



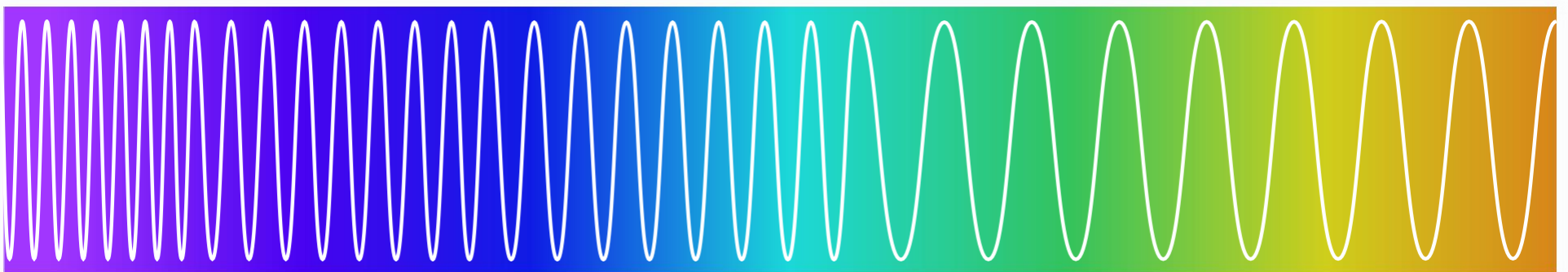
THE GAME OF P M F PRODUCT MARKET FIT

DEFINITION

"The process in which you have found a group of customers and a market that reacts positively to your product: you solve a problem, and you get paid for it."

STEVE BLANK

It is essential to understand that PMF is not a binary concept. It's better to view it as a spectrum ranging from weak to strong.



WEAK

STRONG

The goal of this infographic is to provide entrepreneurs with simple tools to understand where their business stands on the spectrum.

The ways to measure PMF vary according to each business model. To do so requires a combination of qualitative and quantitative indicators.

IS IT “NICE TO HAVE” OR A “MUST HAVE”?

The one aspect all entrepreneurs should know is whether their product/service is “NICE TO HAVE” or “MUST HAVE.” For example, aspirin is a product that you “can’t live without.” A vitamin product has good utility; however, it is not necessary and does not solve a pain directly.



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THE MUST HAVE SCORE (MHS)

The Must Have Score is a great **qualitative measure** that indicates the percentage of users who would be very disappointed if they couldn't use the product anymore.

How would you feel if our product/service no longer existed?



Not
disappointed



Indifferent



A bit
Disappointed



Very
Disappointed



is the **ideal number of very disappointed customers to have**, according to Sean Ellis (the creator of MHS).

If the score is **under 40%**, then it probably means one of these things:

- There is **not enough space in the market** for the product.
- The product was **not sold to the correct group of people**.
- The product is **not a “must have” but a “nice to have.”** In this case, the entire strategy should change to **generating desire** and not **solving a problem**.



THE GAME OF PMF PRODUCT MARKET FIT

THE PMF SCORECARD

John Danner, an investor who has in his portfolio unicorns such as Outschool and Bloomtech, developed a report card with a series of quantitative metrics for early-stage founders of edtechs and future of work companies to understand in what part of the spectrum their company is. Many freemium SaaS businesses and consumer companies can also use the framework.



In the journey of reaching strong Product Market Fit, it is important to reach high grades on each step.



THE GAME OF

P

M

F

PRODUCT MARKET FIT

STAGE	METRIC	A	B	C	MILESTONES	FUNDING
MAGIC	% of visitors who become users	80%	60%	40%	80% of visitors who see your magic become users	IDEA
HABIT	% of users retained in 30 days	80%	60%	40%	65% of users should have returned by d30	PRE SEED
FIRST CHANNEL	# of organic weekly visitors to your site	1000	800	600	Generate 1000 new users a week	PRE SEED
	MoM organic growth (excluding paid growth)	20%	15%	10%	Grow payers by 20% MoM organically	PRE SEED
ENGAGEMENT	Average # of visits per week	7	5	3	Users should use your product daily	PRE SEED
ACTIVATION	% of the top funnel that become users by day 7	80%	60%	40%	80% of the top funnel should become users by day 7	SEED
MONETIZATION	% top of funnel who become paid customers	10%	7%	3%	10% of top-of-funnel visitors become paid users	SEED

According to John Danner, the best indicator of PMF is organic growth. If the company reaches the milestone of 20% MoM, it probably has a strong PMF and will grow more than 7x in a year. Jumping to growth before establishing the previous milestones is almost always a massive waste of time and money.