Stanford eCorner

Weave a MAT and Outline Your Priorities

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October 20, 2004

Kawasaki suggests creating a system of milestones, assumptions and tasks to keep your business on the right path and increase your chances for success.

Transcript

The fifth point is to weave a MAT which stands for milestones, assumptions, and tasks. I will use an ice hockey analogy although none of you, clearly, play ice hockey. Most hopefully some of you have ice skated. So when you ice skate or you play ice hockey, there's this thing called a Zamboni. And this machine comes out and then it shaves the ice and it lays down a sheet of water. So the ice rink, the ice surface is just beautiful, it's flat, it's smooth, there's no ruts in it, it's just a wonderful thing. It's just pure, wonderful, wide, virgin ice out there. OK. To a large degree a start-up is like that. When you start-up a company you don't have the crappy furniture, you don't have the employees that you found out were bozos after you hired.

You don't have an installed base that's nagging you for bug fixes. You don't have the ugly logos that you designed one night. Your stationery doesn't suck at all. You don't have a crappy office in a wrong location. It's just pure virgin start-up. So what happens in this situation is there are so many fun things to do, like working on a logo. And working on your stationery and buying furniture and looking at commercial real estate. That your priorities get all whacked out. So this is about prioritization. The first priority is to create milestones for your company.

Milestones are things like finish the design. Finish the prototype, first customer ship. A milestone is something that you would go home and tell your spouse, "Honey, we shipped today." A milestone is not, "Honey, we ordered furniture today." That's not a milestone. A milestone is something that increases the valuation of your company. Shipping increases the valuation of your company. Filing for a path in trademark does not increase the valuation of your company. Create the milestones, top priority. The second thing, the A is you need to write down your assumptions. The assumptions create the business model. How many sales calls can a sales person make? What percentage will be successful? How many calls will a customer call tech support? How much will it cost to provide tech support to the average customer? These things need to be written down and then they need to be tested.

Because if you create a business model that assumes that you're going to get 1% of the people in China to be your customer and you can make 80% successful sales calls, you're going to have a flawed model. You need to test those assumptions. And finally the T is task. The task is stuff like rent an office. But a task is always used to either test an assumption or to complete a milestone. You rent an office when you need to finish your software because you need a place for the programmer. You don't rent an office because it's a wonderful fun thing to do going around looking at commercial real estate. So the order is, milestone, assumption, and tasks, a MAT.