*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 Nathan Kontny, founder of Draft. Draft helps businesses and people write better by giving them version control and collaboration providers. In this episode, Nathan shares stories about how he found the first customers for Draft 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 Nathan Kontny for the Entrepreneur’s Guide to Finding Your First Customers podcast. Nathan, thanks 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 Draft.

Nathan: Of course. Thanks for having me.

Jack: No worries, no worries. Great to have you. We can jump right into the first question that I have which is could you tell me the story of how you found your first customers for Draft?

Nathan: Sure. So Draft is actually kind of comes from a failed Y Combinator attempts. I was in actually the second group of Y Combinator ever back in 2006.

Jack: Oh wow.

Nathan: I did a business with them called Inkling at inklingmarkets.com and that’s still around. But then I did it again in the summer of 2011 with a project called Cityposh that was like these branded games that we were doing, and they didn’t do well. We got some customers then we realized that we weren’t going to get enough repeat business and it was just too hard of a sell. My partner went on back to Inkling where we had kind of started together. And I was kind of left on my own. I was just a solo founder now trying to figure out what the heck I was going to do. I tried a couple of different things. Nothing was working. It kind of sucked. I ended up taking a break from entrepreneurship altogether and worked on the Obama campaign, the tech team for the Obama campaign for six months in 2012. And then I was back and just trying to figure out what was next. I found myself writing a lot throughout all of this. I was writing a lot in a blog called Ninjas and Robots. It was one of the first blogs done in the Svbtle blog network. And it was just important to me. I mean writing’s always been important to me, but for some reason like I really, in the last few years, I’ve really like stepped up my just practice of it. I just want to get good at it, so I just kind of kept at it and kept at it and kept at it. I just realized I had so many little needs and problems and inefficiencies doing writing that I just started making little tools for. I wanted feedback from my wife and she kept sending me Word documents back so I could kind of track my changes. And so I just created a tool to kind of do better version control, allow me to kind of track the stuff that she was changing and kind of accept or reject her individual changes. We couldn’t do that in Google Docs. And so it’s just through that course that I created Draft. I mean, the whole story, there’s a lot of different things I used to try and get users from everything from tapping into all those different groups I’ve been part of, from Y Combinator to the Obama campaign. I’ve paid for users to get early people’s feedback.

Jack: Oh, do you mean–.

Nathan: User testing. When no one was using it, one of the best things to do is just to pay for people that use it to get their feedback. And so I did that early on. I’m also a huge believer in the fact that I think people do this in reverse. I mentor a lot of startups, and a lot of people come to me, asking me things. I mean a big common question is, okay, I’ve built this thing. I’ve built this app. I’ve built the software. Now what do I do to get people to use it? And I think people are doing this in reverse. We should be trying to form this audience before you even have the idea. If you’re still someone who’s sitting there thinking, “Hey, I don’t even have a good idea yet. I don’t know what I want to do.” That’s fine, but start building an audience right now. Start blogging. Start teaching. Create a podcast. Start writing articles for magazines. Start creating this audience so that when you do have something ready, you have all of these people, this giant audience to start spreading the word. And this is what I did with Draft. I had this whole blog that I can launch Draft now. In my Twitter account, thousands of people now were following my blog that I could now start leaking what I was doing with Draft to. So a big believer in forming that audience before you even have something, and do it through teaching. I can go on and on about how I got the first users, but yeah, that’s kind of a nutshell of it.

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

Nathan: I had some remnants of the money left over from Y Combinator, from the failed Cityposh project. But I haven’t raised anything after that. I mean it was kind of a hybrid of bootstrapping and raising money. I mean I had a little money then in the bank but I mean it’s been very much me trying to get money and revenue as soon as possible so that I don’t have to get any more money and this thing can run on its own. So in a way it’s been bootstrapped. It’s all been me trying to get revenue as fast as possible to pay for this thing or else it was going to be a dead project really fast.

Jack: You mentioned that kind of initially when you didn’t have any users or customers for Draft that you pay people to kind of be the first users. After you did that, were your first users kind of paying you immediately or were they free users? And can you talk a little bit about Draft’s business model as well?

Nathan: Sure. So Draft’s business model, Draft makes money now two ways. I mean Draft is really just writing software online, but it does another interesting thing in it which is there’s a button inside Draft called Ask A Pro, and when you click Ask A Pro, you can send your writing to like a professional copyeditor that I have on staff to look over your work for 15 minutes. And so when I originally launched Draft, I launched it just with the Ask A Pro service. I wasn’t charging anything for using Draft. I was just making money through the Ask A Pro service, and so the original money I was making was just people paying me for copy editing. And then gradually a few months later, I now start charging people. I ask people to pay a monthly or yearly subscription to kind of keep Draft alive and also to kind of get rid of any kind of mad windows that kind of pop up when they’re using Draft. So yeah, right away. I was making money from the Ask A Pro copyediting, and then a little bit later, I started making money from just subscription. I make a lot more money these days from subscriptions than the copy editing service. But yeah, I mean it was important to me just to try to start making money right away. So yes, when I started sending this out to users very early on, that Ask A Pro service was live and I was charging for it.

Jack: Okay. Interesting, interesting. Why did you decide to go on with a freemium model? I mean there are a lot of companies that have had success with freemium like Mailchimp and there are some others I can’t think of right now. I don’t know. It’s just interesting because sometimes I talk with people and they’re very against freemium. So can you just talk a little bit about why you decide to go down that path?

Nathan: Yeah. I mean there’s a lot that actually went into this decision. It’s hard to kind of cover it all. I look at how companies like 37 Signals, now Basecamp, how they spread Basecamp early on and it’s very much. Here’s a freemium product. These days they’ve kind of gotten rid of their freemium plan in favor of I think like a 60 day trial. But they’re now a very large, well-known established company. With Draft, it was like I’m still pretty much a no-name in this business. Nobody knew what the heck I was doing with it. And also if you look around like my competitors are things like Google Docs which are pretty much free, right?

Jack: Yeah, that’s true.

Nathan: Anybody can use Google Docs. It’s hard to charge right upfront without some sort of freemium thing if I know people can just leak over to Google Docs. And Microsoft Word is practically free, right? Everybody usually has Microsoft Word on their computer or work computer. So I need to have something very low-end I think to kind of get in the door with people before I start asking them for money. So I was also encouraged by business models. I love the business model that a coding text editor has called Sublime Text. It’s very similar to Draft. I use Sublime to write code and it’s very similar. Anybody can download Sublime, an as you use it and you use it and you use it, you start getting little pop-ups that’s like “Please pay for this license to use Sublime.” But it doesn’t shut it down. You can still use Sublime. You’re just going to constantly get reminded that the developer of Sublime needs to get paid or else he can’t make this product for you anymore. Reddit is kind of similar, right? You can use Reddit all day and use all the main features of Reddit, but there’s that little ad for Gold, Reddit Gold which is kind of like a premium version of Reddit. You don’t get a whole lot more but you know you’re supporting the servers that keeps Reddit alive. Do you want to use Reddit? Buy Reddit Gold. And so I wanted to kind of just experiment with this type of thing. That’s how I’ve been doing Draft. Like it’s free, but if you wanted to keep it going, you have to pay me a subscription.

Jack: Yeah, definitely.

Nathan: Enough people do. It just keeps growing and it makes decent money.

Jack: That’s fantastic. That’s fantastic. And now let’s kind of move in to talking a little bit more about some of the strategies you used. Something that you brought up that I thought was really interesting was you mentioned that you kind of showed Draft to people you had met through Y Combinator. Was that effective in kind of helping to get some early users and some early users and early customers? Could you talk a little bit about what the value of having that network has been?

Nathan: Sure. Yeah, It’s been very valuable to share Draft with these like networks of people, these groups of people that I’m involved in including Y Combinator but also the Obama campaign. I’ve told the story a lot of like when I was a kid, when I was in high school, I used to volunteer for these Meals on Wheels program for people with HIV and AIDS who couldn’t leave their homes, and I would deliver these meals. I was like a senior or junior in high school. And it was funny because like all I was doing was delivering these meals. I was just a driver. But then after like a month of doing it or just a few weeks of doing it, I was doing it consistently and people could depend on me. They turned me into like a regional manager. Here I am, I was like 16 or 17 or something, and now all of a sudden I’m like making sure all the delivery drivers are showing up and their meals are packaged. All of a sudden I had like all this extra responsibility just for doing like a two hours a week of kind of volunteer work consistently. And so that’s always been kind of a thing with me. It’s like there are so many things people can join. Do a couple of hours a week even volunteering or some kind of putting some effort in that builds this like whole extra whether it’s your resume or this group of people you knew. Now all of a sudden I had all these people that I knew through this Meals on Wheels program that loved to kind of help me out and wanted me to accomplish more. And so that’s how I feel about the Obama campaign. We didn’t get paid a ton. The people at the Obama campaign took huge pay cuts to work on the campaign. Most of us could have been making like twice as much in the real world doing software development, but just in the six months of work I built this insane network of people that like wanted to do so much for me to kind of further along my career. So just doing that type of work, even for the short term like six months yet there was this great group of people that when I launched Draft, they were the first ones on their Facebook and Twitter feeds like telling everyone about it. I have friends now that work at Mozilla and they’ve got all sorts of people at Mozilla now using Draft, and it’s just been awesome. Just this network of people that I know now just keeps spreading it largely because they’re friends and they want to see me accomplish stuff now after the campaign. So yeah, I highly recommend finding a group that you can kind of be generous with your time for. Give them two hours of your week or more and then you’ll reap rewards later. They’ll want to see you do more with your life and accomplish more.

Jack: Definitely. That’s a great tip and story. You also mentioned that kind of writing and teaching and building an audience really helps get the first users and customers for Draft. And you talked about how teaching is really a great way to build an audience. Do you have any other kind of tips or insights for people about how they can successfully and effectively build an audience?

Nathan: Sure. So a really good person who’s done this really well recently to pay attention to is a guy named Ryan Hoover. Ryan is the founder of something called Product Hunt which is becoming more and more popular these days. I love what Ryan did. He was an early Draft user and we’ve just kind of become friends online. What was interesting about Ryan was like he was like a product manager in a company. I don’t know the name of right now. You always knew Ryan wanted to be part of a startup and then probably run his own startup but he wasn’t yet. But Ryan was doing this awesome job of just writing. He created this writing group called Startup Digest that just kind of gathered a bunch of writers together. It was basically just an email newsletter like once a week or whatever which just blast out an email of different people answering the same question. But like Ryan hustled and did all this work building an email newsletter and building an audience around writing. He’d write articles about product reviews on places like Fast Company or PandoDaily and just kind of hustling up writing and trying to teach people about new stuff that was coming out. He would teach people like, hey why is this app so well-used? What kind of hooks is this app using that kind of keep people engaged? And he would just do this and he’s been doing it for, I don’t know, a year or two. And all of a sudden he comes up in his idea of Product Hunt and he has this built audience already. Product Hunt didn’t start and now he’s got zero Twitter followers and now he’s got to try to find people. He had 10,000 Twitter followers already or whatever and have this nice audience that he could kind of launch this thing into. I keep trying to hammer this into people like stop worrying about the fact that you don’t have any followers or you didn’t do enough. There’s always someone who wants to learn something. Even if you just got through college, there are so many people starting college that would love to know what you know now, the fact that you got through classes or maybe you ran a little startup on the side. Even if it wasn’t super successful, they want to know how you even accomplished little things along the way. Start teaching them. I’m a big believer. There’s a great blog called Creating Passionate Users like Kathy Sierra, and she’s got a great blog post called You Can Out-teach or Out-spend Your Competition. She’s been really kind of live my motivating force to kind of just teach people to kind of create that audience and not worry so much about buying advertisements, buying Facebook ads. We’re just using teaching as this way to build an audience. So yeah, that’s the kind of stuff I have to say about building an audience and writing before you even have a product.

Jack: That’s great stuff. Thank you for sharing it. I have one more main question before we end the interview and I’ll just have a small question at the end. The last main question is what’s your number one tip out there to prospective entrepreneurs about how they can find their first customers for their businesses?

Nathan: Well there’s still like a few things I did for Draft. One of them I thought was really helpful which was a really basic technique was to go to like usertesting.com and buy a user. Before Draft had anybody using it, I needed feedback just to even see if the product had made any sense. And so I just went to UserTesting. I think it’s like 15 bucks or something or whatever. Maybe it’s like 25 bucks now and I just had people using Draft and they would use it. they record videos. Eventually, I did this with a few people that I was able to improve the product enough that now people were starting to like it and I could use some of their testimonials from UserTesting to kind of now help put that on my web site and kind of drum up some, what do you call it, some kind of like basic crowd testimonials. The psychology of that makes the product look good.

Jack: Yeah, definitely.

Nathan: That kind of helped kind of market the product early on. But another big thing is really just ask. I’m a big believer in just even cold emails to people. Like I’ve had some real success of like getting a mentor I have right now on Draft is Jason Fried form Basecamp. And it was so simple. I just asked him. I didn’t know if he would say yes or not. We weren’t like good buddies and I just asked him. I told him what I was doing and if he can mentor me a little bit on it. It’s guys like this. I reached out to Tim Ferris. I got like an hour phone call with him. And it’s just constantly like this. I just keep reaching out to people and trying to get their feedback on things. So really those early users simply just send emails out. People are really pushy about trying to get you, “Hey use my app.” Just ask for feedback. Ask for help. I love helping people. I mean if you approach it from that perspective like “Hey, Nate, can you give me like five minutes of just kind of reviewing something, giving me your feedback.” I’d love to do it. There’s tons of other people that are much more established and successful than I am that would love to do something like that. But yeah. just approach it from that point of view of looking for a mentor and looking for a little bit of help and feedback on your product, but simply just opening up your mouth and ask. The world seems to open up for you.

Jack: Yeah. No, that’s something that I’ve also learned a lot about the past few years, and it’s a really good tip. So thank you for sharing that. My last quick question is can you tell the people who are listening to this where they can find you online and where they can find Draft online?

Nathan: Sure. The best place to kind of keep track of what I’m doing is just my blog, ninjasandrobots.com. I’m also pretty active on Twitter. Follow me on Twitter. Just natekontny on Twitter and Draft is draftin.com or you can just look up Draft in Google. It’s actually pretty high. It’s just underneath like NFL and NBA draft stuff right now.

Jack: Oh that’s awesome.

Nathan: Usually it’s beating the sports draft stuff. So yeah. There. That’s it.

Jack: Awesome, awesome. Well thanks again.

Nathan: Sure. Of course. You’re welcome. Anytime.

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