



## **“Factors of 10”**

A method for applying resources to advance innovation through iterative, milestone-driven phases



## Background

Open Health Innovations' (OHI) focus is helping organizations leverage networks, both digital and human, to solve challenging “problems that matter.” Whether those problems are internal to a specific organization or more broadly affecting a segment of society.

Over the past few years alone OHI has launched products, portals and standalone ventures domestically and overseas and across a broad number of sectors. OHI is sometimes simply a vendor to the effort but in other cases a strategic partner.

### “Factors of 10”: An overview

We coined the term “Factors of 10” many years ago to suggest that resources should be applied progressively to innovation, at quantities roughly approximating factors of 10, but only when pre-determined milestones are met. And if unmet, to not necessarily stop the effort, but to guardedly proceed until either confidence grows and milestones are achieved or the program proves itself to be unviable.

Our experience is that implementing this simple process, especially when uncertainties are highest in the early stages, increases the odds that organizations actually move forward versus getting gridlocked from “paralysis by analysis.” This methodology mitigates risk and efficiently deploys human and financial capital because:

- Speed: Efforts can launch quickly, even with high unknowns, as organizations aren't committing to fully funding an entire program and everyone understands this going in.
  - Less fear of failure: Innovation and change take time with many outright failures. Acknowledging this upfront frees organizations to get started. And when something doesn't work out, to at least feel good that the efforts was smartly under taken.
  - Incremental comfort: “The next” resourcing phase rarely looks too audacious or over-reaching because it's predicated upon met milestones and only one factor of 10 larger.
  - Longer runway: When things go slower than forecast (which is almost always the case) yet the option exists to stay lean and go forward, management has a bit of extra time to figure things out. This added freedom to identify a pivot to a model that actually works
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— versus what an original business model said — can be the difference between success and failure.

### “Factors of 10”: What it often looks like

We’ve observed consistent patterns from the dozens of innovations we’ve been part of over the past three decades. Many of these are reflected in the table below. The table illustrates the scaling of resources as innovations or ventures prove themselves and the types of activities the resources typically go toward.

Resourcing Stage	Resources Applied	Typically used for activities like...
Background	\$0-\$1K	- Calls, webinars, meetings, publications
Ideation	\$2K - \$10K	- Conferences, workshops, prototypes, travel
Pilot	\$25K - 100K	- Pilots, research, domain experts, consultants, lawyers
MVP	\$250K - \$1,000K	- MVP, launch team, initial marketing, operational systems
Growth	\$2.5M - \$10M	- Broad team, product maturation, resilient systems, marketing

So what’s the key takeaway from the table above? We suggest it’s “keep moving!”

Organizations should feel liberated to explore innovations when initial steps are inexpensive and are designed to build confidence and understanding. Not to bake the entire cake. This shouldn’t be interpreted to mean every dumb idea deserves a shot. Rather, that if something passes a general, common sense threshold, seriously consider moving on it. But, realize that meaningful resources will only flow (by factors of 10) when more is known and milestones are met.

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