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
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
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• Receiving feedback
  ➢ Listen carefully, ask for clarity, acknowledge feedback and valid points
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

• Strategy
• Clear Roles and Responsibility
• Open Communication
• Rapid Response
• Effective 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

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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

**Place**
- Channels
- Coverage
- Assortments
- Locations
- Inventory
- Transport

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

**Target market**
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 $Sd = \text{standard deviation}$.

Diagram from Nof & Raves, Technology Ventures, p. 248.
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

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How to Choose 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
"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.
<table>
<thead>
<tr>
<th></th>
<th>HOPEFULS</th>
<th>FEARFULS</th>
</tr>
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<tbody>
<tr>
<td><strong>Brand Name</strong></td>
<td><img src="image1" alt="Conceive" /></td>
<td><img src="image2" alt="QuickVue" /></td>
</tr>
<tr>
<td><strong>Brand Position</strong></td>
<td>The simplest, most trusted, way of knowing when a family will grow or begin.</td>
<td>A reliable source of peace of mind in 30 seconds.</td>
</tr>
<tr>
<td><strong>Packaging</strong></td>
<td><img src="image1" alt="Conceive" /></td>
<td><img src="image2" alt="QuickVue" /></td>
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<tr>
<td><strong>SKU Position</strong></td>
<td>Other HPT</td>
<td>Condoms</td>
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<tr>
<td><strong>Brand Architecture</strong></td>
<td>Ovulation Testing</td>
<td>Self Tests: Flu, Strep, Chlamydia</td>
</tr>
<tr>
<td><strong>Price</strong></td>
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Marketing Myopia

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

- 1999
- Online/Postal Model
- 2003: 1m customers
Dior DNA

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

Dior
Dior
Brand Values

- Safety
- Quality
- Respect for the Environment
- Value for Money
- Good Quality
- Brilliant Customer Service
- Innovative
- Competitively Challenging
- Fun
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?