Twitter Thread by zach sims



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@zsims

For @Codecademy's first 4yrs, we were in the ■ every wk. Those weeks, we made $0. The past 4 years, we've been out of the headlines. Now, we've raised $40m, our first raise in ~4yrs.

How'd we go from the center of the hype cycle to the brink of bankruptcy and back? Read on...

We started @Codecademy in 2011. With software eating the world and few ways to learn to create it, we saw a huge opportunity. In YC, we built Codecademy as "the easiest way to learn to code." We posted it to HN as a Hail Mary before Demo Day and got 200,000 signups in 3 days.

We were off: the press loved it, we were on every 30 Under 30 list, won awards, and more. As a founder, all of this felt great...until we had to raise ■ to stay alive. All the press clippings didn't add up to enough $ to demonstrate we'd built something people would pay for.

With a few months of cash left in 2015, we scrambled to build Codecademy Pro, our first paid product, with new courses and new features for learners.

Going from the center of attention to the brink of bankruptcy was a rude awakening.

We struggled, but hit $1m ARR in ~6 months to raise a successful Series C to keep the company alive.

On the way, we learned an important lesson: hype doesn't pay the bills.

We pledged to do things differently this time: we focused not on vanity metrics, but on real metrics. We stopped tracking press mentions and started tracking how quickly we could get to cash flow positive. It felt impossible, but we made it happen 18 months later. ■

For the past 4 years, we've built Codecademy to be a generational *and* sustainable company. We've built a $50m+ revenue business, controlling our own destiny, all while avoiding the hype we'd built the first four years of the business.

This time, we raised ■ not on hype, but on substance, with a business growing nearly 2x/yr scale, with a growing market and a product that helps millions of learners access economic opp. But we know the truth: fundraising doesn't mean much. Here's what does:

Building a sustainable company: raising money doesn't make you sustainable.

Understanding how to make more than you spend does.

Ignoring the hype: I find this one hard myself. Every day, one of your competitors is in the news or goes viral on Twitter.

Don't pay attention. Your Twitter followers don't pay the bills. If someone *really* wants something you've built, they'll pay you for it.

Most startups die of self-inflicted wounds, not because of their competitors. Keep your head down and focus less on competitors and more on product market fit.

Hire the right people and remember that the user is your customer, and your investors and journalists aren't.

We've learned these lessons @Codecademy, but have tons more to learn. One of the hardest things in startups is to be persistent, but it's easier when what you're building makes the lives of tens of millions of learners better.

Come join us: https://t.co/kI6l3eZsVx

To read more about where @Codecademy is going: https://t.co/xnsHEavlPE