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BetterUp CEO Alexi Robichaux jokes that the company's initial business model led to "the worst app ever built." Humbled by that mistake, he and co-founder Eddie Medina pivoted BetterUp by returning to their original gut instinct: connecting professional coaches directly to consumers. That decision, in turn, led to another major insight. By pursuing an enterprise model rather than a consumer model, they found, they could make the product work better for everyone.



Transcript

This is what all businesses are ultimately about.. So for us, the pivots came early, right? So I shared this idea of putting a coach in the phone.. Eddie and I made a huge mistake, and I'll take credit for it.. We thought our way out of that idea.. So that's the business now, but for a year and a half, Toby, we pivoted into what looked like, in Excel, a better business model with better margins, because putting a coach on a phone does not sound like a very lucrative business at all.. It turns out, we were wrong.. But at the time, we were like, "Your margins can't be 90%.. "We better do a broad-based consumer play "and upsell you into it." So we built what I joke with our employees is maybe the worst app ever built.. It was Duolingo for life skills, and it was terribly un-engaging.. And the first, (Alexi laughs) this was from Eddie's MBA, the first module was conflict negotiation..

So you literally could do Duolingo for BATNA.. It would be like, "What is my BATNA," drag and drop.. No one used it.. We didn't like it.. No one liked it.. But in Excel, it looked like an amazing business.. So we actually pivoted out of that when we ran out of our kind of initial capital that we had put in the business ourselves, and we're like, "We have nothing.. "Oh my gosh, our whole business just fell apart." 18 months, I had pitched like, 70 VCs, got no yes's.. They were smart enough not to invest in that, and then it was like, "What can we do? "I guess maybe we should go back to this one crazy idea "I had a year and a half ago "and just put coaches on Google Hangouts "and see if people will text message them and talk to them." We were using Asana to do the homework at the time.. We couldn't even code the thing..

And so, I hadn't touched code in a decade at that point, and I was like, "I can fire up PHP, but man, "I think this is just gonna be faster "to string a bunch of stuff together "and have Ryan build a landing page." And so then we were doing direct to prosumer, I would say, it was called.. So the first pivot was out of an Excel model into really our gut was what we wanted, and that's a good first heuristic.. If you don't have a strong sense of what the market wants, do you even wanna use this, and if you don't, chances are, your friends don't.. Then what we found from our users, one of the first early insights was we did user interviews.. We only had like, 25 users in the first couple weeks.. We do these interviews, and we found that these people were going to their office, using their BetterUp coach at lunch in their car in the parking lot.. And we were like, "Why? "Why don't you just do it at your desk, "or book a conference room?" They're like, and I still remember this line in our data.. It was like, "Well, it feels like I'm cheating." And in the interview, he's like, "What does that mean? "Why are you cheating?" It's like, "My manager doesn't know I have "this superpower behind me called my coach," coach name there, "propping me up, helping me.. "And I just feel like if they did, "they may think I'm not good at my job." And we were just like, "Whoa, they would never.. "I've been an executive..

"I never would have thought that." So Ryan and Eddie and I had to eat a lot of crow, and we were like, "Is this the world's first business," I joked, "where the user experience gets better "by going enterprise instead of worse? "Like, maybe it would be free for people "if their employer paid, "and their employer would sanction it.. "Whoa, how could that be?" So it was like, an existential crisis for Ryan and I.. We're like, "No, no, no.. "We said we'd never be enterprise, thou shalt not.. "We can't do it." So we basically just had to go through a list of what has to be true for us to do it..