tgp traction gap partners

TRACTION. STARTUPS NEED IT. LEARN HOW TO GET IT.

THE PROBLEM:

EPIC STARTUP FAILURE RATES

80%+ STARTUPS FAIL | Most stumble when taking the product to market

Top 2 reasons*

No Market Need
Startups need a product-market fit with a market-first mindset.

Ran out of Cash
Startups need to show traction to secure critical funding.

How can startups develop strong product engineering processes & market engineering expertise to secure critical funding?

*Source: CB Insights

INTRODUCING THE TRACTION GAP

Startups must reach a series of milestones along the Traction Gap

Traction Gap Partners created the Traction Gap Framework to combat 80% startup failure rates.
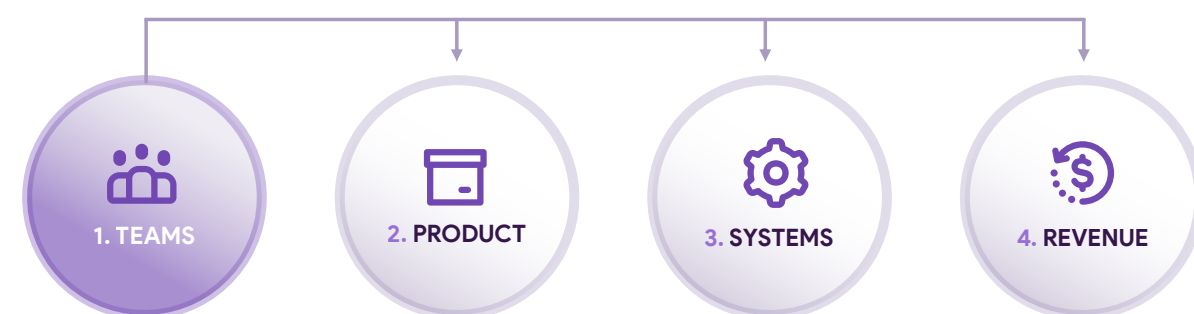
IDEA — PRODUCT — TRACTION — SCALE

THE TRACTION GAP
The Traction Gap is the critical period that determines whether the company will thrive or die.

Go-to-Product | Go-to-Market | Go-to-Scale

MVC | IPR | MVP | MVR | MVT

TRACTION GAP MILESTONES

MVC — **Minimum Viable Category**
Name & definition of category created or redefined + evidence category can support a startup

IPR — **Initial Product Release**
First publicly deployed product iteration

MVP — **Minimum Viable Product**
Product with minimal customer validation metrics

MVR — **Minimum Viable Repeatability**
Solution-grade product, business model & repeatable sales/marketing

MVT — **Minimum Viable Traction**
MVR + multiple quarters of growth

Startups must manage capital wisely & show they can reach the next Traction Gap milestone to secure another round of financing.

THE 4 ELEMENTS

Startups must develop competencies in 4 architecture elements & continue to measure, refine & optimize them on the way to Minimum Viable Traction (MVT).

1. TEAMS | 2. PRODUCT | 3. SYSTEMS | 4. REVENUE

Product, revenue, team & systems requirements associated with each milestone must be satisfied before moving on to the next.

TEAM

The right talent at the right time for the right phase.

90% of CEOs stated one of the biggest lessons learned around talent, was not moving fast enough to exit an employee that was not a "fit".

Key Startup Talent Attributes When Sourcing New Hires:

- An "A Player" within their field
- Intellectual curiosity
- Strong work ethic
- Shared Values
- Willing to make similar sacrifices

Getting the team architecture right is key. Startups must systematically build up their teams & reduce team dynamic risk.

PRODUCT

The set of technologies, applications and features that comprise its offerings.

A Market First Product Process uses market signals from customers & non-customers to help manage productdevelopment.

A well-thought-out product architecture achieves rapid market-product fit through customer validation and secures partners needed to complete the whole product offering.

REVENUE

The business model & its ability to monetize awareness, engagement and sustained usage.

Funnel Rates To Optimize & Convert
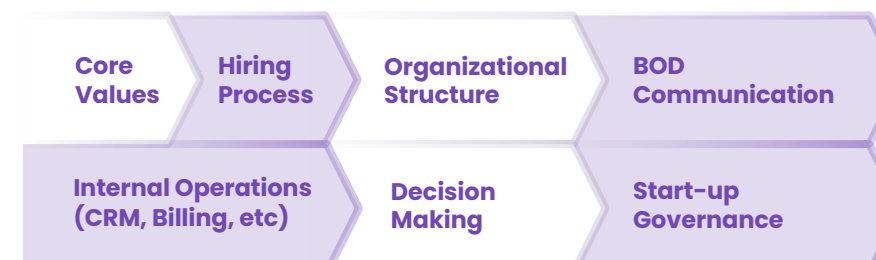**Customer Acquisition Costs (CAC)**
Customer Retention Costs (CRC)
Sales Cycles

A deficiency in revenue architecture poses the greatest near-term risk of failure.

SYSTEMS

Systems & processes that integrate front & back offices, establish transparent performance metrics & cultivate progressive cultures.

Core Values | Hiring Process | Organizational Structure | BOD Communication

Internal Operations (CRM, Billing, etc) | Decision Making | Start-up Governance

System & process investments should start small & grow as you reach Minimum Viable Repeatability (MVR). Operational efficiency keeps pace & fuels growth.

WANT MORE?

The Traction Gap Framework offers guard rails & mile markers to help startups successfully navigate this critical phase.

Traversing the Traction Gap expands on the concepts introduced in the Traction Gap Framework and provides a step-by-step approach startup teams can use to go from deation to preparing to scale.

Get your copy of the book Traversing the Traction Gap

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Traction Gap Partners was founded by Bruce Cleveland to help entrepreneurs traverse the traction gap. Traction Gap Partners tracks, captures & publishes the stories, tactics & metrics startups need to successfully traverse the Traction Gap.

Visit tractiongappartners.com to gain access to additional resources and new content.