

# 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!!

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# 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-scalable 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.

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## 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 [Efficiency](#), of course!

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## [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?

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# 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?

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## 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?

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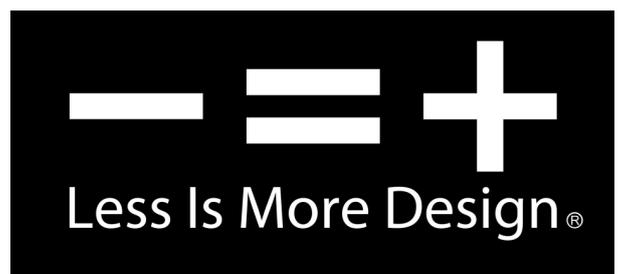
# Offering Less to Be More

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?

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# 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?

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## [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?

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## 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?

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