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Decisive Planning can Optimize ‘Downtime’ Opportunities

Economic downturns can be a great time to start a company. In the early 1980’s we faced 10% unemployment, 13% inflation and record-low consumer confidence. That didn’t stop the launch of new trade up products like Absolut Vodka (1979); Calvin Klein signature designer underwear (1982); and Carnation pioneering Fancy Feast premium cat food (1980). The point is this: now could be a great “downtime opportunity”. The trick is, being smart about what you launch and how you launch it.

That’s where the expertise of T. A. McCann, founder and CEO of Gist comes into play. McCann, a serial entrepreneur working with Vulcan Capital, was previously with Polaris Venture Partners where he was an entrepreneur-in-residence. Earlier he held senior positions at Microsoft, leading future strategy and product planning. He is also a founder of Jump2GO, HelpShare and Soft Labour. At a recent Northwest Entrepreneur Network breakfast meeting McCann shared his strategies for focusing a start up launch.

30-60-90 Planning

Starting a company always takes longer than expected—if you let it. McCann advises that this can be avoided by setting strict limits. The trick is to meticulously manage the time required for three critical phases of incubation. McCann’s formula: Complete your business plan within 30 days of coming up with the idea. Give yourself 60 days to get the idea to prototype. Then turn it into a real company within 90 days. This translates into six months for triage, planning, prototyping, and the four “P’s” of marketing. The trick is to keep things simple and really know your customer. The benefit of this focus is being able to

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quickly determine if you have a company worth pursuing, or an idea that should be killed. Although the fast-track timeframe may seem daunting, McCann has used it successfully with each of his ventures.

Tricks to Simplify Planning

1. **Use the “magic quadrant” concept to develop business focus.** Here’s how it works: Draw a large square separated into four boxes. Moving clockwise, the upper left defines your customer; the upper right, your value proposition; the bottom right is your feature set; and the bottom left is your distribution/business model. In the center at the intersection of the four boxes draw a circle for your vision. Make sure your vision is small enough for focus, but still “big enough”. To ensure focus, commit to putting only one answer in each box. Adding more answers too early creates confusion. Expand by adding one new answer per quadrant, per quarter. For example, start with one customer. In the second quarter define your second customer. Going through the exercise will drive business focus and simplify planning. It also serves double time by translating into a simple elevator pitch e.g. We sell X to X, which allows Y, and costs Z.
2. **Personify your customer.** Success is directly related to how well you know your customer. Avoid being abstract. Challenge yourself to personally know at least 10-50

customers. Take them to lunch and discuss your concepts. Learn their answers to direct questions e.g. would you buy this if we did X? Confirm that they will buy, and at what price. This will drive smart, fast decisions because you will already have a keen sense of whether Joe, Sally, Tina and Tom will like the idea.

3. **Plan the pitch in PPT, but operate in Excel.** Build the company concept and pitch it in PowerPoint but remember—PowerPoint lies. Once you start building, operations need to be managed in Excel, which won’t lie. Use Excel to time-bound operational goals to stay honest. Define product release end dates, marketing start dates, and clarify the number of customers against expectations. Once ideas are time-bound, build a schedule to communicate them. Send summaries to investors every two weeks. This holds your feet to fire, keeping things real. This is critical because entrepreneurial passion can lead to too many sacrifices. Excel will reveal when to cut yourself off. McCann’s advice, “Cut yourself off one quarter sooner than you need and two quarters before you think.”

With these disciplines in place its much easier to maintain the focus needed to launch a company. However, traps and temptations lurk in every corner waiting to lure even a focused entrepreneur off track. Some tips to avoid falling off track:

- Don’t let potential investors derail your plan: If you need \$20K to launch, don’t take \$5K or \$50K. Stick with your original well-thought out plan. Don’t agree to add new

ideas to get funding or you'll lose focus and change your concept at every step.

- When hiring, don't over emphasize experience. More than any attribute, start-ups require people with passion, which quickly makes up for lack of experience. McCann's formula: (5) parts passion + (2) part brains + (1) part experience. Focus on hiring thought leadership and outsourcing routine tasks.
- As a start up CEO you are the VP of Marketing. You must be able to market yourself. Make yourself the

brand and thought leader. Amplify your voice and message by being visible. Speak at conferences, use blogs, Twitter, Facebook, LinkedIn...

Lastly, remember that if starting a business were easy, everyone would do it. Be prepared for the hard work and make your job easier by staying focused and loving your customers even more than your idea.

These "Executive Insights" are based on monthly presentations provided by leading entrepreneurs at the Northwest Entrepreneur Network (NWEN.org), a non-profit organization dedicated to helping entrepreneurs succeed. The column is written by Cheryl Isen, founder of Isen & Company, a strategic marketing and public relations firm that helps emerging companies increase corporate visibility and brand awareness. Contact Cheryl at (425) 222-0779, Cheryl@IsenandCo.com or on the web at www.IsenandCo.com.