Twitter Thread by Michael Martocci ■ SwagUp



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Deciding what to and when to go all in on an idea is super challenging and there's a lot of bad advice out there

Here's how it went for me and SwagUp

Here we go ■

1/ the first important thing is that SwagUp wasn't the first product/business idea I had worked on

By the time @swaguphq was started I had launched at least 15+ different ideas of varying levels of success growing up

2/ The chances your 1st, 2nd, or even 5th idea/product is going to take off are pretty low

And that's largely because building startups are less about the product and ideas, and more about markets, timing, and execution

3/ So I think the first key lesson is that the number of swings you take early on is as important as the product you choose to work on

This is where you see many "over night successes" that were really the culmination of years of at bats, even for me at 25, I started at 6 :)

4/ Now back to the founding of SwagUp...

Leading up to it, I had known a bit about the industry, needing swag while launching and app in school, eventually selling flags and custom shirts to fraternities on campus in college

5/ Fast forward about 2 years after dropping out of school, I found myself working with @ThomasSparico at BNM advising and investing in startup

When I got there, the two worlds collided, I had the swag background and also saw how passionate startups were about swag

6/ Back to timing, there were a lot of positive trends converging

- emphasis on brand development
- employee engagement/culture
- community building
- Remote work environments
- breaking through digital noise

All of these made the need for swag more apparent

7/ But if you looked at the landscape of solutions at the time, the options were awful

On one side you had large, faceless ecom site like 4imprint that throw you into a sea of garbage for you to fend for yourself and figure it out

And on the other side you have...

8/ More traditional agency style businesses that are very human driven, slow to work with, expensive, and don't have the services and technology that is needed to scale the use of swag in high growth environments

9/ Lastly, functionality aside, there was no brand that resonated with startups

People at startups are different, they are wary adopters, risk takers, they like great design and experiences, they like companies that get them

No "promotional products" understood startups

10/ So with that in mind, I decided to launch a basic Wix site paired with a Typeform and created a little curated swag selection lead gen funnel

This cost basically nothing to set up and I could do it on nights and weekend

11/ From there I set up some basic ads on Facebook and AdWords to see if anyone would actually give a ■

Turns out they did, within a matter of days we were getting inbounds from startups like Soylent (amongst others I can't remember)

Startups were looking for a new way

12/ I kept iterating on the flow and reacting to demand, all while maintaining the full time job I had

In the first full month I think we did about $5k, it wasn't a ton but it was enough to say people wanted a better way, were willing to try something new from an unknown co

13/ After about a month and a half I decided to leave the VC firm and work on it full time. There were 3 main factors that gave me the confidence:

1. How quickly I was able to get paying customers
2. Size and fragmentation of the market ($30B ish)
3. Favorable cash dynamics

14/ Let’s jump into 2 and 3 quickly

Size/Fragmentation - Early on I learned that the market was close to $30b and consisted of 30k distributors, 98% of which did under $2.5m - Too many distributors all selling the same shit in the same way + fish where there’s already money

15/ I wasn’t necessarily inventing a problem for my solution, we planned on doing something better in an already huge industry

I think too many people want to be Elon Musk and change the world with solutions to improved problems (or at least they think that’s what he’s doing)

16/ Favorable cash dynamics are also really important, especially if you plan to bootstrap

With swag, it’s custom, so you produce as ordered, no inventory needed

So no inventory + able to build differentiated product through no code tech = no real capital needed upfront

17/ This also leads to low single digit or even negative cash conversion cycles (CCC) meaning as you grow, cash drain doesn’t become a problem, you actually hold onto more of your customers cash

18/ What I set out to build and what we are now (from a product perspective) are very different, but the core mission of eliminating friction in the process of creating and distributing swag still guides us

Don’t get so caught up on what the product is early on

19/ You want to optimize for speed from customer feedback to product launch/enhancement

Create rapid feedback loops and keep stacking wins

Keep your head down and do that for a few years in a large market and you’ll have a huge business

To the moon ■

Thanks for the thread prompt @AugustoLara

Have another thread concept you think would be interesting, let me know below ■

Sorry for any typos, was just stream of consciousness