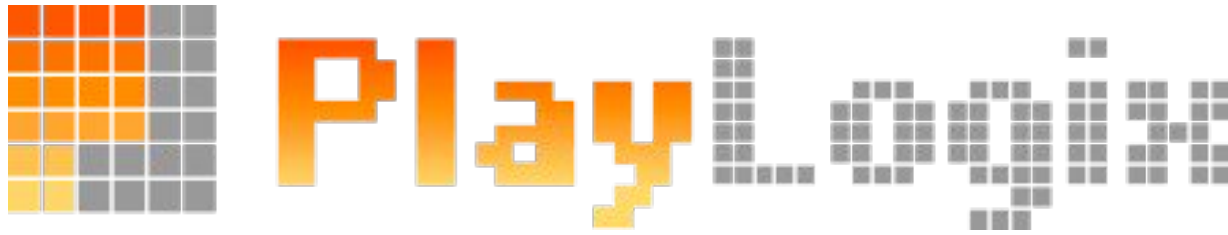




**10 Things
corporates
can learn from
startups about
Innovation**

*Photo: Roger Norton
PlayLogix CEO*



[Playlogix](#) is a startup studio, which has built over 30 projects in 3 years for startups and corporate innovation teams.

It specialises in rapid development in a range of technologies, particularly when you're innovating and therefore aren't clear on what the outcome should be.

Its flexible and transparent processes use Lean Startup and Agile development principles to help you iteratively learn your way to the best product - driven by customer needs.

Objectives

- Noteworthy publicity for a thought piece, “10 Things corporates can learn from startups about Innovation,” to promote PlayLogix and its Lean Iterator model for product development

Goals

- Pitched Entrepreneur magazine the bigger PlayLogix picture - its [Lean Iterator](#) methodology that helps startups and corporate innovation teams rapidly refine and validate their idea with real audiences and fine-tune it to launch a sustainable offering

Results

- 1 significant piece in SME press - uptake by Entrepreneur magazine with a slightly different angle, “8 Things you should do to be a high-impact start-up”
- 4 pieces of ICT coverage - original story

DODGE THE BULLET

8 Things every high-growth start-up needs to avoid failure and become a massive success

Is it the idea? The team? The will to keep pushing forward? The money? It's all of these things, working together. **BY ROGER NORTON**

THE RAPID UPTICK of the hockey stick on a high-growth start-up can look spectacular from the outside as you watch the company grow. It all appears so easy, but it's the classic story of the five-year overnight success — when you just see the last few months.

Building a start-up is tough. They're full of high-intensity streaks, scattered between drawn-out frustrating spells of not growing fast enough, inadequate revenue or problems with your team. Building a start-up that's poised for high growth is even harder, and the emotional roller coaster flies higher and drops lower as the pressure increases.

Customer loyalty kills more start-ups than anything else and getting over that to grow the company takes a lot of trying new things and learning. There will always be a few years of drudgery before the rocket ship takes off. Here are some things you need to have in place before you try to scale.

1. HAVE THE RIGHT TEAM

It all starts with the right people. Picking trustworthy co-founders with complementary

skills is paramount. Beyond that, you need to have key support structures in place both internally, with domain experts who know more in their field than you, and externally with a network of advisors and mentors to rely on for solid guidance.

2. A CULTURE OF LEARNING

You're going to have inaccurate assumptions about your product and market. There are things you can't know at the beginning, and your market is going to shift and evolve over time.

Building a company culture that embraces learning by studying the data around you and experimenting with new and better ways of doing things will help you weather these changes and emerge stronger and more resilient. It'll also help you adjust to internal change as you grow.

Having open communication and tight feedback loops is great to increase and share team learnings. **As Corwin said, "It's not the strongest or fastest species that survives, but the one most adaptable to change."**

3. FOCUS ON YOUR CUSTOMER'S NEEDS

One of the easiest ways to evolve with your market is

by being focused on the needs of your customers and continuously finding better ways to fulfil them. If you focus internally on your product, you're likely to miss outside changes, but if you're focused on how you are solving your customer's problem, then you'll be the first to notice external changes, threats or opportunities.

Also don't try to solve every customer need. Rather do one thing ten times better than ten things only slightly better. Focus is key and that means saying 'no' and doing less.

4. CONTROL YOUR CORE VALUE PROPOSITION

It's very tempting to find partners to help launch your idea, and it can be a very favourable way to get started. But over time, as you grow and prepare for scale, ensure you have complete control over the business core that delivers the value proposition to your customers so their satisfaction is not reliant on other parties.

You can outsource many things, but if you're a software or a service company you should have your own developers working on the code. Or if you're an online retailer,

ensure you manage your own customer service — even if you use partners for warehousing and deliveries. Whatever the essence of the value you provide to your customers, you're going to need tight control over it, which is very hard if it's not in-house.

5. DON'T RAISE TOO MUCH (OR TOO LITTLE)

If you plan to grow faster than your organic revenues would typically allow, you'll probably have to raise some capital. Raising too little is the obvious mistake as you're going to prematurely run out of money. But, raise too much and it can dilute your shareholding so much that you're disempowered, or you lose control of your board and direction.

Having too big a war chest can also mean you're pressured into doing wasteful things you wouldn't have done otherwise and can distract from the critical focus you need to get the growth you require. **Being over-funded can also force you into decisions you don't want to take, as investors push you down more risky paths for their required returns, but which increase your odds of failure.** It's a careful

balance to achieve, so weigh your options carefully.

6. KNOW YOUR EXIT STRATEGY

Building something with huge potential to scale can be really exciting, but it helps to start with the end in mind. What you're working towards will be the litmus test you apply to thousands of smaller decisions.

If you're driving for sustainability, you're going to hold back on over-investing in growth. If you're aiming for an acquisition, then pushing for user numbers or partners might be the most important. Or if you're going for an Initial Public Offering, growth with at least the option of huge profitability and dividend yield will be the most important.

You also need to ensure you and your investors are aiming for the same outcome. If you're not clear on what you're hoping for, you're less likely to achieve it. **As Zig Ziglar says, "If you aim at nothing, you will hit it every time."**

7. KNOW YOUR METRICS

Linked to the above point, you need to understand the numbers in your business and what levers you can pull to change them. Track as much data as you can from as early as possible — it'll help you dive into the nuts and bolts to see what's really going on.

But no two metrics are equal and looking at too many makes it hard to prioritise. It helps to have a high-level dashboard with three to five of your most important actionable metrics or KPIs (avoid non-actionable vanity metrics). What are the top three metrics for your business, that if they go up, you know you're succeeding? These are the things your team will prioritise over all else and

will be the standard to which they compare their actions. Make these visible to everyone in the company so they know what's most important.

8. LTV > CAC

Of all the metrics you can track, ensuring your customer Lifetime Value (LTV) is greater than your Customer Acquisition Costs (CAC) is possibly the most important.

If it costs you more to get a customer than you ever make from the person, then you're scaling a loss-making machine. Tweaking the systems and processes in your business to get LTV > CAC should be your biggest priority before you try to scale.

You can experiment with automation, different pricing models, customer segments, marketing channels, ways of billing, set of product features and a number of other elements to get this right. But don't try to scale or raise money to scale before you master this point.

A solid foundation will give you the best opportunity to create a fast-growing success story, and getting these eight things in place will take you a long way towards achieving that. So dream big, but make sure you have the basics in place so those dreams can become a reality. **EN**

ASK YOURSELF!
What are the top three metrics for your business, that if they go up, you know you're succeeding?

Roger Norton is the CEO of MyLogic, the author of *Start Here, as well as the creator of the Lean Startup methodology, which has been used by the likes of Uber, Airbnb, and many other successful startups and startups.*

10 things corporates can learn from startups on innovation

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Roger Norton CEO of Playlogix

Innovation is the new competitive advantage, and large companies are realising that it's hard to do when culture, processes and mindset don't support this new way of thinking. Startups, however, are increasingly proving to be great vehicles for creating innovative products as they continue to

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#EntrepreneurMonth: 10 lessons startups can teach corporates

Varsity dropout and former super-yacht engineer, Roger Norton now spends his days creating support systems for startups as CEO of [Playlogix](#). He believes there's a lot Big Business can learn from how startups think.

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10 things about innovation learned from startups

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Roger Norton CEO at Startup Studio [Playlogix.com](#), which helps entrepreneurs and corporate R&D projects build technology, looks at what lessons corporates can learn from startups about innovation and what they can do differently to compete better.

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