

The Valley's Best Investors On "Distribution"

4-5 minutes

I haven't been around startups or the Valley all that long, but one thing that's really shocked me is how little attention is paid to more traditional business matters in early-stage companies, what one may refer to as non-technical domains such as sales, marketing, recruiting, business development, and so forth. Now, more recently, I have seen first-hand, right up close, just how piss poor so many well-funded companies are in this regard. I can't put my finger on why this is so pervasive. Perhaps it's a lack of respect for these functions. Perhaps founders want to leave these functions to technical people to learn on their own. I don't think I'll ever understand it, and in some cases, outside of a community manager, many early-stage companies don't need any non-technical people so long as one of the founders, technical or not, is focusing on customer development, sales, or whatever you'd like to call it.

One key ingredient missing from most startup recipes is a focus on and healthy respect for something elusive: Distribution. This can come in many forms, if done right — it could be a partnership, a product feature, an operational plan, and so forth. In today's age, people aren't going to miraculously find your product because you have 15 angel investors, figured out how to game the tech press embargo, and show up at startup parties in hipster clothes. Distribution has to be won over time. "Growth Hacking" is one subset, but — horrors! — it's also straight up customer development, business development, sales, partnerships, and all the things people say aren't necessary.

Well, don't take it from me. What do I know, right? Here are some investors you'd recognize who have been quoted on the power of distribution, along with the source for the quote. So, if you are struggling to get distribution and (a) don't have that DNA inside your company and/or (b) aren't trying to fill it immediately, things will be hard, and I've seen existing investors start to back away from engaging once they learn, albeit too late yet still early, that the team just isn't committed to this oftentimes non-technical challenge:

- [Dave McClure](#), Founder of 500 Startups and someone who understands virality: *"Founder Pro Tip: Most startup decks focus on Product, Product, Product, but most of your risk is Distribution, Distribution, Distribution."*;
- [Reid Hoffman](#), Founder of LinkedIn and Partner at Greylock, quoted from NYT: *"Entrepreneurs... often spend too much time creating products & too little figuring out how to get people to use them."* (Note, when I tweeted this, it was retweeted 57 times and is still going.);
- [Peter Thiel](#), PayPal Co-Founder, Investor in Facebook, Palantir, Quora, and so many more, devoted an entire class from his lectures at Stanford on the topic: *"But for whatever reason, people do not get distribution. They tend to overlook it. It is the single topic whose importance people understand least. Even if you have an incredibly fantastic product, you still have to get it out to people. The engineering bias blinds people to this simple fact. The conventional thinking is that great products sell themselves; if you have great product, it will inevitably reach consumers. But nothing is further from the truth."*; and finally....
- [Marc Andreessen](#), Co-Founder of Netscape and Andreessen Horowitz, who may know a thing or two about the subject of bringing technology to the masses: *"The number one reason that we pass on entrepreneurs we'd otherwise like to back is focusing on product to the exclusion of everything else. We tend to cultivate and glorify this mentality in the Valley. We're all enamored with lean startup mode. Engineering and product are key. There is a lot of genius to this, and it has helped create higher quality companies. But the dark side is that it seems to give entrepreneurs excuses not to do the hard stuff of sales and marketing. Many entrepreneurs who build great products simply don't have a good distribution strategy. Even worse is when they insist that they don't need one, or call no distribution strategy a "viral marketing strategy."*