

# While We're Waiting...

...Please share in the chat:

- Your industry
- Type of product/service offering
- Stage

*EX: healthcare, HaaS, seed*

# The Product Market Fit Roadmap to Escalate your Growth

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[Glendale Tech on Tap](#)

January 26, 2021

Deck: [bit.ly/3owwwd8](https://bit.ly/3owwwd8)

# Agenda

- Definitions
- Benchmarking PMF
- Refining PMF
- Tips on Getting Started with PMF
- Tips for Long-Term strategy for Refining PMF
- Summary + Next Steps





*10 years helping companies grow, by collaborating on data, analytics + product strategy to develop customer-centric, data-driven products with market fit.*



*PhD, MS. Statistics  
BA&S, Statistics and Economics,  
Minor in Mathematics*



**Jet Propulsion Laboratory**  
California Institute of Technology

### **Industries**

Industrial Manufacturing  
Internet Networks  
Social Media  
Healthcare  
Fashion  
IoT  
CPG  
Finance  
Hospitality  
Online Advertising  
Media & Entertainment

...



# Part I: Definitions

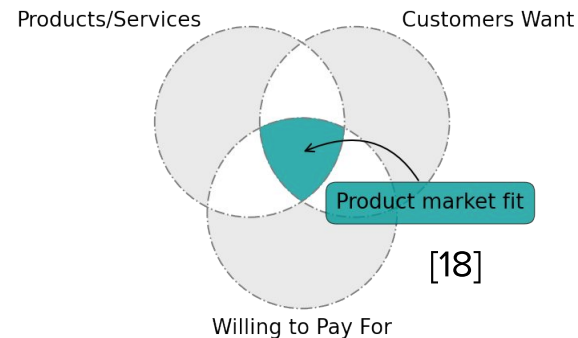
# Understand your Business to Reach PMF

PMF = “whole company” [2] reaching “*success*”

- *Value to customers?* [[30 ways](#), [more advice](#)]
- *Note:* 2-sided marketplace = 2 sets of customers

→ *PMF for each*

*What (large) companies are ironing-out PMF now?*

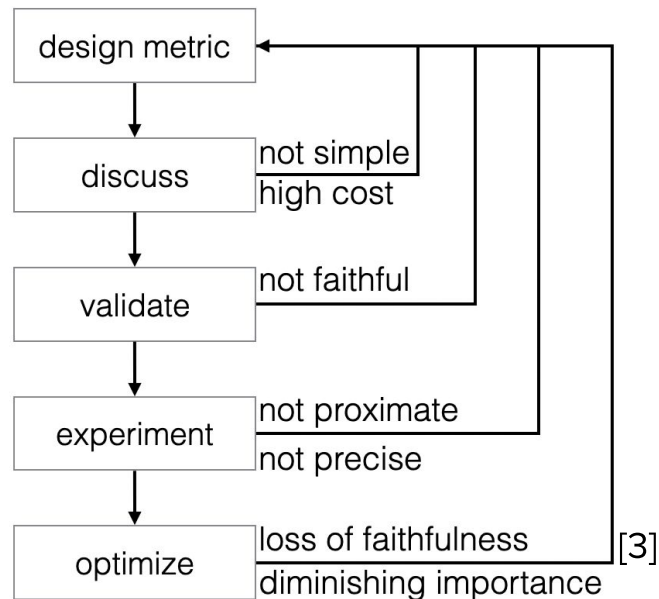


# Defining Metrics

- Purpose: aspects of PMF
- Metric captures what's happening + quality
  - Positive + Negative
  - OMTM

*What's your OMTM?*

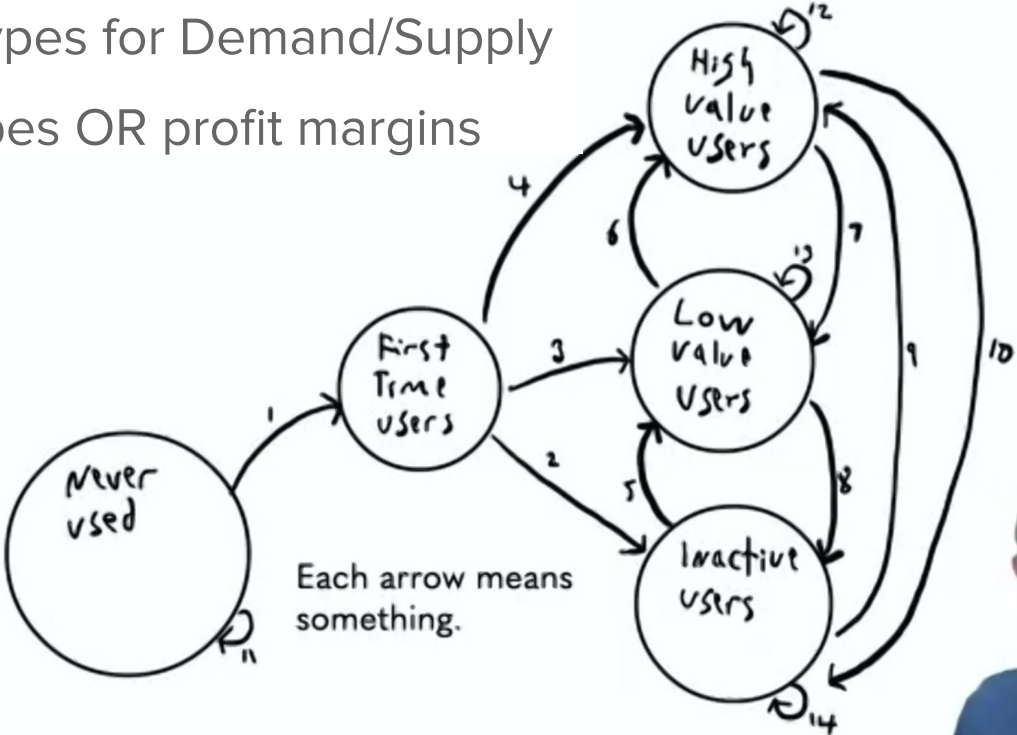
- Metric Caveats [[ref](#), [ref](#)], [[ref](#)]



# Business through Journeys + Metrics

Circles: Customer types for Demand/Supply

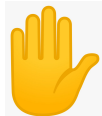
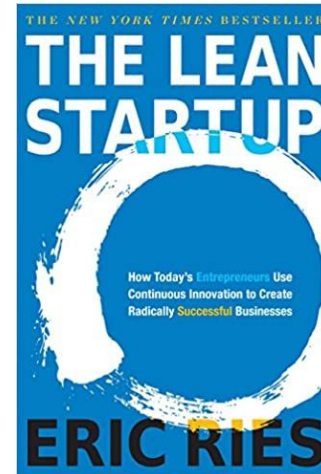
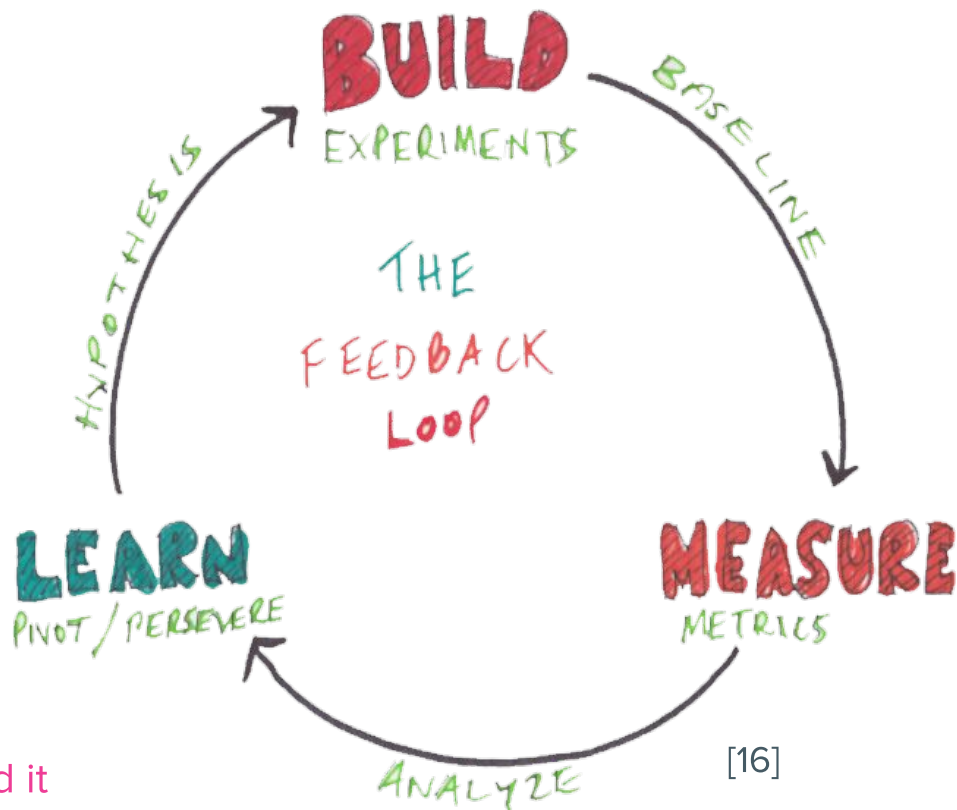
Lines: Flows b/w types OR profit margins



[ref]



# Build-Measure-Learn



If you've read/heard it

[16]

# Part II: Rules-of-Thumb for Benchmarking PMF

# Approach 1: Survey Customers

- “How would you feel if you could no longer use the product?” [4]:
  - Very disappointed
  - Somewhat disappointed
  - Not disappointed
- PMF = % ‘very disappointed’ responses
  - Please see [4], [15] for steps to improve PMF from benchmark



*If you were asked to fill out a survey this week?*

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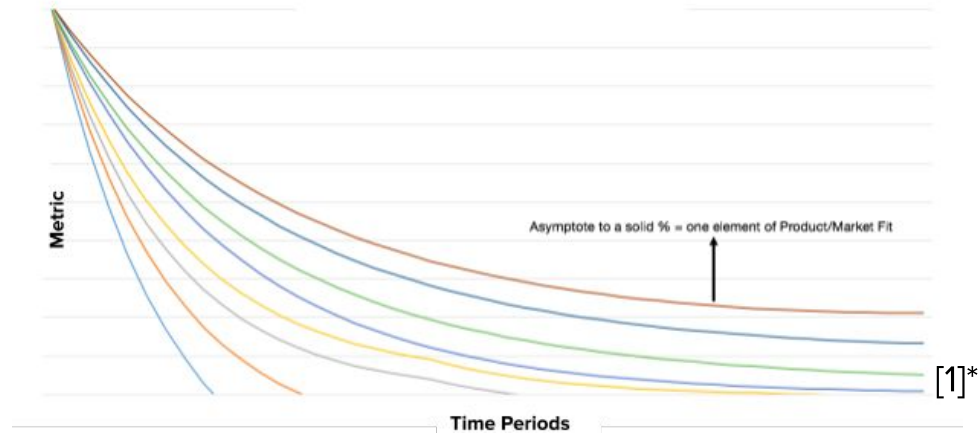


*If you were asked to fill out a survey this week?*

*... if you filled it out.*

# Approach 2: Analyze Customer Actions

- PMF = (1) business metric that levels off above 0, **AND**  
(2) profit exponentially increases



- *Note:* 2-sided marketplaces need to reach PMF for both sides [1]

# Approach 2: Profit

## Doordash and Pizza Arbitrage

There is such a thing as a free lunch



Ranjan Roy

May 17 392 354



[5]

image via [Reddit](#)

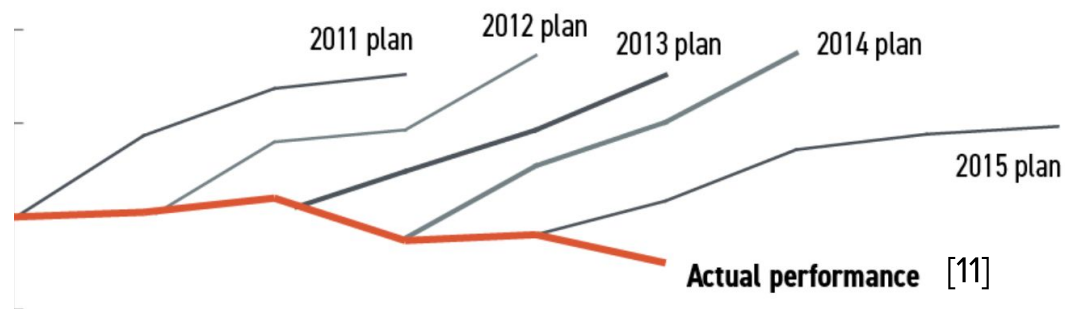
DAILY COVER | 38,573 views | Jul 20, 2020, 07:14am EDT

ScaleFactor Raised \$100 Million In A Year Then Blamed Covid-19 For Its Demise. Employees Say It Had Much Bigger Problems.

[6]

## Approach 2: Time Period

- *Over time*: hockey stick vs “hairy back” [11]
- Time period:
  - Beginning: Daily [9]?
  - Monthly [9]?
  - Quarterly?
  - Another frequency?

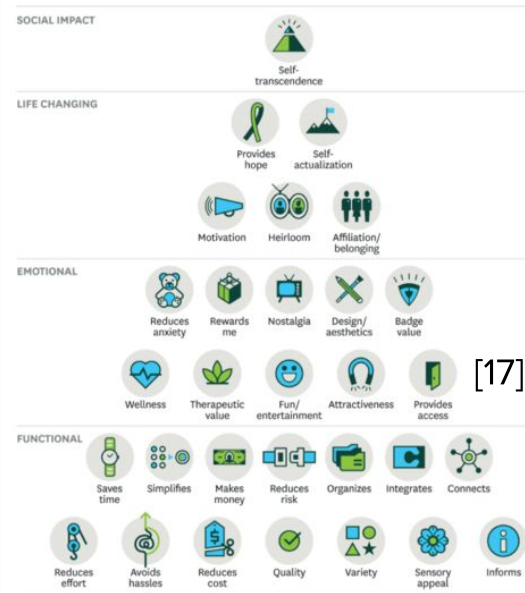


*What time period are you considering/using for your metrics?*

# Approach 2: Metrics

- (VC) Top-line ~~growth~~ → (IK) profit
- (VC) Payback period: time to LTC > CAC
- (VC) Efficiency → time to X
- (VC) Retention/churn
  - (IK) % (most profitable + get most value) retained to next period
- (PL) Demand/supply/goods flows [[slide](#)]

*Note: Track over time + exclude employees, test accounts in metric calculations*





# Approach 3: Hybrid of Approach 1 + 2 = scaling

- Track **every** journey in business + evaluate with **metrics** + **consistently** listen to customers to get new ideas for product

EX: Amazon return

Why are you returning this?

- Too small/short
- Too large/long
- Poor Condition/Presentation
- Style not as expected
- Fabric/material not as expected
- Color/Pattern not as expected
- Wrong item was sent
- Item arrived too late
- Inaccurate website description
- No longer needed
- Defective item
- Product and shipping box both damaged
- Better price available

Why are you returning this?

Style not as expected

Comments (optional):

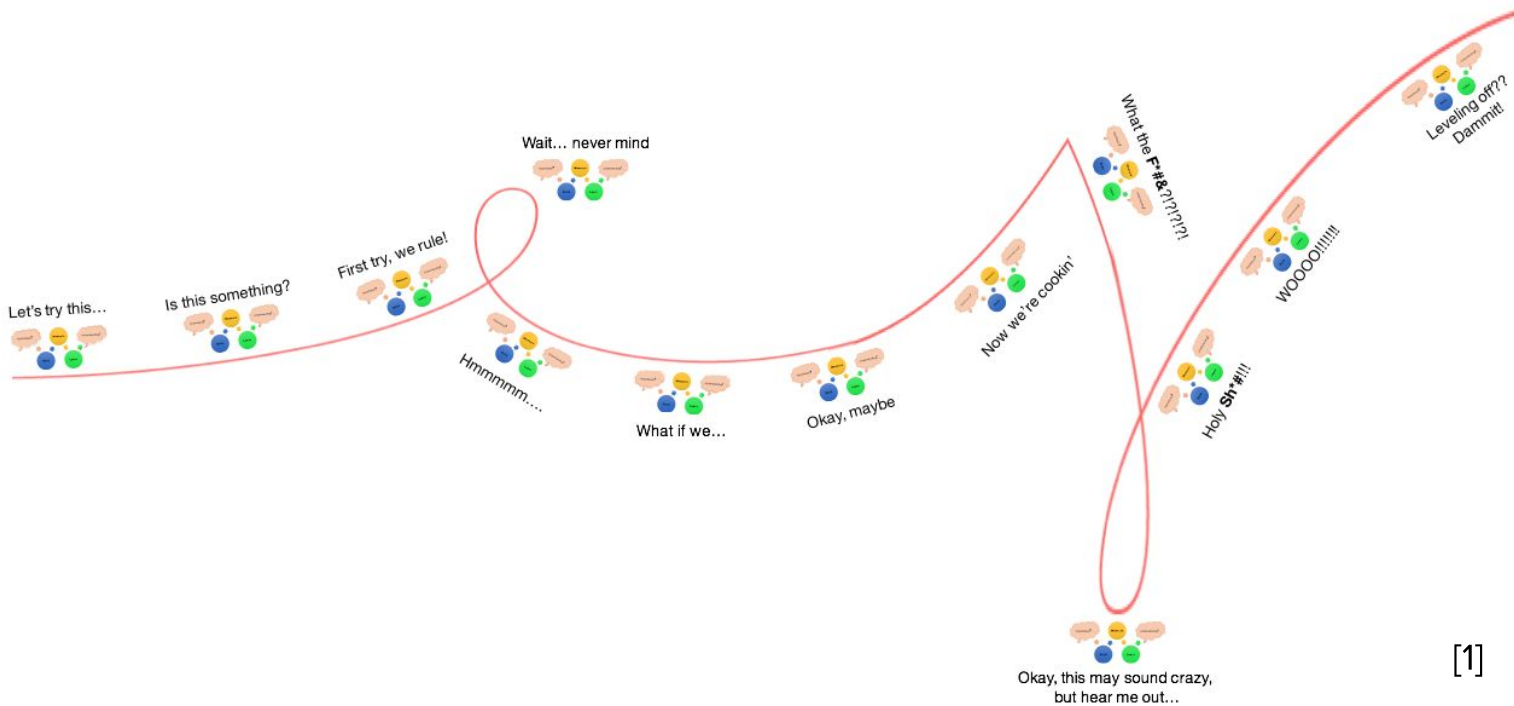
200 characters remaining.

**NOTE:** We aren't able to offer policy exceptions in response to comments. Do not include personal information as these comments may be shared with external service providers to identify product defects.



If you already do this

# Warning: Road to PMF is not Linear



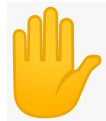
[1]

# Recap

- *Actions speak louder than words*
- Hockey stick vs “hairy back” [11]
- PMF:
  - Level-off key business metric *AND*
  - Listen to feedback *AND*
  - % very disappointed  $\geq 40\%$  *AND*
  - Profit grow exponentially

*separately* for supply + demand

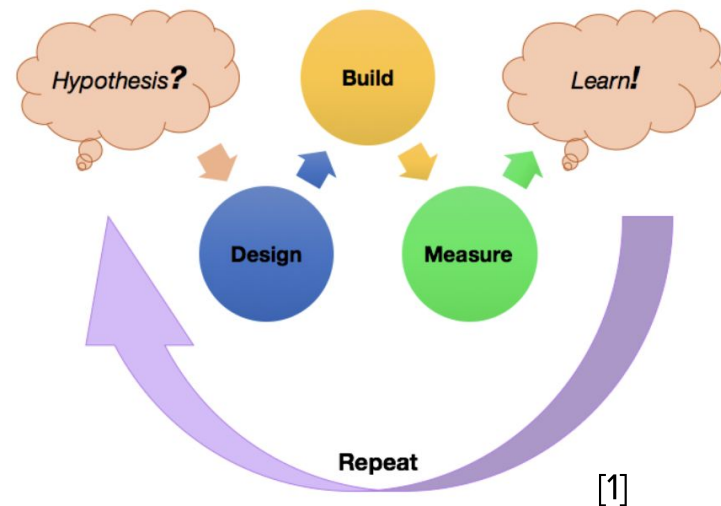
# Part III: Refining PMF via Build-Measure-Learn



If collaboration across teams is hard

# BML or How to Execute with(out) Authority

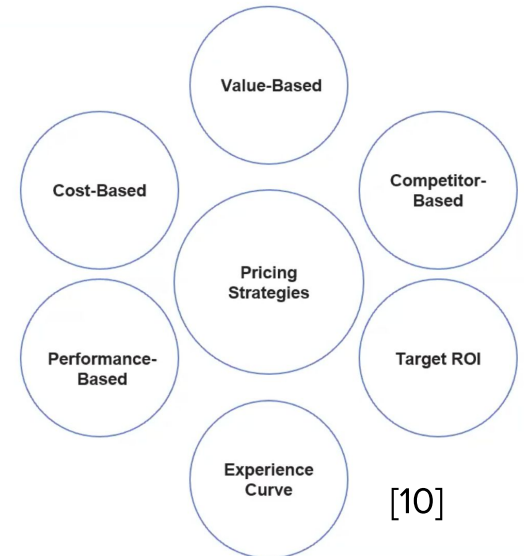
- *Alignment*: ideas, scope, prioritize
- *Define success*
- **Build**
- *Roll-out*
- **Measure + Monitor**
- **Learn**



(More on [BML](#))

# Example of BML for Pricing

- Alignment: Offer new product/feature, *as if available*
- Success criteria: X% customers within week to buy at \$Y (0% now)
- Create sign-up form
- Email 5% of current customers
- Track daily sign-ups
- Decide next steps



# Recap

- Start small and iterate
- Baseline, baseline, baseline
- Gradual roll-out
- Monitoring for lift/target

# Part IV: Tips on Getting Started with PMF



# Tips on Getting Started with PMF

1. Identify journeys in your business [[slide](#)]
2. *It's impossible to get insights from data you didn't collect*
  - **"Demographics"**: customer *device* + your *app/platform*
  - Company **assets**
  - **Interactions** of all of above
  - **Touch-points**

More on [5 aspects of business](#) to track today + [schedule assessment](#)

## Tips on Getting Started with PMF (cont'd)

3. Track journeys from Step 1 using data + metrics
4. BML for company alignment + PMF drop-offs and hooks

Note: Understand *before* automate

# Part V: Tips for Long-Term Strategy for Refining PMF

# Tips on Long-Term Strategy for PMF

- BML for company alignment + PMF drop-offs and hooks
- Iterate on Parts II + III:
  - Journeys [[slide](#)] match customer value + target?
  - Identify [HXC](#) + profitable customer base + most value from product
  - Read feedback to (new) ideas + ways to improve
  - Consider leading indicators
- Infrastructure for gradual roll-out + monitoring

# Part VI: Summary + Next Steps

# Summary/Roadmap

- Company alignment
- Understand *your* customer and product journeys
- Iterate on PMF via BML
  - PMF = Level-off key business metric *AND*  
% very disappointed  $\geq 40\%$  *AND*  
Profit grow exponentially
  - Listen to customers
- Use whatever tools you're comfortable with

# Questions?

Deck: [bit.ly/3owwwd8](https://bit.ly/3owwwd8)

[Irina@KukuyevaConsulting.com](mailto:Irina@KukuyevaConsulting.com)

Product Market Fit | Data Strategy | Metrics + Analytics

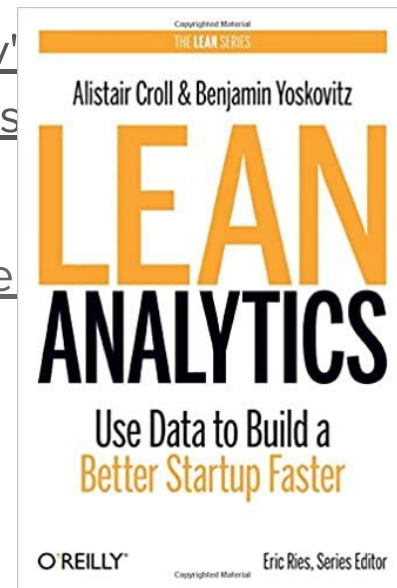
# Further Reading/Listening

- More thoughts on PMF:
  - Elizabeth Yin's thoughts on PMF:  
<https://twitter.com/dunkhippo33/status/1153779532110843904>
  - <https://www.lennyrachitsky.com/p/how-to-know-if-youve-got-productmarket>
  - <https://www.nfx.com/post/10-places-to-find-product-market-fit/>
- Phil Libin's talk on "Model to Answer All Startup Growth Questions":  
[https://www.youtube.com/watch?v=3XumZ\\_LT\\_ZE](https://www.youtube.com/watch?v=3XumZ_LT_ZE) (7/21/20)
- Podcast "The Consumer VC", episode: "[Compilation 1. One Piece of Advice Investors Have for B2C Founders](#)" (6/3/20)



## Further Reading/Listening (cont'd)

- Book: Summary and Analysis of The Lean Startup: How Today's Use Continuous Innovation to Create Radically Successful Businesses on the Book by Eric Ries (Smart Summaries)
- Book: Lean Analytics: Use Data to Build a Better Startup Faster
- Tips for marketplaces: <https://a16z.com/marketplace-100/> and <https://a16z.com/2020/02/19/required-marketplace-reading/>
- [GitLab KPIs](#)



# Further Reading/Listening (cont'd)

- More resources on pricing:
  - [https://www.huffpost.com/entry/9-proven-business-models- b\\_7949932](https://www.huffpost.com/entry/9-proven-business-models- b_7949932)
  - <https://medium.com/point-nine-news/9-tricks-to-experiment-with-your-pricing-strategy-329b07a5b171>
  - <https://www.growthramp.io/articles/pricing-strategy>
  - <https://www.growthramp.io/articles/willingness-to-pay>
  - Different sources of revenue for big tech companies:  
<https://www.visualcapitalist.com/how-big-tech-makes-their-billions-2020>
  - Pricing tips for marketplaces:
    - <https://www.sharetribe.com/academy/how-to-set-pricing-in-your-marketplace/>
    - <https://www.kreezalid.com/blog/78468-marketplace-pricing-strategy>
- 30 “elements of Value” for your customers:  
<https://hbr.org/2016/09/the-elements-of-value>

# References

- [ 1] <https://briantod.com/blog/2016/10/25/the-search-for-product-market-fit>
- [2] <https://productcoalition.com/how-to-find-product-market-fit-a-practical-guide-290c40deed52>
- [3] <https://medium.com/@seanjitaylor/designing-and-evaluating-metrics-5902ad6873bf>
- [4] <https://www.creatorlab.fm/rahul-vohra-superhuman-product-market-fit/> and <https://firstround.com/review/how-superhuman-built-an-engine-to-find-product-market-fit/>
- [5] <https://themargins.substack.com/p/doors-dash-and-pizza-arbitrage>
- [6] <https://www.forbes.com/sites/davidjeans/2020/07/20/scalefactor-raised-100-million-in-a-year-then-blamed-covid-19-for-its-demise-employees-say-it-had-much-bigger-problems/#35425b9d2928>
- [7] <https://www.reliablesoft.net/ab-testing-principles-optimize-your-marketing-and-skyrocket-conversions/>
- [8] <https://www.helpshift.com/glossary/net-promoter-score/>
- [9] [https://www.youtube.com/watch?v=3XumZ\\_LT\\_ZE](https://www.youtube.com/watch?v=3XumZ_LT_ZE)
- [10] [https://us02web.zoom.us/webinar/register/rec/WN\\_8BotkvORYaXRPhtuvF8fq?meetingId=9\\_MsP7j7pl1Uq\\_c4QLSUKN8A43caaa80CcZ86JxBsBKfJt5APpAE00TL5JBnv&playId=u5lqceGuqWq3HYCVtqSDAad8W9S-LKmsH3cYrvEKyU7hBiEEZwevYeQTMNoI-NSnewY6deOxluUO7xQ&action=play&\\_x\\_zm\\_rtaid=RhlnCwwVRLqiYFQeB5PVSA.1595475631098.4993f599fdd1cdf95a63821270431b43&\\_x\\_zm\\_rhtaid=937](https://us02web.zoom.us/webinar/register/rec/WN_8BotkvORYaXRPhtuvF8fq?meetingId=9_MsP7j7pl1Uq_c4QLSUKN8A43caaa80CcZ86JxBsBKfJt5APpAE00TL5JBnv&playId=u5lqceGuqWq3HYCVtqSDAad8W9S-LKmsH3cYrvEKyU7hBiEEZwevYeQTMNoI-NSnewY6deOxluUO7xQ&action=play&_x_zm_rtaid=RhlnCwwVRLqiYFQeB5PVSA.1595475631098.4993f599fdd1cdf95a63821270431b43&_x_zm_rhtaid=937)
- [11] <https://www.marketwatch.com/story/how-investors-can-spot-the-company-whose-hockey-stick-growth-strategy-is-really-a-hairy-back-2018-02-12>
- [12] Book: [Lean Analytics: Use Data to Build a Better Startup Faster](#)
- [13] <https://uxdesign.cc/wtf-is-your-metric-doing-to-your-customers-473942ea3829>
- [14] <https://featureflags.io/2015/12/02/devops-feature-flags-incremental-rollouts/>
- [15] <https://www.growthramp.io/articles/product-market-fit>
- [16] <http://karenwong.weebly.com/blog/time-to-pivot-new-strategies>
- [17] <https://hbr.org/2016/09/the-elements-of-value>
- [18] <http://www.kukuyevaconsulting.com/>
- [19] <https://www.glendaletechweek.com/calendar/2021/1/26/product-market-fit-roadmap-to-escalating-growth>