

Growth tips and best practices

Based on content presented by Andrew Chen,
Partner at Andreessen Horowitz

Strategic growth is the key

Dropbox's growth model is built on the viral loop of shared folders. A user shares a folder with someone who has never used Dropbox. That person learns about Dropbox, uses it, and shares a folder with someone else who has never used Dropbox.

Dropbox realized early on that they could create a viral loop from shared folders. The company used the folder-sharing feature as a foundation for testing different growth hypotheses. It worked so well that now the entire Dropbox product ecosystem is built around shareable folders.

Dropbox, Facebook, Uber, and other high-growth companies weren't overnight successes. They were successful because they understood growth and took a strategic, scientific approach to it.

Five growth takeaways from Andrew Chen

Growth doesn't happen in a vacuum. Most of the advice that Andrew has about growth centers on cross-functional collaboration. Your first goal as a product manager should be to create strong partnerships with every part of your product team.

Below are five takeaways from Andrew Chen's lesson.

1. GROWTH ISN'T ABOUT "HACKS."

There's no tip or trick out there that's going to give you the viral growth you're dreaming of. Growth is really difficult. That's why companies have huge departments dedicated to growth. It takes system thinking and cross-functional collaboration.

Take Facebook for example, a quick LinkedIn search shows there are over 7,000 Facebook employees who have the word "growth" in their titles. If growth could be managed with a handful of hacks, Facebook wouldn't need that many employees to work on it.

2. ORGANIC GROWTH HAPPENS BECAUSE OF VIRAL LOOPS.

Andrew defines a viral loop as "the steps a user goes through between entering the site to inviting the next set of new users." Creating a viral loop takes a company-wide strategy because a true viral loop will touch marketing, analytics, product, engineering, and more.

YouTube is a classic example of a viral loop. The first time you came across a YouTube video, it may have been embedded into a webpage. After watching that video, YouTube prompted you to share it or embed it on your own website. Either option would lead more people to find YouTube, watch that video, and take the same action.

“**Products that have the ability to have a viral loop are the best companies to start and invest in.**”

- Andrew Chen

3. CREATE YOUR GROWTH STRATEGY BEFORE CHOOSING METRICS.

When you're creating a growth strategy, don't start with the KPIs you want to track. If you do that, you'll end up creating a growth strategy that looks like your competitors' strategies. That won't help you grow organically. Instead, start with the strategy, and then determine your KPIs.

Take DAU and MAU as two examples. If your product isn't something that people use daily, optimizing for DAU doesn't make sense. But, if your product is used more than once per month, MAU isn't a good fit either. This was exactly the problem that [Uber ran into early on](#).

4. GET OUT OF YOUR BUBBLE TO GROW.

Get out of your bubble to understand how users use your product. If you live and work in Silicon Valley and interact with only the users in the same area, you'll have a narrow view of your product. Spend some time learning how users in completely different regions or industries use your product. That will help you uncover growth opportunities that you didn't see in your narrow view.

For Uber, their product managers actually traveled to different markets around the world and watched people use the product.

5. HAVE A STRONG PARTNERSHIP WITH DATA SCIENCE.

Your analytics team has the ability to help you find great growth opportunities. They're the ones that deal with your data on a day-to-day basis.

Creating a close partnership with data science will make your job easier, and it will help them understand what you're looking for in regard to growth data.

How Segment can help

Segment integrates with a number of tools that can help you take a strategic approach to growth. Head over to our [integrations catalog](#) to find the tools that will help your company grow. We recommend starting with four tools:

1. An A/B testing tool to help you test growth hypotheses
2. An analytics tool that will help you track how people use your product
3. A business intelligence tool that can help you draw insights out of your data
4. A data warehouse that will give you a place to easily store your data for future analysis

You'll also need specific tools based on how your product operates. For example, mobile apps can benefit from attribution and deep-linking tools, too.

Keep reading to learn more

- [Identify Your Company's Growth Model](#)
- [Finding Growth Opportunities in Your Product With Data](#)
- [How Segment Models Growth for Two-Sided Marketplaces](#)
- [How Instacart Uses Redshift to Drive Growth](#)