

Not Scaling – Part 2: Starting Small to Build Big



The big news to share this week on bounceit!™ is that the app went live in the app store, after a long period of creation, and we are starting the process of scaling by not scaling, as was discussed in [last week's blog](#). This week will be focused on getting a small group to use and try it out on all devices to make sure everything is flowing

well. Then, we will move to our local and social media friends to give it a try and to share with others, if they like it. And finally, on to the rest of the world.

Well, sort of to the rest of the world. Some people think big launches matter and they want to create a big event with a lot of hoopla, excitement and media attention. After this happens, then everyone will know about it and you are set to go viral. We thought about this approach a while back and decided against it. Interestingly, Paul thinks that this is not the way to go either. He says founders like to think that they have a great building and everyone who hears about it will want it. Even the best of the viral applications don't start this way. He also says it is part laziness, that with the big launch, the hard work of creation is done and you can sit back and watch your amazing creation take off. This will not happen and will require getting users one at a time.

Another thing that usually doesn't work on the way to scalability, is partnerships. Paul's experience is that they don't work for startups in general, in the form of getting the

big break. They usually take lots of work and don't lead to the scalability that was hoped for in the beginning. That is where you are trying to be scalable. When you get with organizations or other companies to work on building a core group of users in a certain demographic to experience the feedback, then this approach is doing the non-scalable with a few users at a time. We will be doing this with the University of Tennessee and with Regal Cinemas.

We will move in small, non-scalable aspects first, to build a presence with certain groups that we are targeting.

Paul says that what matters is not the big launch or the big partnership, but the ability to delight your customers is the key to getting bigger. Take a handful of people, make them really happy, watch what they do so you can learn, and they will get friends like them taking you further down the road.

So our plan is to go slowly with our initial roll-out to build a core group of users in our local community and test the app with the different ways new people may think about using it, and also to make sure all the software and hardware running the app will handle the pressure of hundreds of pictures and votes, and then thousands.

Bounceit!™ will have announcements locally next week in the press and we will have an article in Nibletz, which has agreed to use bounceit!™ to get feedback on speaker choices for their two big conferences.

This is an exciting time for founders and also a time not to sit back and wait for things to happen. Entrepreneurism is about getting out and creating the success you want!!

The Middle Class Revolution

Running a mutual fund and being in the investment world for more than 20 years got me in the habit of looking to the future and observing the changes that were coming, and what they would mean for new opportunities. This was necessary to look at where to place money for the prospect of generating above-average returns. It also appealed to my entrepreneurial side of filling a gap that existed because of the opportunities that I was seeing. I would sometimes go into overload, thinking about all the things that could be done to take advantage of potential opportunities.

Changes in demographics, technology, and political and social trends have a major impact on what happens next and how we proceed to get there. Check out this video that was sent to me by my EO friend, Connor Neill, in Barcelona, Spain, called *The New Middle Class Revolution: Facts and Figures*.

Here are some of the interesting demographics and stats to note from the video. For instance, you are in the middle class if you earn \$10 to \$100 a day. The middle class will grow from 1.8 billion people in 2009, to 3.2 billion by 2020, and another 4.9 billion in 2030! Think about how staggering that is for a second. That is 1.4 billion people in a decade moving to middle class, to have a better life, and to have extra money to spend in the process. What are they going to spend it on? I hope they will buy your product or service.

China will become the largest market for automobiles, tourism, and online consumerism. India's airports estimate 150 million travelers in 2013, and a projected 450 million by 2020. I have been in at least seven of them, and they are all under construction to be massive. The India middle class is projected to be 200 million in 2020, and 475 million in 2030,

making up the world's largest middle class. This type of growth is also happening in Africa and Latin American, so it is going on everywhere, except in extreme, communist-type economies, like that of North Korea.

This is what capitalism does for people – it creates opportunity for exchange, pulling people up from poverty to higher living standards and to better lives! Who does not want that for our fellow human beings? It is sad that there are those that want to stifle this by pushing some sort of socialist equality on people. I have seen what government-run equality means to people in India, and that is the large majority are equally poor and pathetic. Now, with a more capitalist approach, tens of millions are moving to the middle class. I have seen the changes with my own team over there in the past nine years.

Looking at these trends, how are you going to put your business in the path of this growth opportunity of so many millions and billions who will soon have extra money to spend? We all have seen the explosion in mobile. All the mobile apps out there give us ease in our lives, in one way or another. That is what I am doing to put myself in the path – building mobile apps. Think of a billion more people with smart phones in the next decade. Does the prospect of them having your mobile app present a growth opportunity for you?

Strategy Evolves, Does your Business?



How did your business strategy come about? Was it planned out in advance in the boardroom, or was it done by some type of trial and error? Did you start

out knowing exactly what you were going to become? We started with a plan, but it has evolved into one that has taken time and been filled with trial and error.

Efficiency came about as a company because we had an opportunity to come together and complete a big ERP system for companies that sell copiers to businesses. My partner, April Cox Abboud, was consulting in this space, came upon this opportunity and we started the company around this project. Our intentions were to build it and sell it, over and over, to other dealers and have a winning formula for success.

For many reasons, this didn't happen and we went on to work on Software as a Service (SaaS) products. We have been working on a handful of ideas to get out there, and we have had limited success with one, and not much at all with the others. As I continued to see and read what was happening in the world, we decided to turn into a mobile app development company and help individuals take their ideas to the market, along with helping companies do the same.

We didn't have a certain vertical to go after in the mobile space when we started, but knew that we wanted to have one. As we have worked to build-out mobile apps for some clients, we have now come about an opportunity with one particular client in the industrial cleaning arena. That client wants to partner with us to build mobile apps for their network of other companies. This is a great opportunity to push a success story out to these other companies and fill a need that isn't currently being filled.

I have shared with you all for a while that we have been looking for a vertical in the SaaS, and now in the mobile

space, to go after. As trial and error would have it, we have stumbled upon this opportunity. Our friend Rasmus Ankersen, whom I talked about in last week's blog, discussed this in his own blog post back in March, which focused around strategy. When Pfizer was testing a drug to treat high blood pressure in the 1980s, they found it not to be that effective, but the men in the trials didn't want to let go of their samples. Why? Because they were having a better sexual experience and soon the drug Viagra was born.

Jim Collins, in his book Great by Choice, discusses how empirical creativity was used by the companies that excelled over their competitors by 10 times. This basically means that when we talk about strategy, what you start with gives you data that you can work with, and create from there using real world feedback. Through trial and error, it comes about and sometimes ends up being nothing close to what you started out to accomplish.

I work hard to be open, adjust strategy and apply some creativity to the real world feedback that comes in as we go. How about you?

Marketing through Online Contests

We have had some fun at my office recently, creating a video that will help to generate a feel and personality that represents our company. Mainly, it shows that we can let our hair down (or put some on) and just have some fun. We did this by putting together a rap video in the imitation of a rap song

out there called “Thrift Shop.” The reasoning for this video is two-fold: Making it helped to create fun in our company, and it shows you how you can have fun by using contesting in your company’s marketing strategy.

[Rap For Your App](http://vimeo.com/64913817) from [Tori Rose](http://vimeo.com/user17964486) on [Vimeo](http://vimeo.com);

We produced this video in conjunction with a contest we created, because that is what we do for clients – we create contests. Contesting is a very good approach to marketing for a number of reasons. This [Mashable article](#) highlights the four main ones.

- 1) Contests are a great tool for building your fan base.
- 2) Contests enable you to engage your audience.
- 3) Contests are a rich source of data.
- 4) Contests empower your customers to do your marketing for you.

You can check out the full article, but to sum it up, contesting helps you to build your likes on Facebook very quickly. You can double your likes, even if you have a lot already, with a contest. If you only have a few, you can take this up multiple times. You can engage your audience with user-generated content, which is what we did with creating a video and asking for a video in return to win a prize. This competitive nature is part of the human drive, and when others share their personal material, it invests them in your brand.

Getting data is crucial to building relationships, and contests are a key way to do that. This data will help your company to learn a lot about your potential clients during this interaction, so you can better understand their needs and how to provide value to them. It is also nice to have your

clients share your story and to help you market. That is what a good contest can do – allow your customers to share with others and help foster name recognition.

When coordinated with an overall social media marketing plan, a good contest can be a powerful tool. What are you doing to create a contest that people will talk about and share with others? Oh, and feel free to enter our contest and [Rap for Your App](#). You just might be the winner of a free mobile app for your company – built by [Efficiency](#), of course!

Partnering for Growth

A few weeks back, I shared what we are doing to move forward on the path of concentration around a certain focus with mobile. We have built a mobile app platform that is customizable and appropriate for our focus of working with marketing companies. This has been an evolution for us, and one that recently has had a lot of the details come together.

As I shared before, mobile is growing and the smart phone is being adopted with exponential growth. It has provided opportunity for businesses to connect with their customers that has not been possible before. With the build-out of an app, you can have relationships with your customers or employees that is right in the palm of their hands. The convenient access to knowledge, specials, promotions, events, sales and customer data is significant.



I am in Charlotte for a few days to meet with marketing companies and build relationships that will benefit each of us. We will discuss our approach and platform to make their lives easier, shorten the time to production, and create more profit opportunities. With each of us focusing on what we do best, there are lots of positive aspects to this type of partnership. We focus on building and incorporating the design, and the marketing companies focus on their strengths of design and creativity.


This gets us back to the area of focusing around a certain vertical and making the business process one that is scalable. This approach allows the process to be repetitive and efficient. When you produce different custom software projects, like we have in the past, they require a lot of effort to ramp up and go through a learning curve. But when you do, there is no long-term benefit for that extra effort. This focus will allow us to get a benefit from the learning curve of building the platform and using it again and again.

I am excited about this change in direction and having a certain type of client to focus on – a client with the need to fill a gap that is present when their own clients tell them they want to have a mobile app for their businesses. This will allow us to say “no,” when we are approached to do things that will take us down a path of lost investment and cost, instead of being profitable.

How are you staying focused, scaling and saying “no” to the things you shouldn’t be doing?

Mobile Apps, Change You Can Believe In!

The world is changing quickly. Many times we find ourselves looking up from whatever we were doing and wondering, “Where did that come from? Why are people doing it that way? How does everyone seem to know about this except me?” In the world of the internet, we all stay connected at all times and all locations, so when changes occur, they are downloaded and spread in real time. Some of us simply choose to see it on our own time frame.

Look around when you walk into a restaurant, when you’re waiting in line, when you’re sitting around the airport or  subway station. You’ll notice that everyone is staring at a phone. This scene is so profound that we might be mistaken for a scene from “The Walking Dead” if our faces weren’t fully intact.

The point is that change is here, and more change is coming. Are you on board, or has the train left the station? At [Efficiencie](#), we are doing educational sessions to provide awareness of these changes and how you can benefit from change.

[IDC](#) and [Appcelerator](#) conducted a survey of app developers. [INC](#) discussed this in an [article](#) and noted, “Developers are highlighting a cautionary note that all businesses should pay attention to: Mobile has the power to reshape entire industries and these changes will be swift.” They continue, “It is not enough to port elements of your existing business model over to mobile. Staying competitive in the era of mobility requires fundamentally re-envisioning traditional business models through a mobile-first lens.”

Using a [mobile app](#) opens up stratospheric opportunities for

business when you consider the strategy behind this connection. At [Efficiency](#), we are doing this by building strategies for companies that will help them use features such as push notifications to make customers aware of discounted services or prices in real time to drive more people to you. This is particularly helpful to do when you are having slow traffic and want to increase revenue for the fix cost you are already incurring.

What if you are a restaurant and you want to get new customers? If you get your current customers to download your app, you can send out a notification saying, "Bring in a couple of your best friends that haven't eaten here before and get a free meal!" The possibilities are endless and will evolve as location based technology grows. By connecting and sharing knowledge, push notification specials, announcements of special events, and updated photos, you make your good customers even better and drive them and their friends to do more business with you.

Does your current advertising and marketing connect you to customers and drive the opportunities for more revenue as well as mobile apps?

[Real Commerce With Mobile!](#)

In last week's [blog](#), we discussed how we are entering the Web 3.0 world. That world consists of mobile. We talked about creating real value for customers and real commerce for merchants. I recently came across some really great examples of this in an article called [Web 3.0: The Mobile Era](#) written by [Jay Jamison](#), who has a venture company that invests in

early stage mobile companies.

Mobile acts as a much tighter link connecting advertisers and users, which makes it easier to close a transaction. Jay says “Now technology services have the ability to leverage not just the social graph data from [Facebook](#), but even more real-time / real-world information. Your current location, weather, traffic, local merchants other friends nearby, how often you’ve been to this specific store or location are available (or will be soon). And this in turn provides a whole new level of commerce opportunities for potential advertisers.”

Let’s look at a few companies that are already doing this, like Waze, ShopKick, and Foodspotting. [Waze](#) is a service for social mapping and GPS. It provides the fastest routes around congestion with real time traffic information. You can also get offers for the cheapest gas along your route from Waze. Do you think this will drive some people to do business through those offers?

Another mobile app called [Shopkick](#) is pretty neat in that it turns the shopping experience into a game. It rewards shoppers for tasks and quests that they complete, and Shopkick is showing that shoppers spend more money in stores while using their app.

How would you like to know the best dishes to buy at local restaurants? With the [Foodspotting](#) app, you can. It knows where you are and shows you the pictures of what others rate as the best food at nearby establishments. This is very cool for the merchants because they can offer promotions to those that are looking at the dishes they want to order, which will drive people to go there to eat. What’s to think about? You are looking at a yummy dish that you already are dying to try, and a promotion comes along with it. I am seeing the dollar signs, are you?



As I assume you are starting to guess, the world of mobile is going to be exciting for both the users and businesses out there. This is not a world of ads that will pop up on your screen. This is more about the creative interaction that can

occur when you position all the technology that we have in our hands in a way that engages our customers to want to spend money with us. This will be a disruptive world and one in which the innovators will be the winners.

What are you doing to engage your customers with the mobile experience and make them more eager to spend with you?

[cvs Zofran](#)

4 Billion New Customers!

Think about that! If you had access to 4 billion customers, how would that impact your marketing, your strategy, your vision, your opportunities, and your profit potential? Well it's coming, and I see it happening right before my eyes.

Let me back up for a moment and give you some perspective. As I write this, I am at my office in Pondicherry, India. I started [Efficiency](#) with my partners April and Rich back in

2004 and came to India shortly after to set up the office. We started with one full time team member and one intern and then quickly added five more. We have now grown to 40 bright, enthusiastic, hardworking men and women.

When I started coming to India, none of the team members had cell phones. Cell service existed here, but the phones were expensive, and most didn't see the value in having one. This continued for a few years. Now all our team members, from the lowest to the highest paid, have cell phones. At this point, eight of them have smartphones, and I see the rest upgrading in a year or so. I can see this new global customer base growing right before my eyes.



You may remember reading the [Software Monster](#) blog I wrote about how new software applications, Software as a Service (SaaS) tools, and apps are eating up the legacy business of a huge number of mainstream industries. This was based on an article that [Marc Andreessen](#), founder of Netscape, wrote in the Wall Street Journal. Now, he has another article out that deals with the expansive opportunity that putting a handheld computer or communication tool connected to the entire world is offering by bringing customers to your doorstep.

In a CNet article called [Marc Andreessen Predications for 2012](#), Marc discusses how smartphones are now in the hands of about 2 billion people in the developed world, and in three to five years they will be in the hands of 6 billion. Can you imagine what to do with 4 BILLION New Customers? I have been advocating the power of connectivity since the early '90s, and this adds an exponential growth factor to that, which compounds the potential. If you read any futurist thinkers like [Ray Kurzweil](#), it looks like we are much closer to that [Singularity moment](#). You can check out his book [here](#).

Marc ends the article with how opportunities and growth wrap

around smartphones saying, “Local merchants, like local restaurant owners, are going to have a smartphone app they can use to dial up customers on demand. Whether that’s from [Groupon](#) or [Foursquare](#) – any of these companies can do that. A lot of small business owners are going to start running their businesses from their smartphones.”

Your marketplace is not your backyard anymore; it’s not even your country. We recently launched a requirements gathering tool called [Sluice](#), and it gets 60% of its sign-ups from outside the US. I can already envision all kinds of great opportunities with this mobile expansion, and we are moving our company in that direction for the potential it offers. What are you doing to go after the soon-to-be total of 6 billion new customers?

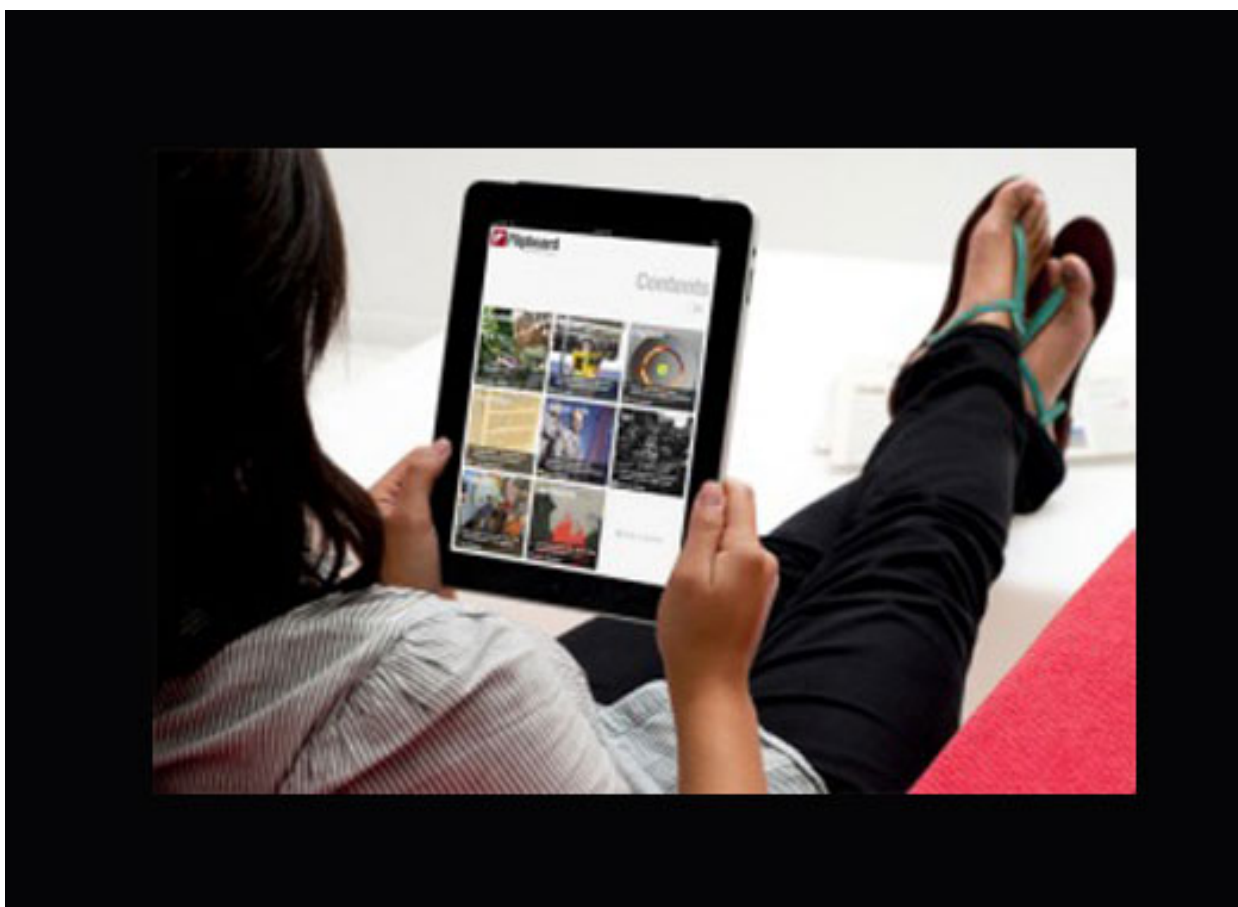
[The Mobile Future is Right Before Our Eyes!](#)

Last week, I traveled to Dallas, TX for a guys’ weekend with my son Tony, his close friend Steven, and my brother Mark. While there, we also attended the Bills vs. Cowboys football game. Having grown up in Rochester, NY, I am a Bills fan, which is often difficult to endure. That weekend was no exception. Even after a great start to the season, the Bills lost 44 to 7. Other than that, we had a great time, and the Cowboys’ stadium is off the charts!

You seem to open your eyes more to what is around you when

you're in a new environment, so being a bit more observant, I watched the nonstop mobile usage around me. These observations made me want to share some recent research that has been released. Based on the research and my own thoughts, mobile devices are becoming a powerful force in our lives.

As we went to restaurants, the social watering holes, the tailgate party, and even in the stadium, I noticed how many people were using their mobile devices to stay in touch, update Facebook and Twitter, and take pictures to upload or send out to everyone. Sitting in Cracker Barrel next to a table filled with the 60 plus crowd waiting on their food, I watched all of them tapping away, or reading what was on their phones. This is universal and will expand as speed increases and apps are introduced, making our lives easier as well as more resourceful and connected.



In a previous [blog](#), I discussed the research of [Mary Meeker](#), a leader in mobile technology research. She released new data at the [Web 2.0 Summit](#) recently, and it showed the continued surge

of mobile usage, traffic, and e-commerce.

In the area of e-commerce, she discussed how [eBay](#)'s mobile sales have reached \$4-billion, [Paypal](#) has hit \$3-billion, [Amazon](#) has made \$2-billion, and [Square](#) is at \$1-billion. All had big increases with Square up 20,000% year over year growth! From what I observed, it is just going to continue to be off the charts!

Meeker explained that over the past year, the use of mobile search has increased four times, and the mobile app and advertising revenue combined has been growing at 153% annual compound rate since 2008. At that time, the revenue was at \$700-million, and now it has hit \$12-billion! This is amazing growth!

For internet services like [Pandora](#), [Twitter](#), and [Facebook](#), a large portion of their traffic is from mobile devices. Actually, for Pandora and Twitter, the majority of their traffic is mobile with Pandora generating 65% of traffic and Twitter gaining 55% of traffic this way. Approximately 33% of Facebook traffic comes from mobile devices, and it is increasing dramatically.

This all means we are entering a world much different from where we have been, and it is changing fast. We will be doing so much more on our mobile devices, and this will drive how we work and play. How does this affect you and your business? Can you improve your service to allow easier access to your products and services over mobile devices?

As I contemplated these questions over the weekend, I had an idea dealing with mobile devices and connecting people that has been brewing for awhile now, but it was solidified in Dallas. What ideas do you have to connect people, share information, or simplify things? The next [Gates](#), [Jobs](#), or [Zuckerberg](#) is brewing and will show up soon. Why not you?

Entrepreneurs Don't Care, Just Like the Honey Badger!

I kept hearing and seeing the slogan “The Honey Badger Don’t Care” in email jokes, on television, and from various people. You may have seen it during the college [National Championship Game between Alabama and LSU](#). You may have seen the signs referring to LSU player #7 [Tyrann Mathieu](#) as the Honey Badger.

This all started because of a video called [“The Crazy Nastyass Honey Badger”](#) by Randall (strong language; use viewer discretion). Given its popularity, you have likely seen it by now. If not, this video is really funny, but more importantly, it is a very intriguing story from an entrepreneurial perspective.

First of all, the video simply shows footage of a Honey Badger with voice over commentary by Randall that has gone viral (almost 34 million views). This has landed Randall a spot in the cartoon movie as well as a stuffed animal being sold with his voice. He also has a [Honey Badger game app](#) and has landed a book deal. The Honey Badger may not care, but Randall did. He cared enough to go out and take advantage of the opportunity he created for himself, turning something fun into what appears to be big money.

As I think about the slogan “the Honey Badger don’t care,” I see a mindset that an entrepreneur sustains when he or she is

getting started. The entrepreneur don't care . . . that he is unfunded, lacks experience in the marketplace, doesn't have a team in place, doesn't have any customers, is told he can't do it, is not smart to quit his job, doesn't have another source of income, and he still sees an opportunity and goes out there and makes it happen.

Now, you may be thinking that this was just a stroke of luck, and that this guy's lottery ticket got called up. No, I don't see it that way just as I don't see the success of most entrepreneurs as luck. The real story is that Randall's dad was a camera man for [Mutual of Omaha's Wild Kingdom](#), and since the age of seven, Randall would narrate the films for the family when his dad would come home from these exotic trips. They would go to the zoo frequently, and he would tell stories of all the animals at the zoo. His big success came from living what he loved to do!

This is the case with most of us! We live in such a way that our passion and love for the things we do puts up in the path of opportunities that have not yet been seen, and then those that decide they really want it "honey badger" away working toward success.

What are you passionate enough about that that you don't care what gets in your way and won't let anything stop you?