



ACETECH

BY CEOs FOR CEOs

New Ventures B.C. Presentation

Ralph Turfus

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“Assessing the Opportunity”

1. Your Go To Market Strategy

- **Explain clearly in business terms what you do!**
- **Explain how and why you will WIN!**

2. Your Market Opportunity

- **Is it realistic?**
- **Is it worthwhile?**

3. You as an Entrepreneur?



Ralph Turfus Background

- Education – BAsC, MASc and MBA
- Ex ROTP and Canadian Air Force Officer – 7 years
- 28 + Years as Founder and CEO
 - Escom (founded 1976) and Class (2000 name change)
 - A number of strategy shifts & 4 recessions ; 8 startups & sold 5 companies
 - Completely internally financed – 1 shareholder
- Class status when sold in 2004
 - #1 in the market for Parks & Recreation solutions, Y's, Continuing Ed, University Student Recreation, Government CRM
 - 730 customers in Canada, USA, NZ and Aus
 - 145 employees (25 in India); ~\$20M in Revenue; ~18% EBITDA; 25% per annum growth rate; 1+ office location
- Current Tech Industry Involvement
 - Associations – Premiers Technology Council, AceTech
 - Investor – 21 direct and 6 Funds
 - Board – 5 companies; Chairman - 4 companies; CEO Mentor – 3 companies
- Recognition
 - 2000 – Canadian Recreation Association Person of the Year
 - 2006 – B.C. Technology Industry Person of the Year
 - 2009 – AceTech Fellow – Growth Strategy Program
 - 2013 – Queen's Diamond Jubilee Medal – Technology industry contributions



The Purpose of Business – Dr. Peter Drucker

“If we want to know what a business is, we have to start with its purpose. And the purpose must lie outside the business itself. In fact, it must lie in society, since a business enterprise is an organ of society. There is only one valid definition of **BUSINESS PURPOSE: TO CREATE A CUSTOMER**. The customer is a foundation of a business and keeps it in existence. The customer alone gives employment. And it is to supply the customer that society entrusts wealth-producing resources to the business enterprise”.

Because it is the purpose to create a customer, any business enterprise has two – and only two – basic functions: **MARKETING & INNOVATION**. These are the entrepreneurial functions. **MARKETING** is the distinguishing, the unique function of the business.

Action Point: Find out what needs your customers want fulfilled today. Determine how well your products are meeting the needs of your customers.

THAT IS THE PURPOSE OF BUSINESS!!

David Blumberg – the Six T's

Theme – what is the problem that you are going to solve. It's got to be very crisp; no more than a paragraph.

Team – Who's going to lead us into the promised land? Who has the domain experience, ethics, charisma? Do you have an 'unfair advantage'?

Terrain – The lay of the land. Who are the competitors? The dynamic buyers and sellers? Government regulations or pretty open? Lots of noise in the target market?

Technology – What property is unique to you? It is usually algorithms or patents or such?

Timing – Why is now the time? How will you go to market?

Terms – How much do you want for the 1st stage? What milestones will you use? How will you spend the funds?

What is a Startup?

A Startup is a human institution (organization) formed to:

Create and gain agreement from **CUSTOMERS** to use
a new Product or Service
under conditions of **extreme uncertainty**

and then

Become **SUSTAINABLE** through the discovery of a
Profitable, Repeatable and **Scalable Business Model**

Discovery Stage

Hypothesis →
Technology & Product Facts

Early Adopters

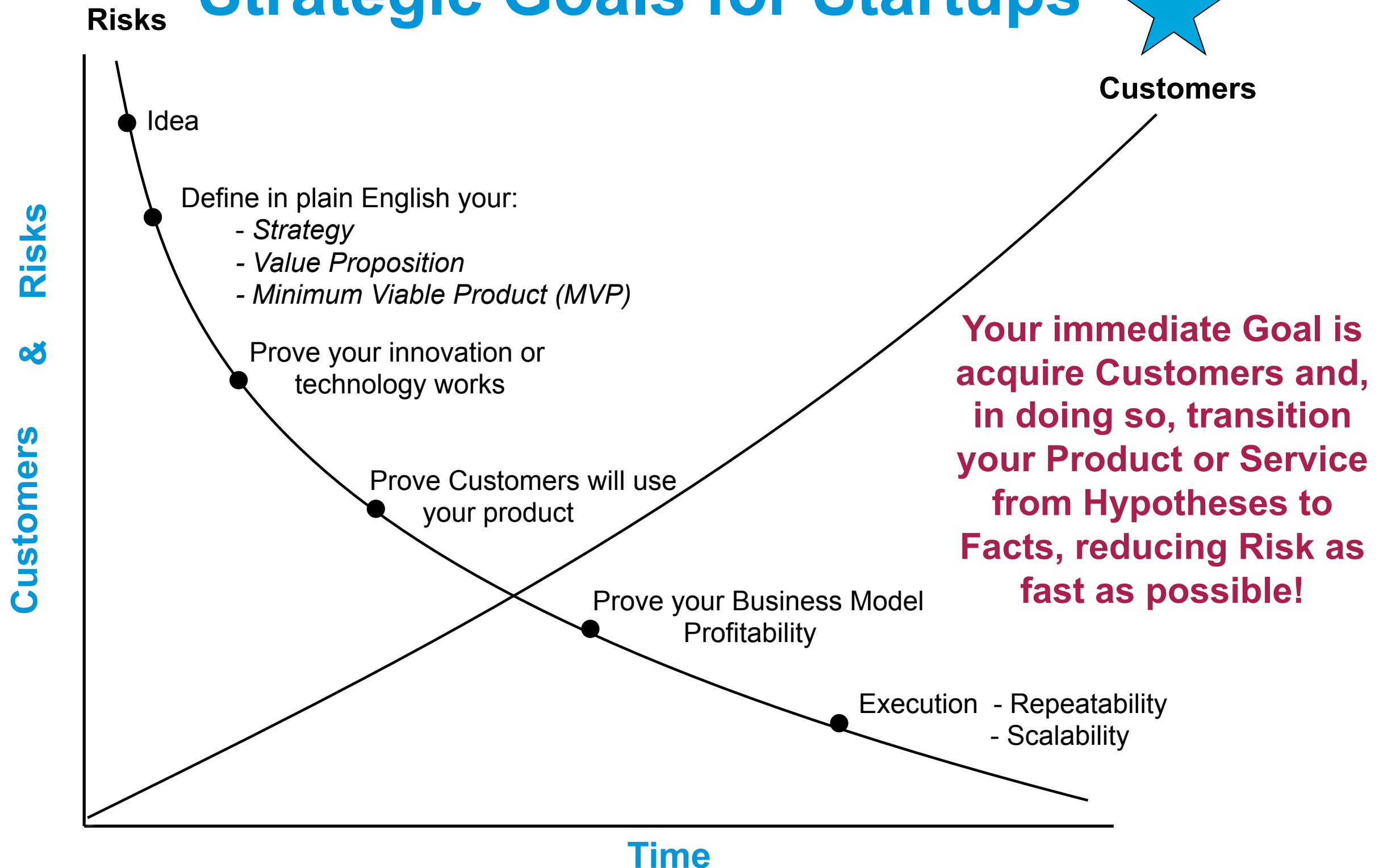
Customer Use →
Value Proposition Fact

Early Majority

Business Model →
Sustainable Business



Strategic Goals for Startups





“Assessing the Opportunity”

1. Your Go To Market Strategy:

- **Explain clearly in business terms what you do!**
- **Explain how and why you will WIN!**



Key Concepts

PAIN / NEED: What a motivated Buyer must have in order for the buying process to start

VALUE / BENEFIT: What you must have to cause the Buyer to consider your Solution

DIFFERENTIATION: What the Buyer agrees you have better than the Competition

Elements of a Positioning Statement

1- For

Specific Customer you could sell to in a key segment?

Your sandbox? Ideal Target Customer is?

2- Who need

Needs/Pains/Hurts! Compelling reason to buy!

What Problem is being solved or new opportunity addressed?

3- Product X is

The product Category is?

4- That provides

Key Benefit that addresses the compelling reason to buy?

5- Unlike competition A, B, C

Competitor product categories & leaders?

6- Our product

Key competitive Differentiation?

7- Company also provides

What else is needed for a Whole Product?

Partners provide?



PAIN / GAIN – What Good looks like for the Seller!!

KEY CONCEPT

For - Your **Target Market** BUYER
Who Need - Define **precisely** the BUYER PAIN / NEED you address
intuitively defines the BUYER Demand

WHAT GOOD LOOKS LIKE

Magnitude of the PAIN / NEED

Timing to Resolve the PAIN / NEED

Longevity

Very, very high Priority for the Buyer

Must be solved **Now**

Pain will **Not** go away and there is no substitution now for solving it



ACETECH

Positioning Statement: Neoteric

FOR: blood bank departments in hospitals

WHO NEED: to lower costs by reducing blood wastage & transfusion labour

NEOTERIC IS:

THAT PROVIDES:

UNLIKE COMPETITORS:

OUR PRODUCT:

COMPANY ALSO PROVIDES:



ACETECH

Positioning Statement: FitBrains

FOR: females age 35 to 55 in North America

WHO NEED: to maintain their brain acuity in an effective and efficient way

FITBRAINS IS:

THAT PROVIDES:

UNLIKE COMPETITORS:

OUR PRODUCT:

FITBRAINS ALSO PROVIDES:

Elements of a Positioning Statement

1- For

Specific Customer you could sell to in a key segment?

Your sandbox? Ideal Target Customer is?

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Exercise

Exercise #1

~ 10 minutes

You create your first version of:

Lines 1 - Who is the Target Customer?

Line 2 - What is the PAIN that the Target Customer wants solved?

What Good Looks Like!

- **Target Market** - a clear definition of the typical buyer.
- **Pain / Gain** - a precise statement of the Pain / Gain and why. This should convey a big sense of OUCH!

Elements of a Positioning Statement

- | | |
|-------------------------------|--|
| 1- For | Specific Customer you could sell to in a key segment?
Your sandbox? Target customer is? |
| 2- Who need | Needs/Pains/Hurts! Compelling reason to buy!
What Problem is being solved or new opportunity addressed? |
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Partners provide? |



Your **VALUE** to the Buyer to solve the **PAIN / GAIN**

KEY CONCEPT

Product X is - Your '**sandbox**'; **connecting** BUYER to YOU; **positioning**
That provides - The **BENEFIT / VALUE** that you provide by solving the **PAIN / GAIN**

WHAT GOOD LOOKS LIKE for the SELLER

Sandbox – A potential Buyer easily **finds** you; **your positioning is clear**
Benefit – Your Product delivers the biggest **VALUE** to the **PAIN / GAIN**



ACETECH

Positioning Statement: Product X is

CATEGORY & POSITIONING



Words that define how Customers will find YOU



ACETECH

Positioning Statement: That provides

Your RESCUE for the HURT/PAIN of the CUSTOMER



**The Quantity, Quality and Timing of VALUE Gained by the
Target Market/Customer from YOU**



Your Value

Feature, Benefit and Value Definitions:

Feature - What your product does

Benefit – The gain that the Buyer derives from your Feature
Measurable and/or Tangible – Logical (IQ)
Hard to Measure and/or Intangible – Emotional (EQ)

Value – The Net Benefit, which includes all the costs that the Buyer incurs

Benefits

-

Costs

(Includes your Price and all Buyer costs)

= Your VALUE

(Net Benefit)



Examples of Benefits for a Customer - 1

LOGICAL / TANGIBLE

1. Financial Changes
 - Increase Revenues
 - Increase Profits
 - Decrease Cost
2. Operational Efficiency
 - Productivity increase
3. Risk - think “insurance”
 - Reduction/Mitigation
 - Safety
 - Reputation



Examples of Benefits for a Customer - 2

EMOTIONAL / INTANGIBLE

1. Satisfaction **Increase**
 - Customer
 - Employee
2. Personal Satisfaction **Increase**
 - Ability to save Time
 - Immediacy - now; faster and better
 - Convenience - it is easy
 - Comfort - e.g. have a choice of ads in or out
 - Desirability due to scarcity
 - Belonging – exclusivity; special club
 - Creating & maintaining relationships - brokering
 - Health and well being – information; games
 - Success & status - gaming
 - Entertainment - fun
 - Creative learning



ACETECH

Positioning Statement: Neoteric

FOR: blood bank departments in hospitals

WHO NEED: to lower costs by reducing blood wastage & transfusion

NEOTERIC IS: a blood transfusion management hardware and software solution

THAT PROVIDES: controlled access storage so that unused blood allocated to operations can be returned to the central storage, eliminating wastage

UNLIKE COMPETITORS:

OUR PRODUCT:

COMPANY ALSO PROVIDES:



Positioning Statement: FitBrains

FOR: females age 35 to 55 in North America

WHO NEED: to maintain their brain acuity in an effective and efficient way

FITBRAINS IS: a scientifically proven brain training system delivered using both SaaS **and Mobile** platforms

THAT PROVIDES: a suite of challenging casual games that exercise all five main areas of the brain helping to provide a healthy life style

UNLIKE COMPETITORS:

OUR PRODUCT:

FITBRAINS ALSO PROVIDES:

Elements of a Positioning Statement

1- For

Specific Customer you could sell to in a key segment?

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Partners provide?



Exercise

Exercise #2

~ 10 minutes

You create the first version of:

Lines 3 - What is the Category that your product fits into?

Line 4 - What is the Value (Benefits) that you provide?

What Good Looks Like!

- **Category** – the customer can use a Google search criteria to describe your Product and then find you
- **Benefit** – a clear statement of what the Benefit is that a Buyer is receiving. This Benefit statement ties directly to solving the PAIN ALOT!

Elements of a Positioning Statement

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Specific Customer you could sell to in a key segment?

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How you WIN!!

KEY CONCEPT

Unlike Competition The known list of **Key Competitors** including 'as is', internal
Our Product Your **Differentiation** that provides the Buyer extra **VALUE**
Your **Wow** that causes you to WIN

Two types of Differentiation

Me too only better!

Only me (exclusive)!!

WHAT GOOD LOOKS LIKE for the BUYER

Unlike Competition – You understand your key **Competitors strategies**

Our Product – Your Differentiators are the **BEST** and needed by the BUYER



You WIN when:

Your Company

Benefits

-

Costs

= Your VALUE

Your Company's VALUE

The Competition

Benefits

-

Costs

= Their VALUE

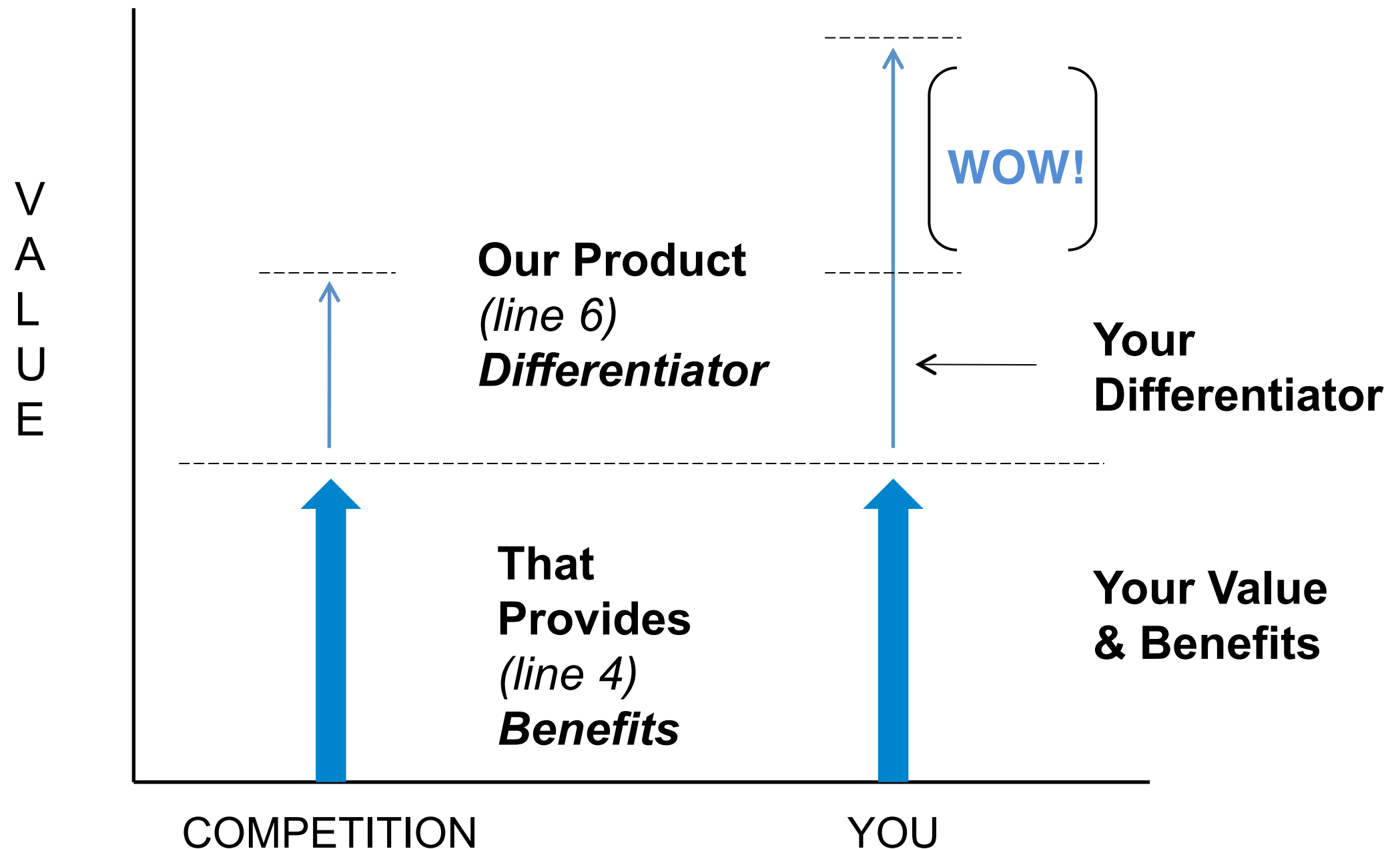
Competitor's VALUE

> >

AND the Buyer **AGREES**



YOU WIN!



Smartphone Positioning Statement

- | | |
|-------------|------------------------------|
| 1- For | People who are mobile |
| 2- Who need | To stay constantly connected |
- | | |
|------------------|---|
| 3- Product X is | An all in 1 device for email, phone, internet access and apps |
| 4- That provides | Real time access to important processes & data |
- | | |
|-------------------------------|---|
| 5- Unlike competition A, B, C | RIM, Apple and Google (Android) |
| 6- Our product is | <p>RIM – secure data communication
Apple – highly useable and ‘cool’
Google – ubiquitous (available ‘everywhere’)</p> |



Talking Points

Decision Making process by the Buyer, in descending order of strength:

- 1st, **Best Benefits / Value + Differentiation** – its an easy decision!
- 2nd, Lowest Price
- 3rd, Lowest Risk



ACETECH

Positioning Statement: Neoteric

FOR: blood bank departments in hospitals

WHO NEED: to lower costs by reducing blood wastage & transfusion labour

NEOTERIC IS: a blood transfusion management hardware and software solution

THAT PROVIDES: controlled access blood storage so that unused blood allocated to operations can be returned to the central storage, eliminating wastage

UNLIKE COMPETITORS: such as paper based systems and manual methods

OUR PRODUCT: eliminates deaths from blood mismatching using barcode confirmation

COMPANY ALSO PROVIDES: full implementation and support services; solution updates; customer conferences



ACETECH

Positioning Statement: FitBrains

FOR: females age 35 to 55 in North America

WHO NEED: to maintain their brain acuity in an effective way

FITBRAINS IS: a scientifically proven brain training technique using SaaS and Mobile platforms

THAT PROVIDES: a suite of online casual games that exercise all five main areas of the brain helping to provide a healthy life style

UNLIKE COMPETITORS: such as Lumous Labs

OUR PRODUCT: is mobile, fun, social and as competitive as you wish, motivating users to keep coming back

FITBRAINS ALSO PROVIDES: a range of research papers on brain fitness, constant product innovation through new product updates

Elements of a Positioning Statement

- | | |
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Exercise

Exercise #3

~ 10 minutes

You create the first version of:

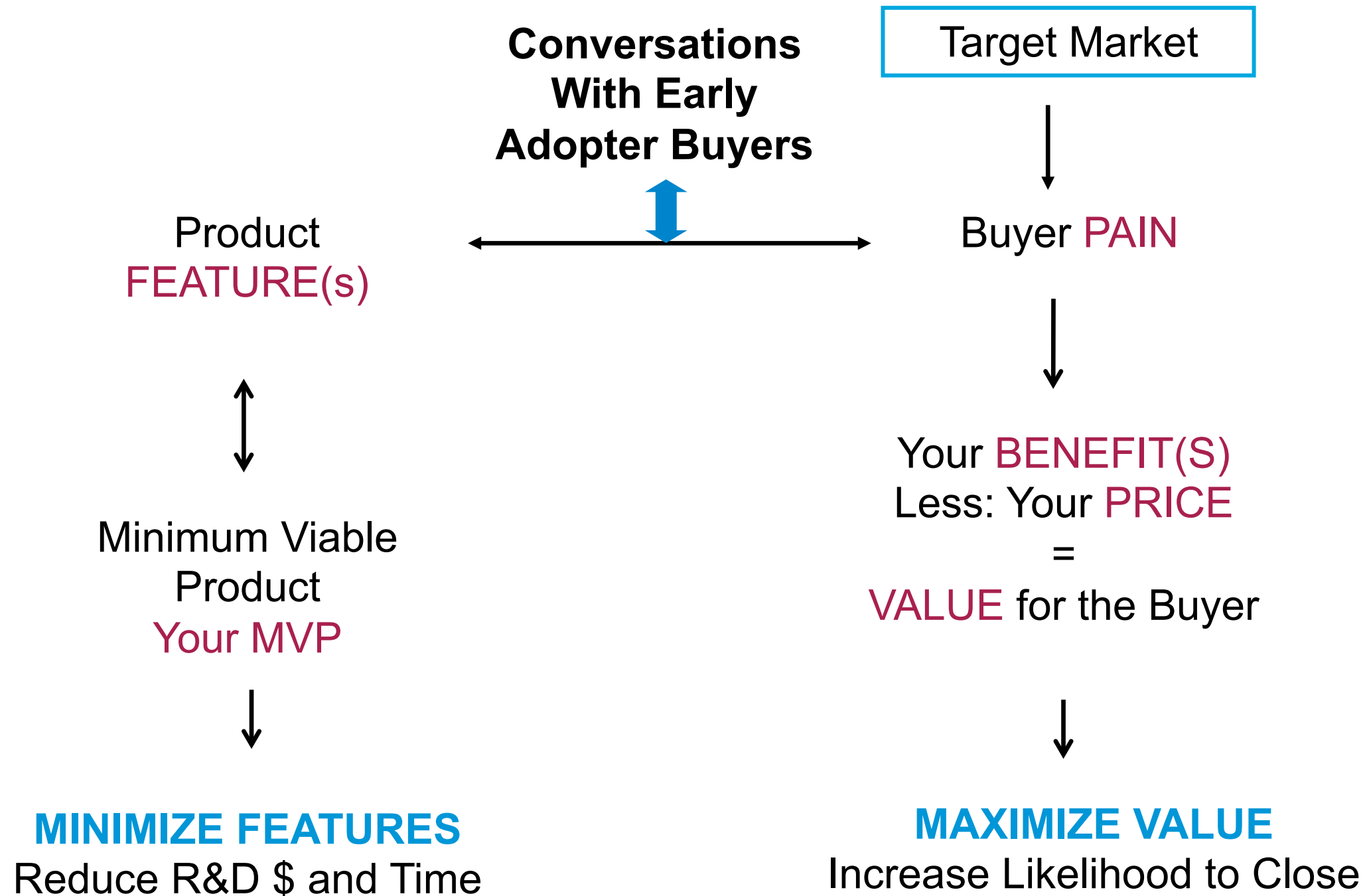
Lines 5 - Who are the top 1 or 2 Competitors?

Line 6 - What is your Differentiator for each Competitor?

What Good Looks Like!

- **Competitors** – the top 1 or 2 are identified
- **Differentiator** – compare to each competitor, what is the WOW factor that you provide. BEST = the overall VALUE increases A LOT!

Connecting Feature(s), Benefit(s), Price & Value



Why the Positioning Statement is Important!

Various Perspectives

Staff – involved; empowered; aligned

Investors – confidence; committed

Customers – involved; they want your product to be the best

Risk Mitigation – enough of ‘think 1st, then do’; minimize retries

You – focused; confident about doing the right things, right; Winning



Summary

You now have a **Hypotheses for a Positioning Statement** and are ready to **determine the FACTS** by talking to representatives **in the Target Market!!**

Doing the Positioning Statement sets you up for Success by requiring you to think about and decide **how and why you are going to WIN and making the BEST CHOICES!**

You now have a **17 Second Pitch** to tell others concisely what you do!

Doing the Positioning Statement provides you and those around you **CONFIDENCE** that you are **doing the Right thing, RIGHT.**



“Assessing the Opportunity”

2. Your Market Opportunity

- Is it realistic?
- Is it worthwhile?



Is this a Worthwhile Opportunity?

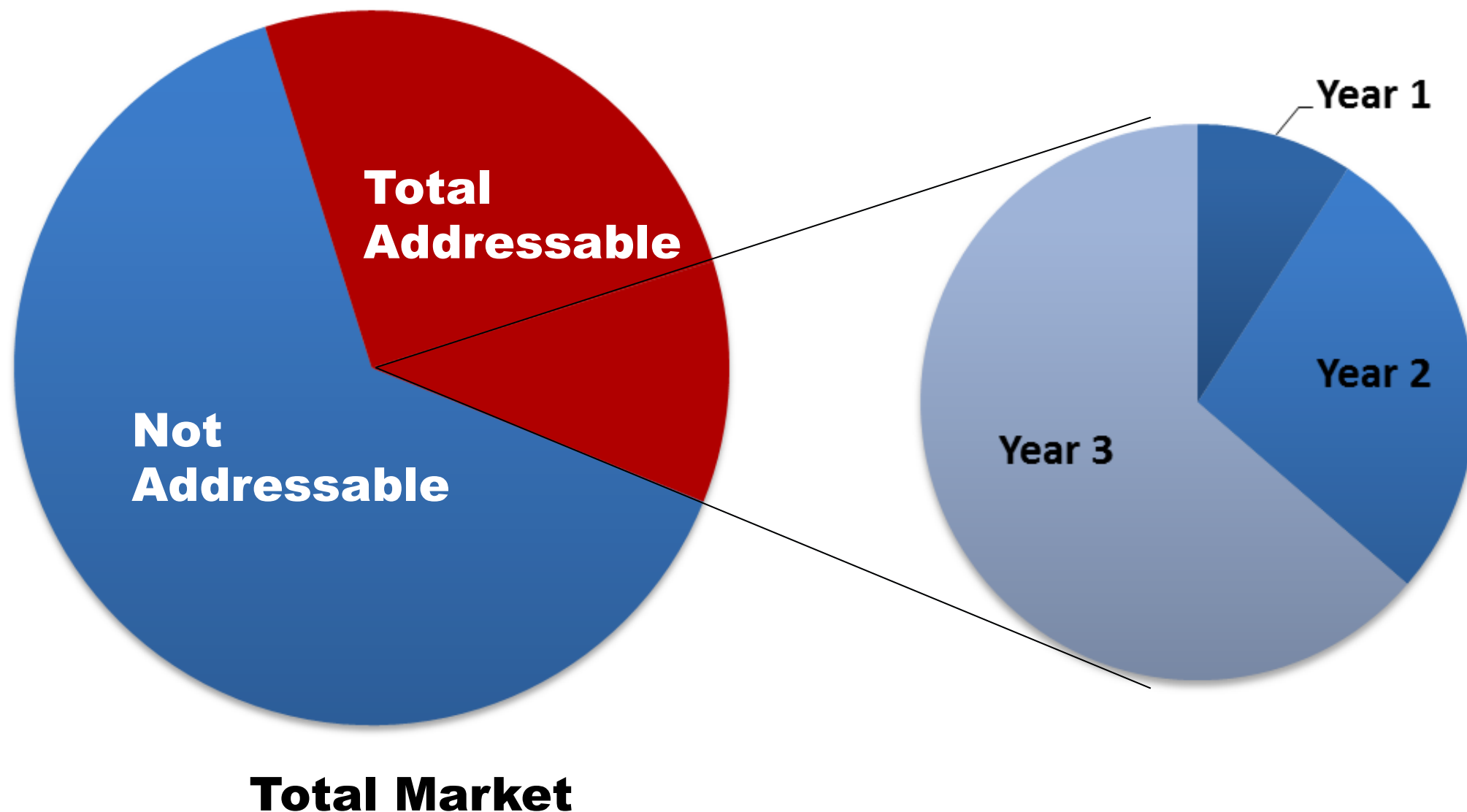
KEY CONCEPTS

How **Big** can this Opportunity become?

How much of this Opportunity do you think you can **WIN** in the next few years?

You will spend 5 to 10 years of your life pursuing this Opportunity should you decide to commit to it – is this Opportunity **Worthwhile** enough to make this commitment?

What is your Market Size?





Your Opportunity – How big is it?

How **BIG** can this **Opportunity** get?

Total Market – if ALL Buyers bought at your Target Price

- Revenue = Your Target Price X ALL Units

Total Addressable Market – the Market that you can realistically sell into?

- Revenue = Likely Price X Likely # of Units

Year 1, 2, 3 – Expected Market Results for the first 3 years?

- Revenue = Year 1, 2, 3 – Price Expected X # of Units per Year

Is this a **Worthwhile Opportunity** for you?

Your Opportunity

Measure	# of Units	X	Price per Unit	=	Total Revenue
Total Market	_____		_____		_____
Total Addressable Market (TAM)	_____		_____		_____
Year 1 Revenue	_____		_____		_____
Year 2 Revenue	_____		_____		_____
Year 3 Revenue	_____		_____		_____



Exercise

Exercise #4

~ 10 minutes

You create the first version of:

- Your Opportunity Expectations in \$\$
- Your Total Addressable Market
- Your Years 1,2,3 Revenue expectations

What Good Looks Like!

- **Opportunity Expectations** – good market size; beachhead strategy defined; large room to expand
- **Unfair Advantage** – you have leverage to get you started such as domain experience



“Assessing the Opportunity”

3. You as an Entrepreneur?



You as an Entrepreneur

Ralph's Personal Experience & Thoughts – “control of my destiny”

Boss Choices - there wasn't a boss I thought I could work for and learn lots. I was not employable long term. Instant set up for disaster to work for anyone.

Risk Taker & Like Challenges – athletics, tough university education courses. Did not look for the easy way. Deep end of the pool; sink or swim. Good dose of personal confidence, but not arrogance.

Financial Rewards – Financial rewards came but they were not the primary focus.

Like Creating & Seeing Customers smile – enjoy creating something new and seeing the satisfaction that customers derive AND telling you.

Unfair Advantage - MBA helped for business fundamentals and savvy. Technical education helped a lot – tough to BS.



You as an Entrepreneur

Ralph's Investor Criteria – its all about the people!

PASSION - About being an Entrepreneur & for the Opportunity!!

ADAPTABILITY – Pivoting will happen!!

JUDGMENT – Separating Facts from Noise; Decision Making; Focusing

EXPERIENCE - Experience in the domain and / or in business helps a lot!!

GETS RESULTS – Consistently delivers more than expected with limited resources!



Summary

Walk in the shoes of a Customer, always! Think HURT & RESCUE!

Find clear and big PAIN / GAIN, deliver Value and Win with your Differentiator!

Ensure that your Opportunity is worthwhile pursuing!

Decide if you want to be an entrepreneur – a typical opportunity will take 5 to 10 years of your life!

It is an absolute BLAST for the right type of person!!

BEST of LUCK!!



Wrap Up Thought

**“WITHOUT EXCEPTION, ALL OF MY BIGGEST MISTAKES
OCCURRED BECAUSE I MOVED TOO SLOWLY”**

John Chambers – CEO, Cisco

