

CHAPTER 1

“Niche” Doesn’t Mean Small

How do you know whether or not you’re ready to grow? Don’t let a big vision, or wanting to serve too many kinds of customers, trap you into sounding vague or confusing.

ARE YOU SURE YOU’RE READY TO GROW FASTER?

You’re excited about your business, your ideas, products, and services ... and you’re ready to grow faster. You might be a startup, a consultant, or a Fortune 100 brand.

And you know that lead generation is *the* #1 lever that drives revenue growth, and can create hypergrowth. You’ve been trying to grow your leads, and thus sales, but it’s been harder than you expected ... maybe a lot harder.

Are you *sure you’re ready* to grow faster?

Because when it feels like you’re swimming upstream every day to generate leads, or to sign new customers from the ones you do get, you usually have a bigger problem. All that time, energy and money invested in growing new leads and closing sales can be poured into a black hole—if you haven’t Nailed A Niche.

You can be a Fortune 100 company, or the greatest expert at organization design, or have a killer SaaS (software as a service) subscription model app for managing employees. But, if you can’t *predictably* go out and generate *leads and opportunities* where you’re *needed*, *win* them, and do it *profitably*, you’re gonna struggle. It’s frustrating. But there’s no shortcut here, whether you’re a business or an individual. Struggles often mean there’s a niche problem, either at the company, marketing department, or salesperson level.

Clues You Aren't Ready to Grow (Regardless of What the CEO or Board Expects)

- You've grown mostly through referrals, word of mouth, and up-/cross-selling.
- Inbound or outbound lead generation has been disappointing ... or abysmal.
- You realize, looking back, that you're dependent on preexisting relationships or a recognized brand to get in the door, even if your product or service is amazing.
- You're good at too many things, and struggle focusing on the one best opportunity to sell and deliver over and over again.
- Even when you get quality appointments, too few people buy.

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Most Frequently Seen When ...

- You hit a plateau between \$1 and \$10 million in revenue, and you start trying new kinds of leadgen programs.
- When you launch a new product/service, or enter a new market.
- In getting your first 10–50 customers, getting to product-market fit or a minimum sellable product.
- You're in consulting or professional services.
- Your company offers a wide range of products and services (Portfolio Attention Deficit Disorder).

Everyone Hates to Admit They're Not Ready to Grow

Swallowing the “we’re not ready to grow yet” pill is bitter. Especially when you have a board or CEO breathing down your neck, a payroll to meet, or big family bills.

No one likes admitting they’re a nice-to-have rather than a “need-to-have.” Or that the elevator pitch the CEO came up with is totally off-base and confuses prospects. Or that you can’t yet measure or document other customers’ results.

Companies with a large portfolio of products face the same problem. Do your salespeople or customers get confused by all the product

options? They don’t know what to buy or sell first, and so they struggle along trying to buy or sell a little bit of everything. Confusion stunts growth. A lack of focus distracts you from being “insanely great” at just one thing.

HOW TO KNOW IF YOU’VE NAILED A NICHE

When you’re a startup getting to your first million, or launching a new product, lead generation program, or market—one of the indicators that you’ve Nailed A Niche is that you are able to find and sign up unaffiliated customers. Unaffiliated. Paying. Customers.

One of the indicators that you’ve Nailed A Niche is that you’re consistently able to find and sign up unaffiliated customers.

We don’t mean friends of your investors, or your old coworkers or boss. They aren’t past customers, partners, or part of your LinkedIn network. They weren’t referred to you; they didn’t hear about you from a group. They started out “cold” without the advantage of prior relationships.

Whether they found you by coming in through the either, or whether you went out and pounded the (physical or virtual) pavement to source and close them.

And now they’re paying you—profitably.

Because here’s the thing. Ten customers may not seem like much. We called these guys “beer money” in the early days at EchoSign. Ten customers was \$200 a month, which didn’t come close to paying the bills on four engineers and three other guys—it barely paid for beer. But 10 clients are actually amazing. Yes, you may still fail, of course, because of cash-flow issues. But 10 is a first sign of pre-success—even though it’s very likely that more than one will turn out to be a dud, while you’re learning which customers you can make successful or not. Because it means three things:

1. Since you have 10, you can definitely get 20 ... and then 100. If you can get 10 unaffiliated customers to pay you (no small feat), I guarantee you can get 20. And if you keep going at it, you will get at least

to 100. And then 200, at least. At a minimum, you can keep doubling and doubling. I'm not saying it's easy, but it's possible.

2. More important, it's amazing you got those 10. Ten is not a small number! Because why the heck should they trust you, and pay for your product? It stands on its own without you needing a prior relationship. It's a huge vote of confidence. Maybe you were on TechCrunch, Reddit, Bob's Insurance Newsletter, or some blog—great. But in the real world, with Mainstream Buyers, no one has ever heard of you. You're not “the thing” all their friends are buying, making them feel that without it they're being left behind.
3. This means you built something real. Something valued. Most important, it's something you can build on. These 10 customers will give you a roadmap, feedback, and indeed, the path to 1,000 more customers—if you listen carefully. You won't heed all their advice, of course, but the feedback from these first 10 customers won't be from outliers. It will be transformational. I guarantee it.

Because your 1,000th customer most likely will be just like your 10th, in concept and spirit, in category and core problem solved.

At EchoSign, the first unaffiliated customer was a distributed sales manager of a telesales team. The exact industry she was in was unusual (debt consolidation), but digging deeper, the actual use case was exactly the same, in spirit if not in workflow, as 80% or more of the customers that came later. The same as Facebook, as Twitter, as Groupon, as Google, as Verizon, as BT, as Oracle ... the same as all of them.

The same core “goodness” that you've built attracts all of them. Of course, you're going to need to build tons more features, mature your product dramatically, and so forth. But the core will be the same goodness as customers 1–10 experienced.

Trust us. Ten customers may not pay the bills. But if you got them from scratch, you have the start of organic leadflow or of some leadgen process that you can replicate. That's really special, and something you can actually build on.

So this is your first time to double down, after Customer 10 ... even if it seems way, way smaller than your goals and vision. Forget 1,000: Double them to 20, then to 40, and so on. Compound that 10 month after month, year after year, get the flywheel cranking, and you'll make your big vision inevitable.

ACHIEVE WORLD DOMINATION ONE NICHE AT A TIME

Let’s address a misperception right now about the word “niche.” When you Nail A Niche, you’re *not* “thinking small.” You’re not limiting your dream. You’re not permanently shrinking your addressable market.

Niche here means *focused*. On a *specific* target customer with a *specific* pain. Regardless of how many types of customers you *could* help, or how many of their problems you *could* solve.

Don’t let your exciting vision or big, hairy, audacious goal get in the way of taking the daily baby steps needed to get customers today.

Hypergrowth doesn’t come from selling many things to many markets, covering all your bases (really, dividing your energies). Hypergrowth comes from focusing on where you have the best chances of winning customers, making them successful, building a reputation of tangible results, and then growing from there. For example:

- Salesforce.com started with Sales Force Automation.
- Zenefits started with Californian technology companies of 100 to 300 employees.
- Facebook began with Ivy League schools.
- PayPal took off with eBay users.
- Amazon started with books.
- Zappos focused on shoes.

Where’s the easiest place for you to build momentum *now*? What’s the *path of least resistance to money* for you?

Focusing on specific industries or types of customers—like banks, software companies, or large businesses—is part, but not all of it. It also means focusing your *unique* strengths (not *all* your strengths) where they can create the most value (not any value), and:

- Solve a specific *pain* for
- An *ideal* target customer in
- A *believable, repeatable* way,
- With predictable methods to a) *find* and b) *interest* them.

Any kind of specialization that helps you to break through the clutter, stand out, be the best, win, or be unique is valuable.

For example: If you're a company that creates customized solutions for every client, and you need to recreate the wheel from scratch each time, you're going to struggle with a double whammy. First, it'll be harder to market yourself, because really—what problem do you solve? Second, unless you have some kind of repeatable solution, framework, or system—growth is going to be *hard*. You have to be one stubborn S.O.B. to grow that kind of company. Or lucky—but luck doesn't create sustained success.

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THE ARC OF ATTENTION

Why is there a niche problem in the first place? It has to do with how people's brains and attention spans work. The *Arc of Attention* and *Trust Gap* ideas are vital to understanding why there's a problem, and what to do about it.

When you start a business, most people begin with Early Adopters, as they should. These include networks, friends, friends-of-friends, and people whom instinctively “get it.” Then, once you hit \$1–\$10 million in revenue, you usually hit a wall as word-of-mouth and referrals start to plateau. Or, as a large company you might plateau when your new leadgen program, product launch, or market struggles. At some point you will run out of Early Adopters, and will need to figure out how to click with Mainstream Buyers, who don't already know you and don't intuitively “get it” like Early Adopters.

There's a painful difference to evolve from selling to Early Adopters who trust you, to Mainstream Buyers who don't. Geoff Moore called this “crossing the chasm.” We call it bridging a Trust Gap. Whatever it's called, when you understand why this gap exists in the first place, you'll better know how to cross it.

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Enter the Arc of Attention (see Figure 1.1).

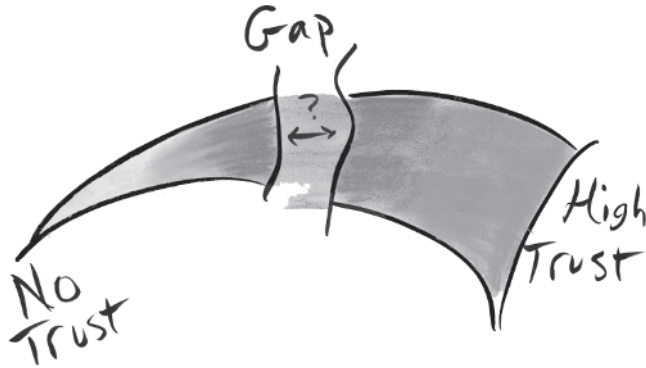


FIGURE 1.1 Arc of Attention

The Right Side—High Trust

On the right side of the spectrum are “Mom/Dad/Best Friends”—the people who know and trust us (or your company/brand), and are therefore willing to give you a big slice of attention just because you asked for it. If you call up a best friend and ask them to meet with you for two hours to review a demo, product, blog post or talk, they will—even if it makes zero sense to them.

This side of the arc also includes the few people who somehow run across your product, as crappy or obtuse as your website is—and just “get it.” You don’t need to explain anything to them, because intuitively they know what you can do, why it matters and how to use your service. All of these Early Adopters are willing to invest a lot more mental energy to figure out what you’re doing and how they can benefit. They give you a *lot* of leeway—which is invaluable in getting a new company, product, or leadgen program off the ground.

But it becomes a liability—and often a rude awakening—when you start expecting everyone to give you that same leeway.

The Left Side—No Trust

On the opposite end, there are the people who have never heard of you or your company. When people don’t know you, they’ll only give you a tiny sliver of their attention to figure you out. If they don’t click with you within that window, they move on.

The more connection you have with them right away, the more leeway they'll give you. The less you have, the faster you lose them. Some sample (nonscientific) windows:

- A cold email or online ad: a 0.3- to 3-second window before they engage or move on.
- A cold call: a 3- to 30-second window.
- Walking door-to-door: a 3- to 60-second window.

Compare these to:

- A referral: 15 minutes–1 hour
- A best friend or parent: Unlimited (In fact, you may be the one who wants to limit the time!)

This is the Trust Gap: The difference between marketing to people who already know us or our brand, and people who don't, and aren't willing to invest anything to figure us out. And the difference between being able to market to Early Adopters (15% of the market) versus Mainstream Buyers (85% of the market). It affects everything related to how you market and sell.

This difference between Early Adopters and Mainstream Buyers can be *huge* and easily underestimated. You may expect jumping the gap to be doable, like crossing a river from one side to the other. But it's more likely to be the Grand Canyon. Or if you're completely dependent on relationships, it's an Earth-to-Moon-sized gap.

The whole point of Nailing A Niche is to help you cross the Trust Gap, moving from depending on buyers on the right side (trust) to being able to better market and sell to buyers on the left side (no trust).

You have to either (a) find a way to fit your message into that slice of attention, or (b) expand the amount of attention they're willing to give you.

Everything we're doing in the Niche part of the book is to help you cross this Gap.

Assume You Are Marketing to Fourth Graders

With those tiny slices of attention that "cold" people are willing to give you, it's similar to the mental investment of a 3rd or 4th grader. So your

message has to be simple for them to both *understand* and easily *act* on, or else they’ll move on before ever giving it a chance.

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This is why short and sweet emails and videos tend to work better than long emails and videos as first touches with new people. People see a long email or video from someone they don’t know, and they just aren’t willing to invest in consuming it.

Perhaps if you’re a genius copywriter, you can make them work, but for us regular people, shorter is better—at least for first contact. The more your messages are *simple to understand* and *easy to answer*, so that they’ll fit into your prospects’ window of attention, the more effective they’ll be.

You can watch this in yourself: what goes through your head when you get a long note from someone, even someone you know? What about a short one? Do you see how the effort you’re willing to give that messages changes so dramatically depending on who it comes from, how simple it is, and what they are asking for?

It’s also why appealing to their dinosaur brains—rather than the purely logical brain—works.

Speak to The Dinosaur Brain

Reptiles think with their eyes, not their brains—and so do we! Dinosaur-brain thinking (the same thing, but dinosaurs are cooler than reptiles) isn’t about thinking consciously and making logical decisions—it’s about *reacting*.

There are different reasons something appeals to us at the dinosaur brain level, before our conscious minds have time to process it, such as:

- Newness
- Contrast (“There’s a bucket of blue pens with one orange pen on the top”)
- Movement/speed
- Surprises
- Details
- Visuals

This is why you'll see banner ads with a color that's different from the page background and with moving pictures, to combine the attention-getting elements of visuals, contrast, and movement. Or why video-sharing sites have so many videos titled like *He Hated His Boss for Two Years until This Happened* with a picture, combining visuals and anticipated surprise and detail. And it works, at least until you learn from watching several that the videos are rarely as interesting as the titles, and you start ignoring them.

So, be intriguing and attractive, without overpromising—at least not too often.

Learning how to reframe your ideas to appeal to people's dinosaur brains makes sense when you consider the tiny window of attention you get. Even if it's frustratingly hard to do at first, or feels sales-y. You can't fight the Arc of Attention, even if you believe "My stuff is so amazing and necessary that it shouldn't need to be sold. Plus we're donating money to save trees, so there's no reason anyone won't want to buy!"