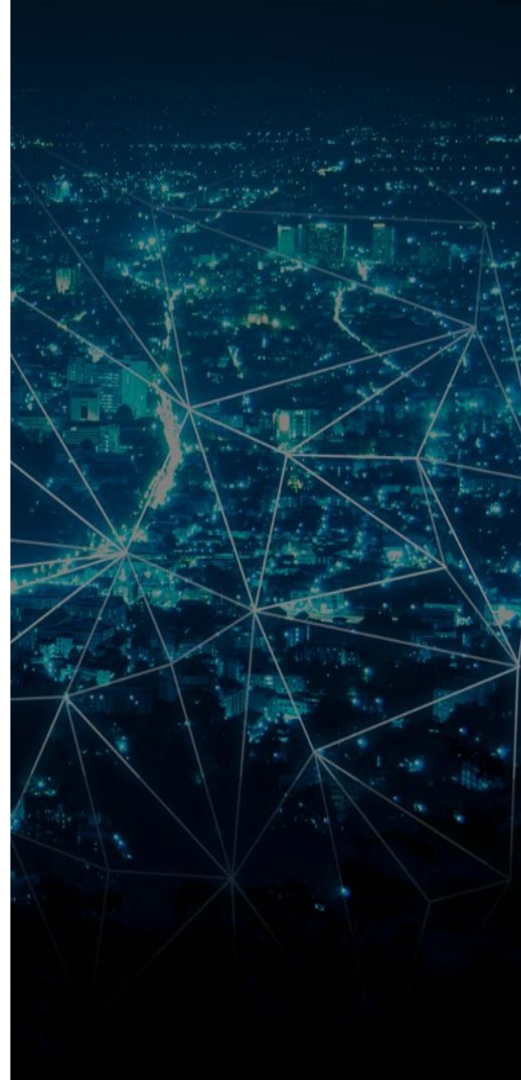


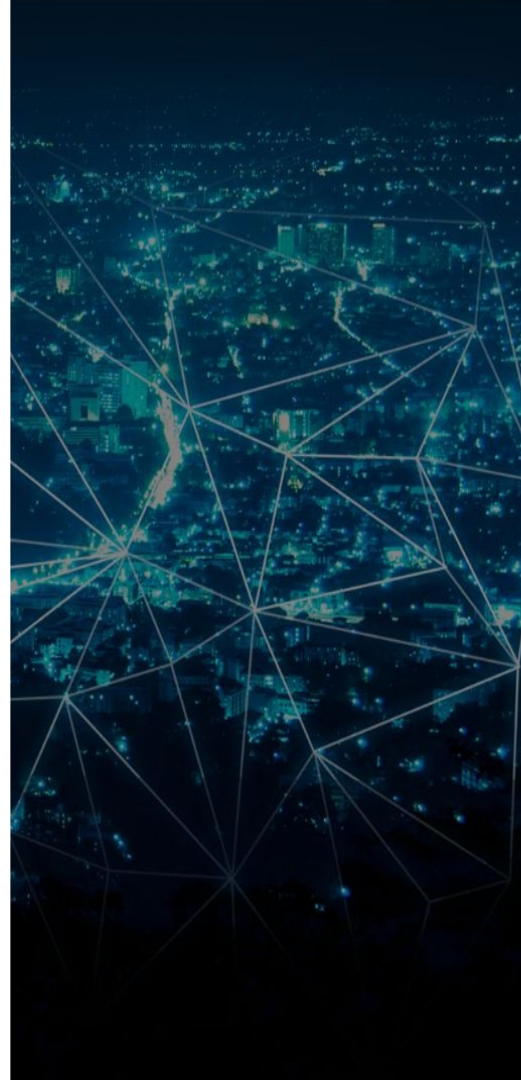
# Getting Back to Business

Practical tools for Phase 2 companies to find 2T3D



## Today's outline

1. Why is it difficult to push through Phase 2 (MRR of ~\$100k)?
2. What are strategies to overcome Phase 2 Challenges?



## Why is pushing through Phase 2 difficult?

1. Accessing larger accounts and markets is crucial and can be difficult for small companies:

a) B to B isn't really a thing, it is actually B to "E"

2. The "E" in B to "E" is "Employee" and most likely a seasoned "Employee" and most concerned with:

a) Don't lose my job

b) Don't lose the respect of my peers and superiors

c) Make the company better

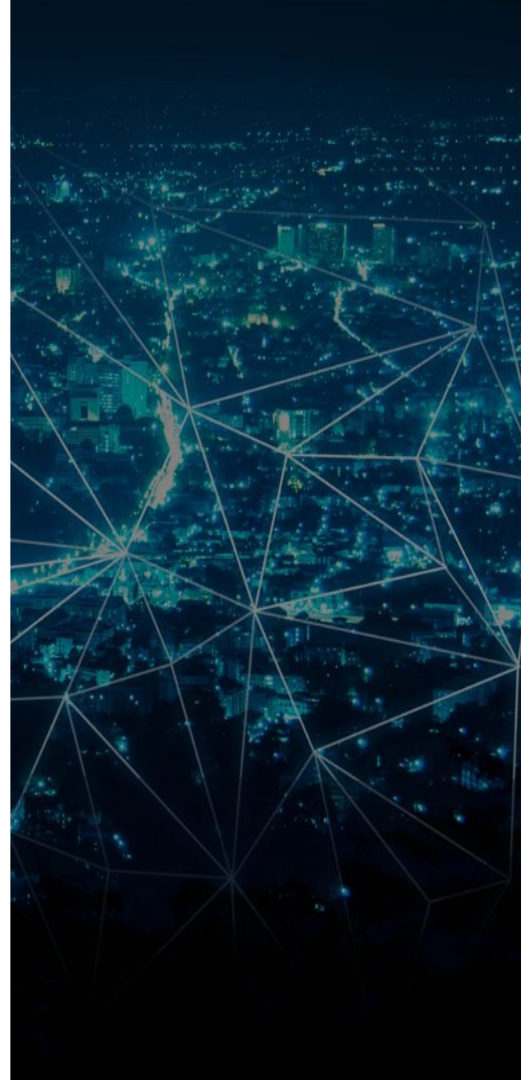
...in that order



## Practical Example:

Your 50,000hr executive “Employee” selecting innovation is similar to a 5,000 round golfer selecting a group to join up with.

Both are experts. Both want to know that the downside of their choices won't cause undue pain or suffering before they team up with a new group.



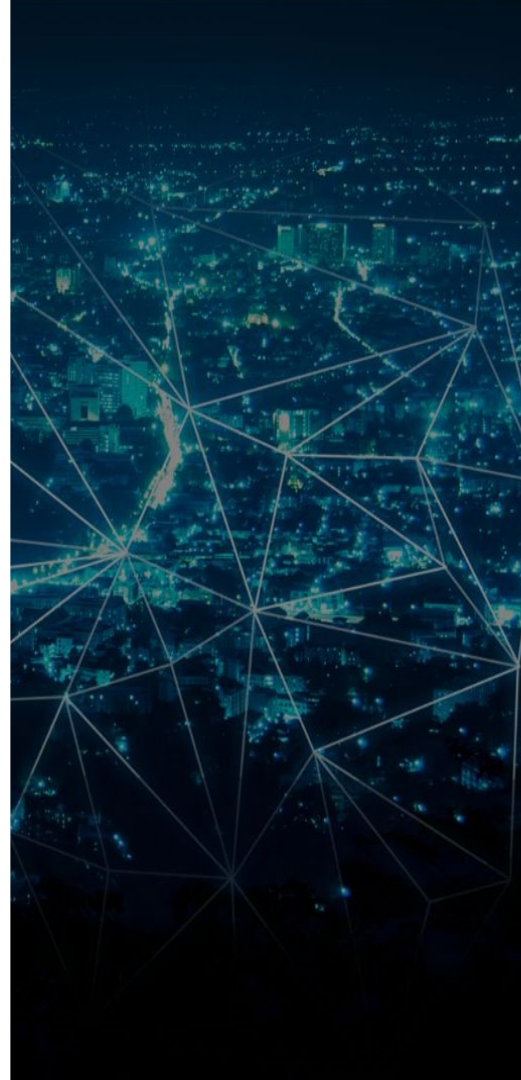
## Practical Example

### Properties of great golfers:

- Played thousands of rounds
- Practiced thousands of hours
- Doesn't hit it in the trees much
- Hard core golf fan
- Ball marks in the dead middle of the clubs
- Good at identifying other good golfers

### Properties of great executives:

- Have tens of thousands of hours of experience
- Doesn't make too many mistakes
- Business acronyms on lock
- Track record of identifying accretive opportunities
- Good judges of character and can identify risk



## Example:



Great golfers choose other people to join up with based on subtle indicators of whether they will be able to hit it efficiently straight.



This is largely so if they join a group, they don't spend their whole round looking for golf balls in the trees.



## Why is pushing through Phase 2 difficult?

What does this all mean for my Phase 2 company?

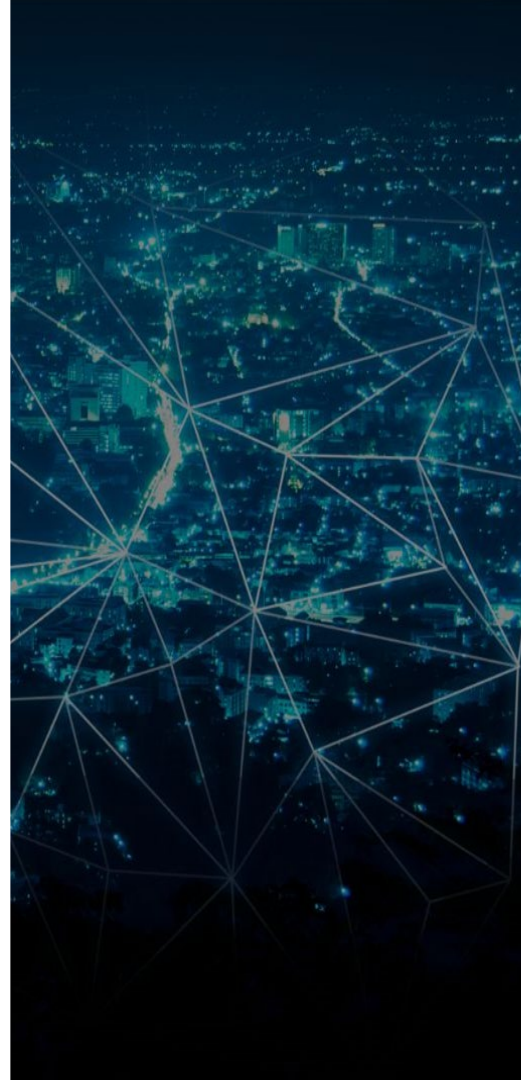
1. For B to “E”, Phase 2 companies should think about:
  - a) Don’t get your “E” fired
  - b) Don’t damage your “E’s” reputation
  - c) The rest is the easy part – if you got through Phase 1, your product works.
  
2. Don’t underestimate the work it takes to satisfy ‘a’ and ‘b’ above



## Why is pushing through Phase 2 difficult?

In Phase 2, employees get tougher. Why is this?

1. The inspiration of being 1<sup>st</sup> reporting to the founder is different than being 12<sup>th</sup> reporting to employee #4 (e.g. your boss is #4@phase2.com and you are generically named last.first@phase2.com)
2. Founders are inspirational. When their time can't personally touch every team member every day, motivation must come from somewhere else.





## Why is pushing through Phase 2 difficult?

Governance gets real.

1. All companies plan to be successful...not all companies act like they will be successful.
2. Exponential growth is expensive. Funding growth, allocating resources, and timing are tricky.
  - a) Is the horse first?
  - b) Is the cart first?
  - c) Do I put the horse in the cart?



## Strategies to overcome Phase 2

### Fractional Expertise

A few hours of a knowledgeable person's time goes a long way for a phase 2 company.

The first four hours of an expert's time can be vastly more effective at allocating company resources than all 40 hours combined of a person that is new to their role.



## Strategies to overcome Phase 2

### Agency or white label agreements

Agents are larger more established providers that will sell your products/services within their suite of existing products/services.

Agents allow Phase 2 companies to access larger customers and markets through a salesforce that is established and functioning.



## Strategies to overcome Phase 2

### Partnering/Acquiring/Teaming

Strength in numbers. When you team with complimentary companies, you can:

- a) Broaden your expertise/offering
- b) Reduce risk to customers
- c) Reduce contract & vendor administration
- d) Double your sales touches



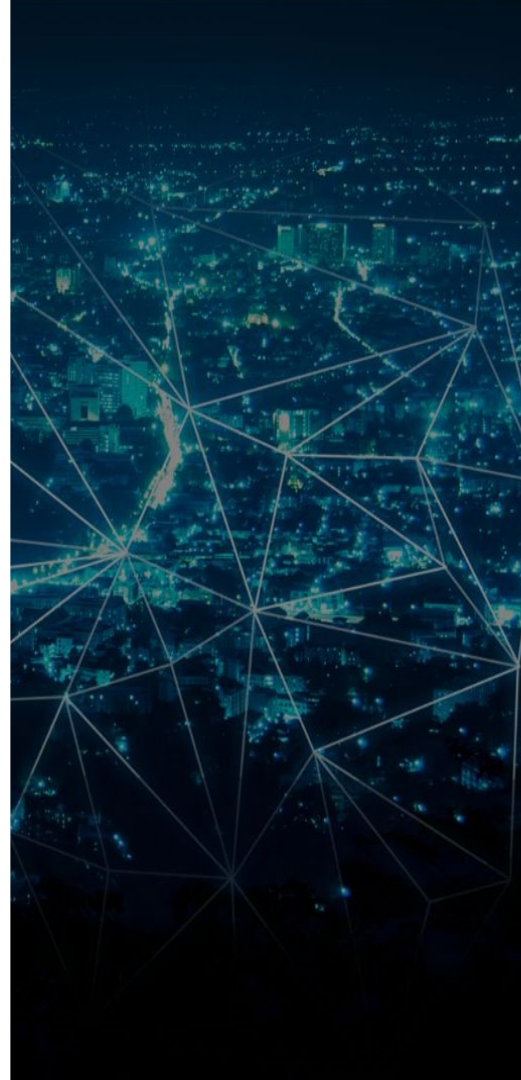
## Strategies to overcome Phase 2

### Pilots, Pilots, Pilots

Pilots are low cost, low risk, low impact tests that have minimal collateral damage for your customer if they fail.

They are extremely valuable because:

- a) They won't get your "E" fired
- b) They are unlikely to cause your "E" reputational damage (they generally use existing discretionary budget)
- c) If they are effective – the rest is easy



## Strategies to overcome Phase 2

Get a 30,000-50,000hr seasoned executive advisor

50,000hr executives are helpful in so many ways. They can help you with:

- a) Resource allocation
- b) Sales to other 50,000hr executives
- c) The true market potential for products/services

And they are way funnier and more engaging than they get credit for.



## Conclusion

1. Phase 1 is hard. Phase 2 can be even harder. Don't be discouraged.
2. You don't need to do it on your own. Alberta has a wide range of resources and incredible willingness to help.
3. 2020 brought about substantial change. As a Phase 2, change is your friend. Change opens minds to new things and windows of opportunity to innovate in all industries.



Thank you

