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The Art of the Start: The Role of Entrepreneurship in Product Management

Speaker: Guy Kawasaki, Managing Director, Garage Technology Ventures

Guy Kawasaki, managing director of Garage Technology Ventures, spoke to a standing room only crowd at the July 2005 meeting of the SVPMA. Guy presented on The Art of the Start – The Role of Entrepreneurship in Product Management, which is based on the lessons of his recently published book The Art of the Start: The Time-Tested, Battle-Hardened Guide for Anyone Starting Anything. He spoke using a top 10 format, which he says he likes because if the speaker “sucks” at least you know how much longer the presentation will last. Following are the highlights from his presentation:

1. Make meaning. Set out to change the world in a positive way. This might be a product that increases the quality of life, rights a terrible wrong, or prevents the end of something good. Making money is not the same as making meaning. If your goal is to make money, you will attract the wrong people to the company.
2. Make mantra. A mantra is three to four words and guides the employees in their job. It is not a mission statement, which Mr. Kawasaki states are useless. They cost \$10,000, take two days, require the input of 25 people and must include the customer, employees, and shareholders. To illustrate his point, the speaker asked the audience to guess the company with the following mission statement: “Our guiding mission is to deliver superior quality products and services for our customers and communities through leadership, innovation and partnerships.”
The audience came up blank. It turns out this is Wendy’s mission statement. Mr. Kawasaki thought they would be better served with the shorter mantra of healthy fast food.
3. Get going. This is not the time to analyze or write the business plan. Start building a prototype, writing software, or launching your website and create something you love. Do not create better sameness. Take a lesson from the Toyota Scion and be willing to polarize people. Lastly, find soulmates. Being a solo entrepreneur is tough. You need people to balance you out.
4. Define a business model. Claiming you will get one percent of an ambiguous market is not a business model. Be specific about who has money in their wallet and how you will get it out. Keep the business model simple, such as we will make it for a dollar and sell it for five dollars.
5. Weave a MAT. MAT stands for Milestones, Assumptions, and Risks. Starting a company is a fresh start and you need a priority of what to do. Milestones are things you would brag to your spouse about, such as finishing a design or beta release. Assumptions of the business must be made and tracked. These include things like sales call per day, conversion rates, costs, time to install product, etc. Lastly, tasks help finish milestones or test assumptions. A task might be find an office or identify a vendor.
6. Niche thy self. Start-ups do not start big. Mr. Kawasaki illustrated this point with a simple x-y graph divided into four quadrants. Along the y-axis is the ability to provide a unique product or service and along the x-axis is the value to the customer of the product or service. You want to be in the upper right, providing a unique product of value. In the lower right exists price competition, since many companies can provide the product. In the upper left exists “stupid” companies, providing unique products of little value. Finally, the lower left is reserved for dotcoms, providing little value that anyone else could also provide.

7. Follow the 10/20/30 rule. This rule applies to raising money and pitching the company. “10” is the optimal number of slides in your PowerPoint deck. “20” is for the number of minutes it should take to convey your message. “30” is the point font to use because your audience will include gray haired investors with bifocals. But even if your audience was youthful, thirty point font ensures you do not add text so that you can read it. Audiences catch-on fast to this and read ahead.

8. Hire infected people. Does the candidate “get it?” Do they love what they do? Be willing to hire people better than yourself because A players hire A players, B players hire C player, C players hire D players. And, therefore, it does not take long to get to Z. Further, a start-up is a family and you will be spending a lot of time with these people, so apply the shopping center test. If you were at the Stanford shopping center and saw a candidate would you a) run over and say hello, b) figure if your paths cross you will say ‘hi’ but not go out of you way, c) get in your car and go to a different mall. If you selected b or c, do not make the hire.

9. Lower the barrier to adoption. Make it easy for someone to use your product by flattening the learning curve. It should be as simple as open the box, plug it in, and it works. Further, embrace evangelist and give them the tools to evangelize.

10. Seed the Clouds. Sometimes you cannot predict what will drive your product’s success. When a market appears that you did not expect, take the money: it is a gift. Mr. Kawasaki gave the example of how PageMaker saved Apple and created an entire market that Apple had not anticipated. Further, find the influencers in organizations In large organizations, the higher you go, the thinner the air and the harder it is to support intelligent life. Therefore, don’t suck-up. Rather, suck across and down. These people have tremendous influence in the organization.

11. Be a Mensch. What would a top ten list be without a bonus eleventh slide? Mr. Kawasaki makes the point that you should be a mensch, which is a Yiddish term for someone who is a good and ethical person. This is important because organizations exist in the context of a larger society and companies that harm society do not scale and do not last. It is important to set the highest standards for your employees. Thus, a) help people who cannot help themselves, b) do the right thing, the right way, and c) payback society.