URL: https://stvp.stanford.edu/clips/product-culture-connections-cody-coleman-coactive-ai

Cody Coleman, co-founder and CEO of Coactive AI, observed that a company's team and culture need to evolve along with its product-market fit. During the proof of value stage, a small and technical team can iterate quickly. During the proof of market stage, a bigger team can support your customers.

Transcript

- One thing that you'll probably hear a lot 00:00:04,230 in terms of entrepreneurship and starting a company is this notion of product market fit.. And product market fit, you know, people talk about a lot and things like that and it always felt very nebulous to me.. But I remember I had a great conversation with Alex, kind of about product market fit, where you define kind of two stages.. One, the first stage of product market fit is the proof of value stage.. This is actually going and like building something that someone in the world like a few people, a few organizations in the world actually want, you know, that they're actually willing to pay you for if the thing actually works out.. And at that stage of the company, you wanna keep the team small and very technical so that you can actually iterate and adapt the product very, very quickly based off of feedback.. So you know, the team at that kind of stage, that first half of product market fit, you wanna keep it small, very kind of technical.. So you know, somewhere around like three or four engineers and a team of, you know, six or seven overall.. Once you have those kind of initial wins and you go out of this kind of proof of value phase, you have those first people that are like, "Yes, we will buy this product," you know, things change.. And because things changed, we also changed our culture..

You know, we thought about and we updated it, we made it shorter and things like that.. And then we moved on to the second phase of proof of market.. So this is now actually saying you've proved value kind of once or twice, now let's actually see if there's a market there.. And here you start to develop, you know, kind of initial sales team and a slightly large engineering team to actually be able to support the customers that you have on the platform.. So again, it's very heavily weighted towards engineering, but what you'll see is that we hire our first salespeople, we hire our first account executive, our first customer success or customer operations person, and our first solutions engineer to be able to actually support customers and to be able to actually test the market, and figure out what is the sales playbook.. And actually figure out kind of what is that repeatable motion and iterate towards that.. Now that we have a product that drives value, we gotta figure out how do we actually sell it and how do we get it to the market? And that's that second phase of product market fit where again, you, you'll expand your team.. You don't wanna get too big because once you say you have product market fit and you go into the scaling phase, there's kind of no going back and it's really hard to move the team.. So right now we're at, you know, about 16, 17 full-time people, which is a really, really good, good size.. And then we can augment it with having contractors and consultants to support us..

And then once again, you know, our culture has adapted and evolved from that.. You know, now we're thinking about how do we actually make magic for our customers? And being more customer focused.. And then also as we grow the team, continuing to embrace differences as we create a more diverse and inclusive environment.. And again, constantly iterating on our culture as we also iterate on the product and the company as well...