ENVISION

Entrepreneur Series

Accelerating Early Stage Growth

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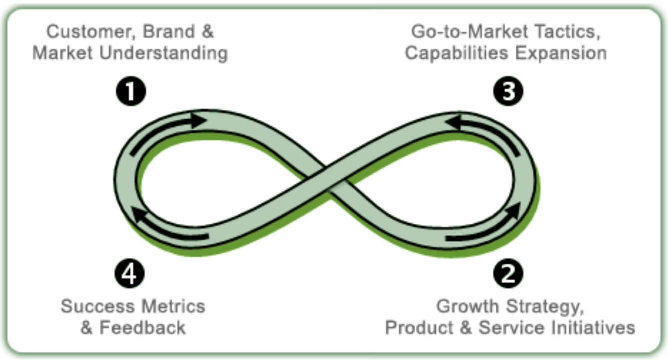
Founder



ENVISION's strategic planning and proprietary brand building approaches can help accelerate growth, reduce overall business risk, increase margins, and substantially improve the likelihood of a business' success, especially for early stage companies.

This booklet is a collection of the Entrepreneur Series articles. For more information or explanation, please contact Eric@ENVISIONbrand.org

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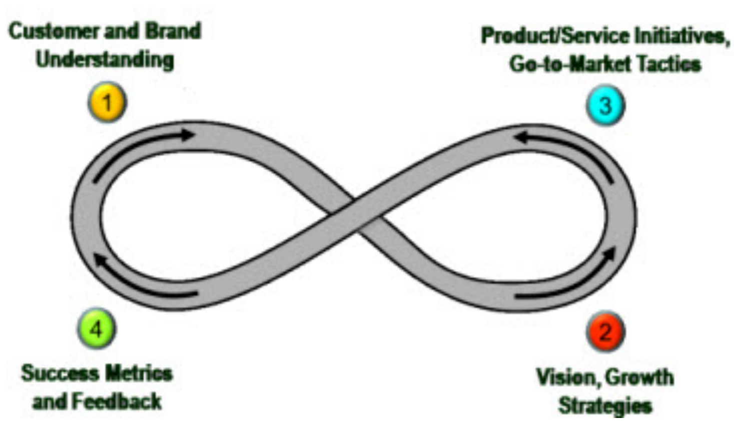
Table of Contents

Accelerated Growth System (AGS)

- ✓ Building a Customer Framework
- ✓ Defining a Brand
- ✓ Benefits Ladder

- ✓ Strategic Imperatives

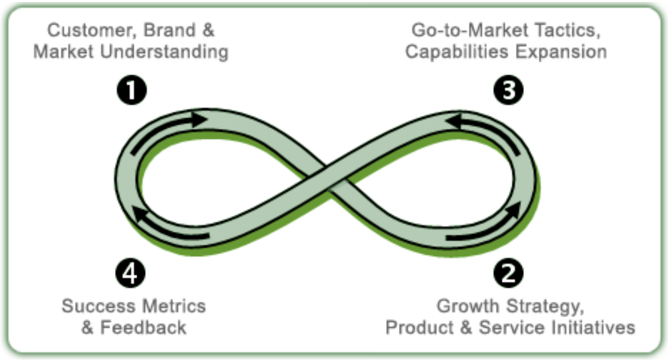


- ✓ The Necessity and Power of Feedback

- ✓ Vision versus Distance
- ✓ Position for Growth

Accelerated Growth System (AGS)

We have carefully translated our principles into a structured process. The visual below—the ENVISION mobius--broadly depicts our approach to evaluating product opportunities and for helping our portfolio companies build strong brands.



The left side, Phases 1 & 4, deal with the empirical or fact based side of the business. The right side, Phases 2 & 3, address the planning & execution aspects of the competitive go-to-market.

In Phase 1, a deep understanding of the existing Customer, Brand and Market information is collected, analyzed, and conclusions are drawn. A planning Framework is created to serve as the basis to target different segments and create the requirements for products and services. Typically this is employed to develop a Portfolio Strategy or the ability to create unique offerings to the various market segments. This also permits a deeper competitive assessment and trend overlay.

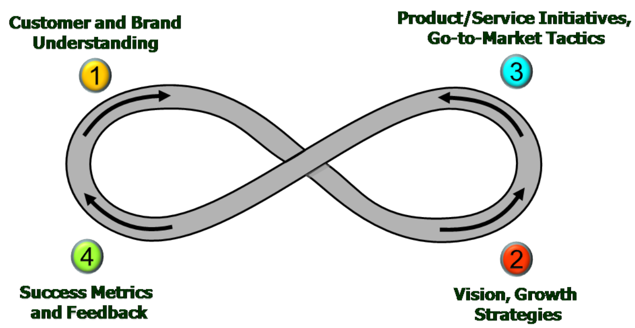
Phase 2 guides the long term strategic decisions and resource allocations by choosing who you want to serve, which benefits will be offered (against which needs), what intangible assets should be developed, how competitive advantage will be protected and extended, and what competencies (and supporting skill sets) are necessary for success. Plus the metrics of success must be determined in this phase (e.g., what level of trial, target satisfaction, etc.) so they can be measured in Phase 4.

Phase 3 is all about getting it done—the execution. Tactics are actually organized by ‘Strategic Imperatives’ or the initiatives required to advance the strategies. Therefore, tactics are not addressed individually; rather a proprietary process links the tactics to specific activities, the resources necessary, the time frame for completion, and the person responsible. This allows for a simple and clear management tool to evaluate progress and identify roadblocks.

Phase 4 deals with feedback and progress versus your benchmarks or goals. This is done at two levels: Tangible metrics (e.g., sales, trial, awareness, etc.) and Intangible measures (e.g., satisfaction, value for the money, willingness to endorse or recommend likelihood to try other offerings, etc.).

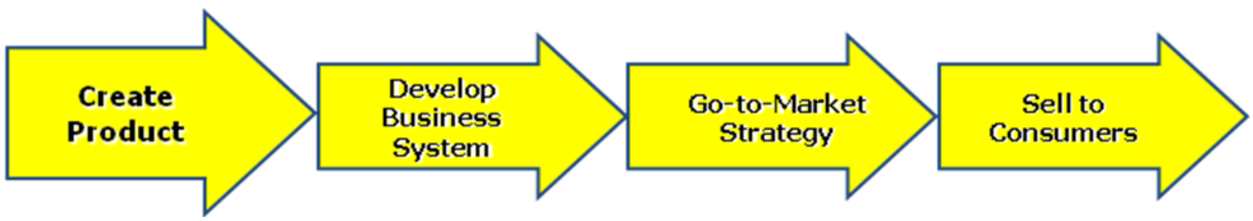
Overall, the mobius process encourages a disciplined go-to-market approach. Used annually in planning and quarterly in review of tactics, this method has been broadly embraced by senior leaders as well as project managers. This permits all layers of a company to have the same view of expectations and priorities.

Customer-driven Business Model



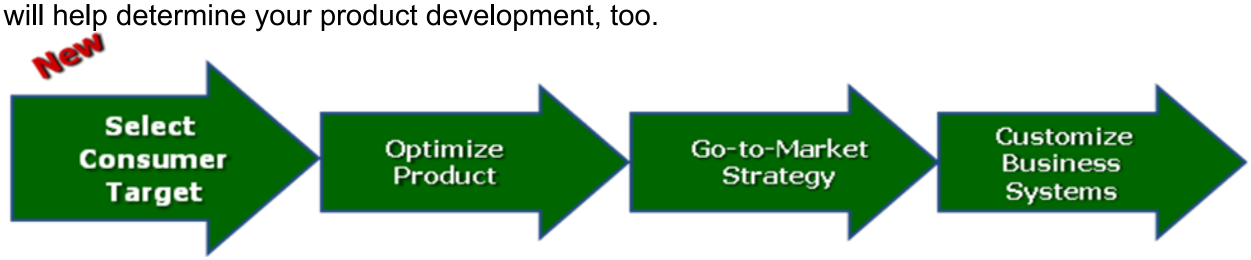
Build it and they will come?

The Field of Dreams' mentality—build it and they will come—is not the best advice for an entrepreneur**.** Yet that approach is very commonplace. *Make no mistake: all innovation starts with an idea, a new way to solve an existing problem.* The challenge is what level of product definition is needed to secure a Customer. Typically, an entrepreneur builds a finished product and goes into sell mode. In doing so, he/she actually defines the business system (the technical specs, the economic structure, cost of goods, etc.). Then he/she selects where and how to make the product available, all in search of Customers.



Conceive an idea, then optimize with a Customer

This is the real essence of the new approach, the same mentality employed in a Brand Management oriented company. The difference is not finishing the product; rather, the prototype (or some tangible expression of the idea) is shared with potential Customers for their feedback —often several different types of Customers. Make sure to give them a choice and find out why they don't value certain options. Figuring out the benefit bundles and combination of features will help determine your product development, too.



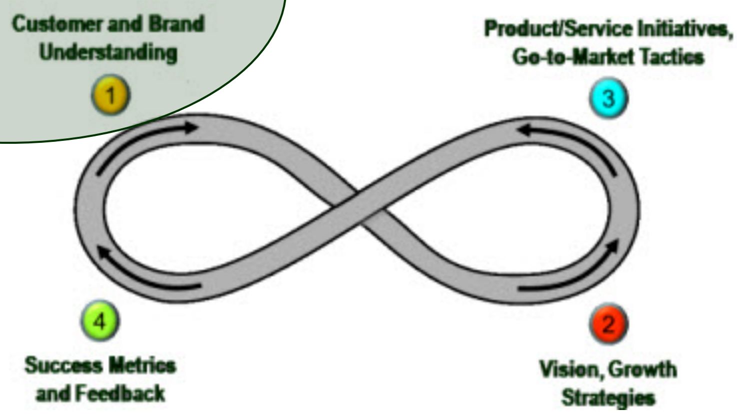
Design the right product for the right Customer

So find a Customer with an important need and fulfill it in a unique way. Find your compelling point of difference. If you can't, start again. Importantly, the go-to-market strategies will be more effective because you know which key benefits should be emphasized in the sales and web-based communication. Understanding your Customer will also direct what kind of organization to build, including what not to invest in. Stay focused on the Customer and the rest will be a clearer, more consistent path to success.

Accelerated Growth System (AGS)

- ✓ Building a Customer Framework
- ✓ Defining a Brand
- ✓ Benefits Ladder

- ✓ Strategic Imperatives



- ✓ The Necessity and Power of Feedback

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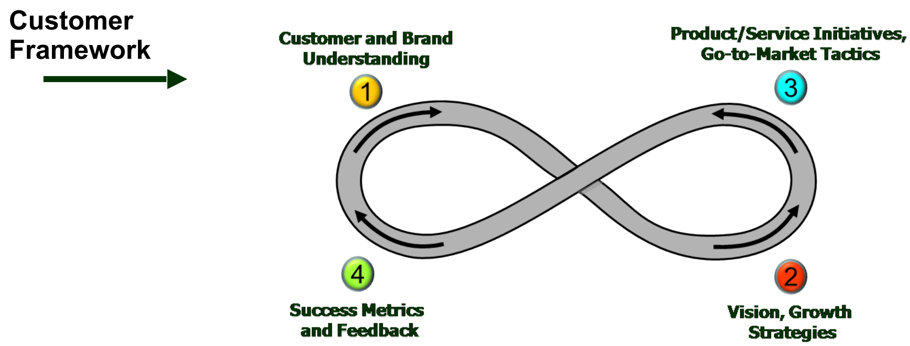
Building a Customer Framework



Defining Customer Needs

The very first step in the Brand-building process is to thoroughly understand your Customer's needs. The tool we recommend is called a Customer Framework. Simply put, it organizes customers (both current and future) into groups, based on common needs and needs that are different from other customers. A second distinction should also be made: antes versus drivers. An ante is the minimum requirements a customer desires for a product or service to even be considered for purchase. A driver is the primary basis for purchase versus other competitive product. Rarely is there no other competitor, regardless of category.

Name:	**Segment 1**	**Segment 2**	**Segment 3**	**Segment 4**

Core needs: The primary reasons the product or service in required

Antes: Benefits & features required to be considered. Defines the competitive set.

Drivers: The basis for choice, usually the most distinctive benefit.

What's the hardest part about getting Customer information: Asking!

Early stage entrepreneurs are often in 'selling' mode, trying to secure business. If you don't make the sale, or even if you do, ask what benefits the Customer valued and what else they would like the product to do. You may not be able to provide now, but this will provide insight on the next generation of product development. If you don't feel comfortable asking, have a third party follow-up. Customers want to help, because you may solve their problems.

Below is an example from the printing market. Notice the needs are quite different, helping explain why rather different retail formats can be equally successful. It also helps inform the competitive set and likelihood (or degree) of customer loyalty. A traveling business person may be loyal to a brand (e.g. Kinko's) but not to a specific retail location. A specialty print shop, on the other hand, might achieve high loyalty because it knows its Customer's preferences.

Customer Segments: Printing Category

Name:	**Doer**	**Partner**	**Delegator**	**Last Minute**
Core need:	**Want to do it myself**	**Work with staff as a trusted**	**Values turnkey**	**Time pressured,**
Antes (required for consideration):	▪Convenient place to work ▪Space to work	▪Reputable business center used by others ▪Full service	▪Delegate to others ▪Know they will get the job done	▪Open 24/7 ▪Convenient location
Drivers (preference for choice):	▪Train me to use new equipment or software ▪Tools to simply my tasks	▪Prefer working with the same person ▪Expect staff to provide suggestions	▪Depend on staff's creative judgment ▪Know my style, budget	▪Very important that job is done immediately ▪Reasonable pricing

The starting point is defining the antes from the drivers. This is critical because antes define the competitive set. Who do you really compete with and why? Being able to understand the minimum requirements also helps with what product benefits are necessary to pursue additional Customer segments. Then the focus must be on benefits that drive purchase. Take great care in conveying why these are unique, preferably better or more compelling versus competition.

In addition to more deeply understanding what your customer's value, this framework is extremely helpful in guiding (or prioritizing) your product pipeline. It helps identify gaps in the current offerings, source of competitive advantage, and even provide insight on new products that can address unmet needs. We start with a customer framework, because successful products satisfy specific customer needs and form the basis for a longer-term relationship.

_______________________ Customer Framework Worksheet

(Your Customer)

Name:	A	B	C	D
Core need:				
Antes (required for consideration):				
Drivers (preference for choice):				
Competition:				

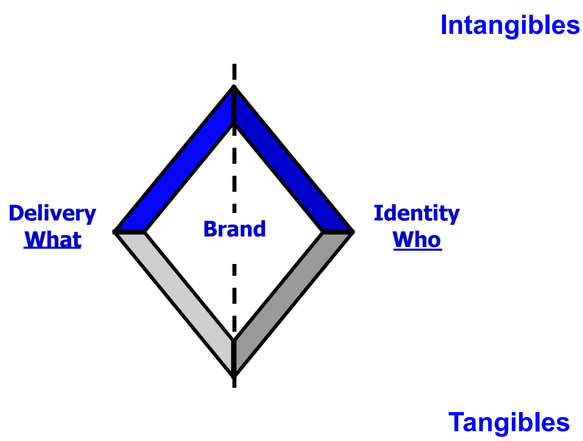
Defining a Brand

What constitutes a Brand?

Brands have been studied extensively, with over two dozen known models or approaches in existence. We, at ENVISION, strongly recommend the McKinsey & Company Brand Model as it is one of the most rigorously developed, refined based on in-market effectiveness. In fact, over 250 brands were evaluated by thousands of customers. The McKinsey model was originally created by Dr. John Copeland from ENVISION. This model was recently published in **Power Brands: Measuring, Making & Managing Brand Success.** The authors are McKinsey members Hajo Riesenbeck and Jesko Perrey.

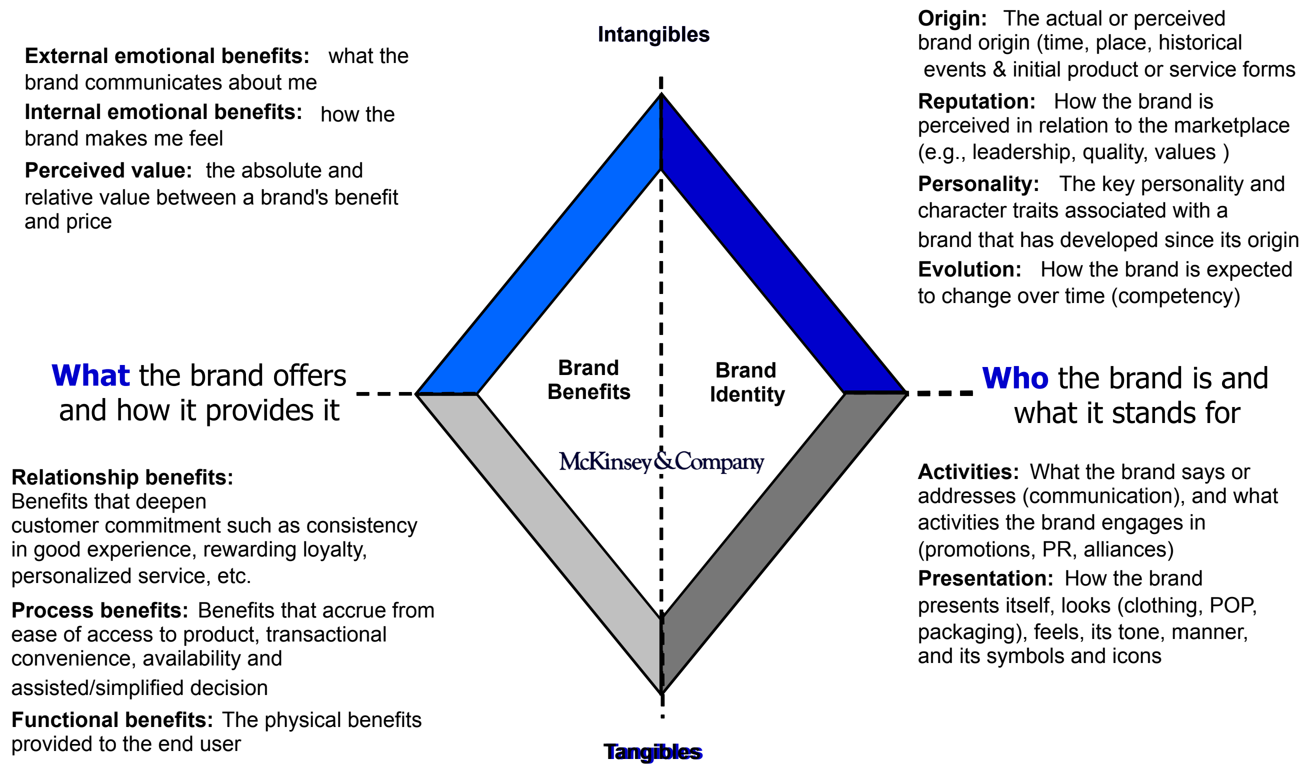
McKinsey&Company

Brand Model



The appeal of the McKinsey model is its simplicity.
There are two major orientations:
Brand Benefits (or the **What**) versus **Brand Identity** (or the **Who**)
Tangibles (see or touch) versus **Intangibles** (imagine or feel)

The specific elements of the equity model are described below. These elements, validated through extensive quantitative testing, are found in every brand. They may not be well developed nor particularly compelling to a given customer segment, especially with early stage companies. They should be considered, however, when you are developing a brand strategy.

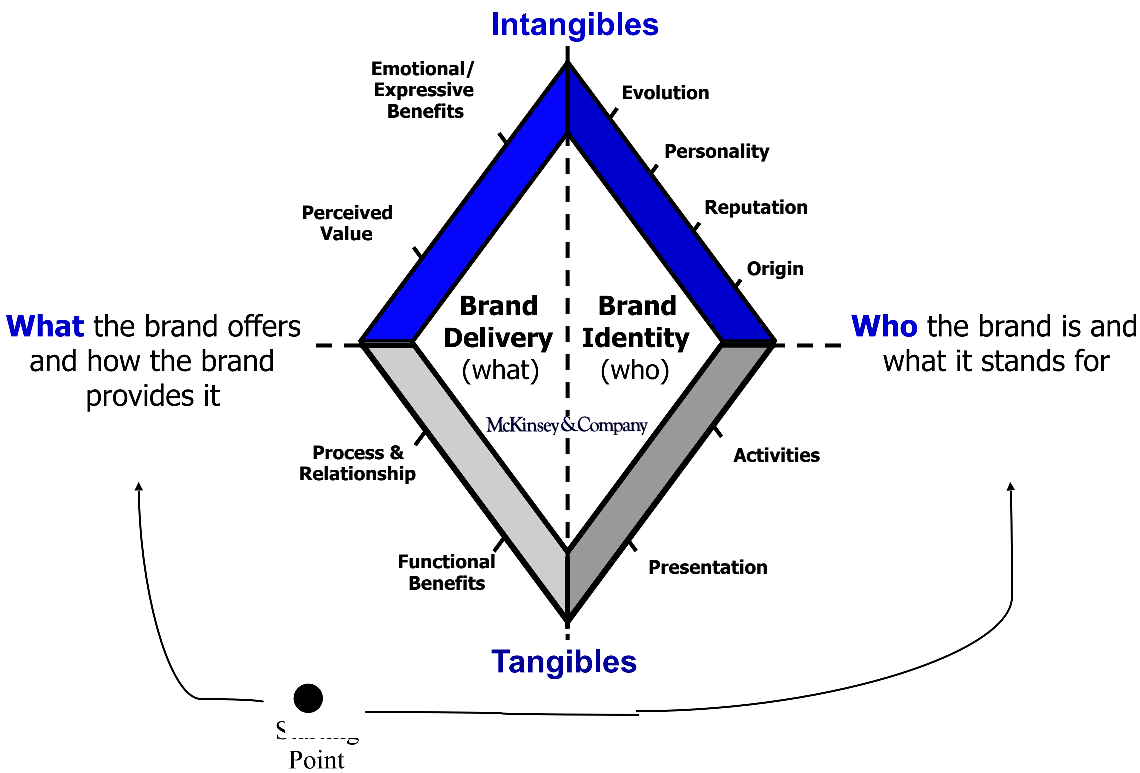


Brand Delivery (the **What**) focuses on the brand benefits including the tangible, functional benefits, and 'ladder up' to Intangible benefits, typically consisting of emotional benefits. In earlier stage companies, functionally (the lower left quadrant) is the primary emphasis. Understanding the functional benefits—and how they connect to emotional benefits—is the first evolution in brand building. The challenge is to be 'relevant & compelling'. Clarity is crucial.

Identity (the **Who**) is often associated with brand personality, though it is much more. The empirical analyses demonstrated there are distinct aspects that go beyond personality, like reputation, that often become the most defining element of a brand. Note the lower right quadrant consists of the 'see & touch' aspects, including the logo, brand promise, packaging and communication.

Strategic development starts in the lower left quadrant—the functional benefits. Then move up and across, carefully linking the various elements. The challenge is usually in defining a Customer relevant emotional benefit. Every brand, whether business-to-business or business-to-consumer, should convey a higher end emotion that a customer can imaging or feel.

Identity for early stage companies is often connected to the founders. This can be a very unique part of brand building provided it can be connected back to the product. For example, if the reputation is about the founder successfully launching another company, convey why that is relevant with this brand (e.g., market expertise, customer research, channel partner). Then think about how that story will evolve over time.



So use this McKinsey model as a framework. Build your own, using the worksheet on the next page. Then refine after asking your customers. Use the laddering approach in the ‘Benefits Ladder’ Entrepreneur Series article. Hopefully, you’ll define the key linkages from tangible to intangible benefits. It should provide a clear picture of where you are. Then you can start to map the brand evolution: where you take the brand next.

McKinsey's Brand Model

__________________________ Work Sheet

(Your Brand)

External emotional benefits: ____________________

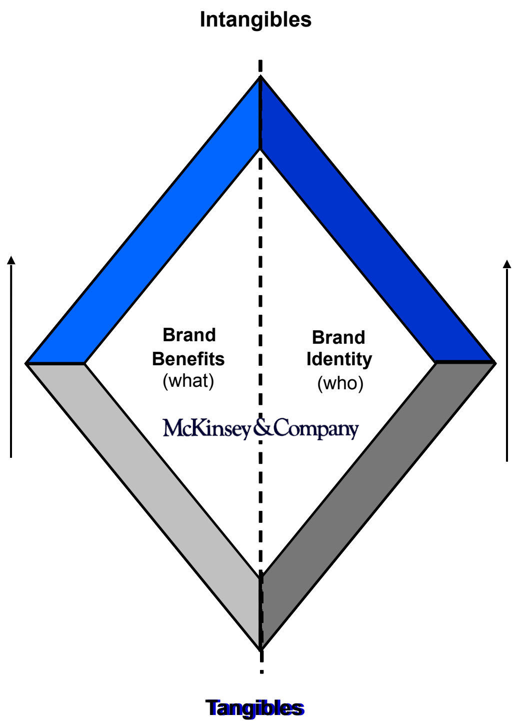
Internal emotional benefits: ____________________

Perceived value: ____________________

Relationship benefits: ____________________

Process benefits: ____________________

Functional benefits: ____________________



Origin: ____________________

Reputation: ____________________

Personality: ____________________

Evolution: ____________________

Activities: ____________________

Presentation: ____________________

Your Brand: Possible Options

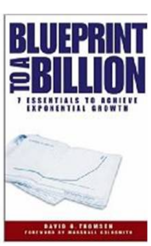
External emotional benefits:	**Origin:**
Internal emotional benefits:	**Reputation:**
Perceived value:	**Personality:**
Relationship benefits:	**Evolution:**
Process benefits:	**Activities:**
Functional benefits:	**Presentation:**

Benefits Ladder

This article is a partial reprint from

BLUEPRINT TO A BILLION: 7 Essentials to Achieve Exponential Growth

(Permission by David G. Thomson, Author and Eric Arnson, Contributing Author)



Benefits fall into two categories, according to the underlying motivations to which they relate: (1) functional benefits and (2) emotional benefits. Functional benefits address a customer's basic tangible needs. These benefits are often linked to fairly basic motivations. Emotional benefits relate to the intangibles of how one feels to use the product or service.

The Benefits Ladder is based on the principle that connecting a brand to higher-order emotional benefits creates strong and lasting customer loyalty. They must be connected, however. The higher brands go up the ladder, to uniquely own intangible benefits, the greater the value, the stronger the relationship, and the better the margins.

Benefits Ladder

Source: Blueprint to a Billion, Mark Mitten and Eric Arnson contributing authors.

Description		Starbuck's Examples
Where customers allow you to grow and evolve	Permission Benefits	More freedom (to do what I want)
How customers feel about your offering	Emotional Benefits	Personal control
Benefit based on more than one functional benefit	Functional Benefit Platform	Efficiency
Benefits based on the value of the capability delivered	Functional Benefits	Convenient
Basic product or service capabilities	Features and Attributes	Extended hours

1. *Focus on delivering key benefits to attract the most desirable customer segments.* Early stage companies must obtain rich insights to understand the exact nature of the segment needs and then figure out which benefits to deliver.

To gain customer permission, you must start at the bottom of the Benefit Ladder and then connect upward to the next level of benefits after satisfying that level. This is referred to as a *benefit bundles* because companies must deliver the entire bundle, including function and emotional benefits; not a collection of parts.

2. *Consistently deliver benefit bundles to create a lasting bond with target customers*. After targeting the appropriate customer segment with the appropriate benefit bundle, the next step is effective delivery. Without it, even the most compelling and distinctive benefit bundle will fail to connect with customers.

3. *Leverage permission benefits to generate exponential growth*. Trust is achieved by successfully and consistently delivering permission benefits, the highest form of commitment a company can achieve. Trust is earned and only customers grant it.

For example, once that trusted relationship is established, customers often request additional offerings or underwrite the exploration of emerging needs. Typically, the next generation of innovation is right next to the current offering.

Consistent delivery creates strong and lasting relationships. Starbucks builds its strength on superior products for which customers are willing to pay a premium. However, it also extended its brand by placing an equal emphasis on the location and experience benefits. Starbucks not only ascended the product ladder, it created competitive advantage and new growth streams by leveraging relevant, complementary benefits. The way Starbucks achieved a lasting bond.

Experience and Delivery for Growth

Starbuck, Benefits Ladder

Benefits =	Products	+ Location	+ Experience
Permission	Indulge and escape	More freedom (to do what I want)	Extension of my lifestyle (3rd place to home/work)
Emotional	Makes me feel important	In control (of my time)	Empowers me
Functional Platform	Order customized just for me	Accessible, efficient	Comfortable/productive
Functional	Experienced and friendly Baristas	Convenient to home/work	Space to work/socialize
Features	•Premier coffee drinks •Indulgent treats and snacks	•Extended hours •Fast service •Many locations	•Comfortable seats •Wireless Internet •Music

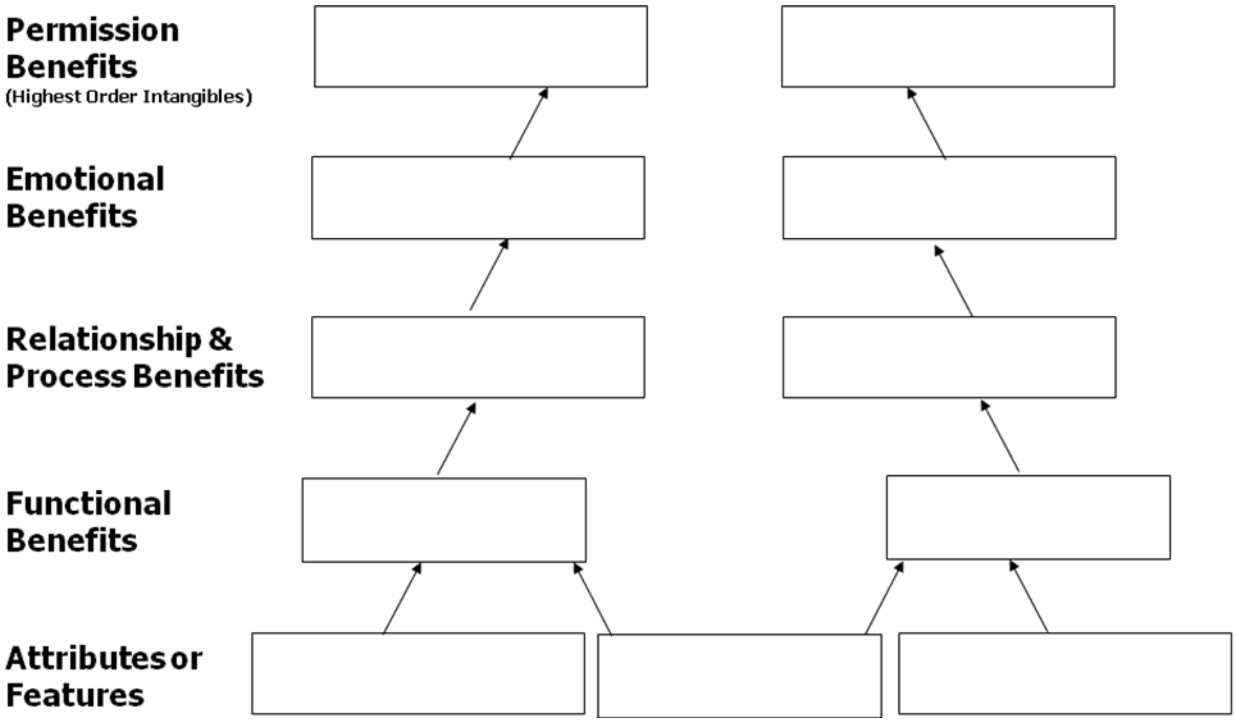
Source: Blueprint to a Billion, Mark Mitten and Eric Arnson contributing authors.

The Art and Science of Applying Breakthrough Benefits

Applying the concept of benefit ladders, especially in times of rapid change, is a challenging one. Our experience suggests three steps: constructing the ultimate benefit bundle that the company aspires to own, determining the ascension path to deliver the permission benefit and earn customer trust, and envisioning the horizontal extension that drives the next generation of products and services.

The science is depicting the ladder and understanding where your company is on the ladder—through your customers' eyes. The art is determining the adjacent space in order to leverage permission. The final test for leaders is keeping the company, both inside and out, focused on the same benefit bundle and migration strategy.

Benefits Ladder



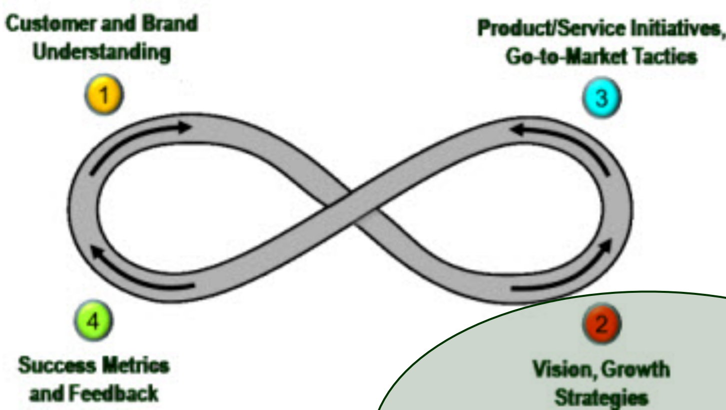
________________________ **Work Sheet**

(Your Brand)

Accelerated Growth System (AGS)

- ✓ Building a Customer Framework
- ✓ Defining a Brand
- ✓ Benefits Ladder

- ✓ Strategic Imperatives



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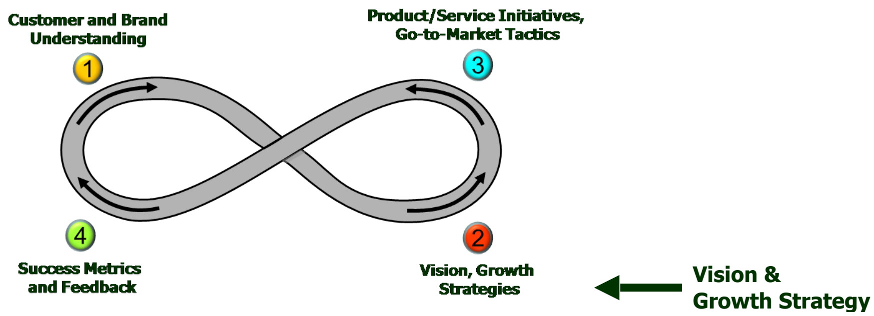
Vision versus Distance



Creating a Vision, Going the Distance

I once received some unsolicited advice: **don't confuse Vision with Distance**. Initially, this seemed a bit odd. Over time, this distinction has become clearer and more important, especially for early stage companies. Why? The allure of achieving an entrepreneur's dream often masks the long, tough journey required to get there. Vision is a goal—the difference of where you are versus where you want to be. Distance is the journey, filled with challenges and distractions, required to achieve the Vision.

Why is a compelling Vision important?
Having a clear compelling Vision is paramount because it truly serves as a beacon to guide the organization. As such, the entire organization must understand and embrace the Vision so it can be translated across every job and initiative. Vision is especially important because situations will arise that were not planned or circumstances can change quite rapidly. A good Vision guides decision-making when choices arise.

How is a Vision different from a Mission?
A Mission, or purpose, is typically financial for most start-ups, often defined by the return to investors. For some entrepreneurs, they might also have a social or philanthropic cause they advocate. Importantly, supporting social causes can help define the Identity. In general, however, it is usually about the money.

So what constitutes a great Vision?
A Vision is often thought of as an end state or goal achieved: #1 of this or largest that, or even first in. You get the picture. But a compelling Vision should also be about the organization—its Identity—or who it sees itself being. This may be the most important aspect as it can define the underlying values of the company and/or direct who you hire. The other ingredient is how the message is expressed.

In short, a Vision should have three components:

- **Intent—what do you want to do/create?**
- **Identity—who do you want to be?**
- **Aspire—expressed to be motivational?**

A Vision example: The Weather Channel Vision is one of my favorites, especially given this was a cable network start-up that struggled to get a consistent channel placement.

The Weather Authority, making the Unpredictable Predictable.

Later **'anywhere, anytime'** was added to encourage the 'ubiquity' or universal access to weather information, whether it was through radio, print, phone or even fax. This reinforced getting beyond cable-based weather, expanding to the internet. www.weather.com was a pivotal extension of the core brand. So how did this Vision stack up against the criteria:

Intent: Making the Unpredictable Predictable. At first blush, this may not make any sense to an outsider. In reality, it addressed the biggest issue confronting users: how can I make plans to do what I want or be where I need to be. If it's going to rain, I may have a longer commute so I will leave earlier. Or is my flight going to be delayed? If frost is expected, I'll need to protect my plants. In essence, how do I make sure Mother Nature doesn't upset my schedule. Or what I need to wear. This even extended to getting the weather info—weather on the 8's—so people knew when to tune in. It also reaffirmed the importance of the continuous 'crawl' at the bottom of the TV screen.

Identity: The Weather Authority. What? Most folks relied on their local Weathercaster, the friendly person who would also be in the local parade. The Weather Authority was indeed a major change. This meant specialists, like the Hurricane expert. It also meant putting reporters on the ground in the worst storms, so one could get a first hand report. It, too, suggested the best computer models available with forecasts down to the minute by county grid. TWC would be the experts, redefining how weather was explained.

Aspire: The Weather Authority, making the Unpredictable, Predictable. In this case, TWC elevated the role of their Weathercasters. With emphasis on deep knowledge, and clarity on how the weather might impact you and how you can be prepared. The staff was expected to be experts, more than being friendly or cute. They needed to be the first choice when Mother Nature was her cruelest or just plain disruptive. So by getting beyond 'hot, cold, wet, dry' TWC's Identity of professionalism redefined the role of Weathercasters--in short, an aspiration for the entire organization.

Getting back to 'not confusing Vision with Distance'
Do keep this in mind. It's easy to get distracted. Instead, focus on the tasks that shorten the journey to reach the Vision. Do the right thing, the right way. And keep the Vision front and center—on a regular basis—so the organization stays aligned and motivated.

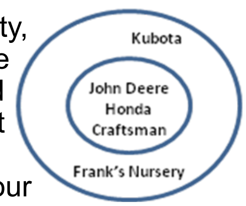
Positioning for Growth

A Successful Brand Positioning: Being Relevant & Different

What is Brand Positioning?
This topic is one of the most confusing and misunderstood aspects of Brand Management. Some think it pertains to advertising, though it actually has a much broader purpose: it defines what a brand offers (benefits) and how it is different from others in its competitive set.

Creating a growth-focused Brand Positioning addresses several questions:

- **What business are you in?** This defines the general business landscape and should have some reasonable parameters of where you plan to compete—both initially and longer term. For example, using the John Deere brand, they are in several businesses within the residential maintenance market. This includes lawn and landscape maintenance *(more than riding lawn motors)*, watering systems, and hardscape design and construction. This helps guide priorities and new markets.
- **What market segment are you targeting?** This process starts with a customer segment, hopefully defined by how they see themselves versus the products they might use. For example, John Deere's consumer division would describe their target as Yard Enthusiasts, not just the 'riding lawn mower owners.' The insight is they are very conscious about how their lawn looks and is maintained, as it is a reflection on them. Understanding their customer's motivation is critical to Deere's success.
- **Who are you competing against?** This provides another level of clarity, important when trying to differentiate within the choice set. We encourage both a close in set and also likely future entrants. John Deere, Honda and Craftsman are close in, while Kubota and Frank's Nursery are in the next circle.



- **What makes you different from other relevant choices?** This is your unique reason why or point of difference from other choices. This should be the most important aspect of your product offering or Brand Identity (see the Defining a Brand article), described in a unique way. John Deere's product is *uncompromising performance* and its Identity is *'Achieving the American Dream.'* Neither of these is dependent on a single product or service; rather, they are intangibles that can connect with numerous products.

How is Brand Positioning different from a Value Proposition?
Here again, this is open to much debate. In our opinion, these are really two sides of the same coin. From a practical standpoint, a value proposition is the expression of the Brand Positioning. In the case of John Deere, it could be articulated as *'the long lasting quality worth the extra money'* on the product side or *'the pride of ownership'* as an Identity. A value proposition may also include channel, pricing or basis for satisfaction.

Why is Brand Positioning so important?
We like to refer to Positioning as a handle, a way for customers to characterize or compartmentalize a product or service. For many companies, your current or potential customers may not spend a long time researching or deliberating about the choice. Plus they may need to be reminded about why they made a given purchase. So Positioning serves to both distinguish between the competition and reinforce a previous decision.

What if my product does not have a meaningful point of difference?
We strongly suggest you find one. Successful Brands have them and continue to evolve them over time. The other suggestion would be to find differentiation with higher order benefits (see

Benefit Ladders article). These are more commonly found with Brands that have been in the market for some time, although determining what you want to own should be part of the planning process. Find a benefit that is *relevant & differentiated.*

Brand Positioning Worksheet

What business are you in?	Scope of business __________________________________ __________________________________ __________________________________
What market segment are you targeting?	Your target audience and their needs __________________________________ __________________________________ __________________________________
Who are you competing against?	Frame of reference __________________________________ __________________________________ __________________________________
What makes you different from other relevant choices?	Point of difference __________________________________ __________________________________ __________________________________

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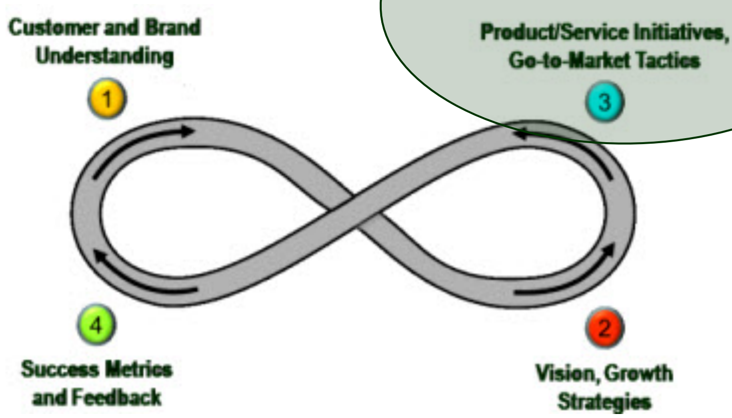

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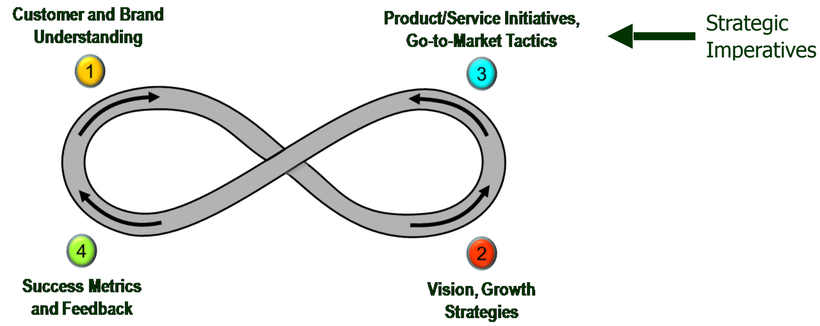
Strategic Imperatives



Strategic Imperatives Drive Use of Proceeds

Translating strategy into specific, meaningful tactics is one of the most difficult aspects of building a brand. Linking strategy to outcomes is pivotal, especially in earlier stage companies. That is why we call them Strategic Imperatives, because if they don't happen the company doesn't grow.

For investors, Strategic Imperatives drive use of proceeds. In essence, Strategic Imperatives can define what to focus on and what resources are needed. Unfortunately, many investment levels are a function of valuation versus a bottom's up determination of how much money is actually required. Well developed Strategic Imperatives address both needs: **what must get done and how much will it cost**.

In addition to defining how much money is required, they are also the basis for measuring progress, and provide a common tool for Management and the Board.

The general framework is (shown below) straightforward, yet relatively complete for creating a plan. This simple management tool is essential to evaluate progress and identify roadblocks, as well as depicting the necessary resources ($ and people).

Strategic Imperative #1: Description of what must be achieved

A Strategic Imperative, simply put, is a clearly defined outcome essential to achieve growth goals. For example, it could be a basis for product uniqueness (e.g., a defensible patent). Or it could be distribution leverage (e.g., an exclusive arrangement with a respected retailer). It can even be a price advantage (e.g., 25% lower cost basis than the competition). To test for an effective imperative, use SMAC: specific, measurable, achievable and compatible (with the strategy).

Tactics must then be defined. Limit your plan to no more than 3 tactics. Our experience is that if you have more than three, either they are not tactics or the Imperative itself needs to change. So what makes a powerful tactic? Importance is the overriding need. It should be a definable event.

Resources are dollars $ and the right people. These two dimensions are ultimately aggregated, defining the true level of investment. It can also help define the kind of skills necessary and the relative capacity needed. Interestingly, a person's capacity can be determined by showing all the activities an individual is responsible for. This is often very telling, usually because the biggest bottleneck is an overburdened individual.

Responsibility and Timing go hand in hand, as they are the ***who*** and ***when*** of the initiative. The person responsible must also have the authority (and encouragement) to accomplish the tasks.

Below is an example:

Strategic Imperative #2: provide sales support for the product launch

	Tactics	Activities	Resources Needed	Responsible	Timing
1)	Provide product samples	• Create special sku with 'sample' label	• Outside art director, $1k	Tim	5/1
		• Pack in sales kit	• Part time filler, $1k	Sally	5/15
		• Web site link for explanation & re-order	• Web design & programmer, $3k	Sally	6/1
2)	Sales aids	• Performance summary on why product is better	• Copy writer, printing, $2k	Sally	5/15
		• Develop sales training video for website	• Agency, $9k	TBD	7/1
		• Sales Kit	• Agency, $5k	Tim	7/1
	Incentive plan for distributors	• Design sales contest	• Agency, $2k	James	5/1
		• Create individual objectives	• Sales Mgr, $0k	James	5/15
		▪Progress tracker on the web	• Web design & programmer, $3k		6/1

Summary: Hopefully, this example demonstrates the level of detail, the ability to determine a 'bottom up' resource estimate, and be the blueprint to guide those resources. This format should be updated monthly. A full review should be held quarterly, especially against the time and spend rate. This tool permits all layers of a company to have the same perspective and encourages bottlenecks or lack of progress to be identified earlier than later. All in all, an essential tool in bringing the strategy to life.

Strategic Imperative Work Sheet

Strategic Imperative #2: provide sales support for the product launch

Tactics	Activities	Resources Needed	Responsible	Timing
1) ______	______	______	______	______
	______	______	______	______
	______	______	______	______
	______	______	______	______
	______	______	______	______
	______	______	______	______
	______	______	______	______
2) ______	______	______	______	______
	______	______	______	______
	______	______	______	______
	______	______	______	______
	______	______	______	______
	______	______	______	______
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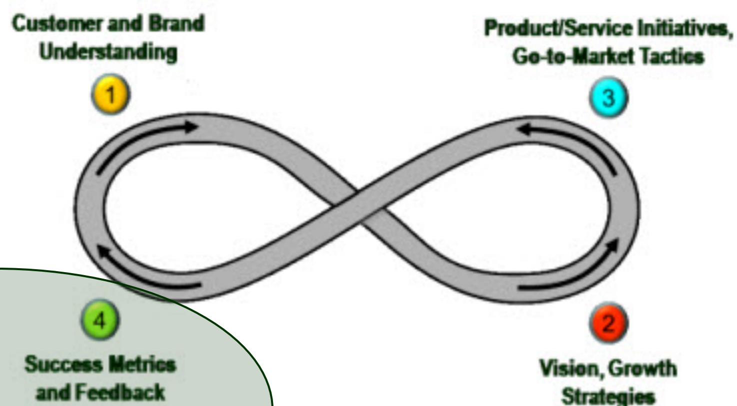
	______	______	______	______
	______	______	______	______
	______	______	______	______
	______	______	______	______

Accelerated Growth System (AGS)

- ✓ Building a Customer Framework
- ✓ Defining a Brand
- ✓ Benefits Ladder

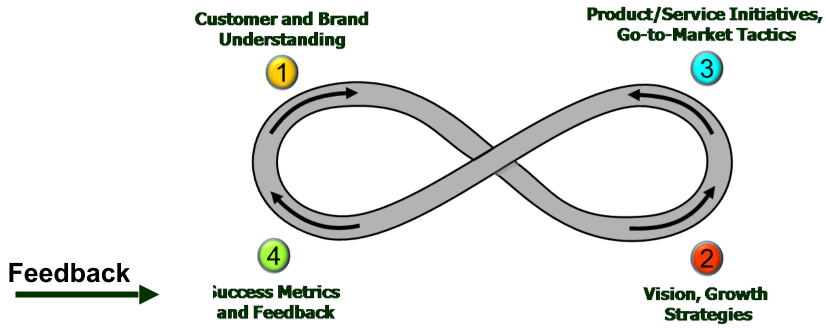
- ✓ Strategic Imperatives



- ✓ The Necessity and Power of Feedback

- ✓ Vision versus Distance
- ✓ Position for Growth

The Necessity and Power of Feedback



Feedback is not an optional step in the process.

What is typically measured?
Strategic Imperatives drive the initial use of proceeds. But after the 'growth investments' are made, entrepreneurs need to continually recalibrate if the spend is getting the desired result. In many cases this is fairly easy to assess. Were the key tactics of the imperatives completed? Make forecast sales? Are more accounts being opened up? Or, are expenses rising faster than revenue? We call these **tangible metrics** because they are very concrete, easily measured and expected on a monthly basis.

What should be measured? Getting beyond the tangible metrics.
This underlying question is the tougher one to gauge: Did your efforts make an intangible difference? (These are sometimes called 'soft' measures.) For example: Are your target segment customers satisfied? Are your word-of-mouth referrals increasing? Are you at the top of your channel partners' priority list? Are your investors still active advocates? Are your employees still motivated at a high level? Getting the right kind of feedback is essential to maintaining steady growth.

Measuring the intangibles gets at intent.
Getting a handle on these softer metrics is important because it really is an understanding of intent. Importantly, intent precedes purchase. Sales might not be quite on plan, but if your biggest customer is a strong referral case that is a good indicator. Conversely, if your customers are not satisfied, their commitment level will ultimately be reflected when they switch to another supplier. These softer measures, also a reflection of underlying attitudes, are the most critical in gauging long-term commitment.

Linking to your Strategic Imperatives

Tactics	Activities	Resources Needed	Responsible	Timing

In step 3 of the Accelerated Growth System (AGS), **Strategic Imperatives** guide your tactics and spend. In step 4, continue the linkage to your imperatives and introduce the intangible measures as well. The secret is having a seamless basis for accountability.

The tracking metrics operate at several levels.
The first level is the most traditional—sales, expenses and profits (or losses). Then progress against the Strategic Imperatives, focusing on successful completion of the essential tactics and resources (time & money) versus business plan? The final area is a reflection of true commitment and willingness to partner. These can be custom measures, too.

Feedback Metrics:

Sales & Expenses

- Typical P&L reporting measures
- Progress versus business plan

Strategic Imperatives

- Progress or completion of the key initiatives and activities
- Resources deployed (time & money) versus the business plan

Intangible Metrics

- Customer satisfaction, willingness to recommend to others
- Desire to collaborate, interest in additional products, etc.

Summary
Feedback—especially the softer metrics getting at intent—is essential for a company's growth. It is reassuring when the outcome is positive; sobering when less than desired. This tool permits all layers of a company to have the same perspective and encourages bottlenecks or lack of progress to be identified earlier than later. Getting a clear picture of where you stand calibrates the real likelihood of achieving your Vision.

________________**Worksheet**
(your brand)

Sales & Expenses

- ____________________________
- ____________________________

Strategic Imperatives

- ____________________________
- ____________________________

Intangible Metrics

- ____________________________
-

About the Author
Eric Arnson is a co-founder and Managing Partner of Originate Ventures, a private equity fund focusing on early stage brand companies.

Eric is also the founder, and now managing partner, of ENVISION, a brand strategy consulting firm, which was acquired by McKinsey & Company. And later re-purchased from McKinsey. Eric was a senior partner at McKinsey, serving as a leader in the North American Branding Practice. Prior to his return to the business world, he enjoyed a two year sabbatical where he focused exclusively on three pro bono initiatives: education, sports and spirituality. He was also a contributing author to *Blueprint to a Billion: The Seven Essentials for Exponential Growth and REVEAL: Where are you?*

Prior to McKinsey's acquisition of ENVISION, he pioneered a new marketing philosophy: Consumer-driven Brand Strategy. This now broadly embraced approach redefined the core tenets necessary for effective marketing. This included a rigorous opportunity assessment through understanding consumer needs (over 60 categories); defining the nature and basis of the consumer relationship (via tangible and intangible benefits); and quantifiably validating the drivers of preference (through a dependent variable model) with behavioral and attitudinal components.

Eric began his professional career at Procter & Gamble, where he held a variety of Brand, Sales and Product Development positions. He later joined Beecham Cosmetics as Director of Marketing. Eric was also one of the original Partners at The Cambridge Group.

Eric graduated from the University of Michigan and was President of the Student Body. He continues to research and teach leadership development in conjunction with the 'Leadership for the Public Good,' an initiative encouraging broad based service and philanthropy.

He remains an Entrepreneur at heart.

About ENVISION

Discovering & Investing in Brand Growth Drivers

Since 1994, ENVISION has pioneered an empirically based brand strategy, always starting with the customer. Over the years, our clients sought more specific information:

What should your company be investing in to accelerate growth?

In addition, our client base has evolved from serving almost exclusively Fortune 500 brand, including the Olympics (USOC), Allstate, Nike, Quaker, and the Weather Channel, to serving entrepreneurial brands like ClickPayRent (acquired by Real Page), RenewalWorks, Adhezion, CryoConcepts and even the Felician Sisters. And now, we are as likely to work with the CEO as the CMO or CRO, focusing on analytic mining and identifying specific levers to grow.

ENVISION also provides investment monies and consulting, or can co-invest through GCPchicago.

ENVISION'S offices are located in the Victory Firehouse in South Bethlehem.

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