



Accelerating Information Technology Innovation

<http://aiti.mit.edu>

Cali, Colombia
Verano 2012
Lectura 08



Agenda

- Reminders
- Demo Day Info
- Team Contracts
- Team Norms, SCORE, Qualities for Success, Roles
- Market Segmentation, Targeting & Positioning (3 words)
- Foodista Industries Case
- Team work time (use what you learned from talking with 100 potential customers about your idea to help with market segmentation)

Reminder Links

- Course Components
 - Technical curriculum
 - Entrepreneurship curriculum
- Startup Creation Culminating in Demo Day:
 - **Thursday, July 26th**
- All materials posted online:
 - <http://aiti.mit.edu/materials/colombia-summer-2012/>
- E-mail your instructors at:
 - Aiti-colombia-2012@mit.edu
- E-mail Fellow Entrepreneurs at:
 - colombia-2012-entrepreneurs@mit.edu
- Post and share files at:
 - Aiti-colombia-2012@googlegroups.com

Demo Day Info

- You will pitch your startups on
 - **Demo Day on Thursday, July 26th**
- Each team will present to the judges and audience a...
 - 10 minute oral pitch promoting their business
 - Working demo of their product/service
 - 10 power-point slides to support the presentation
- A panel of expert judges will choose the winning team(s)
- After the judging we will host a cocktail party event to give you time to mingle with the judges and guests

July

2012

MIT AITI Colombia

MIT, Google, Universidad ICESI

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 Dia de San Pedro y San Pablo	3 Know your Customer	4 Targeting and Positioning	5 Business Model Exploration (Canvas)	6 Business Model Tuning	7
8	9 Revenue and cost modeling with Miguel Amaya	10 Guest speaker: Fernando Cardenas, MIT Sloan Fellow, ESCALA/Promodora, Lojack Brazil	11 Know your Competition	12 First Draft of Executive Summary Due (includes biographies)	13 First Advisor named First Draft of Slides Due	14 Proposed: MIT AITI BBQ
15	16 Feedback from Instructors	17 Revenue Model and Ask Due	18 Proposed: Café Critique: Laboratorio con Camera de Comercios y Club de Ejecutivos	19	20 Grito de Independia	21
22	23 Working Demo/prototype Near Final Draft of Executive Summary and Pitch Slides	24	25 Final Drafts of Executive Summary and Pitch Slides Due Prototype Due Dress Rehearsal Practice for Final Pitch	26 Final Pitch to Judging Panel Fiesta Cocktail con Jueces de la Presentacion Final y Huespedes Honorados	27 Wrap up and Proximos Pasos	28

Team assignment – due Monday, July 9th

1. Find an advisor outside of the class to review your business model and executive summary; this advisor could be a family member, a faculty at UP, or even better a professional who knows about the market you are targeting (e.g. if you build an app for taxis, find yourself a dispatcher or a driver!)
2. Come up with a 50 words or less bio for each team member, including your advisor
3. Write a 100 words max description of the idea, discussing
 - a. Why the problem is important
 - b. How your solution will address it
 - c. How big the market is
 - d. Why your team can do it
4. Begin your business model canvas and your revenue and cost three year estimates (as a team)

Team Contracts

During this stage members accept:

- Their **team**
 - Team **rules** and procedures
 - Their **roles** in the team
 - The **individuality** of fellow members
-
- Codes of behavior become established and a group culture emerges

Team Norms

- Unconditional **support** to each other
- Standard procedure for when conflict arises
- Responsibilities are clearly defined
- Constructive feedback welcome
 - Be descriptive, use labels, do not exaggerate, do not be judgmental, speak for yourself
- Receiving feedback
 - Listen carefully, ask for clarity, acknowledge feedback and valid points

Teams succeed when members have...

- **Commitment to the project**
 - Initiating, being enthusiastic
- **Defined roles and objectives**
 - Solving problems logically
- **Effective decision systems, communication, and work procedures**
 - Seeking approval, giving opinions, generating ideas
- **Good personal relationships**
 - Encouraging others, relieving tension with humor, being a friend

4

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Important tasks in team building!

- Setting and maintaining the teams objectives and standards
- Involving the team as a whole in the achievement of objective
- Maintaining the unity of the team
- Communicating efficiently with the team
- Consulting the team members before making any decisions

Qualities for a Successful team: SCORE

- **S**trategy
- **C**lear Roles and Responsibility
- **O**pen Communication
- **R**apid Response
- **E**ffective Leadership

Qualities for a Successful Team:

Strategy

- Shared purpose
- Clearly articulated values and rules
- Understanding risks/opportunity
- Clear categories of overall team responsibilities

Clear Roles and Responsibility

- Clear definitions
- Responsibility shared by all members
- Specific objective to measure individual results

Qualities for a Successful Team

Open Communication

- Respect individual differences
- Open floor between all team members

Rapid Response

- Respond quickly to all team's problems

Effective Leadership

- Help members achieve the objective and build the team
- Free up the skills of all team members

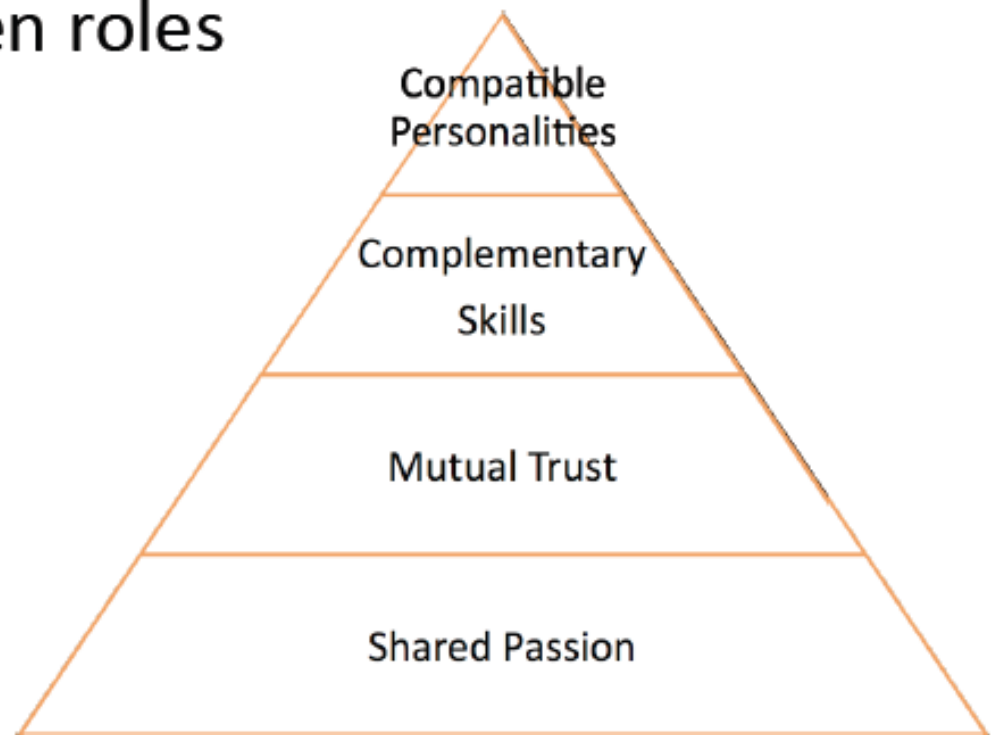


Coming together is a beginning;
Keeping together is progress;
and **Working** together is success.

-Henry Ford

Roles

- One person will not do every job!
- *Specialization*
- Be very clear on your team who does what jobs
- Some overlap between roles



Roles

- Do you have people for every role?
 - Who will coordinate building product? **VP Engineering**
 - Who will coordinate attracting investors? **VP Finance**
 - Who will understand & sell to customers? **VP Marketing**
 - Who will keep current customers happy? **VP Operations**
 - Who will attract & recruit new employees? **VP People**
 - Who will maintain the passion & organize overall? **CEO**

What else?

- Vision - CEO
- Business development - marketing
- Keeping customers happy - operations
- Turning ideas into products - project manager

Keep in mind...

- Everyone on your team is responsible for
- Building your product (code)
- Writing your business plan
- Some people will spend more time on code or business
- Be clear in your team who is doing what
- Make deadlines, **STICK TO THEM**
- Fix problems, not blame

Entrepreneurship Program

- **Understand the Basics**
 - JOURNEY: How do startups get established and grow?
- **Prepare Your Mind**
 - PSYCHOLOGY: What should be my attitude?
 - ETHICS: How can I remain true to my values?
- **Define Your Value**
 - PROBLEM: What problem am I solving?
 - MODEL: How will my startup make money?
- **Build An Organization**
 - TEAMS: How do I choose my co-founders?
 - RECRUITING: How can I attract talented employees?
 - LEADERSHIP: How can I motivate my team?
- **Build Your Product**
 - TECHNICAL CURRICULUM
- **Sell Your Product**
 - MARKETING: Who exactly is my target customer?
 - SALES: How can I get customers to buy my product?
 - POSITIONING: How can I compete against others?
- **Build Relationships**
 - MENTORS: How do I find advisors who can help?
 - FUNDING: How can I raise money to get started?
 - PARTNERS: How can I negotiate the best partnerships?

Two Types of Company Origins

Technology Push

vs.

Market Pull

Definition of a Market Segment

- Buy same/similar product
- Realize similar value proposition
- WOM

The Four P Components of the Marketing Mix

Product

- Product variety
- Quality
- Design
- Features
- Brand name
- Packaging
- Sizes
- Services
- Warranties
- Returns

Price

- List price
- Discounts
- Allowances
- Payment period
- Credit terms

Target market

Place

- Channels
- Coverage
- Assortments
- Locations
- Inventory
- Transport

Promotion

- Sales promotion
- Advertising
- Sales force
- Public relations
- Direct marketing



Technology Adoption

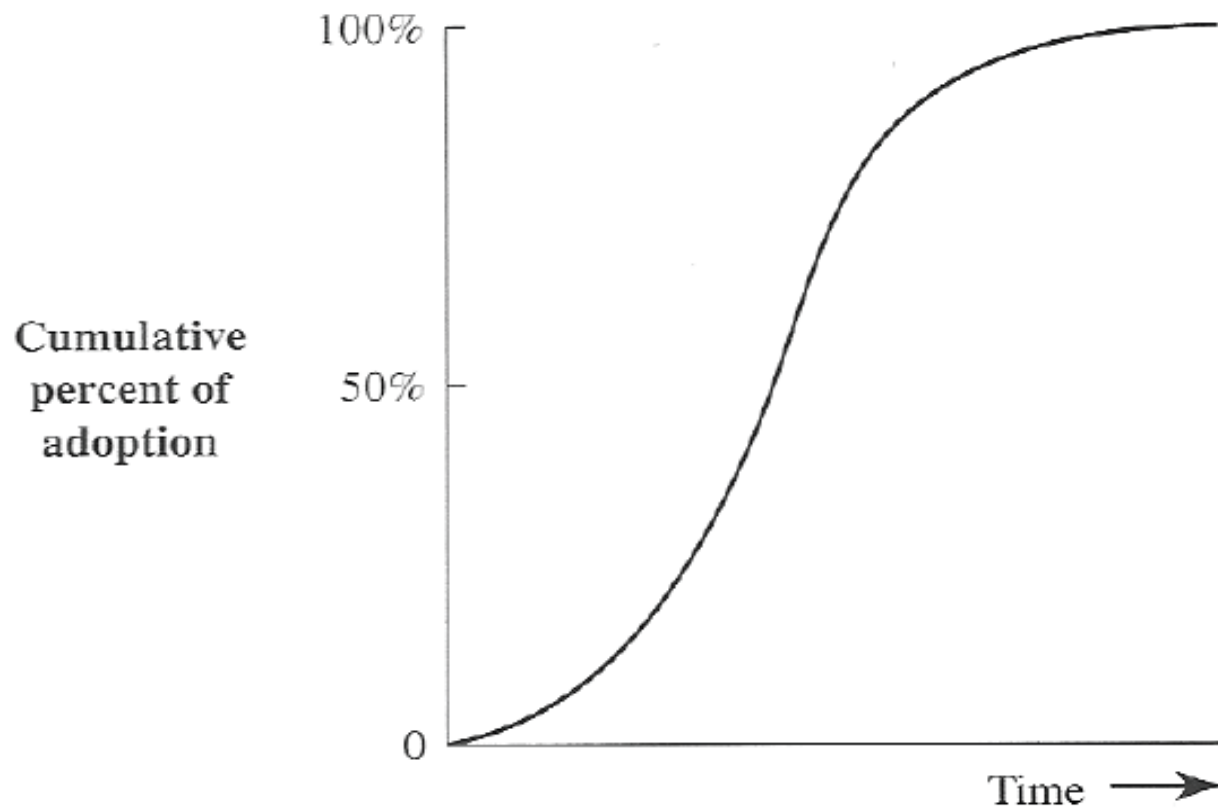


FIGURE 11.8 S curve of adoption of an innovation.

Diagram from Dorf & Byers, *Technology Ventures*, p. 248

Category of Adopters

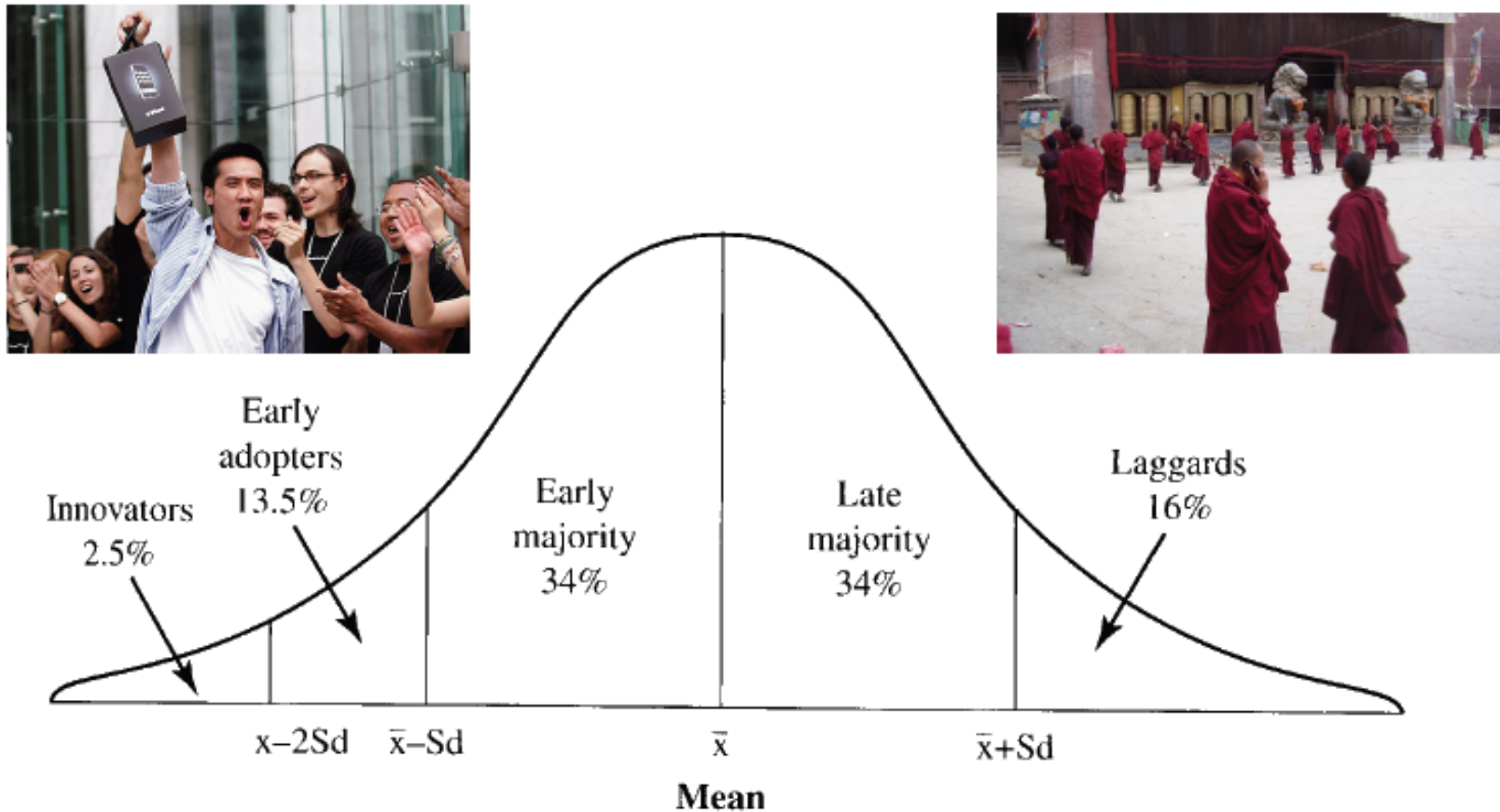


FIGURE 11.9 Innovation adoption categories when $Sd =$ standard deviation.

Diagram from Dorf & Ruess: *Technology Ventures*, p. 218

The Chasm

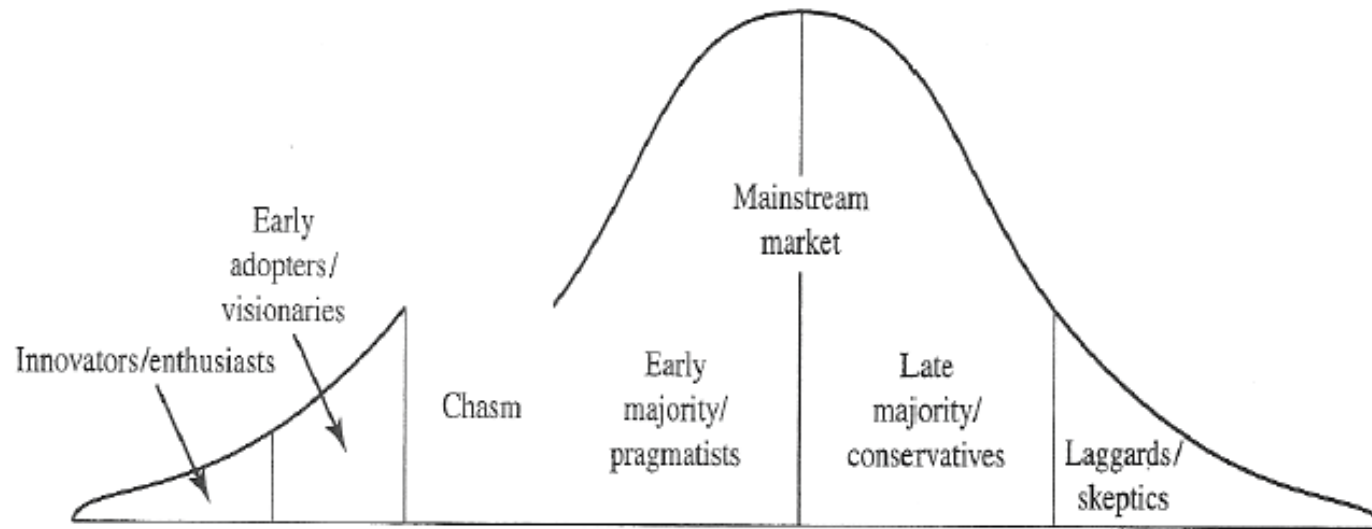


FIGURE 11.10 Chasm model.

Diagram from Dorf & Byers, *Technology Ventures*, p. 249

Successfully Crossing the Chasm

Bowling Alley Market Development

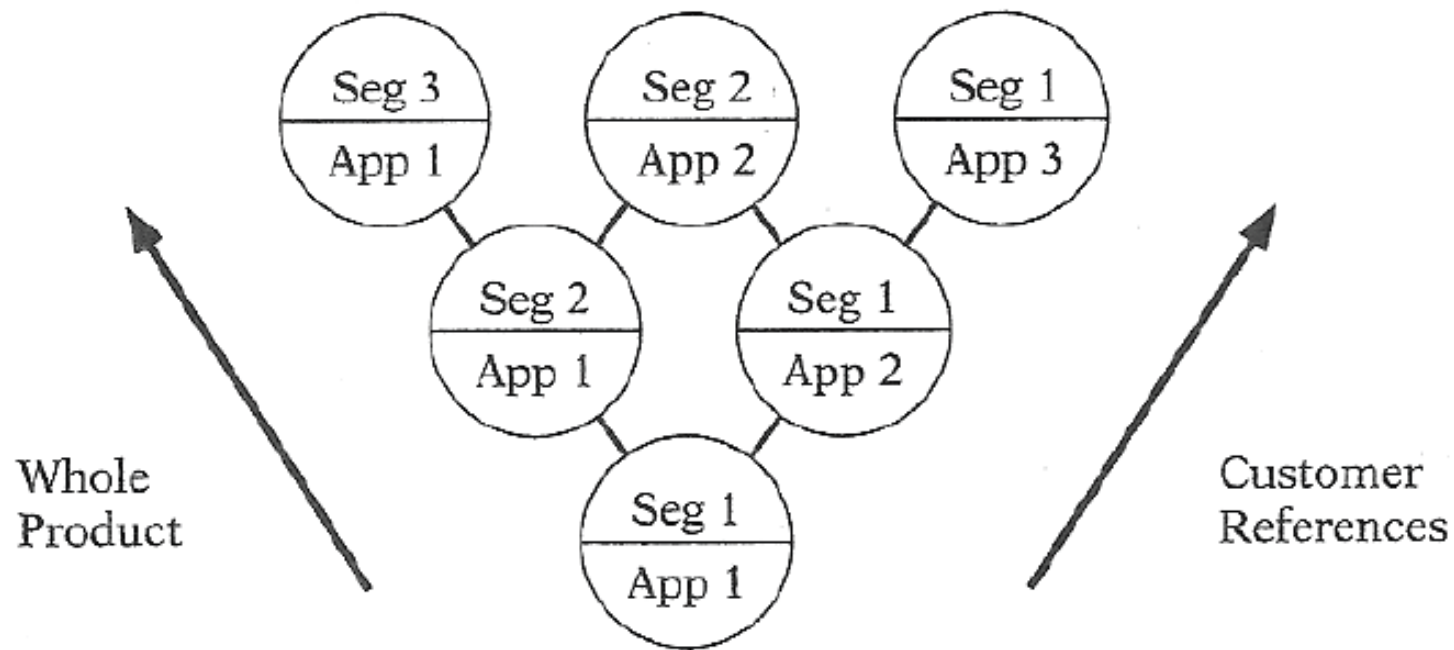


Diagram from Geoffrey A. Moore, *Inside the Tornado*, p. 38

How to Chose Beachhead Segment

1. Is the target customer well funded and are they readily accessible to our sales force?
2. Do they have a compelling reason to buy?
3. Can we today, with the help of partners, deliver a whole product to fulfill that reason to buy?
4. Is there no entrenched competition that could prevent us from getting a fair shot at this business?
5. If we win this segment, can we leverage it to enter additional segments?

Work to Build Marketing Analysis Plan

- ▶ Make a first pass
- ▶ Actively engage in market place and win customers
- ▶ Understand your proposed target customers in all dimensions
- ▶ Understand engagements you would/did not win
- ▶ Incorporate their feedback
- ▶ Continually refine market analysis
- ▶ This is a process

Defining the Target Customer I: Visceral Understanding

- ▶ Title
- ▶ What schools did they graduated from?
- ▶ What they like and don't like?
- ▶ What they read? Watch?
- ▶ What they wear?
- ▶ Where they go?
- ▶ What are their hobbies?
- ▶ What is their career path?
- ▶ How long do they typically hold their job?
- ▶ Who influences them?
- ▶ How do they view the world?

Defining the Target Customer II: Quantitative Understanding

- ▶ How many are there?
- ▶ What types of enterprises are they in?
- ▶ Where are they? (geographically)
- ▶ What is the current work flow? (“As Is” state)
- ▶ What is the proposed work flow? (“Desired” state)
- ▶ What is the value of the new work flow using our product? (“Quantitative Value Proposition”)
- ▶ What is the cost, time and other considerations to switch from the “As Is” to the “Desire” state? (“Transition Costs”)
- ▶ What is their average capital budget? Operational budget?
- ▶ What do they have to spend on this specific task?
- ▶ What is the growth rate for this market? What could accelerate or decelerate this rate.

Important Concept

- **Addressable Market Opportunity**

How to Find Addressable Market Size

- Tops Down
 - ▶ Industry Studies (e.g., Gartner Group, Forrester, Yankee)
 - ▶ Assumptions on market share
- Bottoms Up
 - ▶ How many specific sales can I count?
 - ▶ Sales Rep productivity
- Comparables
 - ▶ Similar products in similar markets

Positioning

- The strategic attempt to anchor the brand in a mental position in the target market's mind
- Known variously as:
Brand values, Value Proposition, Brand DNA...
- What the brand should always deliver
- A source of direction in all things



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”Hopefuls”





Possibly Pregnant women, age 16-48, whose income ranges from unemployed to \$100k. They are trying to become pregnant and are hoping for a positive result. They are extremely nervous about the test and its implications, and they see the test as something that may mark the start of a new phase in their lives.

”Fearfuls”

Possibly Pregnant women, age 16-48, whose income ranges from unemployed to \$100k. They do not want to become pregnant and are hoping for a negative result. They are extremely nervous about the test but view it as something that they must endure in order to relieve their uncertainty and (hopefully) quell their fears.

HOPEFULS

FEARFULS

Brand Name		
Brand Position	The simplest, most trusted, way of knowing when a family will grow or begin.	A reliable source of peace of mind in 30 seconds.
Packaging		
SKU Position	Other HPT	Condoms
Brand Architecture	Ovulation Testing	Self Tests: Flu, Strep, Chlamydia
Price		

Position Lesson from Quidel

Customers

P

B₁

P

Customer Segment#1



B₂

P

Customer Segment#2

Marketing Myopia



- 1985
- Retail Rental Model
- 2003: 48m customers

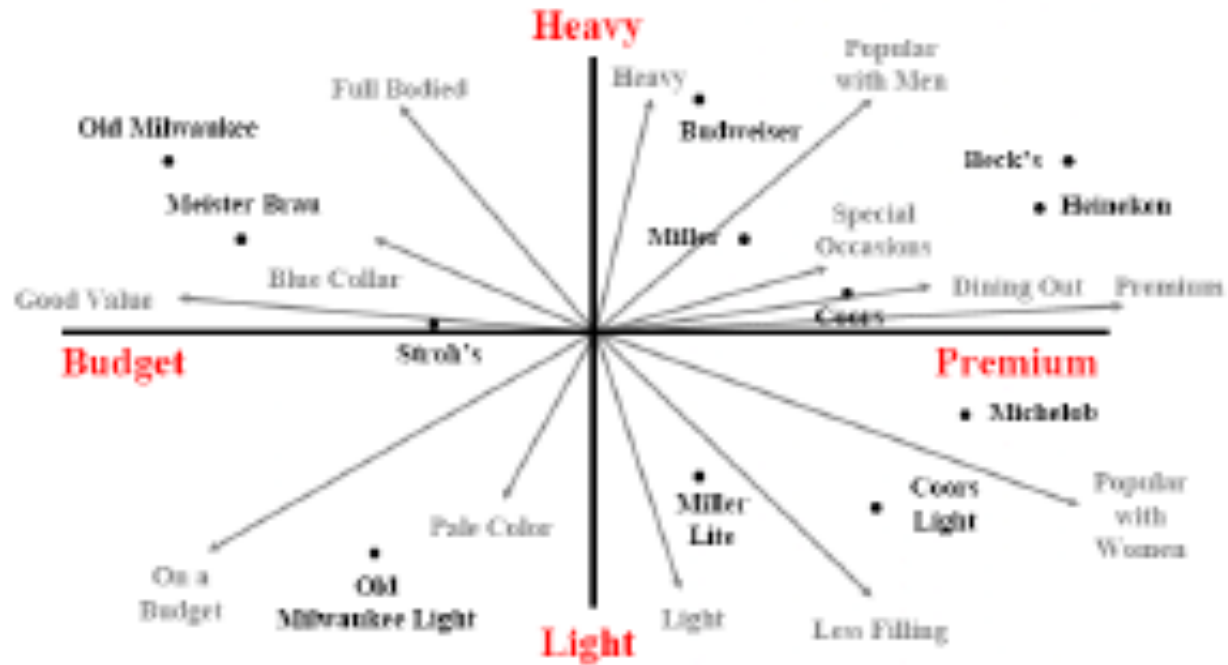


- ✦ 1999
- ✦ Online/Postal Model
- ✦ 2003: 1m customers



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Perceptual Map For Beers



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Dior DNA

1. Revolution
2. Provocation
3. Glamour
4. Absolute Femininity

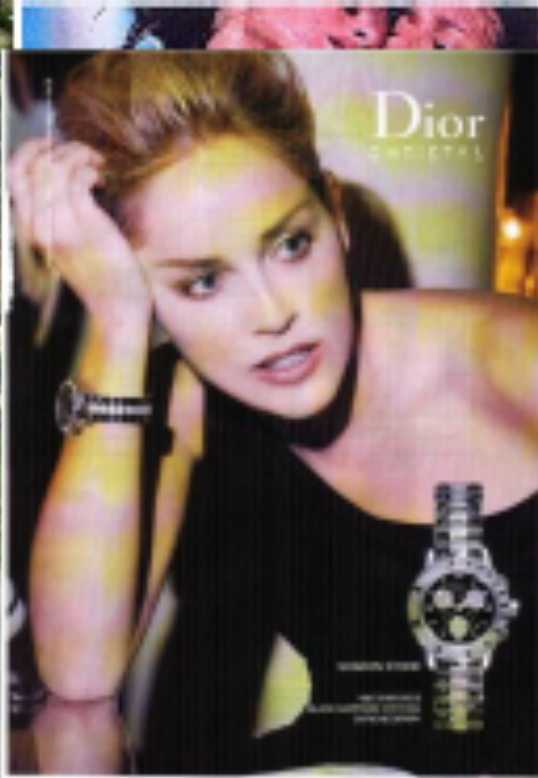
Dior



MIT SLOAN SCHOOL OF MANAGEMENT

Dior

1. Revolution 2. Provocation 3. Glamour 4. Absolute Femininity



The Volvo logo, consisting of the word "VOLVO" in a blue, sans-serif font.

Brand Values

- **Safety**
- **Quality**
- **Respect for the Environment**



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- Value for Money
- Good Quality
- Brilliant Customer Service
- Innovative
- Competitively Challenging
- Fun



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DESCANSO

FOODISTA INDUSTRIES CASE

APPENDIX

Rompecielos II

- Juego Barceleno
 - Dividen en tres grupos
 - Cuenta hasta 10, pero recuerden de cumplir con las reglas de Danny

Mercado/Clientes/Oportunidad

- Identifiable people and pain points (demand)
- Size
- Addressability
- Tops down and bottoms up
- Know your first 10 customers
- The Decision Making Unit (DMU) & the Decision Making Process (DMP)
- Stage of purchase decision (early adopter, mission critical, etc.)
- Ready to pay you to solve their problem?