

Joining the 1%



When you watch this short video, titled [“Less Than 1% Get Funded,”](#) you will see a key issue in the mindset of a lot of businesses. Businesses will come up with an idea and then go out, get a bunch of money, and it will GO BIG.

This mindset leads to 99% of people not getting funded. It takes a lot of grassroots to get you to where funding is the appropriate next step.

I am a firm believer that when you get going in any endeavor, it is important to build a “grassroots approach” to getting started. That means you should work to get your idea together in any way possible, even if that means doing it part-time while the full-time job is paying the bills. Be frugal to not spend unnecessary money before you are getting those first few clients in that bring some revenue. If securing money is necessary, you should start with the friends, family, and credit card route first. Going after the serious venture capital dollars is not an easy endeavor, will be a difficult first start, and is left for that remaining 1%.

So how do we increase the odds of our success to reach the 1%? We must first get our product or service going by building out the offering, getting users, and showing some market acceptance. From there, we can begin to approach companies about additional funding. By using and providing some revenue help, you can then continue to build on this cycle. And in turn, you will slowly increase the odds that you will have success within the venture capital world, as I discussed in my recent blog, [Scaling bounceit!™ by Not Scaling](#).

Currently, I am in the process with my partners at bounceit!® to raise money and take the idea of this social voting mobile app to the next level. This week, we traveled to Columbus, Ohio to meet with a venture capital firm. As we discussed a plan to raise capital, they saw other opportunities for applications of bounceit!®. I am hopeful that this will be a very good arrangement for both parties. I will keep you updated as we progress.

We are at this point of approaching venture capitalist because we have followed the steps mentioned above. We have invested our own money and time, gotten bounceit!® out there, and been receptive to the users' feedback. Our first vertical is approaching campaigns and implementing a ground-level polling analysis. We are taking the next step and talking to businesses that are ready to sign up, and get a plan together to enter next year's political season.

My first two companies were done from a "grassroots approach" and not taking any outside money. The success of the IPS Funds were all grown with one new investor after another. Efficiency was grown from some money I had from IPS, but not from any outside investors. So this side of a startup will be a new experience for me, and we look forward to becoming part of that 1%.

Scaling bounceit!™ by Not Scaling

Many of us look at the world we live in today and think about an idea we may have that, if launched in our connected world, it would spread and we would become super rich. With the internet and smart phones allowing us to be connected everywhere, this is not a pipe dream. The right idea, combined with enough money and a strong management team, can push an idea out in the marketplace and accomplish those dreams. It is easier now than it has ever been to launch an idea and make it grow. But of course, the world is not an easy place. It takes a lot of effort to get the flywheel spinning and spitting out cash.



At Efficiency, we are in a position to scale an idea that Gary Hardin and Rick Metzelder brought to us, and we have partnered with them and built an application called bounceit!™. This mobile app is a cross between Instagram and Twitter, with the difference being you can vote on pictures or comments and see a graph that will reflect the up and down feeling of those responding, eliciting emotional feedback. Those sharing will provide information that will allow participants to make decisions based on a collective intelligence. The tag line is very reflective, with opinions shared, decisions made.

Given the type of app that we built and the fact that it will be in the App Store this coming week, we would assume that success would take place on a scalable level. But, Paul Graham from Y Combinator shared a very interesting article called "Do Things That Don't Scale." In it, he says that sitting back and waiting for your app or web idea to be pushed out and take off in the marketplace is what a lot of entrepreneurs believe they should do, but it is not true. He adds that startups take off because the founders make them take off, and the most common effort that is non-scalable that founders need to do, which is

to recruit users manually.

What did you say Paul? We need to go out and make this happen on our own?

Yes! So Gary, Rick and Greg need to be the sales people, leaders and connectors they are and go out and make it happen.

So Paul, how do we recruit users manually?

Well Greg...you go out and solve your own problems, and then you find the peer group that wants the same problem solved and you invade this group with your offering, one by one. You can also do this by doing an untargeted launch and see which users are most excited about your offering. Pinterest's Ben Silbermann observed that the earliest users were interested in design and went to a conference of design bloggers to get new users and had success there.

Paul also discusses the power of delighting their customers, but a lot of founders don't put effort into that because they don't see it as scalable. They think one by one won't get them there. However, if you look at the major of compounding and start with 100 users and grow 10% a week (just 10 users the first week), then after a year you have 14,000 users, and after 2 years, 2 million. A lot of time, the founders are engineers and are more interested in building something robust and elegant, and not thinking about the attention to customers like salespeople usually are.

It was nice to hear Paul say this, because this grassroots, non-salable approach was something that I experienced growing my businesses. When I started the mutual fund, it was very grassroots and my goal of 2 million under management first year was hit on the last day, then 5 million next year and 12 million the year after turned into 650 million at end of year five. The power of compounding!

I have been writing my blog for more than four years now, and

something that I am going to start doing is sharing with you my experience with bounceit!™ and give you a sense of what it is like to kick off an app and put it out there in the world and work to scale it using the non-scaling approach. This is my entrepreneurial journey, and I feel it would be interesting to allow others to see the ups and downs of pushing to making something successful. This will be kind of like the reality TV we experience with programs like American Idol. You would experience our progress along the way, as well as our ups and downs, failures and successes! I look forward to sharing this real-life growth story.

[Is Geo-Fencing on Your Map?](#)

As we continue to build mobile apps for clients, the advantages resulting from these apps are appearing limitless. I have been in Charlotte this week for the EO Nerve Conference. When I called for a taxi, they said that I can download an app that



will send a taxi to me. Not only that, but I can follow the taxi's location as it comes to pick me up. How cool is that? This is the new wave of location-based services that is getting more popular and will help create a lot of conveniences, marketing opportunities and productivity.

Chris Shaffer, our technology lead at Efficiency, says "The convergence of technologies, such as GPS and mobile broadband, allows users to leverage resources in ways that were

unthinkable only 10 years ago.” According to Shaffer, “Geo-fencing is one such feature that allows devices to become ‘location-aware’ by tracking through GPS or location-based services.”

We will devise a lot of new ideas and reasons to have this working for us in all kinds of situations. Geo-fencing has created a new source of information that will revolutionize the way we interact with the world around us.

When you have the app of your favorite restaurant, it will know when you cross the virtual fence that they will designate, say like 3 miles from them. Restaurants will have ability to send you a notification of the special dish they have tonight or some type of discount. You already love to eat there and they just entice you to come back to spend more money with them, instead of all the other options you may have.

According to a study done by Pew Charitable Trust, 58% of adults access the internet through their mobile devices, which has been a big conversion away from the desktop. Smartphones are allowing us to get info and make choices that we didn't have the information to do on the fly before. We check prices, watch movie trailers, and read about competitor choices as we are making decisions to spend our dollars.

Those that are connecting with their customers this way will have more flexibility, since a marketing campaign can be day-to-day or week-to-week. It can be tailored to the data that customers choose to give us so that we can meet their direct needs. Small businesses with limited budgets will have a much better way to compete with the big boys who wield massive budgets, just by having access to this technology. This will be mainstream in the not-too-distant future, but those getting in first will have a competitive advantage to attract customer dollars and grow their revenue sooner.

What are you doing to be ahead of the curve and benefit from location-based marketing?