Strategic Business Planning for Technology Leaders

Businessman

or

Technologist

Bill Gates on the show "The Big Idea with Donny Deutsch"

https://www.youtube.com/watch?v=muRhCY4KoYw&t=188s

9/10 Products Fail

❖ **The Top 5 Reasons startups failed**

1. Running out of money **38%**

2. Not filing a market need **35%**

3. Getting outcompeted **20%**

4. Having a flawed business model **19%**

5. Regulatory & legal challenges **18%**

CBINSIGHTS

Top reasons startups fail

Ran out of cash/failed to raise new capital	38%
No market need	35%
Got outcompeted	20%
Flawed business model	19%
Regulatory/legal challenges	18%
Pricing/cost issues	15%
Not the right team	14%
Product mistimed	10%
Poor product	8%
Disharmony among team/investors	7%
Pivot gone bad	6%
Burned out/lacked passion	5%

Note: Based on an analysis of 111 startup post-mortems since 2018.

2021

LIFE IS TOO SHORT TO BUILD SOMETHING NOBODY WANTS.

Ash Maurya – Author of "Running Lean"

EVERY WINNER HAS A GREAT COACH

GURU44

Business Growth Alchemist

Fueling Business Growth, Together !

PURPOSE STATEMENT

Drawing from a wealth of business acumen cultivated in Silicon Valley, **GURU44** is dedicated **to guiding business owners and corporate leaders** worldwide to **grow profits and run their business efficiently.**

Our mission is to empower them to **achieve their envisioned success.**

Beyond a mere professional journey, this endeavor underscores a profound commitment to channeling our skills and expertise to **propel businesses to new heights.**

5 Important Things to Know About
Sanjai Marimadaiah

1. Turnaround Executive

As a CPO, revitalized a 10-year-old startup in the Pub-Sub market, **growing revenues by 2X and MQLs by 500%** through strategic product restructuring, pricing optimization, messaging & GTM refinement

2. Revenue Generation Specialist

Catalyzed remarkable revenue growth for HP's Big Data solutions**, growing sales from $2M to $80+M** by expanding product portfolio, leading global sales enablement, forging strategic partnerships and orchestrating highly effective GTM programs

3. Go-To-Market Strategist

As the CRO for Lancium Compute (HPC+AI PaaS Cloud) evaluated the Business Model to **pivot the business to datacenter construction** that was aligned with Lancium's vision to drive renewable energy adoption.

4. Organic Innovation

Led successful organic innovation projects at **CA Technologies in Big Data and HP Enterprise in Energy Analytics,** driving substantial business growth and market success

5. Innovation Mentorship

Advisor to several **prominent startup CEOs and incubators**, including SynerLeap (ABB's Growth Hub), Singularity University & Founder Institute

www.guru44.com
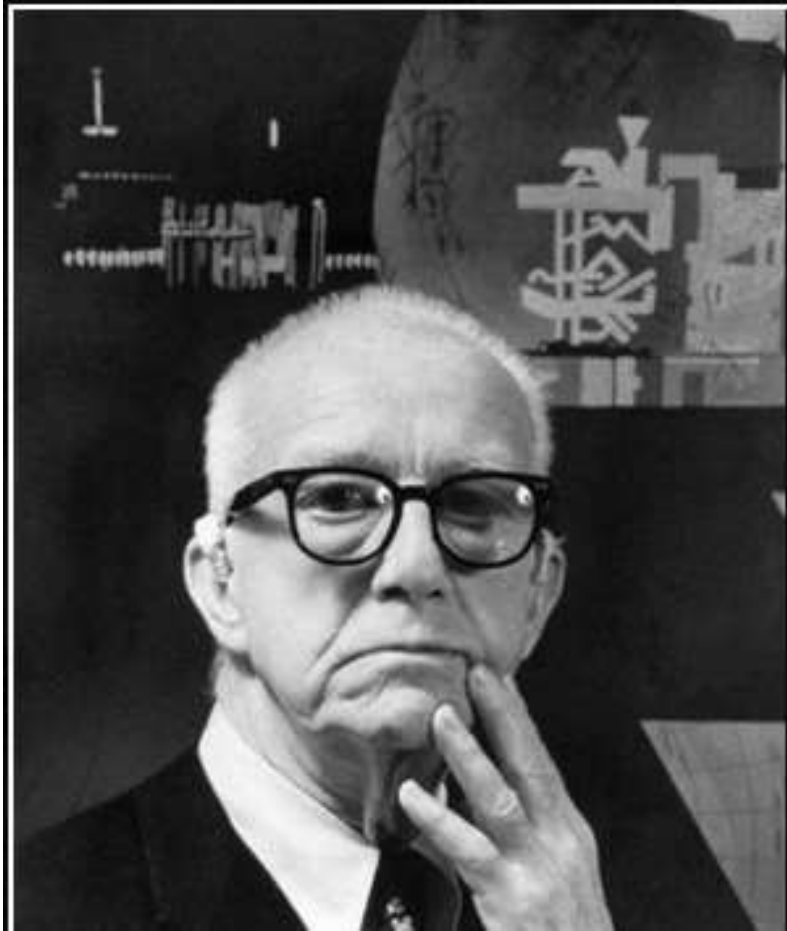
If you want to teach people a new way of thinking, don't bother trying to teach them. Instead, give them a tool, the use of which will lead to new ways of thinking.

— R. Buckminster Fuller —

Share

Tools &

Best Practices

Lean Canvas
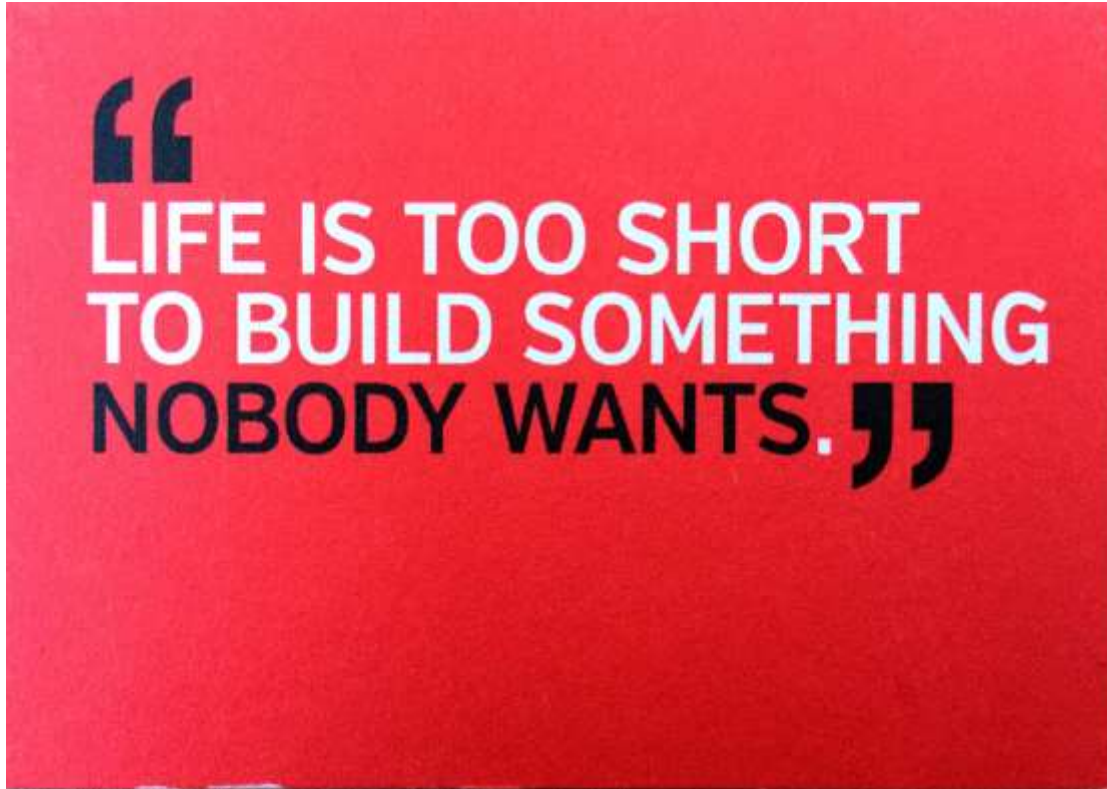
Problem	Solution	Unique Value Proposition	Unfair Advantage	Customer Segments
	Key Metrics		Channels	
Cost Structure			Revenue Streams	

"LIFE IS TOO SHORT TO BUILD SOMETHING NOBODY WANTS."

Ash Maurya – Author of "Running Lean"

www.guru44.com

Why Lean Canvas ?

Lean Canvas

Problem	Solution	Unique Value Proposition	Unfair Advantage	Customer Segments
	Key Metrics		Channels	
Cost Structure			Revenue Streams	

1. **Capture your Business Model Hypothesis**

2. **Identify the Riskiest Parts of your Model**

3. **Systematically Test your Hypothesis**

4. **The Foundation for a Business Plan**

5. **Prepare for a Stakeholder Meeting**

Lean Canvas is adapted from The Business Model Canvas http://www.businessmodelgeneration.com and
is licensed under the Creative Commons Attribution-Share Alike 3.0 Un-ported License.

An Overview of Lean Canvas

GURU44

PRODUCT

Problem	Solution	Unique Value Proposition	Unfair Advantage	Customer Segments
	Key Metrics		Channels	

Cost Structure

Revenue Streams

MARKET

An Overview of Lean Canvas
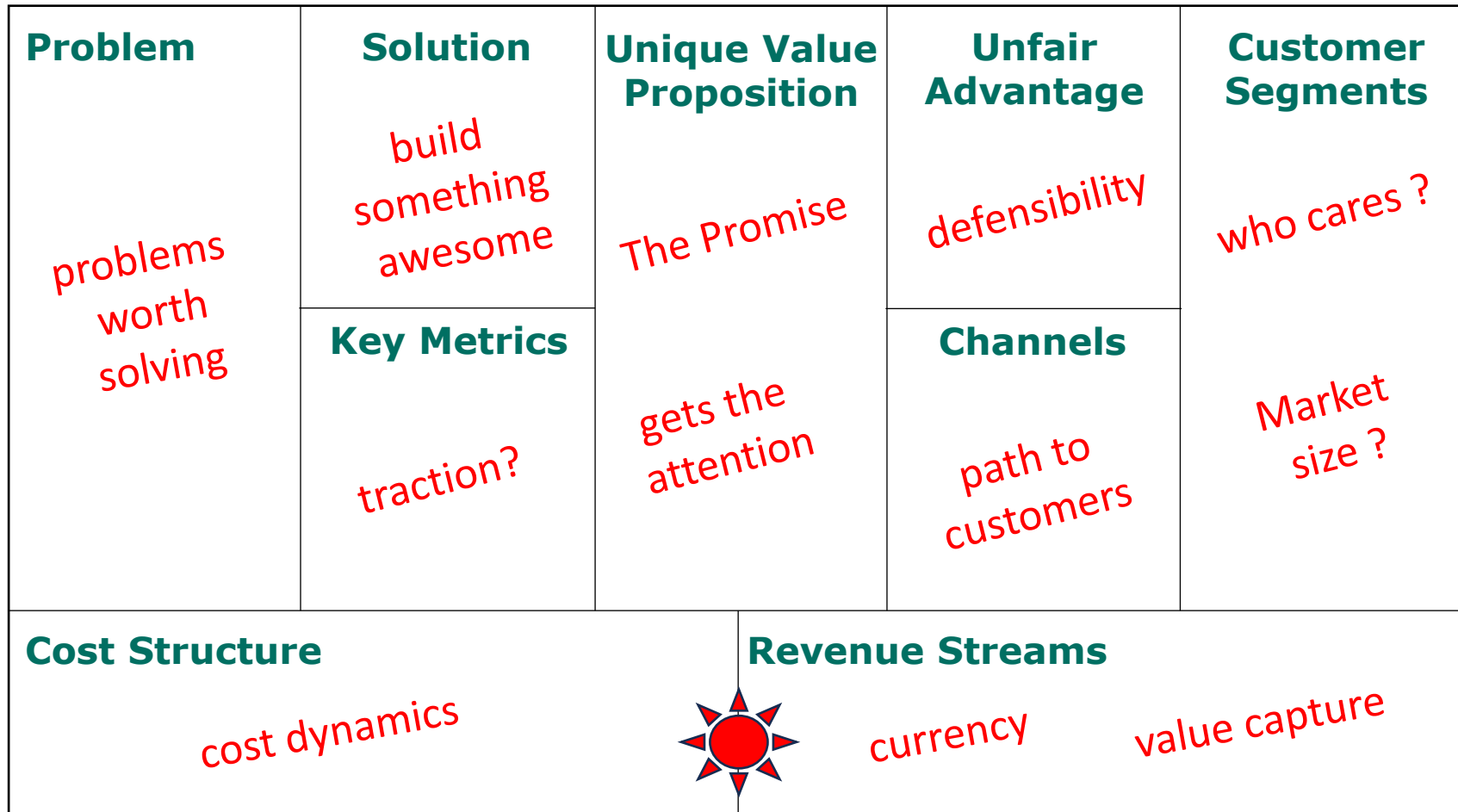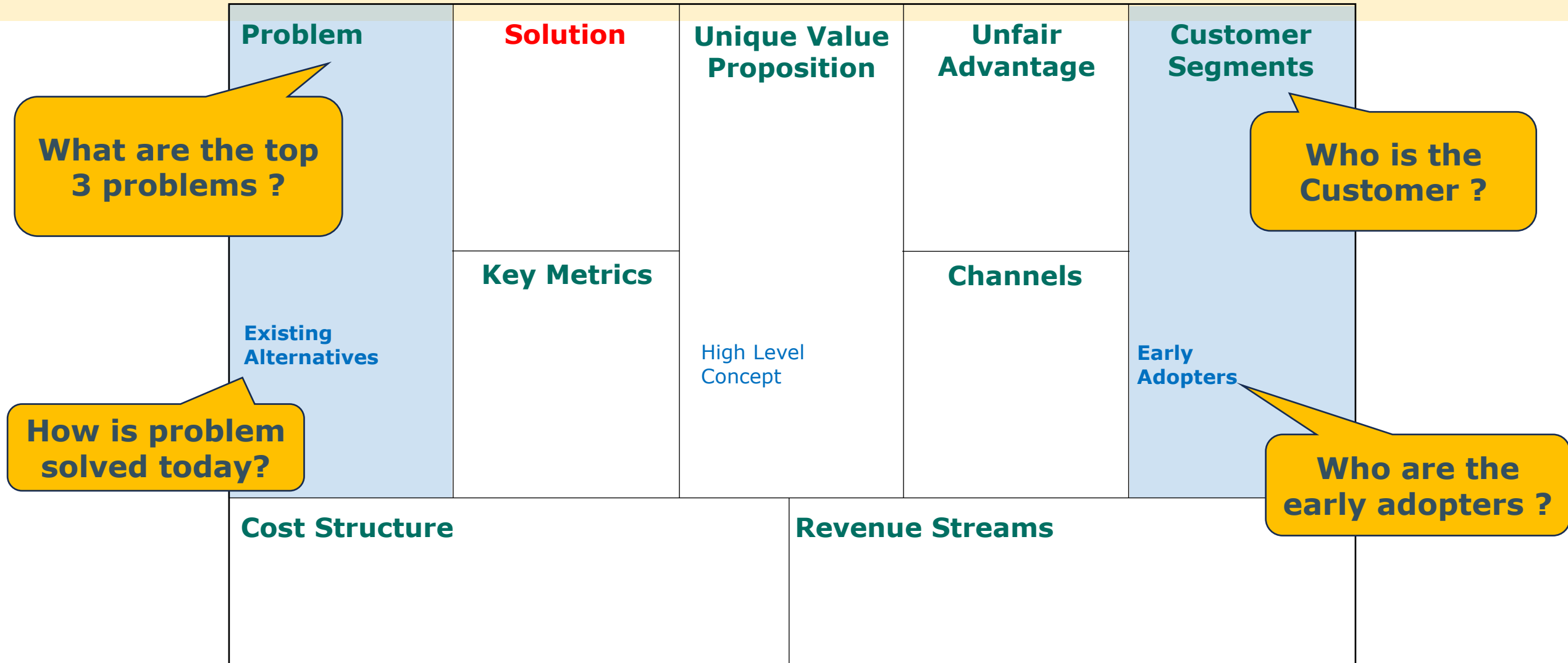
GURU44

Problem	Solution	Unique Value Proposition	Unfair Advantage	Customer Segments
problems worth solving	build something awesome	The Promise	defensibility	who cares ?

Key Metrics

traction?

gets the attention

Channels

path to customers

Market size ?

Cost Structure

cost dynamics

Revenue Streams

currency   value capture

MARGINS

"All concepts remain hypotheses,

until validated with customer/ market

feedback"

The CORE Principles
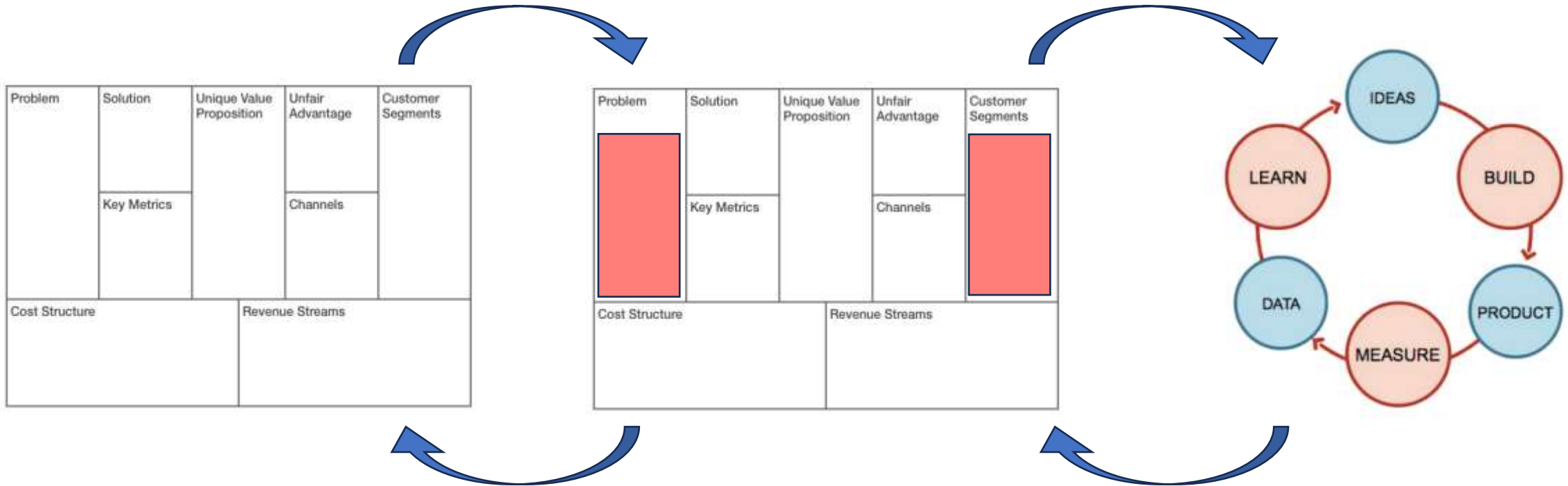
Document your plan   **Identify the riskiest parts**   **Systematically test**

The 3 Stages of a Product

Do we have a problem worth solving ?

Have we built something people want ?

How do I accelerate growth ?

Problem/Solution Fit → Product/Market Fit → Scale

Focus: Validated Learning
Experiments: Pivots

Focus: Growth
Experiments: Optimizations

www.guru44.com
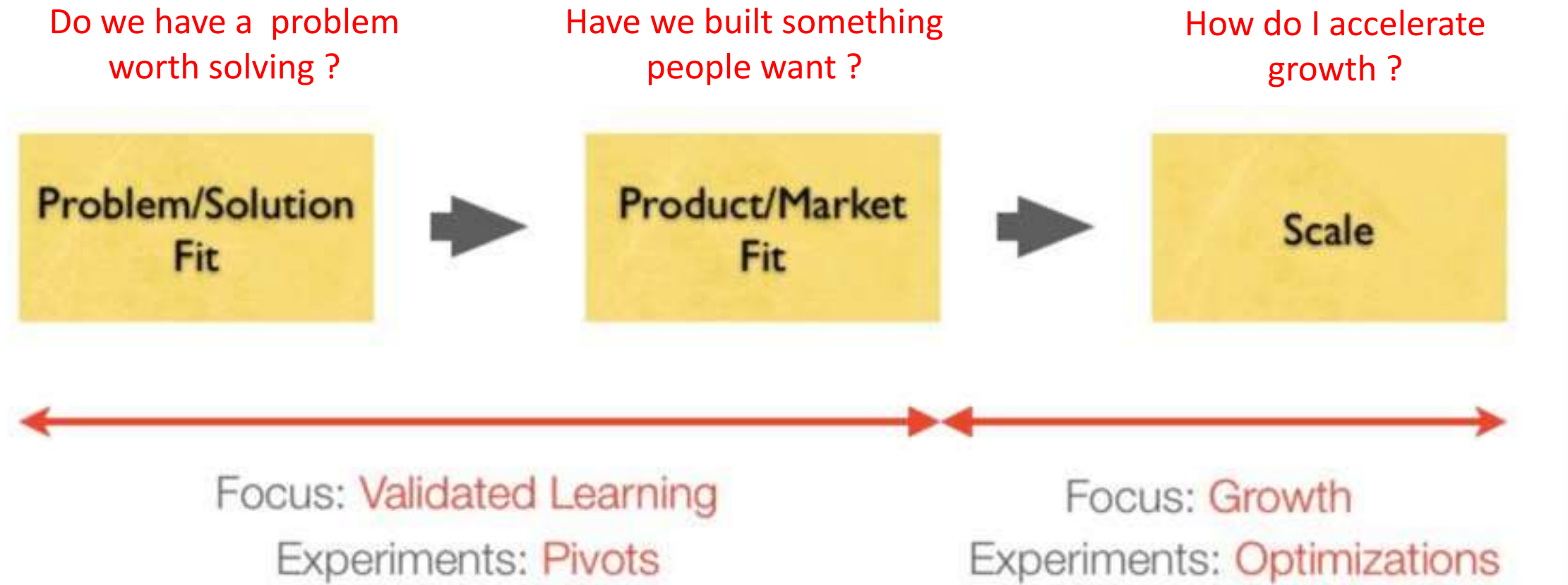
Lean Canvas Instructions

Problem	Solution	Unique Value Proposition	Unfair Advantage	Customer Segments
List your top 1-3 problems **1**	Outline a possible solution for each problem **3**	Single, clear, compelling message that states why you are different and worth paying attention to **4**	Something that cannot be easily bought or copied **9**	List your (1) target segments (2) the buyers (3) users **2**
	Key Metrics List the key numbers that tell you how your business is doing **8**	High Level Concept	**Channels** List your path to customers (inbound or outbound) **5**	
Existing Alternatives				Early Adopters

Cost Structure	Revenue Streams
List your fixed and variable costs **7**	List your sources of revenue How are you pricing ? **6**

1 **The PROBLEM**

Customers don't buy products and services, they hire various solutions at various times to get a wide array of jobs done
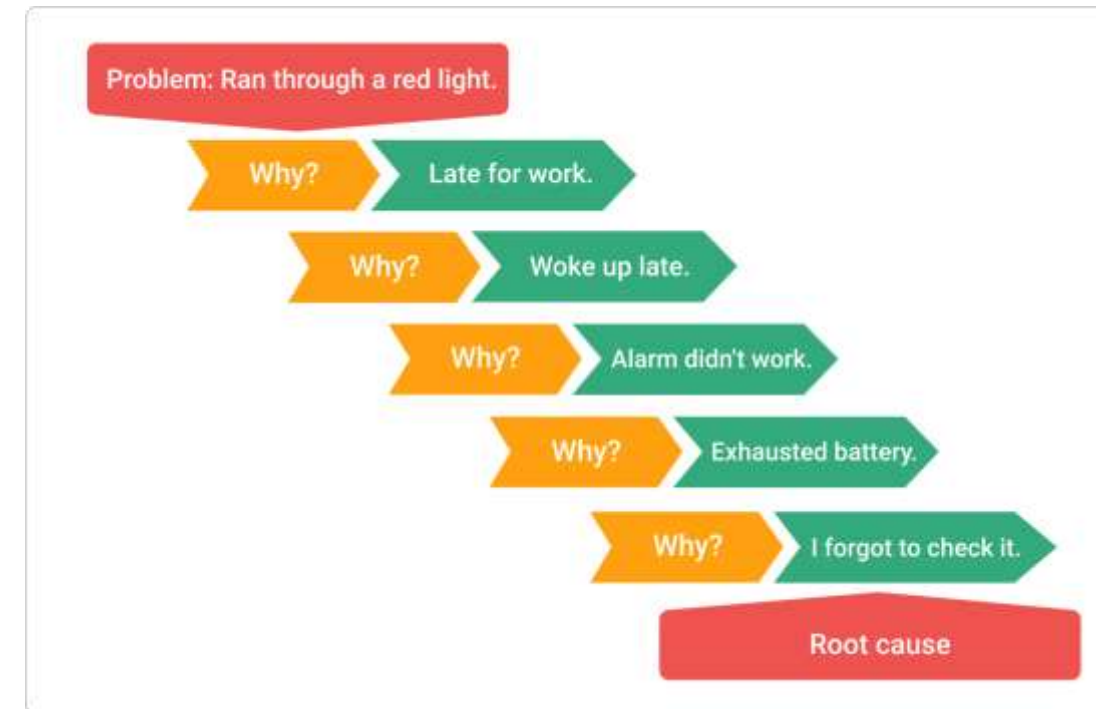
Clayton Christensen
Harvard Business School

What are the problems you are attempting to solve ?

❖ **Use the The 5-Whys Framework**

(to get a deeper understanding of the problem)

- Form a cross-functional team
- Define the problem
- Ask the first "why"
- Ask "why" 4 more times

Problem: Ran through a red light.

Why? → Late for work.

Why? → Woke up late.

Why? → Alarm didn't work.

Why? → Exhausted battery.

Why? → I forgot to check it.

Root cause

Applying the 5-Why Technique

Problem: *Website views for existing product pages have been declining.*

1. **Why are website views for existing products declining?**
   Content is stale and has not been continually refreshed.

2. **Why has the website not been regularly updated?**
   The marketing department hasn't provided new content.

3. **Why hasn't marketing provided new content?**
   Marketing is launching new products now and does not have the resources to develop new content for existing products.

4. **Why does a product launch stop content creation for existing products?**
   Marketing staff have left the company and new staff have not been hired to cover the existing products.

5. **Why haven't new staff been hired?**
   It's difficult to find marketing candidates with the right skill set in a job market with a low unemployment rate.

Root cause: Unable to find replacement marketing staff with the right skill set.

"All concepts remain hypotheses,

until validated with customer feedback"

❖ IDEO's 7 **Rules of Brainstorming**

❖ Learn to **Conduct Problem Interviews**

❖ Understand the **complete workflow**

❖ Use the *Jobs-To-Be-Done Framework*

Typical answer **"there is no competition for our product"**

Direct Competitors
Similar products and services competing for the same market share

Indirect Competitors
Different products and services, but offer similar solutions to key issues

Replacement Competitors
Different products and services, but competing for your customers' time and money

2 **CUSTOMER SEGMENT**

Market Size

Target Customer Segments ?

Who are the buyers & Users ?

Early Adopter Customers ?

Target Marketing

Socialgraphic
Behavioral
Demographic
Geographic
Psychographic

BUYERS

Users

Early Adopter,

NOT a mainstream customer
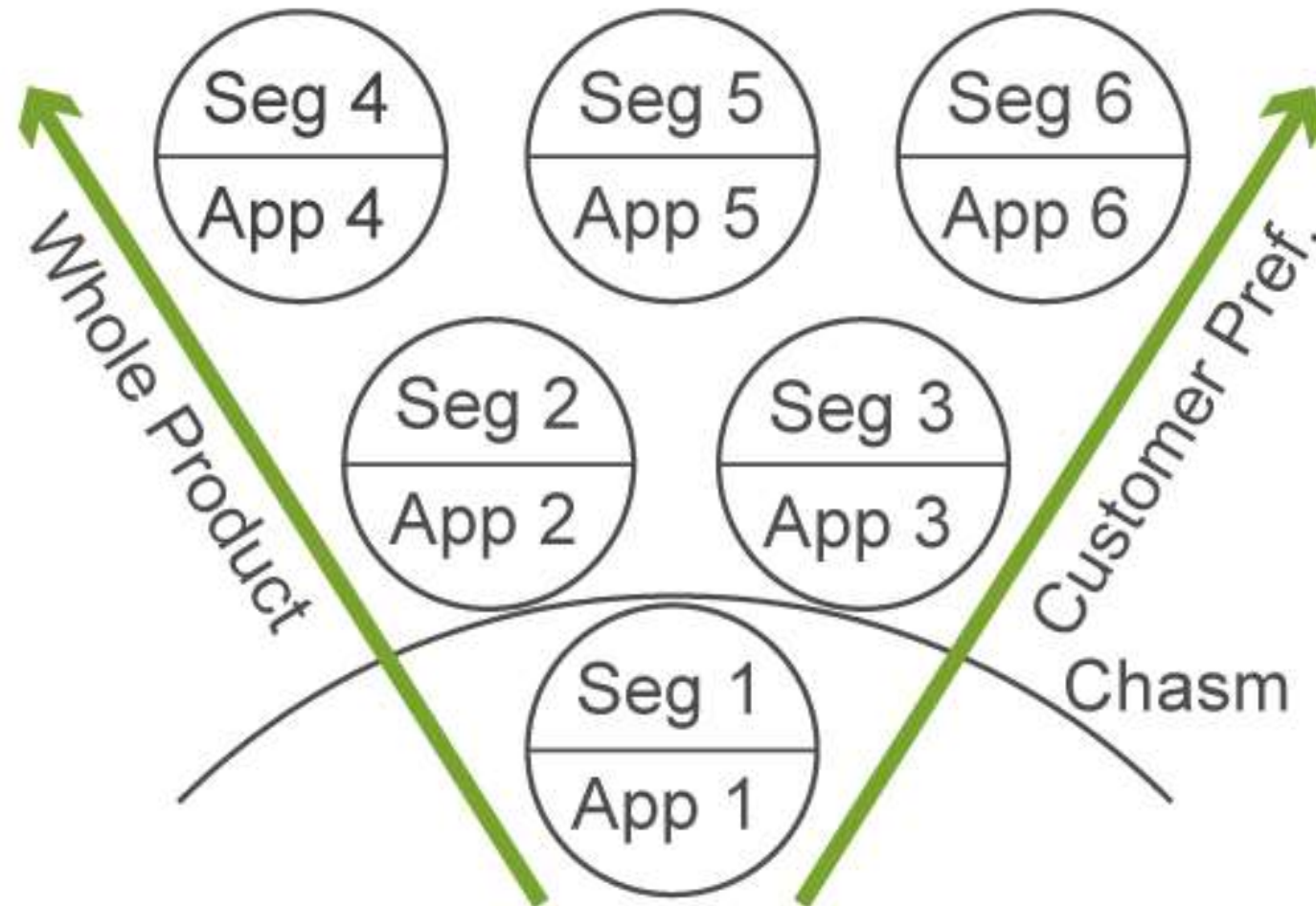
Buyer

Influencer

Users

Key decision maker
Senior-level executive

Motivations may include:

- Financials
- Time
- Contract terms
- Buying Process
- Sales Experience

Highly Influential
Level of seniority varies

Motivations may include:

- Product experience
- Brand
- Values
- Ease of adoption
- Onboarding process

Key Decision Maker
Level of seniority varies

Motivations may include:

- Product experience
- Brand
- Financials / Contract
- Ease of adoption
- Sales Experience

Early Adopter Customer Profile

❖ Ideally from within your network
  o systematic cold outreach is an option
  o learn to be a "hustler"

❖ **Have the foundational (technology) pieces in place**

❖ Motivated to gain competitive advantage

❖ Great imagination for strategic applications

❖ **Will collaborate (as a design partner)**
  o help supply missing elements

❖ Perceive order of magnitude gains

3 The SOLUTION

Value Delivery

... build the solution to test additional risks

Product RISK

Customer Risk

will you solve the problem?

Market RISK

Who has the pain?

what is the pricing model?

The problems list is untested ?

Sketch out the simple thing you could build to address each problem

Build a solution to the problems as late as possible

The minimum viable solution

… test your hypothesis and risks

- ❖ **Set the Problem Context**
  - o story telling skills to grab the attention

- ❖ **Develop a Demo**
  - o **needs to look real; quick to iterate, minimize waste**
  - o **learn how the solution resolves the problems / pains**

- ❖ **Test pricing**
  - o **more of an art than science**
  - o **Step ONE is to fully understand the value to customer**

4 *Unique* Value Proposition

The Promise

Key compelling message that states why you are different and worth paying attention

Be different, but make sure it matters

Target early adopters

Focus on benefits of finished product

Trello brings all your tasks, teammates, and tools together

Keep everything in the same place—even if your team isn't.

Email

Sign up - it's free!

Watch video

Copy request

Doing

Board
Timeline
Table ✓
Calendar
Dashboard
Map

+ Add a card

Kelly R. May 20 at 10:41 AM
Love this! Thanks @MarkS
Edit - Delete

Power your business with Square.

Millions of companies use Square to take payments, manage staff and conduct business in-store and online.

Get started   Contact sales

CANSTAR

2021 & 2022 Most Satisfied Customers - Merchant Services Award Winner

See how a business owner uses Square. Play video

Financial infrastructure for the internet

Millions of companies of all sizes use Stripe online and in person to accept payments, send payouts, automate financial processes, and ultimately grow revenue.

Start now   Contact sales

Meetings

Meet face-to-face from any device

Connect, collaborate, and get more done together with Zoom's reliable video meeting solution.

See Pricing   Request a Demo

www.guru44.com

allow others to instantly understand
what your company does

Apache Kafka on Steroids

Netflix for Learning

Facebook for Dogs

5 **The CHANNELS**

The path to your customers

The initial goal is to learn NOT to scale ?

But think about the scalable channels from day ONE.

The problem & solution interviews have provided a lot of insights

Direct vs. Indirect

Inbound vs Outbound

Freemium Model

Retention before referrals

6 The REVENUE STREAMS

How will you price the offer?

GURU44

A business model describes how you

Create, **Deliver**, & **Capture value**

Deliver enough value to justify charging

Defer pricing to accelerate initial learning

Lower the signup friction

Price is part of the Product

Price defines your customers

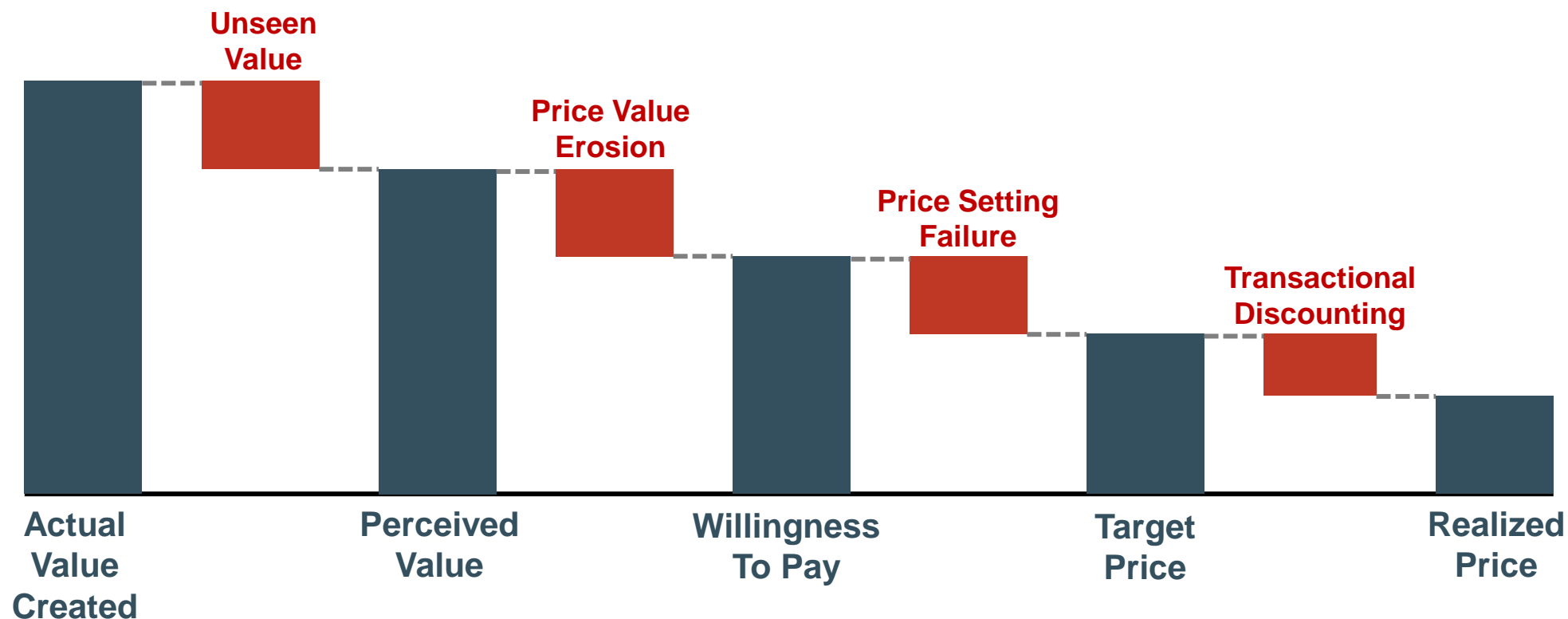**Getting Paid is the first form of validation**

❖ **Revenue Model**

Subscription, License, Mark-Up, Pay-per User, etc.

❖ **Lifetime Value (LTV)**

❖ **Revenue Streams**

Manage the chain of Value Capture

Unseen Value

Price Value Erosion

Price Setting Failure

Transactional Discounting

Actual Value Created

Perceived Value

Willingness To Pay

Target Price

Realized Price

7 **The COST**

What will it cost to build and operate ?

❖ **Customer Acquisition Cost**

❖ **People**

❖ **Hosting**

❖ **Distribution cost**

SaaS Company Income Statement

	April	May	June
New bookings (ACV)	$ 120,000	$ 70,000	$ 23,000
Renewals (ACV)	$ 175,000	$ 340,000	$ 280,000
Lost (ACV)	$ (12,000)	$ (60,000)	$ -
Revenue			
Subscription License Revenue	$ 275,000	$ 270,000	$ 285,000
Usage-based Revenue	$ 150,000	$ 185,000	$ 210,000
Total Subscription Revenue	$ 425,000	$ 455,000	$ 495,000
Other Revenue	$ 12,000	$ 1,000	$ 7,000
Total Revenue	$ 437,000	$ 456,000	$ 502,000
Cost of Goods			
Hosting Expenses	$ 22,000	$ 23,500	$ 26,000
Internal Engineering (Salaries)	$ 14,750	$ 17,000	$ 16,500
Customer Success (Retention Focused)	$ 25,000	$ 23,500	$ 26,500
Direct Third Party Costs	$ 2,750	$ 2,700	$ 2,850
Total CoGS	$ 64,500	$ 66,700	$ 71,850
Gross Profit	$ 372,500	$ 389,300	$ 430,150
Gross Profit Margin (Total)	*85%*	*85%*	*86%*
Operating Expenses			
Marketing	$ 89,000	$ 79,000	$ 90,000
Sales and Customer Success (Sales Focused)	$ 122,000	$ 135,000	$ 140,000
Product Development	$ 187,000	$ 192,000	$ 228,000
General and Administrative	$ 73,000	$ 81,000	$ 83,000
Total Operating Expenses	$ 471,000	$ 487,000	$ 541,000
Operating Profit	$ (98,500)	$ (97,700)	$(110,850)
Sales commissions amortization	$ (30,000)	$ (35,000)	$ (45,000)
Interest Expense	$ (7,000)	$ (7,000)	$ (7,000)
Net Income	$(135,500)	$(139,700)	$(162,850)

(8) **KEY METRICS**

Traction

"If you can't measure it, you can't manage it"

Peter Drucker

AARRR Pirate Metrics

1. Acquisition — Users access the website through various channels.

2. Activation — Users have a positive first visit experience.

3. Retention — Users revisit the website multiple time.

4. Revenue — Users monetize their behavior

5. Referrals — Users like the product and refer others
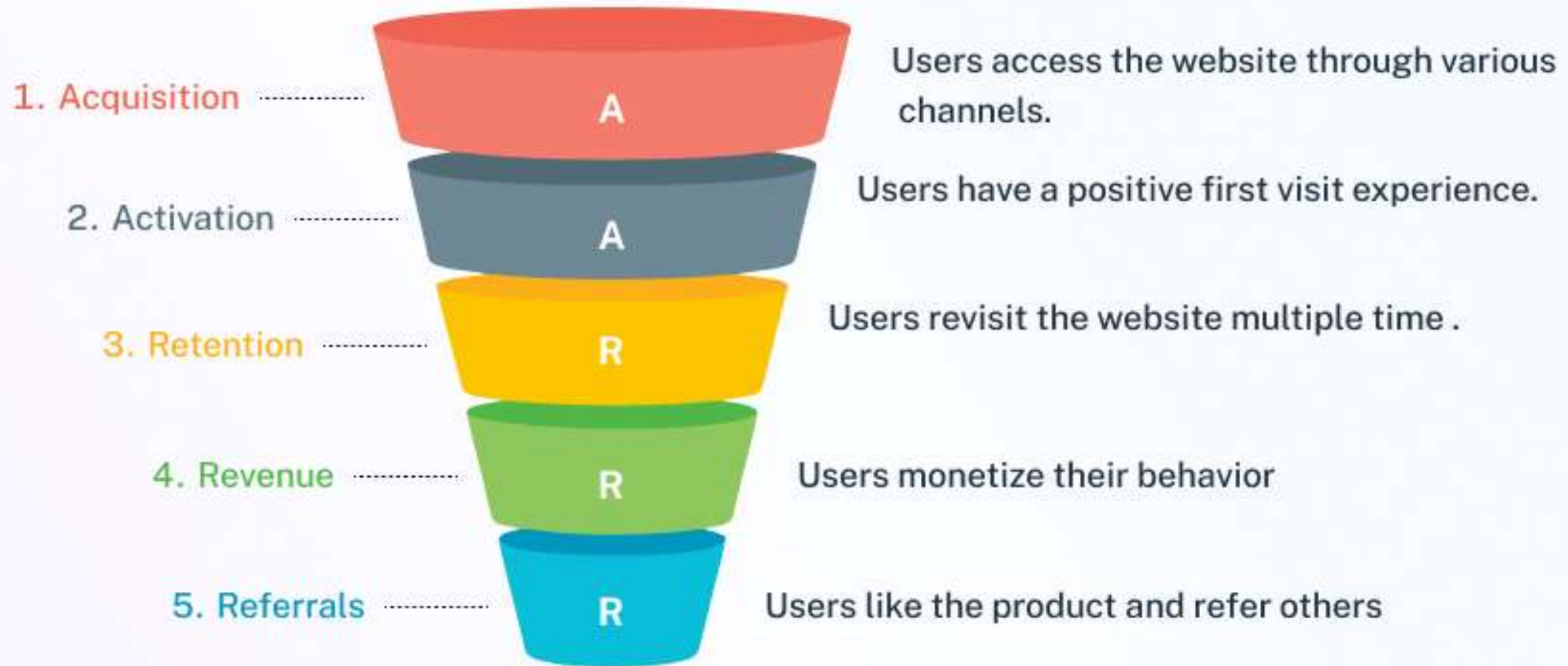
Calculating DAU/MAU Ratio

DAU/MAU Ratio (%)

=

Daily Active Users (DAU)
Monthly Active Users (MAU)

Example

100K daily users
500K monthly users
=
20% DAU/MAU Ratio

The higher the DAU/MAU ratio, the stickier the product.

ARPDAU
Average revnue per daily active user
=
Total revenue
Daily active users

9 **The *Unfair* Advantage**

Defensibility

An unfair advantage is something that cannot be easily copied or bought by your competitors.

Unfair Advantage Examples

❑ **Insider information**

❑ **The right "expert" endorsements**

❑ **A dream team**

❑ **Personal authority**

❑ **Large network effects**

❑ **Community**

❑ **Existing customers**

❑ **SEO ranking**

THE PITCH

Content of your Pitch Deck

GURU44

1. **VISION**

2. **The Problem -** tell stories and connect,

3. **Customers & Market Size**

4. **The Solution –** Value Prop, Unfair Advantage, Alternatives

5. **The Team**

6. **Go-To-Market Model –** Channel, Early Adopters, ICP,

7. **Financials and Metrics / KPIs**

8. **What we need . . .**

CONTACT INFO

LinkedIN   http://www.linkedin.com**/in/SanjaiM1**

Email   **Sanjai@Guru44.Com**