Critical learnings from Collision 2022

What is the purpose of this article?
1) Share my critical learnings from my three day attendance at Collision 2022 in June 2022. Collision was a North American startup conference with 35,000+attendees, ranging from pre-revenue founders to large established companies, and investors ranging from angel investors to multi-billion dollar funds.
2) These learnings may be from a single person or a composite from many people. In many cases, I'm quoting directly.
3) I believe that these learnings apply to any size company.
4) The learnings in this article are only a tiny subset of my 45 pages of notes.

What are the critical learnings in this article?
Partners of investment funds said that there is always money available, they are continuing investments in new companies and portfolio companies
1) The key criterion is that companies are solving urgent problems for customers.
2) Companies must cut costs asap if they are: not solving problems for urgent customers, losing customers, spending too much to get customers, targeting customers who provide declining profits, etc.

Don't spend any money on advertising or scaling your company until you have customers who are crying in happiness because they have your solution. Customers should be coming to you.

You need to be constantly talking to your customers, regardless of what stage your company is at. You need to ask them what they're doing in the 15 minutes before and after they use your solution.

Every company is a data company
1) What do you know about your customers and users that no-one else knows?
2) This unique knowledge drives: your solution, the customer/user experience you create, your marketing and sales approach.

What did the CEO do when the business customers' urgent problems changed, resulting in 60% of customers leaving and CEO terminating 1/3 of the staff?
1) The CEO talked with every business customer to understand their new urgent problems and needs
2) Using this new knowledge, the CEO then changed the solution, the customer support processes, marketing and sales approaches.
3) The result was a hockey stick revenue growth curve.

How did a startup, working from their kitchen table, get their very first sale, to a company with a $15.7 billion market cap?
1) Solve an urgent problem that is causing pain every single day.
2) Enable the customer to get a 10X performance improvement rather than an incremental 30% improvement.
3) Know more than anyone else about the problem, and how the customer can solve it.
4) Build strong internal relationships with the customer.
5) Take extreme accountability for customer results.

I asked one successful founder (well past the startup stage) "What should an investor do if the startup doesn't want to talk to customers and users? How can the investor persuade the startup?" The founder had a two word answer" "Don't invest".

The early stage CEO advisor compensation must be 100% equity based. The advisor must have faith in the CEO.

The CEO and investor(s) must have a commonly understood set of expectations for each other. Expectations change over time.
1) The CEO must have a job description for the investor.
2) There are major differences among: lead investor vs major investor vs smaller investors to fill-out the round.

How did a startup founder get 450,000 users in 10,000 businesses in two years with zero spending on customer acquisition?
1) Solve an urgent problem.
2) The user can easily understand the value proposition.
3) It's easy for the user to get value quickly – ideally in 0 (ZERO) seconds.

4) CEO and developers spend 10% of every single day talking to customers and users.
5) Be obsessed with tracking by customer segment: Acquisition, activation, retention, revenue, and referrals.

The fundraising skillset is different from the sales skillset.

One startup raised funds with no product or solution – absolutely nothing. Except, 400 letters from companies stating they'd buy when the solution was available.

Some seed stage VC funds (targeting startups with 2-12 people) are taking a different approach with what is done with the yearly 2% fund compensation fee.

1) The cash going into partner pockets is being reduced with cash being spent on people to support portfolio companies e.g. providing part-time Chief People Officer, having an on call CFO, helping to structure interviews and surveys, helping to put in place customer metrics such as Net Promotor Score. Two such funds are Primary Venture Partners and First Round Capital. These funds believe that spending to maximize the long-term 20% performance compensation results in the startups, investors, and partners all making more money in the long-term.
2) A partner from one of those funds told me one-on-one that investors considering investment into VC funds should ask how the yearly 2% compensation fee is distributed, and how much goes into partner pockets vs helping portfolio companies.

Some startups said investors should provide a flying squad to help portfolio companies. This flying squad should do actual work (e.g. HR) and not just provide advice.

What are my summary observations after over 40 presentations as well as one-on-one discussions?

1) At Collision, successful investment funds and startups of all size talked a lot about customer/user problems, and customers/users getting value from having problems and needs addressed. E.g. startup founder who got 400 letters from customers wanting to buy, before spending one cent on building/creating a product solution.
2) Prior to Collision, many of the companies I meet, ranging from pre-revenue to long-term established, talk a lot about their solution. Many of the startups I've met first build something and then hope to find customers that have a problem their solution addresses.

What are your next steps?

1) Document your process for understanding customers, including facts, analysis, resulting business changes. Have a third party review and challenge you process, facts, analysis, and resulting business changes.
2) The above critical learnings reflect a number of different scenarios. Compare how your company leadership has responded to these scenarios in the past and would respond in the future.

What further reading should you do?

Do you understand your customers?
http://koorandassociates.org/understanding-customers/do-you-understand-your-customers/
Is your company planning to fail?
http://koorandassociates.org/avoiding-business-failure/is-your-company-planning-to-fail/