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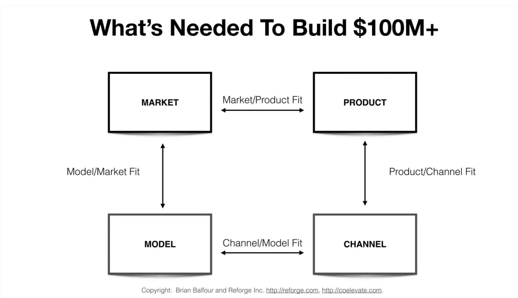
Why Product Market Fit Isn't Enough — Brian Balfour

Written By Brian Balfour

7-8 minutes

This post is an introduction to a five part series where I explain for frameworks you need to align to grow to a $100M+ company. Subscribe to receive the rest of the series.



I've been lucky to have been part of building, advising, or investing in 40+ tech companies in the past 10 years. Some $100M+ wins. Some, complete losses. Most end up in the middle.

One of my main observations is that there are certain companies where growth seems to come easily, like guiding a boulder down hill. These companies grow despite having organizational chaos, not executing the "best" growth practices, and missing low hanging fruit. I refer to these companies as Smooth Sailers - a little effort for lots of speed.

In other companies, growth feels much harder. It feels like pushing a boulder up hill. Despite executing the best growth practices, picking the low hanging fruit, and having a great team, they struggle to grow. I refer to these companies as Tugboats - a lot of effort for little speed.

What is the difference between these two types of companies? This is a question I've pondered for a long time and have pieced together a framework to explain the difference. The framework has many implications for how you seek out growth and build a company.

Before I explain the high level framework, we need to start with what the difference between these two types of companies isn't...

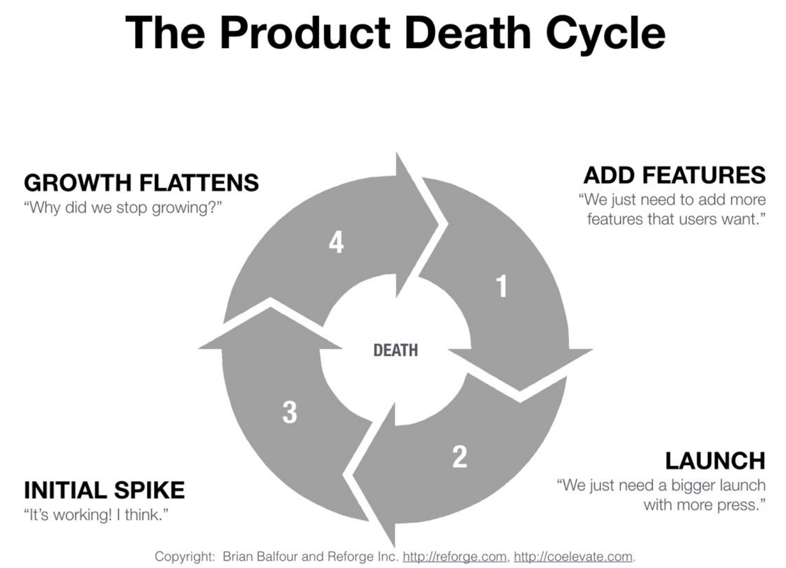
It's Not Just Great Product

The "go-to" answer for almost every question in startups, is "build a great product." Every time I hear that answer it feels completely unsatisfied. Building a great product is a piece of the puzzle, but it's far from the full picture.

1. There are great products that never reach $100M+.
2. There are also terrible products by many people's definition that reach far greater than $100M+. If you've ever used Workday, you know what I'm talking about. (At the time of this writing, Workday is worth $20 billion.)

"Build a great product" can't be the answer to most growth questions, if the above two statements are true. It is certainly a starting point, but not the answer.

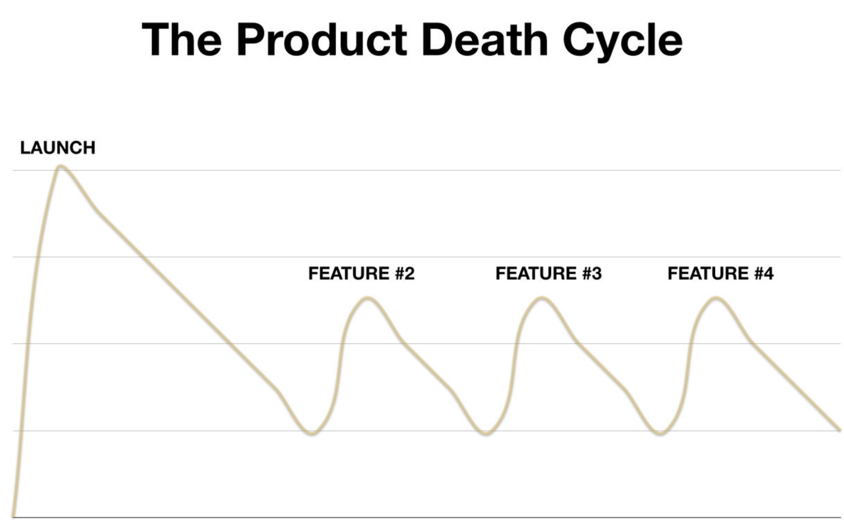
The problem with the answer of "build a great product" is that it leads to something that Andrew Chen and I talk about extensively in the Reforge Growth Series called the Product Death Cycle. The Product Death Cycle was originally coined by David Bland of Precoil.



These are the phases of the product death cycle:

- **Add New Features:** Team adds new exciting product features.
- **Launch:** Features are launched with some press.
- **Spike:** A short term spike in growth occurs.
- **Growth Flattens:** Within weeks the growth flattens off.
- **(repeat) Add New Features:** Team ends up back where they started, adding new features to get another spike.

In terms of a growth curve, it looks similar to this:



This isn't the type of curve we are looking for. Subscribing to the mantra that all you have to do is "build a great product" is submitting yourself to an "if you build, they will come mentality." Happy dreaming.

It's Not Just Product Market Fit

The second "go-to" answer is product market fit. While product market fit is a component of the framework, it is far from the answer. The issue with the product market fit mantra is that we have taken it to the extreme and developed tunnel vision. Statements like "Product Market fit is the only thing that matters" have become more common. It is **not** the only thing that matters.

There are plenty of companies that have all the product market fit signals (I'll talk about these signals in the next post) but still struggle to grow, and definitely don't reach a $100M+ product.

I'm lucky to be an investor in WonderSchool. Prior to pivoting to WonderSchool, the team developed Soldsie, a tool to help brands sell better on Instagram and Facebook. Soldsie has product market fit by all measures (solid NPS, good retention, organic growth), but despite great efforts, growth for Soldsie was slow, and the company was not growing at a venture-backed pace.

There are tons of similar examples in startup land. The main point is: product market fit is not the only thing that matters.

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It's Definitely Not Growth Hacking

One of the other common answers that has emerged is "Growth Hacking." You have a great product, you have product market fit, now all you need is to find a growth hack to grease the growth wheels. No other term makes my stomach churn more.

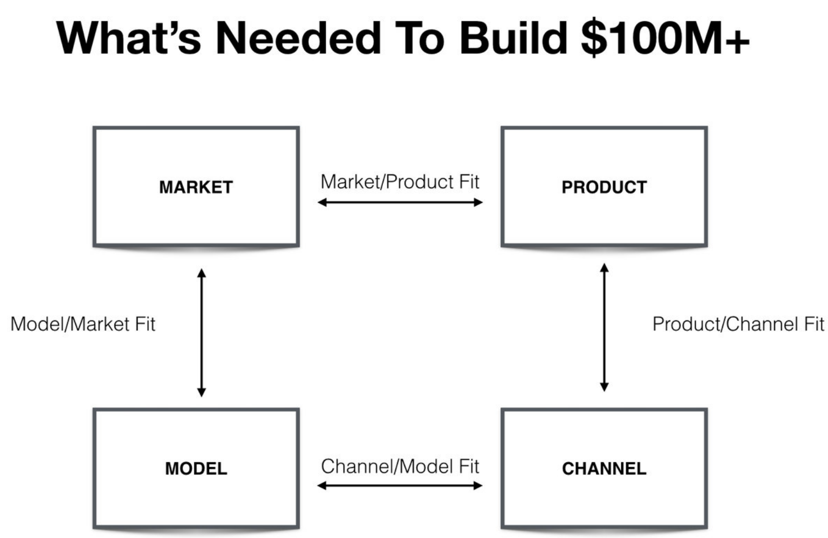
While the term started with good intentions, it has morphed into a concept around hacktics - that there is a tip, trick, secret, or tool that is going to unlock growth in your business. The problem with hacktics are that they are short lived and never sustainable.

Before tactics you need a growth process. But before a growth process you need a strategy. This framework is all about how you construct your strategy and position yourself for "Smooth Sailer" growth.

What is the difference between Smooth Sailer and Tugboat companies?

It's not great product, product/market fit, or growth hacking. Then what is it?

The difference between the $100M+ companies, and those that struggle are the ones that are able to make four pieces in a puzzle fit:



There are four essential fits: Market Product Fit, Product Channel Fit, Channel Model Fit, Model Market Fit. I'm going to dedicate a post to each of these fits, along with how you can apply this framework.

There are three extremely important points I want to hammer home through out these posts:

1. **You need to find four fits to grow to $100M+ company in a venture-backed time frame.**
2. **Each of these fits influence each other, so you can't think about them in isolation.**

3. **The fits are always evolving/changing/breaking.** When that happens, you can't simply change one element, you have to revisit and potentially change them all.

I'm going to show you examples of the framework through my own failures and successes. The series will roughly go in this order:

- Market <> Product Fit
- Product <> Channel Fit
- Channel <> Model Fit
- Model <> Market Fit
- How The Four Fits Work Together

Subscribe to my email list to receive each post. If you are interested in learning how to put these frameworks into action on a detailed level, consider becoming a Reforge member.