
The Found a Business Book

Sample

Interview



Ilya Lichtenstein, Co-founder of MixRank

Q: Could you tell us a little bit about MixRank, your experiences as an entrepreneur, and anything else you'd like to share about your life?

A: MixRank helps advertisers find profitable traffic sources. Our crawlers analyze millions of online ads every day and automatically identify the most successful ones. You can use MixRank to spy on competitors and see what's working in any market without spending money testing. This startup grew out of internal tools I built for myself for my last company, which was a performance marketing business. I was competing against much larger and more established competitors, and automated research was one way to level the playing field. I suppose I'm a serial entrepreneur in the "never had a real job" sense.

Q: What are some of the ways you have acquired customers for MixRank?

A: My background is in paid advertising, so I'm always surprised and grateful when I see the organic growth we have seen. Referrals and word of mouth have consistently been our #1 driver of

traffic. Other than that, the most successful, focused distribution strategy for us has been through partnerships and co-marketing with other companies in our industry. If there is a company that has spent years building up an audience that matches the target market for your product, the easiest way to get access to that audience is to structure a mutually beneficial partnership with that company and get them to do the marketing for you.

Q: On MixRank's blog you provide awesome tips and advice for advertising and marketing on the web. What are some of your best tips you would give to someone looking to use online marketing as a way of acquiring users or customers?

A: Sophisticated marketing is essentially about arbitrage. Just like a trader, your objective is to find traffic that is underpriced based either on its fundamentals(i.e. females 30-49 reading mommy blogs) or based on its value to you(because you have some way to monetize traffic that is currently unmonetized (i.e Zynga or mobile games with in-app purchases). To acquire users effectively, you must simply identify where the people who are most valuable to you go online, and find some way to access that audience at a lower cost than everyone else. 90% of the time cheap traffic is cheap for a reason. 10% of the time you've struck gold and potentially uncovered a completely new and unsaturated channel for growth.

I would also suggest anyone looking to try paid advertising develop a deep understanding of unit economics. Any marketing

campaign should be structured around a iterating and optimizing towards a scalable, sustainable acquisition funnel. If you are trying to promote a free consumer product by paying for clicks, no amount of split testing will make the campaign profitable; stick to organic or viral distribution channels.

Q: What tips would you give to a startup or business looking to raise venture capital?

A: The most important thing investors are looking for is evidence that people need what you're building. The best thing you could say in an investor pitch is "I wish I had this at my last job." If you can prove demand or an unsolved problem, the other obstacle you need to overcome is market size. 99% of businesses are not fundable; unless you see a clear path to \$100M in revenue in the next 10 years, you shouldn't bother with investors. But if your business is scalable enough, raising capital from investors who can add value can be a tremendous way to accelerate your growth- just make sure your expectations for the business are aligned with your investors' expectations.

Q: What skills and qualities do you look for when hiring besides job-specific skills?

A: The most important quality for someone joining a startup is a willingness to learn and grow outside the boundaries of your job description. In a small team, your responsibilities vary widely day to day – the best early hires will adapt and thrive in a somewhat more chaotic and unpredictable environment. Every hire at the

early stage should have the potential for greatness – you should be able to visualize them in a leadership role. Surprisingly, straight A's or a perfect GPA are poor predictors of success in a startup. Research shows many successful entrepreneurs were B students.

Q: Why did you choose to use a freemium model with MixRank? What do you think the advantages are with using a freemium model?

A: A freemium model is all about reducing friction for people to try your product. At the early stage, when your idea is evolving, it's critical to talk to your users and engage with as many diverse groups of potential customers as possible. The easiest way to do that is to create a free, easy to use product that is immediately useful in 10 seconds, and build premium features on top of it based on feedback and suggestions from your early users.

Q: What piece of advice that you haven't already mentioned would you give to someone looking to start a business?

A: Just do it! Too many people make excuses about how they're not ready yet or they need to get more experience first. Nobody is ever 100% ready- that's part of the fun.

Q: What product or software do you wish existed to help you run your business?

A: As with many startups, our biggest challenge remains hiring and identifying the gems in a pool of thousands of resumes. The

traditional job application model is very outdated and broken, especially as the traditional career path of spending 30 years at the same company fades away into history. I wish magical software existed that would help me find talent, eliminate inefficiency in the job market and distribute everyone into the career path that is best for them.