



## Stanford eCorner

### Harnessing the Power of Early Adopters

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After a very hi-profile startup failure, author Eric Ries and other co-founders launched a second startup product in just six months - with technically hazardous results. Rather than investing the resources necessary to craft quality software, they decided to switch tactics and release a buggy version quickly to determine if the product could find a market. Ries found that early adopters - often more visionary than the company founders - were a huge asset in streamlining product development. Working with them from the very early stages allowed for a better-engineered product and broader mainstream market success. Ries offers suggestion on how to find these initial users; often through search engine marketing and Google AdWords, StumbleUpon campaigns, and creative Facebook ads.



#### Transcript

I want you to go back in time with me to 2004. My co-founders and I had just - we're kind of refugees from startup number one. And we just had this very embarrassing failure way in the public. We'd wasted a lot of money and there are people in this room whose money we set on fire. I'm sorry. So we thought, all right, we did everything right by Silicon Valley standards and we were praised and we were in this hot startup and everything was supposed to go fine and we got humiliated. So we thought, well, for God's sake let's just try to make new mistakes this time. Because what's the worst that can happen? I mean, seriously. Startup number one is about as bad as it gets. And so we built a new plan for IMVU, and I'll tell you a couple of its key components.

The first is that we ship this product in six months. So I'm talking about the full, 3D, instant messaging, social networking, virtual currency, user-generated content, blogging, photo galleries, the works - in six months. I can see the smiles if people in the engineering department. I can always tell because they're doing the math. We call it the 'scope math' in engineering, right? OK, wait a minute. The budget was fixed, six months, and we didn't have any money. We were brand new startup, and you built all those features so something had to give. And I wanted to be super clear about this--this product sucked. OK, I was the VP of engineering; I was horribly embarrassed to show this to customers. But we were determined that this time we we're going to find out whether anybody wanted to use this product.

And I admit, we were really a bit nervous. We brought this crappy product under our own name. Any journalist who wanted to could have gone to the website and they could have written an article about idiots from startup number one, you know, foolishly don't know what quality software means. And we were worrying customers would try it and then they would see that it was terrible and they would tell their friends and we ruined our brand. I mean, we have these phobias but we needn't have worried because nobody used it because nobody cared. Those of you who actually shipped a product online know that you

don't just put it out there and all of the sudden everybody starts using it. In fact, we did such a bad job in marketing the product that nobody ever discovered how bad it was. Well, not exactly nobody. See the thing is, we charged money for that product, which I know is a bad idea, right? It's a horribly buggy product that would crash your computer and we're charging money for it. But it's not that absolutely nobody would buy that product.

Actually we had certain people who were willing to pay us money for a product that basically didn't do anything. And you're going to ask, who are those people and what's wrong with them? That's a true early adapter. Those are people who were buying from us, not the product that has existed at that time, but the vision of the product that we thought it would be. And startup founders don't always like to hear this, but visionary customers are often smarter and more visionary than the founders of the companies that serve them. And so by being in constant dialogue with them, from almost day one of our company's life, we were able to learn a lot of important lessons about what the product needed to become in order to eventually achieve mainstream success. Here, we're talking about getting users for a very different purpose. We don't want to get as many users as possible. And guess what? We don't have to worry about getting the right kind of users -- not a problem. The only customers who will talk to you at all if you're in a startup are early adopters by definition. So you don't need to worry about like, if someone is willing to talk to you, don't be like, "Well, they're not the right users." The fact that they're willing to waste their time talking to a startup means they're probably an early adopter of something.

So the specific tactics of how you get those users really depends on specific industries. I'm a big believer in search engine marketing that has really democratized access to new customers. You know, Google Adwords is a great product for doing that. I've also had heard stories of people having really good luck with very cheap campaigns on Stumbleupon, which allows you to buy clicks very expensively. There are some people who are using Facebook ads to be able to target specific kinds of users. And one thing that I have heard a really interesting story about is, you have a product that's designed to compete with some other product, and you create a Facebook ad that just says that other product sucks. That's the name of the ad. Who clicks on that product? The people who are frustrated with the status quo and then that gives you an opportunity to talk to those people so that's the kind of technique you need to use to get to those early customers. Yes?