



Why Having a Structured Growth Process is Crucial to Success

by Dennis Hammer

Like all startups, you want growth. You've probably browsed dozens of articles like "42 Hacks to Grow Your Startup" or "18 Unique Ways to Acquire More SaaS Customers."

Before you start experimenting with growth tactics, however, you need a process to manage your work. Otherwise you could waste a lot of time and money.

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What's a Growth Process?

A growth process is a framework for generating and testing ideas, managing limited resources, balancing competing goals, and iterating everything you do to grow your startup.. There are no “sure things” for startups, so you’ll need to experiment to figure out things that should work but don’t—like why Facebook ads don’t work for you and what you should be doing instead.

“Think of it as the operating system for your team,” [says Brian Balfour](#), startup thought leader, entrepreneur and angel investor. “[It’s] a set of frameworks that help the team make decisions, solve problems, evaluate performance, and improve—without you, as the manager, even being in the room.”

Your growth process integrates with several functions of your business—marketing, sales, support, customer success, and even product development. It helps you scale all of these functions and maximize your team’s impact.

The growth process is so important, in fact, that you should define it *before* you worry about the team of people who will implement it and the tactics they’ll use. The only things more foundational than the process are your company’s principles and values. Here’s a chart ([from Brian Balfour](#)):



Notice how tactics sit at the top of that pyramid. That’s because they’re the least important part of your growth plan.

Yet everyone starts with tactics like “We’ll do all of our sales through Facebook ads!”

Let’s slow our roll for a minute. Before we decide *what we’ll do* (the tactics), we need to establish *how we’ll do it* (the process).

5 Goals of a Growth Process

Your growth process has five main goals:

1. **Facilitate Learning**—The process should help you learn about your customer, the market, and even your own product as often (and honestly) as possible. One of the biggest mistakes we see startups make is being too slow to adjust the product to how people actually behave. Many founders underestimate how different real-world users turn out to be from the perfect vision.
2. **Create Autonomy**—A well-defined process gives your team freedom to work on whatever they want to achieve your goals. This means they’ll choose areas where they can create the most impact for the startup.
3. **Establish Accountability**—An autonomous team doesn’t have to be right all the time, but a process creates an expectation of improvement.
4. **Build Momentum**—With a process, failures aren’t dead ends. They’re steps on the way to success. A strong process causes faster more reliable wins, which hastens growth.
5. **Determine Tactics**—Your process should help you decide *how* to grow your customer base.

That last goal is important. Many startups confuse their growth process with individual tactics. Tactics (or strategies, or hacks, or whatever buzzword we’re using these days) are *born of your process*. They’re the *result* of the process, not the origin of it.

When Paid Ads Don’t Work

A great example of a company mistakenly putting tactics before process is Dropbox. We all think that we can simply buy customers, right?

In 2009, [Dropbox hired a marketing firm and ran a hefty AdWords campaign](#) because paid ads work well in many cases. After a few months, they discovered they were spending nearly \$300 to acquire a customer... for a \$99 product. Their user base grew, but at an enormous cost.

Here’s what Dropbox learned from spending all that money:

Experiments failing left and right

- **Problem: Most obvious keywords bidded way up**
 - Probably by other venture-backed startups
- **Problem: Long tail had little volume**
- **Problem: Hiding free option was shady, confusing, buggy**
- **Affiliate program, display ads, etc sucked too**
- **Economics totally broken**

This forced them to step back and truly examine their users—which is when they learned something interesting.

“Nobody wakes up in the morning wishing they didn’t have to carry a USB drive, email themselves, etc.,” [says Drew Houston](#), Dropbox’s founder and CEO. “Similar things [like Dropbox] existed, but people weren’t actively looking for what we were making.”

The typical user learns about Dropbox from a friend, has an “I didn’t know I needed this” moment, and then excitedly tells *their* friends. Essentially, their best customers came through word-of-mouth.

This realization spawned their [referral program](#) that famously captured four million users in 15 months ([Read more about their program here](#). It’s elegantly simple, just like the rest of Dropbox).

That isn’t to say Dropbox *definitely* lacked a growth process at the time, but it certainly seems like their plan was to just do whatever everyone else was doing. Since their original tactic (paid ads) didn’t align well with their customer, it’s safe to assume they didn’t have a system of generating ideas and solving problems before diving into tactics. It was only after they spent a bunch of money on a #fail that they were forced to go back to the drawing board.

Structuring Your Growth Process

Your growth process needs a defined, dependable, and repeatable structure that’s consistent throughout your startup. You need the same format for every meeting and experiment, the same

goals measured every week / two weeks, and the same methods of analyzing and interpreting data.

Structure doesn't mean succeeding at everything. In fact, you can expect to fail most of the time. That's part of what makes starting companies so hard.

What structure does mean is establishing rules to track your progress scientifically so you can push forward inch by inch and unequivocally say "This thing worked" or "This thing didn't."

That's a bit abstract, so let's use an example of something you already know.

As a small team, you lack the resources to do *everything* you want with your product right now. You need your product team (which might just be one person) to prioritize and work on whatever creates the biggest impact.

So you probably use a software development methodology like [Scrum](#) to organize tasks. The [product owner](#) takes ideas and recommendations from customers, management, and engineers and charts a development path. The framework lets them iterate faster toward a better product. In fact, adding a product owner often increases development speed vs. hiring another engineer—even in small teams.

This structured approach to development is just one part of your growth process. It's a defined system that creates the most value as quickly as possible (after all, the best marketing is a great product).

Building a Growth Process

Let's go over the basic steps of creating your own growth process. Keep in mind that this will be unique to your organization, so we can't tell you exactly what system to put in place—but this is a start.

Step 1: Start with Goals

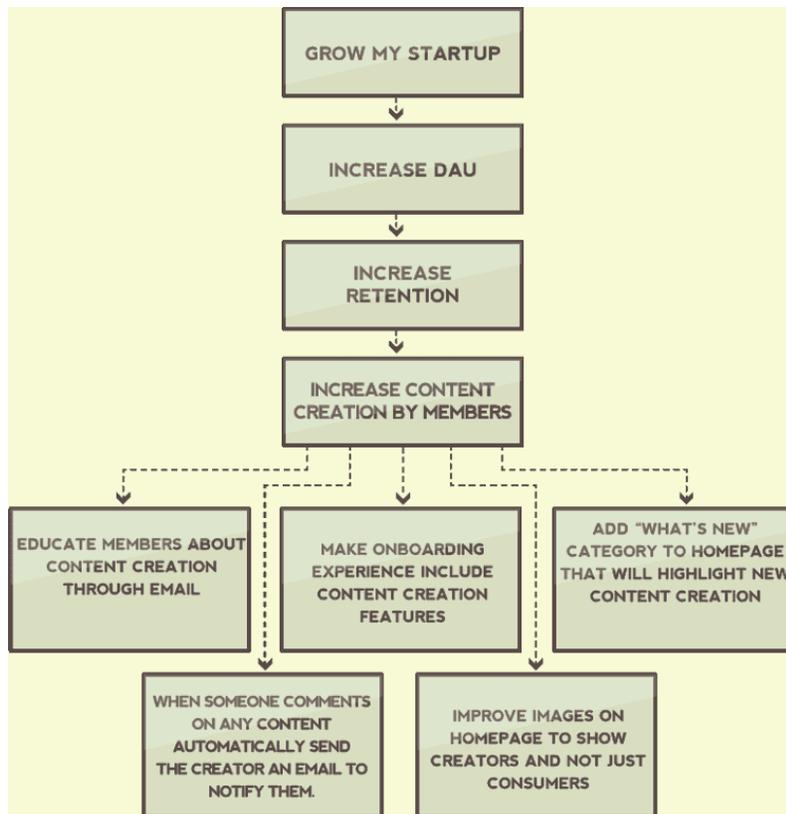
Obviously you want more users, but that's actually too vague.

Be sure that everyone is on the same page with your metrics so your goals are clear. For instance, if you told your marketing team to "Get more users," there might be confusion. Does that mean signing up *new* users? If so, your team might run paid ads to capture new people.

But if you meant you want more *active* users, your team might tweak the onboarding process so that existing customers use the product more.

Clarity is important!

This [flowchart from Quicksprout](#) shows you how to drill down to an actionable goal. The startup in this example thinks they can increase the number of active users by convincing them to create more content:



Source: [Quicksprout.com](https://www.quicksprout.com)

Step 2. Generate Ideas

Next, generate ways to meet the goal. Do this as a team to get multiple opinions in the room. Don't fear outlandish or crazy ideas. It's better to put everything on the table.

You'll get best results when you gather as many ideas—no matter how wild—from as many different people as possible, and then narrow them down to a few favorites.

Step 3. Prioritize Your Ideas

Your next step is to prioritize where you'll invest time and money to experiment. For each idea, ask yourself these questions:

- **Impact**—How much value could the test provide? (Keep in mind that you should be able to learn something valuable even when you fail)
- **Confidence**—What is the likelihood it'll work?
- **Ease**—What resources will the idea require?

This is called the ICE framework (Impact, Confidence, Ease) and you can learn more about it [here](#). Score each proposal from 1 to 5 in each of the three categories. Prioritize the ones with the highest ICE score.

Step 4. Run Measurable, Time-Bound Experiments

Start every experiment by creating a disprovable hypothesis for your idea (without getting too deep in the weeds, you can't every actually prove anything—read more about running good experiments [here](#)). For instance, you might say, “If successful, forcing new users to use Feature X will increase conversion to a paid tier by 10% within two weeks, because people are more likely to buy once they've tried the feature.”

It helps to create rules for your experiments so everyone performs them the same way. For instance, you might require a control group for every experiment, a two-week testing period, or a [minimum viable test](#) before the real experiment.

Figure out in advance how you'll measure your results, and test in advance to make sure that your measurement system is working properly. There's nothing worse than wasting two weeks running an experiment that turns out to be useless.

Step 5. Analyze Results

Scrutinize the results of your experiment to uncover its accuracy and impact, while making sure you understand cause and effect. It's especially important to ask yourself *why* the results look the way they do. If you can't explain the results reasonably, you might need to conduct a new experiment.

It's useful to involve multiple people in the analysis. When you're deep in an experiment or tactic, our natural confirmation bias makes it easy to see what we expect. Have someone else review your data and findings to verify your conclusions.

Finally, remember that data tells you what but it doesn't tell you why. You may need to go talk to some customers in person to get inside their heads vs. guessing and running another experiment. Just a few real-world conversations can often save you months of experimentation.

Step 6. Implement Tactics

If you feel like the results are promising, it's time to double-down. Do more of what's working and see what happens. Remember to structure this like an experiment too, because sometimes things fail when you try to go big.

As you see it working, you'll want to systematize your learning into a repeatable tactic and delegate tasks to the right people.

Follow the Process

If you skip the growth process and instead assume that what “everyone else is doing” will work for you, you’re likely to end up wasting time and money like Dropbox. Unfortunately, we see this all the time. Just because something works for other companies doesn’t mean it will lead to actual growth for you.

Follow the growth process to gather the data you need to identify tactics built on reason and learning, prioritized by value, and vetted for effectiveness.

Your process helps you create your own tools—the *perfect* tools—to grow your startup.

Want to take your startup to the next level and 10x your growth? [Learn more about how our community of company builders can help.](#)