VISION TO VIABILITY

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If Only There Were a Fitbit® Bracelet for Entrepreneurs

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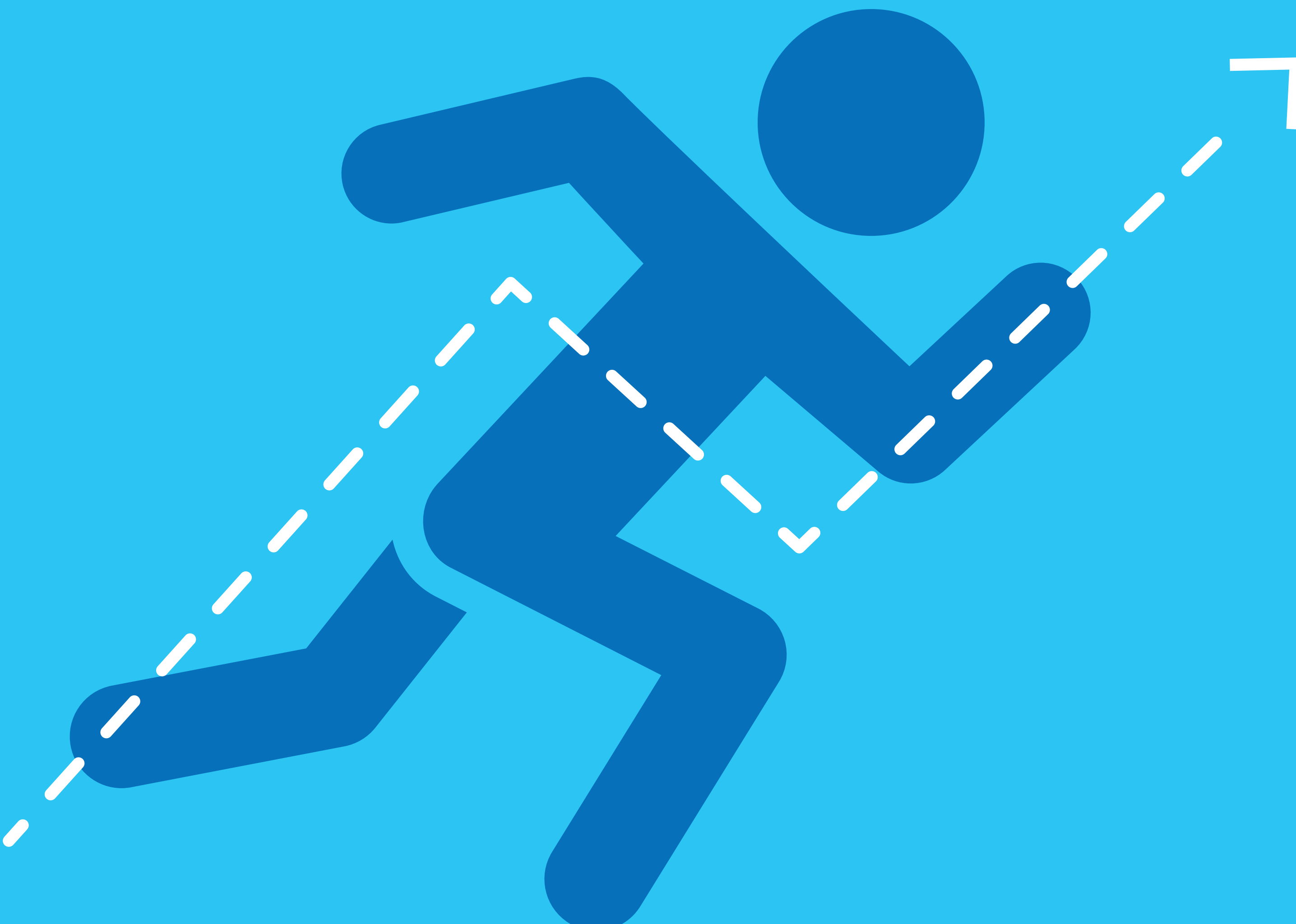

GROUNDFLOOR SOLUTIONS

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Introduction

All businesses start with a vision. Not all businesses reach viability.

Imagine if you could buy a Fitbit-type bracelet to monitor and track your activity as an entrepreneur while on the path of turning your great idea into a viable business. It would track all of your activity, your thoughts, your decisions, and your successes. Why not? We have smartwatches, health monitors, pedometers, activity trackers, and virtual reality headsets. Wearable technology is changing the landscape of health and fitness by changing the way we think about and the way we actually exercise.

Imagine if a DNA test existed that could detect your personal potential to be an innovative entrepreneur and predict the likelihood that your latest venture would be a success. Why not? In today's highly sophisticated medical marketplace, pregnancies can be determined within hours of conception; coronary diseases can be detected with pinpoint accuracy; and the smallest amount of DNA can lead to unequivocal identification of its unique owner, including by using over-the-counter DNA testing kits to prove paternity for $24.99. Cancer typing and staging is now routinely done via minimally invasive procedures with results available within minutes of biopsy.

Forensic technology has increased to the point where criminal culpability can be determined from a single strand of hair, an imperceptibly small amount of saliva, or a few microscopic skin cells retrieved from a crime scene. Both diagnostic and analytical verifications become more accurate, more helpful, and available in a more timely fashion because of the strides made in the technologies and procedures now in use in these fields

Unfortunately, the feasibility of a business venture idea or your potential for entrepreneurial success cannot be as accurately determined as these scientifically based diagnostic discoveries. However, we can go a long way toward increasing the likelihood of the success of your business venture by incorporating some of the basic principles that are the foundation of the breakthroughs in diagnostic and monitoring technology. In so doing, we can change the way we approach business fitness in the same way that the world has reconceptualized physical fitness. Vision to Viability (V2V) is a business development model developed by Ground Floor Solutions. V2V is a business development approach that starts with an idea or a vision and builds it into a product or service that is viable, scalable, and sustainable. The Vision to Viability is based on ten basic principles:

1. **Commit to a Business Fitness Model**
2. **Assess Your Current Level of Business Fitness**
3. **Define Success**
4. **Determine Feasibility**
5. **Create a Business Fitness Plan**
6. **Track Progress**
7. **Seek Support; Listen to Advice**
8. **Risk With Purpose**
9. **Adopt Focused Flexibility**
10. **Acknowledge Success**

1

COMMIT TO A BUSINESS FITNESS MODEL

Business fitness assumes that there are multiple aspects that affect the health and well being of a business.

Just as physical fitness is a combination of physical, behavioral, emotional, and biologic components, business fitness consists of many elements working together to produce, maintain, and support the products and services that bring value to the customers of a business. The interaction and co-dependence of multiple business factors are critical to success. Which factors matter the most? There are at least five:

1. **Ideas**
2. **Team**
3. **Business Model**
4. **Funding**
5. **Timing**

Some would argue that the idea – the "aha moment" drives everything. Others believe that the people who steer the business and the way this team executes on key business variables are the key factors. Still others would make a strong case for the business model that is chosen and the funding that is needed to support the business as the most essential factors. Finally, there are those, myself included, who believe that timing rises to the top of the list.

However, when we analyze these factors we recognize that business fitness is not tied to any one of these factors but instead is irrevocably linked to the codependence of all of these factors and not on determining which one is the most important. Winners are produced when all of the right ingredients are present and are mixed in just the right proportions. And that is what the business fitness process is designed to maximize. It is an alignment process that matches talent, skills, people, ideas, and resources with products and services that meet needs in a defined marketplace where consumers in sufficient numbers are willing to buy the products and services you are selling.

Entrepreneurs benefit when they embrace and commit to an approach that focuses on each factor and on the interaction of all of these factors simultaneously. On the business vision to viability continuum this is the key to moving closer to and then achieving viability. Success lies in the ability to translate good ideas into solid business practices and repeatable acts that produce and maintain satisfied customers.

2

ASSESS YOUR CURRENT LEVEL OF BUSINESS FITNESS

STARTING A NEW BUSINESS READINESS CHECKLIST

Ground Floor Solutions has worked with dozens of start-up, early stage growth, turnaround and mature businesses. The following checklist is a first step in assessing your readiness to go forward. It helps you to assess where you stand on 10 key aspects of starting a business. We have found that by completing (scoring a 5 on each step) each of these 10 steps you will be in a better position to move forward with your business idea.

	Not Stated	Started	Some Progress	Halfway Complete	Nearly Complete	Complete
STEP 1. Define your business idea. Prepare a 90-second pitch that clearly explains your business idea. Put your BIG IDEA into words and then pitch the concept to various people. After you are finished, ask each one to play back to you what they heard.	0	1	2	3	4	5
STEP 2. Inventory your strengths. Create a list of all the assets that you plan to invest in your new business. Be specific. Money, time, knowledge, contacts, experience, ideas, inventions - any resources that you personally control that you are willing to invest.	0	1	2	3	4	5
STEP 3. Define your value proposition. Create a written statement that answers the following questions. What need does your business satisfy? How does your business address that need? Why would someone pay you to provide your solution? Give special attention to explaining the benefit(s) your customer will realize when they buy your product or service.	0	1	2	3	4	5
STEP 4. Create a list of all of the assumptions supporting your value proposition. What do you assume to be true? Jot down all key points that are critical components of your value proposition.	0	1	2	3	4	5
STEP 5. Obtain third party validation of your critical assumptions. Test your proposition on a potential customer. Seek feedback from people that you trust and who have expertise in the market you plan to serve. Use this feedback to make modifications.	0	1	2	3	4	5
STEP 6. Create a "definition of success". Define your highest priorities for your business. Be specific. List the exact things you want to accomplish. Include financial, personal, social, professional, and strategic.	0	1	2	3	4	5
STEP 7. Determine the resources you need to succeed. What additional resources do you need to achieve your definition of success that are not included in your Inventory of Strengths (Step #1)? Is it money, talent, or contacts? Determine the absolute minimum requirement needed from sources outside of you.	0	1	2	3	4	5
STEP 8. Write a compelling Business Summary. In three pages, summarize your conclusions for the first six steps listed above. This should be a concise document that explains your big idea, presents the opportunity that you are addressing, provides a clear description of the value you will provide to your customers, and a compelling case for you being able to accomplish your objectives.	0	1	2	3	4	5
STEP 9. Redo your 90 second "pitch". Modify your original 90 second presentation based on new things that you have learned. Describe the big idea behind your business, the value proposition, the business model, the targeted market, the pricing model, the deployment strategy, the key people, and the projected return on investment.	0	1	2	3	4	5
STEP 10. Reassess your strengths. Are you convinced that you have the basis for a new business? Do you have a value proposition that the markey will buy? Do you have resources needed to make it go? List what you need that you don't have.	0	1	2	3	4	5

3

DEFINE SUCCESS

Specific processes and techniques are used to create a statement that simultaneously becomes the vision for and the yardstick by which success is measured for your business.

All key stakeholders (owners, investors, and employees declare the results they want the business to achieve. Although consensus is sought, there may be differences of opinion regarding the results to be achieved and the priority of each result. Arguably, this is the most important task to accomplish in the initial business planning process. It will serve as the organizational compass that guides all other planning efforts. In that single statement, the company has identified key elements that will drive its business decisions.

In the period from 500 BC until 100 AD, Rome grew from a small village on the banks of the Tiber River to an empire that stretched from England to Syria. Among many of the elements that contributed to the growth and dominance of the Roman Empire was a commitment to build roads into and out of the areas of conquest. As soon as an army had marched into an area, a road was constructed for the transport of supplies and reinforcements. All expenses were aimed at the expansion of the empire. The roads in the Roman Empire were the backbone of a society that left its traces all over modern-day Europe, hence the well-known phrase, "all roads lead to Rome."

In business development, the conquests are not quite as dramatic, nor are the motives as awe-inspiring or as sometimes sinister, as those shared by many of the Roman emperors. But this business principle warrants a similar classification as the famous "all roads lead to Rome" phrase. Slightly paraphrased, in business "all roads lead to the definition of success." In other words, one of the central elements of your business "empire" is or will be your ability to define success for your business. What does that mean?

It means that you and the other key stakeholders of your business must define exactly what you mean by success. It needs to reflect the highest-level priorities you have. It includes the financial, strategic, and operational outcomes you want to achieve. It is a simple (not an overly complicated or long) statement that serves as both a compass and a yardstick for your business. It simultaneously guides your business and serves as a benchmark for measuring your success.

Many businesses confuse their "mission statement" with a definition of success. Mission statements usually contain lofty ideals and soft statements of commitment to principles that include being the best, excelling at everything, and supporting goals that sound good but usually lack anything measurable. Those things are OK for marketing pieces and web site home pages, but they are not inspired and well-defined statements that are used to drive all aspects of a business and provide measurable benchmarks to simultaneously inspire and hold accountable.

KEY ELEMENTS— DEFINITION OF SUCCESS

1. **Declare** the overriding priority of the business
2. **Identify** the marketplace in which the business operates
3. **Define** the unique value proposition the business provides
4. **Indicate** the outcomes the business will achieve
5. **Determine** a timeframe for achieving these results

Although the definition of success is used to motivate and inspire, it is also a mechanism for measuring results. How well did we do? How well are we doing? In that regard, periodic review and modification of the definition of success is good, but it should not assume a chameleon-like character that changes weekly or quarterly as the results are reported. It needs to stand as an established standard that is reviewed and modified as new opportunities present themselves, as major market conditions change, or as the annual business planning calendar dictates.

In a nutshell, business fitness determines the potential for the success of your business. Therefore, it is essential to have success defined before you conclude whether or not your business is feasible. In other words, the first step is to "define success" so that you know exactly what your business needs to accomplish, financially, strategically, and operationally, for you to feel that success has been achieved.

This process must include all of the key stakeholders in your business. That may seem like stating the obvious, but it is fundamentally important. Anybody who is "investing" in your business and has a stake in how the business turns out is a stakeholder. Not all stakeholders are equal when it comes to the influence they have on the definition of success, but they need to be included in proportion to the risk they are taking.

Many businesses fail to complete this step. They do not have a clear set of priorities or a defined set of results that they want to achieve. This lack of clarification often leads to less than optimal results. When success is defined to everyone's satisfaction upfront, the business is able to develop according to an agreed-upon roadmap.

4

DETERMINE FEASABILITY

Webster defines the word feasible as "1: capable of being done or carried out a feasible plan" and "2: capable of being used or dealt with successfully."

The feasibility of a business venture idea cannot be as accurately determined as scientifically based diagnostic discoveries, but you can go a long way toward increasing the likelihood of the success of your business venture if you follow some key business planning guidelines. Determining feasibility is both an art and a science. Done properly, it moves your business vision one step closer to viability. Therefore, feasibility thinking is critical throughout the business start-up process.

All entrepreneurs need to embrace, understand, and use a hypothetical feasibility gauge called the "vision to viability business continuum." This continuum has at one extreme a ranking that represents a very LOW probability that the business idea will be successful. At the other extreme of the continuum the ranking indicates that the business idea is VERY likely to be successful. Business ideas can run the gamut from "no chance of success" to "unlikely" to "possible" to "extremely likely to be successful." And there are iterations between each of these characterizations. Consensus indicates that feasibility testing strengthens your business model. The crucial question for you as an entrepreneur is: "How do I know where my business idea falls on this likelihood of success continuum?" The answer is that you simply don't—until you do some systematic fact-finding, reality checks, proposition testing, and general investigation to answer several key questions.

1. Is there a secret sauce that enables me to convert my big idea into a viable business venture?

2. How do I know if my business idea is worth pursuing?

3. When does a good business idea justify the expenditure of my time, money, and energy?

4. Which elements in the business development process are the keys to overall success?

5. What makes the difference in business ideas succeeding and business ideas failing?

6. Is a business plan required to turn a great idea into a viable business?

7. How much risk should I be willing to take to get my business started?

8. Do I need a business partner to be successful?

9. What makes a good business partner?

10. How do I know if I have what it takes to run my own business?

THE FIVE P'S

Five P's are associated with feasibility: product, price, place, people, and promotion. Each of these elements has a fundamental question associated with it that must be answered in the affirmative for feasibility to be confirmed. Let's review:

- **Product:** Is my business based on a product or service that can be (1) produced at a competitive price and quality (2) in sufficient volumes to meet demand, (3) has a defined and substantial customer base that can be reached with available sales and distribution capabilities, and (4) provides a substantial (perceived or real) value to the customer that produces a competitive advantage?
- **Price:** Can my products be sold at a price that is competitive, profitable, and sustainable?
- **Place:** Is my business located in a place (real or virtual) that taps a ready market of potential customers that will buy my products/services?
- **People:** Does my business have the mix of people and skill sets required to be successful?
- **Promotion:** What strategies will be used to promote the products or services of the business to the appropriate markets? What are the costs associated with these promotions and the likelihood of success?

During the business fitness process, your goal is to investigate key elements of each of these components of your business. Feasibility planning is not a once-and-done activity. Although it needs to take place at the beginning or in the conceptual phase of business development to determine how aggressively to pursue a business idea, it also is a good process to follow whenever a new component or new idea is introduced in the business environment, whether in a new or an established business.

The primary objective of this step is to produce reality inventories related to the priorities declared in the definition of success.

Particular emphasis is put on determining the difference between the entrepreneur's business fitness and the definition of success. All relevant assumptions related to successfully achieving the definition of success are identified and reviewed. This step usually involves completing a Business Fitness Assessment. Particular emphasis is put on confirming market realities, determining the status of the competition, and confirming the value propositions assumed by the business' definition of success. In this assessment step, the owners and other key stakeholders go through the process of establishing all of the ingredients necessary to accomplish the results contained in it. They confirm the validity of their value proposition, they confirm that the target market still exists in numbers sufficient to support the projected sales, they confirm customer acceptance of their product or service concept, and they confirm an overall readiness in the market for the products or services they are offering. Most importantly, they obtain third-party validation of their concepts, ideas, and plans.

The feasibility plan emphasizes market- and customer-based information to identify opportunities that hold the potential for meeting the results included in the definition of success. The business' realities, as documented in the Business Fitness Assessment, are then laid alongside the various opportunities to determine how likely it is that the business can be successful in capitalizing on the opportunities. A business model is drafted that identifies how existing assets can be leveraged for success, what gaps exist that would need to be filled, and what the likelihood of success may be related to each strategy. What is the strategic direction that produces the greatest likelihood of accomplishing the definition of success and at what cost?

5

CREATE A BUSINESS FITNESS PLAN

A substantial case can be made that startup ventures categorically suffer from insufficient upfront planning and a lack of strategically informed decision making.

High failure rates (55% within the first five years of operation, as reported by the United States Office of Small Business Admionistration) are generally attributed to problems directly traceable to shortcuts, oversights, and inexperience in the most fundamental business principles and legal foundations of starting and operating a business. The inescapable conclusion is that most new businesses fail for reasons that are avoidable.

Gerald Driggs, CEO of Ground Floor Solutions, shared the following story at a business development seminar held recently in Pittsburgh, Pennsylvania.

"I worked with an individual who was on the verge of joining the 55% Club—the designation given to the loosely related group of individuals with failed startup companies. In spite of an excellent product, well-established industry connections, and a group of reference customers, he was unable to show a profit. His investors and employees were losing faith. It didn't take long to discover the problem. The company lacked focus, resources were being used ineffectively, successes in the marketplace were not being leveraged, and staff morale was plummeting because of the growing sense of failure. His company was imploding.

"Repeated attempts to reason with him were met with defensiveness and excuses. He just didn't understand that his company's problems were foundational in nature. Minor adjustments were not going to save the day. Coincidently, at the same time that his venture was failing, he and his wife were building a beautiful new home. He often would bring the elaborate blueprints into the office to show how perfectly designed the house was to meet their every dream. The architect had expertly translated every requirement into a detailed plan. Building the house was the easy part.

"I asked him if he would have ever considered building his house from scratch—no blueprint, no architect, and no guidelines to ensure that the house would not fall down around them. He looked at me like I had two heads and said, "Are you nuts? That would be suicide!" Later the same day, we met to review the options for his business. They weren't good. He still could not understand why he was in such a fix—all of the ingredients for success were there.

"Having just been exposed to the glowing report on the construction of his new home, I tried another approach to get through to him. I asked him to show me the blueprint for his business. It did not take long for the implication of that question to register with him. In an instant, he "got it." He did not have one. He realized that he had followed a more disciplined approach for building his house than he had for building his business."

What does your approach to business planning say about your entrepreneurial style? Consider five different approaches: MBA, Cowboy, Business Architect, Lean Startup, and Social Entrepreneur.

MBA ENTREPRENEUR

There is a long-standing notion that ALL business ideas must pass through a linear business planning process to have any chance of being successful. This process has traditionally included in-depth analysis, research, multiple sources of confirmation on each element of the business plan, contingency plans, risk analysis, potential return on investment, and seemingly endless due diligence before any action can be taken. MBA programs, professional consulting practices, and countless canned versions of business planning software unofficially ordain the linear business planning process as the norm for any startup venture.

This approach to business planning in many quarters has achieved the discipline and blind allegiance to process and detail often associated with religious liturgy. This approach to starting a business provides a predictable level of comfort associated with having accomplished each step of the business planning process before resources are invested in any level of implementation. The premise is that exhaustive planning prior to investing significant resources will reduce risk, confirm feasibility, and ensure success. A popular phrase best describes this approach: "Ready, aim, fire!" Who can argue with the wisdom of this purposeful and thoughtful approach?

Although filled with good intentions, this approach often assigns higher priority to sequential planning, exhaustive research, and attention to detail than it does to innovation, curiosity, customer engagement, and practical feasibility assessment. It continues to be taught in business schools and used as models for software-driven business planning tools because in a percentage of situations it works.

COWBOY ENTREPRENEUR

A second type of entrepreneurial approach is the exact opposite of the MBA entrepreneur, and it has a surprising number of proponents. It is affectionately called the "cowboy entrepreneur" or the "forget planning—just go do it" approach. This is usually used by strong-willed, slightly oppositional individuals who are convinced that their good ideas will be successful merely because they believe they will. They often plunge headlong into a venture with little or no support from anyone but themselves. Many of these individuals have access to resources they control or influence that enable them to be self-financing. They disregard the need for third-party confirmation or market feedback due to an unwavering self-confidence in their instincts and experience. For them, business planning is the day-to-day assessment of what yesterday's decisions produced. The variation on the "ready, aim, fire" phrase that best describes this approach is simply "fire!" No "ready" and no "aim." This approach has its champions because in a percentage of situations—especially those driven by temporary opportunities with a short shelf life—it works!

ARCHITECT ENTREPRENEUR

The previous story and the lessons it conveys has wide-ranging applicability for all entrepreneurs who believe that businesses should be built from a blueprint for success created by the feedback, knowledge, and lessons obtained from the continuous innovation process.

Anyone who has built or remodeled a home knows the importance of translating the vision, the proposed use, and the aesthetic priorities of the building's user into practical blueprints to guide the construction process. The builders do not show up one day and start pouring concrete, laying block, and assembling two by sixes, hoping that the results meet expectations. Your dream home is not the product of chance. It comes from an architect using a disciplined process that defines and declares the intricacies of function, design, structure, utility, and budget, and translates them into a detailed blueprint. Starting a business requires a similar blueprint produced by a new breed of professional, the business architect.

Startup businesses require assistance in building the context in which their ventures will operate. A business architect uses a disciplined approach and proven techniques to create a blueprint for success with each entrepreneur. The hallmark of this consultative approach is its practical, results-oriented principles that enable any venture to target its energies and resources toward agreed-upon outcomes. This approach is probably best described as "ready…ready, aim, fire!" Emphasis is placed on maximizing the "ready" process by using technology to simulate reality and then to obtain feedback from the stakeholders to calibrate the "aim" step. With a good business architect this process increases the likelihood osf success. The single caution most often associated with this approach is to be certain to test beyond simulations so that you can obtain firsthand feedback from the marketplace regarding the viability of and demand for your products or services.

LEAN STARTUP ENTREPRENEUR

In 2011, Eric Ries wrote a book entitled <u>The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses</u>. His approach is remarkably counterintuitive to each of the previously mentioned approaches. Continuous innovation is a disciplined process that follows a path of successive iterations to stimulate innovation and controlled experimentation. It stresses the continuous process of testing small plans and collecting feedback that leads to definitive yet manageable actions, followed by the calibration of the small plan based on the feedback received, which confirms, modifies, or abandons the original idea. It's a "ready, fire, aim" approach. Using the Lean Startup approach, companies can create order, not chaos, by providing tools to test a vision continuously. Lean isn't simply about spending less money. Lean isn't just about failing fast, failing cheap. It's about implementing a process and a methodology around the development of a product or a business that is continually relying on market feedback for direction.

SOCIAL ENTREPRENEUR

Social entrepreneurs are driven by two bottom lines—one is tied to social impact and the other to financial sustainability. These two become complementary goals so that the venture can maintain itself through its own financial accomplishments and still accomplish its social goals. Historically established nonprofit organizations with an entrepreneurial spirit and capabilities would spin off social enterprises as alternative self-sufficiency strategies to ones tied to surviving on the generous accommodation of donors or other philanthropic sources. More recently, social entrepreneurs with no direct ties to existing nonprofit organizations have developed businesses with the sole purpose of meeting a societal need or issue. Successful social entrepreneurs combine the mission-related drive of the nonprofit world with the financially disciplined and business savvy skills most often attributed to the private sector. The introduction of a double bottom-line raises unique challenges for the social entrepreneur, especially in relation to obtaining start-up capital and attracting talented staff.

Poverty, homelessness, crime, and unemployment continue to plague even the wealthiest of nations. Imagine if in addition to existing efforts we could leverage trillions in private capital and bring the same level of focus and entrepreneurial dynamism we see in the private sector to meet the pressing needs for better schools, more job opportunities, improved public services, and safer streets.

We don't have to imagine. It's already happening—and it's called impact investing. The idea is simple enough: to invest in efforts that not only provide a return on investment but also target specific social needs. Forbes magazine reports:

Recently, J.P. Morgan and the Global Impact Investing Network studied 125 major fund managers, foundations, and development finance institutions and found $46 billion in sustainable investments under management. That's up nearly 20% from last year. Some analysts estimate that the impact investment market could grow to $3 trillion. And as the more socially conscious millennial generation of entrepreneurs builds impact-driven businesses, you can be sure the supply of impact investment opportunities will vastly expand.

6
TRACK PROGRESS

Continuous improvement requires continuous feedback.

Tracking progress is no longer a process tied to a calendar; it's a real-time feature tied to dynamic dashboards, alerts, reminders, and customized feedback accessible from almost any location through multiple devices.

Old-school thinking viewed progress reporting as a routine carried out at predetermined intervals. Some of the most obvious ways this was done involved financial reporting and personnel performance feedback.

The financial health of a business was considered a vital sign that should be monitored regularly, compared against projected performance benchmarks, and used to adjust key variables such as sales, cost of goods, operating expenses, and cash flow. Personnel reviews were equally critical in that they provided regular feedback to employees on how they were doing, where they had been particularly successful, and where they needed to improve. Both of these variables were essential, but relying on feedback tied to the calendar is not only ineffective but also counterproductive.

One of the key benefits of having a strong definition of success for your business is that it contains measureable outcomes that provide both a compass to guide your decisions as well as a yardstick to measure your progress. Technological advancements and intuitive cloud-based applications provide startup companies with affordable access to tools that even five years ago would have been cost prohibitive and unreliable. Tracking progress provides access to valuable feedback for all aspects of your business.

A simple exercise that enables entrepreneurs to focus on the information needed to run their businesses is to design a "mock" dashboard that contains all of the key information they need or that will benefit their teams. When doing this, obtain suggestions from all of your team members regarding what they need and the form in which information is most useful for them.

Metrics by themselves are not the secret sauce of your business, but when monitored properly they tell you how the secret sauce is performing. Tracking progress is not an option. It is an essential ingredient in your push from a vision to a viable business.

7

SEEK SUPPORT. LISTEN TO ADVICE.

SEEK SUPPORT

Smart entrepreneurs seek out people who know more than they do.

One of the most valuable benefits of reaching out to others is the new perspective the entrepreneur receives. In most situations, the best source of advice comes from one of four sources: a customer, a competitor, a content expert, or a confidant with similar business experience. They often become mentors and/or consultants who provide valuable business planning and experience-based advice. Most importantly, a trusted business consultant reduces the startup business learning curve, provides an objective analysis of business potential, and creates a sound foundation for moving forward.

Access to business advice is literally at your fingertips. There is no shortage of diverse and detailed information accessible from sources as wide ranging as academic institutions, entrepreneurial forums, business publications, content-focused web sites, and blogs.

LISTEN TO ADVICE

Even smarter entrepreneurs listen to the advice they receive.

Listening is often confused with agreeing. Many strong willed entrepreneurs hesitate to listen to advice or input that is directed their way by advisors, colleagues, or partners because they are certain that their opinions are correct and "other information just confuses the issue." Or they interpret advice as something that they either must agree with it or not and if they disagree with it then it has no value.

Productive listening is the active choice of considering the information that is coming your way as opposed to ignoring it or dismissing it out-of-hand before giving it serious consideration. Productive listening assumes that all advice has value, even if it isn't something that you agree with. Value can be found when you actively consider an opinion or suggestion. If after thinking about it you decide to say "thanks but no thanks" you walk away with your position reinforced because of the time you spent considering other options. The process of consideration, the deliberate act of thinking about it, is a valuable trait for any entrepreneur.

Paul Bennett, the Chief Creative Officer at IDEO—the highly creative global design consultancy that has done work for clients from Samsung to GE—said the one piece of advice he wished he had known in his early twenties, was to focus on listening rather than rushing to come up with a quick, yet uninformed, response.

"Listen more," Bennett advised. "For most of my twenties I assumed that the world was more interested in me than I was in it, so I spent most of my time talking, usually in a quite uninformed way, about whatever I thought, rushing to be clever, thinking about what I was going to say to someone rather than listening to what they were saying to me. Slowing oneself down, engaging rather than endlessly debating and really taking the time to hear and learn is the greatest luxury of becoming older."

8

RISK WITH PURPOSE

Risk tolerance is a necessary but often misunderstood entrepreneurial trait. By definition, entrepreneurs are confronted with risk.

You face financial uncertainty, opportunity costs, career crossroads, and personal choices related to the priorities you set for yourself and for those close to you. On the other hand, when your choices produce benefits equal to or greater than the risks you took, you feel vindicated and rewarded for your efforts. Most, if not all, risk should be a part of your business planning process. In other words, as a smart entrepreneur you should be able to connect your areas of risk with a well-defined purpose. Risk with purpose is an approach that ties a certain level of risk to a certain set of rewards. For example, your financial projections should provide a relatively clear path for you to follow. When the financial realities do not match your projections, you should be able to make necessary adjustments to account for the deviations.

Risk without purpose is either stupidity or bravado, both being traits you want to avoid. Your business planning process should actually have the risk factors identified and contingencies laid out in the event that the risks become realities. These circumstances can be planned for because they are known possibilities. This is what is known as contingency planning.

However, all entrepreneurs encounter unforeseen challenges or unexpected developments in the course of executing their business plans. The experience and skill sets of the management team provide the basis for quick and effective responses to these situations.

By addressing the predictable risk factors in the business planning process, the management team is better able to address unforeseen problems because your risk with purpose approach has provided you with a way to moderate risk by placing risks into known and unknown categories. Smart entrepreneurs approach risk with purpose.

9

IMPLEMENT WITH FOCUSED FLEXIBILITY

Focused flexibility is the entrepreneur's ability to stay focused but to adjust to the realities of the market and the expectations of the customer.

This is how a new business or venture is able to execute a course correction before major problems arise. It is a concept that respects the fundamental value of staying focused while simultaneously being flexible in the way implementation occurs. It is a management approach that enables entrepreneurs to make incremental adjustments based on a continuous flow of information.

Continuous innovation simultaneously requires discipline and imagination. Although these concepts seem mutually exclusive, they are quite compatible when used in the context of the Lean Startup methodology. Focused flexibility is a concept that captures the heart of lean startups. The smart entrepreneur is receptive to feedback. He or she welcomes input on the smallest or the largest issues. In this way, vital information is shared and the team the entrepreneur has assembled becomes empowered through the confidence shown by the driver of the vision. Feedback becomes the lifeblood of the venture. As Eric Ries points out: "The Lean Startup method teaches you how to drive a startup—how to steer, when to turn, and when to persevere—and grow a business with maximum acceleration."

Focused flexibility sounds like an oxymoron. However, when you look at the concepts separately and then combine them, they end up being intuitively compatible. Begin with "flexibility." It refers to the ability to bend, to adjust, to stretch, and to accommodate. "Focused" means to become specific, to make clear, to set a priority, or to determine order. When you put them together, you develop concepts like:

- Clearly communicate desired outcomes. Allow your team to set priorities and to guide implementation.
- Adjust priorities when conditions change or feedback provides new information.
- Clarify the order in which things are done.
- Revise your communications the minute you detect uncertainty in direction or priority.
- Accommodate when more specificity is needed.
- Acknowledge success and reward innovation.

Many articles have been written about the "pivot" concept and the reasons it is so important for startup ventures. A pivot is a major adjustment of a company's basic business model or product. Put simply, the term "pivot" is little more than a euphemism for "fixing a giant problem." In its extreme form, a business literally is forced to change its business model and/or product offerings overnight, most often due to a new revelation from the marketplace that voids some or all of the important aspects of the business model. Many new businesses do not survive such a dramatic shift. Although pivoting shows that a business or an entrepreneur is adjusting to feedback from the marketplace, it often means that the entrepreneur allowed things to progress to the point where an issue or challenge that otherwise should have been discovered before it grew into a "giant problem." Avoid the need to pivot by being focused but flexible.

SUCCESS

10

ACKNOWLEDGE SUCCESS

The Vision to Viability approach recognizes and acknowledges success.

Although last on this list, it actually is the one principle that is intertwined with each of the other nine principles. It is a fundamental element of any formula for successfully moving your vision into a viable business entity or venture.

Some would argue that we have made too much of acknowledging success. Many have concluded that we have created generations of individuals who are rewarded for simply trying and not for accomplishing anything. Granted, there is plenty of anecdotal information supporting the extreme lengths some have taken to make everybody feel included, especially in sports and other competitive activities.

In the Vision to Viability approach, we suggest that you support effort but that you acknowledge success. There are great advantages associated with accomplishing agreed-upon goals. Both individuals and teams gain confidence and satisfaction when they achieve something that is considered important or that has been established as a critical step in the move toward viability. A sense of ownership begins to take root in the early stages of business development, which strengthens the foundation upon which the business is being built.

Smart entrepreneurs spend time creating ways, both small and large, to acknowledge success. In all cases, make the acknowledgement sincere and tie it to something specific. Studies repeatedly show that acknowledgement is more often and more deeply appreciated than monetary rewards or gestures, so much so that many motivation experts recommend that money rewards should be limited to compensation plans and that acknowledgement strategies should be tied to motivational plans. The key to making this approach meaningful is the sincerity, creativity, and the personal tie the acknowledgement has to a specific accomplishment and the recognition of specific people for the role they played in the achievement.

Lastly, as an entrepreneur you need to develop ways in which you can acknowledge your successes. Most entrepreneurs are driven to make a mark or distinguish themselves for accomplishing their visions. It is important that you allow yourself to be successful. Take time to assess and to appreciate the progress you're making. Continuous improvement requires continuous feedback.

Summary

Vision to Viability

Winners are produced when all of the right ingredients are present and are mixed in just the right proportions. It's an alignment process that matches talent, skills, people, ideas, and resources with products and services that meet needs in a defined marketplace where consumers in sufficient numbers are willing to buy the products and services you are selling.

Several key concepts were covered in this paper. Begin building these concepts and terms into your vocabulary when discussing your business ideas.

- Vision to viability
- Focused flexibility
- Ready, fire, aim
- Lean startup
- Feasibility testing
- Business architect
- Definition of success
- Business fitness
- Risk with purpose
- Continuous innovation