

The Product-Led Growth Playbook

Seven levers to turn trials into customers



THE UNPLAIN TEAM

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Product-led growth is a go-to-market strategy in which the product does most of the work of acquiring, activating, converting and expanding customers. People find it, try it, reach value and pay, often before anyone from your company has spoken to them. Wes Bush frames the shift as moving from "sell first, deliver value later" to "deliver value first, sell later" [1]. The commitment that follows is uncomfortable: the product has to explain itself, prove itself and sell itself to a stranger with no help. The commercial case is plain: Dropbox's 2018 registration statement reported that over 90 percent of its revenue came from self-serve channels [2].

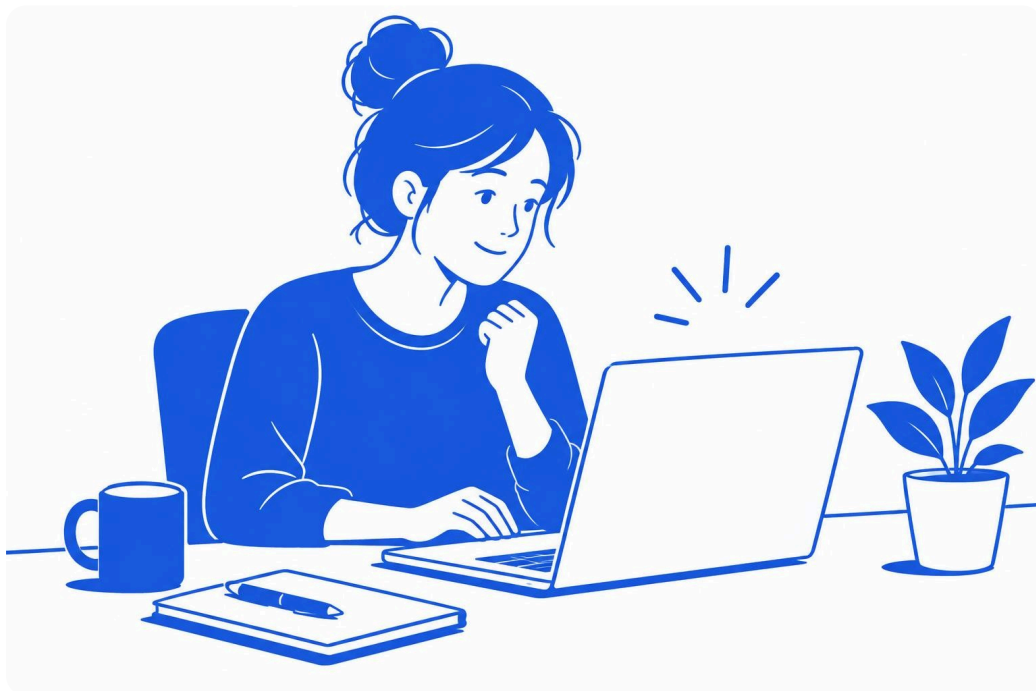
This playbook condenses the work into six chapters: the operating model, activation and onboarding, the free-to-paid path, retention, growth loops, and a 90-day plan that sequences them.

The operating model

Before pulling any lever you need a shared picture of how a product-led business grows. Three ideas form it: the value moment, the activation funnel and the growth loop.

The value moment

Every product has a moment at which a new user first feels the benefit they came for: the first meeting booked without an email exchange, the first chart that answers a real question. It is relief or delight the user would be sad to lose, tied to one specific job.



The value moment: the first time a new user feels the benefit they came for.

Three questions define it: what did the user do (a concrete action, not a page view), what did they get, and why does it matter to them in their own words. Write the answer as one sentence. "A new user has reached value when they have connected a data source and seen their first dashboard update with real numbers, because that is the moment they stop trusting spreadsheets." That sentence anchors onboarding, activation metrics, upgrade prompts and lifecycle messaging.

If a stranger cannot reach value in your product without talking to you, you are not product-led yet.

The activation funnel

The funnel is the sequence of states between a stranger arriving and a user forming a habit: visit, sign up, set up, reach value, return, habit. It is the part of the journey a product-led company owns most completely, because nobody from the company is in the room.

The biggest drop almost always happens between sign-up and reaching value, yet teams over-invest in the top of the funnel. Measure it in fixed windows, such as activation within seven days of sign-up, so cohorts stay comparable.

The growth loop

Funnels describe how one person moves through your product. Loops describe how one person's usage creates the next person's visit. Brian Balfour and the Reforge team argued that loops, not funnels, are the right unit of analysis for sustainable growth, because a funnel has to be refilled from outside while a loop refills itself [4].

A loop has four parts: an input, an action, an output that is visible outside the product (an invitation, a shared link, a public page) and re-entry, where the output brings the next user to the input. A loop that returns fewer users than it started with still amplifies every dollar spent on acquisition.

Who owns what

Product-led growth fails when it belongs to nobody or to everybody. The usual answer is a small cross-functional growth team with a clear remit, working alongside the core product team rather than inside it.

Area of work	Who owns it and who helps
Value moment and activation definition	The growth product manager, with data and core product as partners
Onboarding experience	The growth product manager and a designer, with core product reviewing
Pricing, packaging and plan limits	A founder or product lead, with finance and sales consulted
Instrumentation and dashboards	A data or analytics engineer, with the growth team as the customer
Product-qualified lead follow-up	Sales, using the usage signals the growth team defines

The growth team shares its metrics with the whole company every week and does not own retention alone; its job is to make the problem visible.

Activation and onboarding

Activation is the lever with the highest return and the one most often defined badly. Onboarding is everything between the sign-up form and the activation event, and its only job is to get as many users as possible to value, as fast as possible.

What makes a good activation event

An activation event is a specific, measurable action that marks a new user reaching the value moment. A good one is predictive (users who do it retain far better than users who do not, which is the only property that matters if you must choose), early, done in the product rather than in an email, actionable and stable, so cohorts stay comparable. Slack's founder has described a team exchanging around 2,000 messages as the point after which that team was very likely to stay [5]. The useful part is the shape: a countable action, a threshold and a time window.

Finding the event

Do not pick the activation event in a meeting. Find it in the data, then confirm it with users. The process takes a competent analyst about a week.

1. **List candidate actions.** Every action a new user can take in the first 14 days that could plausibly correspond to value.
2. **Define retention.** Pick the outcome you care about, for example "active in week 4."
3. **Compare rates.** For each candidate, compare week-4 retention of users who did it in the first seven days with those who did not. For countable actions, try several thresholds and see where the gap stops growing.
4. **Check direction.** Talk to ten users who did the action and ten who did not. If the action is a consequence of commitment rather than a cause, keep looking.
5. **Write it down.** One sentence, one owner, one dashboard tile.

A caution on step 3: an action that 2 percent of users take and that predicts 95 percent retention describes your power users, not an activation event. Prefer actions at least a quarter of new users could realistically take.

Report time to value as a median, with the share who activate within one hour, one day and one week. The one-hour number matters most: a user who leaves the first session without value may never return.

Three onboarding principles

Shorten the path, do not decorate it. A welcome video, a tour, a persona quiz, a progress bar: each feels helpful and each adds a step between the user and value. Count the screens between sign-up and the activation event, then cut every one that neither collects something the product cannot function without nor moves the user closer to value.

Show the product working before asking for effort. Sample data, templates and pre-filled examples let a user see the output before investing anything.

Make the next action obvious at all times. At every screen a new user should be able to answer "what do I do now?" without reading. If a usability test participant pauses for more than a few seconds, that screen has failed.

Onboarding is finished when the user no longer needs it, not when the tour ends.

Choosing a pattern

Pattern	Use it when	Watch for
Empty states that name the action that fills them	Every screen a user sees before creating anything	Vague copy with no primary action
Checklist of setup tasks with progress	Three to six clear setup steps lead to value	Items unrelated to value, nagging after activation
Guided first task done end to end	The activation event is one well-defined action	Users with other goals skipping the guide
Templates that embody a working example	The product is a flexible canvas and users freeze at a blank page	Template sprawl that hides the useful ones
Sample data loaded on arrival	Value needs real data that takes days to accumulate	Users never replacing it with their own

Lifecycle messages are the only onboarding channel that reaches a user who has left. Trigger them on behavior, not on time, give each one action that deep-links to the exact screen, and stop when the goal is reached.

The free-to-paid path

A product-led company gives something away so that users can reach value before paying. The design of that "something" is the most consequential pricing decision you will make.

The models

Model and what is free	Best when	Main risk
Opt-in trial: the full product for a fixed period, no card required	Value is clear within days and you want many starts	The trial ends before the user reaches value
Opt-out trial: the full product briefly, card collected up front	Buyer intent is high and fewer starts are acceptable	Few starts, and refunds from users who forgot to cancel
Freemium: a limited plan, forever	The market is large and a free user costs almost nothing to serve	A large base of free users who never upgrade
Reverse trial: the paid tier for a period, then a free plan	You want trial intent and the long freemium tail at once	Complexity that is hard to explain on a pricing page
Usage-based entry: a free allowance, then billing per unit	Value scales with a unit customers understand	Revenue that is hard to forecast

OpenView's product benchmarks have consistently found that free trials convert a higher share of starts to paid than freemium plans do, while freemium generates far more sign-ups; which produces more revenue depends on the market and the cost of serving free users [3]. Zoom's 2019 registration statement showed the other half of the equation, disclosing that a majority of its larger customers had started with at least one free host before subscribing [6]. The free tier was the top of the funnel for the accounts that mattered most.

Choosing what to limit

The free plan or trial should let a user reach the value moment and then run into a limit that correlates with getting more value. That limit is the value metric, and it should pass three tests: it grows as the customer succeeds (more projects, teammates, data or automation, never "more logins"), a user can predict their bill from a one-line description, and it is hard to game and easy to meter.

Seats suit products whose value grows with collaboration, usage volume suits a countable unit that tracks value, and history limits such as 30 days of data hurt new users least. Capacity limits such as one project can block the value moment itself, which is the classic mistake: if the free plan cannot reach value, it is a demo, and your activation metrics will say so.

Upgrade prompts

The best upgrade prompts appear when the user is trying to get more of something they already value. Roughly in order of conversion strength:

- 1 The limit reached.** "You have used 1,000 of 1,000 events this month." Highest intent, because the user is mid-task.

- 2 The locked action.** The user clicks something on a paid plan. Show what it does, then offer the upgrade; discovery sells.

- 3 The usage milestone.** "Your team has created 50 reports. Teams at this stage usually add automated alerts."

- 4 The collaborative invite.** A free user invites a fourth teammate on a three-seat plan. The inviter is already motivated.

- 5 The trial countdown.** Reminders that lead with what the user has built, not with what they will lose.

Every prompt should answer three questions at a glance: what do I get, what does it cost, and what happens to what I have already made.

Ask for money at the moment the user wants more, not at the moment your calendar says so.

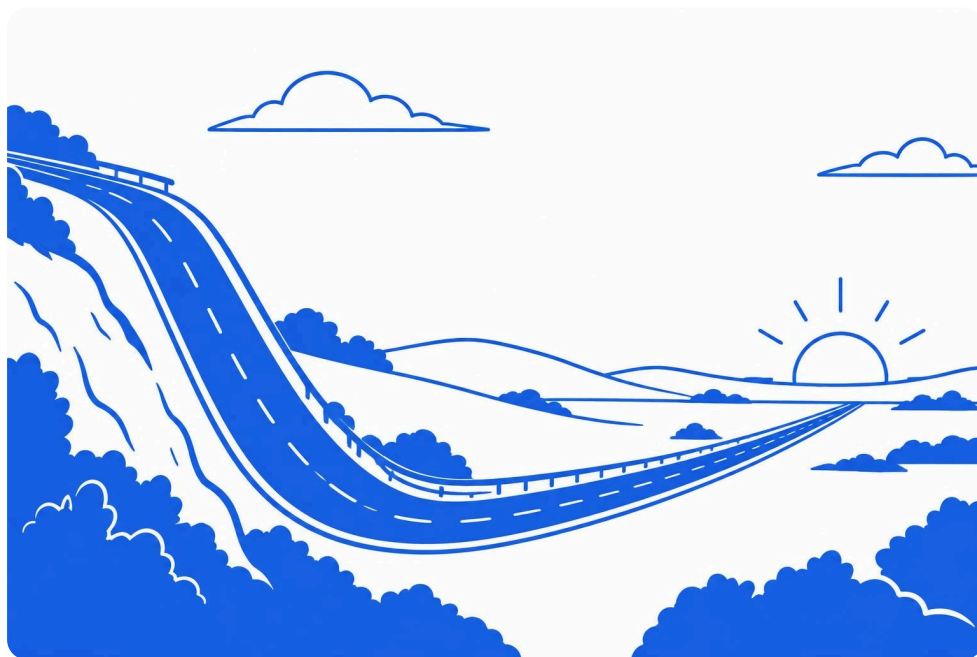
Treat the pricing page as a product surface with self-serve checkout for every plan that does not need a contract. When you add sales, define a product-qualified lead by usage, such as a plan limit hit more than once, and route it with the usage data attached.

Retention

Acquisition fills the bucket; retention is the bucket. Frederick Reichheld's research at Bain estimated that a five percentage point increase in customer retention could raise profits by between 25 and 95 percent depending on the industry, because retained customers cost nothing to re-acquire and tend to spend more over time [7].

Reading a retention curve

Retention is measured by cohort: take everyone who signed up in a given week and plot the share still active in each subsequent week. Three features of the curve tell you most of what you need to know. The initial drop, how much of the cohort is gone by week one or two, is an activation and onboarding problem. Whether the curve flattens tells you whether a core of users has found lasting value; flattening is the single most important sign of product-market fit in a product-led business. And the level at which it flattens separates a large durable segment from a small one.



The early drop is an onboarding problem; the flat part is the users who stayed.

Define "active" by the value moment, not logins, at the product's natural frequency. Stack cohort curves over time: if newer cohorts flatten higher, your changes are working.

Habit loops

A retained user is one for whom the product has become a habit. Nir Eyal's Hooked model describes habit as a four-step loop: a trigger, an action, a variable reward and an investment that loads the next trigger [8]. Find the natural trigger in the user's world, such as a new order or a Monday morning, attach messages to it, and make sure the user leaves something behind: data, history, teammates.

Retention is not a campaign. It is what happens when the product is better on day 30 than on day 1.

Segmenting churn and resurrection

Aggregate retention hides the truth. Cut it by acquisition channel (paid traffic often retains worse), by activation status (if activated users retain well, your problem is activation), by segment and by plan. For churned paying customers, a two-question exit survey, "what was the main reason?" and "what would have changed your mind?", tells you more than a dashboard, and only "did not get value" is an onboarding problem.

Win dormant users back by leading with what changed rather than "we miss you," but treat resurrection as a floor, not a strategy.

Growth loops

A channel is something you pay for or work for: advertising, outbound, events, content you write. A loop is something the product produces as a by-product of use. Channels scale with spend; loops scale with usage [4]. "Users love us and tell their friends" is a hope; "every shared report carries a sign-up link that one in ten recipients clicks" is a loop with a measurable rate.

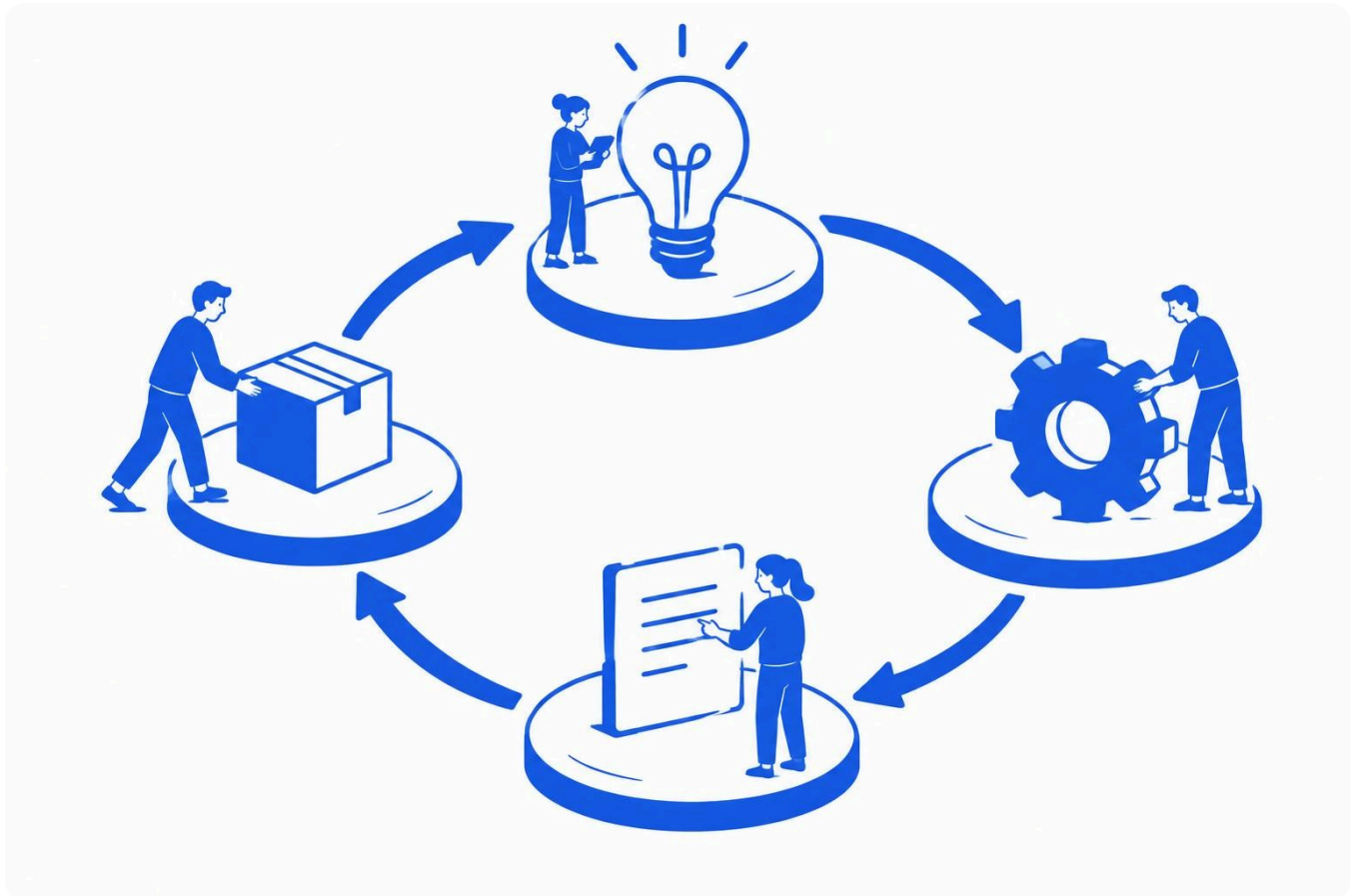
The loops that matter in B2B

Loop and how it turns	It compounds when
Invitation: a user invites colleagues because the product is better with them in it	The invite is a natural step in the user's work, not a favor the product asks for
Collaboration: a shared artifact pulls in a recipient who reviews, comments or approves	Recipients can see and act on the artifact before any sign-up wall
Output: published pages, exports and scheduled emails carry the product's name	The output is shared publicly and the badge is tasteful enough to keep
Referral: an existing user is rewarded for bringing a new one	The reward is a unit of the product's own value, such as storage or seats, not cash
User content: templates, integrations and community answers indexed by search engines	Items rank, persist and land on a page where the product can be tried
Programmatic content: a generated page for every use case or integration	Each new product capability automatically produces new pages

Invitation and collaboration loops turn in days, output and referral loops in weeks, content loops in months. Dropbox's referral program, which gave extra storage to both referrer and referred user, is the canonical example; Drew Houston reported in 2010 that it permanently increased sign-ups by around 60 percent [9].

Measuring a loop

Loops are measured by rate and cycle time. The rate is the number of new users each cycle produces per existing user who starts it; above one the loop grows on its own, and well below one it still amplifies paid acquisition. Fast loops with modest rates often beat slow loops with higher rates because they compound more often.



A loop turns when the output of one cycle becomes the input of the next.

A growth loop you did not design is a growth loop you cannot improve.

For an invitation loop, the arithmetic in words is: the share of new users who send at least one invite, times the average number of invites each sends, times the share of invites that lead to an activated user. Instrument every step to find the weakest; usually it is the share who invite at all, and the fix lives in onboarding.

The 90-day plan

The plan assumes a product with users and some form of free access, a small growth team (a product manager, an engineer, a designer and part of an analyst) and the authority to change onboarding, plan limits and tracking. Adjust the pace to your team; keep the order. Do not ship onboarding changes before the activation event is defined, because you will not be able to tell whether they worked.

Phase	What ships	Done when
Weeks 1 and 2: baseline and activation analysis	Current funnel numbers, a map of every screen before value, candidate actions compared against retention	The leak between sign-up and value is quantified and candidate events are named
Weeks 3 and 4: define and instrument	User interviews, a one-sentence activation definition, a tracking plan, the value-moment event live	The activation event has a threshold, a window and a dashboard tile
Weeks 5 and 6: remove steps and surface value	Survey, tour and verification moved or removed; a redesigned first screen and empty states	The number of screens between sign-up and activation has at least halved
Weeks 7 and 8: supply what is missing	Sample data or templates, a short checklist, triggered messages for the most common stuck states	A user with no data sees the product working within one minute
Weeks 9 and 10: limits and upgrade prompts	Limit-hit rates by segment, a value-metric decision, limit-reached and locked-action prompts	At least one limit is hit by a third of activated users within 30 days
Weeks 11 to 13: loops and review	Share, invite and output events, a loop-rate dashboard, a no-wall recipient experience, a product-qualified lead definition	The primary loop's rate is measured at each step and the weakest step is named

What to expect

Activation moves first, within weeks, because removing steps is fast. Conversion moves next, usually a month later, because users need time to reach limits. Retention moves last and slowest; the curve for the first improved cohort will not be readable until two months after the change. Loops are slowest of all to show in top-line numbers, which is exactly why they are worth starting early. Protect the sequence and the scope: a team that ships onboarding before the activation event is defined cannot tell whether it worked.

The product that sells itself still needs someone to keep making it worth buying.

After the first quarter the work becomes a cycle. Product-led growth is not a launch; it is an operating rhythm in which the product keeps earning the right to be used, then paid for, then shared.

References

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