

Customer Acquisition – PMF Milestone #1

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With Peter Denton



Agenda

- ▣ About Dave
- ▣ Product/Market Fit
- ▣ Marketing Funnel – B2B, B2C
 - ▣ Head nod to Marketplaces
- ▣ Product/Market Pull
- ▣ Workshop

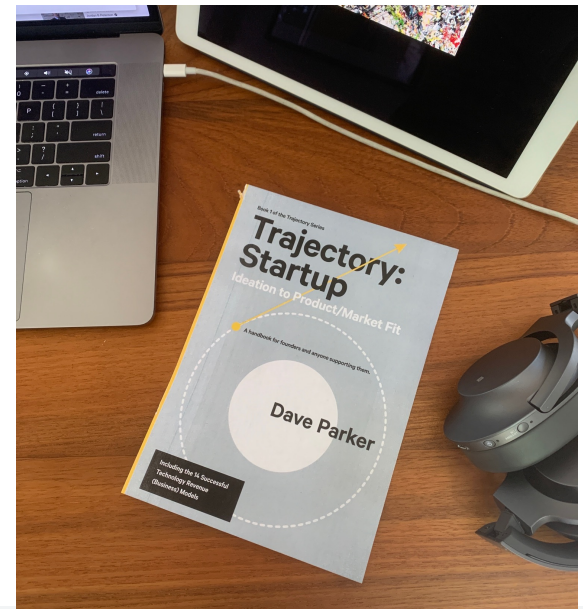
About Dave

- 5X founder, Board Member, former SVP Programs at UP Global (Startup Weekend + Startup America)
 - Startup Next creator
 - Startup Week
- Senior Partner, Fearless.fund
- Author – "[Trajectory: Startup – Ideation to Product Market/Fit](#)"
- >15 transactions – 8 sell side, 2 buy side now with [NextPath Advisors](#)



Resources

- ▣ 14 Revenue Model Excerpt
 - ▣ <https://www.dkparker.com/trajectory-excerpt/>
- ▣ Dave's Blog
 - ▣ www.dkparker.com
- ▣ Peter's Blog – Product Market Pull
 - ▣ <https://productmarketpull.com/>



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What Matters Most?

Passion!

The Product

Making
\$\$

The Market

The Team

Some Calculus

- Great Team in Bad Market = Failure or meh result
- OK team + Great Market = could be great result
- Great Product + no path to revenue = failure
- OK product + great monetization = make \$\$

- Great market + great team + great product + solid monetization + great execution = monster result

From TAM to Customer Profiles

- ▣ TAM is abstraction, PMF makes it real
- ▣ Customer Profiles Matter
 - ▣ First 10 customers
 - ▣ First 100 customers
 - ▣ First 1000 customers
- ▣ Start narrow and expand Ideal Customer Profile (ICP)

Product Market Fit

Two Epoch's of every startup

- Pre - Product Market Fit
 - The only thing that matters is getting there
- Post – Product Market Fit
 - A whole new set of questions – Scale, Culture and People

Product/Market Fit = Math

- PMF means being in a good market with a product that can satisfy that market (no more pivots)
- Pre-PMF looks like pre-compound interest, early options:
 1. Traffic is increasing
 2. Leads are increasing
 3. Customer Count is increasing
 4. ACV/MRR is increasing
 5. Time to close is decreasing= Magic of compound interest

Leading and Trailing Indicators

Leading Indicators

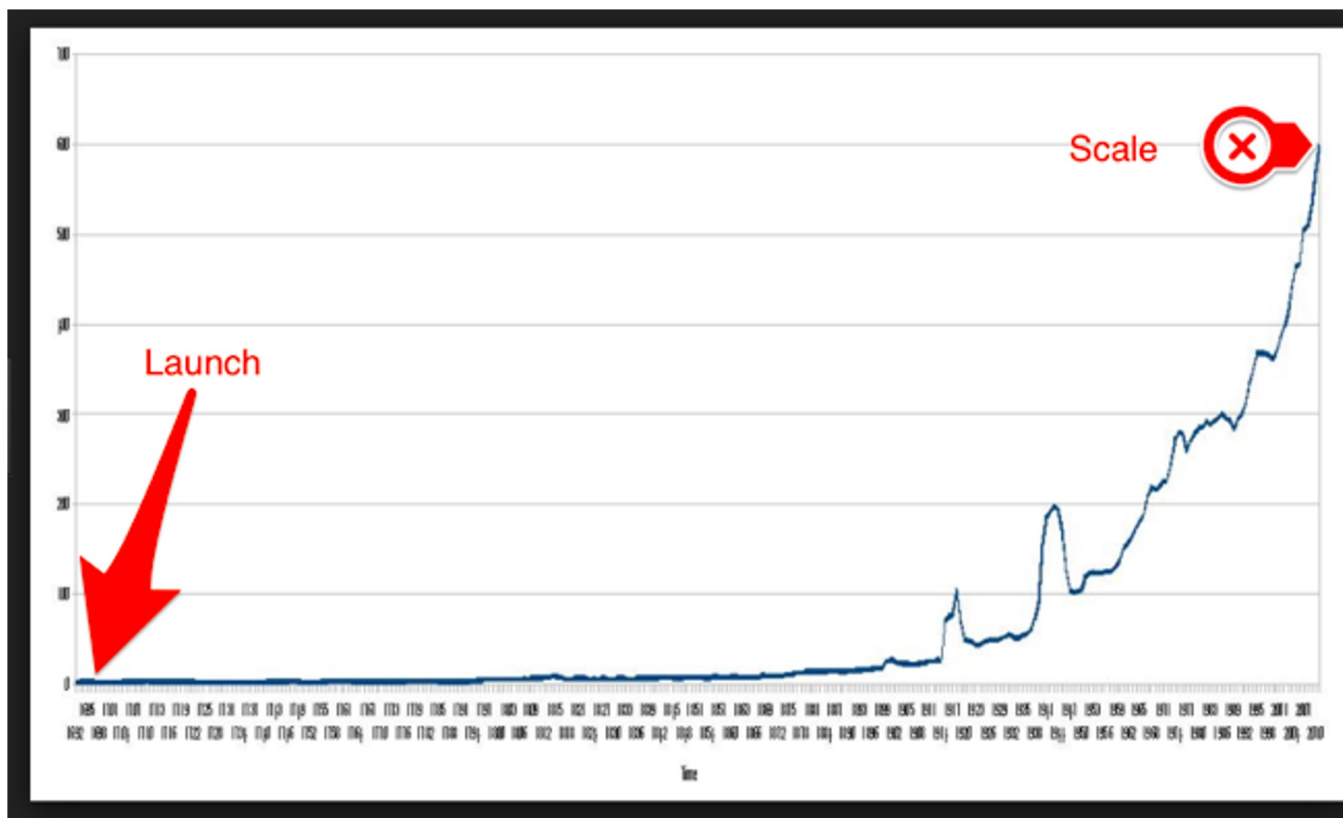
- ▣ Acquisition
- ▣ Activation/Engagement
- ▣ Referrals
- ▣ Forecastable/Predictable revenue

Trailing Indicators

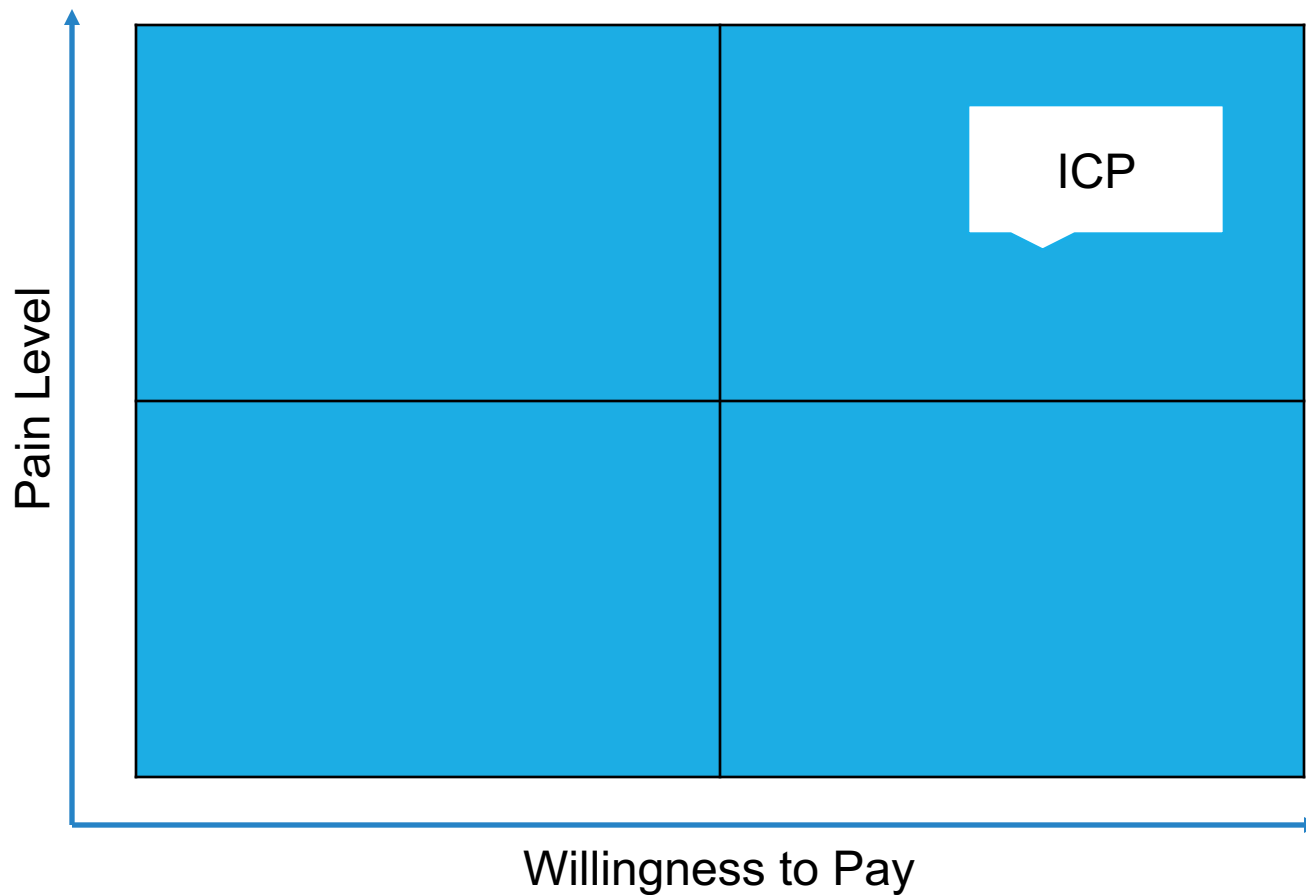
- ▣ LTV:CAC Ratio trends
- ▣ Retention
 - ▣ 1-4 rating of disappointment scale
- ▣ Revenue
- ▣ Financials

Product Positioning – Launch and Narrowly Focussed

Launch & Survive



Positioning Priority



Willingness to Pay

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What, How and Who

- What – the product or offering you have to sell TODAY
 - Problem to be solved
 - Pain pill vs vitamin
- Who – the market, but more specifically the customer, starting with smallest customer segment and ICP
- How – the channels

What

Value Proposition

- If your value proposition is wrong 100% of your marketing spend will be wasted!
- Value Proposition
 - Make the customer first
 - Key assumptions that underlie the customer problem/solution/need
 - Iterative process – with customer feedback
- What is your latest value proposition

Pricing

- What is your test pricing
- What are the tiers
- What are the terms
 - Monthly, annually, multi-year

Review Value Propositions & Pricing

Who

Who do we sell to?

- Geography, language, currency?
- Size of company?
- What do they spend today?
- Target buyer w/in company (B2B)
- Target buyer demographic (B2C)
- What else are they buying

Customer Development Interviews

- Mike Fishbein – ultimate customer development [questions](#)
- Google form to capture the data
 - Include emails and opt in for future email updates
- Get 5 done to test your questions
- Do 20 a month, capture the data
 - This will take years off your launch
 - It comes before product building

Customer Segmentation

- Based on the interviews:
 - Prioritize your target customer segment to a niche to start
 - Test the niche
 - Expand after early traction/or move on if no traction

Customer Persona (ICP)

- Who is your ideal customer profile?
- Who receives the most value?
- That can buy your product today – or the earliest option?
- Your ICP will change as the product grows
- First 10
- Next 100
- Scaling to 1,000 customers

Marketing – Finding the right customers

Marketing – Finding Customers

- Messaging/Value Proposition
 - Does it resonate with the target customer segment
 - They are the hero of the story
 - Is it repeatable?

- Customer Profiles

- Strategy
 - Outbound first
 - Inbound second

Key Metric Terms

- ▣ State your hypothesis
 - ▣ CAC – Customer Acquisition Cost
 - ▣ LTV – Life Time Value
 - ▣ ARPU – Average Revenue per User/account
 - ▣ MRR, ARR, ACV
 - ▣ Churn – or retentions
 - ▣ Time to Close
 - ▣ Customer engagement
 - ▣ Time on Site/App
 - ▣ Frequency

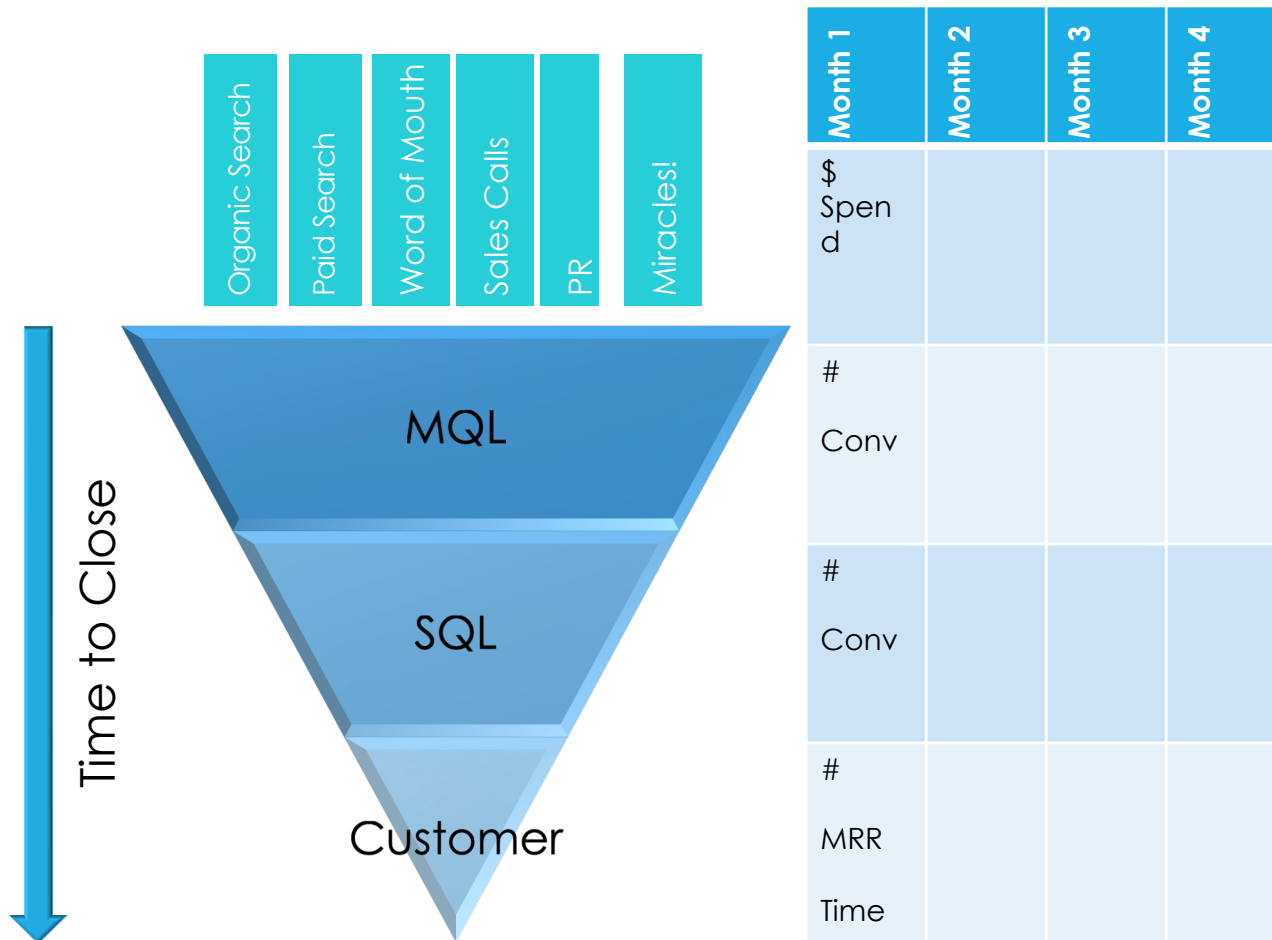
B2B and B2C

B2B Funnel

- ▣ Traffic
- ▣ Marketing Channels
- ▣ Marketing Qualified Lead
- ▣ Sales Qualified Leads
- ▣ Sales Funnel
- ▣ Time to Close
- ▣ Customers

B2C Funnel

- ▣ Traffic
- ▣ Marketing Channels
- ▣ Leads
- ▣ Time to Close
- ▣ Customers



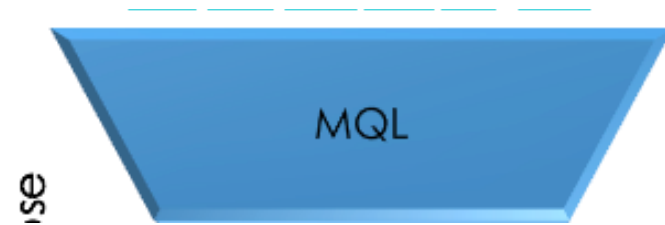
Marketing Channels

- ▣ Paid Search
- ▣ Organic Search
- ▣ Word of mouth
- ▣ Sales calls
- ▣ Public Relations
- ▣ Affiliate
- ▣ Email marketing
- ▣ Social



Marketing Qualified Leads

- ▣ Define qualified vs list
- ▣ Suspects
- ▣ Prospects
- ▣ Qualified Prospects



Sales Qualified Leads

- Hand off to Sales
- Identify steps to close
- Number of calls



Time to Close

- ▣ Lead attribution
- ▣ Source time
- ▣ Compressing or Expanding
- ▣ Trend by source



Tracking

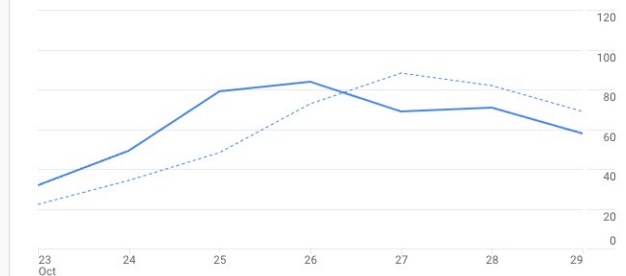
- Data allows you to know where to double down and where to hold back
- Conversion ratios

Month 1	Month 2	Month 3	Month 4
\$ Spend			
# Conv			
# Conv			
# MRR Time			

- Home
- Customization
- REPORTS
 - Realtime
 - Audience
 - Acquisition
 - Behavior
 - Conversions

Google Analytics Home

Users	Sessions	Bounce Rate	Session Duration
400 ↑3.1%	482 ↑6.4%	5.39% ↓6.0%	1m 49s ↑3.8%



Last 7 days

AUDIENCE OVERVIEW

Suggested google analytics facebook pixel gtm web analytics ga4

Results for "tag manager"

Search instead for tagmanager

- Category
- Service Options
- Seller Details
- Budget
- Delivery Time

Pro services Subscription services Online sellers

796 services available

Sort by Relevance

Google Analytics Tag Manager Search Console Ads Conversions Tracking

facebook Pixel </>

Ad by tracking_expert
Level 2 Seller

I will setup google analytics, tag manager, ad conversions, facebook...

★ 5.0 (6)

STARTING AT \$10

Facebook Pixel Conversion Tracking Pinterest Tracking Google Tag Manager Google Analytics

Ad by tracking_expert
Level 2 Seller

I will setup google tag manager, fb pixel, pinterest tracking, conversion tracking

★ 5.0 (92)

STARTING AT \$10

Google Analytics & Tag Manager

<https://analytics.google.com/>
<https://tagmanager.google.com/>

30/60/90 Plan

- Budget
 - Total spend per month

- Channels
 - Top channels

- Tracking
 - What are your key metrics?
 - Traffic
 - Conversion
 - How will you track time to close?

Sales – capturing value creation

How will they buy?

- ▣ Web Direct – place the order to buy on the web
- ▣ Direct – outbound sales, inside/outside
- ▣ Indirect/Channel – fulfills demand, doesn't generate
- ▣ Retail – BestBuy, etc

Sales Model Hypothesis

	Known Market	Unknown Market	Low Price Point	High Price Point	Known Search Words	Unknown Search words
Web Direct	✓		✓		✓	
Direct	✓	✓		✓	✓	✓
Indirect	✓		✓		✓	
Retail						

Sales

- ▣ Model – Pick one, why?
- ▣ Strategy
 - ▣ Who
- ▣ Tactics
 - ▣ How
- ▣ Tools
 - ▣ Sales tools

Sales – capturing value creation

What do we do with the leads?

- Follow up email at registration, lead with value proposition, message on thank you page
- Set appointments for demos, automate where you can, [Calendly](#), HubSpot automation
- Drip campaign - Mailchimp or Hubspot
 - Paths for scheduled, not scheduled

Basic Sales Script

- ▣ Value to the customer
- ▣ Reason to buy (benefits)
- ▣ Features are LAST!
- ▣ Write your sample founder script

Steps in the Sales Process

B2B

- ▣ Educational or transactional process
- ▣ Demo
- ▣ Proposal/price sheet
- ▣ Price testing, Terms – length of contract
- ▣ Promotions
- ▣ Drip campaign follow up

B2C

- ▣ Transactional process
- ▣ Pricing
- ▣ Remove friction to purchase
- ▣ Promotions

Predictable/Forecastable Revenue

- ▣ De-risking your <time> investment
- ▣ Predictable revenue moves you from valuations based on trailing 12 to future 12
- ▣ Target customer
- ▣ Sales Cycle – track time from demo to close
- ▣ Tools trail Strategy and Tactics

Workshop

Name Your ICP & Segment

B2B

- HR Manager
- VP Sales
- VP Marketing
- CEO or Mid-sized
- IT Manager

B2C

- Couples with Kids
- Young Married
- GenZ
- Retired

Customer Journey

- What is your customer using to complete this job today
- What tools and tech have they likely purchased
- Where does your product fit into their current workflow
 - What happens before they use your product
 - What happens after they use your product
 - What are they replacing with your product
- Mapping from simple to complex

B2B Customer Journey Mapping

	Discovery	Research	Purchase	Delivery	Post Sales
Task or Questions					
Touchpoints					
Emotions					
Influences					
Weaknesses					

Y Axis Customer Journey

- Tasks/Questions
 - Key phrases in Google search bar. Pull from competitive research spreadsheet
- Touchpoints
 - Ads, content, Emails, calls,
- Emotions
 - Need they are addressing
- Influences
 - Social proof to purchase your product
- Weaknesses
 - You need to know it better than your customer.

X Axis Customer Journey

- Discovery
 - Key phrases, competitor brands
- Research
 - White papers, customer references, comparisons
- Purchase
 - Price, terms, proposal, regulatory approval
- Delivery
 - Implementation requirements, training, team engagement
- Post Sales
 - Customer engagement, frequency, recency, feedback loops

Dave's Madlibs Pitch

Hi, I'm <your name here>, and my company <your Company name here> the problem I'm solving is <insert problem here>. Our product <insert product info here> is designed for our target customer of <insert target customer here>. We make money by <insert method here> and our team is the right team because <insert why you're awesome here>. I need help with <insert help needed here>.

Introduce Your Company

- ▣ Plus:
 - ▣ B2B, B2C
 - ▣ Marketing hypothesis
 - ▣ Tests so far
 - ▣ ICP target
 - ▣ Value proposition test
 - ▣ Budget to spend