About Me

- ## Led early growth at 5 "unicorn"startups
  Dropbox, LogMeIn, Eventbrite, Lookout, Uproar

- ## Co-Author Hacking Growth
  Published in 16 languages, worldwide best seller

- ## Co-Creator of GoPractice.io
  12-week immersive simulator program for learning growth

- ## Host Breakout Growth Podcast
  Interviews with leaders at world's fastest growing startups

- ## Founded and sold two startups
  Qualaroo, GrowthHackers

Today's Objectives

1   Gain solid understanding of growth

2   Guide effective growth team execution

3   How to build company-wide growth culture

Ultimate Goal: Unleash Breakout Growth

- Growth hacker (good)

- Growth team (better)

- Growth company (best)

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Overview

1 Leveraging your product's core value
9:00 - 9:40 AM PT

2 Understanding your value delivery engine
9:40 - 10:05 AM PT

3 Running high impact test/learn program
10:05 - 10:35 AM PT

4 Unleashing company-wide growth culture
10:35 - 11:00 AM PT

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Your Participation Encouraged

- Each section will have short exercise

- Several opportunities to ask questions
  Any questions about today's agenda?

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Did you attend my keynote yesterday?

## Please send your answer via chat

The Breakout Growth Pyramid

Get Culture — Level 5: **Mobilize company-wide growth mindset, habits and culture**

Align to Expand Testing — Level 4: **Align company to NSM, inform of testing need & value delivery engine**

Execute Growth Process — Level 3: **Execute growth process with growth team to drive test/learn**

Understand & Quantify Core Value — Level 2: **Instrumentation, define NSM, document value delivery**

Product/Market Fit — Level 1: **Validate product/market fit to sustain growth**

Section 1

Leveraging Your Product's Core Value

Goal is Sustainable Growth

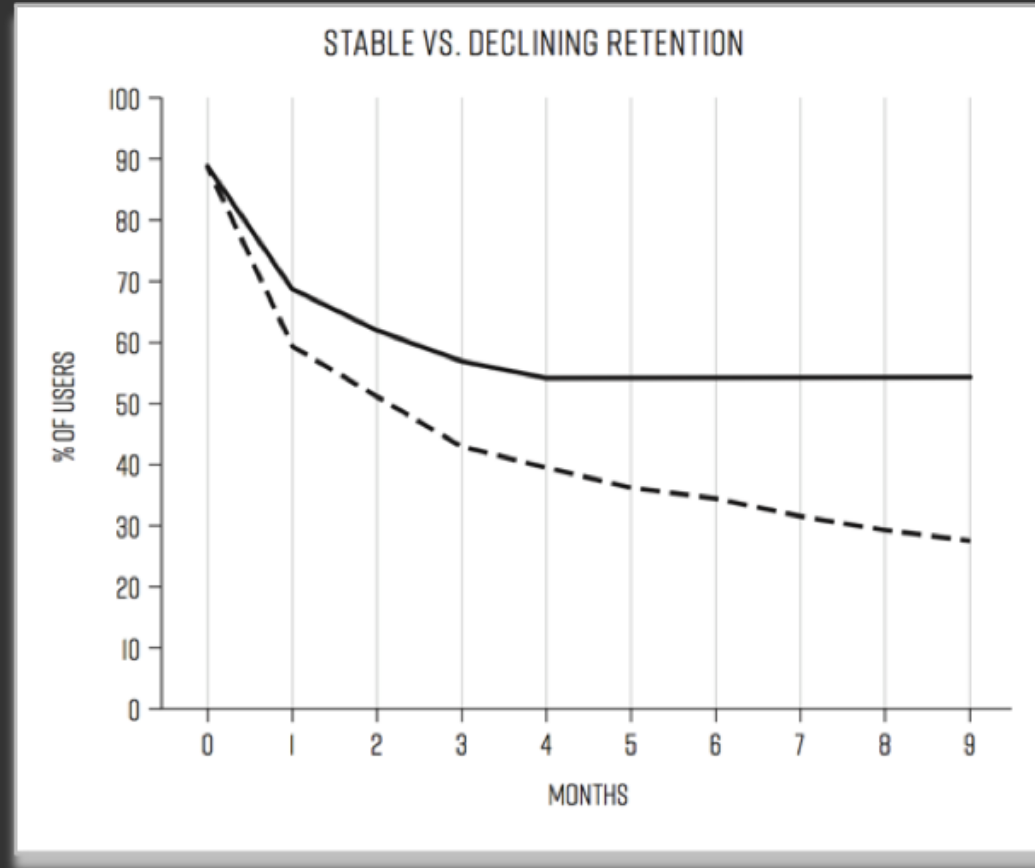# Instrument to Understand Value
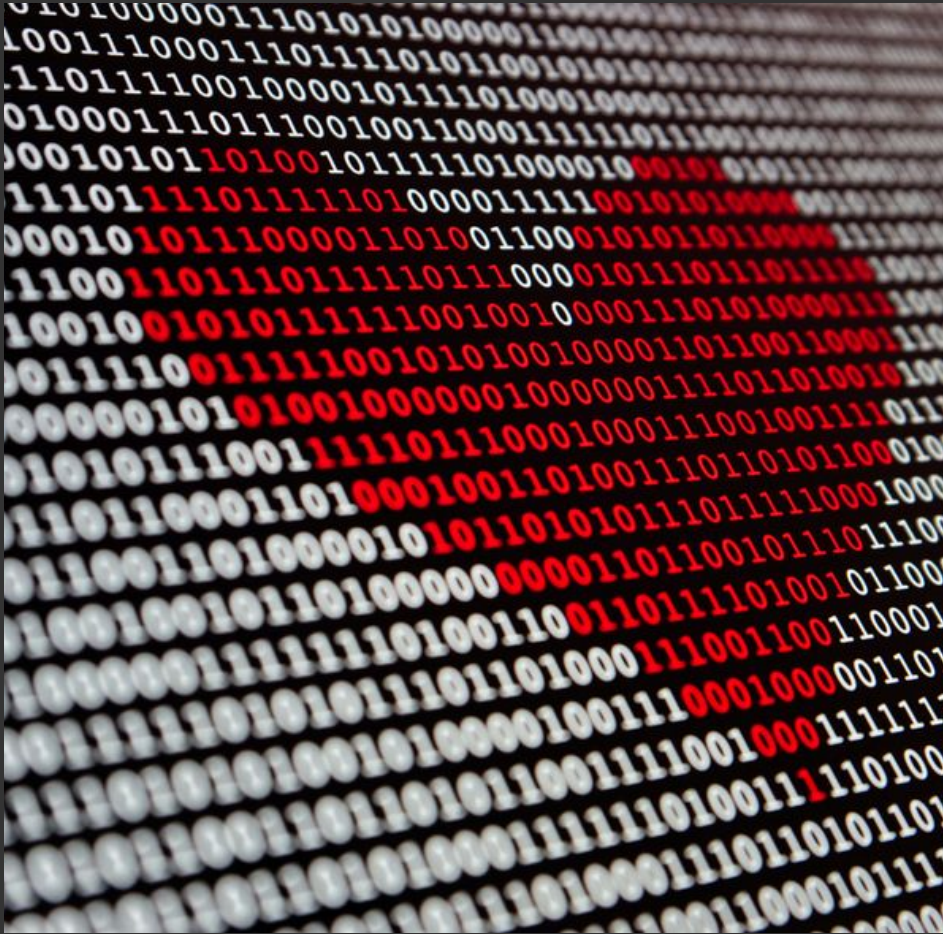
- ● **Qualitative**

  Regular insights collected via surveys, interviews, user session videos...

- ● **Quantitative**

  User based tracking system such as Amplitude or MixPanel

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Value Drives Retention

RETENTION NEEDED TO SUSTAIN GROWTH

STABLE VS. DECLINING RETENTION

Higher Retention = Higher Company Value

90-Day Retention Rate for Android Apps

Top 10 Most Valuable Apps (90-Day Retention) **51%**

Next 50 Most Valuable Apps (90-Day Retention) **35%**

Next 100 Most Valuable Apps (90-Day Retention) **19%**

Understand "Must Have" Benefit

- **What is the key benefit** they experience and why important?

Focus on "Must Have" Users?

Those who would be "very disappointed" without your project

How would you feel if you could no longer use [product]?

- **Very disappointed**

- Somewhat disappointed

- Not disappointed

- N/A - I already stopped using it

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Example "Must Have" Benefit

- On demand ride in minutes

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Another Example Must Have Benefit

- Effortless, automated investing

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2-Minute Exercise

Document your core **value hypothesis** in one sentence

Note: Following masterclass you should survey users to validate hypothesis (PMFSurvey.com)

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Measure Growth of Value Delivered
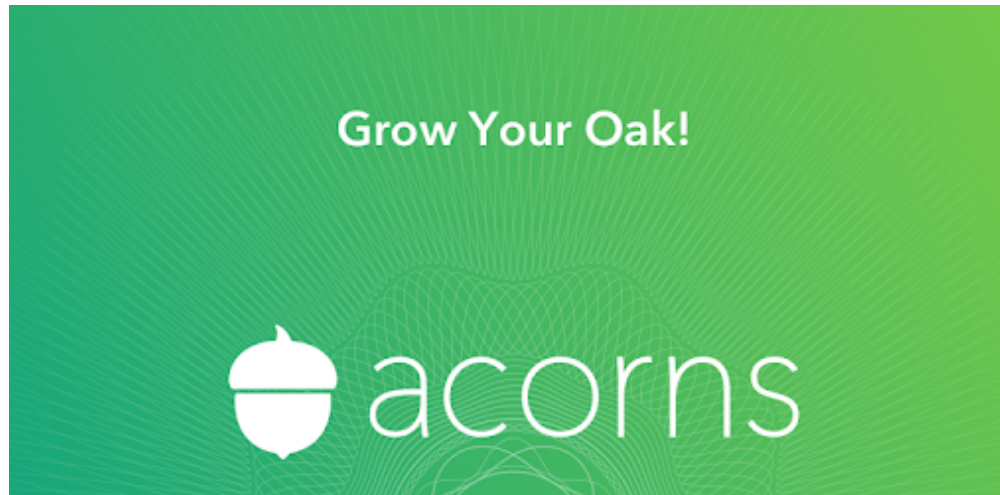
Expansion of aggregate value delivered to all customers

- North Star Metric

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North Star Metric = Daily Active Users

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North Star Metric = Active Investors

Right NSM Helps Align Team Around Shared Mission

Determine Your North Star Metric
2-Minute Exercise

- Something easy for the team to remember

- Should represent value delivered to customers

- Ideally also captures progress against mission

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Questions about North Star Metric?

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Section 2

Understanding Your Value Delivery Engine

Diagram Value Delivery Engine

Levers for accelerating the North Star Metric
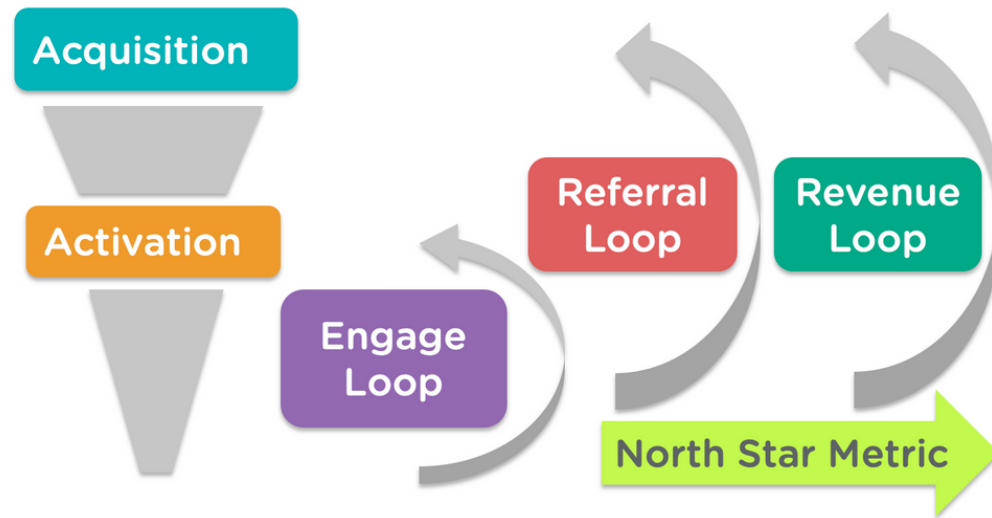
Live Exercise: Diagram Your Value Delivery Engine

Consider printing this now and writing in your answers
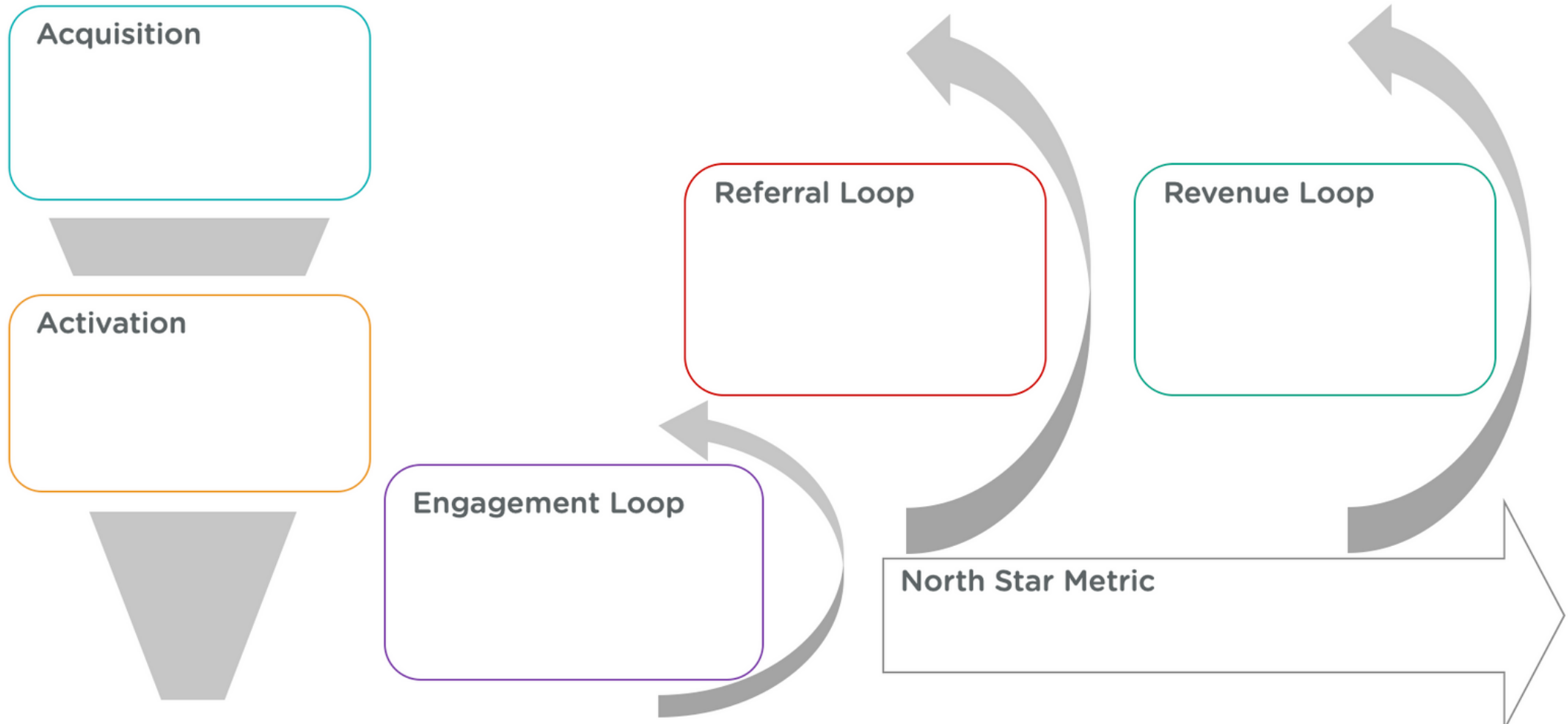
Understand Qualitatively and Quantitatively

- **Sources of new customers**

  Analytics, surveys, interviews

- **Needs/choices/motivations/fears**

  Surveys, interviews

- **User's path to "aha moment"**

  Analytics, surveys, user testing

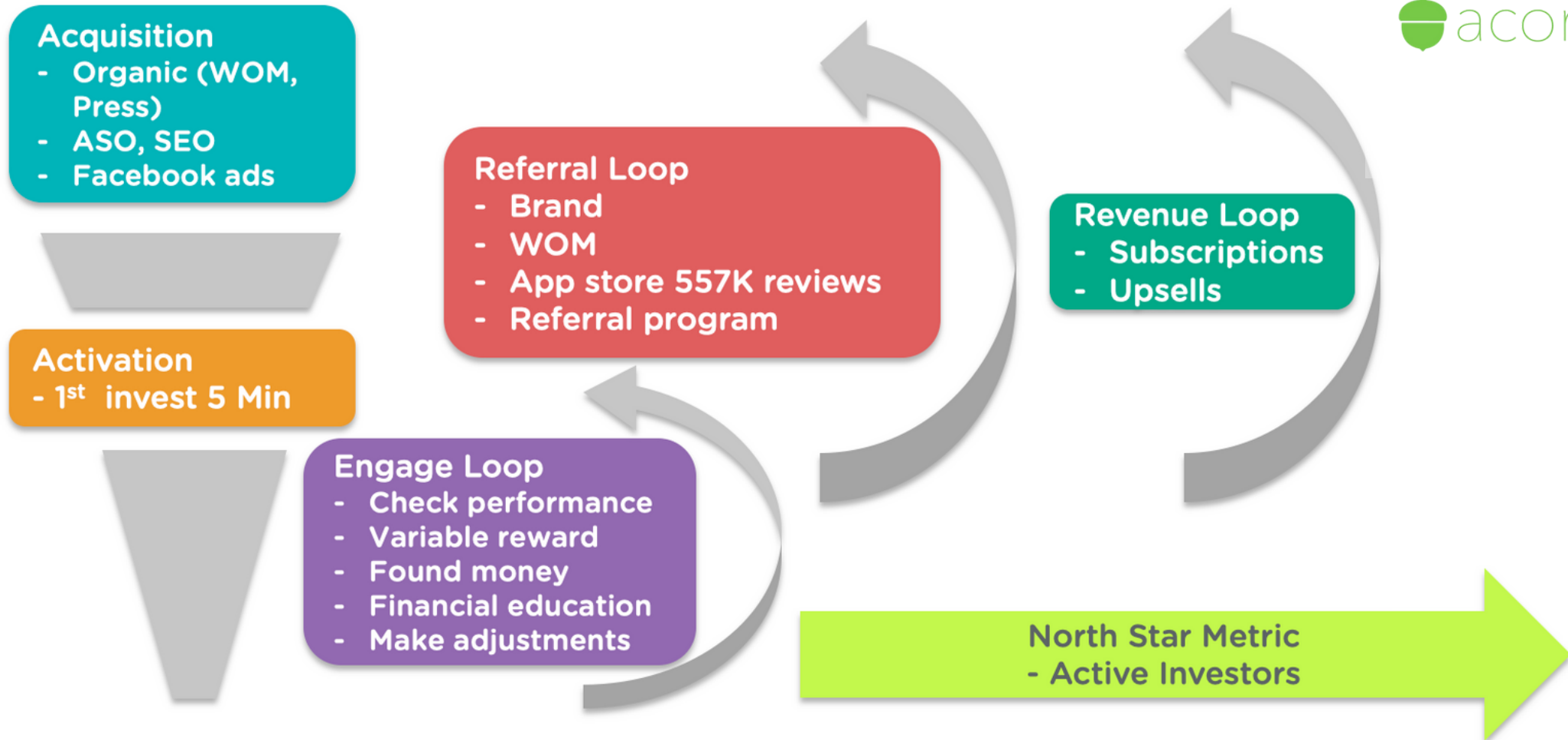- **What drives referral?**

  Analytics, surveys, interviews

Acorns Case Study

- **Problem: Young people rarely invest**

- **Value Prop: Effortless investing**

- **How it works: Investing starts small and is automatic via "round ups"**

Acorn's Value Delivery Engine

Acquisition
- Organic (WOM, Press)
- ASO, SEO
- Facebook ads

Activation
- 1st invest 5 Min

Engage Loop
- Check performance
- Variable reward
- Found money
- Financial education
- Make adjustments

Referral Loop
- Brand
- WOM
- App store 557K reviews
- Referral program

Revenue Loop
- Subscriptions
- Upsells

North Star Metric
- Active Investors

acorns

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Acquisition Lever

Key sources of new customers

- **How do new customers find your product?**
  - Study analytics
  - Survey users: "How did you hear about us?"

- **Example from Acorns**
  - Organic (word of mouth, press)
  - Search (SEO, ASO)
  - Facebook ads
  - Partnerships

Activation Lever "AHA!"

When user first experiences key value - aha moment

- **Start qualitatively**

  When you think customer experiences value to come back?

- **Then validate quantitatively**

  Is there significant increase in retention after key action?

- **Examples**

  Acorns: 1st investment (in 5 minutes)

  Slack: 2000 messages

  Facebook: 7 friends (in 10 days)

Engagement/Retention Loop

How does customer build a habit around product?

The Hook Model
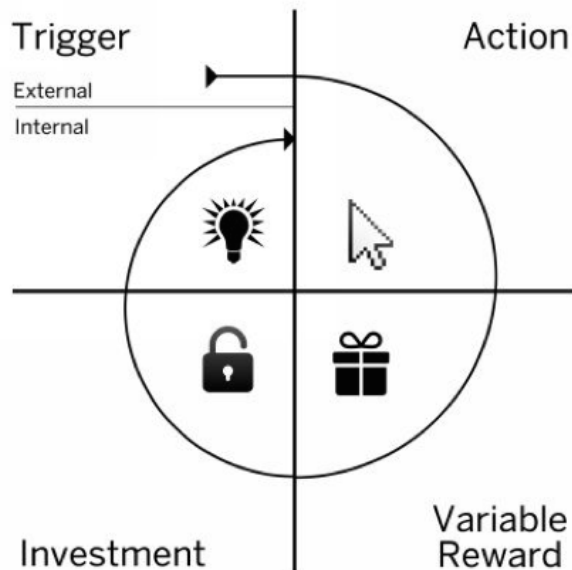
- **Trigger:** Prompt to return

  External - notification, email...

  Internal - boredom, loneliness...

- **Action:** Behavior caused by trigger

- **Variable reward:** Benefit from taking action

- **Investment:** Adding future value to product

Acorns Engagement Loop

How does customer build a habit around product?

The Hook Model

- **Trigger:** Curiosity about performance (internal)

- **Action:** Log in to check latest performance

- **Variable reward:** Increase or decrease in balance

- **Investment:** Research and reallocate investments

Revenue Loop

Builds sustainability in growth model

- How is revenue generated in your business?

Examples

- Acorns: subscriptions and upsells

- Facebook: advertising

- Slack: pay per active user

Acorns Pricing (Revenue Loop)

Subscription + Upsell

Referral Loop

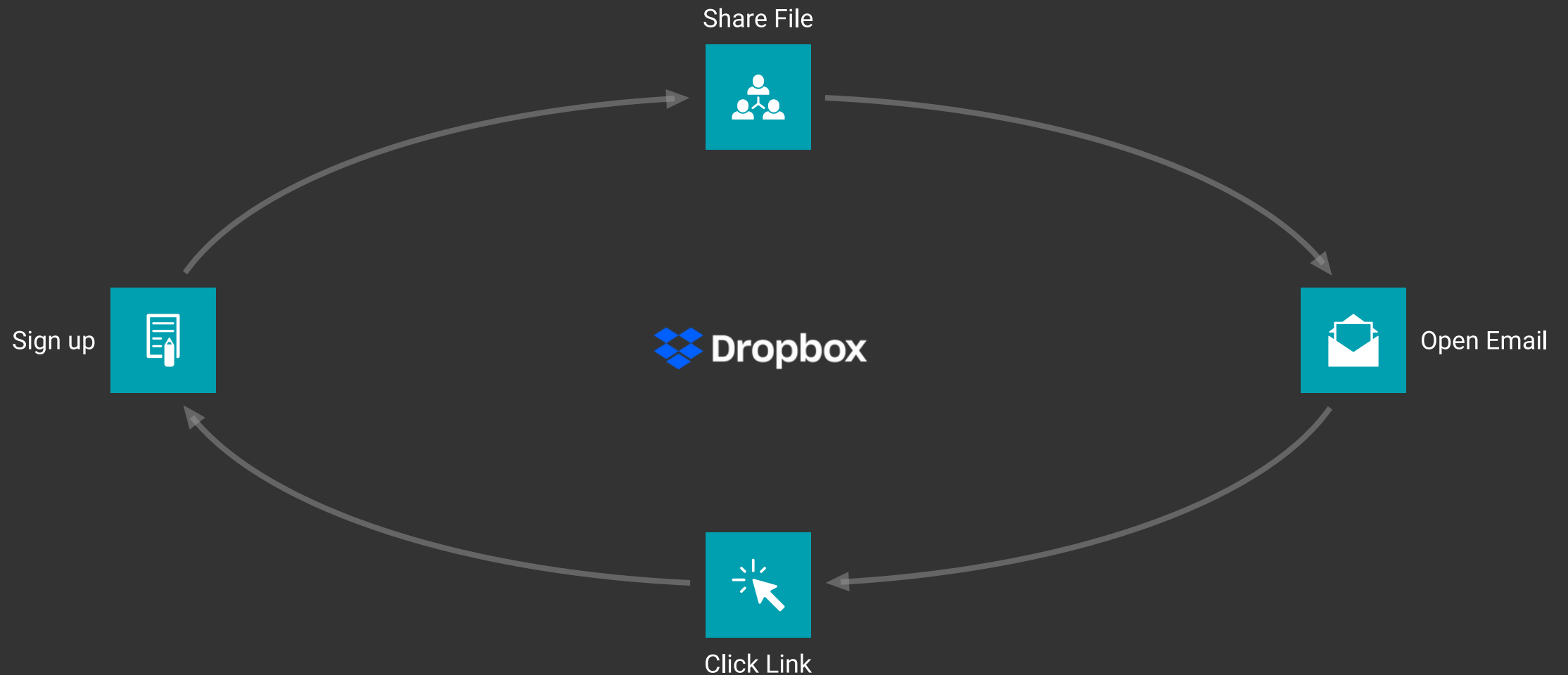Existing users help to bring in new users

- **Do customers recommend your solution?**

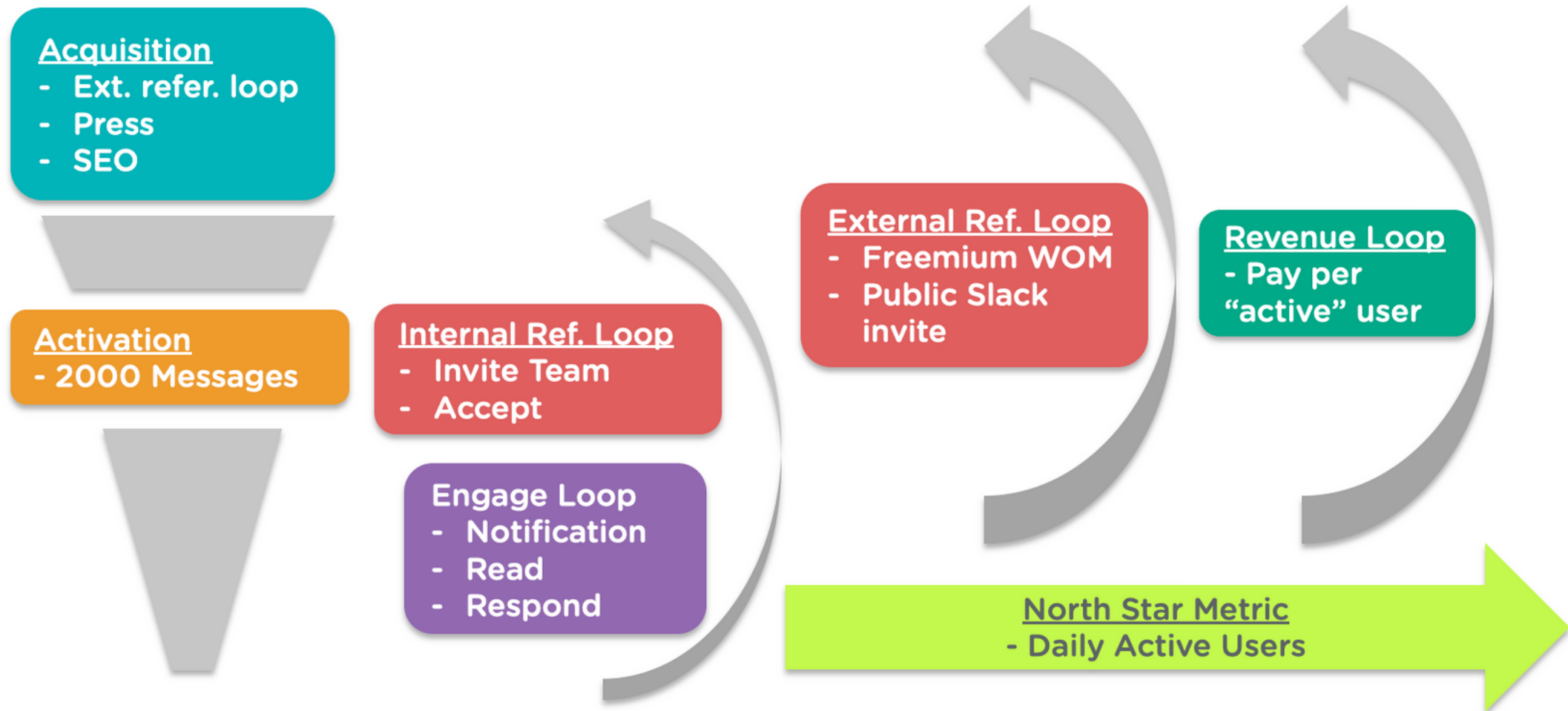 Almost every valuable product has natural word of mouth, freemium products rely on high referral rate

- **Do you have a sharing or collaboration?**

  Examples: Zoom, Calendly, Dropbox

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Dropbox File Share Loop

B2B Example: Slack's Value Delivery Engine

Acquisition
- Ext. refer. loop
- Press
- SEO

Activation
- 2000 Messages

Internal Ref. Loop
- Invite Team
- Accept

Engage Loop
- Notification
- Read
- Respond

External Ref. Loop
- Freemium WOM
- Public Slack invite

Revenue Loop
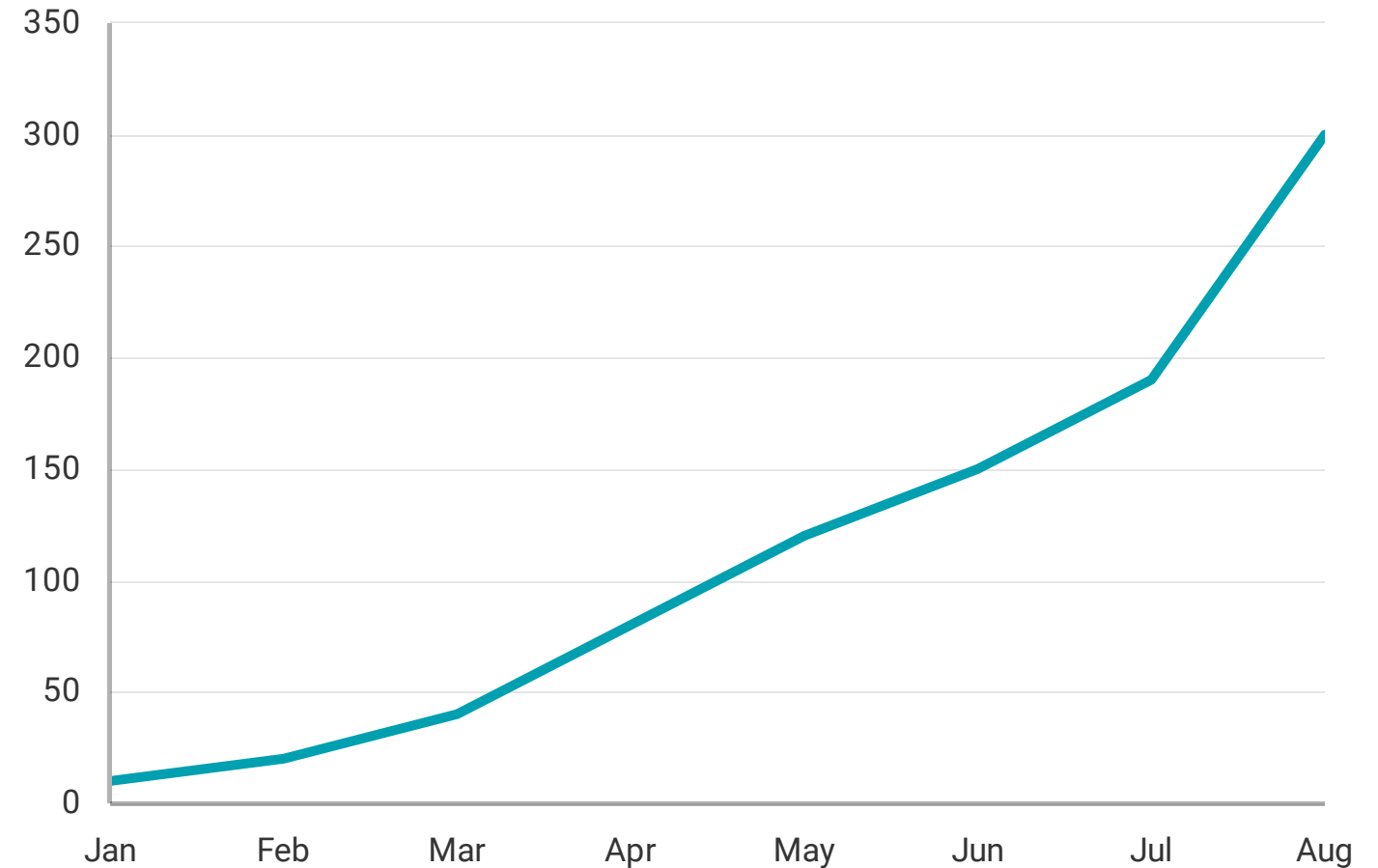- Pay per "active" user

North Star Metric
- Daily Active Users

Questions about Value Delivery Engine?
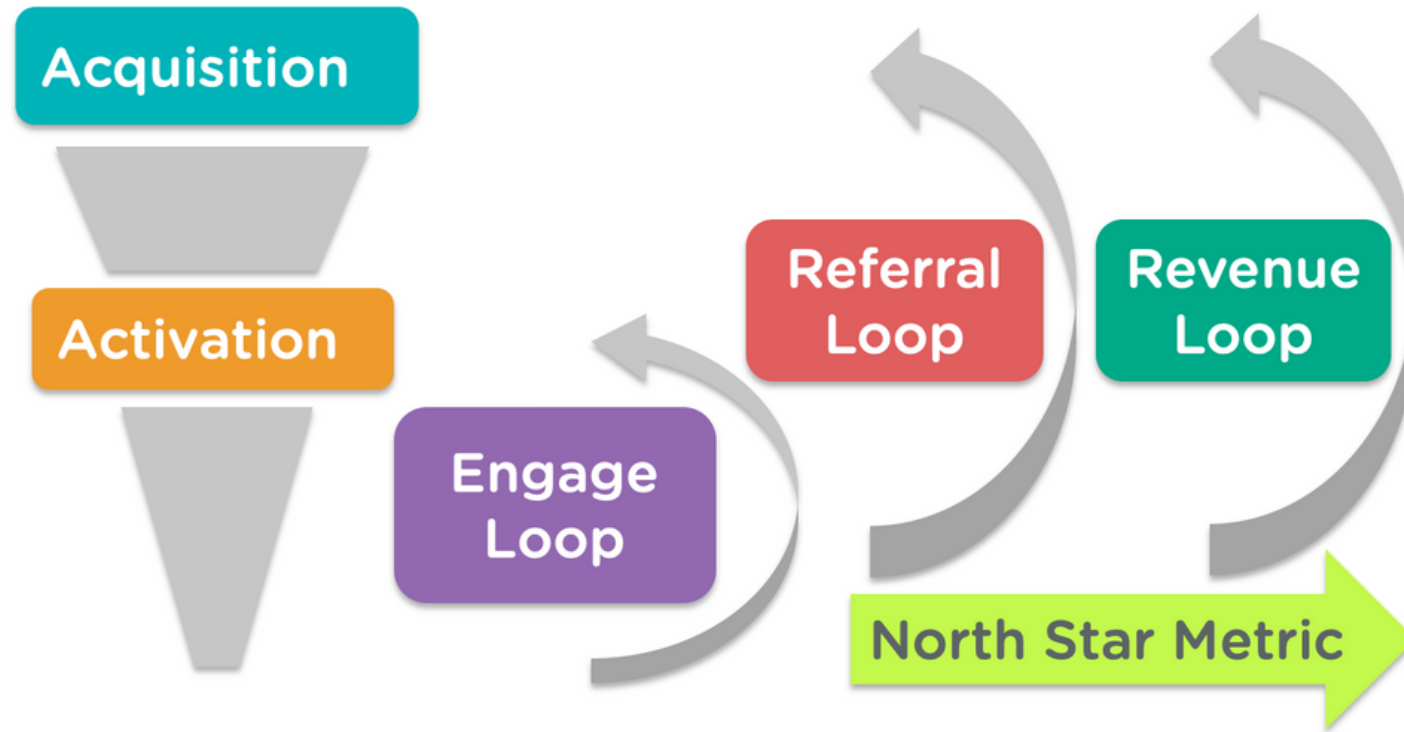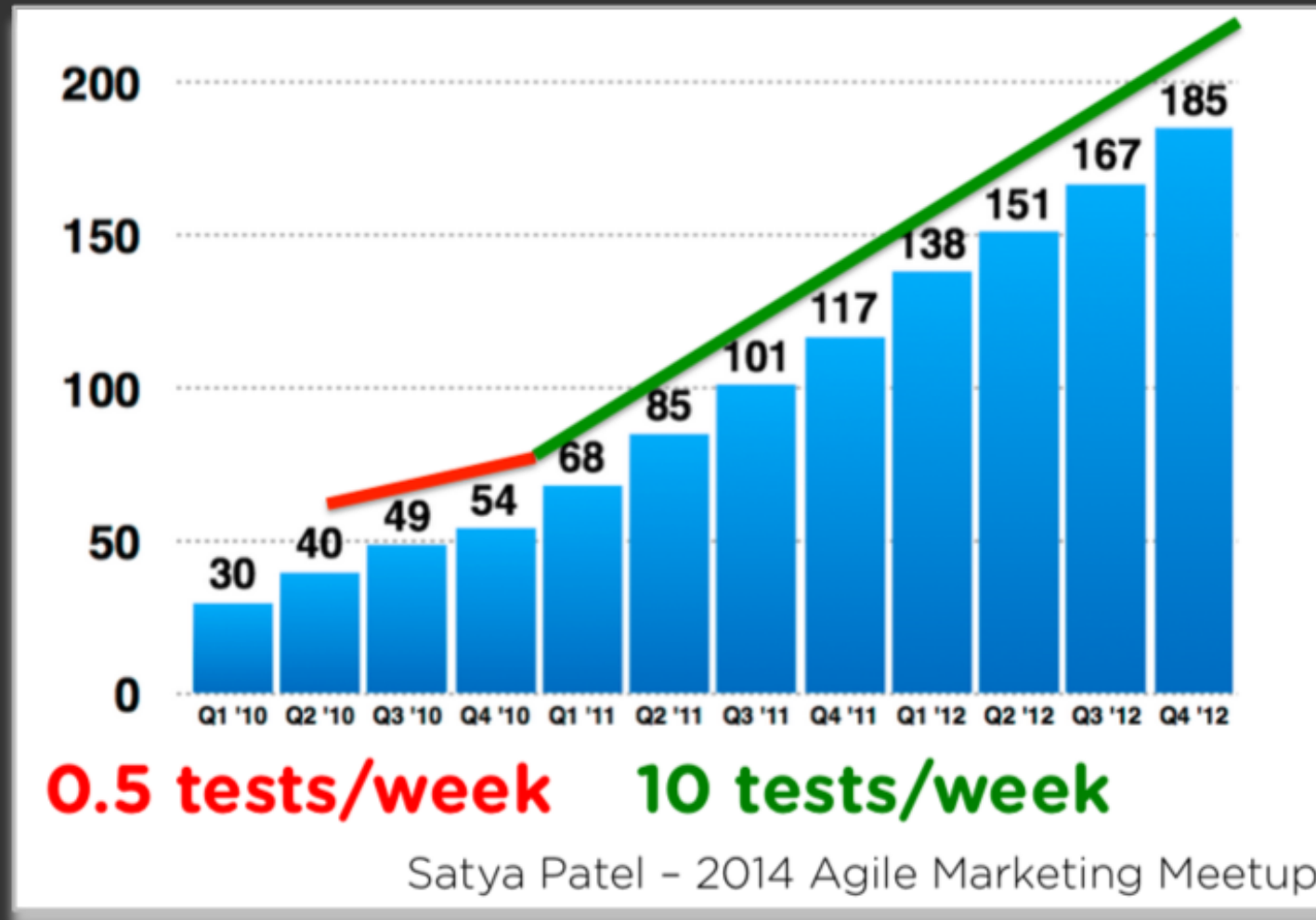
Section 3

Running High Impact Test/Learn Program

Experiment to Accelerate Growth

Experiment Across All Growth Levers

More Experiments = More Growth (Learning)
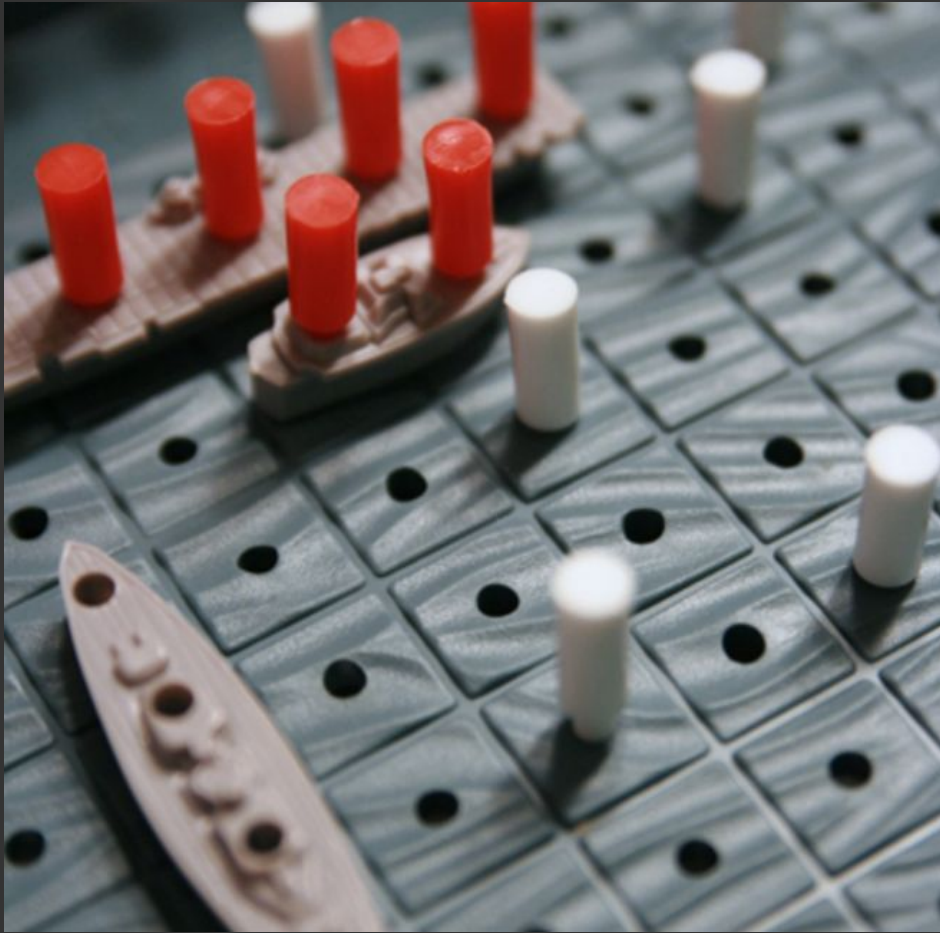

Satya Patel – 2014 Agile Marketing Meetup

"Our success at Amazon is a function of how many experiments we do per year, per month, per day..."

Jeff Bezos, CEO

Two Types of Experiment Ideas

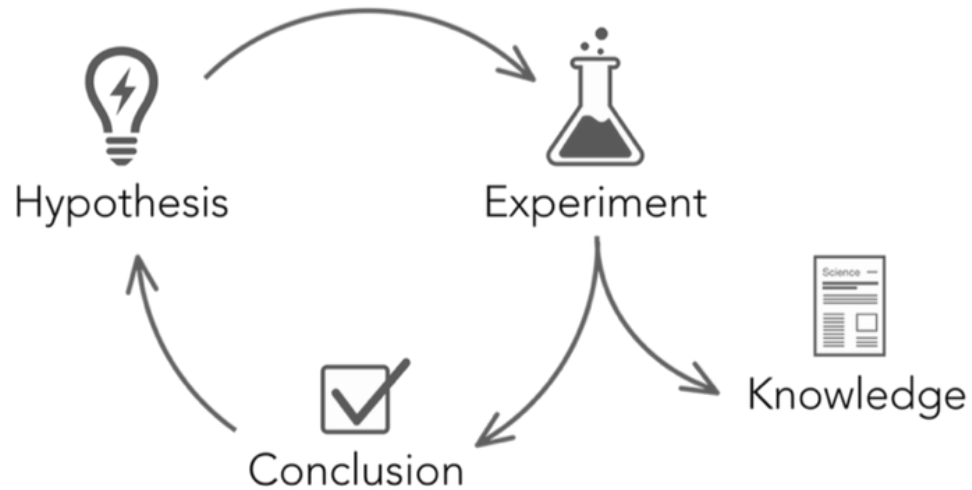- **Testing to discover (pings)**
  Try something you've never done before to learn if it works

- **Testing to optimize (A vs. B)**
  There's always a better way to do something

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Hypothesis Driven Experiments

- If we do X, we expect Y will happen

Example Experiment Airbnb

Heart Boosted Property "Saves" by 30% (Optimization Test)
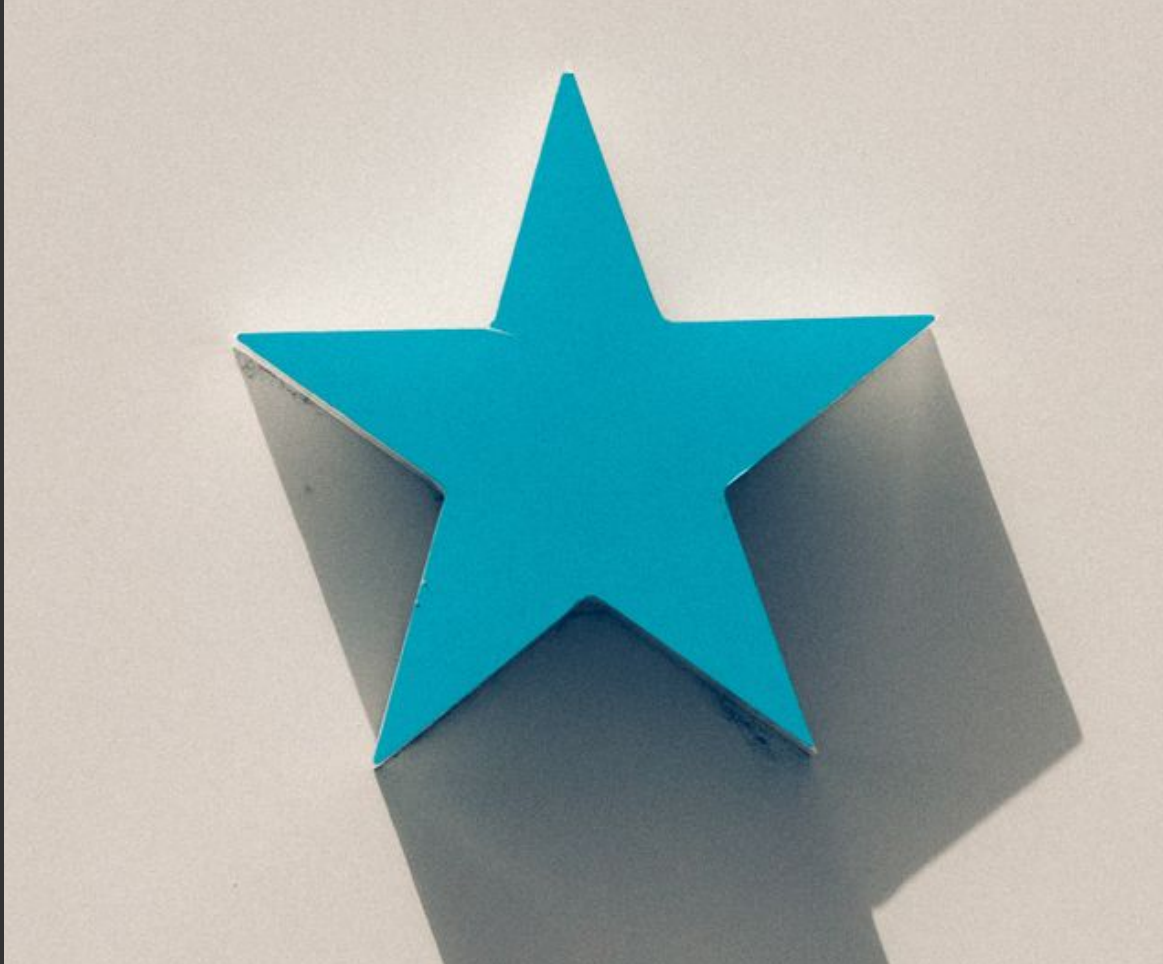
All Experiments Should Lead to Learning
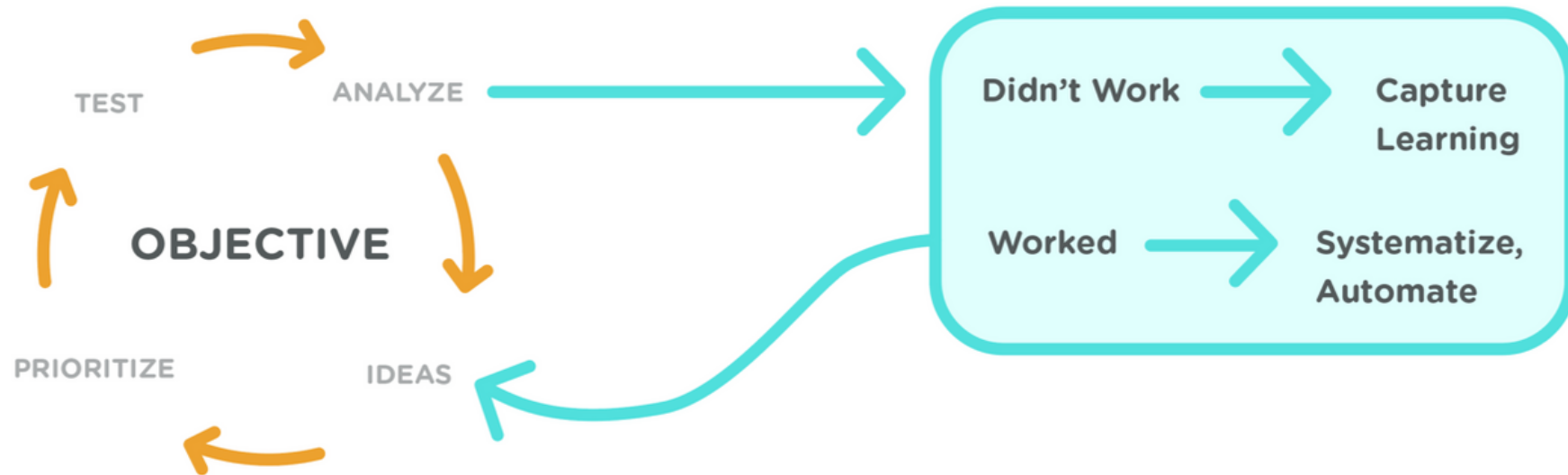
Role of the Growth Team

- Accelerate North Star Metric

- Maintain high velocity testing rhythm

- Find high leverage growth opportunities

- Build confidence in growth testing program

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Common Growth Team Roles

Cross disciplined skills to execute growth process across all levers

Growth marketer(s)

Growth Product Manager(s)

Head of Growth

Growth designer(s)

Growth analyst(s)

Growth engineer(s)

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Ensure Growth Team Has Necessary Skills

Data skills

- Analysis skills to find best opportunities for improvement
- Skills to quickly analyze experiments and ensure validity

Experiment design skills
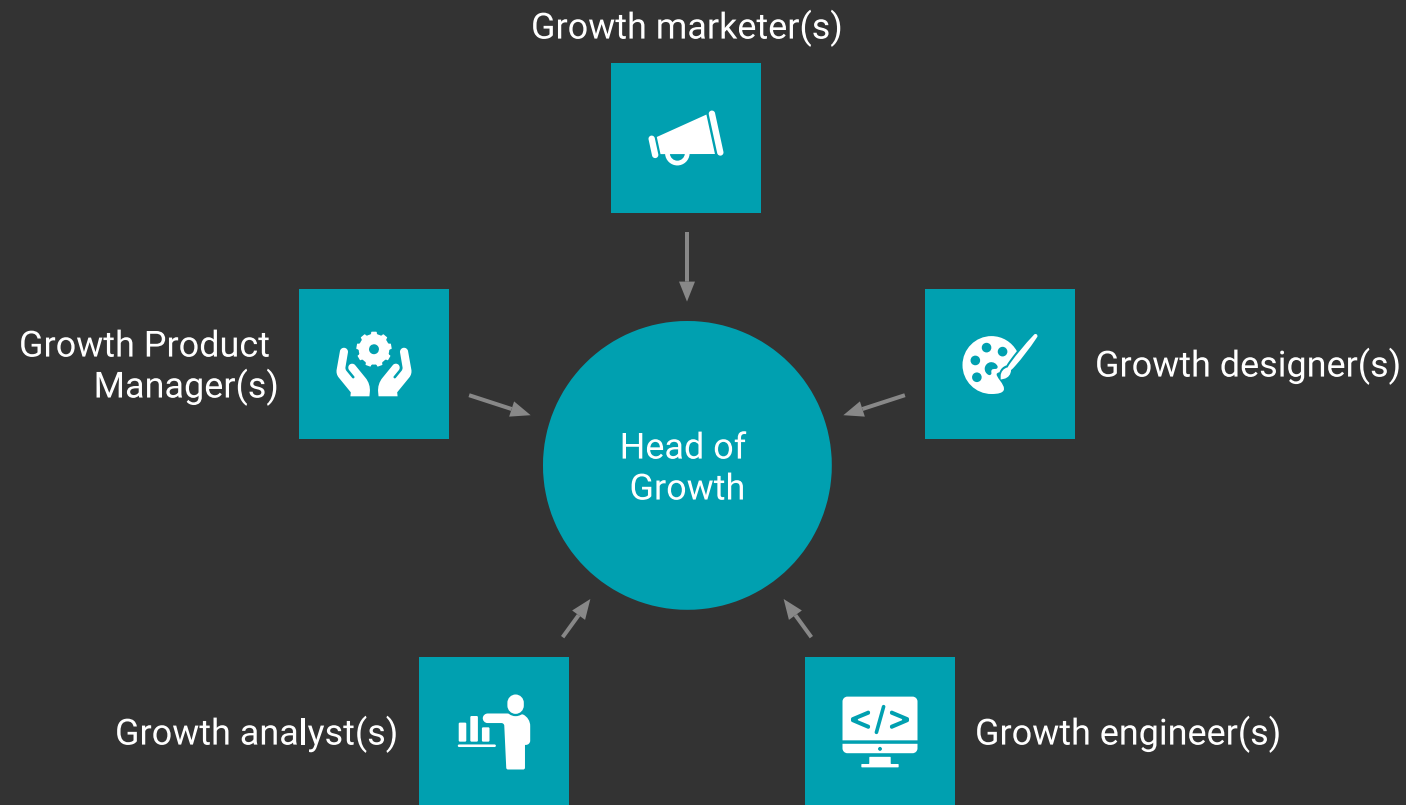
- Creative experiment design to quickly/cheaply gain insights
- Ideally engineering and design skills to build experiment

Leadership skills

- Ensure team stays focused on what's important
- Accountability to maintain a high velocity of testing
- Keep full team focused on growing North Star Metric

Find High Leverage Opportunities

Acquisition
- Organic (WOM, Press)
- ASO, SEO
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Activation
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Referral Loop
- Brand
- WOM
- App store 557K reviews
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North Star Metric
- Active Investors
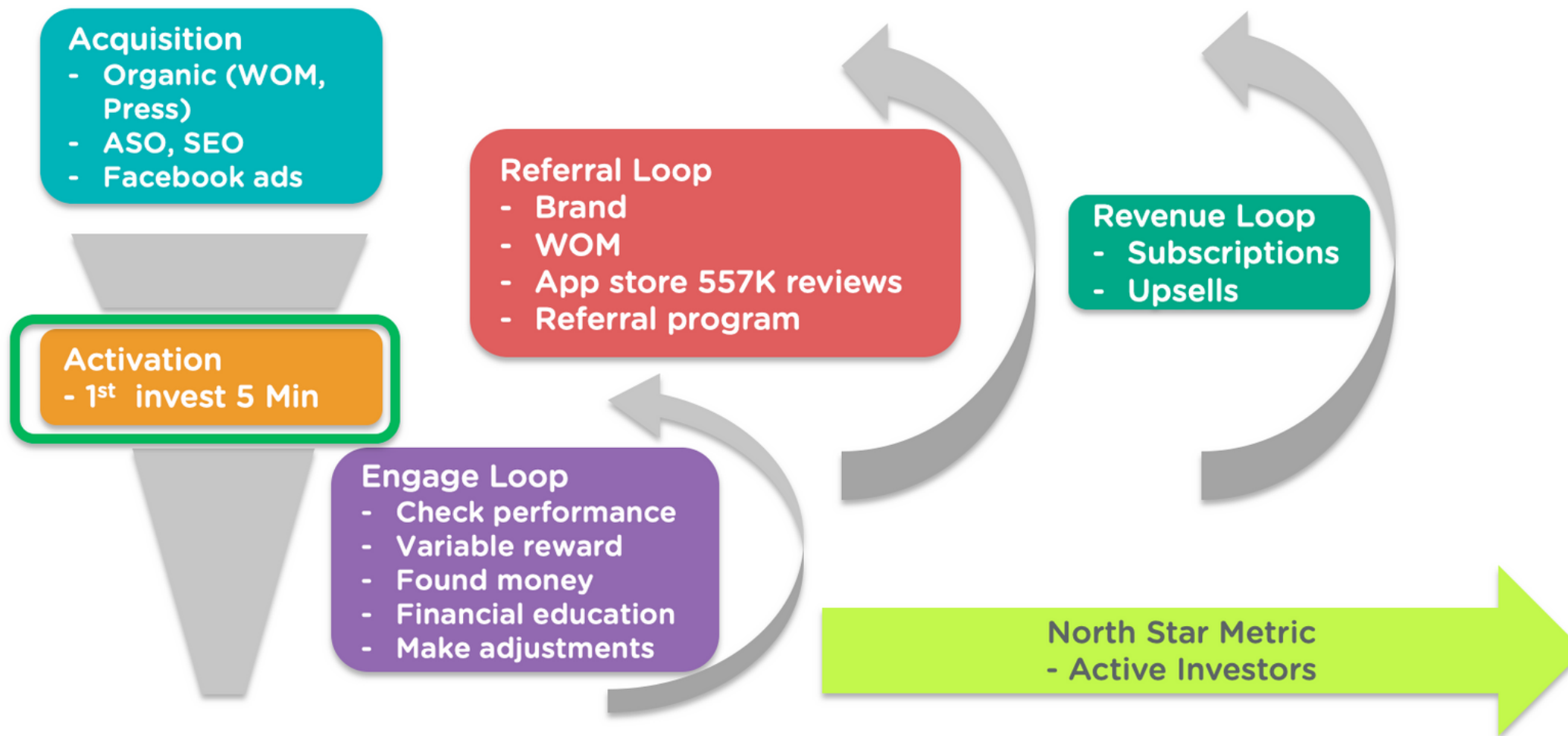
Acorns Speed to Value

acorns

- **Goal:** 5 Minutes to 1st investment

- **Challenge:** Connect bank and cards

- **Task:** Generate experiment ideas
  Encourage team to generate as many ideas as possible for ways to speed path to first investment

Activation is Usually High Impact Opportunity
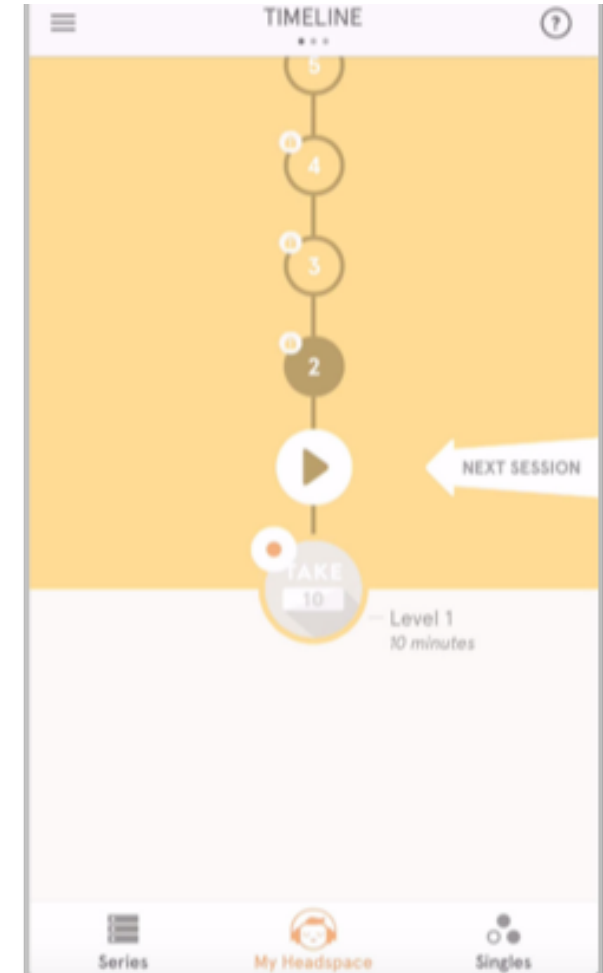
Desire-Friction = Conversion rate

- Intent - Prospect is seeking something

- Authentic promise tied to intent

  Set expectation based on must-have experience

- Understand/eliminate friction to aha

Ineffective Onboarding Example

Intent for specific program does not map to experience
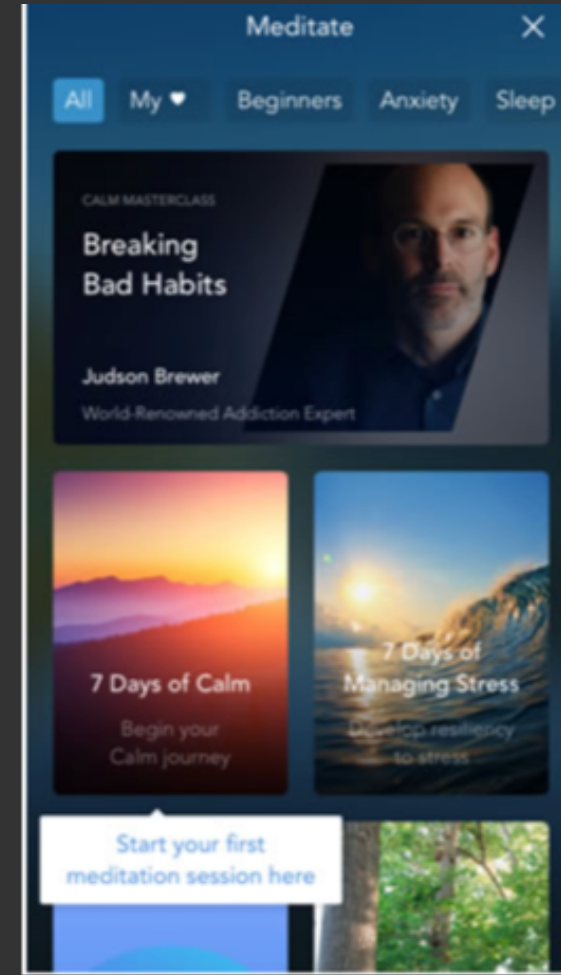
More Effective Onboarding

Intent for specific programs with recommendation for "7 days"
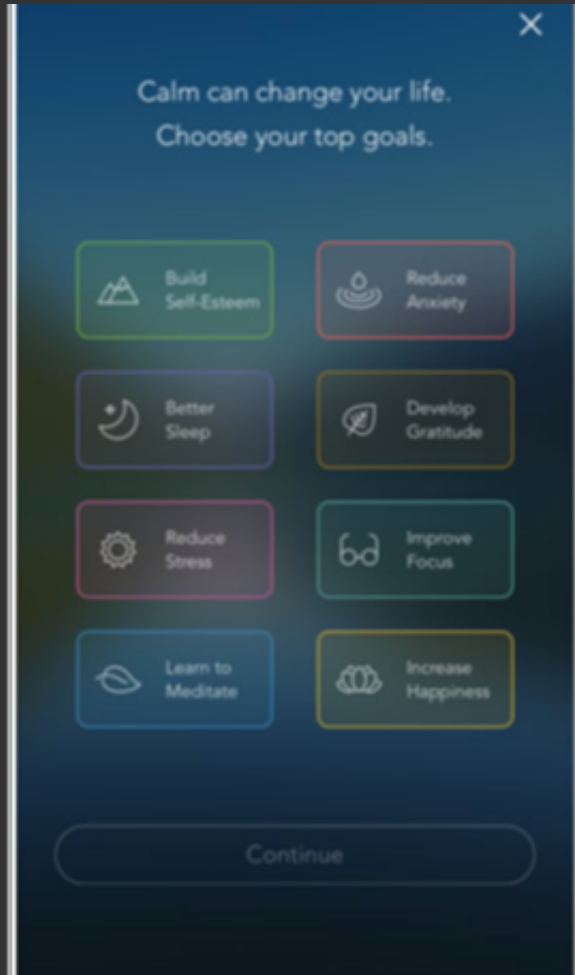
Prioritizing Ideas for Testing

Best ideas will be around high impact opportunities

- **Score ideas with ICE**
  - **I - Impact** if successful
  - **C - Confidence** of success
  - **E - Ease** of testing

- **Shortlist ideas by ICE score**

- **Decide tests in weekly meeting**

Growth Meeting for Driving Learning Velocity

- **15 Min:** Discuss progress against key objectives and overall NSM

- **15 Min:** Discuss analysis of tests

- **10 Min:** Review tests planned vs. launched

- **20 Min:** Team "pitch" nominated experiment ideas (select best)

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Identify a high impact opportunity area in your business

2 minutes exercise

Questions about test/learn process?

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Section 4

Unleashing Company-Wide Growth Culture

Challenge: Silos Control Each Lever

Acquisition
Activation
Revenue
Retention
Referral

External Channels → Promise → 1st Experience → Ongoing Experience

Sales/biz dev — PR Marketing — Support Success — Product

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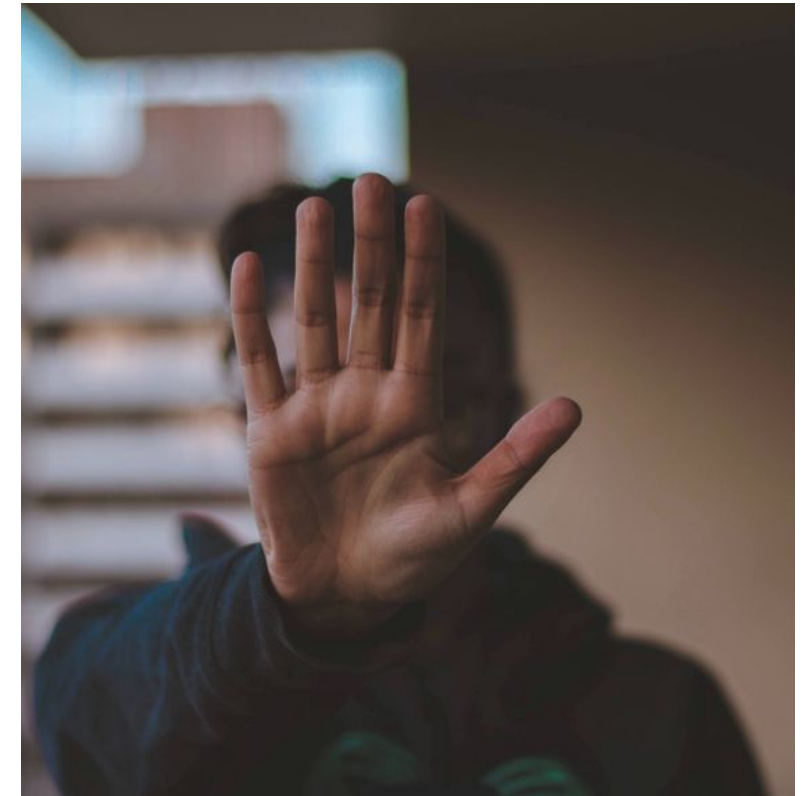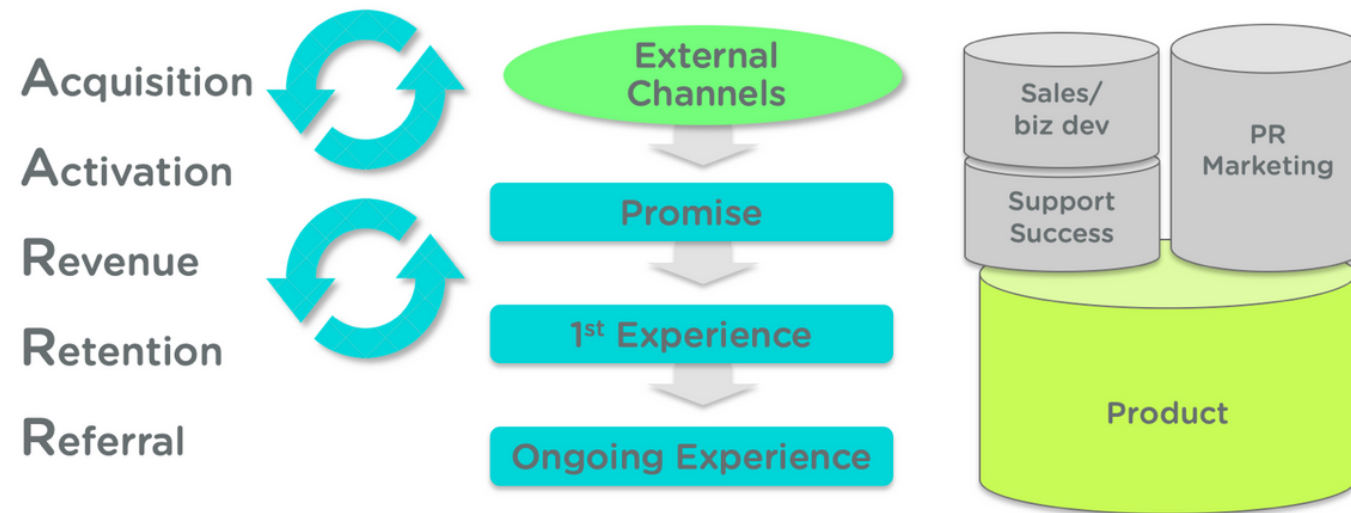
Power of Shared Mission at LogMeIn

LogMe In

- **Problem:** Profitable marketing capped at about $10K/month

- **Analysis:** Activation issue prevented 95% of signups from ever using product

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Shared Mission Unleashed Growth

LogMe(In)®

Solution: CEO insisted that product, marketing, design and dev collaborate

Result: Breakout growth

- 10X improvement in activation rate
- 100X scale in profitable ad spending
- 80% new users via word of mouth

Determine the biggest barriers preventing more testing across all levers

2 minutes exercise

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Create Culture of Psychological Safety

Comfort admitting mistakes

VS FEAR OF ADMITTING
MISTAKES

Better innovation &
decision making

VS "TRIBAL
KNOWLEDGE"

Learning from
failure

VS BLAMING OTHERS

Everyone openly shares ideas

VS LESS LIKELY TO SHARE
DIFFERENT VIEW

Study: Top innovation success factor

Ideas and Insights from Everyone

- Everyone should seek opportunities to improve value delivery

- Everyone should generate testable ideas

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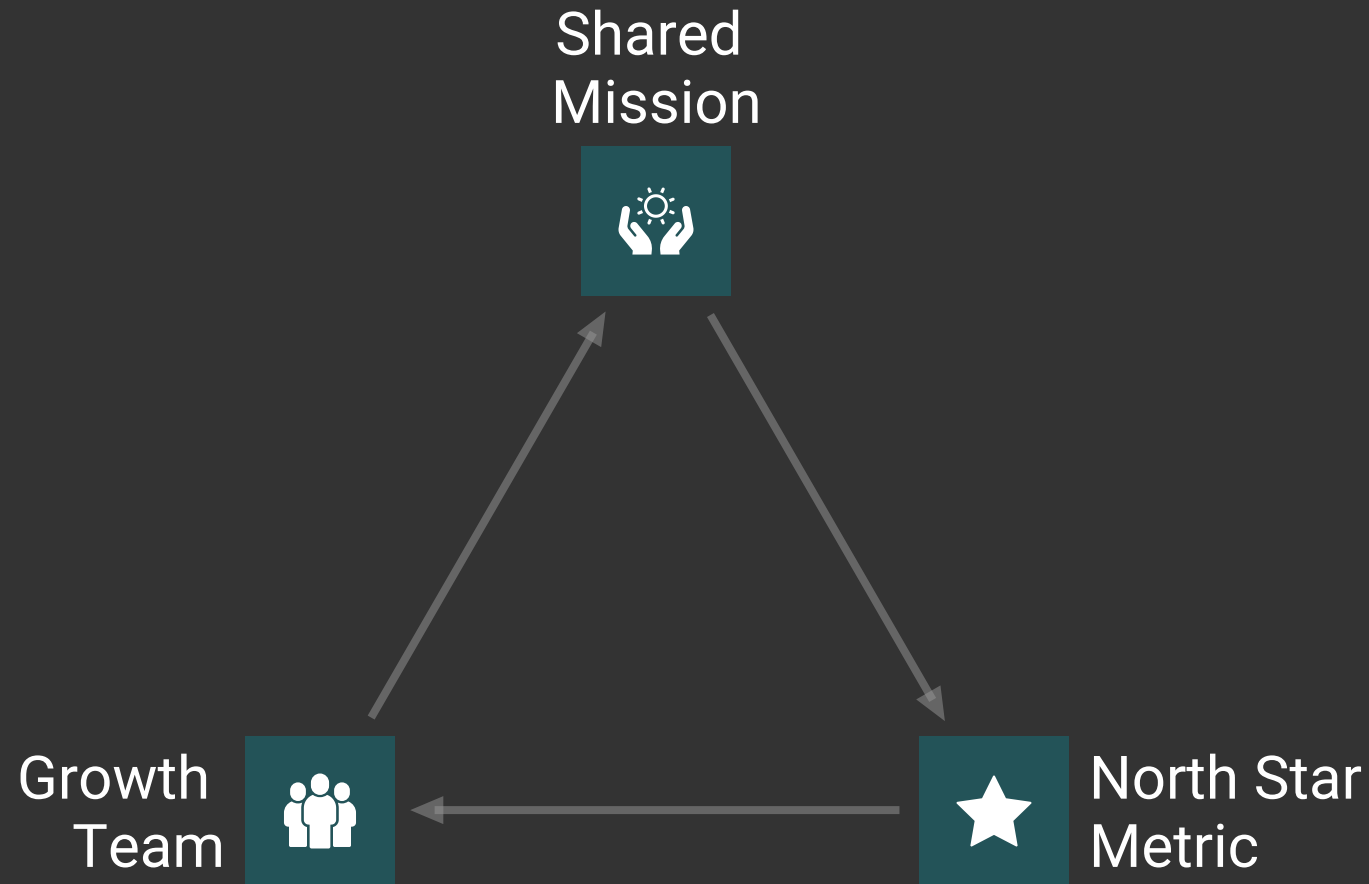
Take a Break for Day-to-Day Execution
Workshop to Realign Team

Keys to Cross Functional Growth Success

Shared Mission

Growth Team

North Star Metric

Start with Shared Mission

Facebook's Mission: "Bring the World Closer Together"

- *"Zuckerberg is mind numbingly efficient about slipping the statement into everyday conversation"*

Shared Understanding of How Company Grows

- **Agree** on North Star Metric

- **Agree** on value delivery engine

- **Agree** that everything can be improved

- **Agree** on test/learn process

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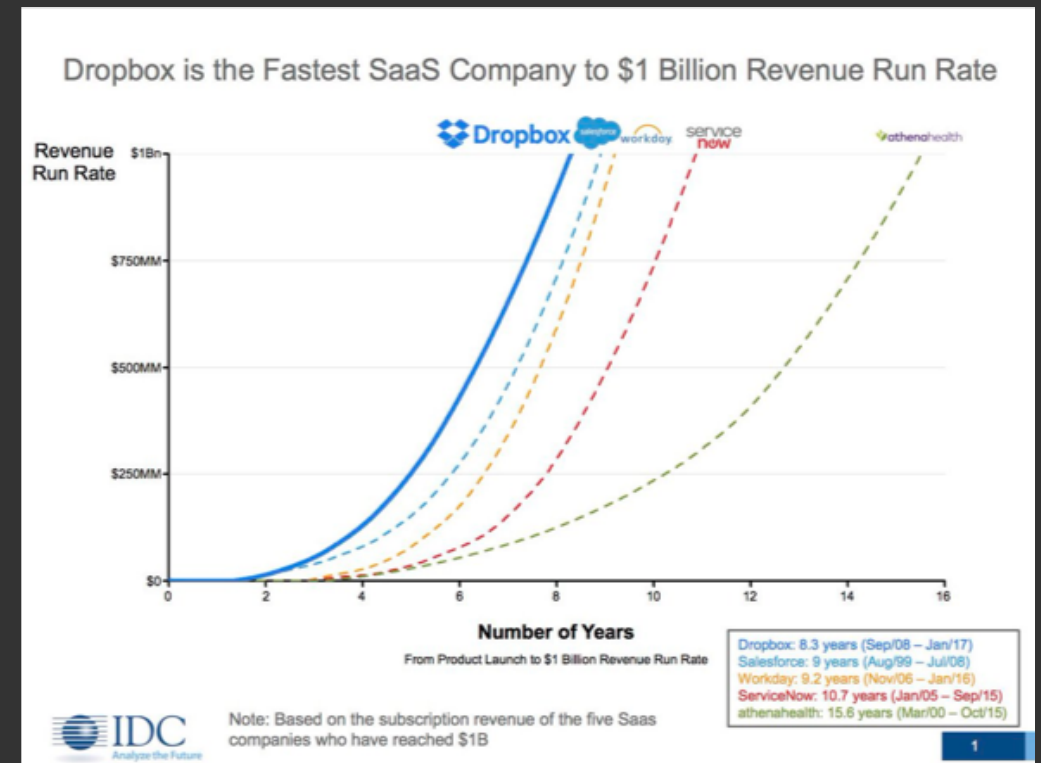
Building Growth Culture at Dropbox
Key Lesson - Wins Drive Buy In

Goal: Culture/habit of growth

Early steps to growth habit

- Determined North Star Metric
- Understood growth engine
- Scripted first 10 tests
- CEO pushed team to run tests
- Wins drove full team buy in to testing

Result: Fastest SaaS to $1B

The Breakout Growth Pyramid

Get Culture

Level 5: **Mobilize company-wide growth mindset, habits and culture**

Align to Expand Testing

Level 4: **Align company to NSM, inform of testing need & value delivery engine**

Execute Growth Process

Level 3: **Execute growth process with growth team to drive test/learn**

Understand & Quantify Core Value

Level 2: **Instrumentation, define NSM, document value delivery**

Product/Market Fit

Level 1: **Validate product/market fit to sustain growth**

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Thank You - Other Questions?
Connect with me at SeanEllis.Me

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