

Product-Led Growth. What's all the fuss about.



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What's all this fuss about Product-Led Growth?

If you haven't heard the term before this piece aims to be a bit of a primer on the topic.

Perhaps it can tickle your organisation and challenge your thinking around strategy. The fuzz comes very much from the fact that **the fastest growing and highest valued software companies today practice Product-Led growth.**





272%

YoY rev. growth

36x

EV multiple



41%

YoY rev. growth

23x

EV multiple



38%

YoY rev. growth

20x

EV multiple



66%

YoY rev. growth

46x

EV multiple

Source: [Overview Partners](#)



So what is Product-Led Growth (PLG)?

Sales led - Marketing led - Product led.

Essentially PLG is one out of many available go-to-market strategies (GTM). As such, your go-to-market strategy should answer the fundamental questions on how your company plans to deliver your unique value to customers and thus win a competitive advantage and grow.

A simplified classification framework for what top level GTM strategies your company can be pegged as would be:

- **Sales-Led Growth**
- **Marketing-Led Growth**
- **Product-Led Growth**

So, the distinguishing factor is how your different departments operationally engage in the customer journey to acquire users & customers:



Sales-Led

Customer acquisition is mainly done by outbound activities and with little or no in-product engagement before conversion.

Marketing-Led

Customer acquisition is mainly done by inbound leads converting through the funnel stages Lead / MQL / SQL / Deal

Product-Led

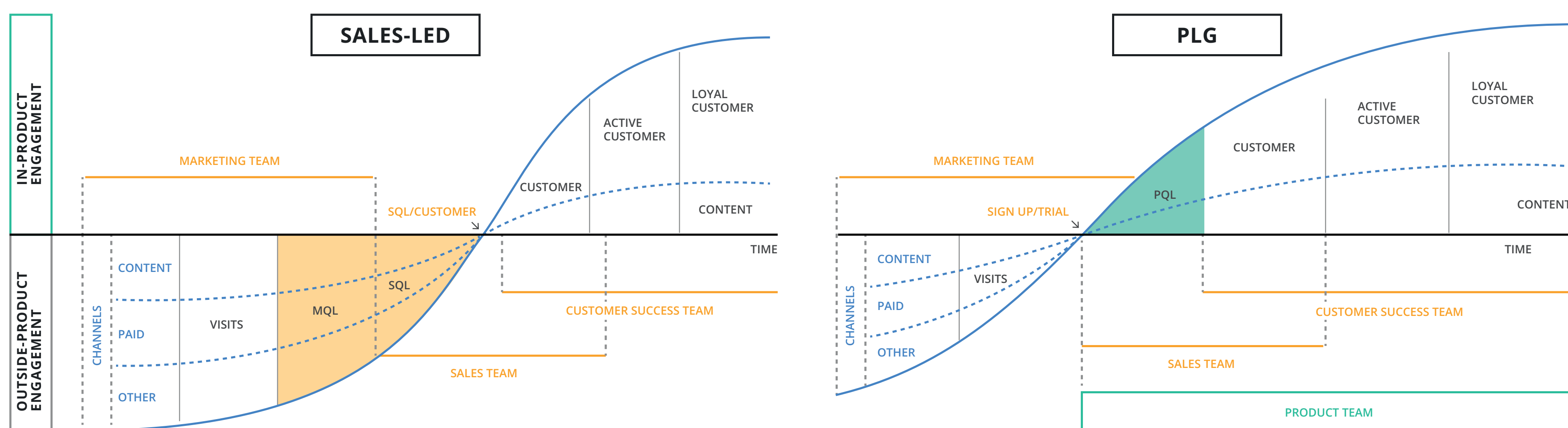
Customer acquisition is mainly done by users converting themselves via self service or by PQL conversion after significant in-product engagement.

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Source: [Overview Partners](#)

Yes, there are other labels and naming conventions but if you think really hard you can most likely peg your company as primarily belonging to one of the 3 top categories. We will not deepdive into Sales or Marketing Led in this content piece but instead focus on what distinguishes the Product Led approach.



PLG means that every team in your business influences the product

- Your marketing team will ask, “how can our product generate a demand pull”
- Your sales team will ask, “how can we use the product to qualify our prospects for us?”
- Your customer success team asks, “how can we create a product that helps customers become successful beyond our dreams?”

By having every team focused on the product, you create a culture that is built around enduring customer value.

Leading with the product throughout an organisation, product-led companies often benefit from shorter sales cycles, lower Customer Acquisition Costs (CAC) and a higher Revenue Per Employee (RPE). So, if you're into OKRs you have a hint on some important metrics that can focus your team around.

The more it costs you to sell something, the more it will cost others to buy it

Paul Graham
Founder of Y Combinator

In short, a Sales-Led strategy passes costs to consumers that have no connection to product value, i.e the overhead of scaling a Sales-Led strategy will always leave room for competition to bring a similar value proposition to market in a more capital efficient way.

Why would you want to go from Sales lead or Marketing lead growth to Product lead growth?

It's about how efficiently you want to scale up your business.

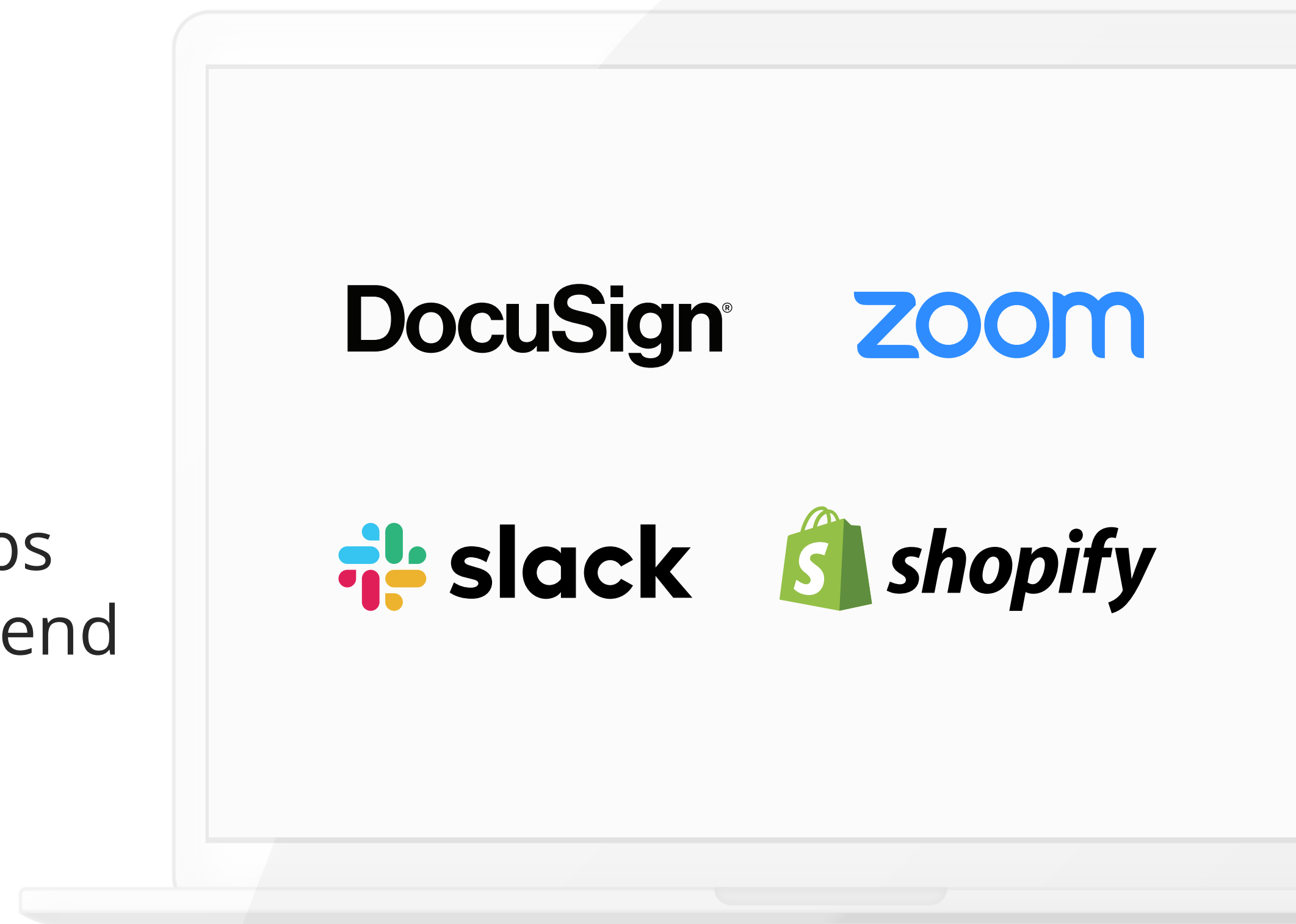
If you're Sales or Marketing-Led you'll quickly end up hiring country based teams to execute sales and marketing work across new markets that you enter. This requires a decent amount of capital and comes with some risk that is hard to control or quantify.

Essentially Product-Led offers a viable approach to how you scale up from being successful in one market to many.

Is PLG for everyone?

Probably not. By far it's most prevalent in B2C software/apps but in recent years a strong trend of B2B SaaS companies have successfully adopted PLG.

There are some fundamental traits that your software or offering needs to have for PLG to be a viable option.



Litmus test

Does your product or service have the basic prerequisites for PLG?

- Can a new user go to your site and sign-up or install your product and experience value in a self-service manner?
- Does your product require complex or time consuming technical integration with others systems to be valuable for the user?
- Are you data driven and have you instrumented your product and inbound channels.
- Are your customers happy with your product today? Do you have a good NPS score and believe you've found good product-market fit?

So how do you do it?

Remember this quote? In short, a Sales-Led strategy passes costs to consumers that have no connection to product value, i.e the overhead of scaling a Sales-Led strategy will always leave room for competition to bring a similar value proposition to market in a more capital efficient way.

First you need to contextualize the statement above and see what it means in terms of opportunity for your company. Making a switch to PLG is a big move so the owners and leaders in your company need to be on board at some level. Make sure your leadership have an aligned view on customer value.



To succeed with PLG your leadership must:

- 1** Understand the value you generate for your customers, at a deep level
- 2** Communicate the value you generate
- 3** Deliver on the value that you promise

If that buy-in from leadership is in place, consider these starter tips:

- 1** Read up on the subject and get familiar with the basic concepts
- 2** Measure and define your product value metric, not just sessions and monetization metrics
- 3** Start doing growth experiments and make sure you measure the effect.



Reading tips

Structured courses and trainings

reforge.com
productled.com

Financial perspective

openviewpartners.com/product-led-growth/#.X6vTMpNKj8E
reinventgrowth.co/product-led-growth/fundamentals
sequoiacap.com/article/building-products-using-data

Practitioners perspective

caseyaccidental.com
lennyrachitsky.com
andrewchen.co

Deep dives on specific topics

lennyrachitsky.com
blog.close.com/product-led-sales-led-marketing-led

We'd love to hear from you

At GetAccept we believe Product-Led can be the next stepping stone for us to bring our unique value to a larger market. Yet we are at the beginning of our own PLG journey, and at the same time we have been successful with both Sales-Led as well as Marketing-Led strategies, which makes it interesting to understand and evaluate how we can continue driving growth with a combination of the three, or transition to one or another going forward.

As always we are happy to share what we learn on the way and how we do it. We would love to hear your take on the subject as well. Please feel free to drop me a note at jakob.bignert@getaccept.com



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**Thanks
for reading!**