*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 the Entrepreneur’s Guide to Finding Your First Customers podcast is with Ryan Carson, co-founder and CEO of Treehouse. Treehouse helps you learn how to build websites and apps, write code, and start a business. In this episode, Ryan shares stories about how he found the first customers for Treehouse 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 Ryan Carson for the *Entrepreneur’s Guide to Finding Your First Customers* podcast. Ryan, thanks so much for taking the time to speak with me and help share some of your experiences and advice about how you found the first customers for Treehouse.

Ryan: Thanks for having me in the show.

Jack: Yeah. No worries, no worries. So we can jump right in to the interview then. And my first question is can you tell me the story of how you found your first customers for Treehouse?

Ryan: Yes. So we had a previous business that was in a conference and workshop training company. It was training folks [00:01:38 inaudible], and what we did we used cash flow from that business to build Treehouse. And then I sponsored my own conference.

Jack: Okay, cool.

Ryan: Basically used my current network and advertised to that network. It was the classic thing you hear about where it’s no overnight success but took seven years.

Jack: Yeah.

Ryan: And that worked very well. We launched on day one and we did around $3000 revenue in day one.

Jack: Good.

Ryan: We charged for day one and those were people that knew about media and about my previous business and were excited to find out even though we didn’t have content back then. So the thing I learned was like build a network and then credibility and then advertise to that network.

Jack: Great, great. And you kind of mentioned that you used the cash flow from your previous business to fund Treehouse initially. Did you kind of raise any other funding initially or did you not raise funding until after you had gotten kind of an initial customer base?

Ryan: We did not raise any money at all. We just used cash flow from our own business and then took profitability with about three people and then we decided to raise [00:03:10 inaudible]

Jack: Great, great. So when you initially launched Treehouse, were the first people who signed up for it paying you immediately and what was your business model at the time?

Ryan: Basically, yeah the first customers came to us immediately and we charged $25 bucks a month right away and it worked right. I’m a big fan of charging real money for a product and asking people to pay upfront.

Jack: Yep, definitely. And did you have a recurring model at the time?

Ryan: We did. It was $25 bucks a month or $49 bucks a month.

Jack: Yeah. So besides using the cash flow from your previous to fund Treehouse and launching to your network from that and launching kind of sponsoring your own conference from that, what were some other specific techniques or strategies you used to find your first customers for Treehouse?

Ryan: We used a lot of content marketing, so we have blogs and that worked really well for us. We wrote tutorials and trusted Google to bring in organic traffic and that worked really well. So that was good for us. We also did basic Google PPC and Google Display. At first that didn’t work very well for us. It took us a long time to figure out how to do that profitably. Initially it was creating networks sending $2000 to our customers.

Jack: Oh wow.

Ryan: And we actually quit doing PPC for a long time. But now we’ve figured out how to do it profitably and that’s really exciting. And the way I figured that out is just have someone in-house just doing it fulltime. We kind of hire up that firm and do all that kind of stuff and we get referral results with that. And then one other kind of growth hack that we did that worked really well we sponsored sites, we bought up all the ads, and that worked pretty well. That’s not a scalable channel [00:05:42 inaudible].

Jack: Yeah.

Ryan: But it definitely was a good start.

Jack: Interesting, interesting. And when you guys were doing that content marketing initially, were you kind of also building up an email list at the time to kind of help develop an audience there or were you kind of mainly using the content to get traffic from social and search engines?

Ryan: We didn’t do a lot of email marketing. We should have but we didn’t.

Jack: Okay. And just to follow up quickly with the kind of CPC and display ads, you mentioned that initially it was very unprofitable. Do you think—and then now that you’ve hired someone to work on it fulltime, it’s become a lot better—do you think the key for effectively using CPC ads and kind of getting to profitability with them is doing experimentation where you do lose a bit of money upfront, but then over time you get your conversion rates up and you find better keywords or better demographics to target?

Ryan: Yes, I think you have to go through that process. We definitely lost a lot of money in the beginning and now it’s working out very well for us as well.

Jack: Great, great. And then I just have one more question for you which is what’s your number one tip out there to prospective entrepreneurs about how they can find the first customers for their businesses?

Ryan: I think the key is to ask people to pay and then see if they sign up. It sounds stupidly simple but the idea of paying that for a real product they can pay for, go ask some people you know to buy it.

Jack: Yeah.

Ryan: It’s very concrete, you know. So I effectively asked my friend to sign up for Treehouse and that was the way we started, and now we’re a multimillion dollar company. So you start with that first ask and by asking people to pay real money has really clarified like “Hey this is actually worth paying for.” And that clarified it real fast and then people will pay then you know you got a promise to do like okay we got something to start.

Jack: Definitely, definitely. And just to kind of quickly follow up on that, do you think it’s useful to ask people to pay before you have a product, so to do pre-orders or pre-sales, or do you think you really link at kind of the best feedback in that situation when you actually do have a product to show people and sell to people?

Ryan: We didn’t ask people to pre-buy simply because… We probably should have tried. We had people sign up for it.

Jack: Yeah.

Ryan: But we didn’t have people pre-buy. I think it would make sense just to kind of well you can get people to pay for free lunch, then you might as well.

Jack: Yeah, it’s a good sign.

Ryan: And Kickstarter is amazing for that. We didn’t use Kickstarter at all but I wish we would have though. I think it would be great.

Jack: Definitely, definitely. Well, that’s a great last tip of advice, making sure that you can get people to pay for your product. And with that, those are all the questions I have. So thank you again, Ryan, for taking the time to do this interview. Really appreciate it.

Ryan: No problem. Thanks for having me on the show.

Jack: Yeah. No worries.

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