Dmitry Dragilev runs a growth hacking consultancy called Criminally Prolific. He is obsessed with using the web in unconventional ways to drive user acquisition for startups. He loves to find out of the box, scalable and repeatable ways to acquire users and automate the process so you can just sit back and watch the new users roll in. 😎 Most recently, his team helped grow a startup from 0 to 40M+ pageviews, which led to it getting acquired by Google!

He has been known to get 60 leads in 24 hours with just a landing page and a LinkedIn group. He’s also done things such as sell a product idea to 10 people and get paid ahead of time before starting to write code.

He’s worked in growth hacking for the past decade. In his not so distant past, he’s worked as a Lead Marketer at ZURB, the creators of Foundation, and arguably, where the idea for Twitter Bootstrap was born. He helped them increase their daily traffic by 10X and grew their Alexa ranking from 90,000 to 6,000 in less than two years, as they become one of the most admired design firms in the world.

Before ZURB, Dmitry worked as a marketer at Crossloop, helping the startup grow from 0 to 5+ million users, close Series A and B of $9M and eventually get acquired by AVG. He worked 8+ years in software development for companies such as BAE Systems and SolidWorks.
As you’re sitting there and reading this special report, **you’ll discover the real little known reasons why most startups crash and burn.** This is something almost no one talks about.

To be clear: I’m talking about startups that have *already raised money*. These are ideas that have been vetted by investors, with the obviously bad ideas already tossed out.

I’m not going to waste time on the stupid reasons startups fail: blowing money on extravagant offices and high salaries. Because, if you’re reading this, you’re smart enough to know that where you invest your seed money will make or break your company.

And of course, you know that if you invest in educating yourself, you’ll never lose.

Anyways…

**There’re 3 surface reasons why startups that have raised money fail:**

1. They run out of money
2. They fail to acquire enough users
3. They can’t find a product/market fit

Before I talk about the *deeper* reasons startups fail, **I want to share the mindset it takes to build a successful startup.** This is the same mindset I teach all my high-end consulting clients.
I grew up in Soviet Russia. Growing up I was most definitely not thinking about working with startups or growth hacking or anything of that sort. The idea did not even exist in Russia back in those days.

Life was brutal in Russia. What’s worse my family was savagely discriminated against. I’ll get more into this later in a shocking video I’m releasing in a few days.

Anyways…

We immigrated to the United States in 1993 and it’s was a complete shock to all of us! We did not know English, the culture seemed foreign, and hygiene habits were something to adjust to, but we adored this new country.

America was awesome. I fell in love immediately. What stuck with me the most was the incredible amount and variety of food available. I came from a country that had empty stores to a country with 10 different varieties of peanut butter!

We had no bagels in Russia.
No peanut butter. No juice. No cereal.
No granola.

No cream cheese. No fruit or veggies except for about two months out of the year.

We pickled and grew all our produce.
I can go on and on with this list. My mom cried the first time we walked into a supermarket here in the states. I remember this moment very vividly, my mom crying and looking at aisles of different varieties of food.

In Russia, I would get kicked out of western grocery stores for foreigners at hotels because I was not allowed in, and I had snuck in illegally.
In America, I was completely free to buy and eat what I wanted. It was a complete shock to us. I’d never seen so many types of cheese and salami. Different types of bread. Every flavor of cereal I could imagine. And I could never get enough cheese (we usually just had one type of cheese in Russia).

In Russia, my diet consisted of potatoes, cabbage, meat, beets, pasta, chicken, and fish. We ate the same thing almost every day!

In America, I could not stop eating. With the mind-blowing selection of food, I thought I was at a non-stop buffet.

In Russia, my diet consisted of potatoes, cabbage, meat, beets, pasta, chicken, and fish. We ate the same thing almost every day!

As a result, I ended up gaining a lot of weight. :

I’m talking a LOT! This was me when I was 16; I was 192 pounds:
In my 20’s, I made a decision that enough was enough. I needed to lose weight and get healthy.

**Figuring out how to lose weight is a lot like growth hacking a startup.** (I came to this realization years later!)

I started researching how to lose weight. I was immediately overwhelmed by the amount of information out there on weight loss. Some of it was flat out contradictory.

Because I was naturally overwhelmed by all this I decided to systematically test different weight loss systems and strategies.

It was a painful process. On some diets I didn’t lose any weight. On others, I would lose weight but then gain it back. Some diets worked but were so painful that I had to stop them.

What do I mean by painful? Let’s just say falling into deep depression because your diet is NOT fun!

My friends thought I was crazy. They said I should be happy with the body I had; after all, I was not 300 or 400 pounds. I should be grateful for that.

My family wished me success but they were not exactly super supportive. They didn’t like that I would eat different food than everyone else at family reunions. I persisted. I was determined to prove my friends and family wrong!
After two years of testing and tweaking different systems and approaches, I finally stumbled upon something that WORKED.

I started steadily losing weight. Sometimes rapidly. It felt almost effortless. I was eating the right foods. I was regularly exercising - nothing too crazy though.

It was actually fun!

Not only did I lose all the weight but I also felt like a new person. I suddenly had a boundless amount of energy. I never thought I could feel this good.

What's more, I became the envy of my friends and family!

I ran Big Sir International Marathon and finished in 4 hours and 20 minutes. I set a record among my friends for the most push ups and pull ups in 60 seconds.
Some of you may be asking, “What the heck does this have to do with the growth hacker mindset?”

The process of growth hacking a startup is a lot like the process of discovering how to lose weight and get healthy:

1. There are a ton of different approaches out there
2. Through trial and error, you have to figure out which approach will work for you
3. Even after you figure out what works for you, you’ll have to tweak and customize the approach to get the best results for your specific situation.

There are many ways to lose weight and get healthy. Believe it or not, one size does NOT fit all.

Just like there are a variety of approaches to growth hacking a startup, there’s a variety of approaches to getting fit and staying healthy.

Not every growth hacking strategy will work for every startup. And even when you find the right strategy that works for your startup, you’ll likely have to tweak it to fit the DNA of your startup.

Growth hacking is about persistence. It’s about systematically testing.

And it’s even pivoting your business model.

Try everything you can to reach your goal.

Later in this report, I’ll talk about the 10X Growth Hacker™ workshop event that I’m putting together.

The goal of this live event is to provide you with a custom step-by-step blueprint to grow your startup so fast that it will leave your investors licking their chops. They’ll be competing to shower you with cash.
Think of Pied Piper before it got sued by Hooli. Speaking of Hooli, don’t you just hate Gavin Belson?

That’s what I love most about the 10X Growth Hacker™ live event: It will level the playing field between startups aspiring to be great, versus the Hoolis and Gavin Belsons of the world.

I’ll talk more about that later.

As promised, let’s get right into the real reasons startup fail…

I usually hate when people talk about the reasons startups fail; every single time they say stuff that is just not that applicable to startup owners. You can’t act on this info!

Instead, let me give you some actionable real life examples from my own career of startup failures.

As I said before there are 3 known surface reasons why startups that have raised money fail:

1. They run out of money
2. They fail to acquire enough paying users
3. They can’t find a product/market fit
Real Life Failure #1

Outsourcing Sinkhole

When I say outsourcing, I mean any type of outsourcing (marketing, engineering, product, etc.).

Outsourcing was the reason one startup I know well ran out of money.

It seems weird right?

You’re thinking you can make out like a bandit by hiring some help from India for ¼ the price that you’d pay in the U.S. or Europe.

How can you run out of money by outsourcing? Isn’t the whole reason you outsource is to save money?

Think again. Think of the price you pay long-term.

How much time do you regularly spend communicating what you want done when working with an outside team?

How much time do you spend checking up on them to make sure they’re doing what they’re doing?

How many times do you want them to revise or redo what they did?

A close friend of mine published a post on TheNextWeb titled

*What I Learned from Sacking 100 employees and losing $1.5 million.*

Towards the very end of the article, he writes:

*I promised myself I would follow the following principles for the rest of my life…*

Guess what his #1 principle is?

**Never ever ever outsource stuff that is crucial to your business success.**

It sounds really odd coming from a couple of Russians (my friend Vitaliy and myself), but we both learned the hard way!

Why is that?
Outsourcing Sinkhole

Here are the basic reasons my friend ran out of money trying to outsource engineering:

• Productivity really sucked. The firm Vitaliy outsourced to multiple clients and projects to juggle, his project is just one of many, here he is describing the productivity problem:

  *When we had 100 people working for us in Belarus, their productivity was extremely poor while I was away, but the week I was there, the productivity peaked insanely high. This was not sustainable.*

• These outsourcers did not really care about Vitaliy, they are not part of his company, they don’t believe in his vision, they are just doing their job:

  *I had 35 people around me, but I couldn’t trust any of them?*

  *I realized that when I began building our team in Belarus, I failed to see that most of the outsourced software developers that I hired cared more about money than our mission and company. As a result, I could not trust them. I could not delegate.*

  *I was also the only instigator in the company. All new ideas came from me and me alone. Nobody else cared. I was alone.*

• Vitaliy did not acquire any skills; he was not actually doing the work because the outsourcing firm was. He was not learning the craft or what is involved in doing the work the firm was doing on his behalf. He was forced to continuously outsource. It’s a vicious cycle!

• Communication is a bitch. When you work with an outsourced team that you see at most once every few weeks, communication really suffers. There is only so much you can get across in an email or video call. You spend obscene amounts of time checking up on them and trying to communicate what it is you want done.
Real Life Failure #1

Outsourcing Sinkhole

Outsourcing does NOT just mean outsourced development. It also means outsourced marketing and growth hacking. There are TONS of awesome growth hacking consulting firms that you can hire; I run a growth hacking consulting firm myself...

...but I want to be your friend and tell you that you need to learn the skill yourself instead of solely depending on an outside firm.

When you hire a firm to do it for you, you’ll never learn the skill. Instead, you spend more and more money as you keep outsourcing.

Hire a coach. Invest in a workshop. Invest the time and money upfront to learn the skills. Also, make sure someone on your immediate team is good at growth hacking, marketing, PR, engineering... whatever it is you need.

My clients that actually take the time to learn my growth hacking strategies - and not just have me do everything for them - have achieved the MOST success.

It’s no surprise: give a man a fish and feed him for a day, teach a man to fish and feed him for a lifetime.
Real Life Failure #2

User Acquisition Trap

A close friend of mine recently pinged me with the following email:

Hey Dmitry,

We just hit 300,000 registered users on our picture slideshow sharing app, but we need to get to 500,000 by the end of Q3 to keep investors happy. We want to secure another round of funding soon. Can you help us think through how we do this?

-Jon

I can’t tell you the name of the app, but I can say that these guys have a 3% conversion rate to active users, which is pretty bad. 3% of everyone who signs up actually uses this app.

Now, they can try to focus on getting 200,000 new signups, or they can just increase the conversion from 3% to 10%. If they focus on conversion, all the future traffic they get won’t leak out of their funnel as steadily either.

Here is another real life example from a company emailing me to ask for help:

Hey Dmitry,

Just read your article on TNW about Polar and how you helped them market their app and get acquired by Google, awesome stuff!

I’ve built a great site with a lot of great functionality. We have 20K users signed up and starting to use our beta; we want to get 20K more before we launch to the public. We’re trying to get to 2K paying.

I’m struggling to build our traffic up so we can get more users, can you help?

-Sean

My response to Sean:

Thanks for reaching out mate. I took a look at your site from your signature link. What’s your conversion of the 20K that you already have to engaged/active users?

Sean’s response:

I’m not sure really, we have about 90 people who are actively using it now, the rest seem to check in now and then. Is this the stat you’re after?
Real Life Failure #2

User Acquisition Trap

Holy shit! 90 people out of 20,000 who signed up are actively using the product? That’s not even 1%; in fact, it’s barely 0.5%

That is HORRIBLE!

And this guy wants to focus his marketing efforts on building more traffic to get more users? WTF?

People often focus all their energy on getting as many users signed up as possible. However, they completely forget about how many of those are actually ACTIVE users. Or god forbid paid users!

The goal is to build a sustainable business. It’s not to just show a hockey stick graph of new signups.

Remember Secret shutting down recently? They raised $35M, the founders cashed out at $3M each, and the investors got what was left before the company was shut down. Remember Fab.com, which raised $363M and sold not too long ago for $15M?

It seems to be a bit of a trend these days; founders raise tens of millions of dollars as they overvalue their startups without focusing on conversion and proving out their business models. All these guys want that hockey stick growth curve instead of focusing on a sustainable business model.
User Acquisition Trap

Do not be like all these guys above, focus on conversion, build a sustainable business.

Once you know that you can convert 10% of your traffic, you’re set. You can go and buy more traffic and build a sustainable business. Most people forget about conversion.

Please, I beg you, do not forget about your conversion.

I can’t emphasize it enough…

Read the best blogs on the subject. Attend a bootcamp. Learn from fellow entrepreneurs how they improved their conversion.

Become an expert on optimizing your product for conversions.

A huge part of growth hacking deals strictly with conversion.

*Why?*

Because you need a solid conversion rate before your startup will really take off.
Product Market Pitfall

A while back, I wrote an article called *How I Sold My App to 10 People Before I Wrote a Line of Code*, where I detail how I made sure I had a great product/market fit by getting 10 people to prepay me before I started building my app. I know it sounds a bit out there, but I think it sets a good stage for this section of product/market fit failure.

I get around 10 startups who contact me every week asking for growth hacking help, and I’d say 5 of those startups have an extremely bad product/market fit. Yes, 5 out of the 10 who reach out to me!

It’s a problem.

It’s a problem I’ve faced many times with my consulting work and while working on my own products.

Here is a real story of such a problem and how I solved it:

A few years back, I was asked by Luke Wroblewski, the guy who coined and popularized the idea of ‘Mobile First’ to join him in building a company called Polar, which would offer an easy way to create and run a poll on your website.

Two years later, I was still the only marketer working at the company as we hit 40M+ pageviews a month and were acquired by Google.

But let's step back and talk a bit about the setbacks and failures before we grew to 40M+ pageviews and Google acquisition because most of the time nobody talks about failures.

People always talk about their success. I think by doing so they paint an inaccurate picture that gives people false hope that they can also get lucky and become successful without too many setbacks. This is not true, so... back to failures…

When we started Polar, our first order of business was to build an app for iOS. Why an iOS app vs. a web tool to make polls you ask?
Real Life Failure #3

Product Market Pitfall

Well, LukeW is the father of the ‘Mobile First’ movement, which by the time we started Polar had been embraced by most Fortune 500 companies. Just google the term and you’ll see executives, product engineers, designers at IBM, Microsoft, Google, Apple and pretty much any company referencing it.

This idea of Mobile First (which has become a mantra in the technology world with the help of Luke’s books, papers, writing and speaking) is pretty simple. It states that people are using their mobile devices more than their computers nowadays, and therefore, companies should build products for mobile devices first and then worry about desktop versions of the product.

Given Luke was the founder of Polar and the father of the ‘Mobile First’ approach it made sense to start with an iOS app.

This is what the app looked like the day we got approved by Apple:
3 Real Reasons Why Most Startups Fail

Real Life Failure #3

Product Market Pitfall

We had 0 users and we were live in the App store. As mentioned, the app allowed you to make polls, and I needed to get as many people using the app as fast as possible.

I was discouraged to say the least. I was the only marketer on the team and needed to really deliver.

How the heck could I get users to download and use software for polling?

I asked myself:

“Why would people use polling software? In what context?”

“Who would want to actually use this? And why?”

“Where does it add value? And who is our target market?”

“How could we get the word out about Polar without spending a fortune?”

I tested all sorts of marketing ideas: partnerships, referrals, buying traffic, cold emailing people, etc. Nothing seemed to work.

I needed a reason to get websites with lots of traffic to use our polling app.

Why would somebody add a poll to a website?
To increase engagement of the traffic that is coming to the site.

Who has lots of daily traffic?
Breaking news blogs and publications … Aha!
Real Life Failure #3

Product Market Pitfall

After months of experimenting with different strategies, I had an idea:

• I was going to try pitching breaking news blogs to use our polls in their articles. It seemed natural to add a poll to a hot and trending article because it would keep people on the web page longer and engage them a bit more.

• I decided to try and marry polls on our app with the breaking tech news articles that I found on Techmeme, TechCrunch, Business Insider and others. My thinking was that every breaking news story should have our polls embedded or referenced in it. People would view and vote on the poll and potentially download our iOS app.

• I found breaking news articles. I made a poll for the article. I then pitch the reporter to reference the poll in the article to ask their readers for an opinion on the topic discussed.

• Reporters loved the concept, but the major problem with this approach was that there was no way for them to embed these polls in the articles. All we had at the time was an iOS app where people could make polls and vote on them.

• I also didn’t have clear proof that reporters would actually use polls in their articles; I still needed to prove to our team that we should build some functionality to support the web.

• I decided to create a poll on a trending topic such as PS4 vs. Xbox. Then I would promote the poll to get a lot of votes. Finally, I would pitch the results we gathered to reporters covering the topic. This needed to be done fast since trending topics do not usually trend for long.

My bet was that reporters would include the data I gathered from polls in their articles since it would give validity to their arguments. I was basically doing the hard work for them.

Real Life Failure #3

Product Market Pitfall

It actually worked pretty well; reporters loved referencing our polls. It worked so well that Sony’s CFO quoted our results on an earnings call once, here is the article:


"During Sony’s latest earnings call, CFO Masaru Kato said some polls indicate 80 percent of potential customers prefer the PlayStation 4 over competition like the Xbox One and Wii U."

When iOS 7 was still in the works, we got a hold of the icons and redesigns they released and created a series of polls comparing iOS 6 vs. iOS 7 screen by screen.

BGR ran the poll.

http://bgr.com/2013/09/20/ios-7-vs-ios-6-poll/

We got over 1M+ pageviews of our polls just from this set alone. The results were actually surprising because most people hated iOS 7 at the time, but according to our polls, iOS 7 was preferred. TechCrunch even made a separate article summarizing our results.
I could now show our team that we needed a web tool. Reporters were actually interested in referencing data from our polls in their articles. My bet would be that they would be interested in embedding our polls into their articles if we had this functionality.

We decided to build a pseudo working version of poll embeds and tested it with reporters.

This first version was a bit of a hack; you had to make the poll in the iOS app and send the embed code to yourself in order to embed it. We were still thinking that most reporters would use the iOS app vs. using the website.
Real Life Failure #3

Product Market Pitfall

Again, I ran into problems with our product not being a good fit for reporters.

I would see a breaking story and would quickly scramble to make a set of polls with good images and fun wording to accompany the article. By the time, I would pitch the polls for reporters to embed in their articles; they were already focused on another article and topic.

I tried to get the reporters to use our iOS app while they were writing their articles, as they knew best when and what to ask with a poll. None of them wanted to fiddle around with iOS app.

They were reporting on breaking news, they needed to get as many articles out as possible, and they did not have time to download an app, create an account, upload pictures, and create a poll on their mobile device. We went back to the drawing board.

We gathered a lot of feedback from journalists, analyzed how they work and write and realized that we needed a web tool for them. All their work was still done on the desktop, and there was no way we could switch them over to a mobile app. Writing is still primarily done on a desktop or a laptop these days. Our polls needed to be created on a desktop or a laptop.

We finally made the pivot. It was time to scrap the iOS app and focus on a web tool. We were 1 year into building our company.

We decided to build a fully functional web tool for reporters to create polls for their breaking stories. As we built the tool, I continuously solicited feedback from the reporters and journalists about the functionality they wanted and how they would use it.

Every piece of feedback they gave brought them closer to using the tool once it was launched. When I gathered feedback from them, I would always circle back in a week or two and show them how we addressed their feedback.
Real Life Failure #3

Product Market Pitfall

They loved it!

They loved that we listened to them and followed up, they would come back and check out the tool as we built it.

By the time we launched our web tool, most of the reporters we’d gathered feedback from were hungry to use the tool that they helped build with their feedback. They’d been giving feedback throughout the entire development phase.

Having a web tool that reporters could use to create polls really paid off. Within a few months, 
SFGate, AMC, NPR, Washington Post, TechCrunch, Mashable, Globe and Mail, TheNextWeb, Virgin and tons of others started using our polling tool. All these publications knew us already. They just couldn’t use us because our product was the wrong fit for their use case.

Our embedded polls had a Polar logo on them that linked back to our homepage, which let you sign up to make your own polls… so it was a viral loop of someone voting on a poll and then signing up to make more polls of their own.

Here are just a few examples of these polls in action embedded in articles:

Remember when Snapchat turned down $3 Billion from Facebook?

We got 38,000+ votes on a poll in a Mashable article.
http://mashable.com/2013/11/13/snapchat-facebook-acquisition/
Real Life Failure #3

Product Market Pitfall

Remember when WhatsApp got acquired?

We got close to 60K+ votes on this poll in a TechCrunch article.

Here is a bigger list of 1313 articles with such polls:
https://delicious.com/dragilev/polar

Finally, we had a product that our target demographic actually wanted; it was finally a perfect product/market fit. We grew to 40M+ pageviews within 9 months or so. Google acquired us September of 2014.

If you remember anything from this story, remember this:

Growth hacking is about being smart enough to not just push traffic to your product, but also challenge your product market fit.

Remember to solicit feedback from your customers. They will help you understand if you have a good product/market fit.

You need to gather as much feedback as possible. Implement that feedback and go back to the customer to show what you have done. They will love you for it, they’ll become your evangelists and your first paying customers.

If need be, hire a coach or a growth hacker to teach you and hold your hand as you gather feedback from your customers. It’s an art. Here is a process I went through when I gathered feedback when I worked with a ZURB:
http://zurb.com/article/643/getting-feedback-while-you-build
So here’s the scoop…

A month ago a good friend of mine introduced me to a guy named Amit Mehta. He could not stop talking about the place this guy lived in. Was a crazy 2-story luxury penthouse in the city. It was like something out of a movie.

Anyways, this guy has built multiple 7-figure businesses and most recently an 8-figure business. He was an Inc 5000 CEO. His company hit #646. Damn close to Inc 500.

I had the opportunity to meet this guy for lunch. I was surprised by how down to earth and humble he was. We immediately hit it off.

Quick sidenote…

You may have already heard that Amit recently published an article on TheNextWeb.com, where he reveals how he built his last company from zero to 8-figures in 18 months. This article is creating an absolute firestorm right now.

It's an amazing, informative and actionable content:


Anyways, Amit had a vision for doing something BIG. A one-of-a-kind live event where we would go above and beyond anything that’s ever been done before.

When he told me what it was all about, I was hesitant at first. I wasn’t sure I could pull off something this big. Then I realized the amazing positive impact we could have in the startup space. I knew we had to do it.

After all, this is my passion:

Helping startups grow, succeed, and make a big impact.
In this exclusive Workshop, 30 lucky founders will have the opportunity to work hands on with me, Amit, and “the Triad” - 3 rockstar growth hackers who have stumbled upon some jaw dropping strategies (more about them later).

Why do I say "lucky"?

Because: We only have 30 spots available.

We will select these 30 founders through an application process.

What’s different about this workshop?

We won’t be lecturing and boring you with case studies that may or may not be applicable to your situation.

Here’s a sneak peek at what we’ll do for you (if you qualify to attend):

• Work with you, hands on, to build a custom 10X Growth Hacker™ blueprint for your business. AND help you execute the blueprint.

• Make game-changing connections and introductions in the industry for you. We can even connect you with investors, journalists, and influencers if you meet some conditions that I’ll disclose later.

• Network with an amazing group of visionary founders

• Some surprises you’ll absolutely dig. Tell you about these soon, as details are finalized. 😊

Please check your email inbox for more details about the workshop in 2-5 days. Please be patient with us as we finalize the details!
P.S.

A lot of people ask me “Dmitry, what got you into growth hacking? Why are you so passionate about it?”

I’ve never revealed this before because it very personal. Honestly, it brings back some painful memories of my time growing up in Soviet Russia.

I’ve had enough people ask me that I’ve decided to reveal this very personal story. I’ll be releasing a video very soon where I reveal a bunch more.

Stay tuned!