TheBlox

Tech Stacks & Outsourcing Technologists

There Are Three Ways To Scale

- Employees

- The Crowd

- Technology

The things we're "scaling" isn't necessarily just the production of our product. It could be scaling the funnel, scaling the supply chain issues, scaling the training of our employees, scaling the education of our customers….there's a million things. Your product doesn't have to be a piece of technology for you to view your business like a technology company.

Is Starbucks a scalable tech company? YES! They sell the least scalable thing in the world: brick-and-mortar distributed coffee. 🤦‍♀️ But how they're able to do so at such a grand level is what gives them the competitive advantage; it's what makes them scalable; it's what makes them infinitely more valuable than the other coffee shops in Seattle that started at the same time as them.

Types Of Software We Could Use To Scale

- Custom coded just for us.

- Third party created tools that sit on their own, as a tool for us to go to when needed.

    - We sometimes refer to these as LEGO pieces.

- Third-party created plug-ins that sit inside our website or app.

What Is A Tech Stack

- All of the software & equipment we use to create value for the business.

- This could be software to acquire leads, or nurture them, or capture their revenue, or induce retention, or deploy the product/service to them, distribute the product/service, customer service, etc.

- Sometimes referred to as 'technology infrastructure' or 'solutions stack'.

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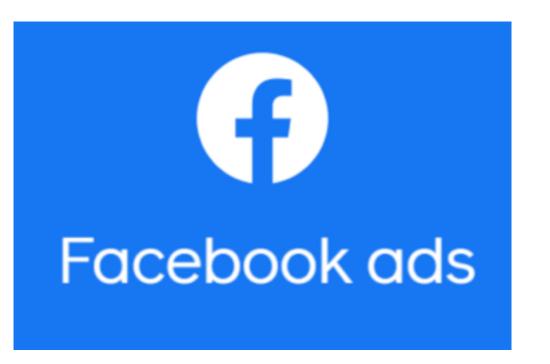- Sometimes referred to as 'technology infrastructure' or 'solutions stack'.

Software We Use To Acquire & Nurture Leads

Software We Use To Capture Revenue

Software We Use For Customer Service

Software We Use For Product Distribution/Fulfillment

Software We Use For Customer Organization

Software We Use For Employee Management

The List Is Almost Infinite

- Investor relations

- Security

- Data storage

- Marketing collateral creation

- Accounting

- There is even tech…to manage your tech stack 🤦‍♀️

Let's turn a typically unscalable business into a scalable tech venture. Let's choose a gym.

1. We create high quality YouTube videos about getting in better shape. We make them with our Phones, edit them with WeVideo, and store them on YouTube.

2. We promote them with YouTube and Facebook ads.

3. The videos push people into a free trial that they redeem on our Wordpress site.

4. The Wordpress site uses MemberPress as an added incentive for them to sign up for the free trial. So by signing up they get exclusive how-to videos and training plans behind a locked gate on our website. So now the customer is more educated about how to use our product and more likely to sign up in the first place.

5. We use Salesforce for organize those leads and customers' information in one place.

6. Salesforce syncs with Zapier to beam their cell phone number to SimpleTexting and their email to MailChimp so they get a weekly newsletter email and quarterly text message.

7. When they arrive, they're greeted by staff that we trained via BambooHR. Don't get me wrong, there's still going to need to be in-person mentorship/management/training….but that process will be greatly accelerated and optimized by having something the employees can go through on their own time to augment their learning curve.

8. The quality of the online training courses might mean little-to-no trainers are needed. A single high quality employee is more functional than three bad ones. So depending on the size of the gym you might be able to get away with a single person. The cleaning can be outsourced.

9. To run this entire system (writing emails, text messages, managing your Salesforce, even fielding sales inquiries) could be outsourced to CrankEngine and paid as contractors.

10. Google Drive will house all your important biz documents, categorized by department and shared with necessary vendors and partners.

Does A Contractor Use All The Tools In The Shed For All The Jobs?

- Of course not.

- We need to pick the right tool, for the right job, at the right time.

- Each new tool we add is a tool that has to be

    - Learned

    - Paid for

    - Taught to employees

- Thus we choose them sparingly when the value of their outputs outweighs the cost of the inputs.

11B. Best Practices For Hiring Technologists

Some Of These Tech Legos Can Be Added & Maintained On Your Own; Others You'll Need To Bring In A Contractor

- Not all pieces of technology in our stacks are easy to build on their own.

- The spectrum is as wide as launching a google doc to building custom mobile applications.

- Depending on where our technological literacy is, and how difficult of an asset it will be to build or implement, we will need to bring in a tech contractor to help us.

- In the same way that sometimes when our sink is broken we can look under the cabinets and it's an easy fix, and sometimes you need to bring in a plumber.

Hiring The Right Contractor Isn't Easy

- It's a bit like Goldilocks finding the right temp porridge

  - Hiring a firm that is too big/established is likely too expensive for a startup by an order of magnitude. They're not setup to help early-stage ventures.

  - Going too small, with like a buddy that knows tech, you get a duct taped solution with no guarantee that the job will get done, or that they'll be around in six months to add too it or maintain it.

Main Variables We're Looking For

- Established enough to do the job correctly

- Able to fulfill its warranty into the future

- Small enough to not run into "corporate" problems, timelines, & prices

- Has a culture that is passionate about helping early-stage entrepreneurs

We Need To Start Looking At These Things As If We're Investors

- Analogy: if a new kitchen that costs $50K to upgrade, increases the home by $100,000 - that was a great investment.

- This is similar to our business in the sense that we should be buying and making things that are not only functional and beautiful, but that increase the overall value of the business.

- But unlike a kitchen that has a static ROI, in this example $50K in creates $50K in profit….technology has much higher ROI's. A $50K investment could be worth hundreds of thousands or even millions of dollars.

Understanding The Vendor Pricing Dynamic

- We need to find a vendor that can see your vision and say, the asset at the FINISH LINE in 3-to-5 years will cost, let's say $250K. BUT…

    - $10K: a quick test is $10K + 3 months

    - $40K: A meatier MVP is $40K + 9 months

    - $100K: A scaled version with improved functionality + 12 months

    - $100K: Design polish & "whole product" features + 12 months

- In other words, we need a vendor that can authentically price:

    - The whole thing

    - The starting price that at least gets you live to start testing and earning traction

    - The milestones along the way with transparent and realistic timeframes

Paying A Vendor In Equity Is A Risky Move & Seldom Works

- People aren't as motivated by equity in the long-run as they will appear upon the invitation

- Most of the things we need are cheaper than we originally thought and thus we're giving away what should be expensive chips in exchange for cheaper assets.

Exceptions To This Rule; And Best Practices To Follow If You Go Down The Equity Path

- Equity can and should be considered ONLY if your entire venture is a piece of technology such as a mobile application

- If you do go down this path:

    - Put them on a vesting schedule

    - Make it a cash/equity hybrid of about 70% cash, 30% equity

Interviewing A Technologist

- Do they get your vision

- Are they turned on by this stage of business

- Do they strike a good balance between startup culture & long-term sophisticated vendor

- What are their communication skills

- What does their support team look like

- Do they have experience with this type of technology