

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?

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!

Is Your Head Stuck In a

Recession?

Watching the news these days doesn't leave one with much hope for the future, when all we're hearing is about inflation, unemployment and national debt. Reports are spreading of an ongoing recession and even a possible depression before things get better. So what is an entrepreneur to do? Constantly trying to keep your head above water can get discouraging when you have nothing solid to look towards. As much as I'd like to bury my head in the sand sometimes, I know that's not a viable option. Instead, I practice the [Stockdale Paradox](#), which is to retain faith, regardless of the difficulties, AND confront the brutal facts, whatever they may be.



The fact is, things are not good out there, but this does not mean that there is no money or opportunity.

Let's first consider how we view the world around us. The word recession is defined as two consecutive, negative quarters of economic activity. Does that mean that everyone stops spending money and the economy comes to a complete halt? Not at all! Now consider this: the [Gross Domestic Product \(GDP\)](#) of the US was at \$14.54 trillion in the 3rd quarter of 2008, on an annualized basis, just before the financial meltdown. That number never fell below \$14.24 trillion, even at its lowest point in the first quarter of 2009. So what does this mean to you? There was still over \$14 trillion being spent in the economy every year; money that

you could be hustling for a share of.

Even though the overall drop was not significant, some industry sectors took a tragic hit, as much as 50%, while others grew by 20% or 30%. In times like this, the [Clipper Ship Strategy](#) can be useful by positioning yourself to where your money is being spent. This isn't necessarily an easy thing to do, especially with big industrial and manufacturing centers. It's a little more feasible to move towards the money if you're in the service sector, and much easier for information based businesses. The point here is just to keep moving.

Something else to try and practice, and not just when times are tough, but all the time, is to focus on what you do best and hire others to do what they do best. The simplest way to put it is to play to your strengths. For example, we have engaged [Kopp Consulting](#) to go out and do our cultivating of new business for us, since our strength lies in the relationships and solutions, not sales. Obtaining new business is a venture that requires focus and attention. In our experience, when the relationship team is trying to do the job of the cultivation team, we lose focus and don't see optimal results.



Kopp learns about your business and has their own secret sauceto finding the right clientele and getting you in front of them. In the months ahead I will share more of our experience with what Kopp is doing for us.

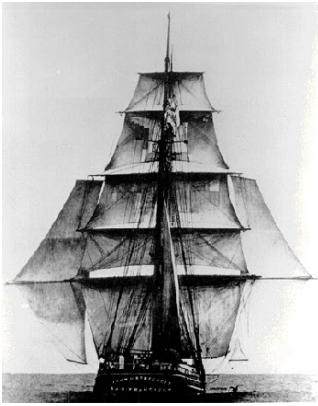
My last thought on this topic is this question: how hard do we make it for our customers to find us? Go ask everyone in your office if they have used the phone book in the last week, and then ask them the same question about [Google](#). I have seen it done and the difference is eye opening. Content and key words are key to getting found in search engines. Have you Googled yourself lately?

So with a recession in the air, are you keeping the faith, confronting the brutal facts, focusing on what you do best, and can your customers find you?

[Ship Strategy...in business?](#)



In the early 1800's, a new kind of ship was manufactured. It was a leaner, more slender ship, built for speed rather than capacity. Its sharp long prow was made out of expensive oak, and its sails spread 160 feet across. These ships were called [clipper ships](#). They ran wide open, day and night, virtually ignorant of weather conditions, arriving beaten and battered at their destination, but on time no less.



In the 1840's, still recovering from a 5 year economic depression, the US built 160 of these low capacity, more expensive ships. The reason was that the gold rush was booming out west, and supplies were in high demand. The need for basic materials was so great that supplies could sell for as much as 1000% more than on the depression stricken east coast. These clipper ships were resilient and fast, and could travel the east coast, move down around the tip of South America, and be back up to the San Francisco Bay in a record 89 days.

When the gold dust ran out on the west coast, it was shortly after discovered in Australia. The clipper ships quickly turned their sails and headed towards the next opportunity. In business, we should strive to be like the clipper ships, constantly looking for new opportunities and having the ability to benefit from situations that fall out of balance. How quickly could you mobilize resources to take advantage of these situations?



The [Clipper Ship Strategy](#) stands for seeing where value creation can happen by understanding the flow of money and recognizing the variances in pricing and resources, then being agile enough to take advantage of the situation. To read more on this, check out the book [The Clipper Ship Strategy](#) by [Richard Maybury](#).

At Efficiency, our [Clipper Ship Strategy](#) is having a team in India with the high intelligence and low cost, allowing our clients to create software tools that make them more

competitive at prices they can afford. Have you considered what your [Clipper Ship Strategy](#) is?