



## Stanford eCorner

### Out-Teach Your Competition

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January 20, 2010

Video URL: <http://ecorner.stanford.edu/videos/2361/Out-Teach-Your-Competition>

A startup, David Heinemeier Hansson argues, will never have the resources to outspend a Google or a Microsoft in promoting itself. Instead, his own company 37signals tries to out-teach. "We're trying to build an audience; we're not just trying to have customers." Through blogs, lectures, seminars and other teachable moments, he explains that 37signals has created a following of the company that may not use the product today. But at some point, these people will either buy our product or recommend it to someone who will. In the end, all sustainable businesses are built by word of mouth.



#### Transcript

And the fact is, that when you're starting out, and again, the assumption here, you're working for your own money, you cannot outspend. You can't outspend a development. You can't outspend on marketing either. The only way we know of how to do this is Kathy Sierra which is somebody you always should get familiar with. She wrote a wonderful blog called Creating Passionate Users. She's on Twitter, look her up. She has this wonderful saying of you can either outspend or you can out-teach. We're trying to out-teach because that's what we can do with our resources. We can share the inner workings of how the company runs, how we're building our products, what technology we're using, and we can use all of these things to build an audience. And that's I think a key part of the success of the company is that we're trying to build an audience.

We're not just trying to have customers. We're not just trying to push something on people: "Buy this product. Buy this product. Buy this product." We're trying to build an audience that might not need our product today. We have plenty of readers of our weblog or users of Ruby on Rails that doesn't pay us a dime today. At some point, these people will either need it themselves or they will recommend it to other people. I think all sustainable businesses are built by word-of-mouth, in the end. And the way to get to great word-of-mouth is, you can try the outspend approach on marketing and that might work for some. It's very expensive. It's not going to work without the VC capital and that has its own time-bomb issues.

So, what can work for you is to try to out-teach. And this is one of those things where it's just not about money. It's just about sharing what it is that you're doing, being a good writer, getting people interested and impassioned about what's going on. And people constantly saying, "Well, I'm working in some other business that's not interesting." Bull. Every business is interesting. There's always somebody who cares. There's always somebody who cares about your niche. If you said, "Who's going to care about how HTML or CSS looks like?" Well, that sounds like a stupid question but there's plenty of people who do. Plenty of people who care.