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Your Startup as a Funnel — Startup Hacks by Alex Iskold

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4-5 minutes

We've written here before about [funnels](#) - a powerful tool for startups to use for converting customers, sales, fundraising and more.

The common characteristic of the funnels include the way they should be optimized - bottom up, and one stage at a time. In this post we use the funnel visual to think about your entire business.

Your startup is one giant funnel from customers who do not know you exist to customers who can't live without your products.

At the very bottom of the funnel is Customer Success. The bottom, by definition, is the most important part. The function of Customer Success is to mix software, and people and make sure you retain your customers.

If you can't keep the customers it doesn't matter how much or how fast you sell, you won't have a business, because you lose customers to churn.

Large customer churn is a sign of a problem with your product. You sold something successfully, but the customers don't find enough value in your product, and don't want to pay for it.

That's why Product sits right on top of Customer Success in your startup funnel. Product and Customer Success are very interconnected. You build an awesome product, and make sure people use it. If the churn is too high you go back and update the product. The job is to build [minimal viable product](#) that gets most of your early customers to [Magic Moment](#) - that is, they will stick around and will not churn.

The bottom of the funnel pair of Product and Customer Success - is the most important thing you can focus on as a founder.

This is the very core, the very foundation of your startup. Get this wrong and you will continue to struggle to build the business.

When you do get the product right, and find the first 10, 100, 1000 customers who love your product, you are starting a fire and making it burn bright. This fire is still small, but it is strong and has a lot of potential.

Once you got the Product right, you can focus on Sales. That is, you are trying to build a little engine where you can sell the product predictably.

Your goal at this stage is to understand the sales cycle, and create predictability in the sales process.

If you are running B2B startup then the Sales stage is literally sales. If you are running a B2C startup then this phase is all about optimizing your conversion and signups, because that's how you sell a consumer product.

Spending time optimizing sales pays off.

Similar to how it is pointless to sell the product that's not going to be sticky, it is pointless to spend a lot of marketing dollars, if your sales process isn't predictable.

Marketing is the last step of building the startup machine. Marketing is the gas. Once you're ready to step on the gas you take the fire that's burning bright and make it burn everywhere. That's how you take over the market.

Because you spent the time perfecting your customer success, you know the customers are good with the value to price ratio and won't churn.

Because you spent the time building a great product, you know customers love it.

Because you spent the time optimizing your sales and conversion, you know that you can sell predictably.

By focusing on building the startup machine bottom-up you created super strong foundation, and are now ready to scale with marketing.

Of course this is a simplistic model. In real life, things are more nuanced, and you need to move up and down stages of the funnel to refine the machine. That said, in general, this is how you should focus on your business initially - bottom up.

Do this right and you will have a chance at building an empire. Get this wrong and all you get is leaky bucket and a house of cards.