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those first customers that prove your product can get traction. In phase II, it is getting enough customers that you're knocking on the door of sustainability. And in phase III, your focus is on increasing your earnings, scaling your marketing channels, and creating a truly sustainable business.Phase I is very product focused and involves pursuing initial traction while also building your initial product. This often means getting traction in ways that don't scale—giving talks, writing guest posts, emailing people you have relationships with, attending conferences, and doing whatever you can to get in front of customers.As Paul Graham said in his essay "Do Things That Don't Scale":A lot of would-be founders believe that startups either take off or don't. You build something, make it available, and if you've made a better mousetrap, people beat a path to your door as promised. Or they don't, in which case the market must not exist.Actually startups take off because the founders make them take off. . . . The most common unscalable thing founders have to do at the start is to recruit users manually. Nearly all startups have to. You can't wait for users to come to you. You have to go out and get them.Startup growth happens in spurts. Initially, growth is usually slow. Then it spikes as a useful traction channel strategy is unlocked. Eventually it flattens out again as this strategy gets saturated and becomes less effective. Then you unlock another strategy and you get another spike.As your company grows, smaller traction strategies stop moving the needle. If you have ten thousand visitors to your Web site each day, it will be hard to appreciate a tweet or blog post that sends twenty visitors your way.Moving the needle in the later stages requires larger and larger numbers. If you want to add 100,000 new customers, with conversion rates between 1 and 5 percent, you're looking at reaching 2 to 10 million people in a targeted marketing campaign—those are huge numbers! That's why traction channels like community building and viral marketing can be so powerful: they scale with the size of your user base and potential market. In any case, always consider your traction efforts in terms of whether they are moving the needle for your traction goal.HOW MUCH TRACTION IS ENOUGH FOR INVESTORS?Startup founders hoping to scale quickly tend to focus on fund-raising. Not every company starts off planning on an eventual IPO, but any that do need outsiders buying in. As a result, they often wonder how much traction they need to get investors interested. Naval Ravikant, founder of AngelList, answered this question well a few years ago:It is a moving target. The entire ecosystem is getting far more efficient. Companies are accomplishing a lot more with a lot less.Two years ago [November 2010] you could have gotten your daily deal startup funded pre-traction. Eighteen months ago you could not have gotten a daily deal startup funded no matter how much traction you had. Twelve months ago you could have gotten your mobile app company funded with ten thousand downloads. Today it's probably going to take a few hundred thousand downloads and a strong rapid adoption rate for a real financing to take place.The definition of traction keeps changing as the environment gets competitive. That's why it is actually useful to look at AngelList and look at companies who just got funded; that will give you an idea of where the bar is right now.