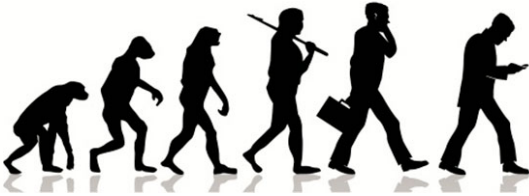


# Strategy Evolves, Does your Business?



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?

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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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## 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?

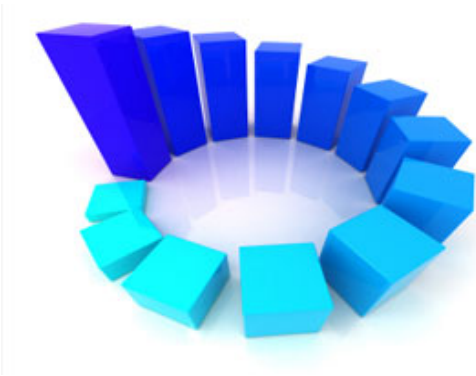
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## **Time Has Limitations, But You Don't!**

Being an entrepreneur, I have a mind set to create something

better and to “[maximize](#)” the future. One of the things that I like to maximize is time. The problem with that is time is not scalable; it cannot be expanded with increased use. What do we

do then? Since you and I can't change the fact that we all have 24 hours to utilize in a day, we need to approach it differently.



From the perspective of the majority, we all go to work and put out a certain number of hours. If you want more money, then you work more hours, right? This is because you are paid for being at work, either by the amount of time worked or by the project or production. For example, when we are building a custom software project, we receive payment for the hours we work on the project or, if we quote a fixed price, for the completion of the project itself.

When you work this way, you must ramp up each project and exert the time and energy into understanding each client situation, becoming familiar with the client's environment, solving the problems, writing the code, testing the code, getting it stable, and then you do it all again. In order to grow and expand your profits, you need to acquire more time, more resources, or both.

We have the opportunity to build one software project and sell it over and over again. You build it once, but you can sell, lease, or give the software to a couple or even a few billion people at minimal to no additional cost to the company. This would be the same as a contractor building an apartment complex with 5 units but leasing the same space to thousands of users.

We are building software tools such as [Sluice](#), which we are able to lease, thus multiplying the revenue as more people use

them. This only works if you create real value for people by solving a big pain that is so troubling that they will spend money to get rid of that pain.

To be scalable outside of software may take some creativity, but even with fixed assets it is possible. For example, think of turning a condo unit into a time share unit. You can sell the unit to one person for lower revenue or to 52 people buying a week for more revenue.

What are you doing to make your time scalable?

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## 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 [Efficiencie](#) 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?

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## Are You in the Path of the Software Monster?



I am on my way home from India and excited about what is going on at our office in Pondicherry, where we have our software development office. Each time I go, it is exciting to see what has manifested from a small 10' x 15' room with 2 people back in 2004 to a facility expanding 4000 square feet and about 40 people today! This team is filled with smart, highly

analytic minds with a desire to grow, progress, and improve their lives while making a positive impact on their families. I have watched as they have matured, gotten married, had children, and bettered their lives, increasing their standard of living. It is a great feeling to see this evolution and connection we have with the team!

Connectivity is an important word. My increasing exposure to the effects of connectivity has opened my mind to new levels of thinking. In 1999, I created a mutual fund called the iFund. It was the first shareholder-controlled fund, where connectivity drives intelligence making the group smarter than any individual. To make this happen, we utilized software to bring shareholders together to manage the portfolio. From that moment, I knew software would be the driving force connecting a business to its customers, financials, inventory, and new markets.

I recently read an exciting article by [Marc Andreessen](#) in the Wall Street Journal called [“Why Software is Eating the World.”](#) Marc invented the Netscape Browser which changed the landscape of how we connect online. He explains that software is a huge growth opportunity! Companies like HP are transitioning from the PC hardware biz into software for better prospects. He believes the future of the world economies is brighter because of the potential expansion of the software industry.

Marc says, “My own theory is that we are in the middle of a dramatic and broad technological and economic shift in which software companies are poised to take over large swathes of the economy.” He believes the growth we saw over the past decade from about 50 million people to 2 billion people connected will translate to 5 billion connected using smartphones in the next 10 years! Imagine the power of 5 billion people connected . . . real time, all the time!

This makes me wonder about the possibilities for new

businesses, including low start-up costs for internet based operations, as well as the potential problems for existing businesses not moving in this direction. His examples include how software has changed music with Apple, books with Amazon, movies with Netflix, direct marketing with Google and Groupon, telecom with Skype, and recruiting with LinkedIn. Organizations in every industry need to be aware of this software revolution!

My partner April Cox and I created [Efficiency](#) in 2004 to build [custom software applications](#) for others and to generate products that are niches to help businesses improve. [Sluice](#) and MeetingHabits are two products we have out there, and we look forward to creating even more to meet our core purpose: Discover solutions that make life better for all.

What are you doing to not get eaten by the software world or to benefit from the software world?

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## [What's the Pattern Here?](#)

Have you ever noticed how things work in cycles with observable patterns? As someone whose strength is observing and seeing patterns, I find it helpful to know that these patterns exist and to see if this awareness generates some form of opportunity. This may be because I have that entrepreneurial instinct that draws out this intrigue, but whatever the case, they seem to pop up everywhere.



You can find these patterns in the stock market, football teams, the weather, time to market saturation for products, and a multitude of other things. For example, look at the stock market over a long period of time. You will see that over time the [price to earnings ratio \(PE\)](#) tends to expand and contract over a longer time horizon than the normal business cycle.

From 1903 to around 1920, you should notice a contraction of PE from around 24 to 5. From 1920 to 1930, the PE surged from 5 to 28. From 1930 to 1950, it contracted back to 9. From 1950 to 1969, it expanded from that 9 to about 23. Then from 1969 to around 1980, it dropped back down to 7. From 1980 to 2000, you should see it surge up to 42 (can you say bubble?). We have been on a PE contraction since then. The sad news, as you can see from the pattern, is that a long uptrend does not typically start until the price to earnings ratio falls into the single digits.

Being a [University of Tennessee](#) football fan, I observe the patterns there also. As fans, we have high expectations every season, which makes it difficult to see the patterns. However, you can go back to the 1960s and see a good decade for the UT program. The 1970s were tough. The 1980s bounced around with big ups and downs. The 1990s were great, and the decade of the 2000s has been sad. You would think from this, the current decade will improve.

If you listen to the news, you would think we have been on a warming trend from the past 100 years. Actually, we have been on a warming trend since the late 1970s. In the mid-70s, all the major news stories reported how the average temperatures had been dropping since the 1950s, so we would all starve to death because of crop failures. Last winter, we had snow on the ground in Knoxville, TN for over three weeks. Typically, snow only stays on the ground here for a couple of days, and this was the first time since I started living here in 1981 that this has happened. Could this be the start of something new?

Finally, notice the trend of how breakthrough technological inventions saturate the market. In a general sense, the automobile, television, and radio each took about 30 to 40 years to fully saturate the market. The VCR took at least 15 years. The internet reached saturation after around 8 to 10 years, and it only took Facebook around 3 years once it opened up to everyone.

This pattern is obvious, and we will see new products, services, and software tools reach full penetration within a year in the near future. This results from how connected everyone has become, and this connectivity continues to increase. I would say that at some point in the near future, products and especially software will reach full market saturation within weeks and even days.

What patterns do you see around you? Will these patterns affect your business? Are there opportunities in those patterns or just the satisfaction of knowing this is just one of those cycles and will eventually change?

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## SWOT your Way to Focus and Flow!

When you run a business, various opportunities often present themselves and persuade you to run off in different directions, pulling you away from your focus. This happens to me frequently, and I find it difficult to avoid being sucked down a path that sounds like the next great avenue for huge success.

Thankfully, my partners, [E0 Forum](#), or my team usually slap me back into reality. Taking a closer look at what you are doing can also help you discover if these opportunities are worthy or if the current focus is best.

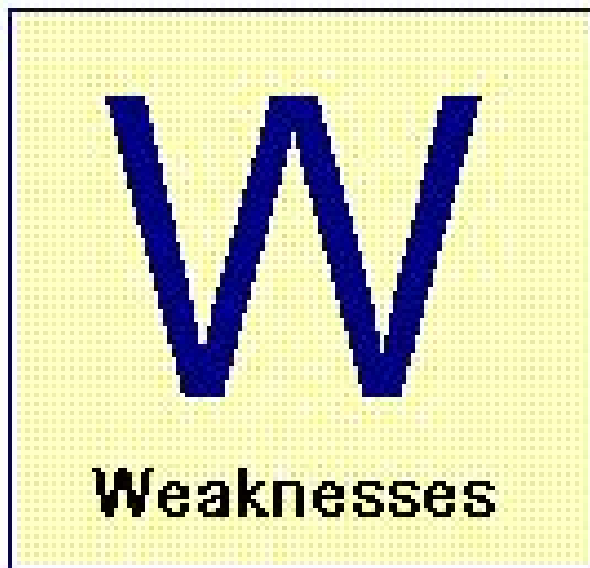
As my success coach [Steve D'Annunzio](#) asks: Where have the most profitable clients come from over the past 3 months? What is the common theme across those clients and what is it you are providing that makes the clients happy to pay you? What is the common size of these clients? What category are they generally from? What are their locations?

If the answers point towards the companies paying me the most profit, why would I not want to go get more of the same? Why

would I not want to build on this synergy and find a way to get the most scalability possible by giving the clients what they love while also getting paid at the most profitable level?

Steve tells me that when those things happen, you are in "FLOW." When it's right, you notice it in the areas of time, energy and currency because they will all be jamming together like a great jazz band or orchestra.

As we close in on the end of the year, many businesses are looking deeper at what they are doing and may be considering these same types of questions. Another beneficial exercise that can help to open your awareness to all the options is the basic Strengths, Weaknesses, Opportunities, and Threats or [SWOT](#) analysis. We utilize this every quarter to challenge our business and ensure we are considering all possibilities and are not about to get eaten by something sitting around the corner waiting to pounce. Remember the [Software Monster](#).



We found that we spent too much time gathering data from all the participants for SWOT, leaving us little time to really dig into the data we had pulled out. To fix this, we built a tool that has helped us ramp this up before we start our planning meeting and has given us much more time to go deeper. This tool, called [MeetingHabits](#), can now be utilized for free, and it may stay that way as we study how it benefits us. We would also like hearing how it helps you if you would like to share your experiences.

As you work to focus more on bringing the most value to a core group of clients that will put you in the best FLOW, what are you doing to make sure your business is harmonizing the best tune?



