

Readjusting Strategy for Drastic Market Changes



**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**

Innovation Centre Denmark Tel Aviv

**INNOVATION
CENTRE
DENMARK**



On the Menu

- **Startup KPIs & Data Driven Decision Making**
- **Objective Key Results**
- **Managing Breaking Points & Responding to Change**

Exclusive

Israeli startup Monday.com is heading for a \$4 billion Nasdaq IPO

The team management company has reached out to investment banks to support the move, targeting the first half of 2021

Golan Hazani 08:02 28.10.20



A NETFLIX ORIGINAL

HOUSE *of* CARDS



KPIs & OKRs



“The most successful founders tend to be those who have an obsessive focus on their KPIs and the drive to constantly experiment and optimize them.”

Our top two KPIs currently are:



Common Startup KPIs

1. **CAC** (Customer Acquisition Cost)
2. **CLTV** (Customer Lifetime Value)
3. **Churn vs. Retention**
4. **Revenue Growth** (MoM)
5. **MRR/ARR** (Monthly/Annual Recurring Revenue)
6. **DAU / MAU** (Daily/Monthly Active Users)
7. **Runway & Burn Rate**
8. **NPS** (Net Promoter Score)
9. **CAC / LTV Ratio** = Golden Metric?

Vanity KPIs



**VANITY
METRICS
?**

What are vanity metrics?

Validation Stage KPIs

- 1. Sales Calls/Meetings?**
- 2. Conversion?**
- 3. Product Activation?**

North Star KPI

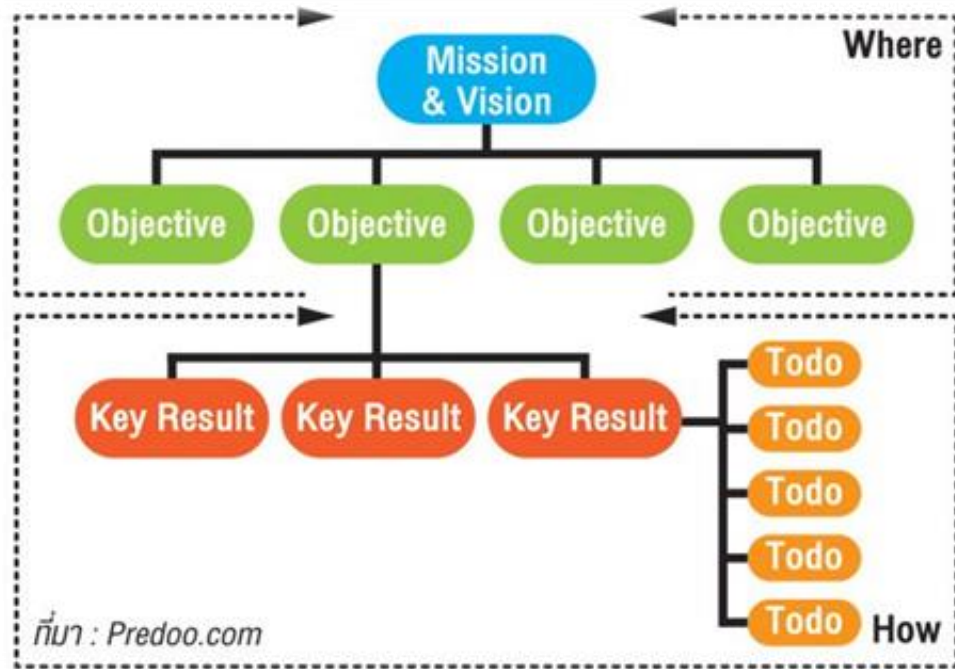


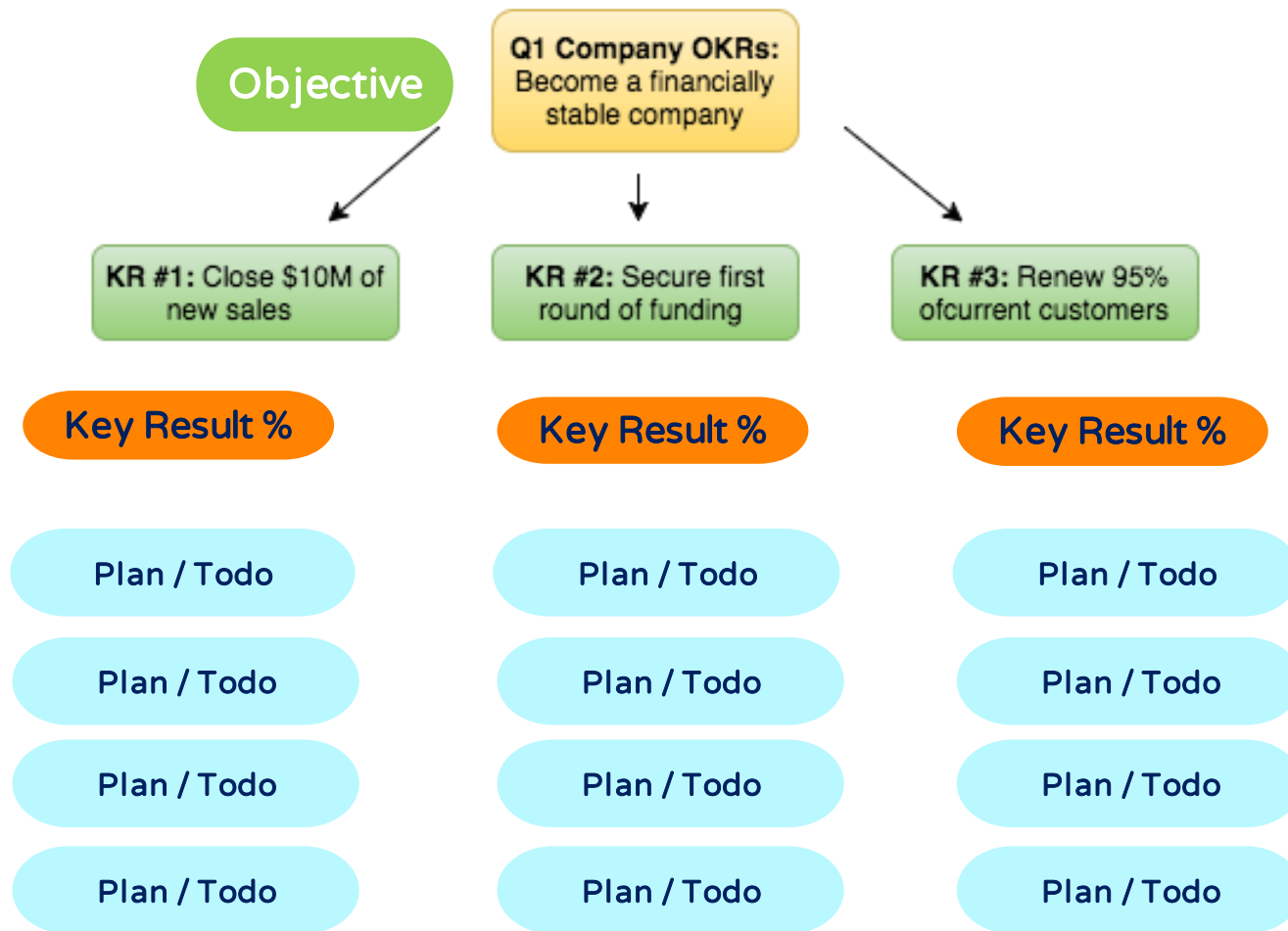
What do they have in common?



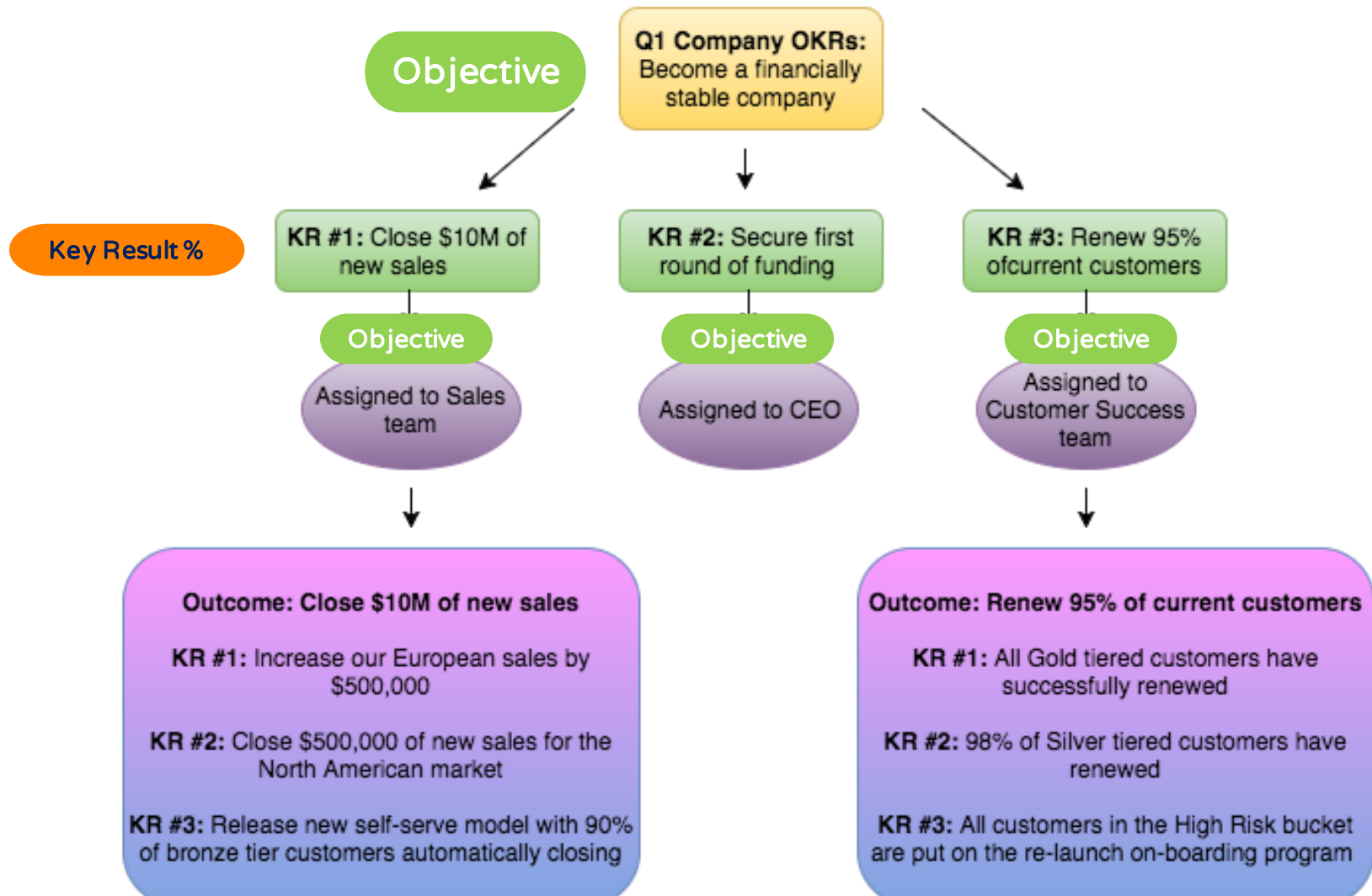
OKRs

Objective Key Results





Bigger Company:



Definitions

The “What”

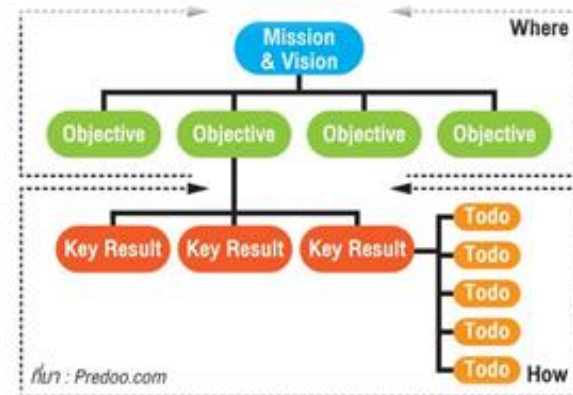
OKRs

Objectives

The poster on the wall. Where are we going?

Ask Yourself - Is it:

- Ambitious and inspirational?
- Time bound (usually quarterly)?
- Max of 3-5
- Clear?
- Moving the company forward / aligned with its goals & vision?



Definitions

The “How”

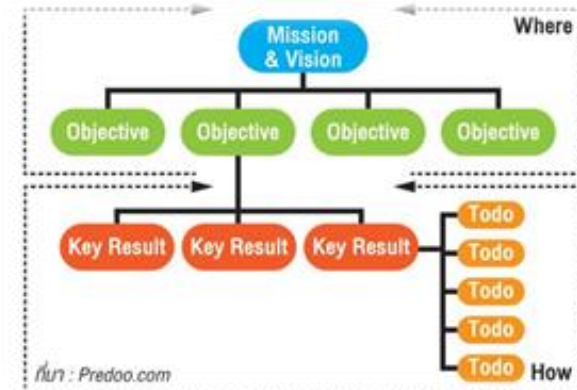
OKRs

Key Results

Key Results are what clearly makes the objective achievable

They should be:

- 3-5 Key Results per Objective
- Specific
- Quantifiable & Measurable > lead to the objective grading
- Tangible & Outcome related



Tips!

OKRs

Pre 'Product-Market-Fit'

- Objectives are mostly related to learning and validating
- Shorter cycles (weeks / months)
- Be OK with terminating Objectives
- Measurement methods (the external factor)
- Set processes to religiously track progress

*Don't half-ass OKRs.
Do them, or don't.*

Examples

Bad

Increase revenue

Launch new line of
business

Get 5-20 new clients

Improve customer
satisfaction

Good

Achieve record 3rd
quarter revenue

Generate 100K\$ in
new revenue

Onboard 55 new
clients

Reduce customer
churn by 15%

Examples

Good

Make our company
go viral

Generate 100,000
views on YouTube
channel

Get 10,000 new
Instagram followers

Increase organic
search traffic by 20%

Bad

Make our company
go viral

Make videos for
YouTube

Get more Instagram
followers

Improve SEO

Examples

Bad

Validate market
need for product

Talk to customers
about our product

Assure onboarding
is done well

Finalize Google
integration

Good

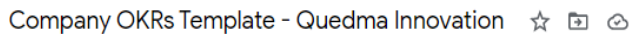
Validate market
need for product

Meet with 45
potential customers

Sign pilots with 25%
of customers

UBER Case Study

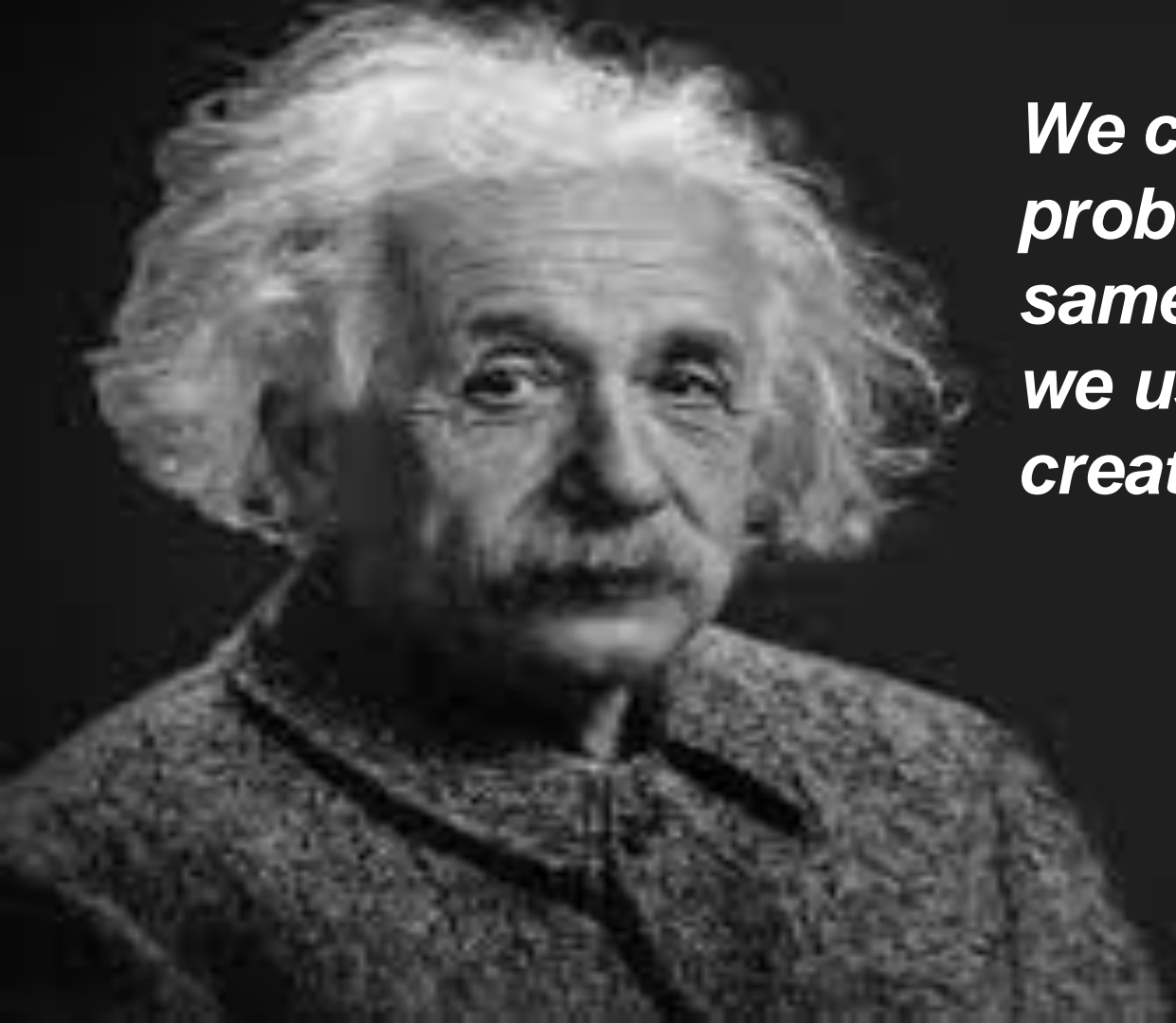
Objectives	Increase Drivers in System	Increase Geographic Coverage of Drivers	Increase Driver Happiness
Key Result #1	Increase driver base in each region by 20%	Increase coverage of SF to 100%	Define and measure driver happiness score
Key Result #2	Increase driver average session to 26 hours / weekly in all active regions	Increase coverage for all active cities to 75%	Increase driver happiness score to 75th percentile
Key Result #3			



File Edit View Insert Format Data Tools Add-ons Help Last edit was 24 minutes ago

[illegible]

Scenario Planning



***We can't solve
problems by using the
same kind of thinking
we used when we
created them.***

Scenario Based Planning

•V-shaped recovery:

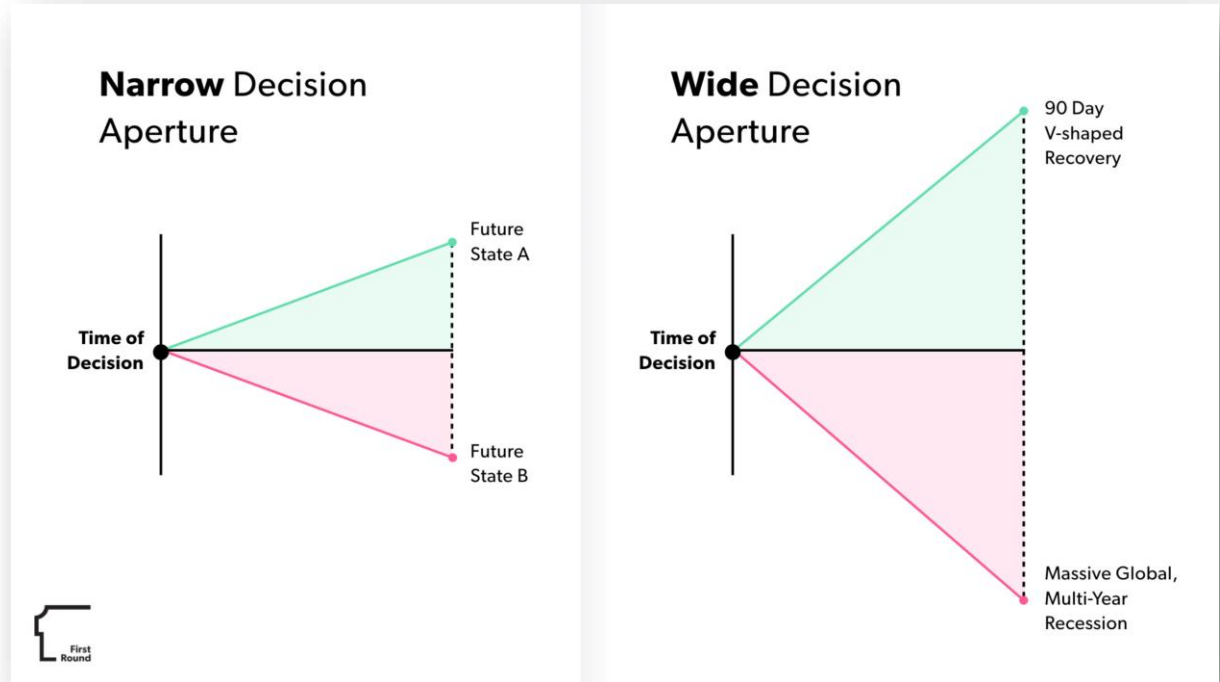
A sharp, precipitous drop, followed by a swift rebound as the economy recovers. The 1953 U.S. recession is an oft-cited example.

•U-shaped recovery:

The bottom is a less-clearly defined curve, as opposed to a pointy trough. Growth does recover, but it takes longer than planned. Think of the 1973-1975 U.S. recession.

•L-shaped recovery:

A severe recession or depression, where even after recovery, the growth rate can still be lower. Japan's "lost decade" in the 1990s illustrates this shape.



Scenario Based Planning

Runway Matrix Example

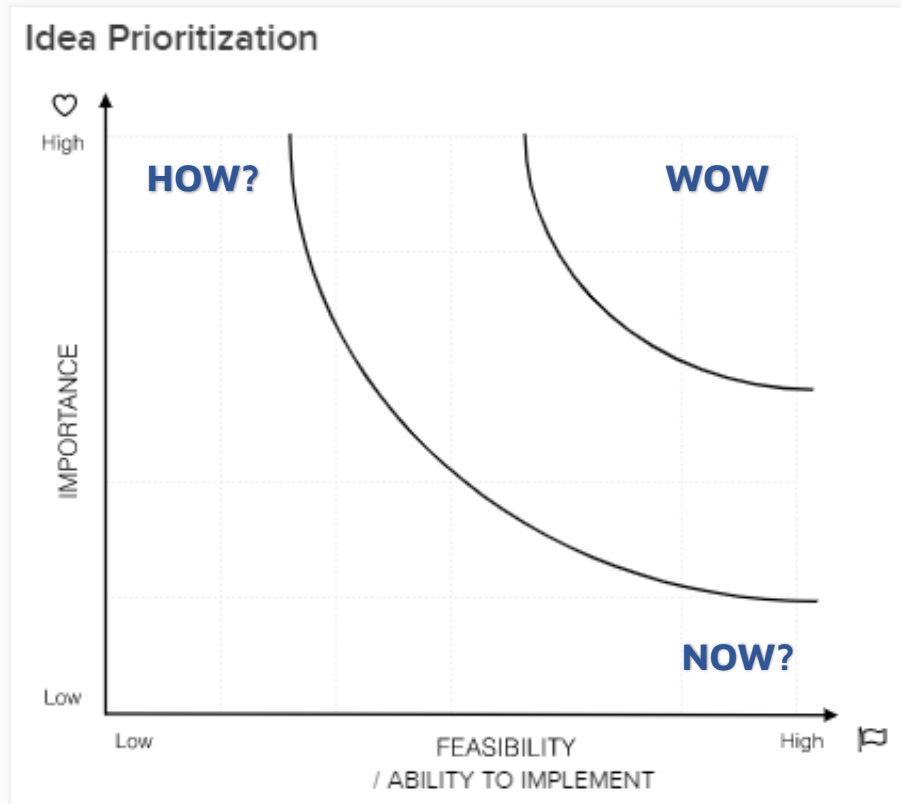
	Plan Revenue	-10% Revenue	-30% Revenue	No Revenue
Plan Opex	22 months	18 months	12 months	8 months
-10% Opex	24 months	22 months	16 months	12 months
-30% Opex	28 months	26 months	22 months	18 months
-50% Opex	32 months	28 months	22 months	22 months

Scenario Based Planning

Scenario Responses Example

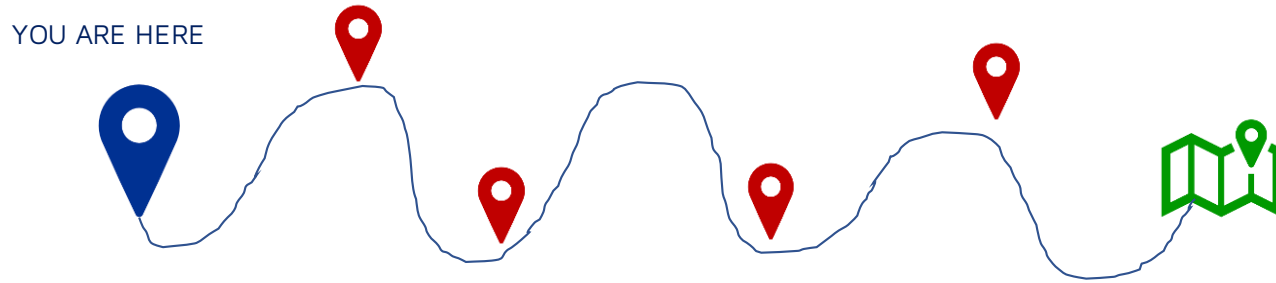
	Worst Case	Middle Case	Best Case
Game Plan			
Product Direction			
Headcount			
Revenue Target			
Runway			

Prioritizing



Reverse Planning

Seeing the future and reverting back



- **Quarterly Goal**
- **Monthly Milestones**
- **Key Activities, Opportunities & Actions (To Do's)**

Managing 'Breaking Points'

They are a great opportunity

- **Declare (!)**
- **Gather all 'resources'**
- **Analyze - Remap KRs, Key Activities, Elephants**
- **Reflect and iterate**

Tips!

Final advice

- Get cash by not needing it
- Don't take anything off the table
- Extend runway but make sure it leads somewhere

Quick Summary

Quick Summary

1. Decide on your **KPIs** (North Star?)
2. Figure out your **Objective Key Results** (end of 2021)
3. **Prioritize To-Do's** and create a workplan (**Gantt**) to meet each **Key Result**
4. **Align** Gantt with OKRs and **set processes** to track and manage everything

(It's okay to change & pivot)



Your turn.

Exercise!

- ❑ Define your 2-3 Objectives for your company to be achieved in the following quarter.
- ❑ For each Objective, define 2-4 Key Results.
- ❑ Make sure every KR is measurable & quantifiable and define the way in which it will be measured.

30-45 minutes

Busy \neq Progress



Questions?