaS business model with recurring revenue, and ideally B2B, as that was a fit with our past experiences as well.**
- **Bootstrapped, because we didn't want the implications that raising capital would give us.**
- **Working with a passionate team that we would enjoy working with every day.**
- **Building a product we were both passionate about.**

From there, we reverse-engineered product ideas to fit those ambitions. We uncovered many ideas and opportunities that were great, but in the end, when held up against our ideal company criteria they didn't hold up.

As we continued our search, we considered what we were both passionate about; creating software to help companies build products. Then, our first calls to friends and colleagues in product management yielded pain around product roadmaps. Bingo. We had also experienced pain around roadmaps.



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BE A **SEEKER OF PAIN**

2 BE A **SEEKER OF PAIN**

The most successful entrepreneurs and product managers think of themselves as finders of pain, not finders of products.

Before starting ProductPlan, we talked with potential customers to identify their pain and validate that the problem we'd detected was significant enough for them to want to solve.

When this upfront pain-finding doesn't happen, it can cost millions (I've seen this first-hand) or become the central cause of startup failure.

One question to ask yourself as you're uncovering pain: Is the problem high enough on the customer's priority list that they're aware of it and willing to solve it? Most importantly, are they willing to pay to solve it? If you're out solving problems that people don't care about solving, or worse, they're not willing to pay, then you don't have a model that is going to work for you.

For your product idea, don't take things at face value. Try to dig in and understand some of these intangibles that people get if they were to solve problems with your product.

Ultimately, what you're seeking is a market with a consistent problem area. Then you can obsess about that problem. You want to confirm that it's a repeatable problem you can solve.

How We Found Pain at ProductPlan

If you're familiar with the Business Model Canvas, a one-page summary describing the high-level strategic details needed to get a business (or product) successfully to market, you understand that people buy products to reduce pain or create a gain.

In our case, we reduced pain around creating product roadmaps. We also created gain

by helping product managers communicate with and align their teams better. Ultimately, resulting in building better products.

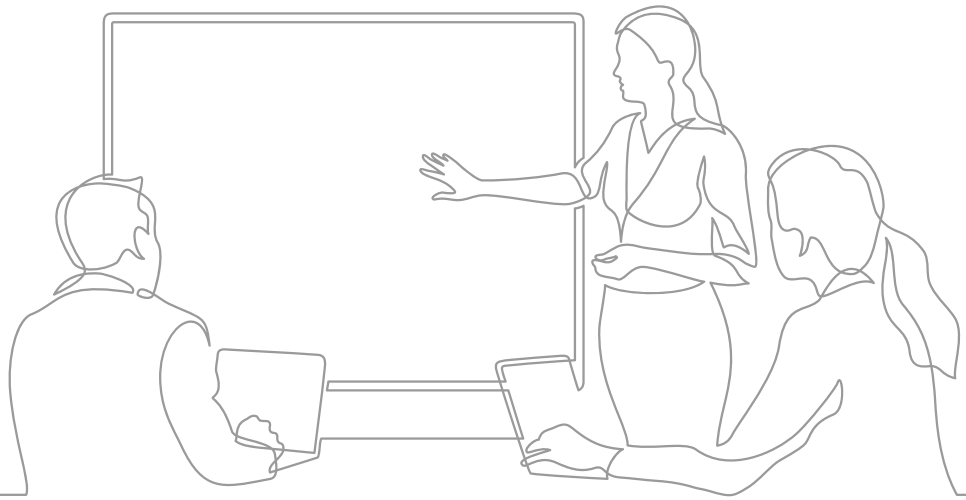
We conducted 30 interviews with product managers from a variety of companies. Most of these discussions focused on their day-to-day, and the pain they were experiencing in planning, prioritizing, and communicating their product roadmap.

We spent hours working on coordinating and conducting those interviews. And because of all of this up-front work, we got to market quickly, on a budget, and we made no significant pivots.

We also found that we could solve some intangible pain and make our customers look good.

The intangible pain came from product managers spending hours every month, creating PowerPoint slides to present their product roadmap. They wanted the presentation to look visually great because the product planning meeting was their moment to shine in front of their boss, executives, and peers.

So we created a product that was elegant and beautiful because we knew that it was vital for them to look good. This subtle pain-solving may not be part of a customer's mental calculation deciding whether to purchase ProductPlan, but you can be sure it's on their mind.



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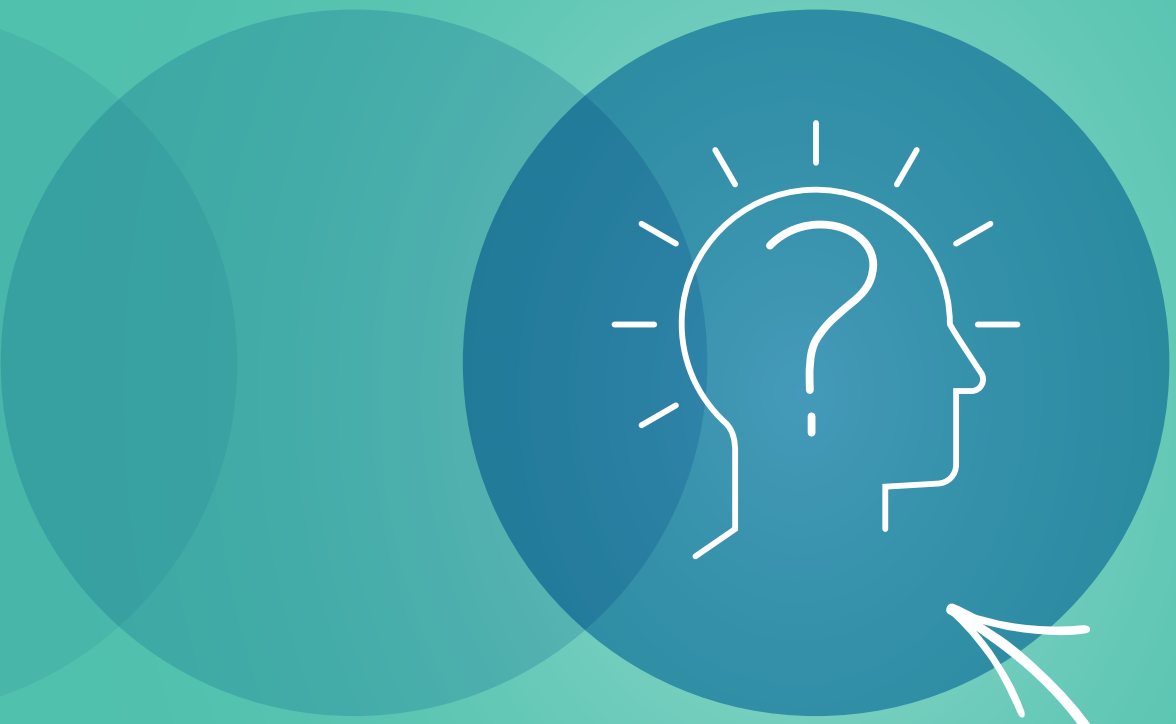

MAKE YOUR **BEST GUESS**

3 MAKE YOUR **BEST GUESS**

I recommend starting early in the process with your best guess of the problem, value proposition, rough features, acquisition model, and other elements of the business model.

The reason I say, "best guess" is that it will all change. Guaranteed. Your early best guess may look nothing like the final product you develop. For that reason, it doesn't entirely matter what you write down. But, let's be clear, writing it down is essential. Writing gives you a place to start testing and prompts you to think about the different areas to test.

Use the Business Model Canvas, sticky notes, a document—whatever it takes to write down your initial hypothesis.

Write down ideas in the following areas:

Product value proposition	• **What's the pain it solves or gains it creates?** • **What makes the market segment/persona you'll target?** • **Define this as narrowly as you can.**
Top five or so features	• **It's also helpful to list the features you will not have in your first version.**
What's your acquisition method?	• **How will customers find you?** • **How will you sell them?**
Revenue model	• **How you will make money?** • **You don't need to know the actual price at this point.**

So many product teams, product managers, and entrepreneurs spend too much time behind their computers doing exhaustive research on Google. This information can be critical, especially research into the total addressable market, market segments, possible competitors, and so on. Yet, it's easy to use that research time as an excuse to not get started. It becomes an analysis paralysis.

You're going to learn so much more by talking with real people (real people who aren't your mother). You want to actively seek out people who won't tell you what you want to hear. For that reason, move quickly beyond your friends and your local network for feedback.

I always recommend defining your market as narrowly as possible. This definition makes it so much easier to target people to speak with. If you're not sure, you can always define primary and secondary markets. Then continually expand your market later or test adjacent markets.

How We Guessed at ProductPlan

At ProductPlan, we started with a hypothesis of our market —primarily, product managers at companies with over 100 employees. These buyers are easy to identify because they have titles such as product manager, program manager, product owner, and so on.

It was also relatively easy for us to estimate the addressable market in the United States. We could search LinkedIn to find a rough estimate of how many people have that title. Being that specific about our market also made it easier for us to target the right people to speak with.

We documented our assumptions using the Business Model Canvas. If you haven't already discovered it, the Business Model Canvas is a fantastic way to focus on the most strategically important building blocks of your product.

The Business Model Canvas

Key Partners

Who are our Key Partners?
Who are our Key Suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

MOTIVATIONS FOR PARTNERSHIPS

Optimization and economy
Reduction of risk and uncertainty
Acquisition of particular resources and activities

Key Activities

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Revenue Streams?

CATEGORIES

Production
Problem Solving
Platform Network

Key Resources

What Key Resources do our Value Propositions require?
Our Distribution Channels?
Customer relationships?
Revenue Streams?

TYPES OF RESOURCES

Physical
Intellectual (brand patents, copyright, data)
Human
Financial

Value Propositions

What value do we deliver to the customer?
Which one of our customers problems are we helping to solve?
What bundles of products and services are we offering to each customer segment?
Which customer needs are we satisfying?

CHARACTERISTICS

Newness
Performance
Customization
"Getting the Job Done"
Design
Brand/Status
Price
Cost Reduction
Accessibility
Convenience/Usability

Customer Relationships

What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

EXAMPLES

Personal assistance
Dedicated Personal Assistance
Self-Service
Automated Services
Communities
Co-creation

Channels

Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones works best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

CHANNEL PHASES

*1. **Awareness:** How do we raise awareness about our company's products and services?*
*2. **Evaluation:** How doe we help customers evaluate our organization's Value Proposition?*
*3. **Purchase:** How do we allow customers to purchase specific products and services?*
*4. **Delivery:** How do we deliver a Value Proposition to customers?*
*5. **After Sales:** How do we provide post-purchase customer support?*

Customer Segments

For whom are we creating value?
Who are our most important customers?

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

IS YOUR BUSINESS...

Cost driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)
Value Driven (focused on value creation, premium value proposition)

SAMPLE CHARACTERISTICS

Fixed Costs (salaries, rents, utilities)
Variable costs
Economics of scale
Economies of scope

Revenue Streams

For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

TYPES PRICING

Asset sale
Usage fee
Subscription fees
Lending/Renting/Leasing
Licensing
Brokerage fees
Advertising

FIXED PRICING

List Price
Product feature dependent
Customer segment dependent
Volume dependent

DYNAMIC PRICING

Negotiation (bargaining)
Yield Management
Real-time-Market

[1] https://strategyzer.uservoice.com/knowledgebase/articles/506842-can-i-use-the-business-model-canvas-or-value-propo

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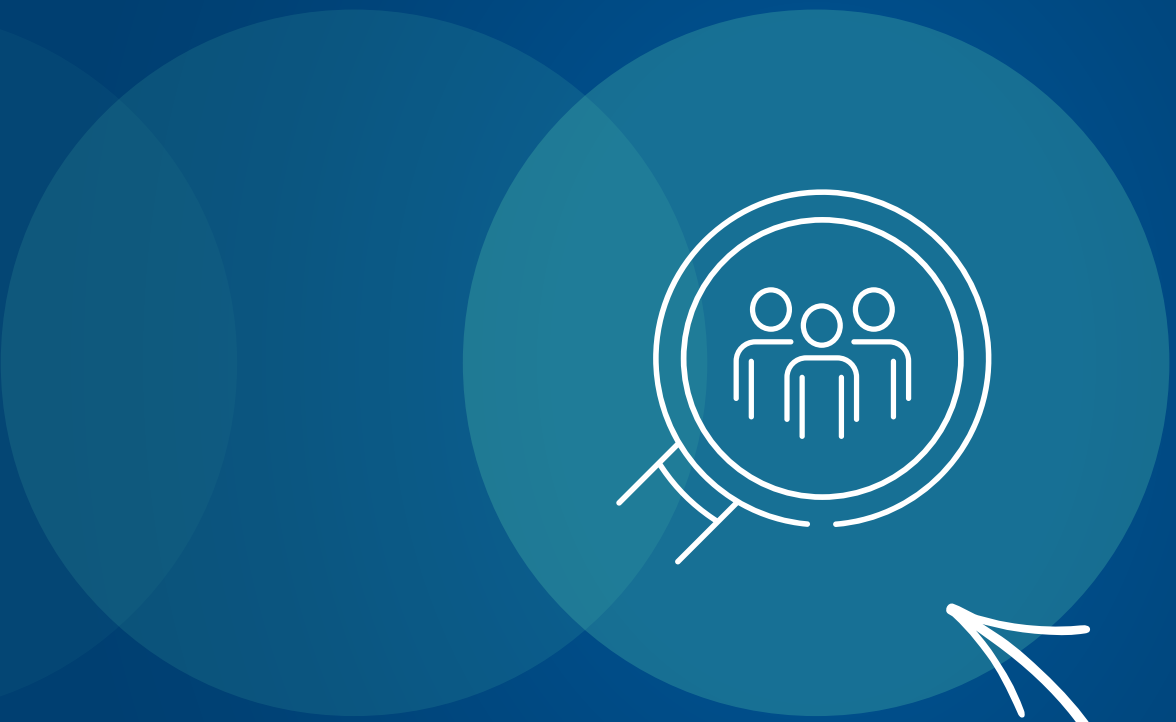


FIND PATTERNS OF PAIN WITH
CUSTOMER DISCOVERY

4

FIND PATTERNS OF PAIN WITH **CUSTOMER DISCOVERY**

After you document your assumptions, start talking with that group. As Steve Blank says, "Get out of the building." This customer discovery process is the step you should be racing towards.

Your goal: uncover pain and problems and then discover what it would mean to a customer if you solved that problem. You are doing this to attempt to uncover the value proposition of solving problems.

A value proposition represents the value that the customer gets out of using your product. I believe a "product" is the product itself, the pricing, services, and more.

So a value proposition could mean:

- **Saving money.**
- **Saving time.**
- **Making money.**
- **Lifestyle benefits or professional benefits such as looking good in front of your boss.**

Once you find a problem to solve, it's essential to understand how high on the priority list this falls for your prospects. It's easy to find lots of issues. But is the problem big enough, pervasive enough, and painful enough that someone would be willing to pay you to solve it?

Your goal during this part of the process should be to speak with at least ten prospective customers. Even at low numbers, these interviews will give you incredible insight, especially if you start hearing a consistent pattern of pain.

Open-Ended Questions

One of the techniques that I recommend is asking open-ended questions. Open-ended questions allow people to include more information in their answers, including how they feel, which leads you to ask questions you hadn't considered.

Open-ended questions are an opportunity to **learn.**

Here are examples of great open-ended questions I use:

- **"How do you know you've had a successful year/month/day?"**
- **"How do you feel about your current solution?"**
- **"What do you wish you could do that you can't do today?"**
- **"How would your day/job/task be different if you had this?"**
- **"Can you give me an example?"**

I usually like to create an initial list of questions to start the conversation. But as your interviews progress, don't stick to that standard set of questions. Evolve your questions as you learn. Once you start to recognize patterns or consistency in the answers, you can take that question off your list and move on to other questions.

It's okay to ask these questions, sit back, and let somebody think about it and stumble a little bit. What's going to happen is that they're going to wind up telling you something you hadn't thought about. Their answer could potentially lead you down a path that could be something amazing.

If you don't get to all your questions, don't worry, you're still on the right track. There are other people to talk with and learn from. And if you are struggling to find the sixth, seventh, eighth person to talk to, well, that might be a sign of something. Maybe you've picked a market that might be too hard to address or you might not have defined your market well enough.

This realization is important. It's what customer discovery is all about—uncovering new ideas and solutions you hadn't originally thought of.

Here are a few open-ended questions we asked when we were validating ProductPlan:

- **What tools/software do you use today for product management?**
- **How do you create and share the product roadmap?**
- **How is the product vision tracked and shared?**
- **How is your performance evaluated?**
- **How do you engage with customers to discover customer needs?**
- **How do you document the interviews? Do you record them?**
- **Do you need to report on your progress?**
- **Who do you share the information with?**
- **What services and products do you buy?**
- **Where does the budget come from?**

Surveys...Meh.

I'm not a fan of surveys for customer discovery. Sure, you could send out a survey to an email list, or stand out in front of Starbucks, ask people precisely-worded questions, and be able to say you've talked with twenty people. But how do you know you asked the right questions to begin with? And worse, if it's multiple-choice, it presumes you know all the possible answers.

A survey implies you know the right questions in the first place, and it doesn't allow you to adjust as you learn. Surveys often consist of closed questions that limit the ability for you to ask critical follow-up questions. Finally, surveys leave a false impression of scientific accuracy where there is none.

So, of course, your questions are going to be very different. However, questions like, "How do you engage with customers to discover customer needs?" That's a vast open-ended question that's going to yield a whole variety of answers.

The Importance of "Why?"

"Why?" is by far the most powerful question you can ask, so ask it often. Rarely accept a customer's initial response. By asking, "Why?" as a follow-up question, you can extract an enlightening response and get to the crux of an issue.

If you move too fast on to the next point without pressing further, you will cheat your own understanding. For several products that I've validated, we uncovered a stronger value proposition for the product by digging deeper and asking, "Why?"

A great technique is the "five whys." This technique can help you determine the real reason or goal by repeating the question "Why?" Each answer gives you a prompt to ask the next question. It's not mandatory to ask "Why?" five times, but the point is to keep asking and drilling down until you get to the real underlying answer. That way you're not taking the first answer at face value. The follow-up questions will yield the truth.

Find People to Speak With

I'm often asked, "How do you find the people to interview?" To me, finding enough people for validating a new product is one way to measure whether it's a good concept and market to begin with. If you're having trouble finding prospects, it's an early indicator of a market that's not well-defined or a persona that's hard to reach.

I use LinkedIn quite a bit to discover and review candidates. LinkedIn is useful, especially for B2B products. Other social media sites might be good ways to find interview candidates depending on your market.

Once I reach out (typically by email), my response rate from highly qualified candidates is about 25%. About one in four will get back to me. So, it's important to have a large enough pool of prospects and it's also important to not get discouraged if you don't connect with very many.

The best advice I have about cold contacts is that people need to know what's in it for them. They're not typically going to talk with you out of goodness; you need to convince them there is a possibility of you solving some problem for them.

Customer Discovery at ProductPlan

We asked product managers a lot of questions. Questions about their success criteria. Questions about their underlying project management system.

We discovered lots of pain, such as:

- **Creating compelling roadmaps took too much time.**
- **Roadmaps often were outdated, with stakeholders using outdated information.**
- **Teams and stakeholders not in alignment with the roadmap plan, causing organization friction.**
- **And many more pains.**

Documenting Interviews

How you conduct and document customer interviews is essential. You'll find after the sixth or seventh interview, they'll all start to blend together in your mind.

During these interviews, I recommend you record them and take notes. Of course, you'll want to ask permission to record the discussion. I've rarely encountered resistance to being recorded, especially if you're asking politely and promise not to share it outside your company.

It's beneficial to record the conversations because you can listen to them later to pick up on things you didn't hear the first time. But it's also nice to be able to pull quotes from the customers to make a compelling case to your executives or development teams. Hearing something directly from a customer or prospect's mouth is so much more valuable than from you.

I also recommend you have two or more people in on the conversation. Everyone has a different perspective and will hear different things in the interview. They have a filter and biases. A five-minute debrief with your team after the interview allows you to normalize what you're each hearing and write down some key takeaways.

For taking notes, you'll want to collect necessary information such as demographics, company size, and other information that would be important for defining your market segment and persona. Begin documenting the interview notes in a way so that you can categorize them easily later.

You'll also want to document fundamental problems your product solves for them, objections they have to adopt your product, feature needs, and more.

One technique I've found to be helpful during interviews, especially in the later stages, is capturing the customer's likelihood of buying. There's a tendency to get excited in these interviews. People often tell you what you want to hear because they don't want to let you down. So you want to ask the right questions so you can understand what the truth is.

We created the Customer Interview Toolbox that contains the interview template and other information we used when validating ProductPlan and other products.

Download: Customer Interview Toolbox

5

VALIDATE THE **MINIMUM SELLABLE PRODUCT**

5

VALIDATE THE **MINIMUM SELLABLE PRODUCT**

After you've identified a problem to solve, and a problem that's high enough on someone's priority list, it's time to validate the solution; your Minimum Sellable Product.

You've probably heard about Minimal Viable Product (MVP), but what is the Minimum Sellable Product?

The product you are scoping out needs to be a combination of the following:

- **Its core features solve at least one problem well and get you in the game competitively.**
- **There are one or more exciting features that solve a problem uniquely, that customers didn't know they wanted, and differentiates you from the competition.**

While most of my experience is with launching B2B SaaS products, many of the lessons apply to any new product, especially digital products.

Your goal: find potential buyers and test sell your solution to them.

At this point, you should be able to tell a potential buyer what their problem is and know with high confidence they will agree with you. Then you tell them the solution to their problem (your product) and ascertain their likelihood of buying.

I recommend you talk with at least twenty people who fit your target persona. The first few conversations will be difficult and there's a good chance you won't get very far. You'll also probably get a few false-positive sales, where someone says, "that's great I'd buy it," when, in the end, they won't.

But this is all okay because you're learning. I believe if you can get a handful of people to agree in theory to buy your solution, then you're on to something. This verdict shouldn't take more than 20 interviews before you know if you're on the right track.

These ideally are 45 to 60-minute interviews. This duration allows you to dive deep and leave room for questions and discussions.

Test Selling

How do you sell something that doesn't exist?

Test selling is the most crucial step in the process. You can create the most beautiful and compelling product, but if you can't sell it, what's the point?

Overcome your shyness. Explain how your solution will solve real problems. Then ask them how much it's worth to solve that problem.

You don't want to promise you can deliver the solution tomorrow. I think it's essential to be transparent and say something like, "We're developing this product, and I'd like your advice."

Show prototypes. The prototypes don't need to be fancy. When we tested ProductPlan, our early interview candidates saw some clunky-looking mockups drawn in presentation software. We continued to iterate the prototypes until they were eventually high definition. Then as we began development, we demonstrated actual working software.

In these interviews, begin with an early concept of pricing or at least ask several open-ended questions around pricing. Then have enough patience to sit back and let there be an awkward silence. In my experience, people will fill in the silence with their thoughts.

Testing Acquisition

After we conducted several interviews, we felt positive about the opportunity. So we asked ourselves, "How can we determine whether people will look online for a solution like ours?"

We wanted to test the acquisition and find a creative idea to accomplish this.

I spent a couple of hours creating a quick website. We bought some Google and LinkedIn ads and started driving traffic to the site. We included the value proposition we were testing. Moreover, we included a form for getting more information and participation in a future preview of the software.

It quickly became evident that people were interested; we had product managers from large companies sending us their contact information. They must have been in serious pain to trust a website that looked, in my opinion, like it took two hours to create.

People were signing up for a product that didn't exist. We contacted those that submitted their emails in the form and said we would love their insight on the development of the product.

All of this was great validation because it helped us to understand our customer acquisition model, sales funnel, and costs. Based on our cost per click, "conversion rate" to fill out the form, and from standard metrics from other SaaS companies, we could estimate the cost per trial of what a typical conversion to a paid account and customer would be. The test landing page also helped us beta users. It gave us people to call and validate our concept.

There's no doubt that our process was a bit scrappy, but it gave us tremendously valuable information and it gave us our first customers.

Pattern Recognition

A lot of people think the validation of a new product is a scientific process. For instance, if you conduct 30 or 40 interviews, then somehow you will get a statistically valid result that gives you the truth. But this process is subjective, and biases abound.

You have to read into the nuance of what people say, and that isn't anything but scientific.

When you conduct around 15-20 interviews, you will start to hear the same things again and again. You'll hear patterns. So by the 21st interview, you'll hear something similar to what you've heard previously.

There is no magic number for the right amount of interviews. However, for every additional interview you conduct, you're incrementally lowering your risk of failure. You can conduct ten interviews and reduce your risk of failure somewhat. Or 20 interviews and reduce it even further. After 90 interviews, assuming you're asking the right questions, you can reduce your risk substantially. That is the main point of the process.

Also, as I interview, I pivot my questions and the pitch along the way. So my fourth interview is nothing like my first. Once I learn where I missed the mark I adjust and move on. This flexibility is especially true if you're validating a solution for a domain where you have limited experience. It can be a little awkward if you're not speaking the same language for the field. If that's the case, you'll be learning how to phrase questions, industry buzzwords, etc.

When to Move On

Along the way, you may discover that you haven't found significant enough pain. You may realize it's too expensive to get to market because of the minimum features you'd need to develop. You might discover the underlying acquisition metrics don't pencil out. Many times in the past, our team has concluded to shelf the validation and move on to greener pastures.

When to move on is a tough decision. It's never clear. At this point, you and your team members may be attached to the idea so there is the desire to persevere and see it through to success. But if several elements of the business model aren't clear and resonating, it may be time to table it at least temporarily and move on to other ideas. It's important to remember that any time you've invested at this point is a sunk cost, and look ahead rather than backward.

Our team at AppFolio did this several times. We ran multiple validations to discover the ideal industry verticals to pursue our B2B SaaS solution. We looked for the market with the most opportunity, the highest level of pain, and where we could become a leader in the space. After conducting several validations, the right choice became clear to us.

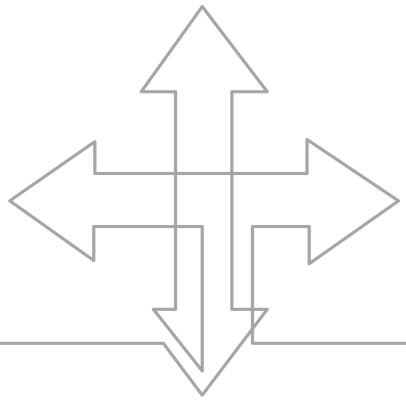
Pivoting

Most people know that startups make pivots as a result of a product launch that isn't selling as expected. To avoid failing the startup will "pivot" the customer type, the product feature set, or some other element of the business model. It's costly, burns resources, and increases a startup's risk of failure.

However, I'm talking about pivoting during the customer discovery and validation process. At this time, the risk is low and the cost of pivoting is negligible. It's cheap to change and failing has no repercussions. Change your pitch. Learn. Better to adjust now than after the build and launch.

When you hear those patterns of pain, a consistent problem, you're not likely to pivot. Keep pursuing that path, especially if you're starting to hear the patterns after only a few interviews. It might be another element of the business model canvas that you need to adjust, such as the revenue model.

When you hear the patterns and the solution resonates with prospects, it's electric. You will absolutely know when this happens. When I validated GoToMeeting, AppFolio, and ProductPlan, we knew early on that we were on to something good. It's exhilarating when you begin to hear the patterns.



How We Pre-Sold ProductPlan

By the time we launched ProductPlan, we had interviewed almost seventy prospective customers. In the end, many of those first interviews became beta testers and our first customers. Our total cost: We spent less than $1,000 on the whole process to determine the right product to build for them.

Back in 2012, our company was a whiteboard with several ideas on it. We went through an ideation process and conducted validations for several products that we decided to scrap.

Then we set our sights on finding pain for product managers. We started with open-ended interviews with product management friends and associates to get our feet wet. Then we moved on to talking with referred product managers and product executives.

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FIND THE **REPEATABLE ECONOMICS**

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After we validated the solution and began to build it, our goal was to develop and ship it fast. Get to our first customer dollar, as soon as possible. Our philosophy was that it didn't need to be perfect. I believe you don't need to have a perfect feature set to provide value. If you are providing some benefit to customers that solve some of their problems, they will be forgiving.

Your next step is to find repeatable economics. Repeatable metrics means you are on the right track heading towards product-market fit.

After launch, we began focusing on measuring the metrics that mattered to us at ProductPlan. When we started to see that the underlying economics were repeatable, it was another sign that we were on the right track.

Here are some things we saw:

- **Customers found us through organic and paid search.** Early on, we began to track the growth of traffic, trials, and customer conversions from different channels. We learned what the value was of spending one more dollar on paid channels. We could explain how many customers we would have (and their estimated lifetime value) by getting 100 people to sign up for a trial. We could also see those repeatable metrics.

- **The trial pipeline was growing month over month.** Three months after we launched, our free trials began increasing month over month. People were signing up for trials from organic sources such as Google Search. We were doing a bit of advertising, but the organic traffic and trials told us the model was working.

- **Regular sales without interaction.** When we were got daily automated sales without any sales interaction, that told us our market fit was on track.
- **Monthly Recurring Revenue (MRR) growth.** For us, when we were seeing 10%+ month over month recurring revenue growth, that was a good sign pointing towards product-market fit.
- **Easily target and market to the segment.** We were able to target the segment that we wanted to go after easily. By targeting, I mean with ads and content marketing. We were able to reach out to thought leaders who were in the market that we're in who could touch thousands of people by themselves, and have that have an impact on us.
- **Regular customer interaction.** People were calling us or sending us emails saying they liked the product and feature request or they were pointing out our product's bugs. All of their feedback was fantastic because it meant that people were passionate enough about our product to complain.

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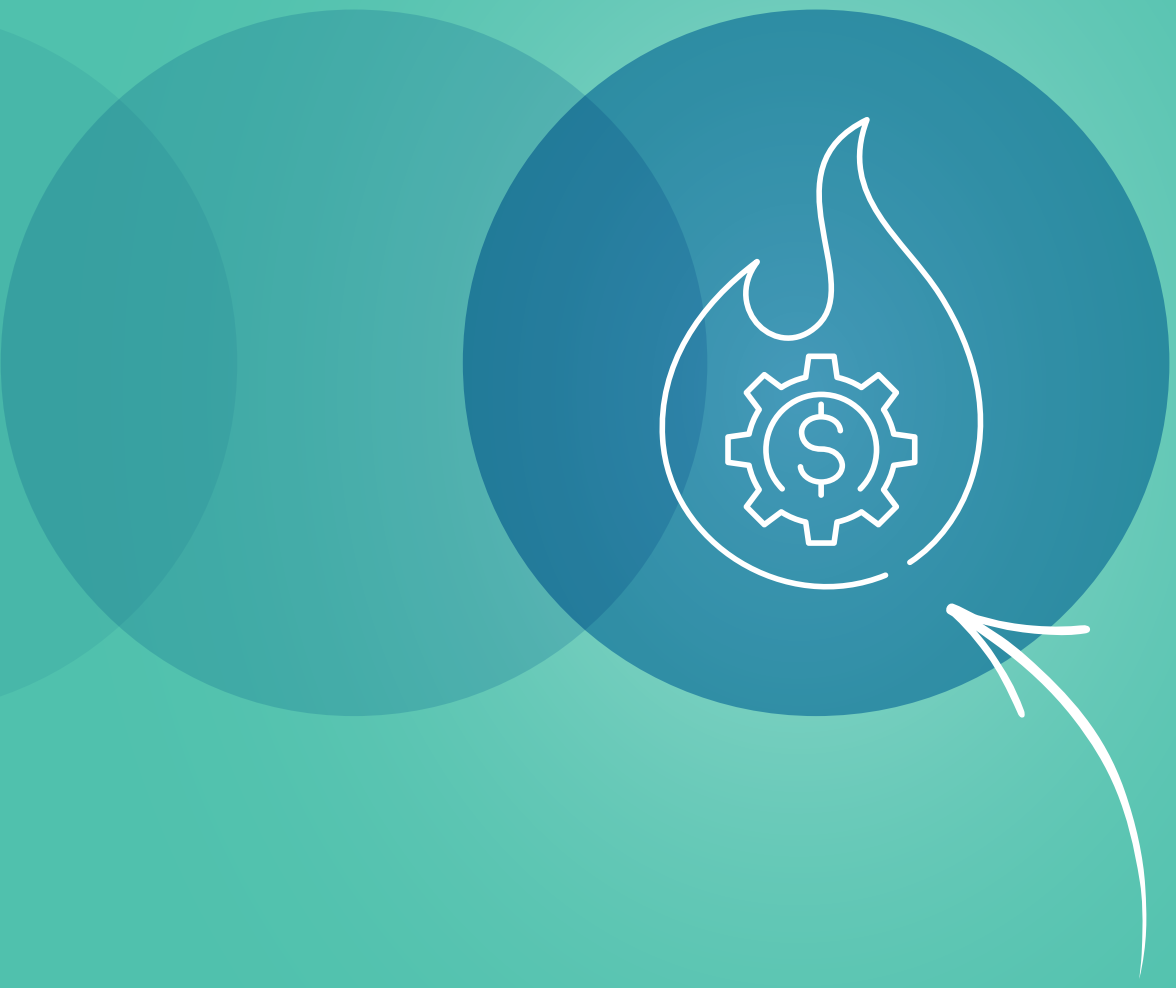

CONCLUSION: **FIND FIT?**
POUR GAS ON THE FIRE

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CONCLUSION: **FIND FIT?** *POUR GAS ON THE FIRE*

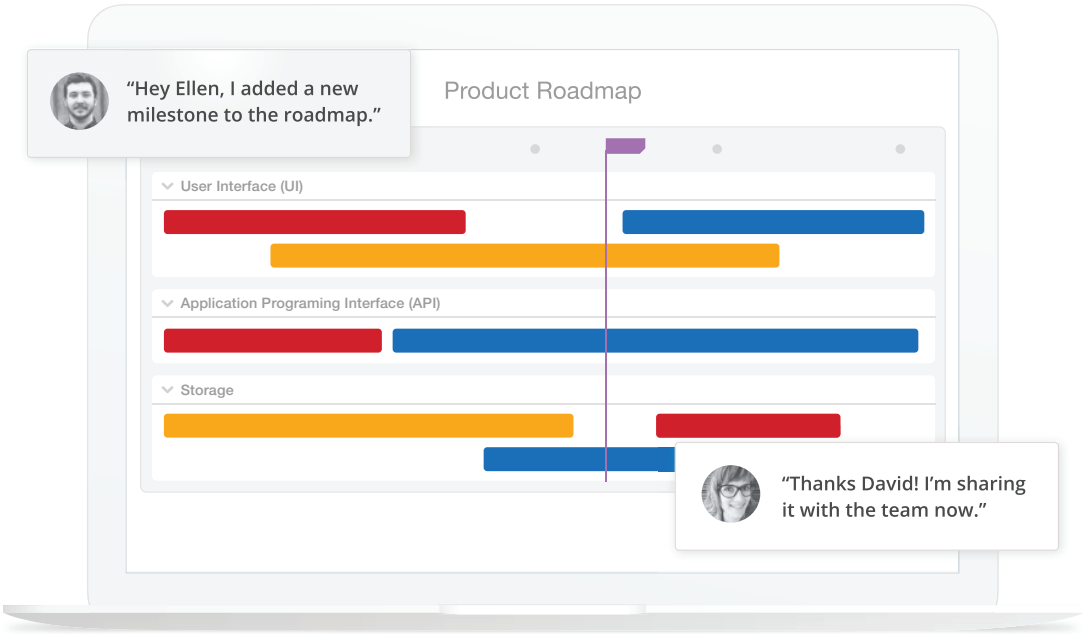
At this point, it's really the beginning. If you've followed some of the suggestions in this book you've hopefully reduced some of the risks of launching a product that doesn't find traction in the market.

Once you find the fit, even at this early stage, continue to do more of what works, but sprinkle in an element of experimentation. Your goal is to figure out how to scale your learnings. Refine the product and business models that can scale.

Make better mistakes.

ABOUT **PRODUCTPLAN**

ProductPlan makes it easy for teams of all sizes to build beautiful roadmaps. Thousands of product managers worldwide–including teams from Nike, Microsoft and Spotify–trust ProductPlan to help them visualize and share their strategies across their entire organization. With our intuitive features, product managers spend less time building roadmaps and more time shipping products.



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