

URL: <https://stvp.stanford.edu/clips/creating-a-culture-of-scrappiness>

Deb Liu, CEO of Ancestry, shares four practices that develop a culture of scrappiness: falling in love with the problem; focusing on learning; shipping, testing, and gathering data quickly; and constantly questioning assumptions. She explains how these practices helped her when she created Facebook Marketplace and started as CEO at Ancestry.



## Transcript

- So when I talk about scrappiness, 00:00:04,800 I'm not talking about something that people come in with.. It's not like, you know, this person has a scrappy gene.. You know, we do genetics at Ancestry.. There isn't a gene for scrappiness.. However, scrappiness is a culture.. It's the process you set.. It's the things that you reward.. Is what you teach every single day.. And so one of the things that is important is a lot of times organizations or teams, they fall in love with the solution.. We have to do X, but why? What is the Y? The answer is not, hey, we need to make money..

The answer isn't, we need to, you know, we need to ship this product.. The answer is what is the customer problem? The need that you're solving, falling in love with the problem means that even if you don't have the solution at the start, you're believing, you're persisting, you're trying new things.. And so with Marketplace, I ended up, the rest of that story is five years in, I finally got the green light to start working on it.. And we believed that there was a place, I could see people buying and selling things because I was a mom was one of the few moms at the company.. In fact, I was the only mom PM for many years at the company.. And I was buying and selling all sorts of stuff on the site, and everyone else didn't have any idea what I was talking about.. And we worked on the product for two years, and it was failing.. It was failing badly.. We could not get product market fit.. And I remember the day we went live with the Marketplace tab, the headline in the New York Times was something like, guns, drugs, and baby hedgehogs..

The story of a marketplace gone wrong.. And that's how those, that was the auspicious day we launched.. And two years later, we still hadn't to really hit the level of product market fit we wanted.. And it was a small team and we couldn't figure out what we were doing wrong, but we persisted.. We knew that this was a problem we could solve, but we just kept testing and testing and testing.. And that's one of the things is, you know, how much time do you give something and how fast you iterate and how fast you learn is such a part of the actual product.. And four years in, I actually wrote an article and the quote I put in there was, it was the four year overnight success, because suddenly it became successful one day, kind of year three and everyone's like, well, that was really obvious.. Of course, everyone wants to do this and today over a billion people use Facebook Marketplace.. But it wasn't obvious to everyone all along.. And part of that was because we had to test to get it right..

And a lot of companies you think are overnight successes are actually, you read about their origin stories, the slog that

they went through.. It was a lot of people believing and working and testing to get it right.. The next thing is building an organization that wants to learn.. When I joined Ancestry is an incredible company.. It had been around, actually, we just celebrated our 40th anniversary.. And learning to learn was something that I wanted to build.. Product led growth was something I wanted to build when I first got there.. So I built a growth team and that was great, except that I realized that we didn't have a product based AB testing and holdout system.. And so we couldn't tell when we were testing things, how we were actually gonna be able to deliver these products.. Is that accretive to customers? Are people using it more or less? And so we had to get all the pieces in place and then we needed, we put a growth team in place..

But rather than saying, okay, you need to make a certain amount of money, or you need to win a certain number of things, we said, how fast can you get tests out the door? The first metric was not about winning, it was about learning to learn.. And then it was about learning to win.. Because a team that actually delivers 20 products and has a 3% win rate, 20 tests and a 3% win rate is gonna exceed a team that's a hundred percent win rate at five tests every single time.. And you can move up the 30% to 50% over time, you can get better.. And you're also learning from all the failures at the same time.. The other thing is, you know, you read these great pitch decks before people build products, the course.. And you know, I've read a lot of the early decks for some of the products that I've worked on again, and you realize that no product strategy, actually just like battle plans meets the enemy, wins a meet with the enemy.. Because once you get out there, your customers tell you something completely different than you started with.. And so we call it, we say shipping is data and data wins arguments.. And so shipping faster, pushing yourself, that's super important..

We actually worked on a product called mobile app install ads.. And you know, we was a small team.. We were asked to work on mobile monetization for Facebook.. We were assigned to this project and we didn't know ads, we didn't know monetization.. And the team that put together, we actually started building with three engineers, myself and a borrowed data scientist.. And in three months we figured out the ideas we wanted test and we went to market in three months after that.. And it just didn't work.. It was failing.. But we knew once we shipped that we were within one order of magnitude of where we went to go.. Our goal was a \$2 cost per install, and we started at \$20..

So it is absolutely possible if we started at 200, we thought it was DOA.. So we needed to get out there and actually test, and we tested faster and learned faster.. And that's really important because here's the thing, success is actually failing fast or succeeding fast.. The long slog of opportunity cost is actually what's gonna cost you the most in the long term.. And so what we did was we built and we pruned, we built and we pruned and we built and we grew.. And that was it.. And that team over time, actually, we reached a billion dollar business within in record time.. And it was the first direct response ad product at Facebook.. And finally we had on that same team, a cat was our mascot.. And we had this hashtag called No Sacred Cats, which is constantly questioning your assumptions..

What happened with that product over time was we ended up, the original team actually led a lot of other products over time and so that was within our portfolio.. And every new team that came in, new people that came in, they would question the assumptions, they would retest things that we failed at, they would continuously iterate.. And one thing I did when I got to Ancestry was to do the same thing.. I asked the team to put together a fresh look list, which is what did we fail at? What decisions did we make that were institutional memories? What are the things that were verboten And what are the things that we wanted to change? And so with that, we actually keep a list and we say no, yes or not now.. And if it's no, we put it on the on ice.. If we say yes, we put it back on the roadmap and then the not now we actually have a revisit date because here's the thing, so many things, it's because, you know, once bit and twice burned, you just don't go back and revisit.. But sometimes it's not the right time or the right team or the right environment, or maybe it's just something else has changed and you need to kind of figure that out.. And so constantly forcing yourself to take another look and another look is really critical.. And so as you plant your seeds in your good soil, reminder of this is scrappiness is about testing and learning.. It's not just about moving fast and breaking things..

It's really about a culture where you don't, you forgive failure, you learn from mistakes.. You are actually building a system, a learning machine.. And that learning machine gets you closer and closer to what you wanna achieve every single day.. That you're building a culture where it's okay to fail and it's okay to succeed.. And we celebrate everything that we gather as an organization.. And one of the things that I hope that you'll take with you from this talk is that, you know, not everything has to be an overnight.. Not everything has to be a win at the start, but it's the ability to iterate and to learn and to grow that is the difference between success and failure in the long term...