GEAR UP

TEST YOUR BUSINESS MODEL POTENTIAL AND PLAN YOUR PATH TO SUCCESS

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GEAR UP IS FOR ENTREPRENEURS AND LEADERS WHO WANT TO BRING A NEW BUSINESS OPPORTUNITY TO LIFE OR SHARPEN AN EXISTING BUSINESS.

GEAR UP WILL HELP YOU CREATE NEW MARKETS OR DISRUPT EXISTING ONES.

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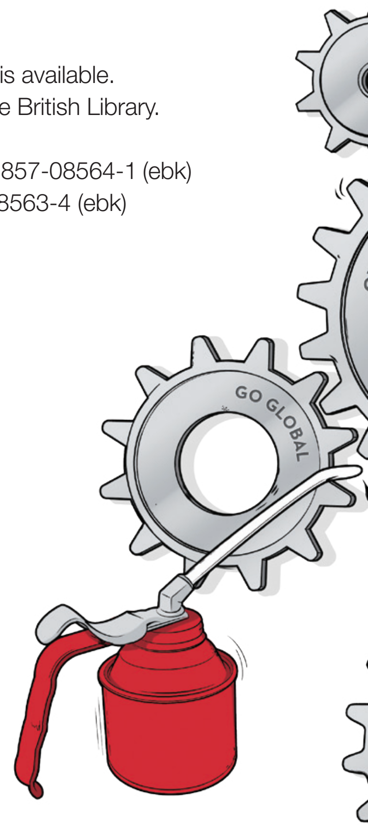

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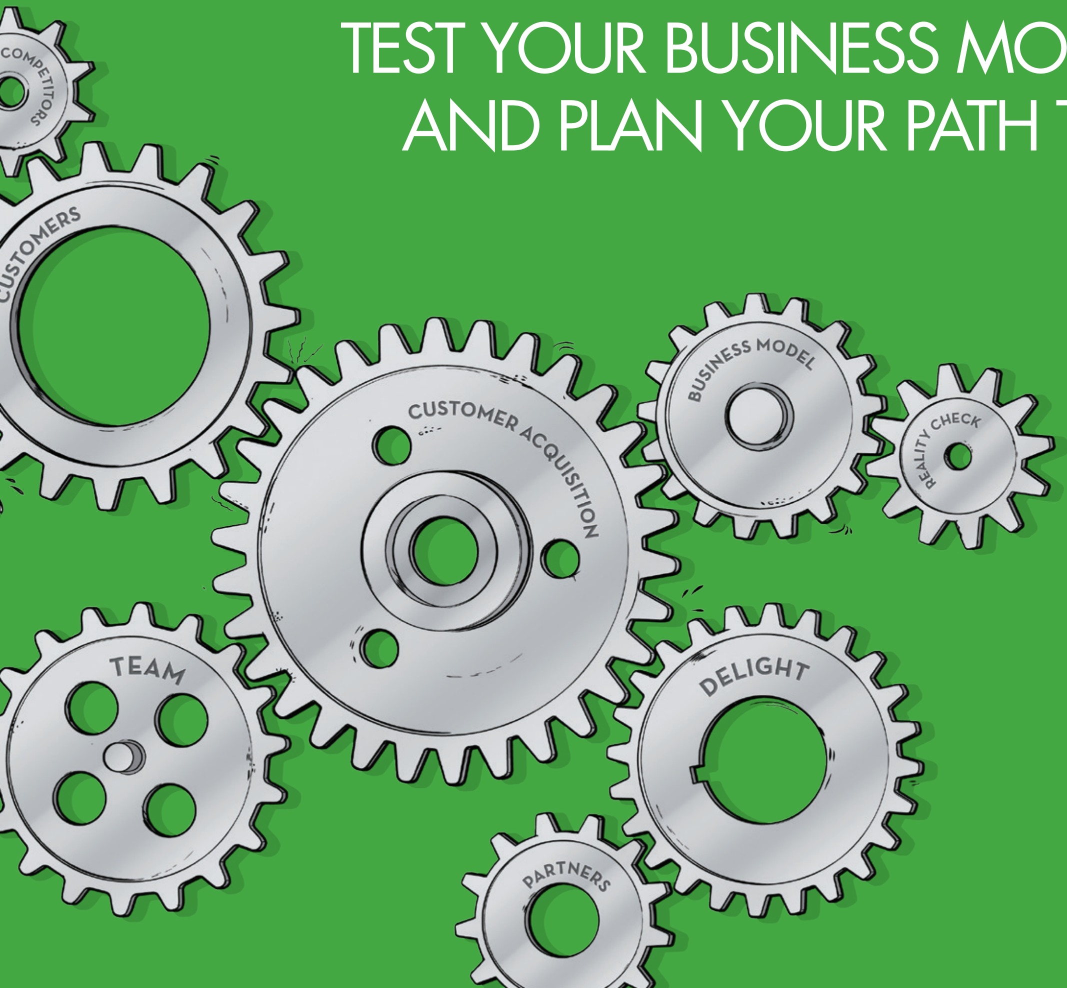

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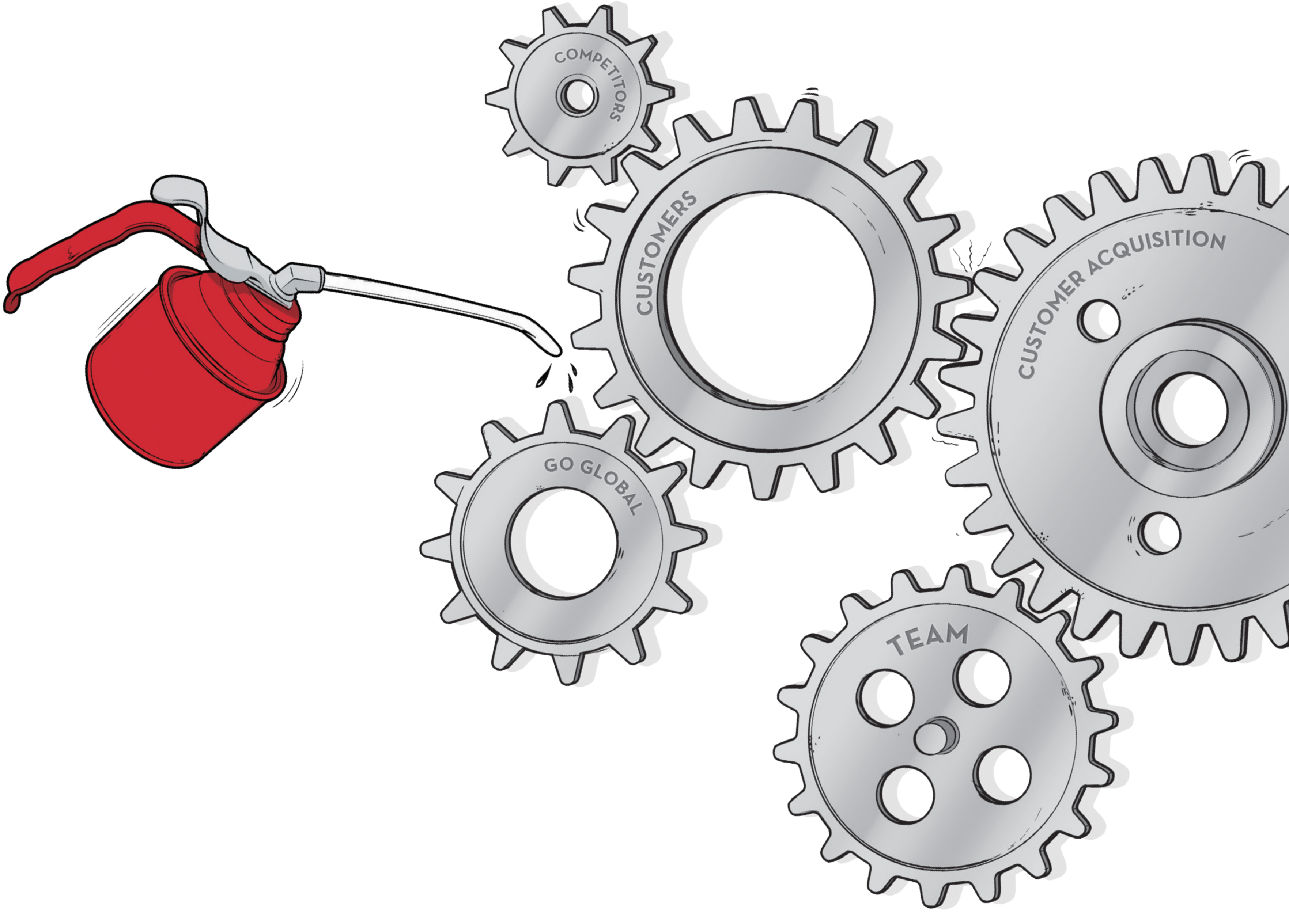
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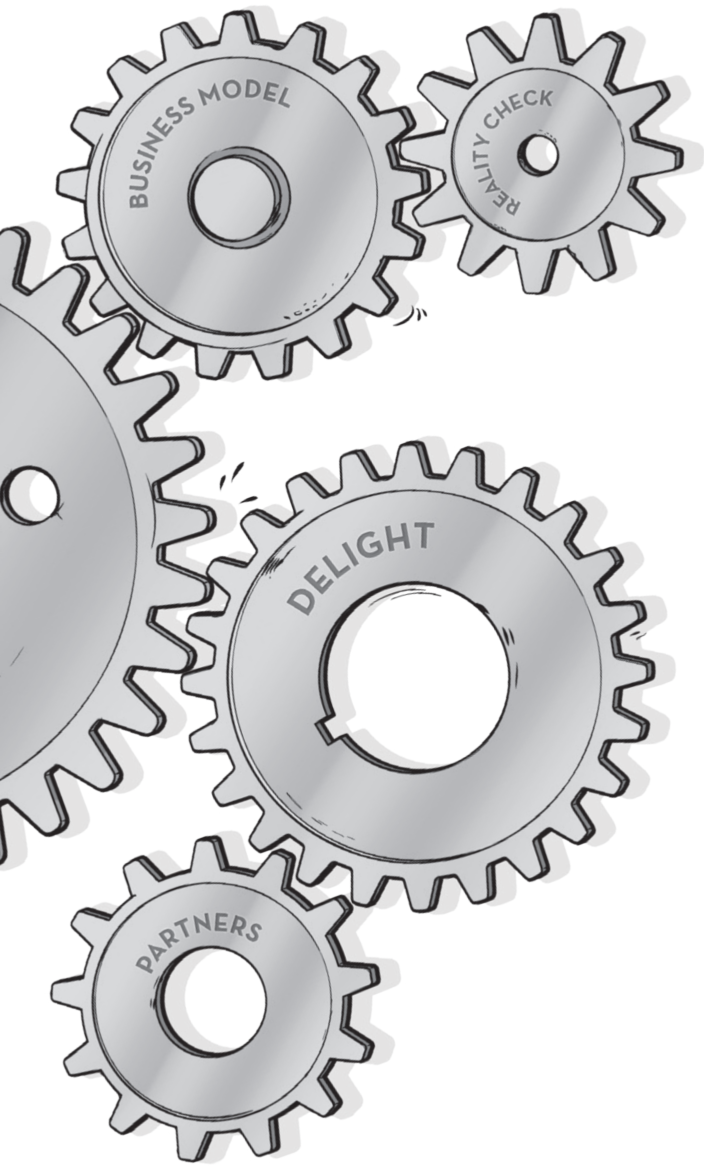
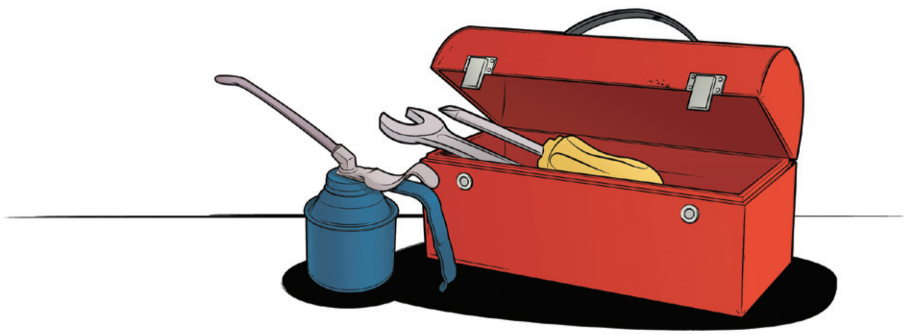
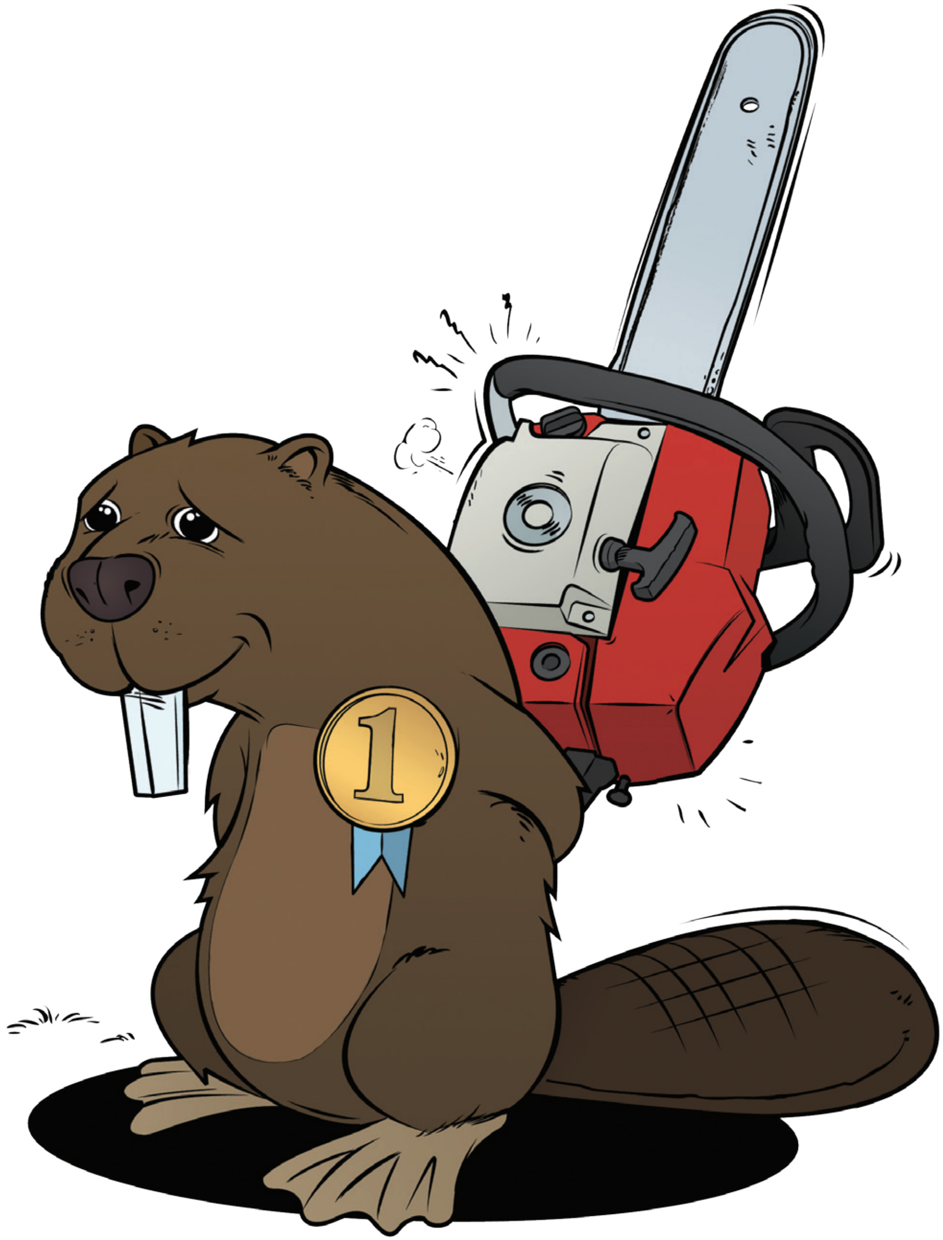


HERE IT IS! THE GEAR UP MODEL



SOME COMPANIES SUCCEED, OTHERS FAIL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WHAT MAKES SOME BUSINESS IDEAS FLOURISH WHILE OTHERS WITHER AND DIE? WHAT COMPONENTS SHOULD YOU FOCUS ON WHEN DEFINING A NEW IDEA OR SHARPENING AN EXISTING ONE? WHAT IS THE SINGLE MOST IMPORTANT ELEMENT THAT ABSOLUTELY MUST WORK FOR A BUSINESS TO SUCCEED? (CAREFUL; THAT WAS A TRICK QUESTION!)

If you are planning to pursue a fresh business opportunity or grow an existing one, you may be looking for some answers. Gear Up can help. Use this guide to determine which of several new ideas you are exploring has the greatest potential. You can also use it to decide whether to push ahead with your current business opportunity, or toss it aside and develop something even bigger and better than you first imagined.

Gear Up does not offer solutions to specific problems. Rather, it is a framework for assessing the needs of your particular situation. Your responses to the questions raised in each gear will create an outcome, a strategy, that is unique for you. Think of this book as your personal trainer. It will help you define a training program based on your objectives, but you will need to put in the hours at the gym yourself. It will tell you to do the push-ups, but it will not do them for you. If you stick with it, the payoff for your dedication will be worth it. As you work with the program, you will learn to leverage your most precious possessions: Your relationships, reputation, talent, time, and money.

Gear Up is intended for entrepreneurs in new ventures, and leaders in established organizations large and small around the world, to decide which new ideas are worth pursuing. Once you have chosen your opportunity, Gear Up will help you create a new market or disrupt an existing one. Gear Up is the result of a joint effort between entrepreneurs and academics, and every recommendation in the book has been tested in the trenches by entrepreneurial leaders around the world.

Gear Up is also a valuable resource for undergraduate and graduate students. The academic roots of the Gear Up model can be found in Harvard Business School and Stanford University, and the book is already in use at Stanford and Stockholm School of Economics.

FIRST THERE IS CONFUSION

Tackling a new business opportunity often leads to confusion. You don't know where you're going, the risk seems enormous, and the idea might not even work. You want to test it, but you're not sure if you have the guts and the patience to try, and there are no shortcuts.

THEN THERE IS STRUCTURE

But that's the nature of the beast. As Winston Churchill once said, "Success consists of going from failure to failure without loss of enthusiasm." In fact, many entrepreneurs believe that the first heady rush of plunging into a new venture is the best part of the whole process. So, take heart! Gear Up will guide the development of your business opportunity by helping you create a customer acquisition-centric strategy. As you begin to follow the program, you'll discover that there is indeed a supporting structure amidst the confusion, and your path to success will emerge.

CREATE YOUR BUSINESS OPPORTUNITY

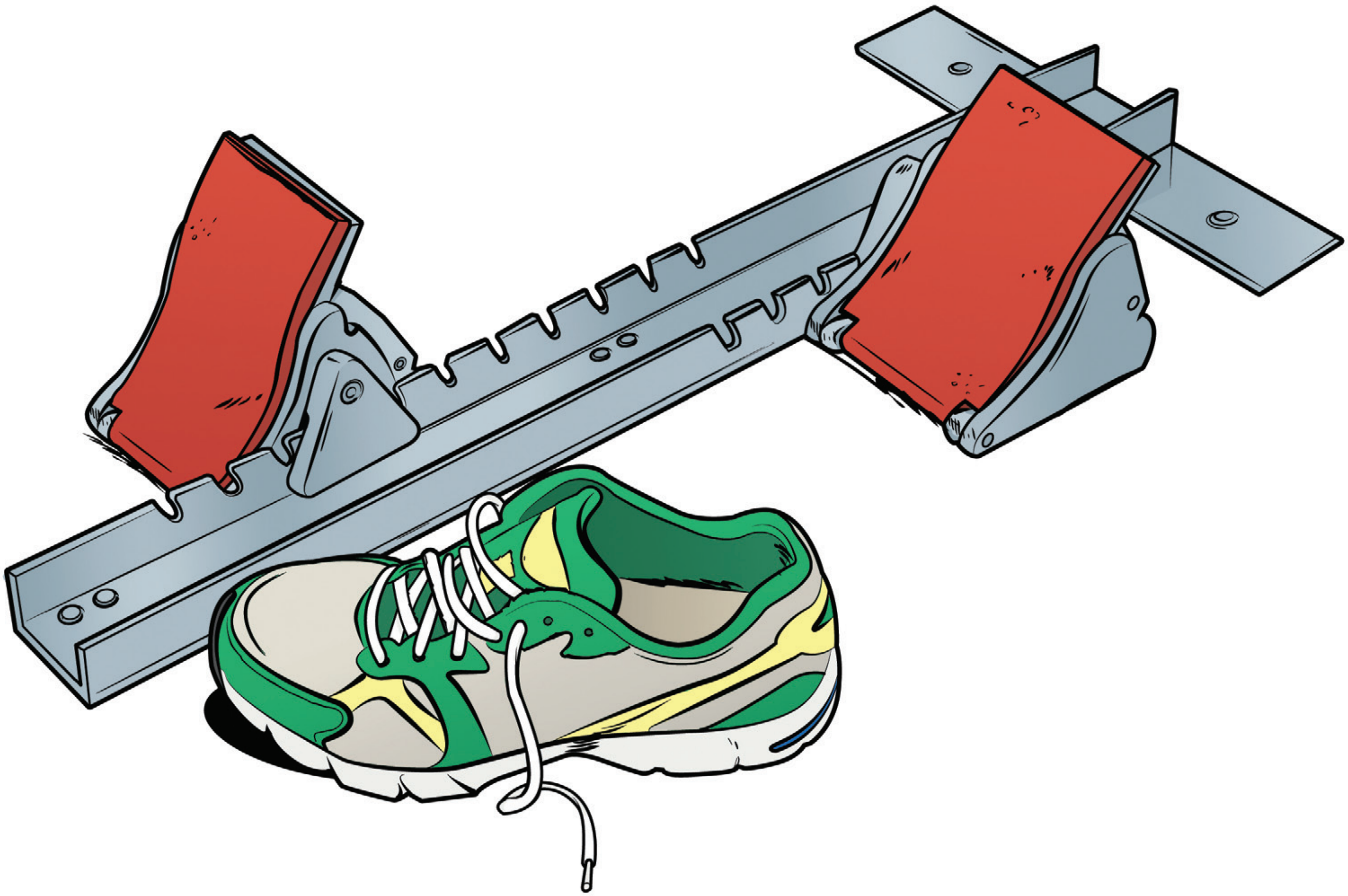
So what are the gears that you're supposed to "gear up" with? There are nine of them, and they represent the most critical components for launching a high-potential company. The gears are Customers, Delight, Customer Acquisition, Business Model, Partners, Competitors, Go Global, Team, and Reality Check. You have to go through all the gears and make sure that they are in sync. If you have done that, and you find that you still have the passion to cure your customers' pain, then you will know that your business opportunity is worth pursuing.

Here's how it works: You need customers—usually a lot of them—and the ones you want to attract are those with a particular "pain" that your product or service can get rid of. For that you need a unique delight, which is some wonderful thing about your product that distinguishes it from your competitors' offerings. But that is not enough! You also need a method of customer acquisition and a sustainable business model. These three gears – delight, customer acquisition, and business model – together make up your sales formula.

As your business begins to grow, you will most likely need to find the right partners. And since you are not launching your venture in a vacuum, you will have to handle competitors who are perhaps tougher, more experienced, and better funded than you are. If your business really takes off, you will go global and take care of customers' pains all over the world. Last—but certainly not least—is your team, which is the linchpin for innovating, delivering, and challenging other companies in all the gears.

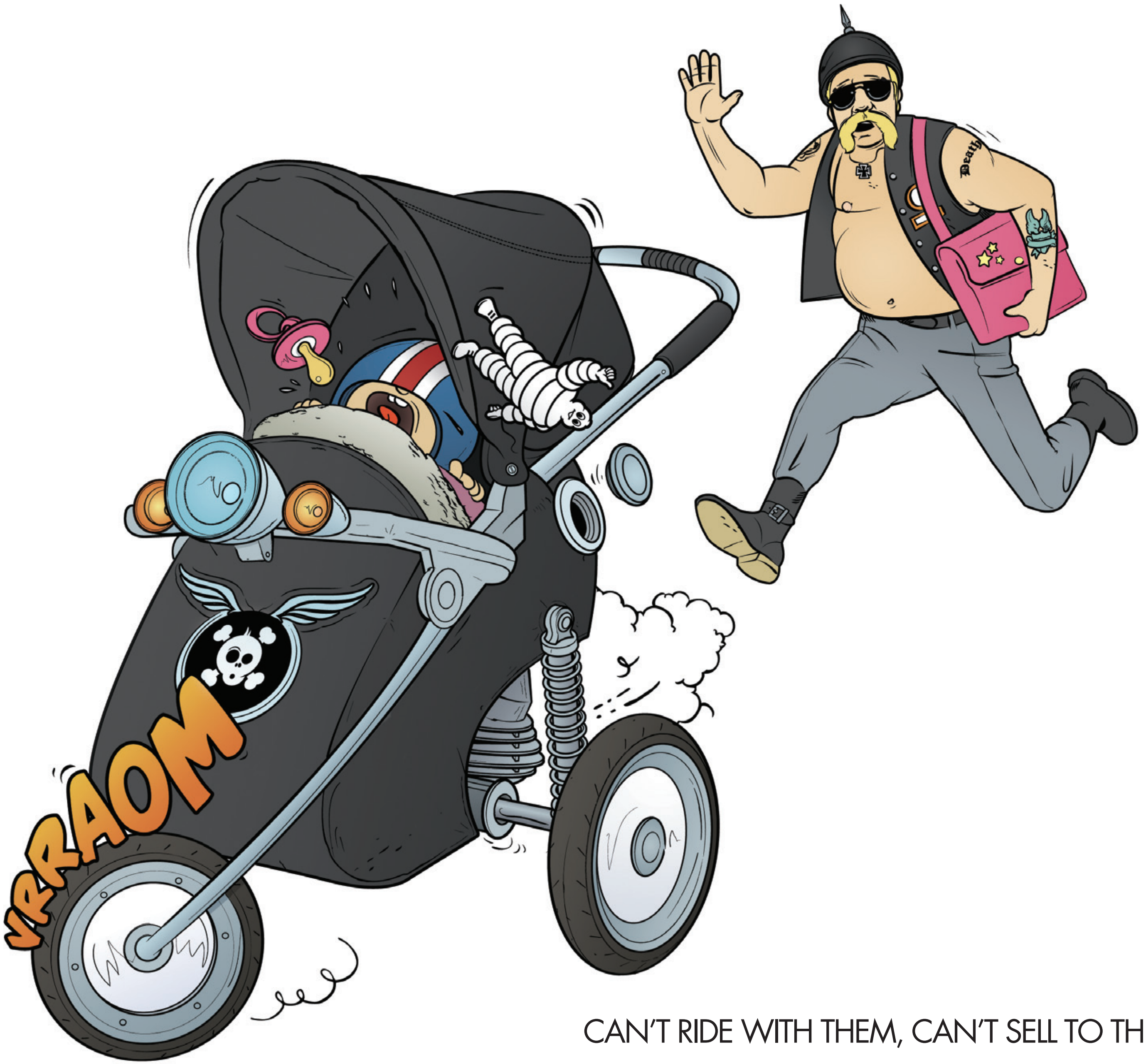
People with exceptional talent and the ability to deliver will become the heart of your business, and you won't get anywhere without them. Just make sure you do a reality check once in a while to stay on track.

Ready? Let's gear up! We'll start with the raison d'être for your whole strategy: Customers.



CUSTOMERS

TO CREATE A NEW MARKET OR DISRUPT AN EXISTING ONE, YOU NEED CUSTOMERS.



CAN'T RIDE WITH THEM, CAN'T SELL TO THEM.

LET'S BE CLEAR: EVERY COMPANY NEEDS CUSTOMERS; YOU WON'T SUCCEED WITHOUT THEM. BUT IF YOU'RE GOING TO WIN THEM OVER, YOU HAVE TO UNDERSTAND WHAT THEY WANT. WHAT IS THEIR UNDERLYING "PAIN"? WHAT PROBLEM OR NEED DO THEY HAVE THAT YOUR COMPANY MIGHT BE ABLE TO SOLVE OR FULFILL? YOU MUST HAVE A PASSION FOR FINDING THE "CURE" THAT WILL EASE THEIR PAIN, AND YOU HAVE TO BE WILLING TO LOOK BEYOND EXISTING OPTIONS TO COME UP WITH THE BEST POSSIBLE SOLUTION.

ARE YOU SOLVING A PROBLEM?

What is your company's "reason for being"? To build a company, you need to solve a problem. The problem doesn't have to be the greatest of challenges, but your company must exist for the clear and simple reason that a group of people out there wants to have the problem solved–and you can solve it. Many times an idea sounds great when discussed in a conference room or presented in a business plan, but in the end it doesn't go anywhere because the product doesn't kill a pain that someone has.

The pain is a problem or issue that bothers the customer. Pain can be expressed as, "I spend too much time doing this," or "I pay too much for that," or "This is too complicated," or even just "This isn't fun!" Your cure, therefore, is what you offer to relieve that pain—how you reduce the time, the cost, the difficulty, or the tedium.

Sometimes the customer and the end user feel different aspects of the pain. (Note that they are not necessarily the same individual. The customer is the person who pays for the product. The end user is the person who actually uses the product.) It is important, therefore, to make sure you have identified them correctly.

HOW WILL YOU KNOW WHAT WORKS FOR YOU AND YOUR COMPANY?

To discover your potential customers' pain, and to find out whether your idea for a new product is a good one, you'll have to step out of your comfort zone–the office. That's right; you will have to walk out of your building and start interacting with your future customers. But how will you know which people to interact with? You won't find them through awkward first points of contact via whatever data

you scrounged up on the Internet. And e-mail blasts of open-ended surveys are simply a waste of your precious time. You could, of course, try the direct approach–simply asking a person what he needs. If you are very lucky, he will tell you. More often, however, your potential customers will have only a vague notion that something isn't right, and they won't be able to articulate what would make them happy. Henry Ford once said, "If I had asked people what they wanted, they would have answered faster horses."

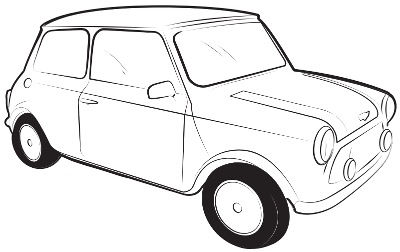
INTERACT WITH YOUR CUSTOMERS!

The best way to identify your potential customers and discover their pain is to observe, participate, and interact with them. Learn how to take notes and draw conclusions. You might be able to deduce that people could be doing something smarter, faster, easier, cheaper, or with more fun. Try it! Go sit on a park bench and just watch potential customers pass by: What are they doing and paying attention to? What gadgets, tools, and equipment are they carrying around? Are they acting alone or in groups? These field trips will reveal important information about your potential customers and their pain. As a Harley-Davidson salesperson once observed, "If you can't ride with them, you can't sell to them." So learn how to ride! Make a prototype, and get out there and sell it! Then get ready to create revised versions; the more feedback you get on different iterations, the faster you'll figure out whether or not there's a pain that your product can cure. Talking to your potential customers and selling them a prototype is far more efficient than spending endless hours in meetings, drawing on a whiteboard and discussing how great your product is going to be. What's more, you will learn a lot about why customers would even consider buying your product–it might not be for the same reason you're selling it! They will give you ideas for improvements, and you will find out quickly what they like and dislike about it. Launch that first version fast!

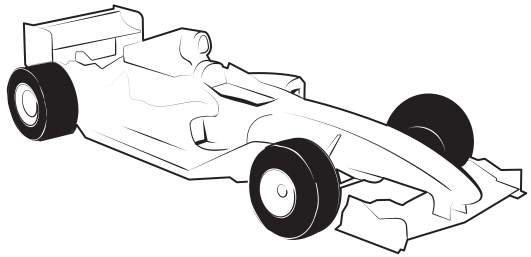
Apple's design team is still doing it, the designers of Volvo are still doing it, and the founder of IKEA gets a kick out of doing it—interacting with customers, that is. But it is increasingly difficult to persuade potential customers (and end users) to invest time in considering a new product. To start, just getting their attention can be tough. And even once you have that, you'll find that most people already have full schedules; they may not be interested in making a change, moving away from their routine, and doing what you'd prefer them to do instead. There are only 1,440 minutes in a day, and they are already packed with work, travel, meals, exercise, conversations, household chores, entertainment–maybe even a little sleep. Somehow you'll have to convince potential customers that what they've got now isn't good enough, and that it's worth a little time to consider—and with luck, commit to–the amazing alternative that you're offering. Still, while changing your customers' behavior is tough, it can be done. Companies that take on this challenge are usually known as "high risk, high potential."

You don't necessarily have to go that route, however. There are two alternatives to changing customers' behavior. First, try switching up the product. If your customer is already driving a car, why not offer her a different one? Your customer's behavior doesn't change (she is still driving a car), but her product choice does–to yours!

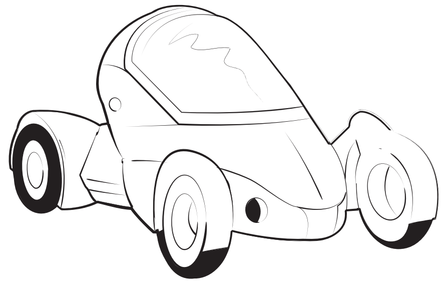
The second option is to offer a product that gives the customer more than she expects. The first cell phones, for example, allowed people to be available and connected 24/7–an amazing breakthrough in communication. But then came smartphones. Now people can not only talk on their phones, but they can also use them for checking e-mail, listening to music, and playing games, no matter where they are or what else they're doing at the time. Now that's added value!



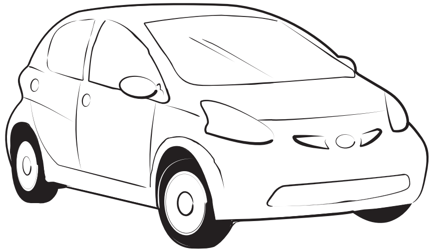
HOW THE CUSTOMER DESCRIBED IT



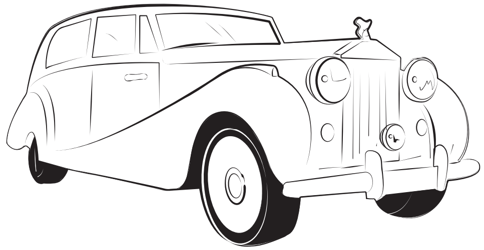
HOW THE SALESMAN SOLD IT



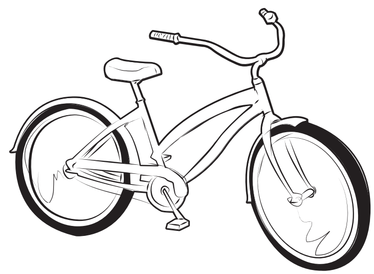
HOW THE PROJECT LEADER UNDERSTOOD IT



HOW THE FACTORY BUILT IT



HOW THE CUSTOMER WAS BILLED



WHAT THE CUSTOMER REALLY NEEDED

Note! *Don't build a car when a bicycle is what your customer really needs.*

EXERCISE

WHO ARE YOUR CUSTOMERS?

DO THEY SHARE THE SAME PAIN? ADD SHORT DESCRIPTIONS OF THEM IN THE FRAMES BELOW.

My customers are:

Inspiration: "Surfers."