SPIFF

SPIFF'S SUPER SECRET PLAN TO ACHIEVE ESCAPE VELOCITY

SPIFF HAS A BIG OPPORTUNITY

Companies in the US alone are spending **$800B** on commissions and world-wide over **$1T**.

$800B

Spent on sales
rep commissions
in the US alone

10%

Typical percentage of
a company's total budget
spent on commissions

Source: "Do Bonuses Enhance Sales Productivity? A Dynamic Structural Analysis of Bonus Based Compensation Plans" by Doug J. Chung, Thomas Steenburgh, K. Sudir. Harvard Business School Working Paper.
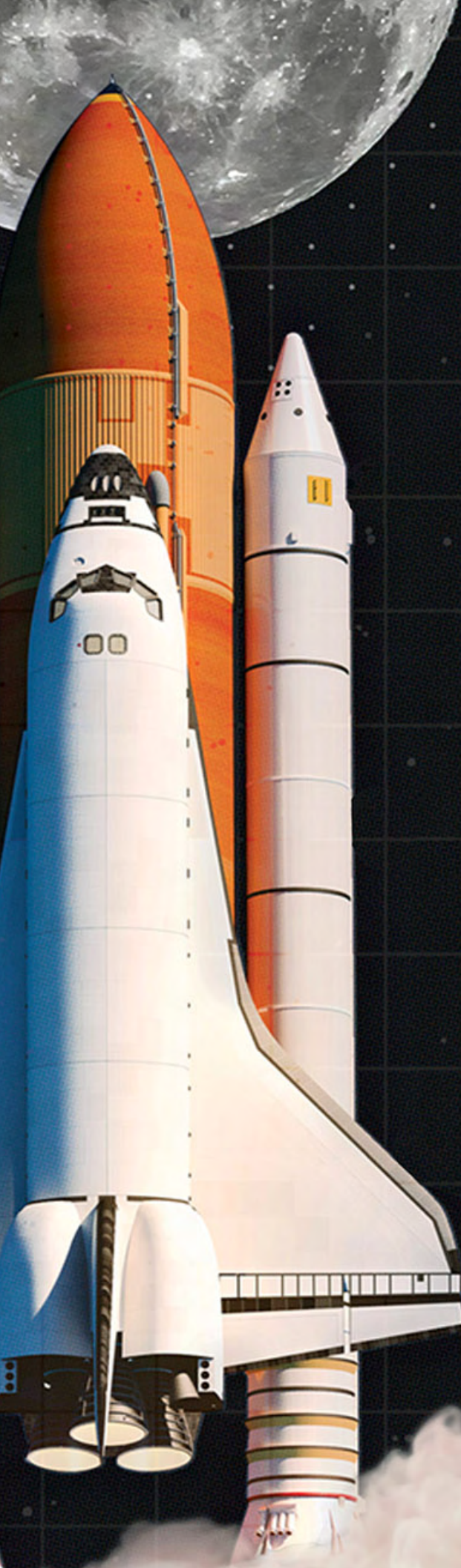
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> ## I HATED EVERY MINUTE OF TRAINING BUT I SAID TO MYSELF 'SUFFER NOW AND LIVE THE REST OF YOUR LIFE AS A CHAMPION.'

–Muhammed Ali

ESCAPE VELOCITY

Many believe you can't have competition to succeed ("competition is for losers")

That's sort of right

Most successful companies start out with competitors but ultimately manage to "escape comparison"—they are in a different class entirely

WE CALL THIS ACHIEVING "ESCAPE VELOCITY"

"

SLIP THE SURLY BONDS OF EARTH

Containers	Percent Useful Contents
Rocket	96
Soda Can	94
Molotov Cocktail	52

- If the earth were 50% larger, it wouldn't be possible to achieve orbit (with known tech)

- Rockets have to be more efficient than a soda can

- Achieving escape velocity is insanely hard

- 50% of the fuel to travel to Mars (21 months) is used achieving escape velocity (9 minutes)

- BUT once in space, it is extremely easy to move around

SOURCE: THE TYRRANY OF THE ROCKET EQUATION (NASA)
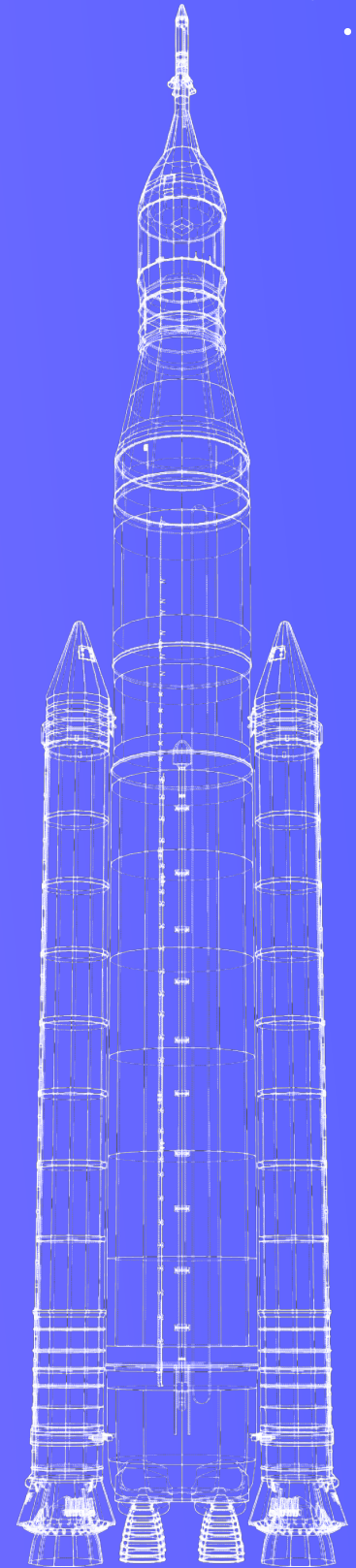
SUSTAINABLE COMPETITIVE ADVANTAGE

Most companies that achieve escape velocity have:

PROPRIETARY TECHNOLOGY

ECONOMIES OF SCALE

NETWORK EFFECTS

ICONIC BRANDS

We are looking to establish these advantages as well.

Perhaps the most reliable way to achieve escape velocity is to have a faster pace of innovation than any competitor. At Spiff, We seek to emulate the pace of innovation at some of history's most innovative companies like Edison Electric.

"

WELCOME TO EDISON ELECTRIC, YOU'LL MAKE A MINOR INVENTION EVERY 6 DAYS AND A MAJOR ONE EVERY 6 MONTHS."

–Thomas Edison to Nikola Tesla in The Current Wars

There are few substitutes for effort in achieving a market-leading pace of innovation. Hard work affects achievement in two ways. It increases skill and it multiples the effect of skill. We look for hard workers at Spiff.

talent x *effort* = skill
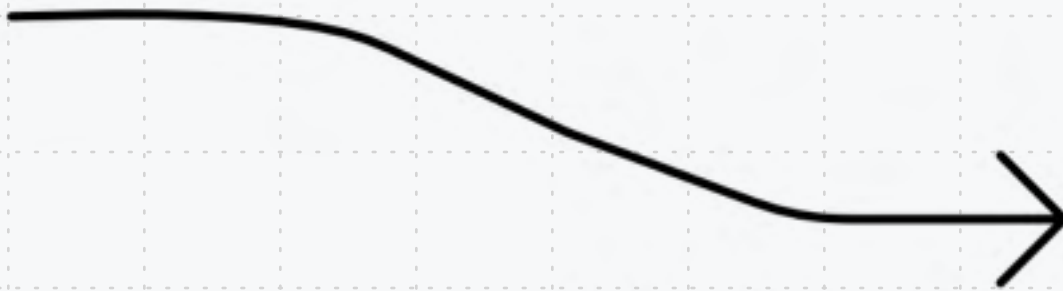
skill x *effort* = achievement

Source: *Grit* by Angela Duckwitz

HOW WE WORK AT SPIFF

- Spiffers create an enormous amount of high-quality work in record time. Then they immediately start figuring out how to get better and faster the next time.

- **However we are not willing to put our family relationships at risk or underinvest in the most important things in life due to work**

- How do set a market leading pace of innovation while still prioritizing our non-work lives?

- The following slides highlight ways we work to be as effective as possible

- Look for creative, cut-through solutions. When people are facing thorny problems or have too much to do, they often think that they need to work harder. But if something seems hard, time-consuming, and frustrating, take some time to step back and triangulate with others on whether there might be a better way to handle it. Of course, many things that need getting done are just a slog, but it's often the case that there are better solutions out there that you're not seeing.

- Recognize that everyone has too much to do. How to do more than we think we can is a puzzle we all struggle with. Other than working harder for longer hours, there are three ways to fix the problem: 1) having fewer things to do by prioritizing and saying no, 2) finding the right people to delegate to, and 3) improving your productivity. Some people spend a lot of time and effort accomplishing very little while others do a lot in the same amount of time. What differentiates people who can do a lot from those who can't is creativity, character, and wisdom. Those with more creativity invent ways to do things more effectively (for instance by finding good people, good technologies, and/or good designs). Those with more character are better able to wrestle with their challenges and demands. And those with more wisdom can maintain their equanimity by going to the higher level and looking down on themselves and their challenges to properly prioritize, realistically design, and make sensible choices.

WE THINK STRATEGICALLY

"Strategy" answers two questions: "Where to Play?" and "How to Win?" Focusing on these allows us to make sure we focus our efforts efficiently in the best direction. Do we want to play in SPM, sales forecasting, gamification? These are important questions to answer as we think about our strategy.

HOW TO WIN?

**WHERE TO PLAY?**

Source:
The Monitor Group

Source: Angela Duckworth and
https://rittersp.com/wp-content/uploads/2014/03/Chambliss-Mundanity-of-Excellence.pdf
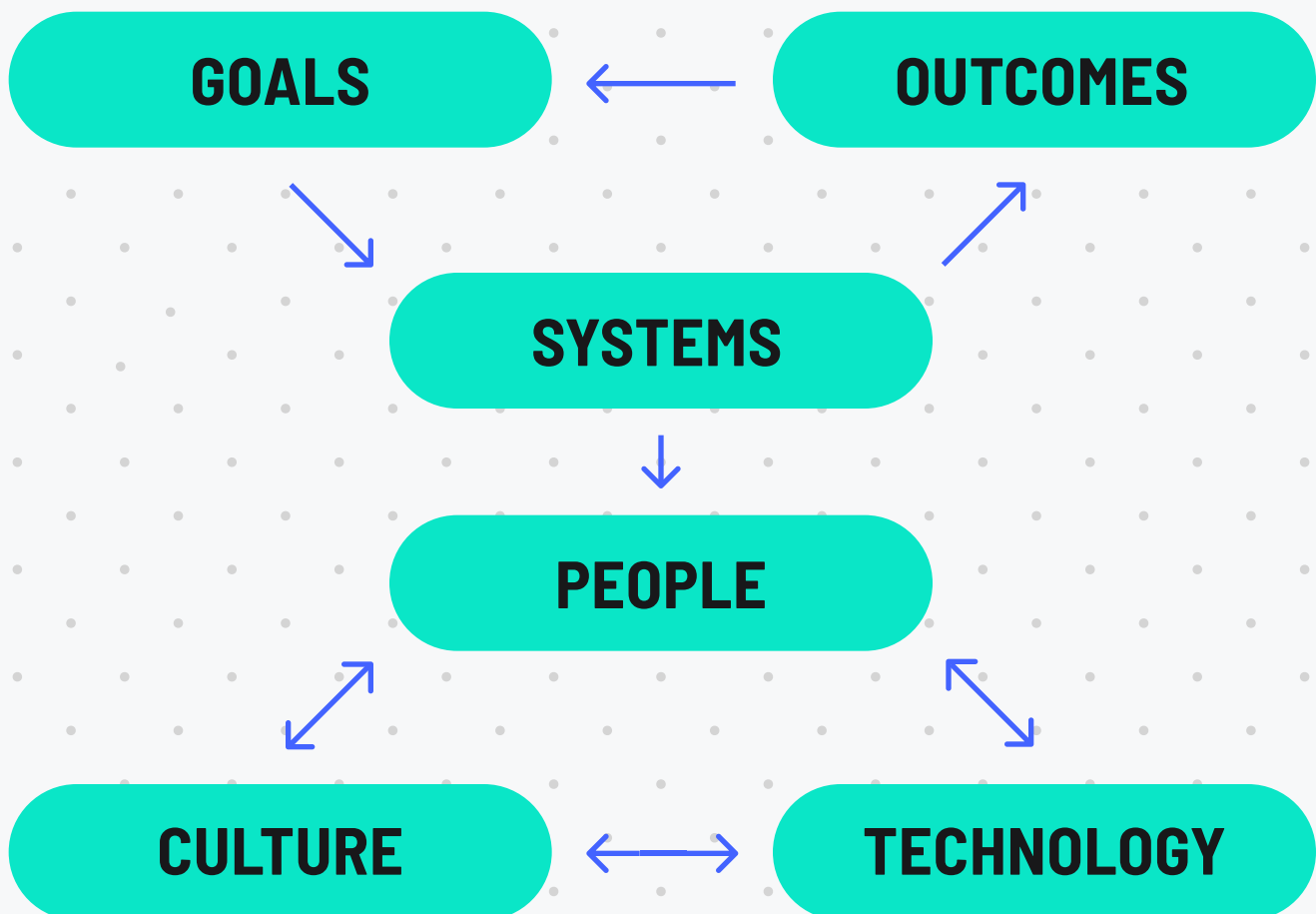
THE PRODUCTIVITY TRIANGLE

We remember that productivity is generally a function of 3 things. To be more productive we can reduce scope, increase resources, or take a longer time. If we want to reduce time, typically we have to either 1) reduce scope or 2) increase resources.

SCOPE

▲
PRODUCTIVITY

RESOURCES   **TIME**
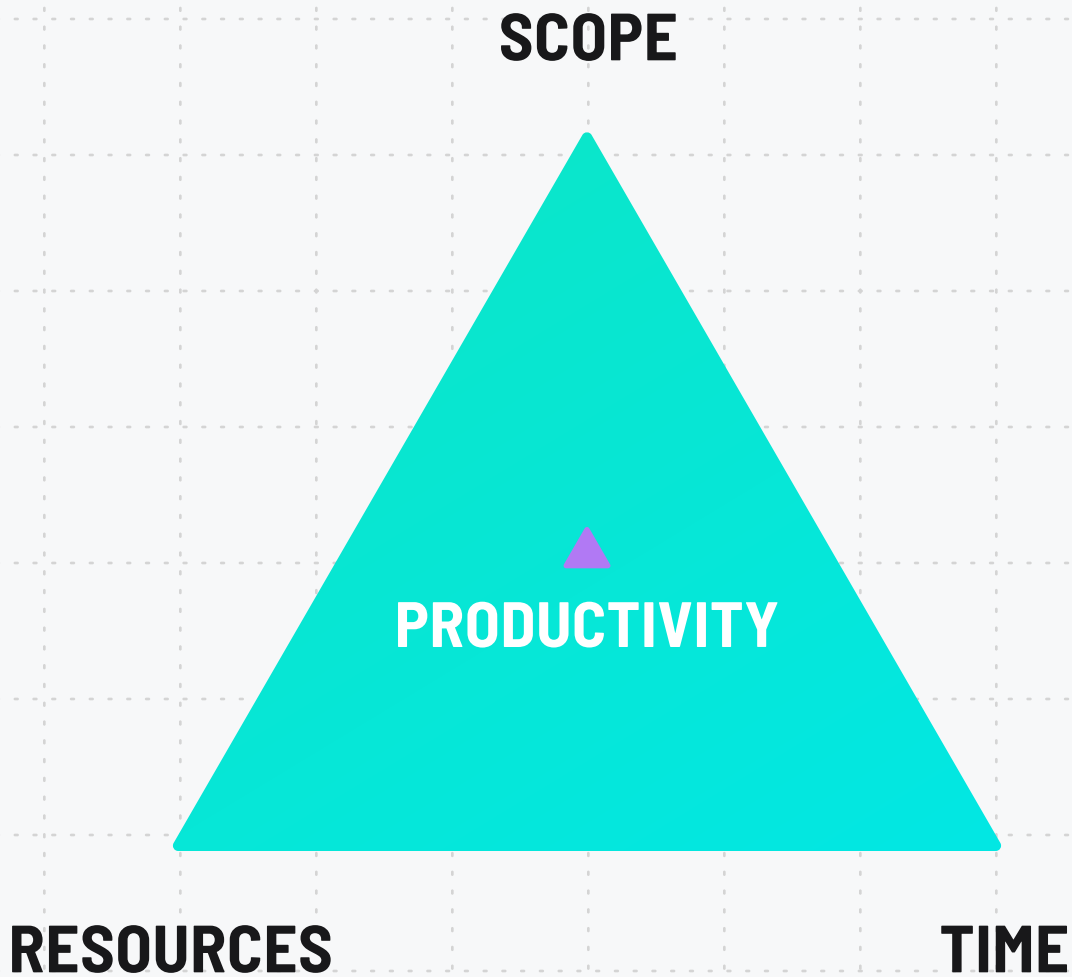
WE BUILD SYSTEMS FOR
MORE PRODUCTIVITY

Systems are one of the most reliable way to build productivity rapidly. At Spiff once we have a solid solution, we look to systematize it. Then we seek to optimize the system.

```
  GOALS  ←————  OUTCOMES
     ↘              ↗
       SYSTEMS
          ↓
        PEOPLE
       ↙      ↘
  CULTURE ←——→ TECHNOLOGY
```

Note: Modified from Ray Dalio's Principles

WE NEVER SOLVE THE SAME PROBLEM TWICE

- Learning is the fastest way to succeed. We think of Spiff like a ratchet. We design systems and tools so that we can never move backwards once we've learned a lesson.

- We are technologists / engineers. If we solve a problem well, we then work on automating it.

- Sometimes the best way to "automate" something is to write it down as a personal/business principle.
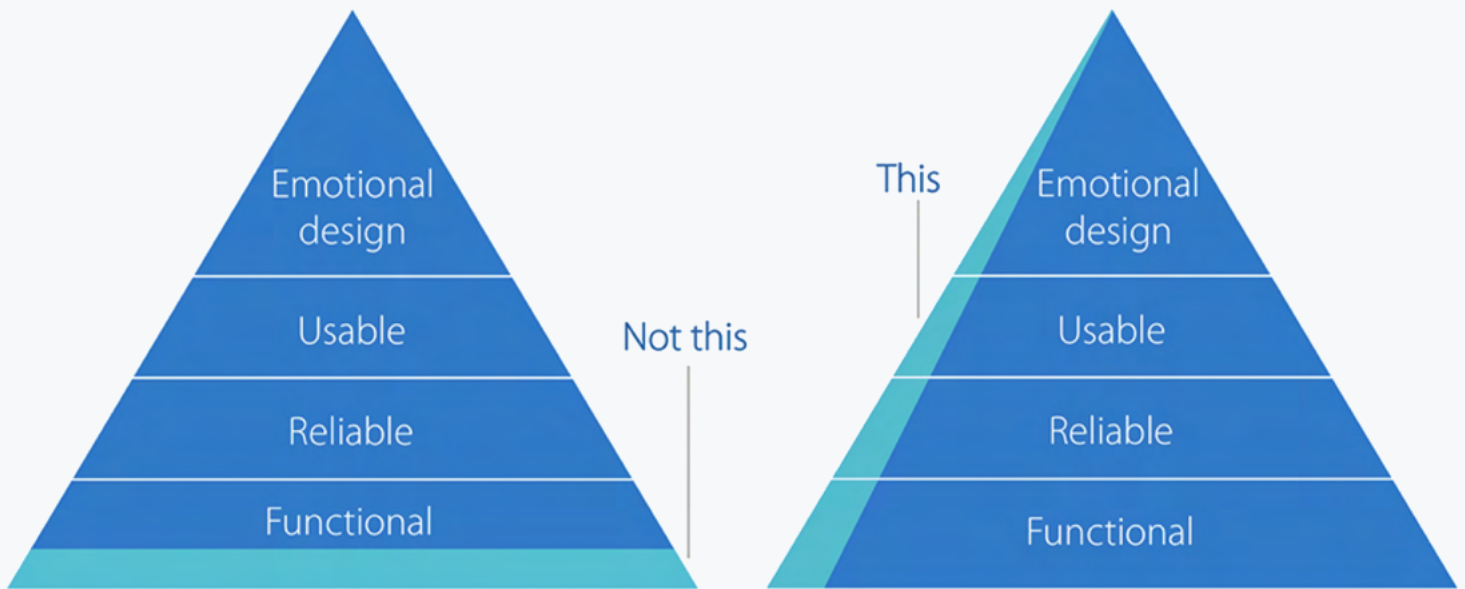
- The goal of an engineer is to build high-quality, scalable tools and systems. **Everybody can be a engineer**

- Everybody will increasingly need to be an engineer to succeed in business

- Spiffers constantly ask: "How can I automate this problem or make it more scalable?"

- As the founder of Twilio says, software people believe "any problem can be solved once it's in the domain of software"

- Spiffers seek **elegant solutions** which is the "simplicity on the far side of complexity"

- Spiffers automate to increasingly focus on the the best that **humans** can provide. Ultimately we are **human-centric**

WE CREATE CUPCAKES NOT CAKES

At Spiff, we always build the fastest, completely viable solution (cupcakes) to problems first so that we can test and iterate quickly

Minimum Viable Product

Emotional design
Usable
Reliable
Functional

Not this

This

Emotional design
Usable
Reliable
Functional

@jopas

September 2014 | With compliments to Aarron Walter

WE EAT OUR VEGETABLES BEFORE DESSERT

Most inexperienced people don't focus on the core of their product/jobs long-enough. At Spiff, we always eat our vegetables before dessert

WE ARE ARTISANS

We think of every Spiffer like an old-world artisan taking great pride in the details and craft of their work (think of a Stradivarius violin).

"

LIKE A WELL-BUILT HOME [OR INSTRUMENT], GREAT SOFTWARE FOCUSES ON GIVING ITS USERS HUNDREDS OF SMALL, SATISFYING INTERACTIONS.

—From "Slack's $25 Billion Dollar Secret Sauce"
by Andrew Wilkinson

- We use **the Socratic Method applied to business problems** which is **cooperative argumentative dialog** (Hegel called it thesis / antithesis / synthesis, Harvard Business School calls it the case method, Dalio calls it being radically open-minded)

- We believe this produces an idea meritocracy at Spiff—**the best ideas should win at Spiff** no matter who proposes them

- We take into account **believability** of people. If someone has done something successfully 3 times, they are more believable than those who haven't.

- However, we think **believability should correlate with an ability to convince others**. Convincing may take more time but it has many benefits: 1) it leaves open the ability for an "expert" to learn from a novice which happens surprisingly often. 2) Creates a safe culture for challenging ideas. 3) Promotes learning as the expert has to teach to convince.

- **We never argue when** 1) we can easily find the truth through empirical means or 2) we can run an inexpensive experiment

- During brainstorm sessions, **we are fiercely protective of new ideas**

- At Spiff, if you don't speak up in a meeting, **be prepared to get asked about your opinion** by the end of the meeting.

- If you still disagree at the end, we expect you to **disagree and commit** to the decision maker

THE LADDER OF INFERENCE

ACTIONS

BELIEFS

CONCLUSIONS

ASSUMPTIONS

INTERPRETED REALITY

SELECTED REALITY

REALITY AND FACTS

Even if you are an expert, come prepared to explain your actions.

The Ladder of Inference can help when explaining why you believe what you do.

It will help others learn from you.

THE ROI RULE

CHRONOS VS KAIROS

The Ancient Greeks had two words for time: Chronos—time as we typically think of it and **Kairos** (καιρός) meaning the right or opportune moment (the supreme moment).

While the former refers to chronological or sequential time, the latter signifies a time in between, a moment of indeterminate time in which something special happens. What the "special something" is depends on who is using the word.

While Chronos is quantitative, Kairos has a qualitative nature. Kairos is often represented by a bald man with one lock of hair. The idea is that you need to grab the lock of hair while Kairos passes or lose the opportunity forever.

THE ROI RULE:

Become deeply familiar with the concept of ROI.
Always work on the highest ROI thing you can.
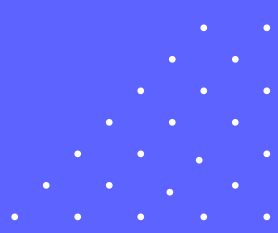
Remember:

" There is a tide in the affairs of men which, taken at the flood, leads on to fortune; Omitted, all the voyage of their life is bound in shallows and in miseries. "

—William Shakespeare

Kyle Porter, the CEO of Salesloft said he is in a hyper-competitive space but he always tries to focus on the customer more than the competition.

He said he has two customer quotes imprinted "in his heart":

1. When a customer switched from a competitor to Salesloft he asked why and he thought it was going to be some feature but the customer said "the other company just wanted to sell us software, it was clear to me that you just wanted to see us succeed."

2. Then in another win a customer said, "the competitor wouldn't stop talking about you but you wouldn't stop talking about me."

Win or lose, it's all about our customer's success. We are even be happy if a potential customer is successful on a competitor's piece of software. It should just help us to learn and get better.

LIGHTNING STRIKES AND FORCING FUNCTIONS

- Since the early days of Spiff we have had company-wide stretch goals

- We almost always have a company-wide stretch goal linked to a market-defining event we are trying to achieve

- We call these events lightening strikes

- For example, we released the first version of Designer at the 2018 SaaStr conference

- We released Spiff Banzai during the 2020 Holiday season

- These lightening strikes provide motivation, alignment and they focus our company energy into a powerful message about our progress
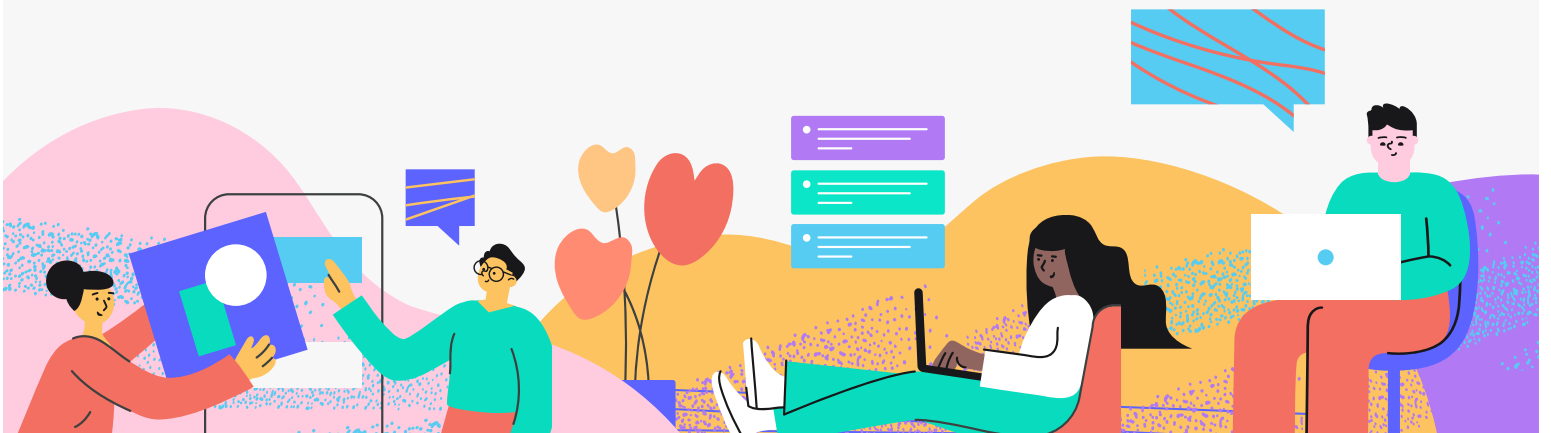
CONTACT US

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