

WHITE PAPER

Indispensable Ingredients for Early-Stage Entrepreneurial Success

by **Monty Montague**



Through 30 years of design and innovation we've worked with a dizzying array of early-stage entrepreneurs and burgeoning businesses. We've helped clients design and introduce new-to-the-world commercial gear, creative consumer products, innovative medical devices, and customer-driven services. Through it all we've learned what makes a successful mix of entrepreneurship and innovation.

Good advice on the topics of business and finance flow freely to entrepreneurs. But when it comes to developing products and services that people truly love, entrepreneurs are often on their own, and consequently they frequently overlook key

ingredients. Here are seven fundamentals that early stage entrepreneurs need to consider—but often don't.

1. The Mindset of an Innovator

BOLTGROUP If your early-stage success relies on innovation, make sure you have the mindset of an innovator, including these traits:

Be Empathetic. Gain a deep understanding of the people who'll interact with your product or service. Part of that comes through observation.

Observe Like a Child. Retain a level of naiveté with your antennas always up, looking for connections. Assume the mindset of a beginner—see your world with fresh eyes to uncover insights about your customer and market you might otherwise overlook.

Have Point of View, but be Prepared to Pivot. The best innovators have a strong point of view but recognize that sometimes the best course is to change course.

Be a Divergent Thinker Before a Convergent Thinker. Focusing in on final solutions too soon can leave the best innovations to someone else. Design Thinking involves the process of generative ideation—thinking creatively to explore all variations of options before narrowing and selecting the best options. See more at [How Design Thinking Can Innovate Your Business—Without Really Changing It](#).

Don't Wait for Things to Break. Great innovators don't wait for things to break; they're constantly fixing and iterating. The idea that most everything in business (and life) should be reimaged, redesigned, and made better is a basic tenet of Design Thinking. Renounce the attitude "If it ain't broke don't fix it," because innovative businesses never leave well enough alone. See more at [Rethink Everything](#).

Embrace Experimentation (and Chaos). Innovators are experimenters; they enjoy trial runs with a service business and prototype testing with a new product. The goal is to get concepts in front of customers and users as early as is feasible, and as often as needed, building on lessons learned and tweaking the solution to ensure your customer has a positive experience.

Build a Network of Collaborators. Innovators recognize the power of other people's thinking and the importance of diversity in generating the most creative solutions.

Be Resilient and Savor Set Backs. Innovation is, by definition, uncharted territory. Every breakthrough product faces its share of setbacks on the way to success. Every broken prototype, leaking seal, or customer gripe is another coal in the furnace that galvanizes an idea into a high-quality product that users love. Innovators don't win in spite of setbacks; they win because they are fueled by them.

2. Purpose and Mantra

Entrepreneurship is essentially about will + risk. Innovation is about idea + implementation. When the entrepreneurial

innovators succeed, they are often focused on a true human need guided by Purpose and motivated daily by a common Mantra.

Purpose is an evocative word. It forces us to consider meaning, motive, and values. It has nothing to do with what, where, when, or how, and everything to do with why. As such, it should be a primary filter to justify decisions in new product / service innovation programs. So, fill in this blank: Our Purpose is _____? Make sure your team understands and appreciates the purpose statement. This makes team members explore meaning, and focuses thinking and activity. It demands they seek a broader perspective to encompass external drivers such as market dynamics, customer demands, and business goals. Seeking answers may require more rigorous examination of competitive threats, behavioral trends, or additional strategic insights from executive management. But this foundation will imbue each team member with a higher sense of purpose in their specific roles and an appreciation of their contribution to the bigger picture.

Mantra is a component of Purpose. But Mantra is a single criterion, the one most important factor driving your work every day. Like the Mantras of India, your Mantra is repeated every day. Norman Winarsky of SRI International is co-founder of Siri and more than 30 other ventures. When his group was developing Siri, he said, "We were looking for a way for consumers to access web services with zero clicks, because we knew that web services were losing 20 percent of their customers with every click. Reducing clicks become our mantra. How could we reduce mobile clicks to zero?" See more at [Minimize Risk—Let Purpose Justify New Product Innovations](#).

3. Fast Follower or First to Market

A study published in the Journal of Marketing Research illustrated the success rates of Fast Followers verses "First Movers". The survey included 500 brands in 50 categories and showed that First Movers, the first to sell a product, had a 47% failure rate. Fast Followers, those that entered the market early, but not first, failed only 8% of the time. Why do fast followers win more often?

First Movers tend to launch without fully understanding customer needs, and with little awareness of the technical and market hurdles in store. Fast Followers can take time to study the customer, learning from the First Mover's mistakes, such as product development potholes. Plus, markets are primed by the First Movers, giving consumers a taste of an innovation but inspiring consumer desire for something better.

Innovation can be defined on a scale of revolutionary to evolutionary.

Revolutionary Innovation

Revolutionary innovation is sexy. It seeks to adapt the world to new ideas. The concept of disruptive innovation, coined by Clayton Christensen, has the potential to spike growth, change human behavior, and create billionaires. Revolutionary innovators like Bill Gates, Steve Jobs, and Jeff Bezos have changed the ways we live, and built business empires in the process.

Evolutionary Innovation

Evolutionary innovation seeks to adapt new ideas to the existing world. It may be less sexy and more incremental than its Revolutionary sibling, but it's also less expensive, less risky, and more readily adopted by end users. Fast Followers often succeed where the original inventors don't. The Japanese have been wizards of this style of evolutionary innovation, but now companies around the world are doing it.

All innovation has the potential to be fruitful. But it's important to understand your objective and where you fall on the spectrum of evolutionary and revolutionary. See more at [High Impact Innovation \(of the rEvolutionary kind\)](#).

4. Schedule for Success (Not Black Eyes)

Successful entrepreneurs are often wizards at time management. They schedule their weeks, keep track of tasks, and accomplish more in a morning than some get done in a week. But when it comes to scheduling the development and introduction of an innovative product or service they often set unrealistic timeliness. The deadline dictates the day and sets the agenda. While time is always "of the essence," a short circuit in the schedule can cause product introductions not ready for prime time, giving your business a black eye from which it can be hard to recover.

Innovation is, by definition, a novel idea or invention brought to a level of fruition that provides value. Today the gap between dreaming an idea and building it is narrower than ever. But the process of bringing it to fruition usually requires iterative mockups and prototypes to dial in the design for cost, manufacturability, and user experience. It takes time to make and break mockups, learn the right lessons, and improve the design. Shortcuts can result in missed problems or opportunities. That's not to say there are not smart ways to go fast. But when it comes to genuinely innovative products

that people love, there should be "no wine before it's time." See more here [3 Common Mistakes in Product Innovation](#).

5. Test, Trust, or Pivot

Testing ideas with customers is crucial. It's also risky. Truly novel ideas often get negative marks from users simply because they're unfamiliar. Herman Miller's Aeron chair failed its initial customer testing, yet went on to be the company's most successful product ever.

And sometimes testing reveals challenges and opportunities that you had not counted on. Or indicates the need for a "pivot." Jim Semick tells of testing features for video conferencing software and learning the biggest need was for a product that's easy to budget for (that is—one that doesn't have a cost spike when usage increases). So, they pivoted to what became GoToMeeting and its all-you-use pricing model.

Testing comes in many forms. There's a right way and a wrong way. For more on [validation testing](#) see our other [blogs](#).

But there are times when you've gotta trust your gut...especially a well-schooled gut. In his book *Blink*, Malcolm Gladwell says we too often cloud our instincts with analysis. Moments of revelation that occur in the blink of an eye go unrecognized. He believes we all have the innate ability to make "gut" judgments based on limited information. The best basketball players, he notes, have "court sense," allowing them to quickly take in everything around them on the court and make snap decisions. Brilliant generals have *coup d'oeil*, or "the power of the glance"—an ability to immediately make sense of the battlefield.

Bill Stumpf and I partnered on several design projects for Herman Miller. I noticed that Bill was an astute observer of people and the built environment—particularly furniture. He told me how the early concepts of his Aeron design were panned in market research, and that some people within the Herman Miller organization deemed the chair's high cost a nonstarter. But Bill detected something in the research—passion. Customers were very vocal. They either loved the chair or they hated it, but no one was uninterested. Bill's court sense, gut instinct, and perseverance, helped bring the chair to life and gave Herman Miller its most successful product ever.

Steve Jobs eschewed market research completely, preferring to rely on gut instinct and the opinions of his core team. But his gut—his court sense—came from a deep understanding of his end user. He and his team looked at a product category, discerned what they loved about it and what they hated about

it. Then they destroyed what they hated and perfected what they loved.

Make court sense work for you. Give yourself permission to explore ideas that rush into your mind unexpectedly—the ones you might be tempted to dismiss. With a powerful Purpose and the right kind of testing, your gut ideas just might be the winners.

6. Crowdfund for More Than Just Money

At BOLTGROUP we've launched our own successful crowdfunded campaigns, and we've assisted clients with theirs. The rise of Kickstarter, Indiegogo, and dozens of other crowdfunding platforms has created new pathways to fund innovative products and services. In fact, crowdfunding now rivals venture capital in dollars raised. But money is not the only benefit of crowdfunding. Customers, advocates, and market insights are other yields from crowdfunding. Successful crowdfund campaigners engage in a dialogue with their backers and early adopters—building a relationship and a community along the way. This online relationship includes the start-up sharing updates about the business and product, and in return receiving insights about the customer and the marketplace. These insights can be key to developing the product and the go-to-market business strategy.

Early-stage entrepreneurs should engage their backer network during prototype, manufacture, and delivery by sharing project updates, responding to questions, and incorporating suggestions from backers into the design. That relationship can pay dividends in social media followers, brand loyalty, and word-of-mouth recommendations for your products down the road. Many manufacturers instinctively guard their R&D, but the crowdfunding model throws secrecy out the window. By letting the public in on the development process, creators gain valuable insights and can optimize features and styling before final manufacture. For more see: [3 Lessons for Innovators from the Crowdfunding Phenomenon](#).

7. Prepare to Scale

Factor in scale from the very beginning. As you develop your product and plan its launch ask yourself:

- > **What happens after our first success?**
- > **How do I reach new people and create demand?**
- > **How do I maintain a positive experience for my new customers as we continue to expand outward?**
- > **How and when do I invest in tooling for manufacturing—**

am I most interested in speed or volume, in minimally viable prototypes or polished products?

Work with partners to guide you through the options for investing capital in tooling to lower your product cost at higher volume. Develop more than one go-to-market plan based on tiered levels of distribution success. That way you succeed at any level. And consider the supply chain implications of growth. While no amount of planning will give you a blueprint of the



MEET MONTY

As co-founder of BOLTGROUP, Monty Montague has worked with hundreds of clients in wideranging industries, including Fortune 500s like GE Lighting and Herman Miller. His name is listed on over 30 patents, and he has received the highest international design awards, including four Gold IDEA Awards, ID, iF, and MDEA Gold Awards