

# **The ART of the START**

by Guy Kawasaki  
Managing Director  
Garage Technology Ventures

# THE ART OF THE START

The Time-Tested, Battle-Hardened Guide  
for Anyone Starting Anything

"Guy Kawasaki is again a successful working model and messenger. This time, it's a business. Instead, approach product as simple for those on what's real and forget the rest. And please, read the book before you."

—Peter Dinklage  
Member of the  
co-founder of  
Google Network

**Guy Kawasaki**  
Author of *Rules for Revolutionaries*



**Follow the 10/20/30 rule**

# **10/20/30 rule: 10 slides**

- 1. Title**
- 2. Problem**
- 3. Solution**
- 4. Business model**
- 5. Underlying magic**
- 6. Marketing and sales**
- 7. Competition**
- 8. Team**
- 9. Projections**
- 10. Status and timeline**

**10/20/30 rule: 20 minutes**

# **10/20/30 rule: 30 point font**

- **This is 30 point font**
- **This is 20 points**
- **This is 14 points**
- **This is 12 points and what you're using now**

# **1. Make Meaning: Change the world**

- Increase the quality of life**
- Right a wrong**

**If you make meaning, you will make money!**

## 2. Mantra: Make it memorable

- **Wendy's**      **“Healthy fast food”**
- **FedEx**      **“Peace of mind”**
- **Nike**      **“Authentic athletic performance”**
- **Mary Kay**      **“Enriching women’s lives”**
- **Target**      **“Democratizing design”**



# 3. Get Going

- **Think different**
- **Polarize people**
- **Find soul mates (infected, love the product)**

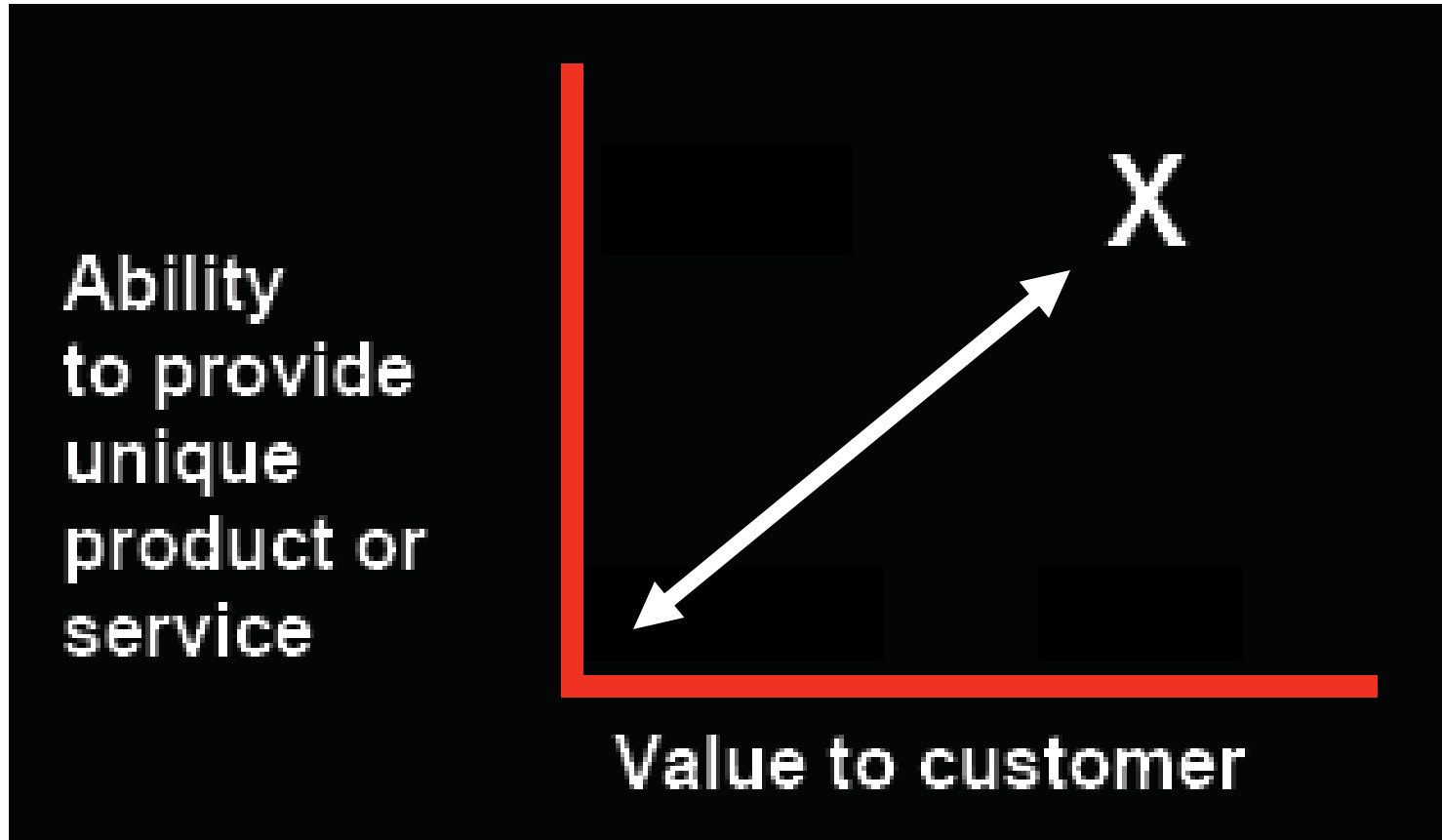
# 4. Define a business model

- **Be specific**
- **Keep it simple**
- **Ask women**

## **5. Weave a MAT (milestones, assumptions, tasks)**

- **Milestone** “Finish design”  
(handful of milestones)
- **Assumption** “How many sales calls can you make each day?”
- **Task** “Rent an office”

# 6. Niche thyself



# 7. Hire infected people

- **Ignore the irrelevant**
- **Hire better people than yourself**
- **Apply the shopping center test**

## **8. Lower the barriers to adoption**

- **Flatten the learning curve (show that it works)**
- **Don't ask people to do something that you wouldn't do**
- **Embrace your evangelists (they take your good news to others)**

# 9. Seed the clouds

- **Let a hundred flowers blossom**
- **Enable test drives**
- **Find the influencers**

# 10. Be a **mensch**

(mensch: a decent, responsible person who you admire)

- **Help people who cannot help you**
- **Do the right thing, the right way**
- **Pay back society**



# **The Art of E-mailing**

**To contact Guy send an e-mail to:  
guy@garage.com**

Presented by Vic Korsun

# 3 Industry Examples

IBM

Apple

MEFOS

# Even a Giant Can Learn to Run

The story of I.B.M.'s turnaround

Based on an article by Steve Lohr  
published in the NYTimes

I'd like to tell you a story.

# We all know I.B.M.

But did you know that in 2002 IBM was declining, and losing competitively to Apple and Microsoft?

What did I.B.M. do to change itself?

- Behind I.B.M.'s relentless progress over the last decade is a game plan (aka. Strategy) that has been anything but conservative.
- The company sold multibillion-dollar businesses.
- It chose higher profit margins over corporate size, and
  - expanded aggressively overseas,
  - seeking sales,
  - low-cost engineering talent and
  - flexibility.

# What did IBM do differently?

- I.B.M. shows how to change a big company.



The credit goes to Samuel Palmisano,  
CEO of IBM for the last 10 years

He studied history at Johns Hopkins University in Baltimore, and he was a star athlete on the university's football team,

He turned down playing football with the Oakland Raiders of the National Football League for a sales job at I.B.M.

He wasn't an engineer or a scientist.

In meetings after he took over, Mr. Palmisano told his staff and employees that I.B.M. was still good, but that it wasn't the leading corporation that it had been when he joined in 1973.

He says his guiding framework for change boils down to 4 questions:

1. “Why would someone spend their money with you — so what is unique about you?”
2. “Why would somebody work for you?”
3. “Why would society allow you to operate in their country?”
4. “And why would somebody invest their money with you?”

Mr. Palmisano formulated those questions when he became C.E.O. in March 2002

The 4 questions were a way to focus thinking and move the company beyond its comfort zone to make I.B.M. pre-eminent again.

“This needs to be our mission and goal, to make I.B.M. a great company again,” he said.

The pursuit of excellence in those 4 dimensions shaped his strategy.

To focus on doing unique work, with its higher profits, meant getting out of low-margin businesses that were fading.

I.B.M.'s long-range technology assessment in 2002 concluded that the personal computer business would no longer present much opportunity for innovation, at least not in the corporate market.

Mr. Palmisano led a lengthy strategic review of the PC business, deciding to sell the PC business to Lenovo in China.

Internal arguments against a sell-off were intense.

I.B.M.'s PC business that he sold off generated \$20 billion a year in sales, but very little profits.



“I’ve heard every one of the arguments, every one of them,” Mr. Palmisano says.

“But if you decide you’re going to move to a different space, where there’s innovation and therefore you can do unique things and get some premium for that, the PC business wasn’t going to be it.”

As a result of Mr. Palmisano's strategy I.B.M.'s stock market value has grown to \$217 billion – more than 4 times that of the struggling H.P. (one of I.B.M.'s major competitor's).

# I.B.M.'s Market Strategy

Corporations and governments are drowning in a flood of data from internal systems and the Web, struggling to make sense of it.

To get ahead of that challenge, I.B.M. now specializes in data mining and analytics, looking for useful patterns in data in fields as varied as disease treatment, traffic management and crime detection.

# I.B.M.'s Unique Skills

Combining research, specialized skills and sophisticated technology is the recipe for success he began in 2008.

- I.B.M. now has more than 2,000 projects worldwide, applying computer intelligence to create more efficient systems for:
  - utility grids,
  - traffic management,
  - food distribution,
  - water conservation and
  - health care.
- And I.B.M. has increased its R&D budget by 20 percent to \$6 billion a year.

The idea, Mr. Palmisano explains, is to “go to a space where you’re uniquely positioned and use the value of your skills and experience.”

# Mr. Palmisano learned from Thomas Watson, I.B.M.'s founder:

- Thomas Watson always defined I.B.M. as a company that did more than sell computers; he believed that I.B.M. had an important role to play in solving societal challenges.

“The hardest thing is answering those 4 questions,” Mr. Palmisano says. “You’ve got to answer all 4 and work at answering all 4 to really execute with excellence.”

# The 4 Questions:

1. “Why would someone spend their money with you — so what is unique about you?”
2. “Why would somebody work for you?”
3. “Why would society allow you to operate in their their country?”
4. “And why would somebody invest their money with you?”



# What can you learn from I.B.M. and Mr. Palmisano, CEO of I.B.M.?

Vic Korsun

Deputy Executive Director, STCU

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***The Apple  
Marketing  
Philosophy  
since 1977***

Developed by  
Mike Markulla  
with Steve Jobs

**“Just make it great!”**

**Steve Jobs**



*The Apple Marketing Philosophy, a three-point call to action that has served the company well since 1977. It can also be an example for other startup businesses.*

- **Point No. 1: Empathy**

Apple should strive for an "intimate" connection with customers' feelings. "We will truly understand their needs better than any other company," Mike Markkula wrote.

# Point No. 2: Focus

- To be successful, Apple should focus on its main goals, and eliminate all the "unimportant opportunities."

# Point No. 3: Impute

- Steve Jobs knew Apple's products will be judged by what they convey. "**People DO judge a book by its cover,**" Mike Markkula wrote.
- "We may have the best product, the highest quality, the most useful software; if we present them in a slipshod manner, they will be perceived as slipshod; if we present them in a creative, professional manner, we will *show* the desired qualities."

# **Example of how an Institute in Sweden changed and grew through Partnering and Strategic Planning**

**MEFOS- Metallurgical Research Institute in Sweden**



# MEFOS- Metallurgical Research Institute in Sweden



# MEFOS- Metallurgical Research Institute

- **Established in 1963**
  - Metallurgical R&D Plant 1965
  - Metalworking R&D Plant 1976
- **43 member companies in Denmark, Finland, Norway, Sweden, Austria, Belgium, France and USA**
  - Iron and steelworks producers
  - Non-ferrous and ferroalloy metal producers
  - Mining and Supplier companies
- **Total Institute staff – 80, including 50 scientists**

# MEFOS- Metallurgical Research Institute AB

## **Business concept**

Do industry-related applied R&D, education and consulting in

- Process metallurgy
- Heating and metalworking
- Environmental engineering
- Energy efficiency

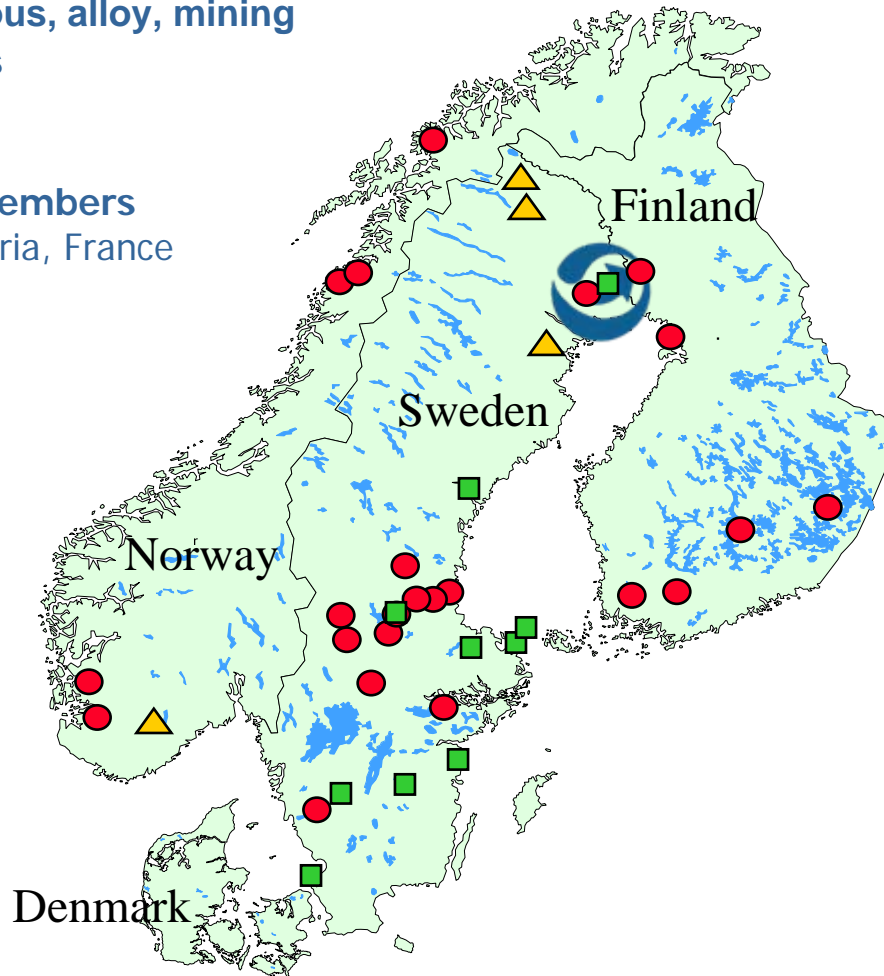
for steel, non-ferrous, ferroalloy, mining

**Direction of R&D is Applied Research**

# 43 Member companies

- Steel
- ▲ Non-ferrous, alloy, mining
- Suppliers

4 associated members  
(in Belgium, Austria, France  
and USA)



# R&D project categories

- **Contract research**
  - Individual clients
  - Confidential research
  - Industry financed research
- **Collaborative research**
  - For member companies
  - Results open to member companies only
  - Partly government-financed
- **EU research**

# Financing of R&D 2006

- **Industry 75%** (RFCS, members, contracts from industry)
- **Government 25%**

