



“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 build and 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 as 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.

Implementing this simple process, especially when uncertainties are high in the early stages of a new initiative, increases the odds an organization actually moves forward versus getting gridlocked from “paralysis by analysis.” The 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. Everyone understands this going in.
 - Less fear of failure: Innovation takes time and the failure rate is high. Acknowledging this upfront and keeping the early resource bets modest frees organizations to get started. And if something doesn't work out, to at least feel good the effort was smartly under taken so future risk-taking isn't stifled.
 - Incremental comfort: “The next” resourcing phase rarely looks too audacious or over-reaching because it's predicated upon milestones and is only one factor of 10 larger.
 - Longer runway: When things go slower than forecast (which is almost always the case) and the option exists to stay lean but continue forward, management has a bit of extra
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time to figure things out. This added freedom to identify a pivot to a model that actually works — 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. Some of these are reflected in the table below. The table illustrates the scaling of resources as innovations prove themselves and the types of activities the resources typically go toward.

Resourcing Stage	Resources Applied	Typically used for activities like...
Background	\$0-\$2K	- Calls, webinars, meetings, publications
Ideation	\$2K - \$20K	- Conferences, workshops, prototypes, travel
Pilot	\$20K - 100K	- Pilots, research, domain experts, consultants, lawyers
MVP	\$200K - \$1,000K	- MVP, launch team, initial marketing, operational systems
Growth	\$2M - \$10M	- Broad team, product maturation, resilient systems, marketing

So what’s the key takeaway from the table above? We suggest it’s “get moving!” Lost opportunity when consistently applied by an organization or an industry can be fatal. As just one example, consider how the great newspaper companies of 20 years ago no longer exist.

Organizations should feel liberated to explore innovations when initial steps are inexpensive and are designed to build confidence and understanding. They’re not designed to bake an 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, move on it but with short, affordable and milestone driven activities. Realizing that meaningful resources will only flow (by factors of 10) when more is known and future milestones are met.