

My Mistakes

Do you ever think about the mistakes you've made in running a business or in life? I would hate to think about the mistakes I have made with the various businesses that I have overseen. If you listed them on a hard drive, you would probably need a gigabit of space. These mistakes include timing, strategy, approach, negotiation, what to focus on, what not to focus on, not keeping it simple, too much process, not enough process, people, and on and on. It just seems endless, and it makes me wonder how I ever had successes, but it also makes me realize why things seem so hard at times. So what do you do?



Well, my simple answer is to not fret too much because mistakes are going to continue to happen. We are all human. The more introspective answer is to learn from the mistakes and avoid making them again. It seems that I get the angriest when I realize that I have made a mistake for the second or even the third time (geez where is a wall I can beat my head against)! I try to ask what caused the mistake and then put a process or approach in place to ensure it doesn't happen again. If the mistake happens again, I realize that I didn't take the time to follow up on what I wanted to have in place to start with (oh boy, another mistake)!

One of the mistakes I've realized over the past couple of years is not being as focused in a specific niche or vertical within the software space. I have made the excuse that the product side of our business, which is more of the swinging for the fences approach with a lot of strike outs, would be our grand plan. But it is not stable and consistent so we need to have a side that produces cash flow and consistency. That

was supposed to be the development of custom software for various businesses. The custom software was ad hock with no real focus and also had a lot of inconsistency. This was not working and for good reason, so it had to change.

We have made changes in our firm to have a specific focus. We have hired and plan around that focus and create an environment of synergy around the health care space. I wrote a blog a while back on the [clipper ship strategy](#), which discusses being flexible and going where the money is, and that is definitely in healthcare. We will tighten this strategy and create a much better outcome and pipeline for our company.

This is one mistake that has been painful, and I will energize us to move forward in a new way. Again, Happy New Year and here is to a making it the best year yet as you and I recover from our previous mistakes!

[Kick Start The New Year](#)

As we start the New Year, so many of us reflect upon what it would be like to make this year a better one. Instead, what if we think about how we can make it happen? How does the reality that we want to see actually manifest? It happens by first figuring out where you want to go and removing the obstacles that are stopping you from getting there.



When I was in Istanbul, Turkey I heard [Matthew Kelly](#) talking

about getting to where you want to go and dreaming of the possibilities of what might be. As a life and business coach, Matthew helps people and businesses focus on their greatest desires and dreams and then helps them get there. He also wrote the best-selling book [The Dream Manager](#). Reading his latest blog post reminded me of some of the planning, focus, and what we should avoid in order to reach our greatest desires.

To kick start your life and make 2013 the best ever, ask yourself the same questions Matthew asks. I will share the questions as well as provide one example from each to demonstrate changes I will make this coming year.

1. If you could only accomplish three things next year, what would they be?
2. What are you going to do to ensure you have more energy next year than you did this year?
3. What relationships do you want to improve? How will you improve them?
4. What new habit(s) are you going to adopt in 2013 to grow spiritually?
5. What bad habits are you going to eliminate?
6. What are you going to spend more time doing?
7. What are you going to spend less time doing?

I will make it a key top priority to build successful mobile apps. I will do P90X2 cardio workouts twice a week on top of the weight workouts to increase my energy. I will improve the relationship with my team and the culture of our company, and I will do this by injecting a positive energy with all my interactions and eliminating any negative people or conversations that come up. I will read a page each day from my spiritual books. I will eliminate the habit of complaining

about the small stuff. I will spend more time reading books and material that have big ideas and positively change my thinking. I will spend less time watching negative news stories that bring my vibrational energy down.

What about you? What are a couple of big things that you are going to go after, and what will you eliminate to kick start your life to the big dreams that we are all after?

Where Is The Internet Going?

An analyst I used to follow in my investment days, [Henry Blodget](#), is now an editor for [Business Insider](#), and his own company has been on top of the internet space since the beginning. I like hearing what he has to say because he has had so many years watching the ups and downs of the firms in this space, and he offers good insight into where these companies are going.

Business Insider recently held its annual IGNITION conference with great speakers from [LinkedIn](#), [Google](#), [Groupon](#), and [Time Warner](#). With so many people in companies that are on the forefront, you have the opportunity to enjoy a great perspective at what is happening now and where things are going.

Here are some of the key observations that Blodget made from the conference:

With 1/3 of the world population now online, it leaves 2/3 of the market left to grow. However, since this 1/3 earns 85% of the world's income, the growth and commercial opportunity may

not be so strong. As I have discussed before, the smartphones and tablets are now outselling PCs. Mobile should be the focal point because that is where growth and activity are coming from.

Mobile devices have hit the half-way point in developed countries, which usually means growth slows down somewhat. Surprisingly, consumers are willing to pay for content. Blodget says digital content revenues are exploding! He points out that digital advertising is growing just behind TV advertising, with most of this growth is going to Google and Facebook.

Another observation is that Google is a better source of advertising than Facebook because Google is like advertising at a store and Facebook is like advertising at a party. He also notes that the internet has already taken out the newspaper business, so the question is: Will television be next?



[Mary Meeker](#) recently released her presentation on the state of the web, and she had similar observations. Internet growth is robust, and mobile adoption as many upsides. Global internet users are growing at 8% year over year, and the USA has 78% penetration, while China has 40%, and India holds 11%. Smartphones are interesting. She shows smartphones as a percentage of total subscribers, and China was at 24%, the USA at 48%, Japan at 65%, and India at 4%. Where do you think you'll find the most opportunity?

All this data continues to support what we have been

discussing for a while, that mobile and all the connectivity it will bring is the major wave we need to be riding right now. What are you doing to get on that wave?

Communication Revolution

Back in 1995, when [Robert Loest](#) and I were telling the world about our new [mutual fund IPS Millennium](#), we told a story explaining that, historically, change within a civilization first occurs at an inflection point and is followed by big change and then a long plateau period.

We shared how civilization started with hunter-gathers, and people maintained that lifestyle for over 100,000 years. Then, we had an inflection point, learning to plant seeds and grow food. This was the [Agricultural Revolution of the Neolithic Era](#), and it went on for a few thousand years. Then around 1439, [Gutenberg](#) invented the printing press, and the advent of real sustained knowledge accumulation and transfer took place.

Sharing information through books led to the invention of the [Watt Steam Engine](#) in the 1760s or 1770s, and this really kicked off the [Industrial Revolution](#), which lasted about 100 years. The [transistor](#) was then invented around the 1940s, and the [Information Age](#) was born. This lasted for about 50 years.

Then in 1995, we entered the [Wired Internet Age](#) and dawn of connectivity in real time, all the time, which has lasted around 15 years. Now, we have kicked off the [Mobile Era](#) and the dawn of wireless connectivity.

As you can see, the timing of our mutual fund and the start of this new era lined up perfectly. Even though we proclaimed that investing in a connected world would create value, we were unaware of just how connected the Netscape browser was going to make us.

I am sure you noticed how each era has gotten shorter and shorter. Change progressively occurs faster, and some of the issues for business today center around this disruption which happens when we hit a new inflection point, and the game suddenly changes for everyone. However, this also creates massive opportunity for entrepreneurs! Anyone listening . . . especially with the new inflection point of mobile?

I was reminded of that story we told when I read a blog by [David Meerman Scott](#) on what he calls the [2nd most important communication revolution in history](#). When you step way back and, as David says, take a “view from the moon,” you see that the first communication revolution was bolstered by Gutenberg’s invention of mechanical movable type. This allowed books to be mass produced and freed people to more easily share information around the world, so they could go out and invent things and build on one another’s ideas. This changed the world, a world that had not changed much since the beginning of time.

We are now in what David calls the [2nd communication revolution](#), which started in 1995 with the invention of Netscape, allowing us to have easy web browsing capability. We are living through this time and the major changes that are occurring. We’ve gone from a few million online to billions in short time frame, and it continues to grow.

David explains how real time communication is vital in this new age and that “you are what you publish.” So, are you putting content out there on the web in real time? Check out his [video](#).

[Marketing and Leadership Speaker David Meerman Scott](#) from [David Meerman Scott](#) on [Vimeo](#).

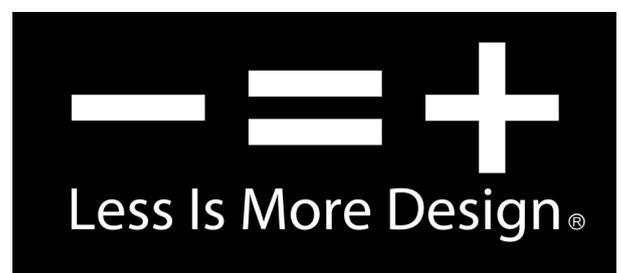
I would like to thank David for inspiring me. When we met about 4 years ago, he was the one who told me to start writing a blog. It took a little while to sink in, but about 3 years ago, I started blogging sporadically, and shortly after I began posting a blog every week. We are living in the times of sharing content. Are you?

[Offering Less to Be More](#)

In business, we often strive to make all of our customers happy by being good at every feature or service we offer them. The problem is that being good at a lot of things makes it difficult to be great at any one thing. Why do we do this? We think we can excel in any one area when the reality is we are just good or average in all areas. Have you ever thought about trying to be bad at something you do so that you can grow your business and increase your market share?

What if I was a bank and decided to offer the lowest rates on deposits in all my markets? What if I did this, so I could be the best at customer service? I could stay open 7 days a week

and as late at 8:00pm on weekdays. I would hire people based solely on attitude because hiring on both attitude and aptitude is too expensive. I would do this knowing that not having aptitude, your people couldn't offer 20 plus types of checking accounts and highly complex financial instruments.



Would you think my bank could even grow or see the stock price go up if I made those changes?

Well that is exactly what happened to Commerce Bank, which became the fastest growing retail bank in America. They saw their stock price go up 2000% in the 1990s. Commerce Bank made a key strategic decision to deal with a huge sticking point in the industry. They talked to consumers and learned one major concern was that banking hours sucked. They decided to open at 7:30am and not close until 8:00pm, and they kept the teller window open until midnight on Fridays. They also maintained full service hours on the weekends. While they did this, they sampled the marketplace to ensure they had the lowest deposit rates out there, and if they did not, they would lower them until they did.

Commerce Bank realized that in order to have the resources necessary to be really great at something, they needed to be bad at something else. Why? Because being good at everything takes resources, and to be great at something you need to redirect those resources to focus on the things that will make you great. Commerce Bank understood that the money they saved on low deposits gave them the money to fund their longer hours of operations. They discovered that to have the best customer service people and afford them, they needed to sacrifice on aptitude and reduce the complexity of their products, offering only limited financial products.

You can read more details from this example, along with others, in [Frances Frei's](#) book "[Uncommon Service](#)." It shares many examples of companies that sacrificed in one area to be great in another. This book is an important read for making strategic decisions that impact your features and benefits given the resources you have. They discuss creating an Internal Attribute Map to figure this out.

We haven't done this yet at [Efficiency](#), but I am adding it to the agenda for our annual meeting. We need to discuss what we

can take away, so we can prop up a key area that makes us stand out in the marketplace.

What you going to drop, reduce, or eliminate to make your offering or service excellent?

Unearthing the Latent Demand to Grow

Over the past few weeks, we have been discussing the change in the marketplace oversupply. If we are going to grow our companies, we need to figure out how to zero in on the right demand sectors. To do this, you first must figure out your demand profit pools. So, what are those? Demand profit pools are the areas of untapped demand that we as business owners may not be aware of because we haven't dug deep enough.

In "How Companies Win," Kash and Calhoun discuss this and cite an example of the dog food industry. This industry provided bags of food under standard segments based on large, medium, and small dogs. The food was then segmented under dry/bagged or wet/canned. There was very little vision and, as Kash says, "absolutely no proprietary insights."

They finally looked at the demand landscape. This takes a look at everything ahead of you, such as valleys, rivers, towns,

hills, and whatever else may be out there. The analysis is done with a variety of surveys, focus groups, market research, and other techniques that break down the demand pools by tastes, customer characteristics, lifestyles, needs, and desires. All these combined create the demand landscape.



After this type of analysis on the dog food industry, demand pools were broken up, not by breed or size, but in the relationship that owners had with their dogs. They were broken down by marketing the dog as a child, the dog as part of the family, the dog as an active partner, the dog as a pet, and the dog as a farm implement. As you might imagine, the dog as a child was the high profit center, and the dog as a farm implement was the low profit center. This awareness caused the pet food company to align their products with the right demand and create greater distinctions with each brand, so they avoided competing with themselves.

What if you could find the answers to the questions Kash and Calhoun propose in their book?

- Find the high-profit consumers who can raise your margins and revenues
- Understand current, latent, and emerging demand
- Determine which channels are growing and which channels are slowing
- Assess where your competitors are strong and where they are weakest
- Understand the media habits of your most important consumers
- Identify the best potential opportunities for innovation
- Build a financial model for resource allocation to drive faster growth

- Develop insights about the demand of your most profitable customers

Having these answers is the way to deal the increasing oversupply economy that we now have and to create the demand that is needed to grow your business. What are you doing to dig deeper?

[The Value of Connection!](#)

Who are you connected with? What is the value of connection? If you read any of my blogs over a period of time, you could pull out the frequent topic of connectivity. So why is it such a major theme? Even marketing guru [Seth Godin](#) discusses the importance of connecting in his recent blog "[First, connect.](#)" Let's take a look back at a little science and history, and then we will come back to how it is relevant in business.

My partner in my first company was a biologist. It may not have seemed relevant, but he was also a portfolio manager overseeing hundreds of millions of dollars. You can look at individual cells and neurons, but watch what happens when they start multiplying to create something unique and totally different. As humans, we start out as one cell that divides into what become approximately 50 trillion cells as adults. Some of those cells are neurons that start firing and connecting with one another to create, among other things, consciousness. In our investment business, we focused on things that were connecting our world at the time, so not only was all this biology relevant, but it created some great returns.



Historically, you can look back and see how civilizations have seen more growth and higher standards of living when they have been most connected to others. For about 5000 years, we lived as hunters and gathers before we changed into an

agrarian society growing our own food. Then, the tools to help us become more connected came along, and things really changed. Inventions like the telegraph, the railroads, telephones, semiconductor chips, the internet, and now the cell phone have all been game changers to bring us closer together and create living standards that have blown away the way we lived just 200 years ago.

Many of you have seen some of these changes happen before your eyes, and even more are coming. Connectivity changes our world and the way we work, play, and socialize. If we understand the importance of connections and how they will change the way we live, we can put ourselves in the path of that change and benefit. If we are not aware of it, we will either be left behind or run over by change.

How we connect to the world around us is expanding fast in the mobile space, so how will your business grow by the connections you create with your clients and customers? Are your eyes open to the possibilities that mobile has for your business?

Price vs Value

As business owners, customers, and people, when we buy something, we like to think we are getting the same amount of value for the money we are spending. This is true if we spend \$50, \$500, or \$5,000. We don't care as much about the dollar amount as we care about the value. If we were only concerned about the price, we would all stay at \$59 per night hotels, and obviously that doesn't always happen. In fact, we will spend \$100, \$150, or \$250 for a hotel to have a high-quality experience. After all, we don't just want to sleep anywhere, right?

The same can be said for just about everything we buy. As a business, we must provide value relative to the cost of our product or service. This value is what would incentivize people to purchase from our business rather than another. Most of the time, it doesn't matter if the cost is significantly higher than competitors because people know they are paying for the value. A customer's reasoning behind a purchase is not always logical and can be based on emotions such as pride, vanity, competitiveness, fear and pleasure.

What elements of your business are appealing to customers and stimulate their desire to buy your product or service? Knowing this and working to increase awareness to one or more of these elements could increase the attraction, discussion, sharing and purchase.

At Efficiency, we build custom websites for people that are looking to work with our experienced creative director, Tori Rose, to create a unique, visually appealing website that fits their specific brand. Other options are available for people to purchase an out-of-the-box website at a relatively lower cost. Sometimes, though, this option limits aesthetic qualities and functionality, but it still provides basic web

presence. Some customers only value web presence, while others value an attractive and compelling site that resonates with specific emotions they want to connect with.

Is your company focusing more on value or price? How are your products or services providing value to your customers that is worth the price?

Solve 3 Key Pains for Growth

When we go out into the world and try to connect with others and tell them about growing our business, we tend to do it in a way that it is all about us rather than about them. We say how great, wonderful, and life changing our product or service is going to be for them. The problem with this is that they don't care about all the features your product or service offers. They want to know how it will specifically help them solve their pain points.

In a meeting earlier this week, my business associate [Alex Lavidge](#) boiled it down to three key issues. He asked whether it will:

- 1) SAVE ME TIME
- 2) SAVE ME MONEY
- 3) GROW A NEW REVENUE STREAM



When you think about it, you'll find this is so relevant to how we approach most of what we do, especially if we are business owners. Aren't these the things that really motivate us to take action? If someone is coming into your business and says they can really save you a lot of money, does this not peak your interest? If they tell you their new widget will increase your sales by 10%, wouldn't your eyes leave your computer screen and look them in the eye?

Conversely, when we think about what activities we are going to undertake for the day, we should focus most of our time and effort on these actions. Aren't we ultimately working toward one of these goals?

What are you doing or who are you talking with that will *save you time*, *save you money*, or grow a new revenue stream?

[Rolling With Change!](#)

My software team and I at [Efficiencie](#) had a business meeting with an investment firm this week, and it was exciting to be back in that world again and see the latest happenings! They had an interest in a [mobile app](#), which is what we are talking about to many companies these days.

The businesses on the forefront are seeing with their own eyes how the Smartphone is enhancing the opportunity to connect and create real interaction and relationships. This is an exciting

space to be in, and I am thrilled to have placed myself on this path.

During our conversation, I listened to one of the principals discuss how well they were doing despite the lack of returns in the marketplace over the past twelve years. This brought me back to why I got out of the investment business back in the early 2000s, which was the thinking that the markets wouldn't be any higher over the next ten years or so. Along with declining assets and increasing regulatory burdens, the decision was made to get out of that business. Before I did, I had already seen the future, and to me it was going to be in connectivity through software.

Watching the investment business decline and the opportunities fade, I could have felt sorry for myself and lamented that life wasn't fair, and that since I'd worked so hard somebody had to owe me something. I found it difficult to think that the world I had educated and prepared myself for was slipping away. That is what happens, and will always happen, because things change. And today, it is occurring at an even faster pace.

As an entrepreneur, I wasn't going to wait on someone or something to come along. I set out to find a new opportunity, and then I went out and made it happen. I went to India to open an office, and now here we are with a wonderful team that builds the latest and greatest applications to connect businesses to their vendors, employees, or customers.



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More change is coming, and many areas of the economy are not doing so well. For those that are not prepared, it could be painful. What are you doing to stay ahead and ensure that technology and change doesn't sweep you up into a world in

which you don't want to be?