Product/Market Fit…
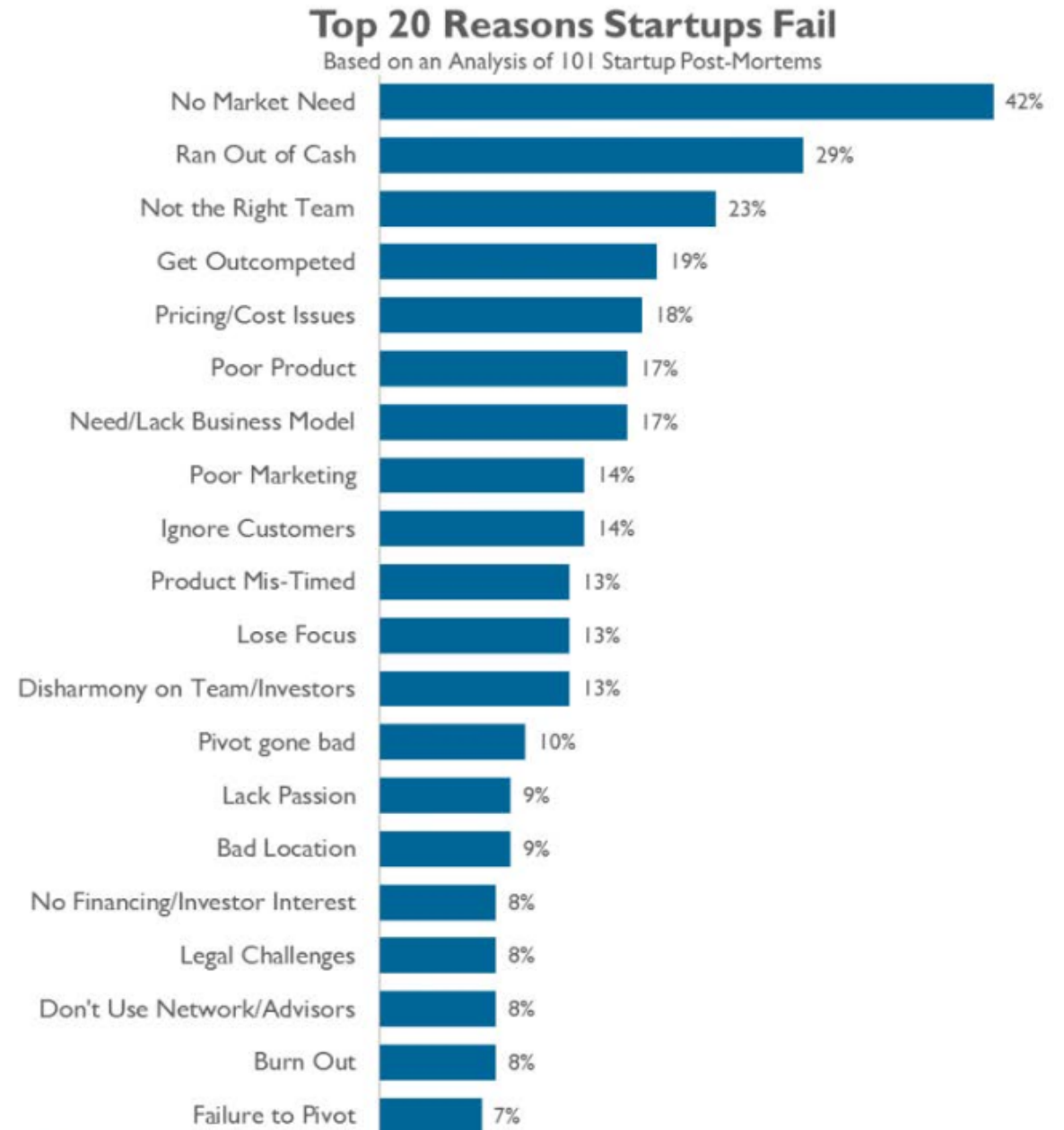
Entrepreneurship in Technology
Week 05
Dylan Hall
February 1st, 2018

Why do we care about product / market fit?

Top 20 Reasons Startups Fail
Based on an Analysis of 101 Startup Post-Mortems

Reason	%
No Market Need	42%
Ran Out of Cash	29%
Not the Right Team	23%
Get Outcompeted	19%
Pricing/Cost Issues	18%
Poor Product	17%
Need/Lack Business Model	17%
Poor Marketing	14%
Ignore Customers	14%
Product Mis-Timed	13%
Lose Focus	13%
Disharmony on Team/Investors	13%
Pivot gone bad	10%
Lack Passion	9%
Bad Location	9%
No Financing/Investor Interest	8%
Legal Challenges	8%
Don't Use Network/Advisors	8%
Burn Out	8%
Failure to Pivot	7%

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12 Thoughts on PMF…

#1 "Give me a giant market — always." "Arthur Rock is the representative of: you find a great entrepreneur and you back him. My position has always been: you find a great market and you build multiple companies in that market." "Our view has always, preferably, been: give us a technical problem, give us a big market when that technical problem is solved so we can sell lots and lots and lots of stuff. Do I like to do that with terrific people? Sure. Are we unwilling to invest in companies that don't have them? Sure. We invested in Apple when Steve Jobs was about eighteen or nineteen years old — not only didn't he go to Harvard Business School, he didn't go to any school." -- Don Valentine

https://a16z.com/2017/02/18/12-things-about-product-market-fit/

12 Thoughts on PMF…

#2 "A value hypothesis is an attempt to articulate the key assumption that underlies why a customer is likely to use your product. Identifying a compelling value hypothesis is what I call finding product/market fit. A value hypothesis identifies the features you need to build, the audience that's likely to care, and the business model required to entice a customer to buy your product. Companies often go through many iterations before they find product/market fit, if they ever do." "When a great team meets a lousy market, market wins. When a lousy team meets a great market, market wins. When a great team meets a great market, something special happens." "If you address a market that really wants your product — if the dogs are eating the dog food — then you can screw up almost everything in the company and you will succeed. Conversely, if you're really good at execution but the dogs don't want to eat the dog food, you have no chance of winning." Andy Rachleff

12 Thoughts on PMF…

#3 "You often stumble into your product/market fit. Serendipity plays a role in finding product/market fit but the process to get to serendipity is incredibly consistent. What we do is teach that incredibly consistent process." Andy Rachleff

https://a16z.com/2017/02/18/12-things-about-product-market-fit/

12 Thoughts on PMF…

#4 "You can always feel when product/market fit isn't happening. The customers aren't quite getting value out of the product, word of mouth isn't spreading, usage isn't growing that fast, press reviews are kind of 'blah', the sales cycle takes too long, and lots of deals never close. And you can always feel product/market fit when it's happening. The customers are buying the product just as fast as you can make it — or usage is growing just as fast as you can add more servers. Money from customers is piling up in your company checking account. You're hiring sales and customer support staff as fast as you can. Reporters are calling because they've heard about your hot new thing and they want to talk to you about it. You start getting entrepreneur of the year awards from Harvard Business School. Investment bankers are staking out your house. You could eat free for a year at Buck's." Marc Andreessen

https://a16z.com/2017/02/18/12-things-about-product-market-fit/

12 Thoughts on PMF…

#5 "The term product/market fit describes 'the moment when a startup finally finds a widespread set of customers that resonate with its product'."
Eric Ries

12 Thoughts on PMF…

**#6 "The number one problem I've seen for startups, is they don't actually have product/market fit, when they think they do."
Alex Schultz**

12 Thoughts on PMF…

#7 "First to market seldom matters. Rather, first to product/market fit is almost always the long-term winner." "Time after time, the winner is the first company to deliver the food the dogs want to eat." "Once a company has achieved product market fit, it is extremely difficult to dislodge it, even with a better or less expensive product." Andy Rachleff

https://a16z.com/2017/02/18/12-things-about-product-market-fit/

12 Thoughts on PMF…

#8 "Product/Market Fit Myths: Myth #1: Product market fit is always a discrete, big bang event; Myth #2: It's patently obvious when you have product/market fit; Myth #3: Once you achieve product/market fit, you can't lose it; and Myth #4: Once you have product/market fit, you don't have to sweat the competition." Ben Horowitz

12 Thoughts on PMF…

#9 "Getting product right means finding product/market fit. It does not mean launching the product. It means getting to the point where the market accepts your product and wants more of it." Fred Wilson

12 Thoughts on PMF…

#10 "In the early days of a product, don't focus on making it robust. Find product market fit first, then harden" Jeff Lawson

12 Thoughts on PMF…

#11 "In general, hiring before you get product/market fit slows you down, and hiring after you get product market fit speeds you up. Until you get product/market fit, you want to a) live as long as possible and b) iterate as quickly as possible." Sam Altman

12 Thoughts on PMF…

#12 "Founders have to choose a market long before they have any idea whether they will reach product/market fit." Chris Dixon