Technology Start-ups
Lecture 13

Measure Product/Market Fit

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"Product/Market fit means being in a good market with a product that can satisfy that market." Marc Andreesson

Engines of Growth

- Sticky: high retention
- Viral: high referral
- Paid: high margins

Sticky: high retention

- Rely on high customer retention rate
  - Low churn rate

Customer Acquisition Rate > Churn Rate

Viral: high referral

- High customer-to-customer referral rate
  - high viral coefficient: number of converted referrals per customer

Viral Coefficient > 1

Paid: high margins

- relies on reinvesting portion of customer revenues back into business

LTV > COCA

customer lifetime value > cost of customer acquisition

Good rule of thumb: LTV > 3 * COCA

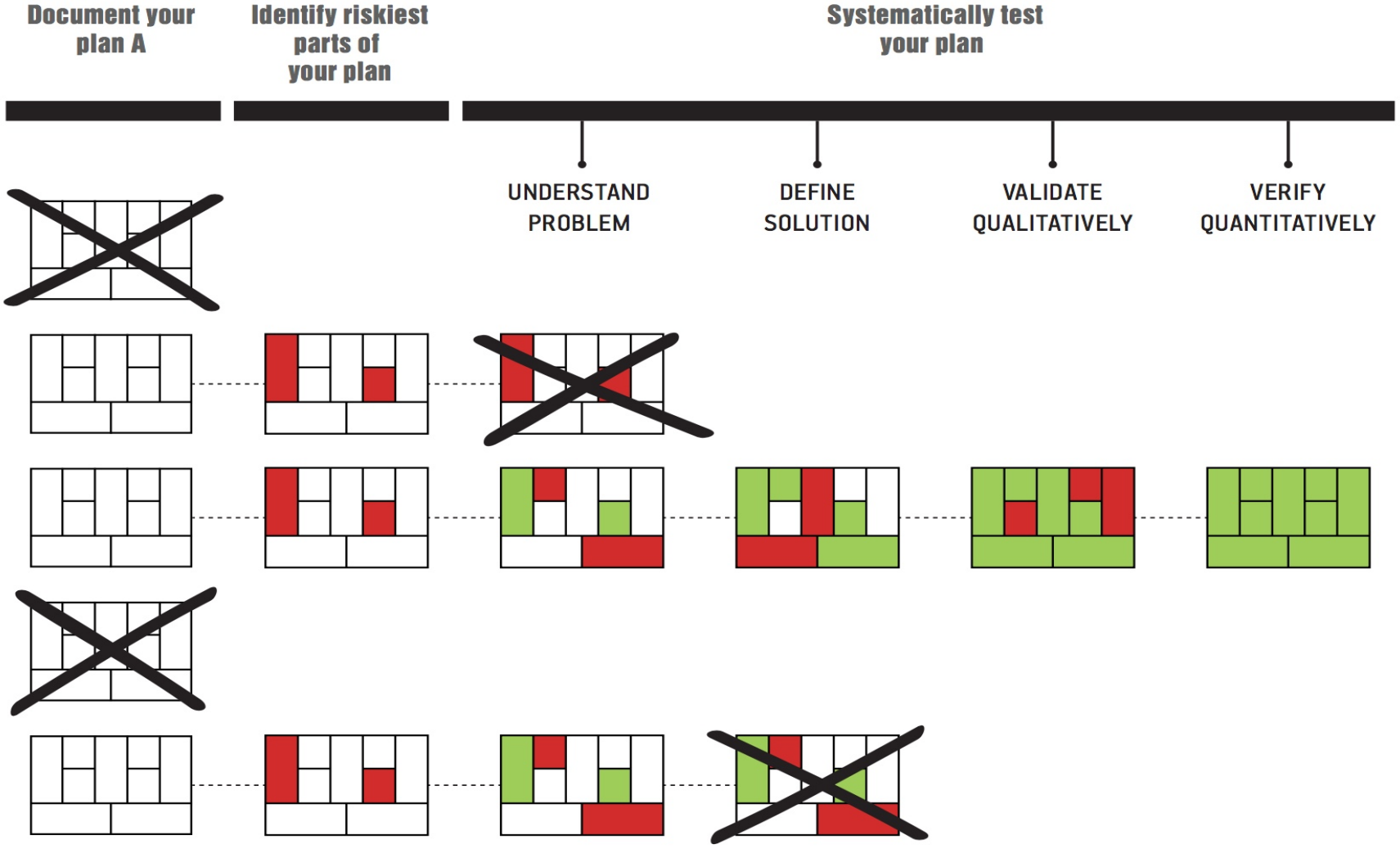
Sean Ellis Test

How would you feel if you could no longer use [product]?

1. *Very disappointed*
2. *Somewhat disappointed*
3. *Not disappointed (it isn't really that useful)*
4. *N/A – I no longer use [product]*

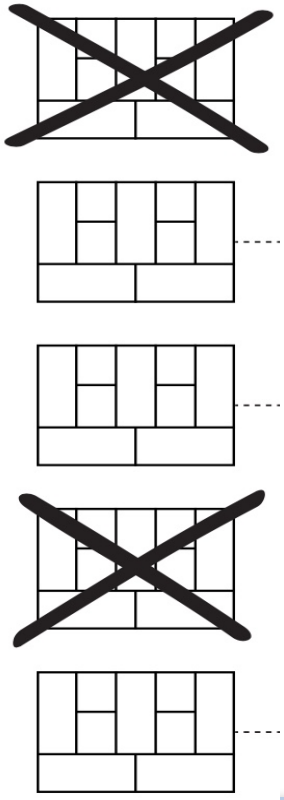
If 40% choose 1, there is a good chance you can create a sustainable business.

Running Lean Startup



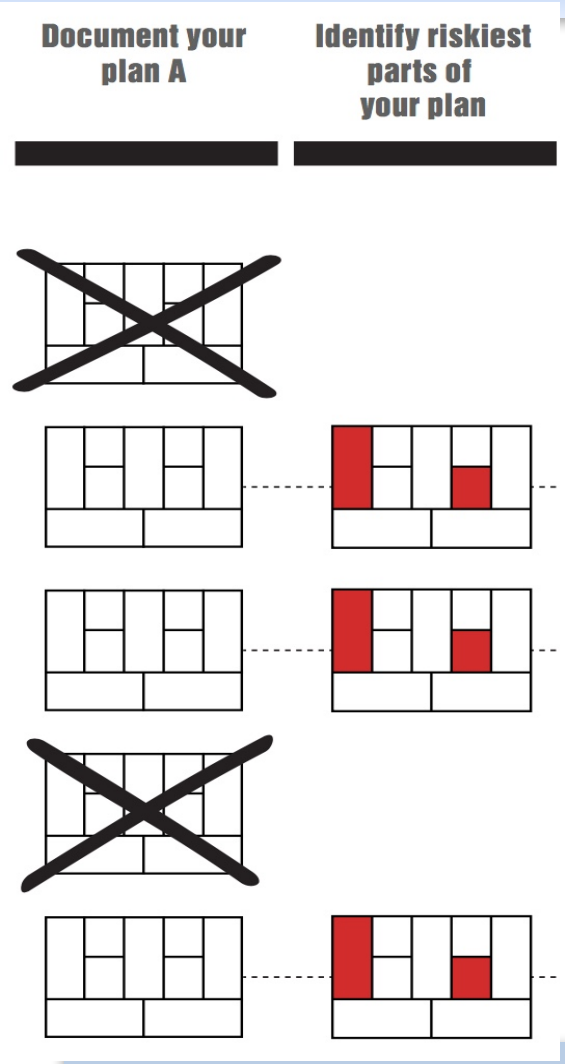
Running Lean Startup

Document your plan A



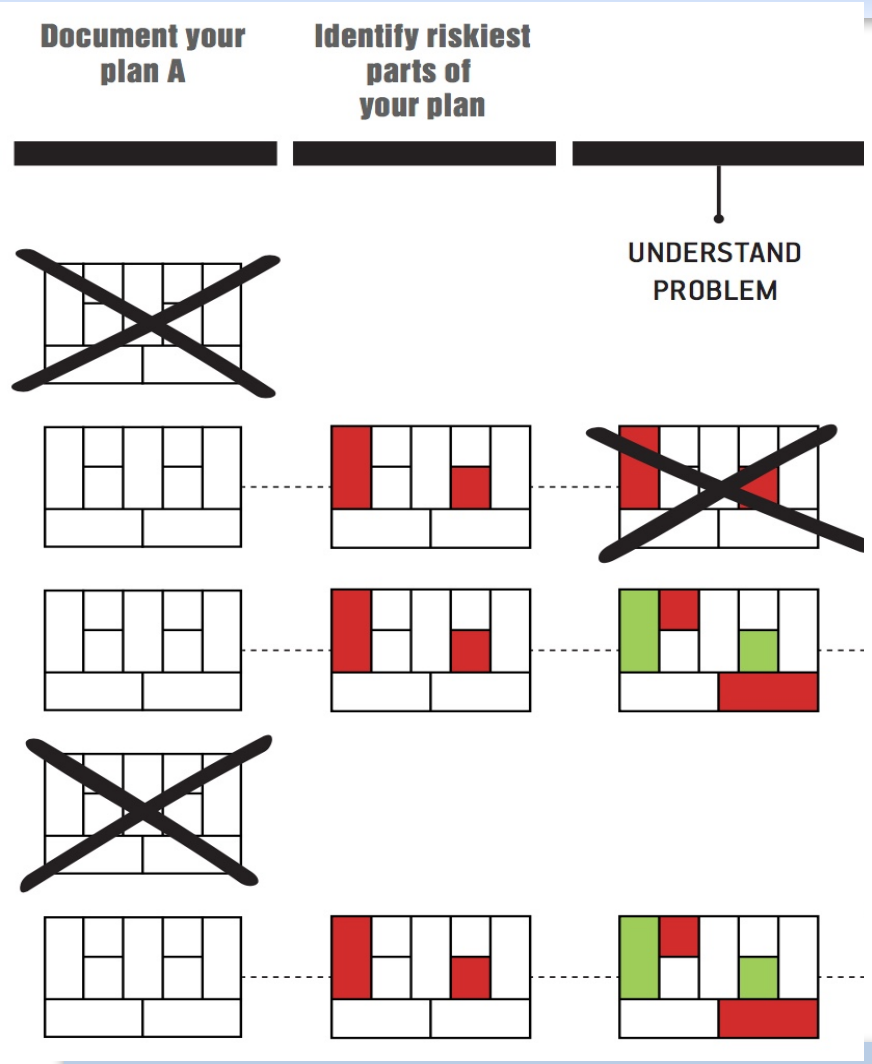
- Brainstorm customers
- Create Lean Canvases

Running Lean Startup



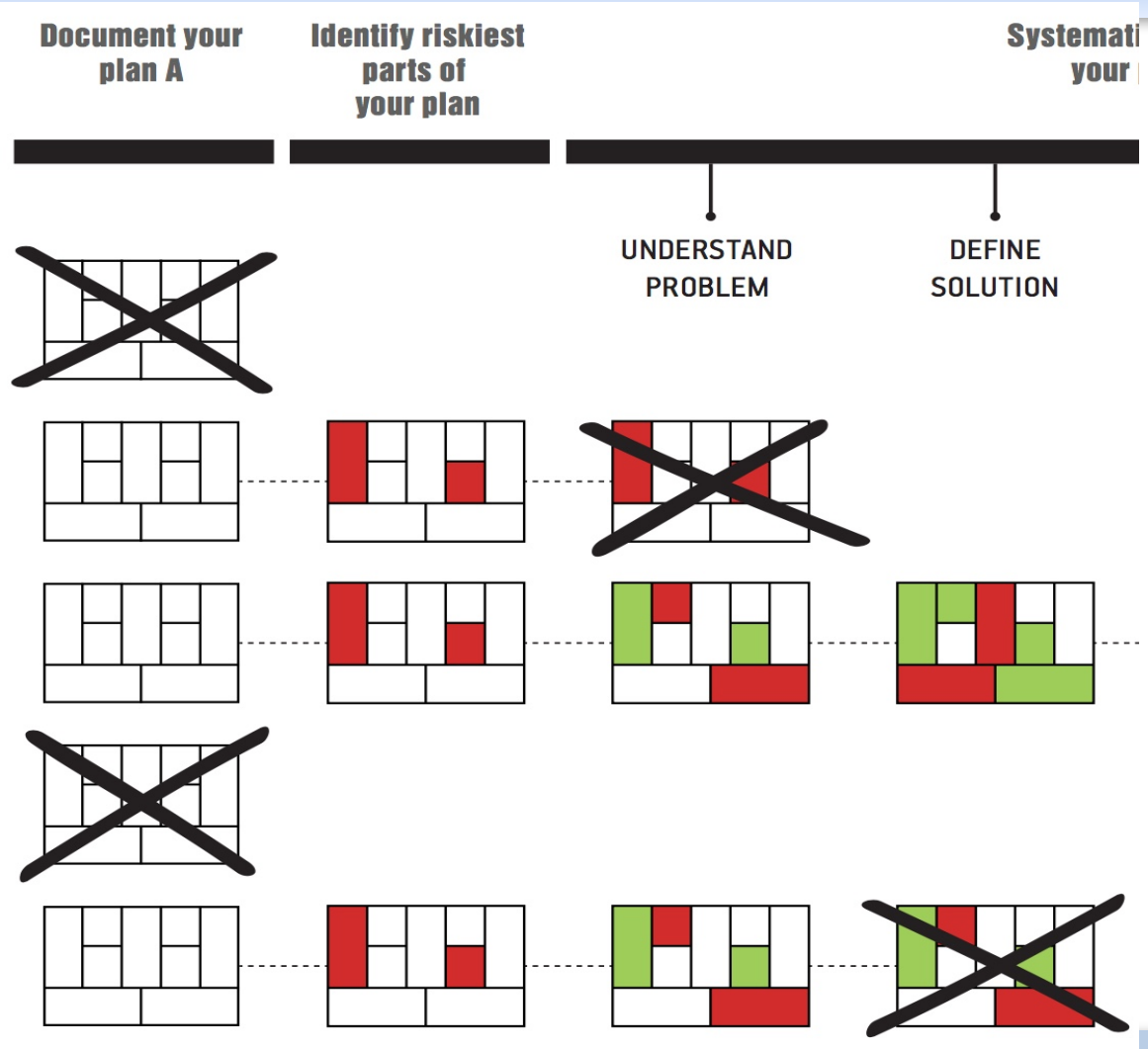
- Prioritize risks
- Business Model Interviews

Running Lean Startup



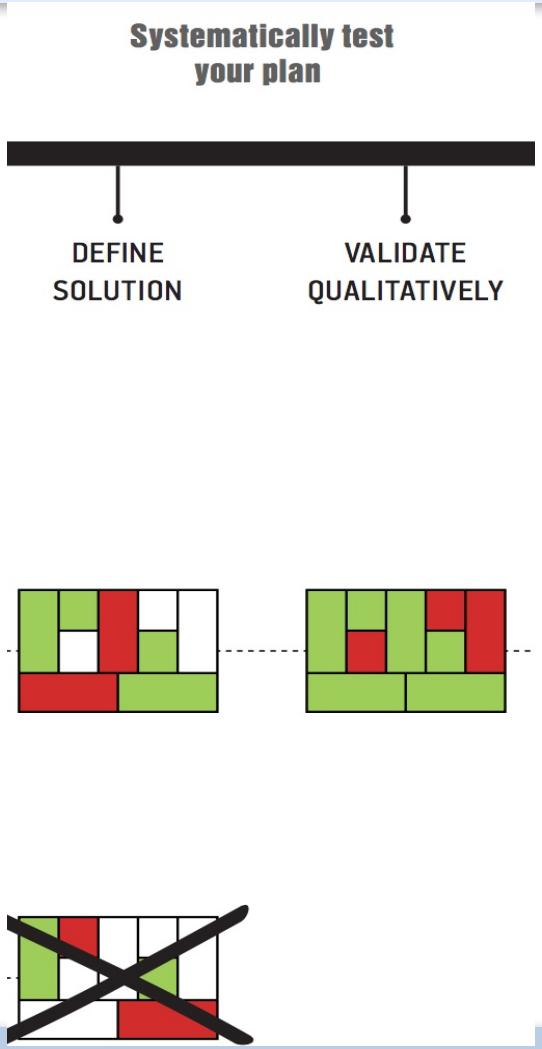
- Find Prospects
- Problem Interviews

Running Lean Startup



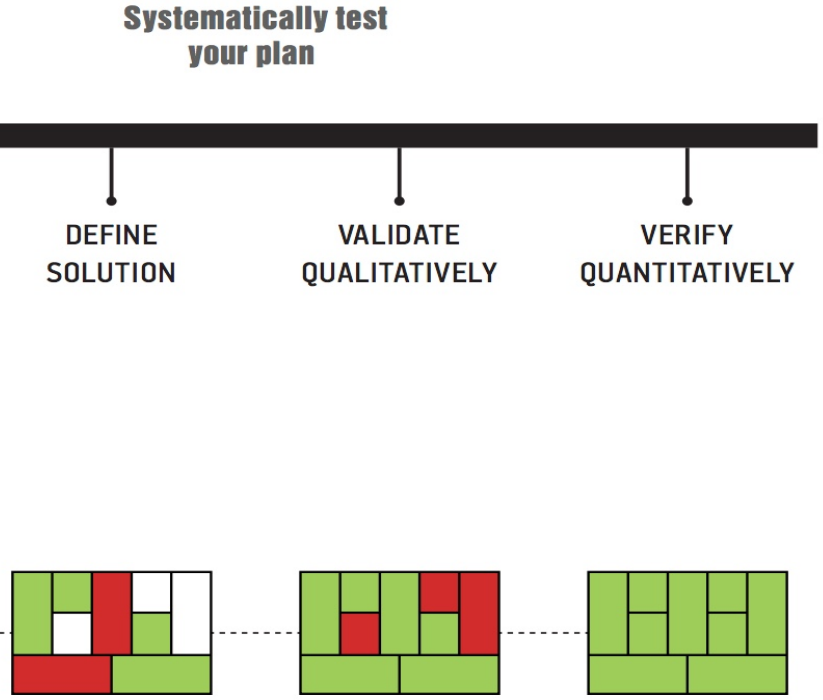
- Build Demo
- Solution Interviews
- Build MVP

Running Lean Startup



- Build Dashboard
- MVP Interviews
- Realize UVP
- Validate full lifecycle

Running Lean Startup



- Constrain features
- Measure progress
- Achieve early traction
- Identify engine of growth
- Scale

Congratulations

- Reports due 12/12
- Evaluation system available until 12/10