

URL: <https://stvp.stanford.edu/clips/great-product-isnt-enough>

Adam Pisoni, founder and CEO of Abl Schools, breaks down the mistakes that many startups make by focusing too much on perfecting their product. He advises entrepreneurs to create a value hypothesis to determine when you've met the minimum bar for product. Creating this bar, he says, allows your organization to move on to other critical issues like distribution and customer acquisition.



Transcript

- People think success or failure is on the idea of the product.. I shouldn't name this company but one of the competitors of Yammer, which launched at the same time, was this other founder.. It was a direct competitor, we did the same thing, we marketed the same way, and this founder was a really good product person and really believed in value and product and product features and just invested heavily there to improve the product, to make it better, made a great product.. We crushed them.. We crushed them because it turned out just great product isn't enough, you know.. It's also about distribution and friction of value and all these other things.. And so, we said, okay, we need to build the value hypothesis to answer that question to a minimum bar.. And then we gotta go to other things.. Now we're gonna invest in distribution and customer acquisition and monetization and so on.. And so, this huge mistake people make is going into diminishing returns..

It's saying, oh, I'm not getting enough users.. I'm just gonna keep making the product better.. That's not how this works.. You're not getting enough users? Figure out why that is.. Don't rabbit hole on particular hypotheses.. Make the list of questions and the moment you have even a poor answer for one of them, move on to the next one.. 'Cause you've gotta get through all of them.. You can have an amazing product.. You can answer 2/3 of the questions and still fail.. Decide the priority of those questions you need to answer..

How easy or hard are they to answer? How critical is it to know the answer? You know, what is an acceptable answer or you'll give up the product? That's the kind of, sort of strategy behind companies that I think are important to develop...