

Twitter Thread by Barrett O'Neill



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The best startups test new ideas rapidly and inexpensively.

Over-commitment to a losing idea can be devastating.

A tactical approach to finding winners: ■

With limited financial & human capital, ideation and testing require efficiency.

Startups don't have unlimited resources to waste pursuing ideas that aren't winners.

Don't launch products or features without some certainties.

(Or strong supporting data)

But how?

Ask the market its opinion BEFORE creating.

Most founders falsely assume products need to be created, then demand tested.

Knowing speed is everything, the best startups reverse this process:

Test, then create.

■■ ■■ ■■ ■■

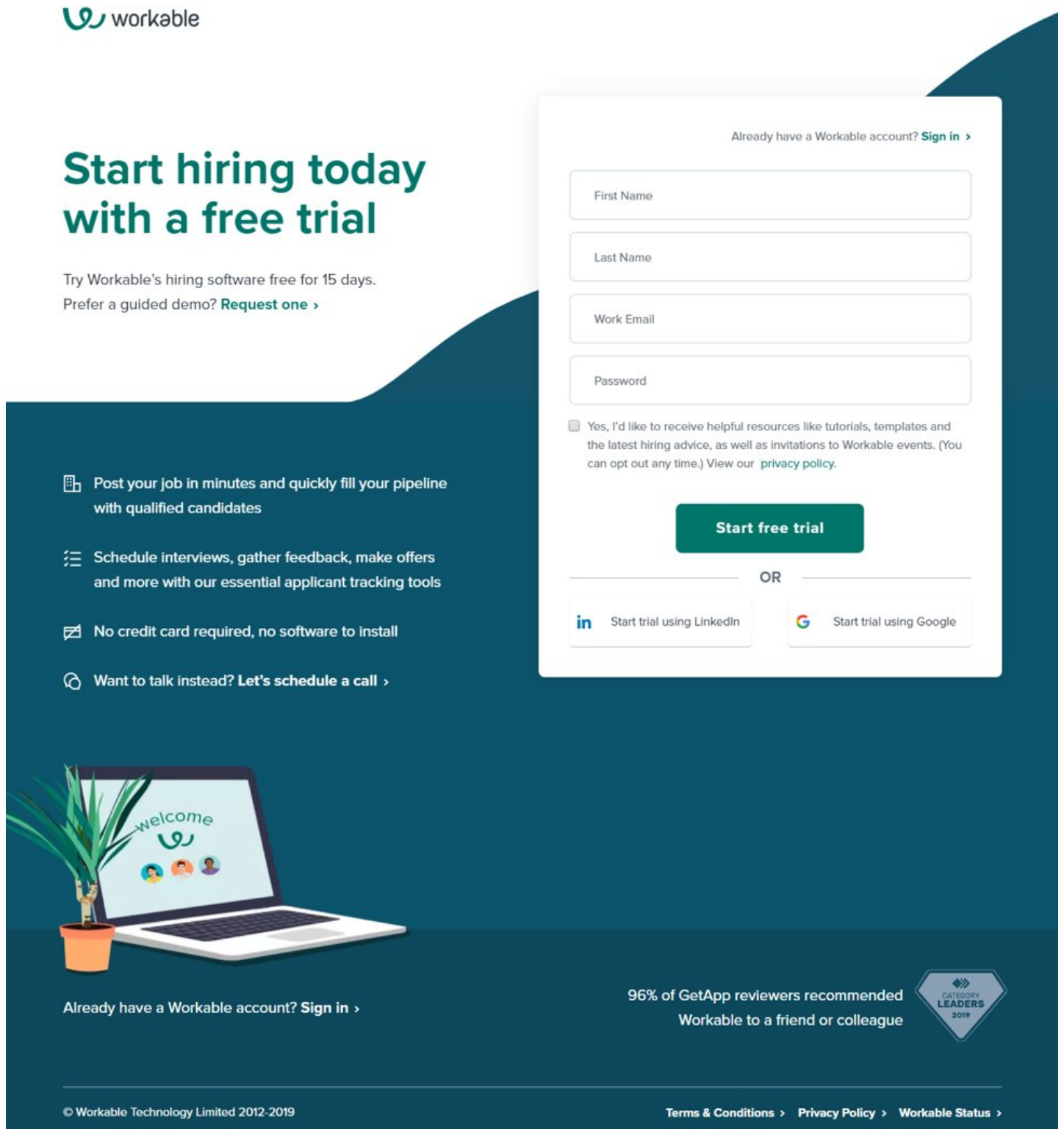
1. Landing page

When an idea is deemed worthy of testing:

Use WordPress, Webflow, or Carrd to mock up a landing page for the idea.

This should take 1 day, and insinuate the product is ready or will soon be ready for purchase.

It's not disingenuous, it's market research.



The image shows a landing page for Workable, a hiring software. The page has a dark teal background with white and light teal text and elements. At the top left is the Workable logo. The main headline is 'Start hiring today with a free trial' in large, bold, white text. Below it, a sub-headline says 'Try Workable's hiring software free for 15 days. Prefer a guided demo? [Request one >](#)'. On the left side, there are four bullet points with icons: 'Post your job in minutes and quickly fill your pipeline with qualified candidates', 'Schedule interviews, gather feedback, make offers and more with our essential applicant tracking tools', 'No credit card required, no software to install', and 'Want to talk instead? [Let's schedule a call >](#)'. At the bottom left, there is an illustration of a laptop with a 'welcome' message and three user avatars on the screen, next to a potted plant. On the right side, there is a white sign-in and registration form. The form includes a link 'Already have a Workable account? [Sign in >](#)' at the top. Below it are four input fields: 'First Name', 'Last Name', 'Work Email', and 'Password'. A checkbox with the text 'Yes, I'd like to receive helpful resources like tutorials, templates and the latest hiring advice, as well as invitations to Workable events. (You can opt out any time.) View our [privacy policy](#).' is located below the password field. A large green button labeled 'Start free trial' is positioned below the checkbox. Below the button, the word 'OR' is centered. At the bottom of the form are two buttons: 'Start trial using LinkedIn' (with the LinkedIn logo) and 'Start trial using Google' (with the Google logo). At the bottom of the page, there is a footer with the copyright notice '© Workable Technology Limited 2012-2019' on the left, and links for 'Terms & Conditions >', 'Privacy Policy >', and 'Workable Status >' on the right. A badge on the right side of the footer reads '96% of GetApp reviewers recommended Workable to a friend or colleague' and 'CATEGORY LEADERS 2019'.

workable

Start hiring today with a free trial

Try Workable's hiring software free for 15 days.
Prefer a guided demo? [Request one >](#)

- Post your job in minutes and quickly fill your pipeline with qualified candidates
- Schedule interviews, gather feedback, make offers and more with our essential applicant tracking tools
- No credit card required, no software to install
- Want to talk instead? [Let's schedule a call >](#)

Already have a Workable account? [Sign in >](#)

First Name

Last Name

Work Email

Password

☐ Yes, I'd like to receive helpful resources like tutorials, templates and the latest hiring advice, as well as invitations to Workable events. (You can opt out any time.) View our [privacy policy](#).

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2. Call to action

With a well-designed landing page, make it conversion-ready with a strong CTA.

The CTA should request the visitor purchase, enroll or sign up.

Once the CTA is clicked/completed, let prospects know that the product/service is "coming soon."

Change your Career. Change your Life.

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To be clear, during this testing phase we are NOT accepting real orders or payment.

Making the offer appear purchase-ready is key to getting accurate conversion data.

3. Drive traffic discreetly

Use paid ads or email list segmentation to target the ideal customer.

It's crucial to get adequate data without widely announcing the test idea.

Social channels and public announcements should be reserved for your winners.

Consistently announcing new products or features that flop hurts brand credibility.

But iterating bad ideas is how to find good ones.

It's a delicate balance to aggregate data, but not attract too much attention until it's a proven winner.

4. Estimate Lifetime Value

Is the product a one-time purchase, consumable, or monthly recurring?

Make an educated guess to determine the total amount a customer will spend over time.

With this data, it's possible to back into the acceptable customer acquisition cost.

5. Customer Acquisition Cost

How much does it cost to get one customer?

Combining traffic cost, conversion rate, and lifetime value, determine the maximum that can be paid to acquire 1 customer.

Assuming there's strong demand, management can then use this data to decide:

Does this idea make financial sense when factoring both marketing & product costs?

With a confirmed winner, aim to push down CAC as low as possible.

Check out my [blog](#) on CAC for more info.

Startups need to cut down the time & cost of testing.

This strategy can be applied to new products, services, or geographies.

Here's how I've used it:

My tech-enabled storage company, OnDemand Storage, is HQ'd in Boston.

We wanted to expand -- Providence, RI seemed like a good option.

In order to get set up we'd need:

- Warehouse space
- 2 trucks
- 3 labor employees
- 2 office employees

About \$300,000.

Investing so much money on a "hunch" didn't seem smart.

Instead, we created landing pages, launched ads, and encouraged prospects to inquire about scheduling jobs.

(We couldn't service these yet).

We committed \$15,000 to ad spend.

It turned out, Providence wasn't a great fit.

We lost the \$15K (which hurt), but compared to \$300K -- it felt like a win.

As a startup, protect time & money at all costs.

Initial ideas are never perfect. Work through iterations without over-commitment.

But once a winner is found, it's time to double down.

If you found this helpful...

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