*Welcome to the PublicBeta 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 the PublicBeta podcast is with Jeff Epstein, founder and CEO of Ambassador. Ambassador is a SaaS application that helps you turn your customers into brand ambassadors. In this episode, Jeff shares stories about how he found the first customers for Ambassador 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 Jeff Epstein for PublicBeta today. Jeff is co-founder and CEO of Ambassador. Jeff, thanks so much for taking the time to speak with me and help share some of your experiences and advice about finding your first customers.

Jeff: Yeah. Absolutely, Jack. I appreciate it. Thanks for having me.

Jack: Yeah, of course. No worries. So we can get right in to questions then. The first question is can you tell us a story of how you found your first customers for Ambassador?

Jeff: Yeah. So for us, we actually launched Ambassador while we were at Techstars and this is in New York in 2011. So we have sort of the fortunate circumstance of being able to meet with some really great companies and have some what you’d call now a customer development and talk through kind of what we were doing, and we ended up getting pretty lucky and got some pretty big customers through this relationship. So it was a little fortuitous for sure. Going back in time a little bit, when we started the company, it was originally called zferral. In those moments, when I started back then, it was much more difficult and I learned quite a bit. So again, I was pretty lucky. I had some relationships through mentors and investors and we got some pretty big companies to use as right off the bat which was really helpful going forward.

Jack: Great, great. So were you funded or bootstrapping at the time you found your first customers for Ambassador?

Jeff: So at the time, we had raised very, very little amount of money. So Techstars at the time gave us like $18,000 and we had raised about a little more than that from one or two investors. They’re like friends and family type round. So it was for the most part self-funded. I personally invested more myself in the company at that point. So we definitely had a bootstrap mentality and had raised a tiny bit of money.

Jack: Okay, great. And were your first customers paying you immediately or were they just users and kind of what type of model, business model were you using at the time? Was it kind of a freemium SaaS, a one-time purchase SaaS with a free trial?

Jeff: And again backing up with zferral, I started with kind of the freemium model. I thought Dropbox had been super successful and I thought that was the way to go. What happened is I just realized it was really hard to get people that actually pay, and I spent a lot of time to sell people after they had already used the platform. It was doing a million things wrong, but I learned pretty quickly that if I charge people, they would take me more seriously and we’d also be able to obviously earn more revenue quickly. So having sort of experienced that with Ambassador, we had charged from the get-go. The product was very, very basic, and luckily like I said, we had some really good relationships which was key with our first customers. So they were willing to work with us. And we gave them I guess a deal, so it was much less than they would be paying us today. But we gave them kind of a discounted rate in order to get feedback from them and for them to sort of understand that they would be willing to kind of work through some of the kinks that we had. It was really helpful. We got really quick feedback and we were able to build things that were necessary for customers like them moving forward. And again, some of them were pretty big too.

Jack: Okay, interesting, interesting. And kind of besides using those relationships to kind of get some of your first customers, were there any other techniques or strategies that you used to kind of look for and acquire your initial customers?

Jeff: I didn’t use these as much as I would recommend them I guess going forward. But I think one really great way to get your first customers is to blog while you’re building.

Jack: Okay.

Jeff: That’s something that I should have done more of that I hadn’t and I would certainly recommend that. Again, I had some relationships and we had some customers from previous products. So we kind of have some of those built-in so we were a little lucky in that regard. But going forward and what I would actually recommend if I were to do it again is I would probably go after, follow the model that companies like Intercom or—I’m trying to think of some of the other companies that we’ve worked with. They started off at a pretty low price or almost free and they learned quite a bit from their customers. Then they decided to kind of really ramp up pricing six months or a year down the road. I think that’s an interesting model. It keeps kind of the barrier to entry pretty low which is great to get people onboard, and then you can learn from them and hopefully iterate quickly. So those are things that I would maybe do differently. We started with a higher price point and we’ve kind of stayed there, and it’s worked well for us. But again, starting from scratch I think I would do things a little bit differently potentially.

Jack: Okay, great. Something I mentioned is that kind of from some of the customers that you kind of got with because of relationships you established through Techstars. You kind of offered them a bit of a deal in order to get kind of feedback from them and really start to kind of iterate and develop more features for the product. Intercom had some success with that kind of starting all over the place. But would you recommend kind of using maybe even if you start with a higher price point kind of giving some early customers a lower deal just so that you can start getting some feedback right from them?

Jeff: Yeah, absolutely. I think it’s important to understand and learn if you don’t know who your target customers are, and if you can give them a deal to try it out or switch to you, then I think it makes a lot of sense. What I would not recommend as much as trying to find someone who wouldn’t necessarily fit in any kind of who you’re building your product for.

Jack: Yeah.

Jeff: Only because you’re giving them a deal because then you run the risk of getting feedback that actually doesn’t fit or shouldn’t fit where you want to go with your product. So that’s an important distinction. But again, if you can find people that are willing to order and see your product. And again, the thing that I also learned throughout this process is that usually money isn’t the deciding factor, right? A big company that’s going to you guys and move to us in the case from a competing product, they’re less likely to hear about the dollar saved, probably more likely to hear about getting their voice heard or getting a specific feature that they really need or saving them hours of time a week or a month or something. So those are the things that I think you can provide. You can solve those problems for them instead of worrying about money because again like I said, it’s usually not their money. It’s the company. The company isn’t going to necessarily get mad if they’re paying 10 or 20 percent more. They’re not going to be stoked if they’re paying 10 or 20 percent less. It’s not that big of a deal probably at the end of the day.

Jack: Okay, interesting. My last question is what’s your number one tip out there to prospective entrepreneurs who are thinking about starting a business so that they can find their first customers?

Jeff: Yeah. So I think the biggest key is while you’re building, start talking to customers. I know it’s kind of cliché at this point, but it’s really important that if you’re building something out of the blue that you have to find that customer segment, find where those people hang out, whether it’s like a LinkedIn group or on Twitter. Find where they are and offer them, get a hold of them. Offer them some sort of whether you can meet them in person, coffee or lunch and kind of pick their brain. Learn about them. In that way, hopefully when you do launch, you should really have a list of several customers or potential customers that can be used. I know you guys are talking with Rob Walling from Drip and he did a masterful job of that. We were actually one of their first customers.

Jack: Okay.

Jeff: Yeah, and he did a great job. So definitely stay tuned for that because he does it probably better than anybody.

Jack: Great, great. That’s a great kind of last tip. So thanks, Jeff, again for taking the time to do this interview and share some of your advice and insights with the PublicBeta audience.

Jeff: Yeah. No problem. Thanks, Jack. I appreciate it.

Jack: No worries.

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