*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 Melody McCloskey, co-founder and CEO of StyleSeat. StyleSeat helps stylists and salons market and manage their businesses with easy- to-use online software. In this episode, Melody shares stories about how she found the first customers for StyleSeat 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 Melody McCloskey for the Entrepreneur’s Guide to Finding Your First Customers podcast. Melody, thanks so much for taking the time to speak with me and help share some of your experiences and insights about how you found the first customers for StyleSeat.

Melody: Yeah. Absolutely. Thank you for having me.

Jack: No worries, no worries. We can jump right in to the first question for the interview which is could you tell me the story of how you found your first customers for StyleSeat?

Melody: Absolutely. It’s pretty simple. We bribed a bunch of people.

Jack: Okay. Interesting, interesting.

Melody: So what that means is before my co-founder and I even had a product, we knew that it was really important for us, the number one goal was to be a useful tool for salons, basically hairstylists for our first customers. We had to be useful for them in some ways so that they would use us every day or regularly in a meaningful way to run their business so that we could go out and raise money based on the fact that we had this great tool that had a lot of usage. And so in order to do that, before we even built anything, we created a PowerPoint presentation, like a couple of designs that I had my best friend create for me because I had no money to pay him of what we wanted StyleSeat to be. So it’s just a combination of like here’s our vision and here’s a little bit of our product feedback or what we see our product do like this. I sent an email out to all my friends. Any hairstylists, can you connect me to them, can you give me their email addresses. Just sent an email and said, “Hey, we’re going to have champagne and some amazing snacks and some great stylists from PCD to tell you about a brand-new startup that we’re creating for you to help you grow your business. Would you be interested?” And also “Your client said that you would be perfect for this.” To kind of guilt them. The pitch was we really want to change this industry. We’re so passionate about it. We need your advice in order to build the best product ever. Also free champagne.

Jack: That’s a good sweetener. Okay. Interesting, interesting. And then you kind of invited the stylists to the event. What was the conversation like at that actual event? Was it kind of just learning as much as possible about the industry?

Melody: No. The point was we need to get a group of people that are hairstylists, that are potential customers to really love us. We need our first evangelists. So in order to do that, we need to bring them to an event where we can bring our strengths which are that we are really incredibly passionate about this industry, that we believe that it should be better, that they can make more money, and that we can help them do that and that we can transform the industry. There’s no technology and that’s really what we want to change to do. And no, we don’t have a product. No, we don’t have anything out yet but we’re passionate and we just wanted to them to like us and agree with our views and to give us really great feedback that we could use to create a solid project.

Jack: Okay. Interesting, interesting. And were you funded or bootstrapping at the time you found your first customers?

Melody: No. We bootstrapped for the first year and a half. So we found our first thousand, we got a couple of thousand customers before we raised any money.

Jack: Okay. Great, great. Were your first customers paying you immediately or did you kind of have free users and then offer like a premium upgrade? What was your business model at the time?

Melody: Sure. So we were free for the first maybe… So we bootstrapped—let’s see. Oh my gosh. It feels like so long ago. It wasn’t that long ago. We before we launched had a beta program running with our customers, and probably another year after we launched, it was still completely free. And then we launched a premium version say a year after we were live. It was a freemium model. So still completely free to run your business, but if you wanted these extra fancy scheduling and marketing tools, you can pay us $25-$35 a month for that. So we launched premium about a year after we were live. However if you wanted to continue to use our basic service, that continue to be free.

Jack: Okay. Interesting, interesting. What were some kind of techniques or strategies you used to find your first customers? So you mentioned kind of having on that event where you invited stylists and kind of connected with them early to kind of encourage them to become evangelists for StyleSeat and really become interested and passionate about the product. But what other strategies have you used to kind of get customers for StyleSeat?

Melody: Well, that 95 percent of our growth has been word of mouth. So a stylist telling another stylist telling another stylist. I advised a couple of startups and the number one thing I tell them is distribution is the number one reason why companies die if you can’t get users. Especially early on when you’re practicing great, you’re not going to do well. So always have a robust distribution strategy or things that you’re testing and learning around that will help you figure out what that strategy is. Our strategy, I mean we tried a bunch of things but what we found is that overwhelmingly, stylists find out about things from other stylists.

Jack; Okay.

Melody: And so that’s what we’re going to have to use. So I’m like going counter to my own advice, I guess. But what we realized is alright, we need to be checking in with these, you know, it was 20 stylists in the beginning. We need to be checking on them on a regular basis. I call all of them once a week at least. I was emailing with them, a bunch of them, many of them several times a day. I was going to their salon for questions, showing them new versions of the product. It was almost like we worked with these guys or like all of the stylists were bosses on us because we really wanted to make them happy. We wanted to show them that we were making improvements on a regular basis. We wanted to be able to be useful for them. And because even though the product sucked as all products suck when you first launch them, they loved us and they loved that it was always getting better and they saw that we were really innovative in the space. So they would tell their friends, “Well, the product’s not great yet, but they’re so great. You should download it and use it.” And so it became better and better and that word of mouth channel grew.

Jack: Okay. Interesting, interesting. So kind of the way you encouraged word of mouth was like by providing really excellent customer service and really being engaging with your early users and customers. Did you do anything else to kind of encourage word of mouth whether that was kind of by like an affiliate program or are there some other sort of incentive like way to incentivize people or stylist for their friends?

Melody: No. We were really useful for them. Now we run their entire business. We grow the average stylist revenue by 70 percent in the first year.

Jack: Wow.

Melody: Fairly robust tools and experience. But in the beginning, our tip of the spear feature which we found through a lot of user research was stylists need a better way to track their clients. A lot of them were using 3x5 cards or writing them down on better or not tracking it at all. And so the fact that we had an app that you could very easily keep client information, contact information, history of like the cuts that you provided or the formula for hair color that you gave to them, and you could keep a photo history of it as well was incredibly valuable. We found that just stylists wanted that, and so when they would tell their other stylist friend, they would download the app immediately. And so that was really truly our channel. It was building a feature that was so useful for them because a lot of stylists at that time were starting to change salons. They were going from being an employee at a salon and paying that salon 50 percent of all their revenue to going independent and working at another salon but paying rent instead and keeping 100 percent of the revenue. So they wanted to be able to take their clients with them, and we just saw after a really poignant problem for them.

Jack: Okay. Interesting, interesting. What’s your number one tip out there to kind of prospective entrepreneurs about how they can find their first customers for their businesses?

Melody: Well, a hundred percent of the time it’s going to be knocking on doors or friend of a friend or just cold-calling someone. This is true for everyone like you just you got to walk up to someone and you have to be able to say, “Look, I want to create a company that does XYZ and the goal is to…” And that goal should be a pretty big benefit to them. “It should save you a bunch of money, make you a bunch of money, save you time, whatever that is. Will you be willing to give me an hour of your time so I can really figure out what your needs are? Would you be willing to try this app and give me your feedback?” It’s always going to be incredibly manual in the beginning, and then you just start testing other channels. I mean every market is different. Maybe an affiliate program works for you. Maybe it’s direct mail. Maybe it’s email marketing. There’s social media. There’s a lot of different channels and I think you have to try all of them or as many as possible as quick as you can and pick up on the ones that work and drop the ones that don’t. In the beginning, they’re going to be all free channels and then you can test pay it when you’ve earned the right to do that. But it’s always going to be manual in the beginning.

Jack: Okay. Great, great. With that, I just have one more question which is where can people follow you online? Where can people find StyleSeat online and follow StyleSeat across the web?

Melody: Yeah. So I am MelodyMcC on Twitter. That’s probably the best way. I don’t even have a [walking mark? 00:12:02] It’s just so lame. And StyleSeat.com where you can download our app as well.

Jack: Awesome.

Melody: We’re actually launching it way brand new, completely revamped version of the app in a couple of weeks. So download us now and then refresh in a couple of weeks. That’s something that’s going to be better.

Jack: Awesome, awesome. Well thank you again, Melody, for taking the time to do this interview and help out all the people who are listening to the show.

Melody: Awesome. Thanks so much for having me. This was fun.

Jack: No worries, no worries.

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