

Premature optimization

Startups talk a lot about optimization—A/B testing, product enhancements, conversion funnels, email campaigns, etc. These sorts of things can often produce 10% gains, and much more if you can compound several together.

This is great, but only if the business is already working. If no users love your product, you're wasting your time working on anything but that. It's always painful to sit in a board meeting and listen to a company miss the forest for the trees—i.e., even if they make all these incremental improvements that the entire company is focused on, they're going to end up at 2X, and they need to get to 100X.

It's dangerous to spend all your mental energy on incremental improvements when what you really need is a step change.

It's a useful exercise to think about whether or not all the optimization work (or ad buying, for that matter) you're doing is worth it, even if it all works. It is usually not until you're already quite successful. Until then, you should focus relentlessly on making a product your users love (and making sure you're going after a large enough market).

Startups often ask me how to grow faster. I usually say "build a great product, and you will be able to make it grow". The most sustainable (and cheapest) kind of growth is word-of-mouth growth.