Andrew: This session here today is for the person who has way too many ideas for businesses, products, whatever, and needs to find a way to narrow them. Is that you? If it is, this is going to be perfect for you. The session today is going to be led by Sarah Thrift. She is the CEO and founder of Insight, a consultancy and training company that helps organizations be better. They partner with them. They work with them. They help them improve.

I'll be here to help facilitate. My name is Andrew Warner. I'm the founder of Mixergy where proven founders like Sarah teach. Sarah, it's good to have you here.

Sarah: Great to be here. Thank you.

Andrew: I want to show people the problem that we're here to solve. The problem is that a great idea isn't enough. In fact, you told me about a business that tried to work with this organization. What's this organization?

Sarah: So this is the National Health Service in the UK. The National Health Service provide all public healthcare in the UK, and they're actually the second largest employer in the world after the Chinese Army.

Andrew: Wow. All right. So then there were telling me about an entrepreneur that tried to do what with them

Sarah: So one of the big problems has been cleanliness in hospitals and a bug called MRSA. And this was causing hundreds of death a year that could be prevented. It was causing a lot of heartache and also a lot of political problems. And so this entrepreneur, her background was as a nurse, and she came up with a protocol. It was a very simple protocol for the way, a protocol to wash hands in a certain way with a certain product that significantly reduced the chances of the bug being passed on.

Andrew: Yep.

Sarah: She had tons of scientific evidence proven. It was proven. I think she had done it already in Dubai. It was proven evidence.

Andrew: And that means great idea proven, will save lives, going to sell to an organization that had lots of money and lots of people. How much money did this entrepreneur make? What kind of killing did she create?

Sarah: Nothing.

Andrew: Nothing. Okay.

Sarah: In fact, she lost money.

Andrew: And that's exactly the kind of thing we're trying to avoid that it is not just about picking an idea, it's about picking it in the right way. And we're going to help people do it. I want to give people a small taste of what it's like when it's done right.

And here's another entrepreneur that you told me about earlier.

Sarah: Right.

Andrew: What are some of the ideas that he could have picked? In fact, what's the business, and then what are some of the ideas that he had for products?

Sarah: So this business is the Chocolution. It's a raw chocolate business. So this is Kieran and his other co-founder, Jake. They both lived in South America. They'd fallen in love with raw chocolate and also saw the big market sort of three, four years ago to come with natural raw products. And so they started to import the ingredients and create their own raw chocolate.

And they were very creative with flavors, very exotic lavender chocolate, all sorts of different types of chocolate. It ranges from these very pure three or four ingredients, no sugar, just some agave nectar.

Andrew: Yep, and I could see a business like that were starting to plateau or were looking for a way to get to the next level. I could see them saying, "You know what? Let's pick another kind of flavor. What are people into right now? Are they into acai berries? Let's do that.

Sarah: Exactly.

Andrew: Are they into pomegranate? That's going to be our next answer. And so he had lots of different options. Which flavor ended up being the big winner for him?

Sarah: None really. Not only that they did flavors, but they also did different shapes. And they were like, "Maybe we need to make the shapes a bit different. So they invested in all sorts of molds.

Andrew: Yes.

Sarah: The individually created for their business to create different shapes of chocolates to make them innovative.

Andrew: Shape wasn't the answer. Numbers didn't end up being the answer.

Sarah: Shape wasn't the answer.

Andrew: Today what did the answer become, and we'll talk about later on the process. But it was the answer.

Sarah: Right. The answer was to sell a raw chocolate making kit.

Andrew: That allowed other people to make their own finished chocolate to eat and enjoy and share.

Sarah: Exactly.

Andrew: And as a result of that, do you know how well the business did?

Sarah: The business did much, much better. They've done tons, not only did they sell loads of these kits but I think they've done, I think, 4,000 workshops where they think people to make chocolate. And so you can buy different kits, some with just the ingredients but also some with molds.

Andrew: Yeah.

Sarah: And so you can create your own. It makes a beautiful gift for people.

Andrew: Perfect. And the reason I wanted to talk about that at the beginning was to show that when you have a lot of options sometimes those aren't even enough. And what we're going to talk here today is how to not just pick within your collection of ideas floating through your head, but how to pick the right one and understand that sometimes it comes from outside the pool of ideas that you're currently thinking about. And I invited Sarah here to do it because that's what she does. She goes into organizations. She helps them do it, and I asked her for what are the steps that you, and I when we're wrestling with a collection of ideas, what are the steps we can go through, and here is what she said to me. The first one, I kind of rephrase this. I hope it's okay. Is to talk to people, and do some research. You told me before we stared about this organization, and how they did it.

Sarah: Absolutely. This is Zippers. They are a fashion company based in here in the

San Francisco Bay area.

Andrew: Okay.

Sarah: Their two founders, who have a great passion, and experience in fashion. They have an idea that they wanted to create something really striking, something innovative. They talked about transforming dress shirt using zippers, and putting magnets on the sleeves for the cuffs.

Andrew: Okay.

Sarah: They really, in the beginning we're talking about it this big dreams. If I look, and I'm really blunt about this website I feel I'm looking at the front cover of a (inaudible) novel. I don't really know what they're selling me. I think if I read in the detail. There's a shirt down at the bottom, but I have to really look. Great dream, but what are you selling to me?

Andrew: Yeah. I get that. In fact I'm looking at the site right now. I'll leave it up for another moment. It says clothing for mankind. I can understand it makes clothing. Maybe through the name Zippers I might assume that what they're doing is creating zippers for zipper companies that are clothing mankind. That's not it at all.

Sarah: No.

Andrew: You talk to me about how the first thing that they did was they went out, and talked to people. You said, you would show it to individual people. How would they do it, and why is showing to individual people important?

Sarah: How they would do it is they did it first of all with friends. They said, try this shirt on. Watch me do it. They also went to a set of fashion shows, and did fashion stores. They went into stores, and actually demoed the product.

Andrew: Okay.

Sarah: Both wearing it themselves, and had products of different colors on display. People could try them on, and see how it felt.

Andrew: Okay.

Sarah: The reason this is really important is certainly in my experience is that people want to tell you what they think it is. It's not always what people tell you. It's what they

do that you should watch for.

Andrew: Okay.

Sarah: That's really important because people will say, oh, yeah, yeah. I really like your shirt. Watch them put it on. What's their body language? What works? What doesn't? Then ask your questions from there. Not necessarily from what they tell you.

Andrew: All right. You know what? I've actually heard that enough to know that that is the truth. That I need to do it, and at the same time I have to accept it, and actually do it because it is intimidating when you're starting out. I imagine here's my first interview, giving to somebody, and saying, hey, will you watch it? Is so scary. Frankly, just putting it out online, and letting strangers do it without me watching was scary. Can't imagine.

All right, but you're saying they took it out. I also pushed before we started, and I said, all right. You show it to a handful of people. You get to watch. Is that enough, and you said, all right. No. It's not enough. What else do we do? What's the other part?

Sarah: At the same time for nearly every business you need to look at the market size. What size is this market? You got anecdotal evidence that starts to build from people face to face where you might do Survey Monkey to get data. Then, you also want to look at the market size, the competitors. Understand is there really an opportunity? Is there growth in this market? Is there a way to take share in the market?

Andrew: Okay. Most of the people who are watching, in fact, I'm going to say all the people who are watching are not going to be in the zipper industry.

Sarah: Right.

Andrew: Maybe a handful of them are in the clothing industry. I want to go deeper in here just to learn how it could be done there, and then we'll bring the ideas back to our tech companies. Where do you get research that shows you how many people want clothing that have zippers, but not regular zippers, and unique zippers. It's so easy to say everybody is a potential customer. The market is infinite. Perfect. What kind of research are you talking about?

Sarah: You want to look at research for the clothing industry as a start. In this case the main thing is shirts. What's the market? Is it growing? Is it not? What's the needs?

Andrew: Okay.

Sarah: Get data on it. First of all, you ideally want to be in a growing market. You also want to look at trends. What's been happening? That's what you would want to look at because if you can get a growing market then your chances of success are already better.

Andrew: I see. Of course, growing market. It's to see how much money is being spent, again, in this case, clothing in general, or is it more innovative clothing, or is it more clothing for runners, or clothing for athletes?

Sarah: In this instance it's, actually, it's clothing, and then it's both innovative clothing, but also, business clothing. Because the big idea here is it's a dress shirt with a twist, and it can be worn to work. You want to look at that, and say, well, what's the trend? How much is that needed. Because something that crosses the line that's, sort of, semi-formal, but also fun at that same time.

Andrew: Gotcha. Okay. All right. Where many that I've talked to will say, "Talk to customers." Put it in their hands. You're saying, "Yes, absolutely do it" but think beyond it and do some research to see how big this market is. Are there other people like your friends or like the people who you've shown it to? Great.

Sarah: Exactly.

Andrew: Let's go back to . . .

Sarah: And also things like fashion bloggers. Look at what they're saying and what they're promoting, like something we also did was like talk to them. Would they promote this product? Because that's a big line specific in the fashion industry. If someone will promote your product and they've got a million readers, then that's going to do something big for you. So send them the product. Do they like it?

Andrew: You know, that's an interesting idea. I think that when I started doing a course on how to do interviews, I did it because a lot of people were emailing me about interviews. And I said, "Would you want this? And they said, "Yes". And I said, "All right. Fine. Will you pay for it?" and they said, "Yes". So I felt I had my proof, but now I'm realizing that was my proof within a small pool of people. Maybe it's the hundred people who I happen to know are the full market. Maybe there's a bigger market. I didn't even think to look beyond it. I just said, "There must be something here because people are coming to me."

You're saying, "That's enough." I mean, that's not enough. That's a good first half. The second half, Andrew, what you would have advised to do is look and see if this is going

to appeal to bloggers. How many bloggers are out there? How big is that market? Is this going to appeal to software developers? How big is that market of software developers who need content for their site that the two matched together will give us a really big picture in understanding of how our potential is. All right.

Sarah: Exactly.

Andrew: I will move on then to the next big point which is to get them all out there and narrow them down by them. What we mean are the ideas. I think you're actually doing this from your notes. I like this too much. I had to go back into Google and bring it back.

Sarah: Okay. Yeah.

Andrew: This is something we could relate to because it's in our heads, but very few people put it up on a wall. What are we looking it here?

Sarah: We are looking at ideas, all ideas put on paper. So essentially the common thing I see . . . Often an organization has tons of ideas. It's not a shortage of ideas that's the problem.

Andrew: Mm-hmm.

Sarah: It's like for which idea and someone was like, "Can't we do all of them?" Well, no. Actually you can't. I struggled to find examples where people can see multiple ideas that worked. But it's really important to go through the phase of articulating all of the ideas first because people want to hear them.

Andrew: I'm sorry to interrupt. Why . . . By the way, I get so much feedback on the fact that I interrupt so much, both negative and positive. I apologize to people who are negative. I say, "Hey, hoorah" to the people who are positive about it, but. All right. Why is it important to put it up on a board like this instead of understanding, "Hey, you know what? I have a lot of great ideas that . . ."

The two that maybe stand out today are and then listing those or speaking them out loud. Why do we have to have them up here? Why is that such an important part of the process?

Sarah: Well, two reasons. One, it sort of makes them real, the fact that you have to write them down. It sort of crystallizes them and articulates them like, "This is specifically what I mean." If there's vagueness in the idea, it sort of forces them to come clean. So that's the first thing.

And secondly often people assume that, Andrew, I think you've got this idea about this, but actually I don't really understand your idea. I just assume I do. And I assume you like my ideas better.

Andrew: I see.

Sarah: And so it needs to be heard and like exposed and taken in. And so there's something in the process of seeing it and verbalizing it that's really important set for people to acknowledge and heard but also for others to really take on the idea. I was just facilitating a leadership meeting two days ago, and what was really clear that when we got into it, we had done a Survey Monkey of the leadership team in advance.

Two big ideas, one was geographical expansion, this is the education sector. And the other was expansion of services. We had 48% voting for one and 52 for the other. Sounds like a diametric split.

Andrew: Yes.

Sarah: What are we going to do? We can't do either one. What happened is when I got people to explain what do you mean by expansion of services, everyone had a different view of what that meant. And actually they weren't really that far apart when we got through it, but it took a few hours of articulating what this means. And actually mapping out, "Here's the full spectrum of services we could offer."

This is what we did today. Are we saying we're going right to here? Actually no one is saying that. People were saying it. Let's say we're going from here to here, and then, in fact, we're already beta testing this. So are we staying stop? Oh no, but I thought you meant we're going over here because we just talked about that question should we expand our services. Well, that wasn't specific enough for people to understand what it meant.

And also the other thing we often involve an idea in our head. So even for ourselves, even if you're on your own, I still do this myself because I realize getting myself to write it down gets me to be clearer.

Andrew: What a great example of how even within an organization where it seems that half of the organization agrees on one idea. When we really dig in deep, we realize that they don't. I had a similar situation here internally at Mixergy where I hired a developer who happens to be my brother. We are on the same wavelength. In fact our voices sound alike. I said "Michael, we need to be able to allow the audience to add media; to

add an image to each of their messages on the message board" and he said "Great. I can do it". He went out and he put it together and he came back in and what he did was attach the image as a file underneath. I meant no.

The image should be in line so the people can include the image and write underneath it. Small distinction but because we didn't clarify it, it was confusing and I can understand that when you're starting out in business or frankly when you have a team of people and you are trying to figure out what product to focus on, that kind of confusion, when there is nothing there becomes even bigger. Actually, I took that screen shot or the photo that you sent over and then the next step is in this photo that you sent.

Sarah: Right.

Andrew: It's not enough to just put them all up on that board like we saw a moment ago. You want us to do this. What is this?

Sarah: This is prioritization and this happens in one of two ways. The first is either you take the ideas and as a group so in the example I was just giving the actual prioritization happened quite naturally as we talked more and we had quite a bit of information and data amongst the leadership team to prioritize. So in that way we picked out, in this case, three ideas to take forward but you certainly don't want more than three ideas typically. Sometimes you just want one to really focus on.

Andrew: Okay.

Sarah: Other times you don't necessarily know so you say "Okay. This is what I think of the likely three. Now let me go and do some work to test that". So that comes back to some of the things we talked about earlier in terms of okay, go and talk to customers. Talk to suppliers. Go and do some further research and then come back and say "Is this the right thing" and be ready to be wrong. So go in like "I think these are our two best ideas but let's go and see and maybe we'll be wrong. The important thing is you don't lose the other ideas we had on the other bit of paper. You keep those because you might want to come back to those but what you are trying to do is to choose where do you think you are most likely to when at this point and you take those.

Andrew: The company that you talked about earlier, what happened to them? No. It might be too early in their story because you were just working with them. Right?

Sarah: I was just working with them. But what was great is they commented they had been stuck for 3 years with this question and they hadn't been able to resolve it and actually this meant 'Oh, we thought we all disagreed but we don't really'. What we

managed to do is we said "Okay. We are back to the spectrum of services". What we're saying is what we're going to do is we are going to limit the spend the X K and then from there we are going to do the other idea which is geographic expansion. So in this case it was actually all possible but the language had sort of made things almost acrimonious because it felt like there was a big slip.

Andrew: Okay. All right. I should say that we are intentionally not saying the names of some of the organizations that you worked with. Internally you are friends with them. [??] works and sits right here at the office.

Sarah: Right.

Andrew: So she knows you. She knows the companies that you work with and we also understand that you promised them that you wouldn't talk about their business in public so these are stories that we checked out but that we can't say specifically the company names. All right. On to the big board here. The next big thing that you want us to do is align or waste time. You did this mysterious thing that we'll understand in a moment with an organization that was working in education.

Sarah: Yes.

Andrew: What did you do there? Again, another company that we won't mention the name but what did you do there?

Sarah: So actually here was this plethora of ideas. Like a sea of ideas and what we did there was to actually go through and work out who was aligned to what. So I went and pulled that sheet first of all on the alignment point. Alignment is not the same as agreement.

Andrew: Okay.

Sarah: I think if you want to all get consensus [??] then get agreement then the risk is you dilute some of your ideas.

Andrew: Okay.

Sarah: That's not what I mean by this. What I mean is that you can get the important stakeholders around the room or on the phone or whatever and get people behind an idea. Then you work through that to go okay. Maybe that wouldn't be my 100% choice but I can align behind that. That's what you need to get to because then you are moving in the same direction. What I see is really a waste of time and money and effort is where

people are working on different things. Even if they sound fairly similar at one level you iterate that. When people are working on different things they are not focused on the same thing.

Andrew: I see.

Sarah: That no only gives mixed messages to [??] people but you're not focusing all your effort where it could be and really we want this to work and we are going to focus on this and make it work.

Andrew: I see and so actually the education organization that I'm talking about it seems like is the company you mentioned earlier where they weren't all aligned. Okay So. Even if . . .

Sarah: Exactly. Spin off for Example is [??]

Andrew: Got you. Oh, Sure . What else?

Sarah: Another example would be e-Commerce company , a very large e-Commerce company.

Andrew: Yes.

Sarah: And they were trying to grow their affiliate business, meaning the business they get through other sites online and they get business to them.

Andrew: I know this company. That's a big part of their business. Yes.

Sarah: That's a very big part of their business. And If you look at their market, the market is growing, they had not, they sort of recent time not really fulfilled their growth potential. There were lots of concerns internally about their business. What needs to happen? When I get involved the first, there was a sense of may be what to do, there is a lack of ideas. My first observation spending just a little bit of time with the team was they have tons of ideas. The promise that ideas have not been able to translate in to anything real. More than that no one understands these ideas, because they are too many. Like everyone is different things, there has been a switch-off. And because there has been no transaction to resolve it's bit like Okay, senior leadership is focusing on something else.

Andrews: I see.

Sarah: And so the problem was they were stuck in these sea of ideas. And not able to translate in to results. The ideas don't mean anything if it can't translate in to financial impact or other results.

Andrew: Okay. When you try to get an organization to align, I have got a photo of you standing with an organization, I think I can show this. In fact No I can't. If you put in the Google Docs, I am showing it. When you get in there, how do you get everybody tell lying right away? I mean, frankly, it is tough for two entrepreneurs to say we are going down this path together. I know this is not 100% what you wanted. It's not 100% what I wanted. But this is the one this is the path that makes the most sense. Let's do that. It's hard to do that. It takes days if not weeks or months and sometimes it never happens. When you have a room for the people the way you have when you work with companies. How do you get them to all align so quickly?

Sarah: It's a really good question. This and I am wondering how to put that in to words. Because it's a sort of an alchemical question that happens. So essentially, First of all, it gets messy before it gets easier. So the main thing is that everyone feels they have been hurt. That's why in this picture, this is an action shot , its actually from the education organized [??]. And you can see the flip chart on the wall like and our main discussion I think like everyone like thinking, what do we want? You know, Everyone has to get their ideas[??]. And so that's the every first starting point. If we don't have that and also a chance for other people to say, Oh, I don't realize that was it, can I ask you a few questions? So the starting point is a common understanding and I think we are not trying to make a decision, we are just, let's be clear what the options are.

Andrew: I see.

Sarah: Because, I would say in trying to give least of third of cases possible more. Once you get on the table, you realize you are not so far apart. You were a bit apart, but not where you thought you were.

Andrew: I see.

Sarah: And that's extraordinarily common.

Andrew: So, what you are saying is that by agreeing right away to the ground rules and one of them being, we are not necessarily going to pick the right answer. What we are going to do is at least be clear about our options. That takes away people's fire power and allows them to just come in and explore it as opposed to saying we are going to get in this room, we are going to pick what we are going to do the rest of our lives with our business and then one person inevitably is going to want to drive the conversation over

to where he wants, because that's the goal for the meeting and they have to be that driven.

Sarah: Exactly. Two comments on that. One is that's why sometimes it helps to have someone external to be in the meeting. Often if there is someone who is leading it who has the idea whether fairly or not fairly he will think what you are trying to get your agenda. Right So that's why it can be helpful to have someone could be someone in the organization, but he is not so involved or someone totally external. The very thing you described. The second thing is that you say you want to take the pressure of having to make a choice right now for saving some people's head. For at least now we have the choices. I need to know what do you need to be convinced of these ideas or what do you need to make a decision. What would you have to believe for this to be true? So you focus on what they need to know.

Andrew: Okay.

Sarah: They to believe which somehow de-emotionalizes the decision. Because if it's like, I have got an idea and you have got an idea and then it hits back your idea versus my idea. We are taking at a certain level that can be quite emotive. Especially if we are very in to that, whereas this is like Okay, well, what would I, Let me just say, Sometimes I get people who have to sell each other's ideas like I split people into small groups. Okay, I need to take Andrew's ideas. How would I persuade someone else that Andrew's idea is right? What would I put in favor of Andrew's ideas?

Andrew: It's not going to be a theoretical decision out there so that we can see how it would work with it. Let's suppose my co-founder and I have different phones. I am Android he is iPhone and we have to decide what we build for first. I say, "Obviously, Android because there are so many different people out there who are using it. That's the majority. I mean, that's what more people are using than the iPhone."

The other person says, "Well we don't want all these different models. We should go with the iPhone because everyone builds for it. I love the iPhone. People are willing to pay. There's a good ecosystem." They both have good arguments. They could butt heads all day. How would we use this, "What would you have to believe" approach to settle this agreement?

Sarah: So, I would ask you what would you have to believe to say that iPhone would make sense for the business? What would you have to know or believe?

Andrew: Okay, so then in that case if my goal is to get the product, the app, in as many people's hands as possible, what I would have to believe is that more people are going

to go into the App Store and download it if it's free in there.

Sarah: Exactly, so then my question is can we get data on downloading of apps from the Apple Store versus Android.

Andrew: Gotcha.

Sarah: Can we fund that venture? That would be the data.

Andrew: Right, so we're no longer talking about, mm-hmm?

Sarah: I always go, okay if we can't get it, what else because sometimes you can get very specific data. Sometimes you have to have a weight of evidence. What would be a proxy for that, for example?

Andrew: That makes sense. Alright, so direct evidence might be we have some research tools internally that allow us to get a sense of how many downloads there are for an app. Nothing's perfect and I haven't found anything even that great, but that'll work.

So we walk in there and say our app is similar to these apps let's see how many downloads they each got and that helps us settle it. If that's not enough the proxy might be advertising. If an ad company is willing to talk about how many views it has for apps within each ecosystem, then we use that as a proxy. Neither one is great, but at least now we're talking about data, not opinion. At least now we're talking about data that aligns with our goal.

Sarah: That's exactly different. We're talking about data, not opinion. That's exactly what we're trying to do. We're trying to de-emotionalize these things and say, "Well, what would you have to believe?" That's why it's almost helpful to switch around and say so now prove, try and get evidence to show the counter-argument like for someone else. What would you need to show?

Sometimes you're like, oh, now I have to do it. It's not such a bad idea because I've found some data that supports this. Your job is like be the other person, role-play it. Persuade me. So, you make it fun and suddenly you've forgot it was someone else's idea. You're much more; okay what's the best thing for the organization.

Andrew: You know, these kinds of issues actually cause friction within organizations and not just within organizations, within my scotch night. I have entrepreneurs coming here for scotch. They were having a great time and then I left because I had an appointment.

I left them here to just continue the conversation that got very open. This open conversation about a rift between two people about work ended up causing this big argument here within the office that I unfortunately missed because I'm curious about why people argue and I believe I can solve it.

The important point is, not that I believe that I can solve anyone else's arguments or that I'm very Butt-insky and need to understand what people are arguing about. The important point is, these little arguments about which direction a company can go in, Android, iPhone, build this app, or that app, end up causing rifts that cause a company to separate.

Sarah: Absolutely.

Andrew: Cause people to just lose time and lose friends.

Sarah: I couldn't agree more. I could not agree more.

Andrew: Yes.

Sarah: Absolutely. They sort of escalate beyond the original point. At some point, often we've lost sight of what the original difference of opinion was and it's gone way beyond that. [??] hard to come back to, well hang on, was this really so significant that we couldn't work together anymore?

Andrew: Yeah. Frankly even for a one person operation starting out the wrestling match might even be worse because it goes on in our heads. It is should I do this, should I do that, I have this other idea, should I do this? Then we're arguing with ourselves over and over, again, a big waste of time. Alright, back to the big board here and the next big point for us to talk about is KISS or diss. I know KISS, that's keep it simple stupid. We'll understand how that applies here, but what's diss?

Sarah: Oh, that just means dismiss it basically because. . .

Andrew: Oh, like hip-hop diss. Don't diss me, brother. I see.

Sarah: Yeah! Exactly because essentially here. . . Let's suppose, now you have alignment, you have the idea of okay we're going to align behind. We're going with Android phones. We've done the research. We've done the data. We can align behind that decision because the data says that makes sense. Now, we need to have a simple way to articulate it. So, this is particularly important when we have a very technical product in the sense of, if we make it very complicated. . . So, the idea can be very

complex. There needs to be a way to articulate it in a simple way.

Andrew: Let's see how that plays out. I have a screenshot here. I keep calling it screenshot. I have a photo here of a binder. This is one of your clients who happens to be a doctor who is working with a team of other doctors and here's the part that's most relevant for us, they were working on a medical device that he wanted to sell. So what is in this thick binder that he's got?

Sarah: He had all sorts of technical details about the product, information from working with patients, scientific tests. He had an incredible amount of information. Incredible.

Andrew: Mm-hmm. So it's all this technical information and that's the part that you are saying is not [kiss].

Sarah: Well what the challenge really was is, he needed investors and his investors typically weren't a medical expert.

Andrew: Okay.

Sarah: They might have knowledge about the market but they don't have the very intricate details that he was going into on the intricacy of why this product very technically makes sense. We needed to know the differentiators but they needed to be a way to translate that into language that made sense. Simply in one line or two, what is this product? Simply what need is this product meeting and why is it important. Like why is it different from other products already on the market? What do you need to be able to deliver it? What investment do you need very simply? Tell me that. You can give all the technical details but don't lead with that because if you lead with that, unfortunately rightly or wrongly, often you're going to lose people. They can't see the wood for the trees and work out how to respond.

Andrew: I see. So you are saying it's not enough to get our ideas out there, narrow down to the ones that we think make the most sense and research them if we can't articulate them clearly enough then we can't get the buy in that we need. In this case he was looking for investors. You helped him articulate his product and be clear about it the way you just described. So what happened?

Sarah: So then he was suddenly able to get investors [to say] "oh wow. Okay we get it. This could totally revolutionize the way... it was for testing purposes for cervical cancer in a way that's much more accurate and also cost effective, less intrusive but we needed to bring out the sort of pain points and the need it was meeting, rather than the very technicalities of it, the system and the electronics of how it actually worked. That's

important but that was more to substantiate that it's real not how you want to lead with the investors.

Andrew: I see. And so he got investors after that, after he clarified it?

Sarah: He did.

Andrew: Can I say the name of that company? Okay. I don't want to get...

Sarah: Not sure. Sorry.

Andrew: Alright. Because I have a screen shot and I thought, wait she's allowed to talk about it, I have the screen shot here. I have a screen shot that includes an award that he won. Fine. Fair enough. It's the clarity that helped. I keep remembering my conversation with, my interview with Fred Wilson here for Mixergy where I asked him what his challenge was when he was raising money to build his venture capital firm. This is the guy who investing in Twitter, investing in Etsy, investing in tons of the most successful companies out there. What's the other one I am thinking of? Four Square? So many others. He said, "You know, I was explaining it to my own investors, my theory, my thesis, what I was going to do, explaining it to them in too complicated a way.

These are smart investors and it was still too complicated for them." Once he started explaining it simpler and simpler and simpler he was able to raise money from his LPs, from his limited partners and was able to then go and make these investments that I talked about. Frankly that's a very good interview. If someone out there hasn't seen that interview, or heard it, we didn't do video, it's worth going and hearing it. But the big point here is keep it simple or diss. Kiss or diss.

Sarah: Exactly. Something I sometimes say to people is could you explain this to a ten year old child, just really simply, and they go "oh I get it. It's a device that does this in this case." Can you explain it in one or two sentences? If you can do that then you are getting somewhere. If you can't, it's not that your idea is not good, but it's that you need to find a way to express it that people listen and then get it straight away.

Andrew: You know the interesting thing is, I did that with you when we started. That's how we ended up with that 1 sentence I mangled when I started. I said it's led by Sarah Thrift, C.E.O. and founder of Insight, a consultancy and training company that helps organizations be better. That is 1 sentence and that last part came directly from you. I've noticed that experienced entrepreneurs do it better. I always ask that before an interview. I say what's one sentence that describes what you do. The experienced entrepreneurs always do it better. Series like the first one hundred thousand in revenue

that an entrepreneur did or when I talk to an entrepreneur about how the business failed often they can't do that. Andrew it's this complicated thing, we did lots of different things. Or Andrew we work on this but were also thinking that and it makes it really complicated. I have noticed that being able to summarize it seems somehow connected to success.

Andrew: All right, well it's certainly does here and we are going to continue on to the next big point, which is... fail small or succeed big. Now this is where I'm going to bring back our old friend from the top of this conversation. There he is.

Sarah: [Aaron], yeah.

Andrew: So how did he fail small?

Sarah: Basically what they started out by doing, we talked about there, the Royal Chocolate Organization and they were creating all sorts of fantastic exotic flavors of chocolate and tastes, and different shapes.

Andrew: Yes.

Sarah: Effectively, they had a big problem. The shelf life of this chocolate is four weeks. So, what would happen is, they'd make a big batch for a show, and often they had, like, a weekend show, and all of it would be sold out by Saturday lunch time. And then, like, "We have a store, but we don't have any more chocolates made up, we can make a few, but not the level we need."

Or, we'd have loads left over, and like, "Now, what do we do?" They've got limited shelf life. They'd try and do things, but they couldn't always. They had a lot of wastage.

Andrew: Yep.

Sarah: So they were sort of doing things, and they were sort of...It wasn't really working. It was, I guess, the sort of failing small. They were spending a lot of money. They certainly weren't making any money at all. They were making a loss. And so, they kept iterating, thinking, "Well, we'll try different things. Maybe it's this. Maybe we have something really unusual and catchy. That's going to do it."

Andrew: Yes.

Sarah: At the same time, what they started to do, is they started to make chocolate when they went to exhibit. They might do that at a show. They had certain stores where

they'd go in for the afternoon. They'd make some, so they'd be doing it to get people to come and talk to them. Well, what happened is people became really interested in the actual making of the chocolate and how that worked. "Wow, so it's just like three ingredients?"

Andrew: Uh-huh.

Sarah: "Is that what you do?" And has, "Oh." Then, the kids, especially, like, "Wow! Look at this." So their feature became much more the making of the chocolate, rather than the chocolate itself.

So, what was good was had they just spent everything on developing more and more flavors, at some point they would have totally run out of money, and that probably would have been it. What happened, almost by accident, but beautiful design, they [state the words], "Hang on, I think there's a market in selling more chocolate making kits because people are interested. They said, "Oh, I'd love to be able to do that. What about if we teach people how to do this, but also sell the kits with the raw ingredients, and that takes away our biggest problem, which is shelf life because we put that into the customers' hands, and then, thus, they can deal with it and they can make the chocolate when they need it. "

Andrew: I see. And so, if they're failing small, are you saying that their first test is just one workshop, something like this? Let me zoom in. No, that's not the workshop. Here is the. . .

Sarah: [??] the other one. Yeah, that's it. That's it.

Andrew: There it is. This is the workshop, right there.

Sarah: Yeah, exactly.

Andrew: So, it started to fail small by saying, "All right. We have this idea, people seem to be liking it. Let's try a small workshop and see what happens," and then it becomes something as big as what I'm showing up on the screen.

Sarah: Exactly. So I went to all of their early workshops, and what they did is [Curum], one of the founders, was a former school teacher. So he had links with local schools, so we did some testing with school kids, and say, "Well, did they get engaged? Is it exciting? What's the feedback?"

I just went and talked to the kids, like, and they're like, "Oh, It's so exciting! We made

this." And so, you could get to test it really cost-effectively with a local audience to see if it's going to work.

Then, the second thing was to actually put together some demo kits and talk to parents, like, "When would you have this? Is this something you'd buy for yourselves, or your kids, as a gift?" and start to understand, well, what's the market, and what would people pay for it? They were able to test it in a small way.

Andrew: I hate to cook. I would never cook, but I want this. I would do this. It seems like fun.

Sarah: Yeah.

Andrew: So actually, I don't know anything about chocolate, the ingredients. This is the box that goes out.

Sarah: Yep.

Andrew: Right?

Sarah: Yep.

Andrew: The ingredients in chocolate, you said there are three of them, and they don't go bad if I leave them around for a week?

Sarah: Not at all.

Andrew: I had no idea.

Sarah: Hmm-mmm, because basically, they're just like cacao, the nibs, the cacao butter, and then you can put some agave in it, because it tends to be pretty bitter. It's up to you if you want it, but it's really that simple. Then, in the kits, you can also get flavors if you want. They also have a bunch of recipes you can do for orange, or lavender, or whatever, and also buy molds. But, they're very simple, very, very simple, as you can take a tray, like for ice cubes. Just takes like 10 minutes. You melt the ingredients. You pop it in, pop it in the freezer.

Andrew: And then you've got your chocolate.

Sarah: You can eat it [??].

Andrew: Wow. All right. So, fail small, succeed big. Back to the big board here for the final point for us to talk about, which is to refine or decline...I like how some of these rhyme. For that, you're telling me and Marie about this company.

Sarah: Yes.

Andrew: What is this company?

Sarah: This is Zhi Tea. It's a tea company based in Austin, Texas.

Andrew: OK. And then. . .

Sarah: And they have beautiful tea, like they have. . . Actually, no, no, quite now, but something like 70, it might be more than this, but they have about 70 different types of tea. They personally blended all the flavors of tea, and the packaging, in particular, is beautiful. You get this tin. It's got stickers embossed. It's very beautiful and stylish.

Andrew: I see.

Sarah: And this tea tastes amazing.

Andrew: It does look really nice. All right. So then, they had an issue where this beautiful packaging was actually starting to cost them more and more money. Big problem, right. And they had to figure out what to do because they were starting to lose money this is ET. So what happened, how did they find their way to success there?

Sarah: So let me just if I may, give a little bit of context. So what was interesting here was they had success. This is more when you have a successful product. But they've already got that. So they've gone through these step, they've found the market, they've got alignment, they've tested it.

They test it and they were pretty successful. They have the store in Austin alongside their warehouse, they shipping products all across the U.S. But then what happened though is an external circumstance. So tea prices started to go up dramatically and also the dollar versus various Asian currencies was not in the favor of the dollar.

And so they started to the double whammy of these cost rising. But it starts to be not profitable to sell the same tea, in the same packaging. So there's an example where they needed to evolve something about the idea or how they were marketing it or pricing it in order to respond. So this is quite a common things I see which is you have a successful idea, but you can't necessarily leave it just as is, things need to evolve for it

to continue to be successful and to grow.

Andrew: Okay, oh sorry. Is it kind of weird would I just put the camera on you and I'm completely invisible here like this? A little bit. Yeah, so then in order to evolve it, what do they do? Costs are rising their products is beautiful, so they can start to put this in a cheap cardboard box. Or can they?

Sarah: Well they can. But the first thing was it was incredibly [??] because the team was very attached to the packaging. And I understood why because it is beautiful. But I was there to be like, we are making a loss on every one of these we sell, we are making a loss. So and I don't see that changing.

So we can continue. So there's a couple of obvious options at this point. One is will we explore different options for packaging which are cheaper, or we cut the price out. So what we need to do is understand well which of these makes more sense. And we need to... back to something we talked about earlier. We sort of need to de-emotionalize the decision. I think we emotion was we can't change the packaging.

And we can't put the price up because we'll lose all our customers. I'm like, then we need another idea because just continuing is not going to get any better. It's going to get worse. And so what we did was we looked, well two things we looked at what different packaging would be. So for example going away from a tin to some sort of plastic or paper pouch. And secondly, we went and talked to customers in the store and asked them well, why do you buy this tea?

What's an important part of the experience? What would you, like did you know that tea prices are rising? How would feel if the price of this went up to cover the cost? What would make more sense for you? Would you rather have the product at the same price, with different packaging? Or is this packaging an important part of the experience?

And so we went and tested and asked people. And also again back to something I did earlier we really watched for people's body language. Because people don't always want to sort of tell you, oh I wouldn't buy it anymore. So you have to watch and say, how do I ask them in way that goes, okay so tell me like if this was your business for example what would you do. So turn it around so they feel they can tell you honestly the answer.

And in the case what we discovered was the customers are incredible loyal and really love the packaging. And so there was tolerance for some price rises. And we also

looked to other competitors to see if it was in line.

And so what actually happened was there was a double digit price rise literally over night for all the products. And there was not any fall off at all in volume and I met Jeffery the founder was like, wow I was waiting, what's going to happen. No change.

Andrew: I got my notes here from your conversation with Ann Marie Ward, who produced this. Said, Jeffery freaked, he saw that... can I say what the increase was? What percentage?

Sarah: Yeah, sure.

Andrew: Yeah, I can, right? I don't think this should be a secret. Everyone who went and bought it should know. It's roughly 25%. That's 25% increase and people are still buying it. And that's because of the resource that you did.

I think I as an entrepreneur would have thought, you know, 25% is a little too much it's going to hurt our customers it's not going to come in. But I understand now how the combination of both talking to people and hearing and getting their subjective feedback, and looking and doing resource to see that others were also increasing in their market. Increasing their prices, boom that means that both bit of information are helping me say, it's time to raise mine.

I still would freak out, I would freak out before, and I did it. I would freak out during. And then I would freak out when you came back and said, Andrew, guess what we didn't lose and volume, that would really be exciting.

Sarah: And I was still holding inside, because I want to do the right thing obviously with my, people I work with. So I was waiting for all the evidence suggested, and we said, okay we're going to do it and we need to fee [?]." And the thing was we had to do a significant hike, because otherwise we'd be in a situation where we, we do a little bit and then, in-- I said to him "It's worse if in three months' time we have to do it again. So given where this is going, let's just do it."

Andrew: Oh yeah.

Sarah: And be done. So that's also how we looked-- so it was, I would say we took a calculated risk in taking all the information, then said "now we need to do this."

Andrew: All right. So, before we wrap it up I want to ask you a couple of questions. The first is we started out this conversation talking about a company that had an idea-- an

entrepreneur that had an idea that would have saved lives that was meant for an organization that had the money to pay for it, and it still didn't work out. Now that we have a list of ideas that we know we can go through, and we need to pick the right product, or the right business out of many different options. Which of these do you think would have saved the entrepreneur that you talked about at the top of the interview?

Sarah: The most important one for them was the third one, it's a line [?] always time.

Andrew: Okay.

Sarah: So in this case they had a good idea, they had a market need, and they had chosen the idea as quite specific. But what needed to happen, particularly with an organization of the size and the complexity of the National Health Service in the U.K. is that there need to be a lot of discussions to get enough supporters and alignment behind it.

Andrew: Okay.

Sarah: And you're talking about a mixture in this case of, medical staff, managerial administrative staff, people that sort of trust overall government quality hospital. So you need it to be, getting buying at different levels, and also hearing concerns at different levels. And you need enough, typically I say in an organization, you, you need like an amount of support to make a big change in organization, you often need something like thirty percent of support behind it. And at that point you have a tipping point for momentum.

Andrew: I see.

Sarah: And then the idea sells itself. And so without that, in this case they had a fantastic idea, but they're talking about a big organization to sell to where they really need buy in. So it's not enough just to have a brilliant idea if you can't get the people who are the decision makers and implementers to believe this is the right thing to do.

Andrew: And that's such a painful thing to acknowledge and an important one too. The idea, the great idea isn't enough, the alignment, the alignment and the research and everything else helps. Alright here's the other thing. I've got here a map with where you do your training, right? In addition to consulting; I'm assuming that consulting is probably going to be very expensive. Do you talk about how much that costs before we get into the training?

Sarah: Sure. I mean it depends on the organization, but it's often, you know, tens of thousands of dollars to do it.

Andrew: What size organizations do you do training with?

Sarah: Well with training it's a real mixture--

Andrew: Oh sorry, you do consulting with.

Sarah: Sorry.

Andrew: Where, where, I know one of the companies that we weren't allowed to mention.

Sarah: Yeah.

Andrew: It's a publicly traded company, They're a multi-billion dollar company, I think, right? But how small an organization do you do consulting for?

Sarah: Also do for small organizations, too. But we do it in a different fee structure in recognition that they don't have the same resources of a large organization.

Andrew: Okay. Two person operation? Ten person company? Hundred?

Sarah: So it, yes it can be. Typically the type of work will be more tailored, so with a very big organization we might go in and do a sort of eight week project. So for the company you were just referring to we just did an eight week piece of work to prioritize a whole bunch of choices for them, that was to add one billion dollars of growth to their business. So we're very big scale of magnitude.

Andrew: I see.

Sarah: So it makes sense for them to pay for that work to be done. If I'm talking about a two or ten person organization, sometimes it's myself and my team facilitating couple of meetings and just giving some advice and pointers and helping people get to alignment can be the biggest impact. And that can be just a couple of days work.

Andrew: Alright and then the other thing that you offer is these "in-person courses."

Sarah: Yeah.

Andrew: Right? This is some of the places . . .

Sarah: Yeah.

Andrew: . . . where you've done them?

Sarah: Exactly. So let me tell you about those. So they're done in two ways. One is within organization, so the company we're just talking about, the big e-Commerce company, they also bought the course. And I ran it in Termy [SP] for them, and we did that over a period of six weeks of workshop every two weeks with, they worked on the specific, you know, prioritizing of issues in between so we could get to an answer at the end. I also then do these for the general public, and anyone can come, I'm just about to fly tonight to Nebraska, starting workshops next week in Minneapolis, and Chicago, and New York.

Andrew: Okay.

Sarah: And I make those very accessible for entrepreneurs to come along and learn with other entrepreneurs.

Andrew: All right, and the place if anyone wants to go see, the website is Insight Consultancy Solutions.com, InsightConsultancySolutions.com, right? That's the best way for them to connect with you?

Sarah: That's the best way.

Andrew: All right. Sarah, thank you so much for being a part of this.

Sarah: Thank you.

Andrew: If anyone got any value out of this, I always say this and frankly you guys might be tired of it, but things that make sense are worth repeating. And the thing that makes the most sense is; if you get anything of value out of this session here, out of our course, or out of anything you read online, oh I'm telling you you should contact the person and let them know. Or if you go to an event live, let them know. I've seen entrepreneurs contact guests that I've talked to, and end up working for them, end up flying out and working at their office. Or, sorry, those aren't entrepreneurs, those are students who've done it; students are so much better following up with this.

Andrew: But I've seen others get together for meals, I've seen others get do biz dev

[??], in fact the founder of, what was that company? Olark, oh, Olark. Olark used to, the founder of Olark used to listen to my interviews to get to know entrepreneurs that he should go do biz dev with, he would shoot them an email, he would get to know them, and then afterwards he'd create these biz dev opportunities where his product, Olark, was integrated with the product the person was talking. Anyway. I'm not saying that that's what you should be aiming for, I'm saying what you should do is start by saying "thank you, I'm going to do it right now." And when you say thank it often is the beginning of a much bigger conversation and much bigger friendship and relationship later. So Sarah Thrift, thank you so much for being here and teaching my audience.

Sarah: My pleasure, thank you, Andrew.

Andrew: You bet. It's been wonderful, thank you all for being a part of it. Bye everyone.