

# 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!!

---

# 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.

---

## 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.

<p><a href="http://vimeo.com/64913817">Rap For Your App</a> from <a href="http://vimeo.com/user17964486">Tori Rose</a> on <a href="http://vimeo.com">Vimeo</a>;.</p>

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 [Efficiencie](#), of course!

---

## Want Big Bucks? Think Elegant Organization

What is it about Facebook, LinkedIn, and Amazon that we can't stay away from them? What makes them so valuable? Well the answer is elegant organization. Let me give you a little background to explain what this means.



Back at the World Economic Forum International Media Council, in Davos, Switzerland, Mark Zuckerberg was 22. He was asked a question by a big media mogul, inquiring what his secret was and how could the mogul's publishing company start a community like Facebook. Zuckerberg just sat quiet for a second and, as everyone was waiting for the secret sauce, he said in his direct, geek way, "You can't!" Then he just stared and, with everyone let down, he went on to add what the real secret was all about.

He said a little later that they were all asking the wrong question. You don't start communities, they already exist and they are already doing what they want to do. He then said the

question you should be asking is how you can help them do what they want to do better. That was it! If you think about Harvard, where Facebook was started, they were in a community doing what they wanted to do for more than 300 years. Zuckerberg just helped them do it better.

This story was told by Jeff Jarvis who was at the summit and wrote the book [What Would Google Do?](#) I had read the book a few years back. I decided to read it again after a recommendation by sales guru Jeffrey Gitomer's list of "[A Dozen Books to Own and Read – At Least Once.](#)" I picked it back up and started to go through it and look at how I can apply things today. We are building a few mobile applications right now that have the potential to help people organize their communities in a way that makes them better and get more information out of the community.

If you are doing anything in the area of building web applications or in building mobile apps, or you have one already that is bringing a community together to be more organized, I would think this book would be helpful to advance your thinking on community organization and a lot of other principles that Google uses to be successful.

If you think about some of the companies that help with organization, in addition to what I mentioned above, several like Skype, AOL and Yahoo give us tools to organize collaboration. You get photo organization with Flickr. Wikipedia helps to organize knowledge. There are many other successful companies and when you think about it what they are doing, it is elegant organization.

What are you doing to make organization more elegant, to make your business better, for growth opportunities, and to realize the big bucks?



---

# 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 E0 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?

---

## **It's a Give and Ask Business World**

I have written a few blogs from David Meerman Scott's [books](#)

and [blogs](#) because they relate so much to the social media world we are in today. Scott's work is all about creating a worldwide rave around what you offer, by putting valuable content out on the web that will build credibility and create value for others. He also discusses using current events to leverage more interest and exposure around what you offer the world.

[<a title="Amanda Palmer: The Art of Asking" href="](#)

Amanda Palmer: The Art of Asking

So I will ask you, are you giving away content on the web that is valuable to others – especially your clients – that attracts them to you? That is the focus of a recent [blog](#) that Scott wrote that was based on a TED talk titled "[Amanda Palmer: The Art of Asking](#)." In this very interesting TED talk, she discusses her experience of going from a bridal statue and giving out flowers for money, to an alternative rock singer giving her music away for free.

From the experience of learning to ask for money on the streets, she gains an awareness of a connection with people that, to her, was profound. This connection, she realized, overflowed to how she blogged and related to her crowd in that they just gave her money. She then peeled away from her label and did a crowd-funding approach. She hoped to raise \$100k, and instead, she raised \$1.2 million. She realized that people just want to help when you build a connection and just trust them.

So from a marketing approach, what David recommends is that you give your value content – like blogs videos, infograpahics and full-length ebooks. He says give your best stuff away for free, and build the relationship that comes with being vulnerable.

Next, do as Amanda does and ask them to help you. She says, "Give and receive fearlessly. Ask without shame." Then, just

like the video discusses, David asks if you need a speaker at your next conference.

What are you giving away and asking for help from those whom you provide value?

---

## Follow the Big Trends or the Small Ones?

I have talked to a lot of people about the big trend of mobile, the growth in this area, how it is changing the way we do business, and how if we don't want to be left behind, we need to adapt. Some of this has a longer time horizon and some of it needs to be thought about in the short-term. The point is that this is a Macro trend that is happening and one that may be less of a concern than building your small [tribe](#) of followers that make a difference to the revenue and profits of your company.



Seth Godin's blog on *Macro Trends Don't Matter so Much*, makes a point that I agree with for the more focused, short-term aspects that drive your business. He says that the Macro trends, like internet subscribers some year in the future, or the number of Spanish speakers as a percent of world population, are not the key drivers to your growth and the group you are after. We could add things like, *Who will have more in Apple's IOS or Android's platforms by 2020? What percent of the world total output will China make up in the next 20 years?*

These trends are nice to watch, and some of you may want to think about it more than others. However, the key is that most companies and organizations need dozens, hundreds, or thousands to make a difference in their world. They don't need access to all Spanish speakers, to all internet subscribers, or all those on Apple's platform. What they need is the ability to spread the word among a [tribe](#) of followers that are like-minded and passionate about your unique "[purple cow](#)" offering.

This is where you want to really drill down into who your client is and what it is he wants. Robert Bloom, in his amazing book "The Inside Advantage," gives us a step-by-step process for drilling down to the true look and feel of who your client is and what is unique about what you are offering him. Knowing your customers in this way will allow the laser-like focus to zero in on your [tribe](#).

Finishing up in Seth's blog, he says that the big trends are a numbers game, and that by realizing that, you are "treating the market as an amorphous mass of interchangeable parts." You realize the micro is more important than the macro and that it is about the people – that we are individual human beings and we have names, desires, wants and interest.

What is your micro group that you are focused on?

---

## [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?

---

## Compensating with Scalability

A few weeks back, I wrote about [my mistakes](#) in not having a focus on a specific niche or vertical and mentioned a bit about what we are doing to push forward with a vertical in the health care space, focusing on mobile apps. We have made some changes and are pushing forward to create a market in the app world that is more scalable than what we were doing before.

Scalability allows you to take something you have already built and duplicate it over and over. It is a key ingredient in business. With the framework we have built, we can add a custom cover to create a product more quickly and with less cost than if we rebuilt one each time from scratch. This is a powerful aspect you get from software.



The healthcare vertical is still being explored, and we are gathering information to discover what we want to do to be a [clipper ship](#) and follow the money in that space. We will talk to different companies and ask questions to find their hot spots. With the mobile app platform, we will approach

marketing firms about providing this platform for them, allowing them to reduce cost and speed up the process, which will in turn benefit their clients.

This will introduce another level of scalability. We can develop relationships with one business at a time, build a mobile app for them, and move on to the next one. With the marketing companies, we can build one relationship with a marketing firm, and they could send us one, two, five, or ten apps to build. Creating value for others pays off with more business and, with the right execution, profits.

How scalable is your business and what are the possibilities of making it scalable to increase your opportunities?

---

## 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?