Startup Growth Engines Summary

1-Sentence-Summary: *Startup Growth Engines shows you the strategies and tactics startups like Uber, Facebook and Yelp have used to achieve phenomenal growth in short time periods, and how you can use them to solve a big problem on a grand scale.*

Read in: 4 minutes

Favorite quote from the author:

> "Growth is not just a concern of sales and marketing, but of product, engineering and support too. It is this organization-wide commitment to growth that ultimately sets these companies apart."
>
> – Sean Ellis
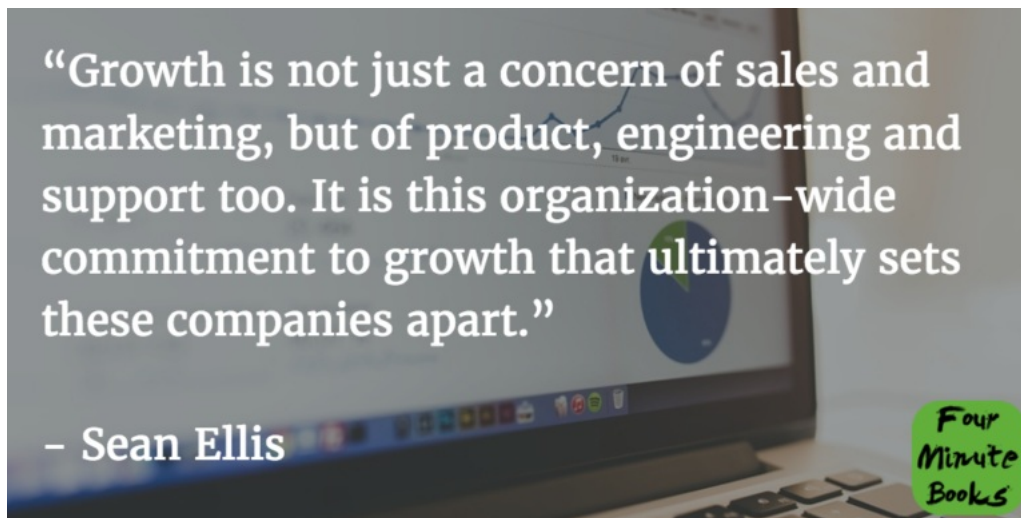
Startups are probably the most controversial topic of the 21st century. There's an incredible amount of noise about unicorns, hypergrowth, venture capital, great ideas, the cult of entrepreneurship, and on and on. But really, startups aren't new.

It's just a different word for a new business. People have founded businesses for thousands of years. The only thing that has changed is *speed*. The speed of acquiring customers, attracting money, building an image, and of course the speed of going broke.

You don't see the 90% of startups that fail to live beyond their first five years and are wound down all quietly and in secret. But you *do* see that it took Facebook only eight years to reach 1 of 7 people on the planet. This kind of growth speed is what all investors and founders desire, what everyone outside of startup land envies and it's also the hardest part to achieve.

At the core of it is growth hacking, a term the author of *Startup Growth Engines*, Sean Ellis, invented. It's just one piece of the puzzle, but one of the most important ones, so let's take a closer look at how it works in 3 lessons:

1. Start big, but small.
2. Try freemium, if you meet these conditions.
3. Build a free tool to attract the right audience.

Ready to become a growth hacker? Let's learn how to market in the 21st century!

Lesson 1: Start big, but small.

Huh? What the hell is that supposed to mean?

It means you should **go for a big share of a small market**. Most startups aim for the opposite. They'd rather grab a 1% piece of a $100 million dollar market, than 100% of a $1 million market. The problem with the former is that you'll be the last rat to join the race and competition ain't pretty. The latter might not even be competed for at all.

The best way to do this is to start locally. Limiting yourself to a physical location, where your ideal customers hang out, is the easiest way to make sure you don't reach for too much right off the bat.

For example, Facebook was initially limited to Harvard students and Uber exclusively served people in San Francisco. You can also focus on a certain segment online, like PayPal did with Ebay powersellers, the ones who most benefitted from their product.

Going for a big share of a small market allows you to do several things:

1. Not drown in competition.
2. Collect precious data about your ideal customers.
3. Expand gradually by swapping from one market into the next that's bordering on yours.

Lesson 2: Experiment with a freemium model, but only under certain conditions.

A great way to make sure you actually do reach a substantial share of your small target market is to go the freemium route.

Freemium simply means **there's a version of your product that people can use for free,** with an upgrade to more and better functionality being optional.

For example, most gaming apps now work this way. You can download and play the game for free, but to access certain features (or to advance faster), you have to pay. Plenty of software services also do this, like Dropbox, Evernote or Trello.

Beware of two things though:

1. Is your product easy enough to use?
2. Can you offer a proper reason to upgrade later?

A complicated product, which takes some time to learn to use properly, often doesn't work in a freemium model. People haven't invested any money, so why bother committing several weeks to learning a new piece of software? For example, ConvertKit is an email marketing software for

professional bloggers, but you have to learn a lot to use it properly. By having to pay first, you're more likely to make use of their customer support, demos and workshops to actually learn how to get the most out of it.

Dropbox, on the other hand, is dead simple to use. The only problem you could run into is running out of space – and voilà, there's your clear reason to upgrade and buy Dropbox Pro.

Lesson 3: Build a free tool that solves a problem to get people to know you.

Online marketers do a lot of things wrong these days, but this one they get right. **A free tool that solves a pressing problem for your target customers** is a great way to get yourself noticed and potentially draw more people into your freemium model (which then helps you get that big market share of your local market).

For example CoSchedule, a content planning software, made this headline analyzer, which instantly tells you how good your headline is. Neil Patel has built an SEO analyzer, which tells you what you can optimize to rank better in . Social media scheduling company Buffer created Pablo, an app that lets you make beautiful images for your social media updates in seconds.

These kinds of little side projects and helpful tools can become their own platforms, drawing in thousands of potential customers, which give you their contact information, and sometimes even a chance to personally help them, so you can learn even more about who you're serving.

Startup Growth Engines Review

The big, fat caveat to the lessons from *Startup Growth Engines* is this: these strategies *only* work when your actual product is something people want and need. That part you can't look up in a book. You have to keep your eyes open, look around, and try to come up with your own creative solution to real problems. You have to be an artist, before you can become a scientist.

When you have the right thing, or think you do, then these strategies will give you the feedback you need to learn if that's true. But please, don't abuse them to try and sell what was never meant to be sold: more of the same crap we already have enough of.

Note: I recommend this guide as a great primer on growth hacking in general.

Read full summary on Blinkist >>

Free Preview >>

Learn more about the author >>

What else can you learn from the blinks?

- How Jack Dorsey found the idea for payment service Square
- What you can do to find ideas for must-have products
- How GitHub overcame their freemium model problem
- Why HubSpot is a great example of content marketing
- The key to virality

Who would I recommend the Startup Growth Engines summary to?

The 24 year old, who's simply sick of hearing his friends complain about the same problem again and again, the 64 year old, who's angry she didn't have the means to realize her creative ideas 40 years ago, but could now benefit from how things have changed, and anyone who ever caught themselves trying to sell something they didn't believe in.