



# ***Core Concepts Learned in the Internet Economy***

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## ***What is a Product?***

**A product is an amalgam of an integrated set of functions that work caveat free, are thoroughly QA'ed, documented, have a logical workflow from the standpoint of the end user (not us), whose features/solution set match up with marketing's articulation and sales ability and approach to selling. A product also has a structure in place for dealing with the out-of-the-box experience as well as solutions for when things go wrong. A product also fits like a glove the market requirements of a specific customer. Take away any of these components and a product isn't.**


# ***On Strategy and Tactics***

## **Analog**

**1+1=3**

### **What it all means**

Always be looking for 'more than the sum of the parts' opportunities.




## **Analog**

**Grope, guess, "ship the idea", fix, iterate**

### **What it all means**

Building wholly new products (i.e., not incremental enhancements to known problems) requires an iterative approach.




## **Analog**

**Seed, Select, Amplify**

### **What it all means**

From "Blur," a model for creating lots of low cost offers ("seeds"), selecting the ones that resonate in the market and amplifying them as a core component of your strategy.




## **Analog**

**Sustaining vs. disruptive technologies**

### **What it all means**

Sustaining technologies reward incrementalism favoring incumbents, while disruptive technologies are destructive to the incumbent's business model "unfair advantage" and penalize listening to current core customer requirements and funding business based on immediate market-potential or profitability.



## **Analog**

**The 1/0/3.0 paradox (chicken/egg)**

### **What it all means**

Companies build their business based on a 3.0 strategic vision but customers buy based on the product solving a 1.0 requirement.


# ***On Strategy and Tactics***

## **Analog**

### **The Straw Man, or discovery-based, approach**

#### **What it all means**

In creating wholly new products, you typically don't even know what you don't know, requiring build up of a "straw man," which can be picked apart and re-built iteratively.




## **Analog**

### **There is strategy and there is tactics**

#### **What it all means**

Strategy is the global view of what we want to do.  
Tactics is how we want to do it. In business, you need to reconcile both.




## **Analog**

### **Tactics is the execution engine of strategy**

#### **What it all means**

In creating high-level strategy, it is critical to reconcile it with the niggling tactical details that have to go right for the strategy to be whole.




## **Analog**

### **Are the dogs eating the dog food?**

#### **What it all means**

All the vision in the world doesn't mean a thing if the customer isn't buying.



## **Analog**

### **Ten percenters vs. one percenters (or less)**

#### **What it all means**

Don't spend a disproportionate amount of your energy on low reward decisions. The opposite is also true.


# ***On Strategy and Tactics***

## **Analog**

**There is a difference between doing the right things and having to do everything right**

### **What it all means**

Don't be such a perfectionist that you fail to get everything you need to get done "done."




## **Analog**

**What's the moral of the story?**

### **What it all means**

Everything you do has some underlying purpose, or lens you are looking through when taking proactive action. Understanding the endgoal is key to fulfilling your purpose.




## **Analog**

**Begin with the end in mind**

### **What it all means**

From Covey's "Seven Habits of Highly Effective People," start with the end goal and work backwards.




## **Analog**

**"Good enough"**

### **What it all means**

In product development, there is never an absolute finish line. Know when you have hit the market requirements and ship the product.



## **Analog**

**The spiral model**

### **What it all means**

Assess highest risk items first (early in the project) so you don't invest a lot of resources in what turns out to be a dead end.


# ***On Strategy and Tactics***

## **Analog**

**Don't overbuild or underbuild the runway**

### **What it all means**

The market does not reward you for adding in much more functionality than their requirements. The market penalizes you big-time for delivering an under-powered solution.




## **Analog**

**When you have a standardized architecture, you can put a lot of tools and technologies to bear**

### **What it all means**

There are certain product life cycle benefits that can be realized if you have a long view of the problem you are solving and build the underlying infrastructure to explicitly support it.




## **Analog**

**If you can do "anything" with a product, chances are that is because you failed to solve a specific problem**

### **What it all means**

This goes back to the 1.0/3.0 paradox and lessons learned building JavaControl. Make sure your product truly solves an immediate problem.



## **Analog**

**Theme-based releases**

### **What it all means**

Coming up with an underlying theme for a major release provides conceptual integrity for the problem be solved and gives sales and marketing both "steak" and "sizzle" to sell.


# ***On Strategy and Tactics***

## **Analog**

**The role of product management is to remove features from the list**

### **What it all means**

In development, you can do anything, making the hard part of the process determining what to do really well and what not to do at all.




## **Analog**

**"Too much has to go right for you to succeed"**

### **What it all means**

In looking at your strategy, it is OK to make a fundamental bet or two, but if several bets have to come about for the strategy to be whole, too much has to go right for you to succeed.




## **Analog**

**Take a snapshot of that and keep it in your pocket**

### **What it all means**

As best practices, worst practices, painful or rewarding experiences emerge, take a mental "snapshot" of them and keep them handy in your "pocket."




## **Analog**

**Staging of a product roll-out strategy is one of the key determinants of success**

### **What it all means**

Given the 1.0/3.0 paradox, coming up with a product release strategy that ensures that you are legacy when the 3.0 market arrives is key.



## **Analog**

**Gotta have vs. Nice to have**

### **What it all means**

Companies all well advised to build products that address specific pains that customers know they have and need to have solved.

# ***On Strategy and Tactics***

## **Analog**

**In defining partnerships where alignment is critical, a rules of engagement is a “gotta have”**

### **What it all means**

Sets the boundaries on expectations and most importantly, what is unacceptable and a resolution path when disconnects occur.



## **Analog**

**Productize what you learn from your “heroic support” period**

### **What it all means**

Take what you learn from the cuts and bruises endured providing hands-on support to your early customers and bake that into your product in form of better documentation, tutorials, etc.


# ***On Building a Company***

## **Analog**

### **Business needs to be a discipline**

#### **What it all means**

Success in business is less about being more creative and working more hours than the competition and mostly about having a well-formed plan and practicing it religiously.




## **Analog**

### **Creative ownership with accountability**

#### **What it all means**

Creative ownership is a privilege, not a right. We give it to people coming through the door but will take it away if they don't exercise good judgment.




## **Analog**

### **Embed your customers, partners and employees into your business model**

#### **What it all means**

This is a virtuous cycle that ensures that you build products that customers want to buy, partners want to support and employees want to build, market, sell and support enthusiastically.




## **Analog**

### **Every year come up with a unifying theme for that year**

#### **What it all means**

For example, in our four years, our themes were: Don't die. Get into the game. Striking distance. Win the game.



## **Analog**

### **Need to know**

#### **What it all means**

If there is a problem, challenge or opportunity that affects the business, everyone needs to have a need to know, not just if it's an issue in your department (burglar in the home analogy).


# ***On Building a Company***

## **Analog**

**No individual is bigger than the team**

### **What it all means**

We unequivocally win or lose as a team, so prima donnas need not apply, and will be unceremoniously expunged if they appear.




## **Analog**

**One Company, One Vision**

### **What it all means**

We strive to have one strategic vision that we can talk about to our customers, partners, investors, employees and potential recruits.




## **Analog**

**Passive-aggressive will never fly**

### **What it all means**

In high-tech, people trend towards the conflict-avoidant, often resulting in passive-aggressive behavior vs. dealing with road blocks head on through communication. We reward the latter, don't tolerate the former.




## **Analog**

**Preserve the core/stimulate progress**

### **What it all means**

At any given point, know what are the essential elements that you would absolutely keep if the survival of your business was threatened. Embrace change everywhere else.



## **Analog**

**Gotta haves and can't haves**

### **What it all means**

Everything else is negotiable so keep this list short.


# ***On Building a Company***

## **Analog**

### **Shine a light**

#### **What it all means**

Once need to know elements are identified, let's relentlessly shine a light on them until they're fixed.




## **Analog**

### **Skin in the game**

#### **What it all means**

There are owners and there are employees. Owners have "skin in the game."




## **Analog**

### **Treating others with humility and respect**

#### **What it all means**

At the end of the day, success or failure comes down to human factors, so be a human being first.



## **Analog**

### **Willingness to re-calibrate as requirements change is a job requirement**

#### **What it all means**

Rigidity equals death.



## **Analog**

### **You haven't done your job if you haven't communicated expectations 25 times and then communicated them 25 times more**

#### **What it all means**

Communication is like water dripping on a stone. Just as one drop will not melt through a rock, one comment will not either. True communication requires as much repetition as it takes for the message to sink in.


# ***On Building a Company***

## **Analog**

**Mental toughness is a requirement for the job, given all of the highs and lows**

### **What it all means**

One of the primary reasons start-ups fail is that people get disheartened, making those that can ride the waves without getting wiped out, likely survivors.



## **Analog**

**Sweat the details**

### **What it all means**

Everything looks good from 50,000 feet. Making it work at ground level is much more complex.



## **Analog**

**Know what you have to offer and what you require**

### **What it all means**

Key bit of advice from recruiters. Excellent general purpose filter.




## **Analog**

**No one ever regretted getting rid of an employee who takes a disproportionate amount of psychic energy**

### **What it all means**

The greatest superstars in the world aren't worth keeping if they stand in the way of the team winning or risk burning out management.



## **Analog**

**Define the metrics of success, measure them regularly and share the details so everyone is looking at the same measuring stick**

### **What it all means**

Self-explanatory. Gets everyone on the same page.


# ***On Building a Company***

## **Analog**

**In recruiting, always disseminate between must have, should have and nice to have**

### **What it all means**

Otherwise it is easy to fall in love with a candidate that has all of the nice to have attributes but none of the gotta have ones.




## **Analog**

**In recruiting, communicate the fact that one shouldn't confuse our easy going nature with being push-overs**

### **What it all means**

This clarifies the fact that we will give employees lots of rope but if they hang themselves, we'll let them choke.



## **Analog**

**Strive to deliver more than you promise**

### **What it all means**

No one ever complains when you deliver more.



## **Analog**

**Too many dollars in industry has given people warped sense of value, priorities**

### **What it all means**

The analogy is professional sports, with free agency, individual minded superstars and a fixation on short term goals.



## **Analog**

**It is the goal of the company for people to have lives outside of work**

### **What it all means**

The more personally fulfilled people are outside of their work, the more they will have to bring into the business.

# ***On Building a Company***

## **Analog**

**"We pick great people, we make them better, and we retain them."**

### **What it all means**

A quote from Jeffrey Immelt, GE's new CEO, on the secret to GE's long legacy of success.




## **Analog**

**True superstars don't get it done for one game or one season. They get it done over the course of a career.**

### **What it all means**

This points to the fact that magnificence alone is not worth a lot without longevity, a key message to recruits about being a superstar in your company.



## **Analog**

**The only sustaining tools you have to motivate and lead are trust, credibility and communication**

### **What it all means**

Self-explanatory.




## **Analog**

**Minus one staffing**

### **What it all means**

A Microsoft concept. Figure staffing requirements for a given project and then reduce staffing by one. Requires more agility, better communication and avoids slovenly projects.



## **Analog**

**Eat our own dog food**

### **What it all means**

We practice what we preach by using our products to enable us to have an unfair advantage in the marketplace.


# ***On Building a Company***

## **Analog**

### **Pursue Big, Hairy, Audacious Goals**

#### **What it all means**

A Wal-Mart term. Setting goals that appear ridiculous from where you stand right now, requires a re-definition of the problem being solved and the framing of a path to getting there.




## **Analog**

### **Avoid hiring people that do not have a recent history of employment longevity**

#### **What it all means**

This is either a tell-tale sign that they can't play cooperatively or that when the going gets tough, they will be going.




## **Analog**

### **While there is a difference between working hard and working smart, people who are driven to simultaneously work hard AND smart are disproportionately more valuable**

#### **What it all means**

Brilliance can become an excuse for laziness. When brains and brawn are blended, the outcome is magical.




# ***On Business Truisms***

## **Analog**

**Start-ups are like pushing a boulder uphill at the start**

### **What it all means**

In absence of established processes, a working history and synchronicity between personnel, gravity is not your friend in the early days of a start-up.




## **Analog**

**Start-ups die for one of two reasons: people drive off a cliff or give up**

### **What it all means**

Amazingly, brilliance and the billion dollar idea are less important than resilience and avoidance of doing something truly stupid.




## **Analog**

**Sustainable mediocrity is worse than outright failure**

### **What it all means**

This industry rewards risk takers, affording them second and third chances and placing a premium on the "experience gained from failure." Sustainable mediocrity is a business zombie state, akin to slavery.



## **Analog**

**The importance of having an "unfair advantage"**

### **What it all means**

Always be looking for some proprietary advantage that the competition can't easily replicate. This is your defensibility, your profit margins and key market differentiator all rolled into one.


# ***On Business Truisms***

## **Analog**

**The ultimate uses or applications for disruptive technologies are unknowable in advance. Failure is an intrinsic step toward success.**

### **What it all means**

Until the road map has been defined through industry experience, market pioneers must embrace trial-and-error as their prime adaptation mechanism.




## **Analog**

**Three audiences that must be aligned to maximize success: employees, investors, customers/partners**

### **What it all means**

The success of your business requires these three groups investing in your strategy. You save tremendous energy and realize great synergy if you can convey one "story" to the collective.




## **Analog**

**We're seeing the conversion of embedded devices from inward-focused islands of functionality to outward-leaning 'net citizens.**

### **What it all means**

The network era enables a new type of application that operates in a "more than the sum of the parts" fashion.



## **Analog**

**VCs are only interested in companies that have the potential to become billion dollar organizations**

### **What it all means**

VCs are driven by the exit strategy of an IPO. IPOs generally require the prospect of a billion dollar market cap. This point is generally non-negotiable.


# ***On Business Truisms***

## **Analog**

**Start-ups find a way to do the impossible but the easy stuff is often impossible for them to get done**

### **What it all means**

Sheer perseverance and survival instinct gets tremendous things done, but absence of process and infrastructure make the easy stuff look hard.




## **Analog**

**In creative ownership, everyone likes creative but not everyone likes ownership**

### **What it all means**

Generally speaking, all people like to feel creative, but the responsibility that goes with sharing what was done, why it was done and truly "hearing" if the mark was hit or missed, tends to be less popular.




## **Analog**

**The grass is always greener**

### **What it all means**

Everything sucks and is unacceptable until you consider the real alternatives, then the alternatives don't always look so good.



## **Analog**

**The start-up environment is far more painful and disorientating than I ever gave it credit for**

### **What it all means**

The romantic notion of a little sacrifice for a lot of success is far from the truth. Start-ups require incredible mental energy, lots of gut checks and willingness to give up lots of control.


# ***On Business Truisms***

## **Analog**

**Start-ups are not for everyone**

### **What it all means**

Because start-ups are so chaotic, so disorientating, provide so many highs and lows and require a fearless, tireless approach to finding the answers, not everyone can ride it out.




## **Analog**

**Nothing is free**

### **What it all means**

In business, given enough time, money and resources, you can accomplish anything. Given that business doesn't operate in a vacuum, EVERYTHING is a trade-off.




## **Analog**

**If your product is not complex enough or strategic to the customer, this will translate to low competitive barriers and commodity pricing**

### **What it all means**

This goes back to having some type of barrier to entry and some unfair advantage.



## **Analog**

**It is easy to manage for the short-term or for the long-term, but finding a way to do both is very difficult**

### **What it all means**

Self-explanatory and oh so true.



## **Analog**

**Never make important decisions when in a “down” state. Get to “higher ground” before deciding**

### **What it all means**

Coping mentally with the gravity of adverse conditions tends to negatively distort your sense of available options as well as the preferred path to resolving the situation at hand.


# ***On Business Truisms***

## **Analog**

**As a rule of thumb, people are too conflict avoidant**

### **What it all means**

For whatever reason, people shy away from confrontations, making communication decidedly more complex in a team environment.




## **Analog**

**In sales, it comes down to the customer having a need, a budget and requirements that are defined in a way that you win the business**

### **What it all means**

Otherwise, you are facing a missionary sales process, which is much more expensive, has a longer sales cycle and less predictable.



## **Analog**

**In absence of explicit communication, people make assumptions and too many of them**

### **What it all means**

If you don't provide the moral of the story, people will fill in the gaps with their own.




## **Analog**

**New markets/technologies take longer to emerge than anticipated, but once they start to emerge, they emerge more quickly than anticipated**

### **What it all means**

This is a by-product of the market/technology needing to "cross the chasm" from early adoption to the mainstream market.



## **Analog**

**Success validates itself**

### **What it all means**

The "right path" is the path that secures the desired outcome.

## ***On Business Truisms***

### **Analog**

**Recognizing the fundamental premium in your business is a key driver of maximizing its value and velocity**

#### **What it all means**

Sometimes it is cash, pedigree, ideas, patents, talents, profitability, eyeballs, etc.




### **Analog**

**“Because there is a certain inevitability about inventions of this sort... the real contribution lies, first, in making the idea work.”**

#### **What it all means**

Taken from Federico Fagin of Intel, talking about the making of the first processors. Great ideas are truly a dime a dozen. Making a functional business out of the idea is a work of art.




### **Analog**

**A good defense almost always beats a good offense**

#### **What it all means**

The marketplace is incredibly competitive and information flows in a real-time fashion, making companies that can anticipate and adjust their strategy to take advantage of competitive pressures most successful.




### **Analog**

**Take care of the downside and the upside will take care of itself**

#### **What it all means**

All too often, strategy is based on everything going right, whereas the pragmatic approach to ensuring sustenance is making sure your strategy is whole based on very few assumptions.



### **Analog**

**It has to be win-win**

#### **What it all means**

You only want to do business with people who have your winning outcome at heart as well as their own.