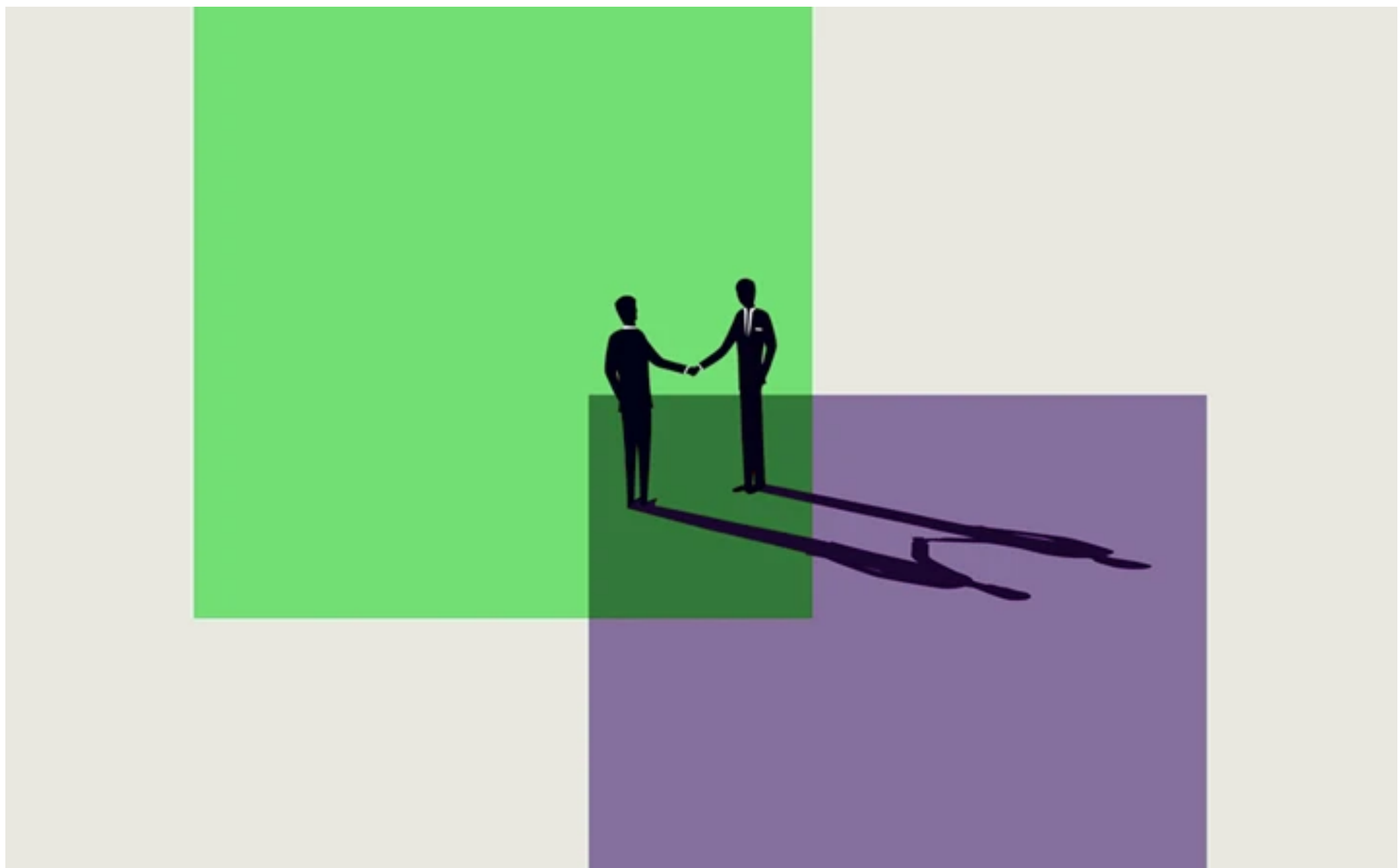


Why achieving profit-market fit is essential for scaling brands

CUSTOMER EXPERIENCE TECHNOLOGY | POSTED MARCH 20, 2023



The words "product-market fit" have adorned tech industry pitch decks for some time. It's a simple concept, really, and something all successful businesses need to prove. To achieve product-market fit, the product(s) you offer as a business must align with the needs of the market. Without such a fit, you might have an idea, but perhaps not a business.

In fact, even if you have product-market fit, and therefore a business, you still might not have a long runway without profitability. This is particularly the case when [challenging economic environments](#) make venture capital funding more difficult to come by. That is precisely why scale-ups need to think beyond product-market fit, and strive to achieve *profit*-market fit.

Harvard Business School senior lecturer Jeffrey Rayport recently described profit-market fit on the [HBR IdeaCast podcast](#). According to Rayport, profit-market fit is achieved when a venture not only shows that it can quickly ramp up revenue and its customer base, but also finds its sweet spot where every new customer brings in additional revenue and incurs only marginal cost. It's at this point, explains Rayport, that a venture "moves towards sustainability."

This major milestone isn't likely to be reached by accident, though. Rather, you need to be deliberate, and deploy strategies to overcome common challenges in the scaling journey.

Why does profit-market fit matter?

Many companies, especially those in [tech](#), can be successful in achieving product-market fit, says Rayport during the podcast interview, "But the wheels come off the bus in some way during the scaling phase."

Imagine you head up a start-up that seems destined for unicorn status. You have an app and it's topping the charts. You have customers and your number of active users is going through the roof. To date, your impressive numbers have earned you no shortage of admirers, and by extension, funding. But to get to where you are, you've needed to spend: Your servers, your offices, the growth of your team and a myriad of other costs outstrip the money that your product brings in. As a result, you can't sustain — let alone grow — your business without additional outside funding. Now, facing rising interest rates and economic pressures, that funding looks like it is going to dry up. Put simply, you haven't found profit-market fit — the relationship between the money and the product that enables businesses to steer themselves toward sustainability.

A strong profit-market fit helps you remove internal constraints on your company's growth, and makes you far less dependent on outside funding.

Challenges in establishing profit-market fit

There are, of course, [challenges](#) associated with scaling and reaching the point of profit-market fit.

Once there's a good product-market fit, a scaling company must keep up its generated demand and make strides toward product profitability. This brings us back to matters of efficiency — a word that's popping up all across the tech industry and one that's top of mind for start-ups, scale-ups and mainstays alike. In fact, Meta CEO [Mark Zuckerberg](#) even went as far to say, "Our management theme for 2023 is the 'Year of Efficiency,' and we're focused on becoming a stronger and more nimble organization." For tech brands of all sizes, the pursuit of efficiency means keeping costs under control and doubling-down on activities that are generating revenue — but that's not where the work ends.

Other challenges include providing a consistent digital customer experience (CX) as your company grows, and maintaining a coherent organizational culture where people are on the same mission and where their efforts align.

Brian Hannon, global head of customer experience innovation - technology at TELUS International, points to the value of experience when facing challenges in the scaling journey. "Achieving profit-market fit is difficult. It's even harder when you're learning every lesson the hard way," explains Hannon. "You can build up a lot of momentum as a hit tech company, but it's easy to run into real challenges if you don't have a firm grasp on how to scale in a sustainable way!"

Why fast-growing brands need an experienced CX service provider to scale operations

Discover the advantages of partnering with an experienced CX service provider to scale your operations in this IDC Info Snapshot.

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Outsourcing digital CX to reach profit-market fit

One way to scale with efficiency in mind is to [outsource](#) aspects of your digital customer experience.

Keeping your CX in-house means dealing with sudden peaks and dips in demand that quickly become costly on the hiring front, to say nothing of the complexities that come serving new markets and establishing operations in new geographies. What's more, outsourcing can save scale-ups from having to bear the full cost and risk associated with big and potentially transformational technological investments.

You can't overlook the value in an outsourcing partner's experience either, explains Hannon. "They'll have worked with countless companies before, and will be able to provide direction from lessons learned. An outside perspective on where you can introduce greater efficiency can be a real asset as you grow."

Today, conversations about efficiency have a way of leading to automation like [robotic process automation](#) (RPA). This form of automation provides around-the-clock capabilities, produces replicable results at scale and handles repetitive tasks so your team members don't have to. These capabilities enable automated service channels — such as chatbots and intelligent FAQs — that play an important role in a modern digital customer experience operation. With the expertise of a proficient outsourcing partner, introducing automation becomes less resource-intensive.

"It can feel safe to stick with what you know. But to make the progression from product-market fit to profit-market fit, brands need to keep an open mind to new technologies, and new ways of bringing efficiency."

Outsourcing with TELUS International for next-generation, digitally led customer experiences means benefiting from 18 years of history and global reach that has served more than 650 global clients in 30 countries of operation. [Reach out](#) today to learn more about how we can help your scaling company achieve profit-market fit.

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