*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 Garrett Dimon, co-founder of Sifter. Sifter is a SaaS application that allows for simple bug and issue tracking with code. In this episode, Garrett shares stories about how he found his first customers for Sifter and gives some good tips that will help you find your businesses’ first customers. Here we go.*

Jack: Hi everyone! I’m very excited to be interviewing Garrett Dimon for PublicBeta today. Garrett, thanks for taking the time to speak with me and help share some of your experiences and advice related to finding your first customers.

Garrett: Yeah, sure thing.

Jack: Great. So could you tell us the story of how you found your first customers for Sifter?

Garrett: It’s kind of a bunch of things. I’ve been blogging for many years just about miscellaneous web things from web standards to information architecture and all sorts of stuff. So I had built a small group of followers and I’d always wanted to build a bug tracker. I didn’t start out planning to build a business although I knew I wanted to someday. The whole idea really just started out as me exploring ideas with bug tracking. Just really for fun. And as time went on, you know, a month or two and I made a few more blog posts about, people started encouraging me to think more deeply about doing something with it. I didn’t really have any expectations initially, and once people started expressing interest, I kind of started realizing “Oh, well this could be something. I guess I could do this.” And that’s kind of where the first customers came from is that batch of people who were interested in what I was talking about. It was less about finding customers and more about talking about something I was working on, and then the people who were interested in that gravitated towards it and just turned it into a product. And then basically those people signed up for a newsletter, and then when we launched, it was “Hey, we’re live.” Sending email to all the people who had expressed an interest in and that was that.

Jack: Great. So were you funded at that time or were you bootstrapping?

Garrett: We were kind of a little in between. Really, it’s bootstrapped. My business partner put in $16,000 but he’s not purely an investor. He handles all the business side of things and all of that. He’s not doing design development and product stuff but he handles all the other aspects of the business so that I’m able to focus on the product.

Jack: Okay. Great. So when you sent the email to your launch list, were those customers paying you immediately or were they just users? And what kind of business model did you have?

Garrett: Yeah. So our prices are pretty much exactly the same as the day we launched. The only thing that changed is we originally had a $14 plan and we stopped doing that because it really generated the majority of support requests, had the lowest overall value. So for the level of customer service I wanted to provide, it just wasn’t going to be practical for me to field emails from that many customers. So we decided to drop that plan. Originally we launched in our beta we actually charged $5 a month during out beta just to kind of filter out people who were serious about what we were doing and interested in what we were working on and people who were just kind of playing around.

Jack: Yep.

Garrett: And it also gave us an opportunity to kind of test our billing system which, you know, kind of sucks to come out of beta and go live. You haven’t tested your billing system. You flip the switch. So in my mind it was, you know, we need to test the billing system. We’ll charge a nominal fee. Anybody who’s serious will pay it and won’t care. And so basically since we started the beta, I think we had something like a thousand people on the list.

Jack: Oh wow.

Garrett: And I just started going down that list and sending out advice to five, ten people a day, a week. I don’t even remember now. And they would come sign up or not and start using it. So we had a lot of people using it during the beta and then we launched, opened it up to everybody and were making money when the beta started.

Jack: Yep. And then just quickly to follow up on that, when the beta ended, did you start charging people who were in the beta kind of the regular prices that you had set out?

Garrett: Yeah. It just went up to the regular price as soon as it went live. Really I mean it didn’t bill them until the next billing cycle.

Jack: Yep.

Garrett: But yes, the next time they got billed. They were getting billed full price.

Jack: Okay. Great. So you said that you used email and kind of that was effective and kind of just blogging about bug tracking and building up a list and an audience that way. So was that the main kind of strategy you used?

Garrett: Yeah.

Jack: Okay.

Garrett: I would say that accounted for probably 80 percent of our additional customers. The other 20 percent came from advertising. That 16,000 that my business partner put in, a lot of that went to all the legal stuff. Some of it went to the initial hosting, things like SSL, kind of those upfront costs. Not really significant but they add up. And then I don’t remember the exact amount. I think we spent a thousand or two thousand on advertising on just miscellaneous places and that helped.

Jack: Okay.

Garrett: The advertising wasn’t quite as effective as the email list but it was effective. It helped. And the advertising definitely it helps at launch to generate awareness but then once most audiences are aware that your app exists, advertising really starts having some diminishing returns. At least it did for us.

Jack: Okay, interesting. And what would be your number one tip to kind of prospective entrepreneurs out there for finding their first customers?

Garrett: The biggest thing is just start thinking about it and preparing years in advance of when you think you’re actually going to create something because a lot of people decide “Okay, I’m going to quit my job and start a business.” That’s possible but it’s going to be a constant struggle because if you don’t have a way to reach out to people who are interested in what you’re doing, then you’re going to have to spend a whole hell lot of money on advertising and that just gets really expensive really fast and it’s just not effective. Whereas say you’re 18, you just started college but you know that one day you want to start a business.

Jack: Yep.

Garrett: Start blogging. Start sharing things. Give things away to—everybody calls it building an audience but really it’s more of finding like-minded people. So the things that you’re interested in, by talking about that and giving it away, you’re going to implicitly reaching out to and meeting people who are interested in the same things you’re in. And then one day down the road, you’ve got that group of people who a, you can bounce ideas off of. And so like for me that was totally the blog. I would never be able to turn this into a business if I hadn’t started writing about it, sharing it and just giving away the ideas. And then people write, “Hey, I like this. You should do more of this.” I was like “Really? Oh. I guess I could.”

Jack: Yeah.

Garrett: And so without those people, I never wouldn’t want to turn this into a business. It would have just been a blog post that nobody saw. And that kind of thing takes time. That’s the problem. Most people don’t want to make that kind of commitment. I think I’ve been blogging for four or five years at that point, and yeah, probably about four or five years. It made all the difference in the world. Without that, Sifter never would have gotten off the ground. I never would have had the encouragement to build it, and then once I did build it, I wouldn’t have had the initial customer base to make sure it was making enough money to sustain itself.

Jack: Great. That’s a great tip for the people who are thinking of starting a business and finding their first customers. Those are all the questions I have, so thank you so much for taking the time to speak with us today and help the people who are going to be listening to this PublicBeta.

Garrett: Yeah, of course.

Jack: Great. Have a great day.

Garrett: Yeah, you too.

Jack: Alright. Bye.

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