*Welcome to the Entrepreneur’s Guide to Finding Your First Customers podcast. My name is Jack Kaufman and I’m interviewing successful entrepreneurs about how they found their first customers for their businesses. Check out our book at yourfirstcustomers.com to reserve your launch discount.*

*Today’s episode of Entrepreneur’s Guide to Finding Your First Customers podcast is with Danny Wen, co-founder of Harvest. Harvest is a SaaS application that provides simple online time tracking software. In this episode, Danny shares stories about how he found the first customers for Harvest and gives some good tips that will help you find your businesses’ first customers. Here we go.*

Jack: Hi everyone. I’m really excited to be interviewing Danny Wen for the Entrepreneur’s Guide to Finding Your First Customers podcast today. Danny, thanks for taking the time to speak with me and help share some of your experiences and insights about how you found the first customers for Harvest.

Danny: Glad to be here. Thanks for having me.

Jack: Yeah. No worries, no worries. We can jump right into the interview. My first question for you is could you tell me the story of how you found your first customers for Harvest and also a little bit about what Harvest is.

Danny: Yeah. Sure. So Harvest is a web-based time tracking and invoicing application. So what that means is a lot of our customers are in professional services or consulting some kind. So whether you are a one-person freelancer or maybe a 50-person digital agency, Harvest is a tool that helps you track your time, understand where your budgets are going and filing your billing for it. So really the story starts back in 2006. My co-founder Shawn Liu and myself, we were about three years in to our life as a digital agency ourselves, a very small one. One of the things that we noticed is we just had tools that weren’t quite right for what we needed specifically with time tracking, and during that time we were using Excel, and it just wasn’t doing a great job. It was a little bit cumbersome to use especially as you have multiple people trying to aggregate everything together was just not a pleasant thing. So we decided to build Harvest and we launched in 2006, and this is after kind of surveying the landscape and not seeing a tool that really resonated with us that was design- focused, that was simple, that was cloud-based. And so at that point, first customers we looked to were friends who were also running design studios. So for us in that way, it was easy to kind of get a first few to kind of show them what we’ve got, have them try it out. They were having the same pains that we’re having. Just not finding the right tool. So we’re pretty fortunate in that. We got some very early adoption on that very first version of Harvest.

Jack: Great, great. Were you funded or bootstrapping at the time you found your first customers for Harvest?

Danny: Yeah. So because we were doing our digital agency at the time, we completely just kind of bootstrapped our way into building the product. And that really meant we were taking very low amount of the cash flow that we have but taking some time off from consulting to build that first version of Harvest and then getting back to consulting as Harvest started to be a part of our customers. So yeah, it was important to us as a result of that to really start charging for Harvest right away.

Jack: Yeah, definitely.

Danny: So from there though, it still takes a very long time like about a year before Harvest itself was earning enough revenue so that we could focus on our hundred percent. So it was definitely a bit of a transition but over the time it worked.

Jack: Nice. And so you mentioned that your customers were paying you right away, which is awesome. What was your business model at the time?

Danny: Yeah. We offered a free trial. So anybody could come to the web site, getharvest.com, and start a free trial, three-day free trial and didn’t need to put in their credit card. We felt some of these things were important just because we wanted people to try and adopt the tool, right? We were selling a business tool. At the end of the day they have to come and try it out. See if it fits within their workflow. So people got to do that with very low risk upfront. At the end of that 30 days, they can decide “Is the tool that I’ve just tried out worth it?” And during that time I think we were charging something like $8 per user per month.

Jack: Okay.

Danny: So right off the bat, we had some people that took the trial, and at the end of that 30 days, they had to make a decision. Is this the right tool or not? It wasn’t one of those “Hey I could use this for free forever just for myself” but they have to come to a decision point and we felt that was important so that we could try and prove our value. Thankfully, a bunch of people started to say “Yeah that’s valuable. I’m going to pay for that.”

Jack: Nice.

Danny: So that definitely helped us out.

Jack: Definitely, definitely. Something I guess I’m curious about is before you launched Harvest to the public, did you kind of do like a private beta or a beta period of like some sort? And if so, did you charge people during the beta or did you wait until after to start charging people?

Danny: Yeah, that’s a good question. At the time, because Harvest was built in relatively short period of time, the first version of it was built in four months. So by about month 3 we had a few people kind of trying it out. They would come over and visit us in the office. We demo it. And then they go back to their work and have this account, and we didn’t charge for it early on. We thought this is super early as far as the product goes. We just want to get some feedback.

Jack: Yeah.

Danny: See what the tolerance was, see where we’re falling off in terms of not meeting a feature requirement. And so we didn’t charge for those early accounts and then some of our friends obviously we didn’t charge them for a lot longer. But right when we launched, right then and there, anybody who came to the site and went through the trial, they would go through the normal flow which will mean paying for it.

Jack: Nice. And so besides kind of reaching out to your friends who were also design consultants or consultants in other areas, what were some other specific techniques or strategies that you used to get Harvest’s first customers?

Danny: So for us, yeah, I think one of the important things in general for us was we clearly had this problem as a small consulting company, so we identified the problem. We knew we wanted to build a solution for it and we ourselves we had this customer profile that’s like many other businesses were also like us. So given that, our first go-to were our friends who were running studios, but then beyond that, we also knew where, in this case, people who were working in web design and web development, we kind of knew where they hung out just because we participate in those communities ourselves.

Jack: Definitely, yeah.

Danny: So this allowed us to reach out whether it’s to get reviews on the product or get people to just give it a go or advertise somewhere that’s relevant. All those things kind of helped to amplify this first community. So yeah, for us we just had this targeted approach like which community do we want to be involved with and let’s go and see if we can make some noise within that.

Jack: Okay. Interesting, interesting. Let’s see. I have one more main question and then I might have a couple more follow-up questions. The last main question is what’s your number one tip out there to prospective entrepreneurs about how they can find the first customers for their businesses?

Danny: Yeah. The way I’m going to answer that by kind of drafting off of my last answer and that is really understanding who the customer is. You’re building something. Well, who are you actually building it for? Get a really good understanding of what that type of business is like. Just a little bit of a side note, but we’re a continuum. We’re eight years into our journey here at Harvest, and we’re building a new tool. We continue to refine what our understanding of the customer is by visiting our customers today and really kind of talking through how has your workflow changed given where we are today with all these other applications and mobile and all these other things. And by sitting in with them and listening to how they talk to each other in their meetings, we just get much more information to work with, and as a result, the solutions that we built I think were met quite well to their processes. So yeah, I think once you really have that solid understanding of who the customer is, so many decisions from product decisions to marketing decisions, they just become much easier as a result of that.

Jack: Great, great. You mentioned that before starting Harvest, you were a designer working with your own consultancy. How important do you think it is for entrepreneurs to try to build a business in kind of a market or area that they have some expertise or an especially good amount of knowledge? Because I feel like sometimes people might have worked in one industry or one area or one sort of profession for a while and then go on to kind of start a business in something completely different. So do you think it would be good most of the time to stay and build a product for the industry that you’re already in?

Danny: I think it’s a good idea to stay if that’s an industry that you actually enjoy being a part of. Like for us, the design and development community that we really identified with them from day 1 anyway and we’re still a part of that. It really works for us. I think in addition to that, it’s a huge advantage if you’re able to work with that knowledge and build something for that community with that knowledge. I think it just takes a lot of years of experience to really understand all the nuances of how do you communicate to this certain audience or what are the certain pain points that this audience has. And especially if you’re talking about building tools for businesses, I think that’s the kind of domain knowledge that’s very hard to acquire if you’re coming in with no experience.

Jack: Definitely, definitely. That’s a great last point. And with that, that was the last question I had. So thank you again, Danny, for taking the time to do this interview and share some really awesome advice and some great stories from how you guys got the first customers for Harvest.

Danny: Cool. My pleasure. Thanks for having me.

Jack: No worries.

*Thanks for listening to the Entrepreneur’s Guide to Finding Your First Customers podcast. If you haven’t already done so, subscribe to our podcast on iTunes so you always get each new and awesome episode. Also, please consider leaving us a review in iTunes. We truly appreciate every single review. Thanks again and have a great day!*