Twitter Thread by Lenny Rachitsky



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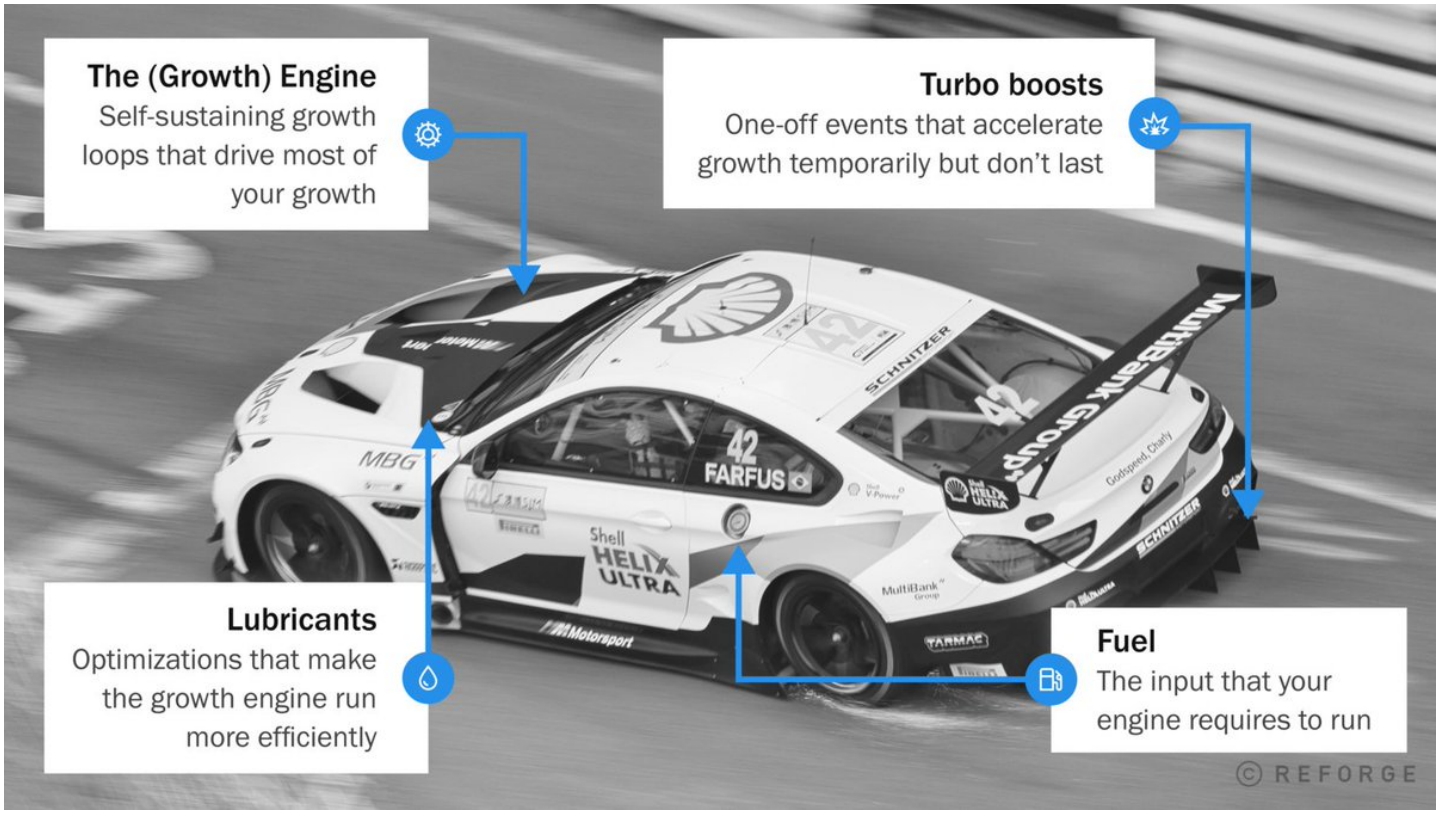
I'm excited to share a new growth framework that @danhockenmaier and I have been developing (with help from the amazing @reforge crew)

I've been finding myself coming back to this framework often when talking to founders about growth.

Thread

1/ As a startup, it's essential that you, and your team, have a clear understanding of how your business is likely to grow. We call this building a Growth Model. With this, you'll know which growth investments to make right away, which to avoid, and which to double-down on.

2/ Our advice is to think about your business like a high-performance race car. The same four components that help a car drive faster also help your business grow:



1. ■■ The (Growth) Engine: Self-sustaining growth loops that drive most of your growth (e.g. virality, perf marketing, content, sales)

2. ■ Turbo boosts: One-off events that accelerate growth temporarily but don't last (e.g. PR, events, Super Bowl ads)

3. ■ Lubricants: Optimizations that make the growth engine run more efficiently (e.g. improved conversion, a stronger brand, higher customer retention).

4. ■ Fuel: The input that your engine requires to run (e.g. capital, content, users).

3/ All four of these components help your business grow, but understanding your Growth Engine is the most important part because it's the only component with the potential to be self-sustaining. e.g. engines naturally create an output that can then be re-invested in more growth.

4/ ■■ GROWTH ENGINE(S)

Companies grow primarily through four possible Growth Engines:

• Performance marketing: FB, AdWords, TV, etc.
• Virality: Word-of-mouth, referrals, inviting friends, etc.
• Content: SEO, shareable videos, or newsletters, etc.
• Sales: Salespeople

5/ Using just these four engines, we can explain the growth of every breakout success. Here are a few examples:

• Uber/Lyft: Virality + Performance marketing
• Snapchat: Virality

• Zoom: Virality + Sales
• Slack: Virality + Sales
• Salesforce: Sales

CATEGORY	PERFORMANCE MARKETING	VIRALITY	CONTENT
Travel	Booking.com	Airbnb	Expedia
Discount shopping	Wish	Pinduoduo	Wayfair
UGC content	TikTok	Instagram	Pinterest
Local services	HomeAdvisor	Craigslist	Thumbtack
Home buying	Redfin	Zillow	Trulia
Finance	Credit Karma	Robinhood	NerdWallet
Food delivery	Blue Apron	Snackpass	Grubhub

6/ Check out our previous @firstround review piece where we outline a 3 step process to determine which engine is likely going to drive your business's growth and how to operationalize it.
https://t.co/djWwLzhqOk

7/ ■ TURBO BOOSTS
Next, we have Turbo Boosts. Similar to a turbocharger in a car, these are tactics that can accelerate growth for a period of time but don’t deliver ongoing acceleration. They include things like:

• PR
• Events
• Brand marketing campaigns

8/ These tactics aren’t "engines," because in most cases they aren’t sustainable and repeatable at scale. For example, any startup that has received the “TechCrunch bump” knows that it can give you a nice boost in traffic, but it’s often not clear what to do next.

9/ However, Turbo Boosts can still be very valuable tools for kickstarting and accelerating your growth rate, particularly at important inflection points for your company, like lighting the initial spark, or launching a new product or market.

10/ ■ LUBRICANTS
Third, we have lubricants. Lubricants don’t drive growth directly, but instead optimize the efficiency of your engine. Also, without enough lubrication, your engine will stop. There are 3 broad categories of lubricants:

• Conversion
• Activation
• Retention

11/ Of these three categories, retention is the most important, as Brian lays out in this post.
https://t.co/MlrmElVjF0

12/ ■ FUEL
Finally, we have Fuel. Without it, even the most optimized engine won't run. The type of fuel required is specific to the type of growth engine you're running:

• Paid marketing and sales engines primarily need capital, which can be invested in ads or salespeople

13/
• Content engines unsurprisingly need more content, which can be used to attract users.
• Viral engines require only more users, who in turn refer additional users.

14/ For more, including the six most common growth pitfalls, and how to put this into practice, check out the full post.

Huge shout-out to @bbalfour and @onecaseman for their help with this post, and to my brother-from-another-mother @danhockenmaier

https://t.co/ZGW1qWT5zC