One Knight in Product - E75 - Rand Fishkin

📖 Mon, 12/20 10:24PM 🕐 53:28

SUMMARY KEYWORDS

toro, people, product, spark, founder, customers, build, strategic roadmap, lifetime value, moz, mvp, company, jason, paul graham, book, cancel, world, problem, absolutely, fundamentally

SPEAKERS

Rand Fishkin, Jason Knight

Jason Knight 00:00

Hello, and welcome to the show. I'm your host Jason Knight and on each episode of this podcast, I'll be having inspiring conversations with passionate product people. If you want to hear more content from me and some of the finest thought leaders, product managers, product marketers and founders, why not head to the website OneKnightInProduct.com, check out some of my other fantastic episodes, sign up to the mailing list, subscribe on your favourite podcast app, and make sure you never miss another episode again. On tonight's episode, we look deep into the abyss of venture capital backed entrepreneurship and try and work out if we like the look of what's staring back at us. Spoiler alert, we don't. We talk about some of the problems of survivorship bias and thinking that we all live in a meritocracy when we absolutely do not some of the problematic product behaviours that are driven by our growth at all cost mentality. And we talk about the concept of lifetime value actually meaning lifetime and not just making the next numbers call for all this and much more please join us on One Knight in Product. So my guest tonight is Rand Fishkin. When you look up Search Engine Optimization online man's name comes up top of the list as he's the founder and former CEO of renowned SEO optimization firm Moz. Rand laid bare the stresses and strains of founding a company with these 2018 book Lost and Founder, the mostly awful sometimes awesome truth about building a tech startup. Now he's back for more but doing it differently with Spark Toro is new audience intelligence platform and also claims to be an expert chef and go to guy for Italian cooking tips. But since he also loves English food, I guess the search for Yorkshire pudding carbonara goes on. Hi Rand, how are you tonight?

Rand Fishkin 01:25

Oof, suddenly I'm thinking about Yorkshire pudding and carbonara together. That's a horrifying thought, Jason.

Jason Knight 01:31

I think we can make it work, that can be the next startup.

Rand Fishkin 01:35

Please, no! So at the end of Lost and Founder, your book that we just discussed, which we'll maybe talk about a little bit more shortly, you are in a somewhat introspective mood, talking about obviously, what you've learned and also what you're going to take forward into your new startup, which obviously we now know is Spark Toro. So before we talk about anything else for the record, what does Spark Toro do? And how's it going? Yeah, I was very introspective. I think you know, that's what happens. You have this this long journey, 17 years, in my case at Moz. Before I left and Spark Toro is really its audience research software, right. So it basically crawls the web builds these anonymized, aggregated profiles across 10s of millions of social accounts, connects them up, and then makes them searchable. So that you can say, for example, you know, we were having this conversation on the call before we started recording, you know, and you you had said, Oh, I you know, I don't know how popular one night in product is with product managers. And so I went into Spark Toro and I searched for my audience uses these words in their profile product manager, and spark Toro has got 9500 profiles that include the word product manager in the bio or about section or the job title, you know, whatever in LinkedIn, Twitter, Facebook, Instagram, etc, etc. And we can say like, oh, yeah, lots of product managers, 11% of them engaged with the masters of scale podcast with Reed Hoffman and 10%. You know, pay attention to, to Jason freed and I think, you know, you're down in the 5% range. So you're, you're on the way.

Jason Knight 03:27

I'll keep on it. This sounds like a really convoluted sales pitch, I'm sure I'm gonna end up coming out of this with a Spark Toro account.

Rand Fishkin 03:36

Jason, if you need me to run a query for you, you just let me know. But the nice part, you know, the nice part about Spark Toro, it's sort of different from AWS is one of my many learnings. It's different from Moz. In that Moz had like a free trial, you know, you put in your credit card. Yeah, you get a you get a free trial of software. And I actually did not love that model for a bunch of reasons wanted to try something different when I did spark Toro. And so our model is free forever. Right? So we've got a forever free account. I think Casey said something over 50,000 people have a forever free account now. So you know, if you want to play around with it, you can but the idea was to help people instantly discover what their audience pays attention to their audiences behaviours, their audiences demographics without having to run long, expensive surveys and do a bunch of interviews and Googling around and spark tour. Oh, you asked how it's going. Yeah, so we've got about almost 900 subscribers, we are profitable, which is kind of great. And we are growing, I would say at a rate that is sort of mediocre for a venture backed company and outstanding for a non venture backed company. And we are not venture backed, which I'm very excited about.

Jason Knight 04:47

Yeah, that's interesting. And obviously something that you spoke about in the book was some

of your dissatisfaction with venture capital models and some of the behaviours that that drives and you've obviously said that you wanted to do things differently what sparked as well after experience. And we've touched on a couple of those things already, like the venture backed nature, or the lack of the product led growth or your version of product led growth and how that's working out for you. But are there any other main ways that you've tried to approach this differently as a company as a as a startup and as a founder?

R **Rand Fishkin** 05:18

Yeah, yeah. I mean, it's, I don't want to say it's a complete 180. There's definitely things we learned at Moz that we're applying to spark Toro. So my co founder, Casey Henry, worked with me at Moz. For a few years, he was he was my director of inbound engineering. And, you know, he and I think we're together there for four years, but he's been at a bunch of other companies as well, all of them venture backed, interestingly enough, and Spark Toro, we, I'm sure there are lots of takeaways that apply. But there's also a number of things that we're doing really differently. So I mentioned the freemium versus free trial model. One of the other big ones for us is how we do marketing for the product. So whereas you know, Moz, was really built around this flywheel of SEO and content. Right. So I know, the first five years, like created a bunch of content, marketed that content that people tried to build links to it, you know, got it ranking well in Google. And that brought in a tremendous number of the customers and subscribers and blog followers and all that kind of stuff. With Spark Toro, it's been Jason, we literally I think, get fewer than 500 visitors per month from Google search that aren't just searching for our brand. So almost no SEO traffic whatsoever. We don't pay for any traffic either yet, maybe we will someday. So almost everything we do is based around the product centric product lead marketing, right where, you know, I, I do a lot of webinars and events and live streams and podcasts and contributions on social media. And I do some content marketing, but almost all of that content does not rank for anything in Google. It earns traffic through, basically our blog subscribers who subscribe via email and social network. So I'll post somebody to LinkedIn, to Facebook, to Twitter to Instagram, and then people will click through to the website, find Spark, Toro, etc. We have a tonne of word of mouth, you know, just marketers telling people about Spark Toro, and then they come to us. And that's that essentially is the primary flywheel for us, we get a couple 100 new signups a day at this point. So yeah, that's what's behind it.

Jason Knight 07:42

So you've got quite the organic flow while going already, then basically, it seems like you've, as you say, you've found a different way. Feels like almost I don't know if it's like a deliberate move against having to be ranked in search engines given your background or like if it was just an accidental thing. Like whether you deliberately thought I had started a new company, I can't do things as I'm away. Do you think there's a little bit of that now as well?

R **Rand Fishkin** 08:06

Not entirely. I hoped in the early days, I hope that SEO was actually going to be a big channel for us. And then sort of realised two things as I got started with Spark Toro and content creation. One is no one or almost no one is searching for the words and phrases and content and topics that Spark Toro is talking about and helping people solve, right. So SEO doesn't

work. So well, if no one's searching for what you offer yet, right? If you're doing something new, you're category creating, or you're participating in a space that doesn't have a lot of search volume. SEO is not that great. And then the second thing that's also true is I did not, I did not want to make the investment of let me try and outrank you know my old company and a whole bunch of like 10s of 1000s of marketing websites, for all these broad generalist marketing terms that might indicate some interest in Spark Toro, the competition is just so fierce in SEO today, compared to 10 years ago, 20 years ago.

Jason Knight 09:14

That's fair enough. And it sounds like you found a really good way forward. But looking back again, your book, lost them founder for one of a better phrase really opens the kimono and invites you into the madcap world of company foundership And your experience with Moz. And in a world of cliches and tiresome tech, bro advice that's actually really refreshing, right because most people from from what I can tell a living kind of a lie. You know, they're sitting there saying how successful they are banging on and hustling away and all that stuff. And it was nice to see something that was a bit of beyond the fortune cookie advice that you often get. Sort of a sponsor. That book was obviously really good. It's really highly ranked on Amazon. You've obviously got lots of goodwill from that. Lots of good testimonials and stuff, but I was one During those tech bros that we just talked about, which I'm so far imagining me, because I've just made them up in my head, but I imagine that there are at least some that may have looked at that book and thought, Well, no, this guy's wrong. Because I'm really successful. And this guy, probably, maybe he just kind of sucks, right? And he did it wrong. And I would that would never happen to me. Do you? Or have you had any negative response from people like that, that actually do it to your face? Or are they kind of just grumbling to themselves somewhere in the background?

Rand Fishkin 10:27

I have had plenty of people say a few things about the book. So you know, I took a number of notable personalities to task in the book and also online, one of the people that I have no regrets about, saying not nice things about is Scott Adams. Right, who...I mean, yeah, I think he's right. He probably like many people is right about 20% of things and the 80% of things that he's wrong about makes me really dislike him as a human being. And I think he's a bad person overall. And it's unfortunate that he is such a talented comic creator and built so much a following through that. But you know, I also impugned a lot of things from Paul Graham, for example, right, the the founder of Y Combinator, who is worshipped among the tech pro elite and rank and file. I received plenty of not, you know, not positive supporting messages about that, including one from Paul himself.

Jason Knight 11:31

Oh, there you go. Yeah, at least he read it.

Rand Fishkin 11:33

And I, you know, I, I feel weird about that. Right. Paul Graham was a hero of mine, when I was

And I, you know, I, I feel weird about that. Right. Paul Graham was a hero of mine, when I was coming up in the world of product creation and company foundership. I went and spoke at Y Combinator a couple of times and got to meet Paul, and he was so gracious and kind and awesome to me. And it feels awkward, sort of saying like I fundamentally disagree with him about all sorts of values. I disagree with his approach to politics and gender equality and racial equality. I disagree with his viewpoints on MVPs are disagree with his, you know, viewpoint on on how to build great companies and what makes a company great. So, you know, probably if we hung out in person, and we're friends, we'd be friends and just disagree about a lot of things. But instead, because we have a more distant relationship, I think he blocked me on Twitter and...

Jason Knight 12:29

The final insult!

R **Rand Fishkin** 12:32

But it's to be totally honest. I am very comfortable making philosophical enemies. Yeah, I think that's a good thing. Right. Jason? Like, I think that if you have a strong point of view, on a particular topic, you're going to make some enemies. And I think that's okay. Right. I think it's, it's a way to have a real conversation about hard things that, yeah, impacts people's lives and livelihoods. I fundamentally think venture capital is an extractive industry, that furthers dramatically furthers income inequality creates lots of problems for the vast majority of founders who take it and and people who work in companies that have taken it. I think the incentives fundamentally work against what's right and good about capitalism. So I don't like it.

Jason Knight 13:23

Yeah, that's fair enough. But the thing is that someone like Paul Graham could come back with the obvious, slightly ad hominem rebuttal that you're just not very good at this stuff. Right. Yeah, I know, obviously, you've doubted yourself in the book, you know, like in the book, you're questioning yourself. So I think that you'll be the first person to try and look back on yourself and introspect and make sure that you can defend your opinions. Right. So I definitely think that you would have a rebuttal to that if he did say that. And I definitely don't want you to rebut him for something that you didn't say. But that's the easy way out for someone that believes in this stuff. Right?

R **Rand Fishkin** 13:54

Yeah, I think there's a so this is this is part of that whole belief structure around meritocracy. Right. Which, you know, meritocracy was a was a word created to impugn the very idea of that it existed, right? So the formation of this of this word, in the 1960s, or 70s, I think, was meant to say, Hey, this is a false thing that does not really exist. It's sort of like how a Mother's Day was created to be a holiday that wasn't about gift giving or going out, it was just about, you know, spending time now it's, of course, become a Hallmark holiday to me. And I think that the idea behind meritocracy is that it is fundamentally untrue. That hard work and genius will result in the best outcomes and that it will reward the right people. Yeah. But if you are one of those

people who has been rewarded with you know, 10s or hundreds of millions of dollars or billions of dollars, it is almost impossible, it seems almost impossible for those people to believe that they didn't deserve it. And so post hoc, you will try and justify why you deserve to be massively wealthier than everyone and why you could with a with a swipe of your pen and homelessness in your city. But instead you choose to buy yachts, right?

Jason Knight 15:23
Yeah, well fly into space!

R **Rand Fishkin** 15:24
Or fly into space. And you have to do a lot of mental gymnastics to help yourself believe that you are still a good person, when you find yourself in that situation. Meritocracy is one of those ways that people convince themselves people who were in that Paul Graham, Jeff Bezos, whatever sort of situation convinced themselves that they deserved it, that they earned it. And fundamentally, we know that they didn't write, and what, you know, the way I believe the world can work and healthy capitalism can work is, if we can, instead of pulling up the ladder behind us, when we make it to the top, we throw down stairs and build elevators and help make it easier for everyone else to be lifted up. That's, that's fundamentally what it means to be a good person. Right? That's, that's the core of it. And so, I, this applies to sort of all my thinking, right applies to my thinking around how to build a product that is useful and helpful to many, many people instead of to an elite, which is why I don't love building for enterprises. I like building for SMBs. It's, it's why spark Toro is not venture backed, right, we raise money from individual investors with this LLC model, which is the great, great model as long as you don't mind paying taxes, but venture capitalists hate effing taxes, right. They're they're like, they might vote Democrat, but they're very Republican in their tax views. So, you know, I think that you can you can find that narrative thread winding its way through almost everything that I do with, you know, professionally and personally.

Jason Knight 17:09
Yeah, I think one of the other things that that mindset really drives and you've touched on it a bit yourself is this whole idea that basically, there's no need to make any effort to, for example, bring up people that aren't there with you, like all the types of people that aren't up there with you. So for example, talking about ethnic groups, or, yeah, LGBTQ founders and women founders, even like even as fundamentalist 50% of the world, it's like, there's this pernicious idea of, of cultural fit, and everyone has to be like me, and there's all these people that basically look exactly the same and think and act exactly the same. And it kind of seems to be part of the package when it comes to this, as we've kind of call it tech bro worldwide. And it's really disappointing. And it feels like there needs to be something to shake that out of, and obviously your book, to some extent, talks about that, and against that, and your work that you've done since but that's not an easy battle to win. Right. So how can we actually meaningfully push against some of that culture? Because it's there? Yeah. And it doesn't feel like it's going away.

Rand Fishkin 18:10

Right. So that, I think there's there's two inarguable truths that you have to come to before you can start to fix the problem. And very frankly, I don't know how it is, in the UK, but but certainly in the US, a lot of people have not accepted these two truths, right, the two truths are one, that talent is equally distributed, but opportunity is not, you will find great talent among women and people of colour and people who are disabled and people who come from not the United States and people who were born in poverty and born into wealth and all across the board, you will find an equal distribution of talent levels. But opportunity is not available to all those people. If you look like me or Paul, right. And you were born in the 20th century or 21st century in the United States to have a middle income or higher income family, and you got to go to college and like all these things, right? And you're able bodied and you're cisgendered well, then it sure looks like you are having far greater opportunity than everyone else. And fundamentally, that's unfair. And then the second truth that you have to be willing to accept is that history has been unfair and unkind to people who don't represent that particular group. And that the job of people who have been lucky by virtue of not their own labour, but rather histories, iniquities, owe it to future generations to change those inequities and to create opportunity where there is talent.

Jason Knight 19:54

Yeah, the sad thing that you see occasionally though, is some tiresome white middle aged guy. I found that we'll sit there and say, well, there's that black guy over there that I've met once, and he's a founder. So basically, this is all fine now. And that's obviously not true. But that's the easy way out for people. Right? They sit there and they see maybe one successful female founder, one successful black founder. And it's like, well, that's fine. They don't see all the bodies at the side of the road, right?

Rand Fishkin 20:21

I mean, that's a, you have to be pretty blind.

Jason Knight 20:24

Well, they seem to be I shouldn't be working out somehow. They seem to be managing to be blind somehow.

Rand Fishkin 20:29

They are I think there's a combination. This is the incentive, right? The incentive of the the concept of meritocracy, right. And then the need to believe that you have not been lucky that you have deserved and earned everything that you've gotten through your hard work. And I all say I have been extraordinarily lucky, you know, my previous company, had an exit after you know, whatever it was 20 years finally, and you know, that was interesting and exciting and emotional in weird ways. And also spark Toro is doing astoundingly well sort of, you know,

financially for being such an early company. And that's great, too. I have never, never in my life. Jason, never have I worked as hard as most janitors. Oh, absolutely. Most truck drivers, most people who work at an Amazon warehouse, forget it. Never have I worked that hard.

Jason Knight 21:26

Absolutely. And it's obviously that part of that. I mean, I completely agree. And part of that is just how much people value thinking professions, as they would call them, like knowledge economy and stuff like that, versus hard toil, which is seen as a really, you know, like, we've got people over here in the UK earning minimum or potentially even sub minimum wage in the middle of the COVID epidemic as well, you know, like, basically keeping stuff moving, and they're basically getting paid almost nothing, and doing something that a lot of people just couldn't do. So yeah, I completely agree. There's this whole idea that some people's time is worth more than others. And based obviously, on what you said, and what's actually obviously true in the world, there's a certain weighting of the types of people that get to have their time valued in a certain way. And there's got to be a way to shift that balance somehow.

Rand Fishkin 22:13

Yeah, I get very concerned that the venture industry as a whole and sort of startups as a whole, and a lot of the worlds that we inhabit around software product building, especially, is furthering the inequality rather than trying to address it. And it's, yeah, it's been, it's a challenge to fight back against that, right. Because fundamentally, your your incentives if you're, you know, whatever, a product manager at a startup or a scale up or a big company, it's, Hey, how do we consolidate more of this market? And how do we win it? And how do we become the monopoly in our space? Those are your incentives. And then, you know, you have to, you have to question things, and build very different structures, if you want to work your way out of that system.

Jason Knight 23:10

Absolutely. You posted an interesting article recently about how the aforementioned venture capital culture, sort of a particular side effect, principally that people are addicted to attention. Because there's this whole venture capital goal of having recurring ARR stable revenue at all costs. That's what you get your multipliers for. That's how you get your exits. That's how you get your funding rounds. And that your take was that this is driving people to make bad products, because they're making them hard to cancel. They're making easy to buy, and really hard to cancel. And that in fact, has stopped you even signing up for or buying certain products, because you know, that they're going to be hard to cancel. So you just don't bother, in your opinion as a double founder. Now, what should SaaS companies be concentrating on?

Rand Fishkin 24:03

I think this comes down to your incentives, right? If you're a venture backed, I don't think you have much of a choice. You need to be able to, you know, in order to be successful and sort of live up to the promises that you've made to your venture investors, you've got to be able to

show that very high MRR ARR growth you need to be able to show a low churn rate if you have a subscription based product. Unfortunately, for better or worse, investors are not comfortable with yet the idea of true lifetime value. Yeah, which you know, I think of lifetime value as an actual lifetime. Right? So if if, for example, Jason Let's say you sign up for Spark Toro. Let's say you have a problem and audience research problem you need to solve right you want to I don't know you're doing a bunch of marketing for your podcast or your day job or whatever it is. So you sign up for a spark Toro and you use a bunch of the first month and then you realise you know what, I don't need to do this again. And I've done all my work. And so you cancel into a venture investor, you look like a terrible customer that we never should have signed up. Yet the ideal world would be if you never joined a spark tar didn't give your credit card didn't pay, because you look bad in the stats, you're dragging down the retention numbers. But in my view, the lifetime value of you is is is huge. You joined, you had success, you solved your problem, then you left wonderful, we made a little bit of money, you use the product to make a whole bunch of money, I hope. And in the future, if somebody comes to you and says, Hey, what should I use to solve this problem? Hopefully, you'll recommend our product to them. And six months from now, maybe you'll need us again and two years from now, maybe you'll need us again. And then, you know, you'll advise some company in the future and have them on your podcast. And you'll be like, Oh, well have you tried spark Toro to solve that? What's the lifetime value? It's massive, absolutely massive, that churn is not a negative, it's a positive, so long as you had a good experience, in my view, that is a positive customer interaction. And we should be trying to get more, not fewer of those. And it is infuriating to me that the world of venture because it has this like, you know, seven to 10 year return cycle, and it needs to see, you know, this massive growth, and they've seen companies that had, you know, very low churn before, that's the only model of lifetime value they're comfortable with is one subscription period. Boo, I hate it.

Jason Knight 26:28

But there are some tasks that you don't need to do all the time as well. I mean, you touched on it yourself. Like I don't necessarily need to be optimising my audiences all the time. And there are many other situations where you might just want to dip in and out. And I guess your argument is that that model is fine and could lead to success as long as you've got the right numbers. But I guess the difficulty would potentially be like, how do you measure that? Like, if I come to Sparco, tomorrow, sign up? Yep, give you a month's worth of credit card or whatever, and find some stuff and then say like, that's it, I don't need anything else for a bit. Now. Maybe I'll come back in a few months. Like until I do that you have no idea what we're going to do, unless you've got such a long period of time and long period of data that you can start running trends. Right. So how do you measure that?

Rand Fishkin 27:13

I worry far less about the measurement of it. And far more about the the very concept of did someone have success with my product, even once? Yeah, if you have success with the product, I don't need you to resubscribe I don't need your lifetime value to be represented in our data via a trackable email address that I can connect to profit well and show the MRR over time. I don't need that. Right? Philosophically, what I'm looking for is did you try our product and have a good experience with it and solve the problem you wanted to solve? If so, I believe that's a great exchange of value and your lifetime value will be far greater than your one

subscription. And it's a little bit like I can take it on faith, even though I have the data to back it up, right? Like I saw across my 17 years at Moz. Like, oh, hey, look, someone who has success with the product, even if they quit in the first three months? That turns into good things for us for a long period of time. I know it does. I don't have to just take it on belief. I have the data from my previous company. I've seen it in a bunch of other SaaS products. So yeah, it's a little bit less like the obsession with measurement that's come about in the internet age is almost working, antithetical against your real interests for growth and customer satisfaction. And I actually worry, I worry that a lot of products are built around this idea that you can't just use us for a month. Yeah, let's make it a real pain to quit. Let's make it a real pain to even sign up so that once you jump through all the hoops of signing up and integrating and connecting with us, you never want to leave that will keep people stuck around my New York Times subscription. Jason, I have been subscribed to The New York Times for eight years, it's under my old random moz.com email address, which I no longer have access to. I am going to have to cancel my credit card in order to cancel my New York Times subscription because they won't let you do it online. And you have to call them during Eastern business hours. I'm in Pacific Time Zone. It's only Monday through Friday that you can call and cancel. I hate phone calls.

Jason Knight 29:29

It is funny when you see all these efforts to as we said earlier, kind of go for the product lead growth approach make it really easy to sign up get your free trial sign up upsell yourself and stuff like that. But you have to find like one phone number a particular time to cancel or send a letter or something like that. Telegram or something. Yeah, it's it's ridiculous. I guess that's one way to keep product lead growth going right. If you make it hard to cancel, then you can't stop growing because there's almost this level of effort. I mean, there's probably some company Kade formula can use, right, it's like, you've got an amount of money that you're spending on something. Like there's things that I spend money on that I don't really notice that money going out every month, because it's just a few pounds or dollars or whatever. And the amount of effort that it takes to cancel and the amount of occasional value, you get out something, you're probably just gonna die. If that equation works out in a certain way, you're probably just going to let it run because it takes more time and you're prepared to spare to save on a monthly basis, quite a little amount of money. Yep. I guess that's what they're relying on. Right?

Rand Fishkin 30:29

That's absolutely right. Well, and so one of the ways that we do this, that's very unique at Spark Toro is, we send an email three days before someone's next billing period comes up, right. So if you sign up for the product, and you put in your credit card 30 or 31 days later, you know, it'll rebill you. And normally, most SaaS products are basically like, don't mention anything to a customer in those last few days before the cancellation, you know, before the renewal comes up, because you'll get higher cancels, and we do exactly the opposite. So three days before your renewal comes up, we send an email, it comes to me and it basically says, Hey, most SaaS companies don't send emails like this, but we want to let you know that in three days, we're gonna charge your credit card again, here's the link to cancel your account. Because if you're not using it and not getting value from it, you shouldn't be paying us. And we'll, we'd love to have you back in the future when you do need us. And people freak out when they get this email, and they take a screenshot of it and share it on Twitter and LinkedIn and Facebook and

like people love this email, because it's so unusual to have someone say, Yeah, we don't want your money unless you're getting value from us. And I personally think that email generates more long term goodwill, lifetime value revenue for Spark Toro, then being silent and having a 2% Lower churn rate per month, which I'm sure we would have, if we didn't work, you know, send people.

Jason Knight 31:58

Well, it's putting the customer legitimately in the centre. Right, rather than saying that you're doing that, but not really doing that, because actually, the most important thing is your bottom line. So the 70 an interesting approach, although I can certainly imagine that any founders or even VCs listening to this have basically just fallen off of their stall?

Rand Fishkin 32:16

I mean, they're not, you know, I think the interesting part is, I bet a lot of founders would say, I love this approach, because you can be truly long term. And I bet it does build goodwill, and what a great idea. And also, I have to raise another round in 12 months. And if my churn numbers look worse, for the next 10 months, I can't go tell my VCs, hey, but over the next five to 10 to 15 years, it's going to be really good for us, they don't care. They care about that churn number being below whatever it is 5%, you know, when you show it to them in three quarters, so your incentives are the problem here.

Jason Knight 32:52

And speaking of building products, one of the things you say in your book, is that great products are rarely minimally viable. Now, if Eric Ries is listening to this, maybe he's gonna fall off his stool as well. But there's obviously been a bit of blowback online, there's been a lot of commentary around how MVP as a term isn't fit for purpose anymore. No two people give you the same opinion about what an MVP actually is. You know, some people's MVP is six months worth of work. Some people is like a page that they made in some text editor or something that literally does nothing. And you start seeing phrases like MVP, one, MVP, two, minimum marketable product, minimum, lovable product is a complete car crash out there. Now you're building stuff again, obviously, and you started releasing stuff with Spark Toro? How have you approached product development? Like what did you feel comfortable putting in front of people? And was it an MVP? Or did you feel that you had to go a certain level beyond? And how far was that beyond.

Rand Fishkin 33:48

So going back to Eric Ries, I actually really love the idea that he came up with, in Lean Startup for MVP, and what that was supposed to mean, which is, if you are a super early stage startup with almost no customers, and almost no marketing, traction, a very small community, you should build the smallest thing that provides value and solves the problem for a small number of your potential customers and show it to them and see if they're really interested in it to validate whether you're on to something super smart idea. And unfortunately, the whole the

methodology was taken to companies that are not super early stage with very, very little visibility in their market. And with no people out there. We did it at Moz at Moz with 10s of 1000s of subscribers and a community of millions, we put out an MVP product. Sorry, an MVP. And this is like people saying SEO optimization. And we put we put that out there and of course got tonnes of people saying exactly what you would expect, which is oh, I guess Moz is not good at making products anymore, and I can't really trust their data and I guess they are making bad things. Not, Oh, I see the inkling of what this could eventually become. And I can imagine that in six to 12 months, this turns into something really great. So the misuse of the MVP, right? Using it at the wrong time and the wrong kinds of companies at the wrong stages and scale with the wrong customers. Those are the problems, the concept itself still works plenty fine. So at Spark Toro, what we did is built a very minimally viable product. So minimally viable, it was basically just a text interface of, hey, does the data that comes back from us crawling all these social networks and aggregating them and making them searchable? Does that produce anything that looks useful, Casey, and I would export it to ourselves, a few of our investors looked at it, we built a crappy early interface for it. We were changing things all the time. I think we built that in about 10 months from funding. And then we started introducing more and more people to it as people started finding some value in it, right? So I'd go meet with an agency. And I'd be like, Hey, do you want to check this out? Let me show it to you. I'll sort of demo it for you, you know, on my laptop, and then they're like, Yeah, this looks kind of cool. Will you invite me to the beta, and we'd invite them to the beta, we had a couple of cohorts of a few 100 People who had access to a private beta. And then we discovered that like, a lot of people were not engaging, because the the UI and UX wasn't great. And so we did a big overhaul of that. And then we did a bigger launch to a, you know, a bigger group of beta testers that seemed to be successful. So then we went to public launch. And I think that's, that's exactly what I would do again, and advise to a tonne of founders, and product creators, which is essentially, MVP is great for private, quiet, small groups of people to test and find out, hey, are they coming back? Do they like this? Are they getting value from it? Wonderful. Let's keep developing and making it better and better and better until they're really thrilled with it. And then we'll go launch, you know, that thing that they're thrilled with?

Jason Knight 37:05

Yeah, I think it's something I've been reflecting on a little bit recently, as well, I think you've encapsulated it really nicely, this idea that MVP is a concept, you know, throwing something out there and seeing what happens is something that really fits certain use cases, and that people have just bastardised that into something that they just do for anything. And, again, the whole idea that you could ask two people about an MVP, and one person's will be a week long build, and one would be a 12 month build. I mean, that's, there's something wrong there in that equation, right?

R Rand Fishkin 37:35

I mean, I think that the the fundamental thing is not about the time that it takes to build, or even necessarily about the quality of the product itself. You know, it's not that you need to cross a certain target line in order to launch, it's that for each product, there is a group of customers that will generate a tremendous amount of value from it. And you need to cross a line with that group of customers, that is quite exceptional in the value that they are getting, in

order for the next group of people you show it to who will naturally be less invested in you and your brand and less excited and passionate, you've got to cross that line so that they are interested and start to pick it up and spread it and find value.

Jason Knight 38:17

Or this is the Crossing the Chasm thing, though, right? This is the whole idea that you need to really hyper segment your market and attack that, as you say, and then start to build credibility. And then you can start to expand, rather than just trying to go wide on everything at the same time when you've got like nine people in the company or whatever, and somehow thinking that you can solve the world in one hit.

R Rand Fishkin 38:37

Yeah, yeah, I think that's, that's absolutely right. There's like a fundamental challenge. And it's an ongoing challenge that every every founder and product creator faces of sort of a, who is my customer, who is my perfect right customer, who's the next customer that I need to be able to attract and delight. How can I serve them best in a way that is not just valuable to them, but makes them want to become an evangelist for the product and spread it and share it to other people?

Jason Knight 39:09

Yeah, absolutely. Now you close out your book with some cheat codes for the next time. And obviously, it's been the next time for a little bit now. Did all of those cheat codes work? Or did you have to cancel some of them? Or did you develop any new ones on the fly that you could share with the audience now?

R Rand Fishkin 39:28

Fingers crossed? So far, the cheat codes that are in at the end of that chapter have worked really well right, the stuff around naming conventions around marketing flywheels around different type of funding and a different approach to building a business and an MVP and product lead growth. All that stuff so far has has looked pretty good, which is I think one of the reasons that Lawson founder keeps getting good reviews, thankfully, we'll see how long that lasts. But to your second question around, are there other cheat codes that you would add on to that? Absolutely. I think one The biggest for us certainly has been a spark Toro I mentioned right has 880-odd paying customers and then we you know, we've got this big community of 50,000 folks who've got free accounts and use the free version. And the support required for those many, many people are using Spark Toro everyday on regular basis is extremely small. I don't think I had conceptualised in my head, the support overhead that is required when your product customer service support team is different from your engineering and product building team. And if I had one thing that I will never do, again, it's separate those two functions out, right. So every support email goes to myself in Casey, Casey Henry was my co founder and CTO. And he runs basically almost all of the back end of Spark Toro. And he hates getting support requests twice. Right. So if he starts to see a pattern, or I start to see a pattern in

support requests, we just go fix it. Like we just make that thing better in the product so that future support requests around it almost never occur. And that's pretty darn powerful. It is absolutely remarkable to me how light, we can make the support. And what this is on on every side, right? We made billing stuff easier, we made adding users easier, we got some complaints about the social network coverage, how we visualise that we even got some things that were in the product that were just confusing to people, and we couldn't find a good way to message them. And so we just pulled them out. Like we... we literally took features out of our product, data features out of the product, because it was too confusing. It didn't make enough sense. It wasn't adding enough value. We pulled them in as a despite, you know, the fact that that took a bunch of work to build those things. Yeah. But we didn't get attached to them. That has really helped that whole philosophy around the same person or people who are building the product are responsible for supporting it. I know the kayak, you know, team kind of pioneered publicity around this concept that engineers took on support. They attributed that to a core of their early success in the in the travel booking space. Yeah, if I were writing last and found her again, today, I would have included at least a few pages about that, and maybe a chapter.

Jason Knight 42:30

But it's interesting, though, because one of the things that that supposes is, for example, that if something comes up, and it's so important that you feel the need to fix it, you're potentially crushing your roadmap, almost at random, right? Now, obviously, as the product matures, you're going to end up having fewer of these things. And maybe that's just growing pains and so forth. But like one of the product management, one of the ones that you'll get from a lot of product management thought leaders is, well, you need to have a strategic roadmap, you don't want to keep crashing all the time, you know, these things actually have to be important. And you have to charge them strategically not just leap on everything as it comes in. Now, if you've got the same team building your product, as supporting the product, and they're reacting to these things, as they come in, as long as you think they're important enough, does that get in your way of delivering your strategic roadmap? Or do you think that it's so important that actually, that's not an important concern for you?

Rand Fishkin 43:20

I think this is all about pride. It's all about pride, right? So as a product owner, and a founder, and, you know, whatever it is CTO chief product officer, you believe your strategic roadmap is what will take the company from point A to point B, which is where it needs to go. And then all the rest of this stuff is distractions. And for your customers, they just I, I cannot tell you how little they care about your strategic roadmap versus their problem that they faced in the product today.

Jason Knight 43:55

But that's something that then plays into that VC mindset again, right? Because you need a strategic roadmap, and you need the plan. And you need to be able to consistently add all these valuable features and valuable use cases. So you can continue to get in that growth and

continue getting that attention. And again, seems to be like another way that it's just playing into the negative side of venture capital, because venture capital is telling you to leave these people behind. To some extent.

R   Rand Fishkin   44:21

Yeah. And I think there's a little bit of that incentive. And there's also a big incentive around. I'm the Chief Product Officer, I made a commitment to the CEO or product owner, I made a commitment to my boss that we would accomplish this. So I can't have my team get randomised by these various things. And so in order to fix that problem at scale at a larger company, what I believe you need to do is a carve out some percentage of your roadmap for always ongoing maintenance and also be willing to after you launch products and features, spend a long time listening and you know, you have your sort of tasks list that is on the side. And things that come in from customers take priority, especially things that come in from multiple customers take priority, and you're willing to randomise yourself and your task list. This was the excuse that all my engineers and product folks always used at Moz. Don't let us get randomised and distracted, just have the customer service team deal with it. You know, we don't want to get distracted from our roadmap foolish. So foolish, I guarantee guaranteed 100% that our growth would have been better our profitability would have been better, our customer happiness and success would have been better, our market position would have been better if we had solved those problems for existing customers, rather than focused on our strategic roadmap that we were sure was going to win.

Jason Knight   45:47

So now all of the VPs of product and product thought leaders have fallen off of our stores as well. So we're doing quite well. It's like a game of skittles at the moment. But do you think then this is almost a conceptual reaction against some of that kind of generic thought leadership that you get in all spaces? Right. So like any book that you read about building products will probably say completely the opposite to what you just said? Most of them would, right? Because they're all sitting there saying about the strategic roadmap, big long bets and blah, blah, blah. And I'm not going to say that they're wrong or that you're wrong, but they are, those are different opinions, right? And I guess the argument could be that what you're saying is more pragmatic, obviously, there's a certain amount of professional pride that you're bringing to that as well, because you're saying that you want your product, you don't want to have users that are complaining about this stuff all the time, because that hits the image and the usability of the product. But basically, it's a realistic way of handling a business versus having this idealistic view that the strategic product roadmap has the slightest eye in the sky that controls everything.

R   Rand Fishkin   46:52

I mean, hey, look, if your users are writing in, and they are consistently saying I need this new feature, when is this new feature coming. And your strategic roadmap has that as the next feature, you obviously have amazing customer insight, you're going to, you're going to have a lot of success, right? Because you're serving something that the market actually needs. But if your product roadmap concept, and strategic product roadmap is purely based on your pride,

like I know what customers want, I'm Henry Ford, and I and Elon Musk, I know what they want better than they know what they want. And so I'm going to build those things. And I don't care what they're saying to us 99 times out of 100, you are going to fail one time out of 100, you're going to be the unicorn. And then the unicorn will be written about and lauded and served up as an example to all the 99 people who failed and they'll go should have trusted my instincts.

Jason Knight 47:51

There's the survivorship bias again, right?

Rand Fishkin 47:53

The worst the worst, it's so bad in venture capital back startup world, especially because those few unicorns are held up as the model that everybody else is supposed to follow. And in fact, their behaviour only works in Portfolio Theory. Whereas the behaviour of serving your customers becoming profitable, being a great customer driven roadmap, as opposed to strategic founder or product lead roadmap, that model works really well for survivability, and works really well for profitability and works really well for customer satisfaction and happiness, employee and team happiness. The only time it doesn't work well is if you have invested in 500 companies, and you need five of them to become billion dollar unicorns and the rest of them to die so that you don't have to sit on their boards.

Jason Knight 48:46

Yeah, that's the long and short of it. So I guess what we're saying is, if you were in charge of Twitter that have had an edit button by now, because they're such visionaries, and Jack Dorsey is doing whatever he does, then they haven't, because he's too confident in his abilities.

Rand Fishkin 49:00

Look, I think that Twitter is a very complicated and simple product at the same time, and I don't want to presume that I know everything that they know, internally, I suspect I would have added an edit button, but I'm not 100% sure.

Jason Knight 49:16

And what's next on the Rand Fishkin roadshow, is there a Lost and Founder 2 : Found Harder coming out, or you primarily concentrating on the day job?

Rand Fishkin 49:26

Lost and Furious 9. I think probably Jason, I will at some point, assuming that Spark Toro continues to go well over the next few years, I will at some point, write a follow up to that book, because I think that there's just a tremendous amount of things we've learned and we've done

things so differently, and I would love to be able to have that same conversation that I have with folks like yourself around a whole bunch of these issues, and maybe just, you know, it's not that you have to do it the way I'm doing it, but maybe you will see the way that we're doing things and go oh, not these four things. Ramdas aren't right for me. But these two really are, and I want to try them. I think that would be exciting. I think that's been one of the exciting takeaways from last and founder too, which is more of a cautionary tale rather than a prescriptive one. And maybe, maybe the next book will be a little more prescriptive unless, you know, oh, God, here's all these horrible things that happened. But it's also the case that you know, I'm trying to do some new things with Spark Toro, we are just adding our very first team member I have a blog post coming out about about her joining our team tomorrow. Hey, you guys. You're super excited about that, like our first full time person helping Casey and I, it's gonna be incredible. And then we are adding some new languages next year to Spark Toro. So that'll be interesting. I've never done internationalisation before.

Jason Knight 50:47

Oh, you've got a fun time ahead. I'll say that much.

R **Rand Fishkin** 50:51

Yeah, yeah. But you know that I think the big thing with Spark Toro that's really interesting is once we so we've got about half of the investment that we raised what we raised 1.3 million, we've got about half of that in the bank right now. Once we are able to repay our investors, their initial 1.3 million, everybody gets to participate in profit sharing for a long period of time. And I don't know if we'll ever want to sell the company after that.

Jason Knight 51:20

Yeah, well, and you don't have to either, you don't have to.

R **Rand Fishkin** 51:24

Yeah, you don't have to sell it you. You know, if you're sort of profitable for a long period of time, you can just keep delighting your customers, and then keep serving your investors and team and, gosh, I don't know it's so it's so different from the venture back to mindset that I almost I almost can't wrap my own head around this idea of, hey, what if spark Toro runs for 25 more years as just this, you know, revenue generating customer serving team, delighting business? Gosh, what a what a weird and different kind of capitalism that is!

Jason Knight 52:00

That's just crazy enough to work.

R **Rand Fishkin** 52:03

Rand Fishkin 52:03

Fingers crossed!

Jason Knight 52:05

And where can people catch up with you after this? If they want to find out more about your experience some of the stuff you're doing as part time, generally keep in touch?

Rand Fishkin 52:13

Yeah, so I am most active on Twitter, where I'm @randfish, but you can certainly you know, if you want to play around in Spark Toro, create a free account at the sites just SparkToro.com, and I blog semi regularly at SparkToro.com/blog where you'll find a bunch of my like, here's my article about MVPs. And here's my article about, you know, building marketing flywheel and all that kind of stuff, too.

Jason Knight 52:34

Sounds good. I'll make sure to link that in. And hopefully I'll get some screaming fans running in your direction. Very kind. Jason, what has been a fantastic chat. So thanks very much for spending the time and taking me through some of your experiences, thoughts and aspirations for the future. Hopefully, we can stay in touch but yeah, as for now. Thanks for taking the time.

Rand Fishkin 52:52

Absolutely. It was it was my pleasure. I hope we get to do this again sometime in the next few years and see where we've gotten to.

Jason Knight 53:01

Thanks for listening. I hope you found the conversation inspiring and insightful. If you did, there's plenty more where that came from. So again, I can only recommend you pop over to the website OneKnightInProduct.com, share widely with your friends and even enemies so that you and they can never miss another episode again. I'll be back soon with another inspiring guests. But as for now, thanks and good night.