Exploring & Implementing Product-led Strategies to Drive Scale in Social Impact Enterprises
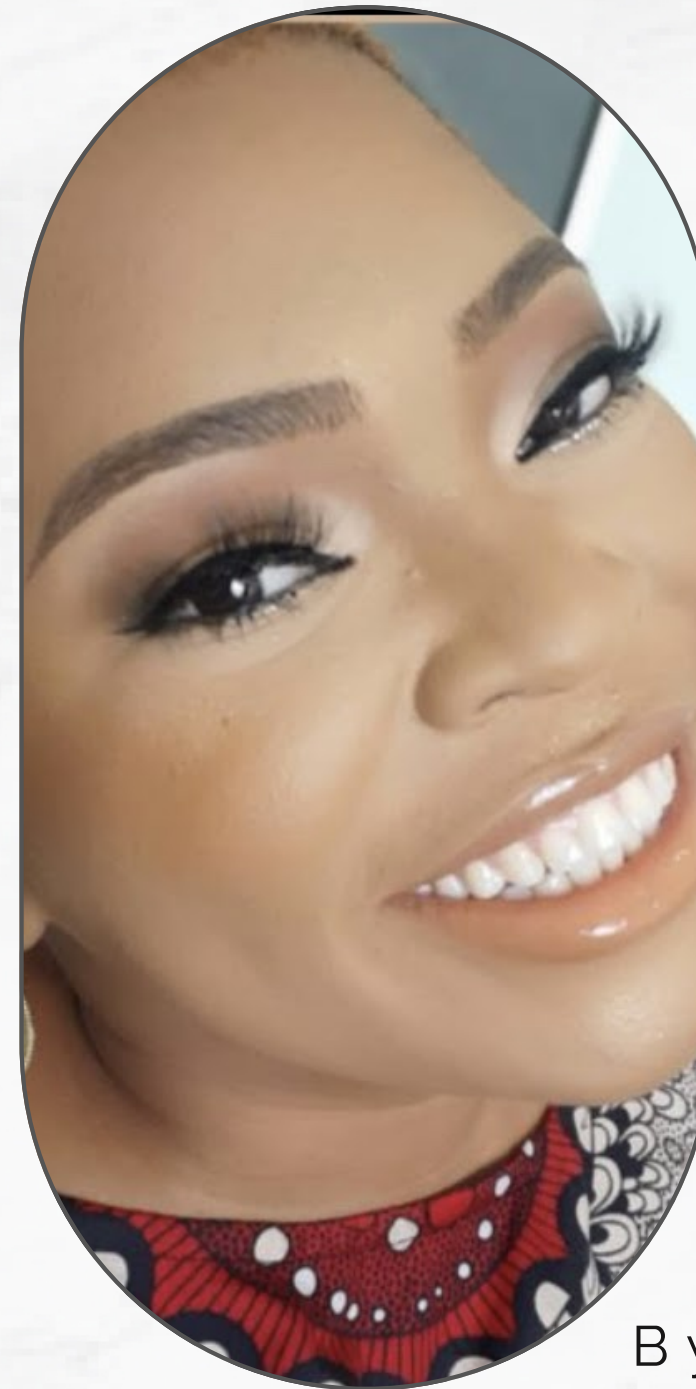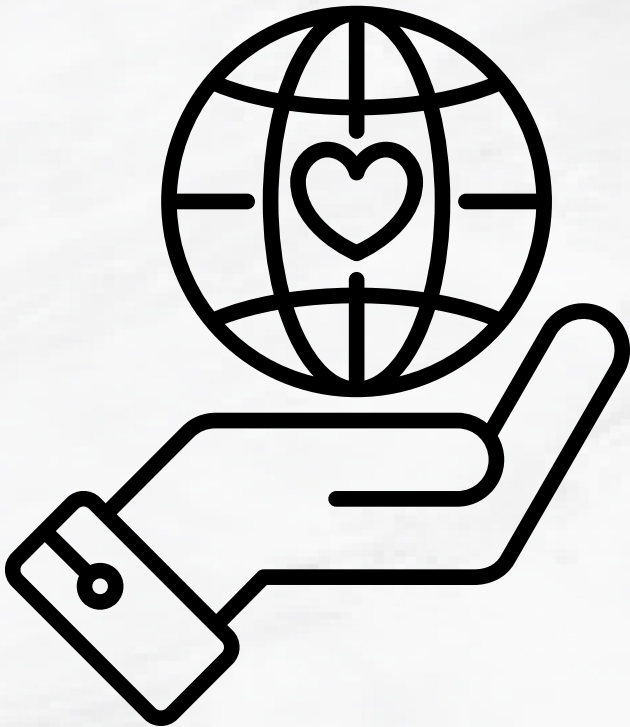
By Theodora Chimonez

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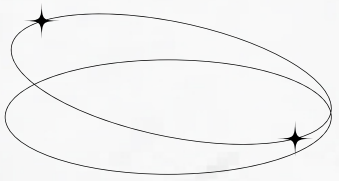matchimoni

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What We'd be Learning Today

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Introduction to PLG

Product-Led Growth (PLG) is a business methodology in which **user acquisition, expansion, conversion, and retention** are all driven primarily by the product itself-

In marketing, a product is an object, or system, or service made available for consumer use as of the consumer demand; it is anything that can be offered to a market to satisfy the desire or need of a customer..

This strategy can extend well beyond the SaaS industry. The benefits that product-led growth can deliver beyond the SaaS world are numerous.
the principles of product-led growth are applicable—and beneficial—to virtually any business, SaaS or otherwise.

PLG is a response to consumer behavior and preferences. It's a strategy that capitalizes on humans' desire to do things on their own as quickly and efficiently as possible.

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Introduction to PLG
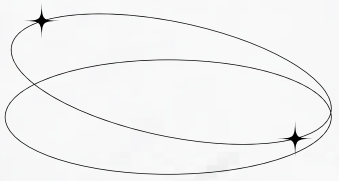
Social enterprise is a different playing field from SAAS management or development.

Key To Note:

- Competitive analysis is driven by need as opposed to revenue
- Product metrics alone aren't sufficient in demonstrating societal impact when developing social enterprise products.
- Your target user isn't necessarily a "superuser," but rather an overlooked one
- Designing products with as opposed to for users is critical

Unlike traditional product competitive analyses, when building SE products, one must think about market dynamics, particularly competition, through slightly different lens even for organizations that are profit oriented. You do not work to take market share but build to complement existing products/ services, to increase and improve on them.

Paths to Growth

When it comes to growth, there are several different approaches companies can take

- **Sales-led growth i**s the traditional model wherein a sales team pounds the pavement, knocks on doors (whether virtually or in-person), and transforms leads into eventual buyers.
- **Marketing-led growth** happens similarly, but rather than using a sales team, it uses marketing engines (including content marketing) to consistently move buyers through a customer journey towards the sale.
- **Product-led growth** is a little different. This methodology and strategy positions the product as the primary driver of growth for a company.

The primary goal of PLG s to create an experience so stellar that your users can't help but share the product with others, thus increasing the word-of-mouth coefficient and spurring organic growth.

While sales and marketing are still relevant and critical, having a product-led growth strategy in place allows you to play the long game.

Companies that adopt a product-led growth strategy do everything possible to make their product the best out there. They take on customer feedback and actively create new features based upon what their users are asking for—they're 100% customer-centric.

"**Your product becomes the core driver of acquisition, expansion, and retention.**" – Kelly O'Connell, VP of Product Strategy @ ActiveCampaign

Why Product-led Strategies Matter

Product-led growth helps companies continue to scale and grow efficiently by automating some of the key processes like onboarding, support, sales, and marketing functions and letting customers and prospects engage with them directly

True product-led growth strategy focuses on how the process and mindset of product-led companies can drive incremental growth via sophisticated and beautiful data loops rooted in Employee Experience (EX) and User Experience/ Customer Experience (UX/CX) alignment.

The first step to becoming a product-led company is internal alignment around the metrics that drive sustainable growth, such as customer lifetime value, engagement, and retention.

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BENEFITS OF A PRODUCT-LED GROWTH STRATEGY

Cost Effective

Rather than invest heavily in sharing about your product through content and sales teams, you can let your product do more of the talking by investing in a sublime experience.

Bigger Reach

Because your product grows via word of mouth, you're able to reach more potential users than you would with advertising dollars or algorithmic views alone.

Faster Feedback Loops

With more people touching, using, and deploying your product, you're able to gather more feedback and tighten up your data loops, so you can shorten the time it takes to develop an MVP or tight business model.
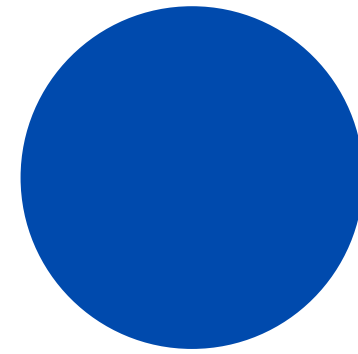
Product First

By investing in your product first, you're able to build a deliverable the market wants and will rise above the competition.
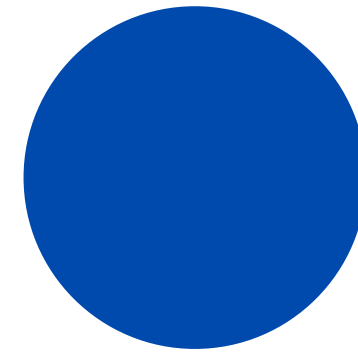
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ROCKET SOURCE

Metrics

Competitor Analysis

Target User

Feedback
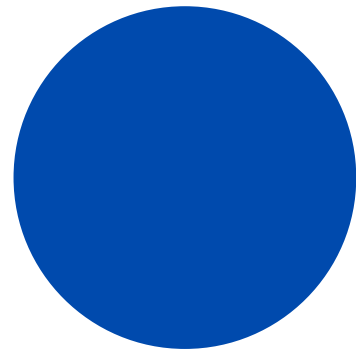
Product metrics alone aren't sufficient in demonstrating societal impact.
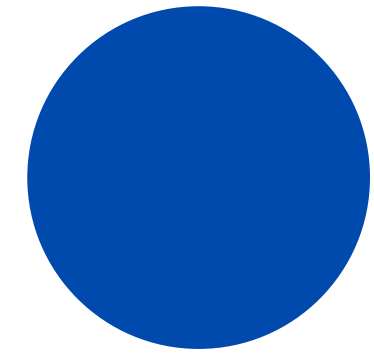
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Key Frameworks used for PLG

When it comes to implementing a product-led strategy, there are a multitude of frameworks out there that can help you but for this session, we would be walking through four key frameworks:

The Product-led Growth Flywheel

The flywheel framework enables organizations to grow by investing in a superior user experience designed to generate high user satisfaction and increase word-of-mouth referrals, thus driving new user acquisition.

The first layer of the product-led growth flywheel starts with Activate and moves through Adopt, Adore, and Advocate.
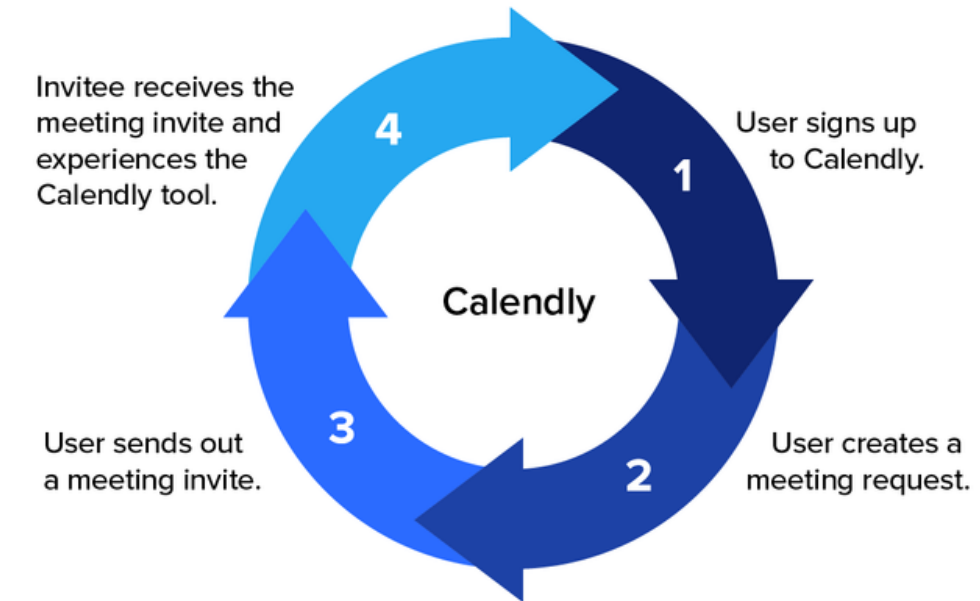
The Product-led Growth Flywheel
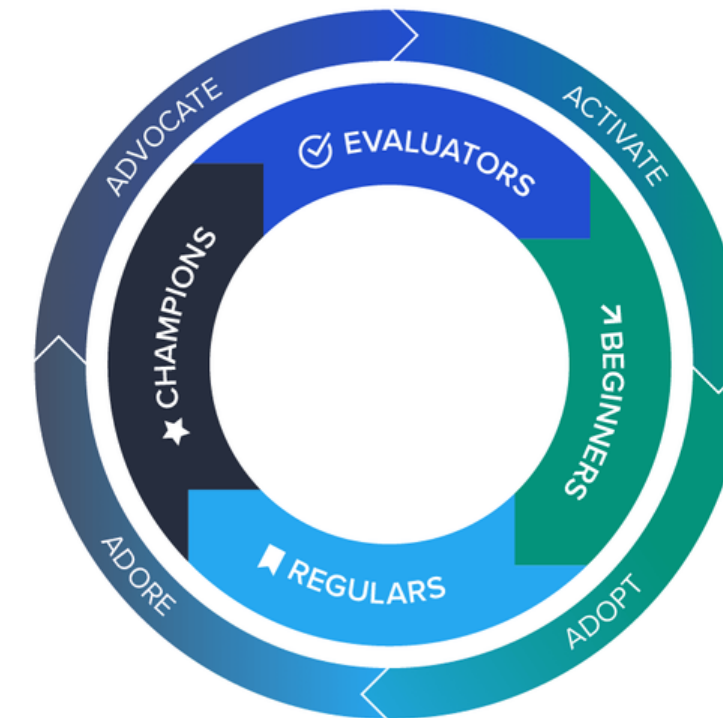
Key Frameworks used for PLG

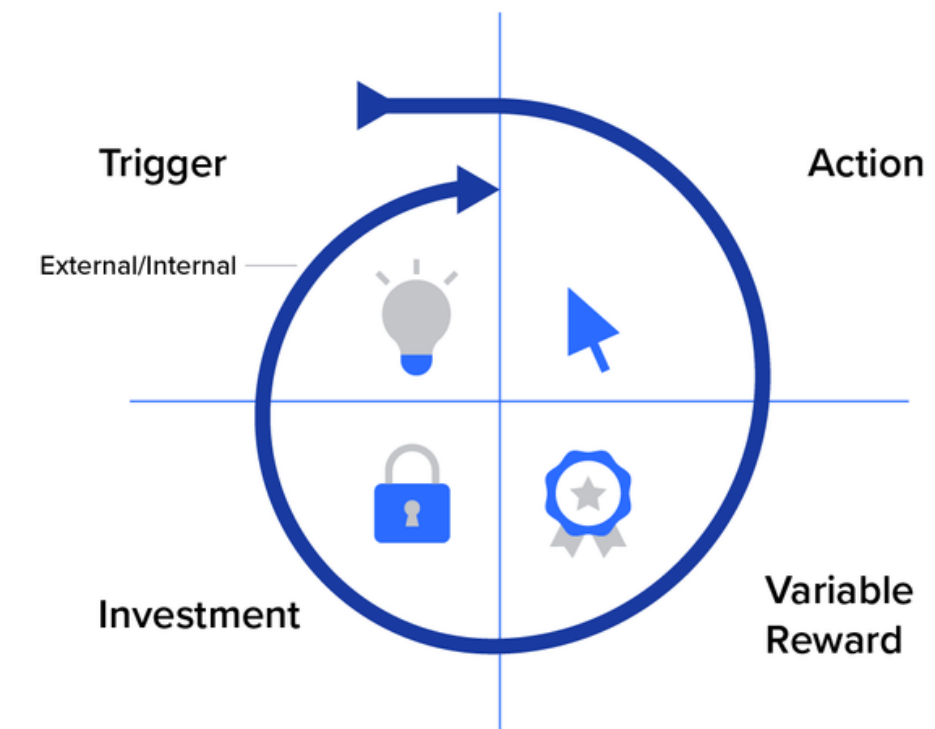- **Growth Loops:** eg Cashbacks, Referral Programs etc

The Calendly Growth Loop

- **The Hook Model:** Enter the Hook Model, pretty self-explanatory—it's designed to hook customers in. This habit-forming strategy is made up of four key phases that are repeated:

    1. The Trigger
    2. The Action
   3. The Variable Reward
    4. The Investment

The Hook Model

Source: Nir Eyal, *Hooked: How to Build Habit-Forming Products*, 2013

Key Frameworks used for PLG

- **The Fogg Behavior Model:** The Fogg Behavior Model shows that three elements must converge at the same moment for a behavior to occur: Motivation, Ability, and a Prompt. When a behavior does not occur, at least one of those three elements is missing.
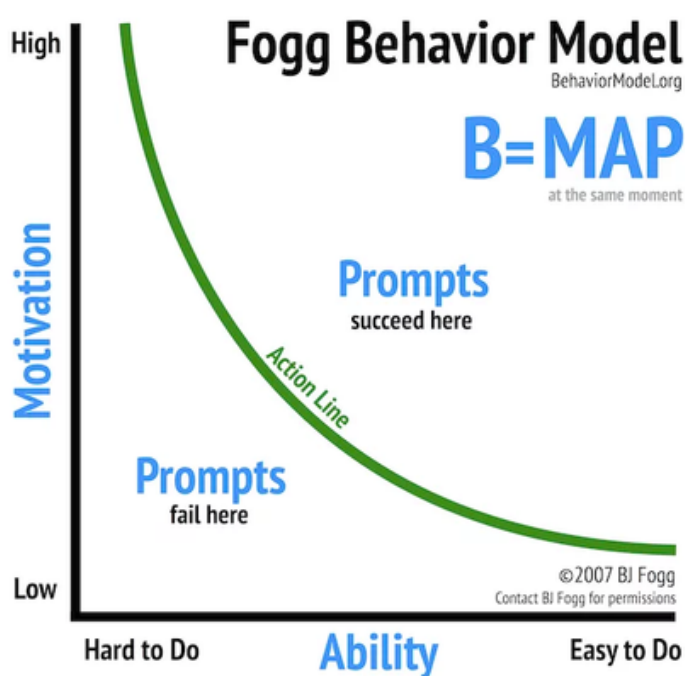
- **RICE Prioritization:** this is a simple formula that melds four clear-cut factors: reach, impact, confidence, and effort.
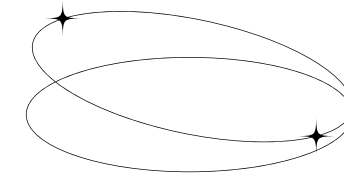
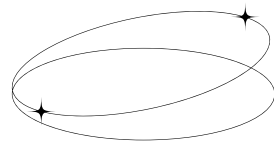$$\frac{R \times I \times C}{E}$$
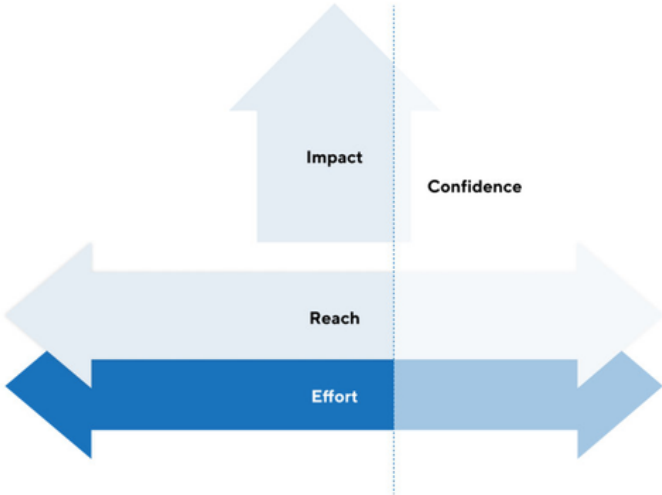
Breakout Session

Assign attendees into different groups with a minimum of 3 attendees per group.

Attendees have 10 minutes to come up with a customized PLG strategy using one of the key PLG frameworks, for a social impact project of their choosing

- Example 1: Health Tech Platform for Rural Healthcare
- Example 2: Education App for Marginalized Communities

Key Components of Product-led Strategies

- User-Centric Design
- Continuous Iteration
- Customer Education and Onboarding
- Viral Loops and Referral Programs
- A Winning Strategy
- Minimal Barriers & Friction
- Early Value Demonstration
- Feature Driven Demand
- Ease-of-use & Inbuilt Virality
- Focus beyond Acquisition

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Viral Loops & Referral Programs

Viral loops or viral cycles, are mechanisms within a product, service, or marketing strategy that encourage users to refer others, thus creating a self-sustaining loop of user growth.

are growth strategies that harness the power of existing users to drive new user acquisition. When executed well, they can lead to rapid and sustainable growth, reduce customer acquisition costs, and create a strong network effect around a product or service.

The impact of viral loops on growth can be significant and transformative for a product or service. Here's how viral loops work and their effects on growth:

- User Initiation
- Referral Incentives
- Ease of Sharing:
- Exponential Growth
- Sustainability

Referral programs can play a significant role in amplifying social impact by leveraging the power of networks, word-of-mouth marketing, and incentivized participation to spread awareness and engagement for social causes or initiatives. Here's how referral programs work and how they can contribute to social impact:

How Does Product-Led Growth for Enterprise Play Out in Practice?

Self-Service Onboarding: Enterprises adopt self-service onboarding processes, allowing potential customers to sign up and explore the product without requiring direct interaction with a sales representative. This approach empowers users to experience the product's value firsthand.

Product-Centric Marketing: Marketing efforts focus on showcasing the product's features, benefits, and value proposition. This could involve creating educational content, interactive demos, webinars, and case studies that highlight how the product addresses enterprise challenges.

Free or Freemium Models: Offering a free version or a freemium model allows enterprises to get a taste of the product's capabilities without a financial commitment. This encourages users to engage with the product and experience its value before considering an upgrade to a paid plan with advanced feature

Overcoming Challenges

- Resource constraints
- Ethical considerations
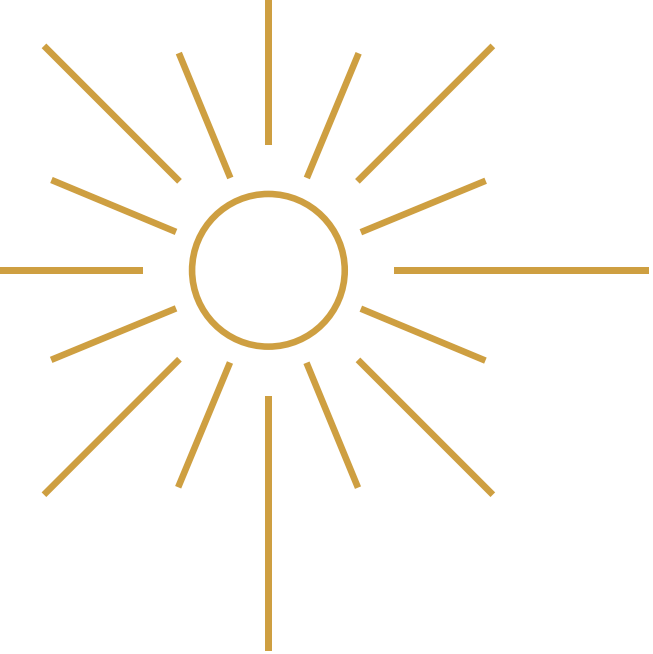- Measuring social impact alongside business metrics

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Measuring Success & Impact

Social Metrics

- Social Return on Investment (SROI): Similar to ROI in business, SROI measures the social impact generated per unit of investment. It quantifies the social value created relative to the resources invested.

- Number of Beneficiaries Reached

- Quality of Life Improvements: Metrics that assess improvements in areas such as healthcare, education, income, and overall well-being among target populations can indicate the success of social impact efforts.

- Sustainability and Environmental Impact: For initiatives related to environmental conservation, metrics might include reductions in carbon emissions, waste generation, or resource consumption.

- Behavioral Change: If the goal is to change behavior (e.g., promoting healthy habits), tracking metrics like adoption rates and sustained changes in behavior can demonstrate impact.

- Stakeholder Engagement: Measuring the involvement and satisfaction of stakeholders (including beneficiaries, donors, and partners) can help gauge the effectiveness of engagement strategies.

- Long-Term Impact: Assessing whether positive changes are sustained over time is crucial for understanding whether an initiative has created lasting social change.

- Social Equity and Inclusion: Metrics related to reducing inequalities, promoting diversity, and ensuring equitable access to opportunities are important for evaluating social impact.

Business Metrics

- Revenue and Profitability
- Customer Satisfaction and Retention
- Employee Engagement & productivity
- Market Share

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To determine whether a product actually furthers impact, social sector PMs must have a strong understanding of how individual impact metrics fit into the bigger picture. One way to do this is through investing ample time in developing a product strategy and more specifically through crafting a product mission statement upfront.

Thank You