

Quick Answer: Startup Lift — Phase 2: Product-Market Fit Imperatives

Published 11 January 2023 - ID G00784056 - 5 min read

Ayelet Heyman

Initiatives: [Product and Services Strategy for Tech CEOs](#)

Product-market fit is a business milestone achieved when customer acquisition has become repeatable and predictable for a new product or service. This milestone defines when a startup company is ready to scale. Achieving product-market fit requires iterative refinement of go-to-market activities.

Quick Answer

What are the imperatives of the product-market fit phase?

Before investing in scaling the business, tech CEOs building their customer acquisition processes should:

1. Refine the product strategy and roadmap informed by customer feedback
2. Refine the go-to-market motion
3. Formalize customer success with clear objectives
4. Develop a predictable sales process
5. Launch an optimized marketing process

More Detail

There are three key phases in the startup journey: (1) problem-solution fit; (2) product-market fit (PMF); and (3) scale and optimize (see Note 1). Each distinct phase has unique cross-functional imperatives and target milestones that are required for success. This research note identifies key imperatives in the PMF phase, including processes for product strategy, sales, marketing and operations, and how these processes work together at key points in the startup life cycle. For descriptions of the other two phases, see [Quick Answer: Startup Lift – Phase 1: Problem-Solution Fit Imperatives](#) and [Quick Answer: Startup Lift – Phase 3: Scale-and-Optimize Imperatives](#).

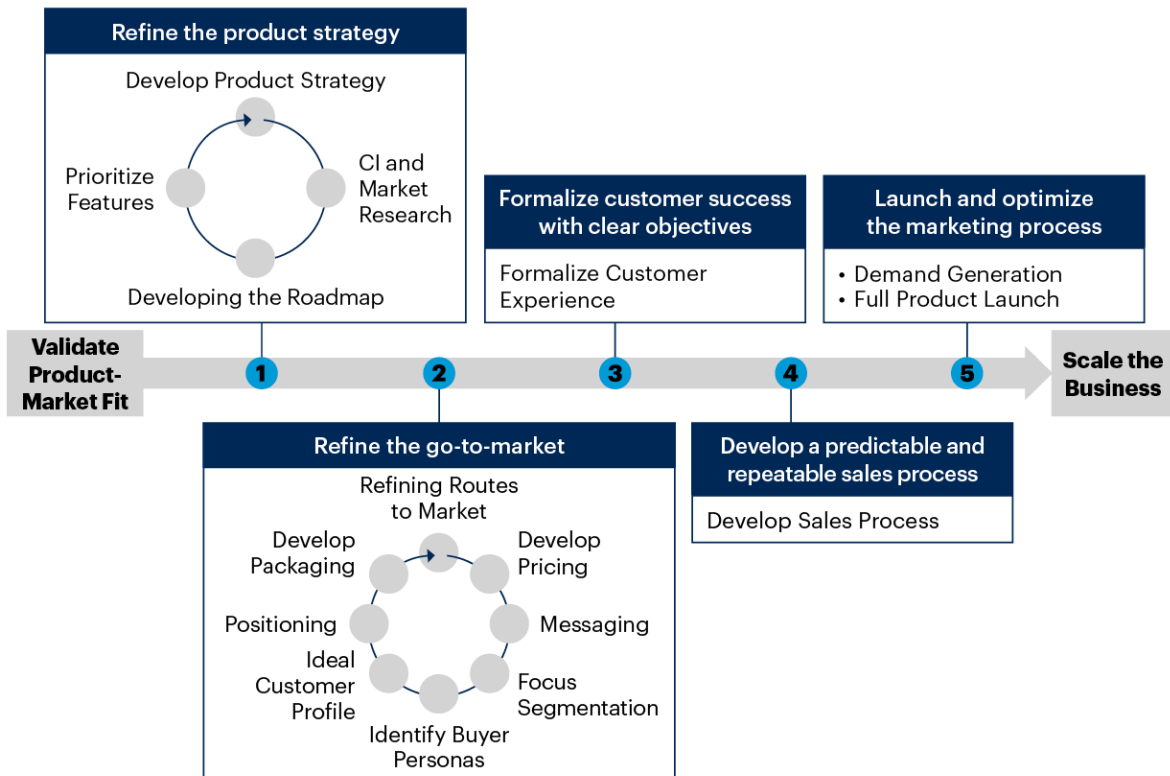
Product-market fit is a milestone in establishing a business based on a new product or service when the customer acquisition processes have become repeatable and predictable. This milestone is used to determine when a startup company is ready to scale. Getting to product-market fit requires iteratively refining the go-to-market to optimize the sales and marketing process.

This phase focuses on getting to a repeatable and predictable sales and marketing process. It spans launching the minimum sellable product, evolving the product capabilities and optimizing the go-to-market strategy. Typical activities include identifying the buying team, developing messaging and demand generation programs, and transitioning from founder-led sales to an established predictable and repeatable sales process enabling scalable route(s) to market.

This startup journey beyond problem-solution fit to validating product-market fit and the key imperatives is illustrated in Figure 1. Each of these imperatives involves multiple activities that are performed iteratively until a refined go-to-market motion has been developed for a target market segment(s) and an optimized marketing process has been launched.

Figure 1: Product-Market Fit Phase Imperatives

Product-Market Fit Phase Imperatives and Activities



Source: Gartner
784056_C

1: Refine product strategy and roadmap informed by customer feedback

Early-adopter customers are not always indicative of the ideal customer persona required to scale the business. After proving problem-solution fit, tech CEOs must iteratively refine the product strategy to ensure that the product meets the needs of the target market segment(s). Rather than adding features, this entails matching product features to target customer needs.

2: Refine the go-to-market motion

Similar to product strategy, go-to-market strategy must also be honed as you clarify your ideal customer persona. This involves refining — and possibly narrowing — target segmentation while keeping positioning, pricing, packaging and route to market aligned.

3: Formalize customer success with clear objectives

Begin to establish your customer experience (CX) strategy and playbook making tactical investments, budgeting resources and funds to ensure readiness to scale. Implement initial voice-of-the-customer processes, customer success processes and initial tooling for digital analytics to track and monitor the customers' journeys and lifetime values. Identify key metrics and automate tracking to enable feedback on customer experience in real time.

4: Develop a predictable sales process

A well-developed sales process allows a tech CEO to predictably forecast how leads result in signed contracts and revenue. Align sales processes with the customer buying journey. Measure deal progress at critical stages in the sales process. Validate and create consensus around buying decision challenges. Identify existing buyer enablement tools and seller support resources. In addition, getting beyond founder-led sales is a major step toward understanding the sales process.

5: Launch an optimized marketing process

It is important to develop a demand generation program that delivers the ideal customer leads in a repeatable fashion. Once the right segmentation and positioning are in place, a messaging framework is used to drive demand. It is important to identify the best channels for generating demand. Focus on channels with the lowest cost of customer acquisition, highest win rates, or highest contract values.

Recommended by the Authors

[Startup Lift: Establish the Practices and Procedures Needed to Get to Product-Market Fit](#)

[Startup Lift: Continuously Refine Positioning to Find the Pivot That Produces Product-Market Fit](#)

[Startup Lift: Product-Led Growth Is the Path to SaaS Success for Tech CEOs](#)

[Startup Lift: Building Your First Sales Process](#)

[Startup Lift: Package for Adoption and Use-Case Positioning](#)

[Startup Lift: Hiring Your First Salesperson – What You Need to Know](#)

[Quick Answer: Startup Lift – How to Set and Measure Demand Generation Goals](#)

[Startup Lift: Graduate From CEO-Led Selling to Your First Sales Hires](#)

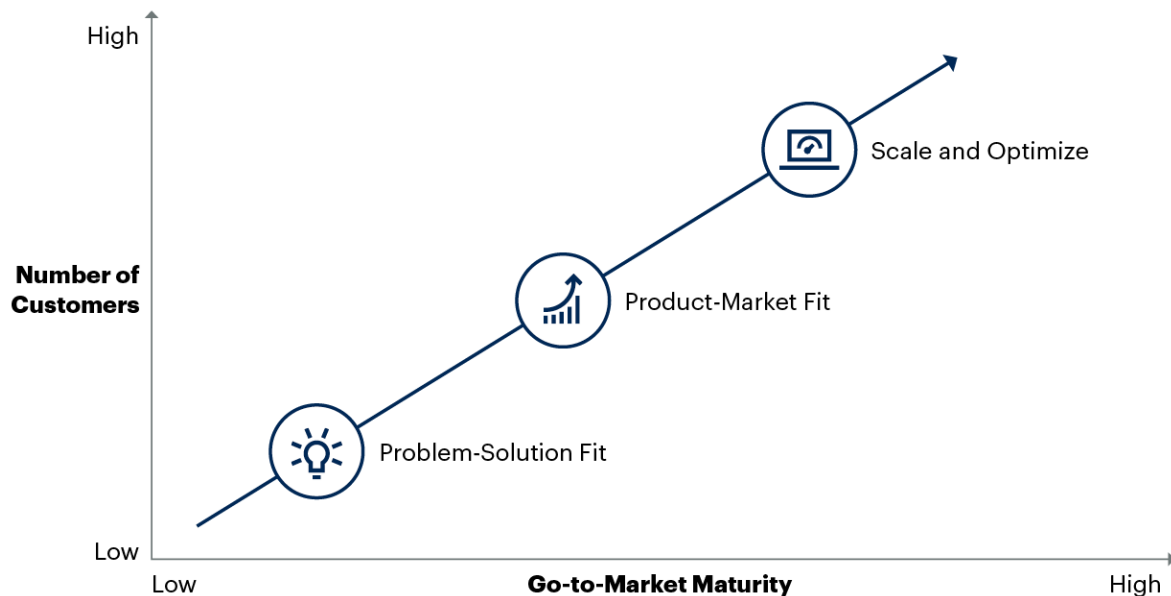
Evidence

Note 1: Definitions of Startup Lift Growth Phases

Figure 2 shows startup lift growth phases in terms of number of customers and go-to-market maturity.

Figure 2: Startup Lift Growth Phases

Startup Lift: Growth Phases



Source: Gartner
767095_C

Gartner

Problem-Solution Fit

Problem-solution fit is the first major milestone in the development of a new product or service where an initial customer has installed a solution to solve a specific problem and has validated the value proposition.

This phase is all about reaching this first milestone, and includes identifying a compelling need, scoping the opportunity and initial technical feasibility, and then working with initial customers to validate the value proposition. Imperatives of this phase include identifying a detailed/narrow yet scalable target segment and an initial go-to-market strategy, validating the value proposition, defining a minimum viable product candidate, and creating an indicative product roadmap that exploits the opportunity.

Product-Market Fit

Product-market fit is the milestone in the development of a new product or service when the customer acquisition processes have become repeatable and predictable. This milestone is used to determine when a startup company is ready to scale.

This phase focuses on getting to this critical milestone, a repeatable and predictable sales and marketing process. It spans launching the minimum sellable product, evolving the product capabilities and optimizing the go-to-market strategy. Typical activities include identifying the buying team, developing messaging and demand generation programs, and building a sales process beyond founder-led sales and early customer success initiatives.

Scale and Optimize

Startups that have achieved product-market fit then need to accelerate growth by investing in sales and marketing, while scaling the business operationally.

During this phase, teams are built out to support a growing customer base, which requires the maturation of internal processes, policies and structure to scale talent, capacity and functional discipline. Focus is on lowering costs of customer acquisition, automating processes and identifying expansion strategies.

© 2023 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. and its affiliates. This publication may not be reproduced or distributed in any form without Gartner's prior written permission. It consists of the opinions of Gartner's research organization, which should not be construed as statements of fact. While the information contained in this publication has been obtained from sources believed to be reliable, Gartner disclaims all warranties as to the accuracy, completeness or adequacy of such information. Although Gartner research may address legal and financial issues, Gartner does not provide legal or investment advice and its research should not be construed or used as such. Your access and use of this publication are governed by [Gartner's Usage Policy](#). Gartner prides itself on its reputation for independence and objectivity. Its research is produced independently by its research organization without input or influence from any third party. For further information, see "[Guiding Principles on Independence and Objectivity](#)."