



GROWING YOUR BUSINESS

Presenter: Presenter: Evan Burfield, Co-Founder, 1776

Entrepreneurship

Video Transcript

[TEXT: YOUNG AFRICAN LEADERS INITIATIVE
ONLINE TRAINING SERIES]

[TEXT: Entrepreneurship
Growing Your Business]

[TEXT: Learning Objectives

1. What is product-market fit?
2. Describe the process of scaling your business.
3. What is customer acquisition?]

[TEXT: Evan Burfield, Co-Founder, 1776]

Growing your business.

There's going to be three learning objectives in this module.

- What is product-market fit?
- How do you scale your business?
- And what is customer acquisition?

Every startup founder dreams of world domination — the kind of explosive growth that takes you from a dream to million or billions of people using your product around the world.

Rapid growth is rarely about just “striking gold” though, and much more about developing the right processes. Before you can grow, you have to have a product that users love and with the ability to generate enough revenue to make a profit, ideally a large profit.

Finding a business model that works is often referred to as finding “product-market fit.” There are lots of great products and lots of juicy markets, but to grow fast you have to have found the right product for the right market.

The Lean Startup Methodology is one popular way that successful startup founders go through the process of finding product-market fit. A “lean startup” approach to building your business pairs an iterative, experimental approach to developing an in depth understanding of your customers — and their needs and wants — with a fast, flexible approach to building your product. The idea is that you build as little of your product as possible, test it with real customers, then make quick tweaks and changes to the product, and repeat.

One important rule of thumb is that it's much easier to iterate and refine toward product-market fit at small scale than once you've started to grow. There are simply fewer variables and less





complexity.

It's important to make sure you're growing the right business model before you spend a significant amount of capital on scaling it. Strong evidence of product-market fit might be as simple as several hundred active users or a few key enterprise clients, but it might also require more extensive testing and growth to really validate your model.

Once you have product-market fit, the next challenge becomes growing your business.

There are many aspects to growing a business from a few co-founders with a small group of early adopter customers into a huge global operation. The primary challenge, however, is finding a repeatable customer acquisition model. In other words, you need to get really, really efficient at finding profitable customers for your product.

In the early days of your startup, your early adopter customers may very well come from the hustle, networks and charisma of the founding team. There's an inevitable limit as to how big you can grow with all of your customers coming from people the founders know. At some point, you need to start experimenting and refining the way in which you'll find, keep and grow customers.

Depending on how much revenue you'll get from each individual sale or customer relationship, and the nature of your relationship with your customers, the ways you find, keep and grow customers will look different.

If your customers are big corporations with each sale representing hundreds of thousands of dollars per year in revenue — with each customer requiring a lot of attention, then you'll probably hire sales people who will spend time in person with customers working to develop the relationship and close sales. If you're selling a mobile app to consumers, with each user representing a few dollars per year in revenue, then you'll almost certainly need to find your customers online, with zero direct interaction between your team and your customers. If you're somewhere in between — perhaps you're selling an online tool for small businesses, who each pay you \$1,000 per year, then you may look toward a model where you're finding potential customers online but then having less expensive sales people call then on the phone to turn those potential customers into actual customers.

Regardless, you'll need to work hard to refine your model to make it as efficient as possible, so the capital you raise for growth can take you as far as possible.

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