WISC PARTNERS

Foreword (and Always Forward)

Wisconsin Inflection Stage Capital Partners (“WISC Partners”) is a disciplined, regional growth capital fund that is differentiated by its high degree of post-investment engagement. We deliver company-building experience, corporate development networks, and collaborative executive support to provide our portfolio companies with every advantage and opportunity for success.

This booklet is a sample of the expertise we provide to our portfolio companies, and an opportunity for us to share freely with fellow entrepreneurs and company-builders. It is not intended to be a single read, but for your use as a reference. Browse and choose different articles at different times based on what is currently most pressing in your work. Revisit the articles periodically, as what you bring to, and take away from, your reading evolves over time.

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Improve Your Odds of a Successful Funding Round

BY DAVID GUINTHER

There are certain dynamics to raising capital via equity that all entrepreneurs must consider upfront in order to be successful. By getting to know them, you will greatly improve your odds and outcome.

FIRST OF ALL, make certain that you are truly funding-worthy. Investors are looking for ventures with an acceptable degree of proof of concept, a solid strategic vision, a smart business model, and a credible management team. They are assessing your ability to execute as promised, and the more pieces that you have in place, the more interesting you are relative to the alternative, competing uses for their investment dollars.

SECONDLY, disabuse yourself of the notion that you are raising funds for your company. Instead, think of what you are doing as taking on additional owners. Outside money comes with a new sharing of control, risk, and rewards. Remember, you are not being gifted, but invested in. Investors want great financial returns within a reasonable timeframe. This will be your new reality.

THIRDLY, be aware that all parties are understandably interested in protecting themselves from downside risks while fully participating in upside returns. You need to understand both perspectives, and you need to understand leverage.

In any negotiation, it comes down to leverage. Leverage can be best understood by answering a simple question: "Who needs this deal more right now?" The answer drives valuation, terms negotiation, and closing processes. Be objective in assessing respective leverage, and then "play your hand" accordingly.

Knowing this, your goal is to create as much market demand as possible for your equity offering. Doing so will shift leverage toward you, and will result in financial and control terms more to your liking. Plus, despite the resulting loss in their leverage, investors prefer to participate in a high demand, even over-subscribed, round.

FOURTHLY, never forget opportunity cost. The time and distraction involved in pursuing outside funding will have adverse effects on the business you are trying to build. While you are prospecting, pitching, and negotiating with perspective investors, who is building your business? Who is increasing your sales pipeline? Who is taking care of your customers?

Everything you do has opportunity cost, so manage the fundraising process and its timeline in a manner that does not overly weaken your venture at a time it needs to be building up proof of concept momentum to further support a successful funding round.

AND LASTLY, be smart by not trying to be the smartest guy in an admittedly unfamiliar room. You are not expected to be the expert in raising capital. Nor is your lawyer.

Instead tap into proven resources that already understand how to expertly manage this process. Experience, and the process sophistication that comes with it, will help you secure not just funding, but investors that will help you to further build the company.

Expertise will also help you to better understand and think through the implications of the financial and control aspects of the deal structure itself. And it will ensure that you strike a deal that is good for you, for your investors, and for the business that you now collectively own.

TO SUMMARIZE, ask yourself if your venture is truly ready to pursue funding via the sale of equity. Think through and fully understand the process and dynamics associated with closing a funding round. Tap into expertise as needed.

Doing so will ensure that your new investors and you will have every opportunity to be successful together. And isn't this what you really want?

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02

Objectives and Key Results

BY MIKE SPLINTER

OBJECTIVES AND KEY RESULTS (OKR)

OKRs are a management tool to focus the company on executing the most important elements of the strategy of the company. I will discuss this later but I purposely chose the words "most important" because implementing an OKR system is meant to emphasize just that, the most important elements of the strategy. There is an old adage that you will get improvement in what you measure, so it is critical to measure the right things. Processes and systems are critical to companies that are growing and scaling up. In fact, they are important to all companies, but especially important to smaller ones that have very little time, money and resources to waste on non-critical activities. Systems like OKRs might be called Standard Operating Procedures (SOPs) and are critical manifestations of the culture of the company. OKRs can put discipline and focus into the company like no other system if managed correctly. I like to think of OKRs as a key element of the execution engine of the company. If the system can be implemented in a way that is deeply imbedded in the SOPs of the company and there is a common language around system that everyone shares, it can be a very powerful tool for leaders to accomplish goals and assess performance of their team as the company grows.

IT ALL STARTS WITH THE STRATEGY

Most companies these days have a mission and vision statement. These are aspirational goals usually driven by the CEO and her management team. Bob Burgelman wrote a book "Strategy is Destiny" focusing in on the concept that strategy is really messaging to everyone in the organization on where the company is headed, why it is going there, and what they want to achieve over time. It is Important to realize that execution without strategy is aimless, but strategy without execution is simply dreaming. Thus, the first element of implementing an execution system is to ensure the strategy is solid and well-communicated, and that the vision is shared by everyone in the company. In addition, to make it real and believable by the employees, the company needs to have an outline of how to achieve that strategy.

To define your strategy, I suggest a set of relatively simple objective statements that flow from your vision and mission statements. They should be written and publicized throughout the company. If your mission is to be the leader in your market segment, your strategic objectives may, for example, be the following:

1) Achieve overall Product leadership in our category;

2) Attract the best and brightest in our field; and

3) Be, and be perceived as, the market leader.

The next level of implementation is to quantify these strategic goals. For instance, for the Achieve Product Leadership objective, how will we know when we achieve this? Perhaps there are performance elements or third parties that rate your product. If you were in the wine business, it might be producing wine with a 100-point rating. These goals can still be aspirational and they need to be set very high because of that fact. Over time, showing the progress you are making toward these aspirational strategic goals will be a great motivator. When setting these goals, I tend to ask the question where do we want to be in five years as a test of whether they are aggressive and aspirational enough.

THE ANNUAL PROCESS

Now getting down to the more year by year, quarter by quarter, and day to day implementation of OKRs. First, in the company's annual planning process, key goals for the year should be determined and set out that follow from the aspirational goals discussed above. For instance, for our Product Leadership goal, our goal for 2022 may be 'Improve our product performance by 50% in speed and power. " Or for a SaaS company, we may want to measure user satisfaction, or security or technical elements of the product.

For these goals, it should be goals that you believe can be achieved over a one-year period. For instance. Achieving product leadership may take 5 years and several product iterations to outpace the competition and truly become the leader. So that is not effective as a measurement tool in the short term. There is a need for shorter term goals and tactics or key results to achieve that interim or annual goal.

Now under each objective you can write key results. Again, at this point you are thinking on an annual basis. For our product leadership goal these tactics might be something akin to the following:

1) Release a new UI by March;

2) Meet and exceed new security standards by July; and

3) Introduce a native mobile application by November

The reason to analyze and develop the specific goals you are going to work toward on an annual basis is because this is the foundation of your resource plan. In order to complete and release a new UI will take a certain level of resources and investment. The company will need to commit those resources to the group executing this goal. If the company is unable to commit the complete set of resources, alternatives must be found or there may be a negotiation on the completion date or other type of compromise. This goal setting should be an interactive process between the manager and the team. In the end, however, these goals should be tough and a stretch for the team but not so difficult that everyone thinks they are impossible. This of course is the art involved in this system or any goal setting system. OKR's is about execution and Great Managers execute. I use the word "manager" broadly here to describe anyone in a management role including the CEO. I do not use "leader" when talking about this kind of a system. During my tenure at Intel, I grew my reputation and rose in the company not because of my leadership skills but because my teams executed.

I want to impress on you that there is a reason that everywhere in this presentation I have only used the Rule of Three. I have presented three objectives, and three tactics to go with those objectives. In the subsequent steps I will continue to use the Rule of Three. I said early on that this process is about getting the most important things done. It is about focus. I strongly believe that if you follow the rule of three you will be focused. I understand that sometimes expanding to four or in certain circumstances even 5 objectives may seem compelling. However, especially at the front end of implementing this process, I would not exceed four objectives or four tactics for each of those objectives. Of course, you can write more. Of course, there are more things you are going to do during your work day than just work on those three key things. However, to implement this system effectively you have to decide what is important and what is less important. For me this was always the hardest and most difficult part of using this system. What do I really need (not want) to focus on? What do I really need my team to focus on? These simple questions are hard because you will risk not getting some things done. I can tell you from experience that the quickest path to failure is trying to do too many things at one time. Focus is the key to winning.

Just a quick Andy Grove anecdote. When Andy would write his objectives and present them to the executive staff, they might look like this:

1) Introduce the PentiumX processor by October
    a) Design completed by March
    b) Factory capacity in place by August
    c) Ad campaign launched in Sept
2) Start Intel Ventures
3) Improve Employee Commitment by 10 points

At that time Intel had a $5B Flash Memory business. It would never be on Andy's list. Employees complained about this all the time directly to him. They felt left out. Frankly they did not like it. His argument was that he had to focus on the things where he was driving change and he expected the Memory Division leaders to drive that business forward. The reason for mentioning this point is that at times some elements of the company may not receive much attention from the CEO. That does not mean she doesn't value those segments. But it does set an expectation that you as the leader of that group will need to act like its chief executive and drive it, even if the light of the CEO is not shining directly on you.

QUARTER BY QUARTER

Now you may argue that a year is a long time and, in our business, things happen faster than that. Objectives written at the beginning of the year may not be what we need to do at the end of the year. There are many forces that affect a company. The market may change, new opportunities may arise, competition moves may require a quick response. I would agree with you that this is extremely important and this leads us to the next step in the process.

The next step is really where this system becomes effective and useful on a day-to-day basis. You now have your objectives for the year and you have thought through the key tactics to achieve those goals. So let's say we are in the days leading up to the beginning of the year. We have an annual plan and a budget to go along with it. But now the rubber hits the road. What are we going to get done in Q1? I mean what are we measurably going to get done in Q1?

This is where the discipline and objectivity in writing the goals for the objectives and the tactics or key results come into play. I want to explain here that the goal for the objective is very important.

For instance, our Objective for Q1 may be to increase our 60-day pipeline to $3m or more. We should be able to measure this without ambiguity. If we want to strictly interpret this, we either do it or not. Now we can write our tactics which might include the following:

1) Hold 27 meetings with hospital administrators

2) Issue 15 proposals

3) Move into negotiation with 10 hospitals.

How do we assess our performance if we complete every one of these tactics flawlessly and we increase our pipeline to $2.5m? Did we do a terrible job?

How do we assess our performance if we do half of the tactics and increase the pipeline to $3.5m? Did we do a great job?

The answer is we cannot tell from the information I have written here. However, the manager and employee in a one-on-one setting should have agreed on the OKR's going into the quarter. They should have jointly assessed how aggressive the target was and whether the key results represented a rational plan to achieve the objective. Knowing those details should allow the manager and the employee to determine the true performance.

In writing the objectives it is critical to make them objectively measurable. I favor using a range of results that is going to be satisfactory and is in line with the annual goal. In the goal above it might be that $2.5-$3.5 would have been acceptable. Below you can see a note from Imprint Energy, a company I work with. The CEO, Christine Ho, sent this message at the beginning of the year to her team as they were writing their first set of OKR's. I could not have written a better summary so here it is.

I also favor communication and sharing everyone's goals among the relevant team. The CEO and executive staff should be transparent in sharing and scoring their goals. The same for each division in the company. Upfront communication is important because different team members are dependent on each other to get their jobs done so they will want to see complimentary key results. For instance, sales will want to ensure that product development is aligned with their plan to sell a new product.

SCORING OBJECTIVES

Many techniques have been used in attempts to balance realism with aggressive goals. Andy Grove was happy with a 75% score on your objectives which encouraged managers to be more aggressive in goal setting. Your goals were supposed to be so hard it was near impossible to get 100%. In his mind there was nothing worse than Sand Bagging or setting easy to achieve goals. He thought that brought down the performance of the entire team and in fact the entire company.

Other approaches give a range of scores. The range could go from near sand bagging to incredibly difficult depending on the Objective. In our example above achieving $2.5m in pipeline may have achieved a score of · while a result of $3.5m may have achieved a score of 2. Frankly I favor this type of system of scoring. While it is still open to negotiation and discussion, it is easier to understand.

TYING TO YOUR BONUS SYSTEM AND YOUR PERFORMANCE REVIEW

I very much like tying OKR's to an annual cash or equity bonus system. I also like tying it directly to your performance review. While it might not be the only element you want to consider in a person's job performance, achieving the most important results for the company is a critical element.

I also believe in assessing the results at the end of the year looking back in totality. You will have your OKR scores for each quarter and for the full year and while they tell a big part of the employee's story, they do not tell it all. Managers should apply some level of flexibility to increase or decrease the score based on all the facts available. However, I do not believe in a ton of flexibility. If there are wild changes at the end, then the objectives and the quarterly process did not work and changes need to be made to the system and implementation to adapt to the business needs.

SUMMARY

OKRs are an effective management tool that help managers organize and prioritize work to be done and objectives to be met. Perhaps most importantly, when goals and tactics are well-written and shared openly, the company will be even better focused on effectively executing its strategic priorities as you allow cross-individual and cross-team interlocking of goals and tactics.

03

"Bored" of Directors?

BY DAVID GUINTHER

Do you look forward to your Board meetings? Are they insightful, productive, and inspiring? Or are they more of a distractive obligation?

As a company founder and builder, your Board should be a great asset. If not, you need to take responsibility for it, and then act to transform it. By following these recommendations, you will create and unleash an asset that will better serve your shareholders, executive team, company, and career.

FIRST OF ALL, the composition of your Board needs to reflect the company that you want to become, and not the company that you are or once were. As just one example, if you are striving to transform your company into a multinational, your Board should be comprised of a mix of people that collectively possess the needed range and depth of perspective, experience, and professional contacts to do so.

SECONDLY, Board membership needs be viewed as analogous to a relay race. Different skill sets are required to take your company from zero to $1 million, from $1 million to $10 million, from $10 million to $100 million, and so on. Or from a distribution to a product company. Or, once again, from a domestic to a multinational company. Welcome all growing pains and adjust accordingly. Your Board needs to view its expected handing off of the baton as a great milestone achievement for them, and a confirmation of a relay race stage well run.

THIRDLY, your Board needs to be one that works and is held accountable. Too often Board meetings are an exercise in "pop in" governance in which management tries to prove to the Directors that it is executing as well as is possible, while in turn the Directors try to prove to management and each other that they actually add value to the discussion. Although governance is an important function, it is also only a small fraction of what your Board is capable of contributing.

Instead your Board needs to be actively engaged in true corporate development. While you are focused on effectively executing the agreed upon strategy and delivering the expected operating results, who is thinking about the best outcome for your investors, such as a liquidity event? Who is actively developing the pipeline of potential acquirers? Who is thinking about how to achieve and maintain a readiness for a strong valuation? Or is thinking about how to avoid any operational decisions that will complicate a future due diligence process? Or is ensuring that you will have timely access to the necessary flow of capital? Or is opening up executive level doors for your company as you pursue business development opportunities? (You are not trying to do all of this yourself, are you?)

Having a working Board means that your Directors are actively contributing value between meetings and in areas that you the most need help with. And it means that during a Board meeting your Directors are also reporting on their achievement of their corporate development commitments. In other words, all parties are contributing to shareholder value and are accountable to each other for doing so.

FOURTHLY, if you want to attract the best of the best to your working Board, compensate them accordingly. I am not referring to insiders or investor representatives who are already compensated elsewhere, but to independent Directors that you need to attract in order to build the company that you envision.

Highly successful people think about opportunity cost. If you want to secure the services of highly engaged, experienced, skilled, and connected Directors, do not approach them as if you neither understand nor respect the value of what you are asking them for, as if you are somehow entitled to their pro bono support. Instead appreciate that you are competing against alternative uses for their valuable time and effort, and act accordingly.

In business, most people do not properly value what they do not properly pay for. As a rule, include a material cash component in any Independent Director package because “cash is king” and reflects the priority and value that you place on having a truly productive, working Board. If you do not, then what caliber of independent Director do you expect to attract?

AND LASTLY, properly manage your Board! Think of your working Board as a new sports car that requires skill and attention to extract the performance it is capable of delivering. Fully exploit the opportunity presented to you by this collection of talent, experience, and connections. A thoughtfully composed and managed Board is an opportunity for you to listen, learn, lead, enjoy, and thrive. If you are willing to invest the necessary time, effort, and resources to create and maintain a truly productive, contributory Board, you will improve your odds of a successful outcome for your investors, company, and career.

And isn’t that what you really want?

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04

Optimal Time Management

BY MIKE SPLINTER

Time is your most important asset so using it effectively will help you perform at your highest level while contributing to your best output and productivity. Peter Drucker said:

> *"One cannot buy, rent or hire more time. The supply of time is totally inelastic. No matter how high the demand, the supply will not go up. There is no price for it. Time is totally perishable and cannot be stored. Yesterday's time is gone forever, and will never come back. Time is always in short supply. There is no substitute for time. Everything requires time. All work takes place in and uses up time. Yet most people take for granted this unique, irreplaceable and necessary Resource."*

This is why being at your best both mentally and physically are so important. In order to use this precious commodity to its fullest we have to be able to perform at a high level for a long period of that time and that takes both mental and physical endurance. As in any endeavor planning and prioritization are also critical but to maximize output you have to be able to be in the right frame of mind and body.

Here are list of key questions and categories to think about and answer for yourself as you start to consider what changes you would like to more effectively manage and use your time. Even modest changes will help you treat time like the irreplaceable asset that it is. Some are personal so you should not feel like you have to disclose your answers but rather use the answers to create positive change in your working life. These questions can aid you in operating at peak performance more of the time and in being more efficient with your time overall.

1) Who is in charge of your calendar? You, your admin, your team, your investors, your board, your customers, no one? Who should be in charge? You need to be really honest with yourself about this and take control of how you allocate your time. It does not mean you are not going to partner with your team or admin but the ultimate approval has to come from you. Do you have an agenda for the week, month, quarter, year? If not create one so you can align the priorities of your agenda with the activities on your calendar.

These next few questions are about operating at peak performance:

2) How much sleep do you need to be effective? Do you perform better in the morning, afternoon or the evening? Are you, or can you, structure your day to optimize for this?

3) What time do you usually start working? Stop working? How would you rate your effectiveness during that time period?

4) Do you exercise at least several times a week?

5) Do you meditate? Or have other relaxation techniques? How do you manage your stress levels?

6) Under what circumstances would you say you are working at peak performance? This could be your work setting or type of situation. For example, working as a part of a team or b yourself. You might want to visualize and analyze peak performance in another situation say I sports or other type of competition and then relate it to the work environment you have created to understand the conditions you need to work at peak performance.

7) Do you set aside time each day to organize prioritize and prepare for your day? How do you know you are working on the right things and how do you prepare for them?

8) When you compare what you spend your time on vs. your key objectives, how well do they align? How much of your time is firefighting or the tyranny of the urgent? Do you assess at the end of the day or week how much progress you made on your agenda?

The next set of questions are more standard and rote:

9) Do meetings start and end on time? Is there a real purpose for every meeting? Do you delineate between communication and mission meetings?

10) Do you limit the number of attendees for every meeting. Keep decision meetings to only those necessary. Decision meetings with more than 8-10 people become more difficult.

11) Does someone chronicle decisions made in those meetings and publish to the team?

12) Do you handle on line meetings differently than in person meetings. If so, how?

13) As often as possible, do you touch documents only once?

This final question relates to how you take care of yourself and your relationships outside of work:

14) Do you plan and take enough personal time? Everyone's life is different and different. Individuals will need to allocate their time to their private life depending on their stage in life and their relationships. Your work life can become more complicated if your personal life is not in order. I do not subscribe to the idea that there is work life balance for CEO's but that does not mean you do not have to work at keeping your private life positive.

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05

Integrity and Fearlessness Cannot Be Taught

BY DAVID GUINTHER

Arrogance and inexperience are charming, even useful, in a poet, but not so much in an entrepreneur.

From my years of executive coaching, it is clear that two things cannot be taught to an aspiring entrepreneur: integrity and fearlessness. In the debate over if it is nature or nurture that leads to entrepreneurial greatness, nature is the prerequisite. It is this prewiring of integrity and fearlessness that serves as the foundation for nurture.

So long as an entrepreneur is not taking on capital from investors, it is no one's business how he approaches the work of building his venture. Although he will lower his odds of success by failing to recognize that company building is a group effort or by not truly appreciating what the meaning of "opportunity cost" is to him, it is his prerogative.

But this is normally not the case.

An entrepreneur normally founds a venture and then seeks capital to pursue its potential. By taking on co-owners he is from then on accountable for not losing their capital and for delivering a great return.

I know that arrogance is a harsh word, but it did get your attention, didn't it?

It is intended to draw your attention to the idea that avoiding arrogance will help you overcome inexperience. Remember that your goal is not to be right, but instead your goal is to be successful. As such, your job as a funded, accountable entrepreneur is to stack the odds in your favor by tapping into whatever resources will lead you to this success.

So put yourself in the best position to do what you do so uniquely well and delegate the rest. Surround yourself with a core team of executives that complement you with their own strengths and expertise. Pose questions to experienced entrepreneurs who you admire, and listen closely to what they are willing to share. Aspire to be accomplished and coachable. You owe this to yourself, your future, your venture, and your co-owners.

In closing, never forget that as an entrepreneur the team sport that you are playing relies on your sense of integrity and fearlessness. So go win it and enjoy every moment of it … it is far more entertaining than being a poet.

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06

Managing a Reduction in Force and Firing

BY MIKE SPLINTER

Inevitably in the career of an executive you will have to execute a reduction in force or you will have to fire someone for poor performance or misdeeds or because their job has become redundant. In my frame of reference this is the worst responsibility that a CEO or manager has. It is one of the most difficult tasks emotionally to execute. It is a hard thing but executives get paid to do hard things. For this reason, many executives, even senior executives avoid or delay the inevitable making the situation much worse. That is why it is so important to execute the process well when you are faced with no other choice but to execute a reduction in force or to relieve someone from their job. And by "well" I mean in a sensitive but legal way that preserves the respect of the individual and the strength of the company.

Companies of any size and in any market or product line might have to execute a reduction in force. There are many reasons resizing happens or has to happen. In smaller companies especially the funding runway may be limited and expenses need to be reduced to give the company enough time to grow with existing funding.

Many businesses are cyclical and when industry downturns happen, the amount of work to be done can be dramatically reduced yielding excess staffing. In other situations, a major market or business shift might result in the need to reduce staff. The strategy of the company may change leaving people focused in the old strategic areas redundant. As you can see there are many reasons and situations that might necessitate reducing staff. The worst situation I have found is when an organization allows itself to get inefficient and non-competitive, it allows the bureaucracy to grow and to become more efficient and competitive, the company needs to reduce staff.

You may ask why is it so important to fire a poor performer sooner rather than later? Poor performers drag down the performance of the team. Others have to compensate for those not pulling their weight. Important projects are particularly dependent on everyone completing their tasks on time and at a high level of quality. In addition, everyone on the team knows who the poor performer is and they expect you as their manager and leader to rectify the situation. Left unchecked these situations fester, trust breaks down and overall team performance is negatively affected.

Addressing performance issues is critical and must be done in near real time. Waiting until the performance review after six months or a year is not performance management. Having a mechanism to give feedback and objectively address performance is critical. In part that is why it is so important to have measurable objectives (see Objectives and Key Results). Often management considers their organizations somewhat like a family, In many ways they can be but in families you do not get to fire the poor performers. Sports teams are much better analogs where the team and players constantly have to improve performance to stay competitive.

Performance management is the key to having effective performance from the team and, when it comes to it, the key to effective firing of an individual. If someone clearly understands their objectives and whether they are meeting them or not the next steps are clear. Earlier on I referenced effective and measurable objective writing. This becomes especially important when managing poor performance. There is no escape from objectives not met, so after an improvement plan is developed and not met then it is time to part ways.

In today's world there are protected classes and employment laws that protect the employees from being discriminated against or wrongfully terminated. In part, that is why documented performance feedback is so important. The more important part is to enhance the performance of the individual and the team. An objective performance assessment might find the person is in the wrong position or they need to be more focused to be productive. However, in cases where performance improvement methods are not effective, the person needs to be let go. In that situation, it is also important for the company and the manager to have access to legal advice. A Human Resources lawyer should review every termination case before jobs are terminated or a person is fired.

THE FIRING PROCESS.

Preparation, as in all things, is key to success in relieving someone of their professional position. As a manager, hopefully this is not something you have to do very often so you need to prepare yourself. It is also emotional for you to deliver the hard messages. So, I like to think of this process in three very short verses: The Reality, The Effect, and The Process.

FIRST VERSE: THE REALITY.

You will need to be very clear, firm and respectful about what is happening and why. Leave no room for ambiguity. Leave no room for argument. The last thing you want the employee to think is that this is negotiable. It is not. There is no backpedaling once you enter this process. The employee might shut down and stop listening once they hear the news. It is very important to recognize this because when this happens, they are not listening to you. In this situation before you continue, you may need to stop to get their attention focused on what you are going to say next.

SECOND VERSE: THE EFFECT.

In this section you may have to repeat the first verse as this will be hard for some people to process. If you suspect they do not understand and grasp the reality of the situation you need to reiterate as needed. In some cases, an employee may try to negotiate more time or one more chance. By the time you get to this process those options have long passed. Then explain what benefits if any the employee will be receiving. This should be a written document that they can take with them and review privately or with their attorney. There may be extended pay for an agreement for non-disparagement, non-recruitment, non-compete, and a release from a potential future lawsuit for example. There may be an offer to help with job search or placement.

THIRD VERSE: THE PROCESS.

Again, you may need to repeat parts of verses one and two but the primary purpose of verse three is to explain the exiting process. There may be an interview with HR or Legal or perhaps arrangements by which the employee's personal belongings are gathered and delivered to them. You need to tell them precisely what is going to happen from the time they leave your office to the time they leave the building. Sometimes the HR personnel can handle verse three. This process should not take a long time. Fifteen minutes is my experience when it gets to this stage.

A FEW TIPS:

- Do it in the morning when you are fresh.
- Have security stand by in case there are issues they need to handle.
- Have the conversation in your office, not in theirs.
- Have all the documentation you need, and that they are going to take with them.

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07

Channel Logic vs. Pretzel Logic

BY DAVID GUINTHER

More distribution does not necessarily mean more sales. Frequently the opposite is true. Knowing that certain types of channel partners do more damage than good, it is critical that you develop a clear, logical strategy for building your channels and for selecting which channel partners to include.

If you do not have a logical, disciplined channel partner selection strategy, you will end up with a channel that will:

- Add no value;
- Neither "win" new customers nor build market demand;
- Turn your product and brand into a commodity;
- Siphon off business from you and your value-added channel partners; and
- Prevent you from attracting the type of channel partners that will actually invest in building new demand for your product.

This is a self-induced problem, and fortunately it is one that can be remedied. Before moving on to the remedies, it is important to better understand the source of the problem. I have taken on a number of turnaround projects that not surprisingly included saving a brand that was being scorched by poorly chosen channel partners.

Although there may be good reasons to tap into channel partners, you must be clear on what your product needs at this time and if a particular channel is going to be willing and able to deliver what you need. The goodness of fit of any channel partner depends on your product and changes over time.

For example, for a new product, your immediate marketing objectives are to increase visibility and to educate prospective customers. Ask yourself:

- Will a particular channel partner help you gain visibility and to educate?
- If so, how does this compare to your cost of direct customer acquisition? If it is comparable or gives you much needed leverage, proceed on.
- If not, how quickly can I back away?

Once again, if a particular channel partner will not make the necessary investments to increase your product's visibility and educate prospective customers, then they will not expand your market by winning new customers, will default into price based competition, will "steal" customers that were educated elsewhere, will discourage investments in visibility and education by other partners, will turn your brand to a commodity, will not earn their channel margin, and to top it off, will eventually lose interest themselves in your product as their own margins continue to shrink due to the price-based competition that they set in motion.

The ability to back away when the fit is poor requires discipline to recognize that even sizeable orders from the wrong type of channel partners have the nutritional value of sugar, and the same effect on your company's metabolism. Once again, it requires a clear, logical channel strategy.

When trying to build new market demand for your product, only select channel partners that will actually invest in educating their customers as to why your product will solve their problem better than the alternatives. And understand that the vast majority of channel partners will not make the necessary investments.

In addition, you cannot expect a distributor to be as choosy in this selection of channel partners as you want to be. Do not try to outsource this responsibility. Instead, plan to at least initially forgo distributors in order to ensure that you build a channel that will help you to create new demand.

Now, what is the remedy if you find yourself already saddled with a poorly designed channel structure? An effective approach that we recommend is to carefully introduce a Minimum Allowable Price policy (MAP). As with most change, it is not without its drama, but done right, it will result in a new channel comprised of value-added partners.

A MAP is not that different than a "no shirt, no shoes, no service" policy. You are not telling the partners at what price they can sell; you are just being clear that you will decline future orders from them if they choose to go beyond the MAP guidelines. In addition, you have right to define where they can sell your product and where they cannot, which eliminates a good portion of the “race to the bottom” problem. All this is legal, but it needs to be handled deftly.

Will certain existing channel partners push back hard against these changes? Of course, but your goal is to reward channel partners who are generating new demand and to eliminate those who were not. Those who are committed to building new demand for your product will loudly applaud the MAP.

In closing, always choose channel logic over pretzel logic or sugar. Poorly conceived channels are a self-induced problem that can be remedied through concise, disciplined action.

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08

Making Effective Presentations

BY MIKE SPLINTER

Presentations are a ubiquitous and critical form of communication that are used universally in business. Virtually every business meeting has at least one presentation. The ability to give effective presentations is key to an individual's and an organization's success. In my career I have seen so many exceptionally smart people give terrible presentations for one reason or other. It could be lack of confidence, stage fright or as in most cases poor preparation. There is nothing worse as a manager, as a customer or simply as a meeting attendee, to have to sit through a braindead, mind-numbing presentation that does not hit the mark on the reason for the presentation. At the same time, I often see people say it was a good presentation when it was not and they know it. You can usually see it in their face.

There are many things you can do to improve your presentation skills. Your proficiency at presenting is good, maybe essential but your excellence at presenting is even better.

I will discuss an approach and a set of check points that has worked successfully for me over the years. Seriously, i am not a big believer in having processes that take more time than they are worth. These steps below are simple, quick, and effective.

First, do you clearly understand the **purpose** of giving this specific presentation. Can you write down in one sentence what that objective is? For example, are you training sales people, are you describing the company strategy, are you explaining a new product to customers? Seriously, how often do you start with the purpose of the presentation? I would bet that most people start by looking through a bunch of existing slides they have created for prior presentations and pick a few that they think will be salient for the topic. Honestly, if you cannot quickly and clearly describe the purpose of your presentation, your selection of some earlier slides will compromise the clarity you need as you build your presentation.

Next, is to understand who the **audience** is and their level of understanding of the topic. If you are giving a presentation on a new product to a customer it would contain all the reasons why this product is good for them. If you are giving a presentation on the same new product to your board of directors or executive management team it would be all about why this product is going to be good for the company and raise profits and sales. These two presentations could be substantially different because the interest, view point and knowledge of the audience is dramatically different.

Once, you have the purpose and audience in focus now is the time to start really developing the presentation. The third element of creating a truly great presentation is to develop the **3-5 key messages** you want to deliver. Jim Morgan would tell me, just three things. It was a great rule and one I have tried to follow. However, sometimes there are more key messages to deliver and you should not feel constrained about exceeding three if truly needed especially in today's world where it is so easy to go over the document before or after the actual presentation to fine tune your messages.

TELL THE STORY.

But before you tell it, write your story down. I have to give credit here to Tristan Holtham who was my Technical Assistant at Applied Materials for several years. He really came up with the conscious step of writing down the story. The story you are going to tell in a 20–30-minute presentation will only take one or two pages to write down. Fewer than 500 words can be read in a couple minutes. You are telling a story that you want people to remember. Using this summary of your story you can better see where to add supporting facts and material for your 3-5 key points. This is also how you know where to add anecdotes and interesting points that will pique the interest of your audience. After you have done this many times, you can develop an abbreviated version or use shorthand to make it easier to move through this step.

Now that you have clearly laid out the structure of your story, it is time to start developing your **slide deck**. The first step is to divide up your story into slides. Each segment or chapter of the story is a slide. Make sure the slide clearly describes that element of the story through words or graphics. It is good to use many of the same words on the graphs as are in your story. This also makes it easier to transition from one slide to the next. You should plan typically for about 2 minutes per slide. So for a 20-30 minute presentation 10-15 content slides should be enough to deliver the key messages and keep the audience focused. At the beginning of the presentation there should be an outline of the talk. The outline should clearly articulate the key messages you are trying to deliver. If there are key decisions to be made from your presentation you should state them at the beginning. You want the audience to be focused on what decisions they will need to take. If there are actions, they need to take after the presentation make those are clear as well. Don't surprise them at the end of the presentation with a big decision or action item that they are unprepared to take.

THE KEYS TO CREATING GOOD-TO-GREAT SLIDES.

Here are a set of guidelines that will help presenters make excellent slides.

1) 3-5 bullets per slide. Maximum of 10-12 words per bullet. You do not need to put every word of your story on the slide. Remember you are telling a story not writing one and you want the audience to listen to you and not spend their entire 2 minutes per slide trying to read all your words. In slide-making

fewer words truly have greater impact. I cannot over emphasize this. Oftentimes, when I was at Intel, Andy Grove would only have one word on a slide and I can tell you it was very effective. He did this especially when he wanted to make a critical point. Make your sides readable, intelligible and interesting.

2) Graphs and Graphics are great but clutter is awful. One typical thing that presenters will do especially if there is a slide limit is to put several graphs on one slide. This is very destructive to the story and, really, offensive to an engaged audience. How do you expect your audience to grasp the salient points from one graph in two minutes much less several? Putting multiple graphics on one slide dilutes your message and while your audience tries to process the content, they are not listening to you.

3) If you do use graphs have words that describe the key points you are trying to convey.

Also, if you are showing a performance chart make sure there are clear indicators of what is good. For instance, if it is an output chart of some type both the result vs the forecast should be charted. I run into this all the time; presenters will put up data and expect the audience to magically determine what is good or bad or in between.

4) It is now popular to put pictures on charts. Maybe it is a picture of a team or the product or a factory. What is the purpose of this? Pictures are nice and oftentimes pretty but make sure you have a message with the picture. How is it part of your story? If you do put pictures make it one or two and not a collage that totally loses meaning.

5) When you have created your deck, don't just look at it from your computer or iPad, but also look at it projected in a similar fashion to the way it will be projected during your presentation. You will easily detect issues and be able to correct them.

TO GIVE A GOOD SPEECH YOU HAVE TO PREPARE.

I don't care whether you have given a thousand speeches or this is your first time, you have to spend some time preparing. A lot of people think they can just stand up and give a talk and that will suffice. It doesn't. An astute audience can tell you are mailing it in. I was at a prestigious event with several well-known executives giving speeches on a panel about the future of the electronics industry. Only one of the 5 panelists was really prepared. It was so obvious. If I would have been one of those other 4 industry leaders, I would have been embarrassed for myself and my company.

SO HOW DO YOU PREPARE?

Know your story well. You should not say it word for word. But know the key points by heart. Know where you want to inject an anecdote. Make sure your voice is ready to speak. Make sure your voice is clear and in tune. You may want to have throat spray handy or gargle before you go on stage. If I had to give multiple speeches in a day, I would start to get horse and throat lozenges and spray helped me get through many speeches. At the intel sales conference in 2003, I lost my voice after my opening speech and did everything I could to recover by the time I was supposed to give my closing talk. With the help of lozenges, analgesics, and mouth wash I made it through. I strongly suggest not drinking coffee in the 30 minutes before a presentation because in tends to coat your throat and not allow you to speak as clearly as you might like.

THE FIRST MINUTE OF YOUR PRESENTATION IS CRITICAL.

Typically, many in your audience decide whether they are going to listen to you in that first minute. Have an attention-getting transition to the start of your presentation. It will calm your nerves. It helps to get the audience to react to you. Perhaps with a small group, it is as simple as introducing yourself and asking the rest of the participants to introduce themselves. In a bigger room where you are speaking to hundreds of people perhaps you are welcoming them to your city or commenting on the weather or some simple relatively light item that is in the headlines of the news. Keep it easy and non-controversial. If you haven't been introduced fully you may want to explain why you were chosen to speak and why this topic is important to you. You will be able to tell if you connect with the audience right away by their reaction. However, do not spend more than a minute on this starting transition, you have important things to say and you need to manage your time. So have a plan, have a clock, and stay on time.

IF YOU ARE GETTING AHEAD OR BEHIND ON YOUR PRESENTATION.

So many times, presenters will take too long on their first few slides and then have to rush to the conclusion. Often the result is the flow of story and action items get lost. This is really annoying for the audience and very frustrating for the presenter. Now things do happen, and your time may get cut short due to unavoidable circumstances. With the approach I have outlined above you will know your key points and will be able to get them out in 5 minutes or maybe even two minutes if you absolutely have to.

MANAGE THE AUDIENCE INPUT.

If they are disruptive and asking way too many questions, stop them. Ask for their indulgence because you have 3 key points you need to explain to them. Often times a bunch of questions from the audience will force you to lose your story line. Accept questions but not too many. You want them engaged but not to the point where you cannot get to your conclusion in the time allotted. It is up to you to manage the time and the audience. No excuses.

My first day at Applied Materials, I went to a one-hour meeting supposedly to decide on a key topic. The presenter did not manage the audience or the time and at the end of the hour I got up and started to walk out. The presenter tried to stop me saying we haven't finished yet. I left anyway and that simple act changed a lot of behaviors at the company.

Make sure you stay aware of the audience's reaction to you. Read their faces and bod language. Are they bored, are they lost and confused or are they with you? You can tell by the way they are sitting. Are they sending messages on their phone or are they paying attention to what you are saying? At times in a small audience, you can ask them if they are understanding a key point as a way to get them re-engaged if you feel their attention is lapsing. Deliver your talk in an audible tone. Don't shout but don't whisper either. You need to project your voice so everyone can here. If you need a microphone, get one and use it. There is nothing worse than not being able to hear the presenter and missing the key elements of the presentation. If you are using a microphone test it out ahead of time and know that it works. You should never be told that the audience cannot hear you. It is your job as the presenter to ensure they do.

If you are in a conference room stand up to talk and stand up straight. Make sure people can see you. You do not need to be stiff but exhibiting good posture is essential. It allows you to breathe more deeply and easily which allows you to project your voice better. In today's world where so much is done by video conference where you have no opportunity to stand it is important you sit up straight and tall with both feet on the floor. These things help show you have some passion and energy for the topic. If you have energy, your audience will notice and catch your enthusiasm as well.

If you are very nervous ahead of the talk. Join the crowd. Everyone has some level of anxiety over public speaking. I have given hundreds for sure and maybe thousands of speeches and presentations and I am nervous to some degree before everyone. Sometimes I wonder whether I can relate to an audience I don't really know. Sometimes it is a new topic or a controversial topic that needs to be delivered in a certain way. A few things that have helped me over time are: Know your speech backward and forward. Do some physical exercise or stretching before you have to go on. Jim Morgan used to flap his lips just to ease the muscles in his face. That reverberation really does make you and your facial muscles relax. I am here to tell you It really works and I have used it many times. Before a major speech at a conference, I was especially nervous and did jumping jacks before going on stage. If I had time, I would meditate for 10-20 minutes before the talk. It relaxed me and I have always felt a relaxed and uncluttered mind is more focused on the task at hand. Another idea is to re-read your story one more time before you present. Put the story down and recite the key points and anecdotes in order. If you are relaxed and know your story, you will give a great presentation.

BE YOURSELF.

There are certainly many great speakers you could choose as role models. Certainly, President Obama is likely among the best public speakers in our generation. President Clinton wasn't bad either. You can of course emulate things that he did or other people whose speaking skills you admire. However, in the end to be believable you have to have your own style. You might well ask yourself what is my style? Only you know the answer to this. You know how you like to interact with people and when people react positively to you. The elements of that are your style. If you are funny and like to tell jokes, add an appropriate joke to your speech. If you are a very serious person and like to discuss topics in detail then focus and do that. In any case, let your personality show through. You will be so much more believable if you do. Also, if you believe you can be yourself on stage, it does calm your nerves dramatically.

GETTING BETTER.

Like in any field of endeavor, you need coaching and practice. You need coaching to help you understand how to be better and you need practice to hone the skills and improvements suggested by your coach. In a coach you have to have someone you trust to tell you the truth. Someone that is a trained speech coach is best, but you can get someone that is good at speaking to critique your presentations as well. Someone that works for you is probably not the best choice unless you have full confidence, they feel free to criticize you. In getting practice of course you can video record yourself but the best kind of practice is in front of an audience. I would say look for non-stressful opportunities to do public speaking. There are Toastmasters' clubs and perhaps family gatherings where you can stand up and give a short speech. The more you speak, the more comfortable you will be. Volunteer to present for you team or group. If you are in a professional discipline you can present at conferences or events All of these experiences add to your comfort level but they also add to your style. I remember hearing that Jay Leno would go to comedy clubs and do stand-up comedy even after he became famous on the tonight show. I thought he did that as a way to try out new material and get practice before trying it on millions of people on TV. The point is no matter how good you are at public speaking you always need practice and can improve.

VIDEO RECORD YOUR SPEECH OR PRACTICE SESSION.

This is incredibly helpful. Seriously you are you own worst critic because you know how want to deliver a presentation and when you don't it is so easily recognizable. When you personally identify improvements that need to be made, the impact is greater than when someone tells you about your flaws. It is so easy to record your speech ahead of time and look at it critically. I always suggest making notes as you go through the speech, as it triggers the memory later when you are delivering your next speech.

TV AND VIDEO CONFERENCING ARE DIFFERENT.

In today's world many meetings and presentations are executed on video conference. I remember the first time I saw myself on TV. I was horrified. My expression was uncomfortable, my posture was terrible, and I was not speaking clearly or in concise thoughts, and worst of all, at times I looked away from the camera. Watching myself later, I thought who would trust this guy?

There is a big difference between being on TV or in a Zoom meeting versus speaking in front of an audience. First you are sitting down and that in itself makes it more difficult to breath fully and speak clearly, so you have to pay special attention to your posture and if you can see your monitor on your iPad or computer make sure you are looking at it and not the bigger screen because that is what your audience sees. Now when you are looking at your image, you have to keep your eyes on the camera without staring it down. You can even remind yourself to blink now and then. When you are presenting in one of these mediums you generally cannot see your audience because your material is being displayed on the screen or your image is capturing the center of the screen.

So, make sure you are checking in with your audience from time to time to make sure they are still with you. I have found it useful to use two screens. One for presenting material and one for seeing the audience. While people do not think about it often creating two meetings is quite easy. In one meeting the presentation material will be show and in the other only people's faces will be on the screen. When presenting on Video Conference, It is also especially important to follow the uncluttered slide guidelines above for these meeting because typically your viewers see your slides on a small laptop screen. This is certainly the wave of the future, video conferencing is here to stay, so take time and get good at it.

SUMMARY.

There are some straightforward steps you can take that will make you a better presenter and speaker. A step-by-step organization of your presentation considering the objective, the audience and the story you want to tell coupled with practice in speaking can increase your effectiveness.

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