BLITZSCALING ACADEMY

OFFICIAL

Blitzscaling Toolkit

DOWNLOAD THE CANVAS
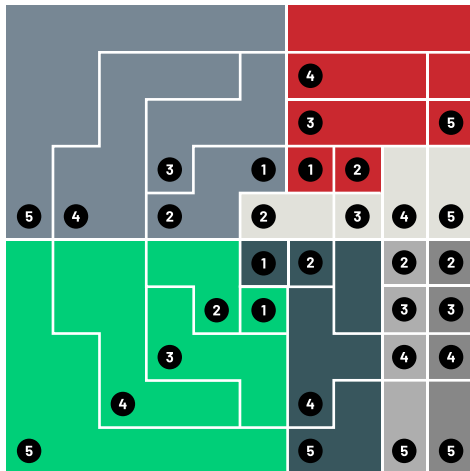
USE THE ONLINE TOOL

1

The Blitzscaling Canvas

Business Model
Innovation

Evaluate Current Scalability

2

Force Ranking Tool

Strategy
Innovation
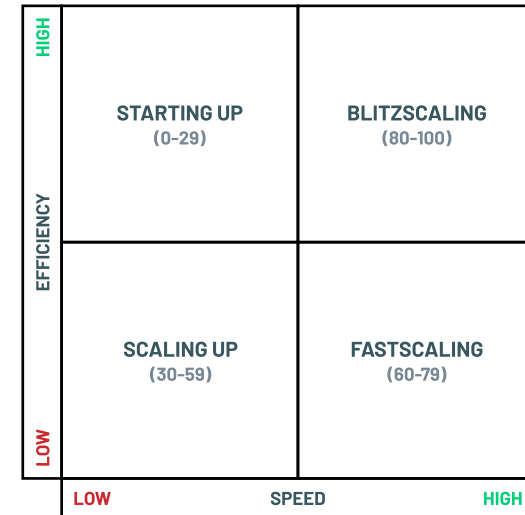
GROWTH FACTORS	SCALING STRATEGY ALTERNATIVES		
	1	2	3
GROWTH ENHANCERS			
NETWORK EFFECTS	....	....	....
DISTRIBUTION & VIRALITY	....	....	....
MARKE SIZE	....	....	....
GROSS MARGIN	....	....	....
GROWTH LIMITERS			
(LACK OF) PRODUCT MARKET FIT	....	....	....
ORGANIZATIONAL SCALABILITY	....	....	....
OPERATIONAL SCALABILITY	....	....	....
FUTURE SCALABILITY SCORE	....	....	....

Comparing Scaling Alternatives

3

Blitzscaling Playbook

Management
Innovation

	LOW — SPEED — HIGH
HIGH ... EFFICIENCY ... LOW	STARTING UP (0–29) / BLITZSCALING (80–100) / SCALING UP (30–59) / FASTSCALING (60–79)

Apply Proven Management Techniques

DOWNLOAD THE CANVAS   USE THE ONLINE TOOL

Name	Date

1

The Blitzscaling Canvas

Business Model Innovation

How fast should you scale? Should you blitzscale? Use the Blitzscaling Canvas to find out how scalable your business is and identify areas of opportunity to increase your scaling.

INSTRUCTIONS

1. Rate your business on a scale of 1-5 for each of the growth factors.
2. Working from the center out, count the total number of boxes that fall inside the outer boundary of your score in each area.
3. Sum all of your scores, excluding network effects, to arrive at your scalability score up to 79 points.
4. Sum all of your scores to arrive at your blitzscalability score of 80 or higher.

GROWTH ENHANCERS

- 🟢 NETWORK EFFECTS
- 🔵 DISTRIBUTION & VIRALITY
- ⬛ MARKET SIZE
- ⬜ GROSS MARGIN

GROWTH LIMITERS

- 🔴 (LACK OF) PRODUCT MARKET FIT
- ⬛ ORGANIZATIONAL SCALABILITY
- ⚪ OPERATIONAL SCALABILITY
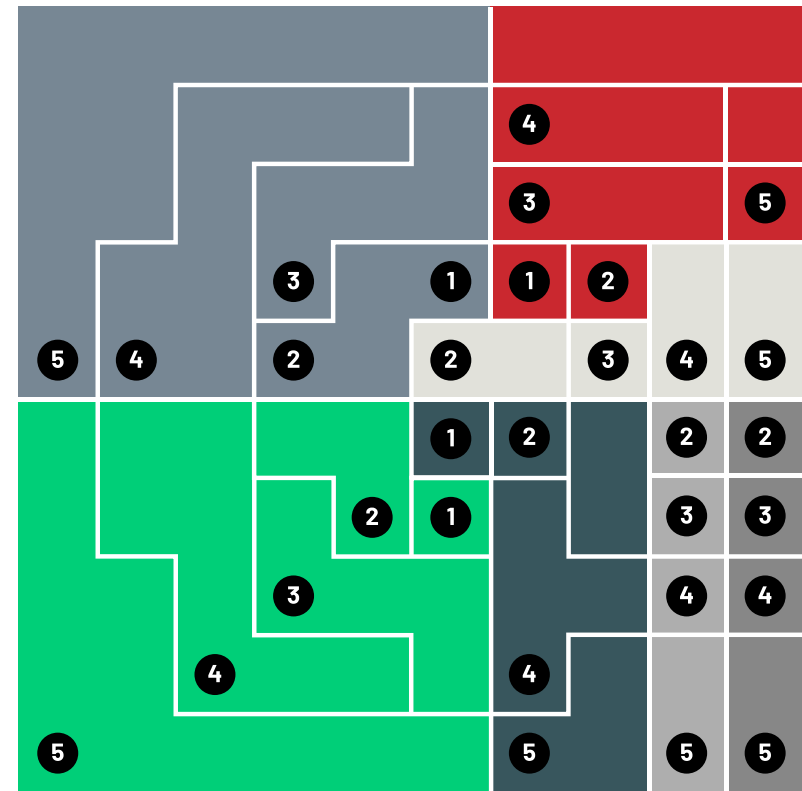
Name

Date

1 The Blitzscaling Canvas
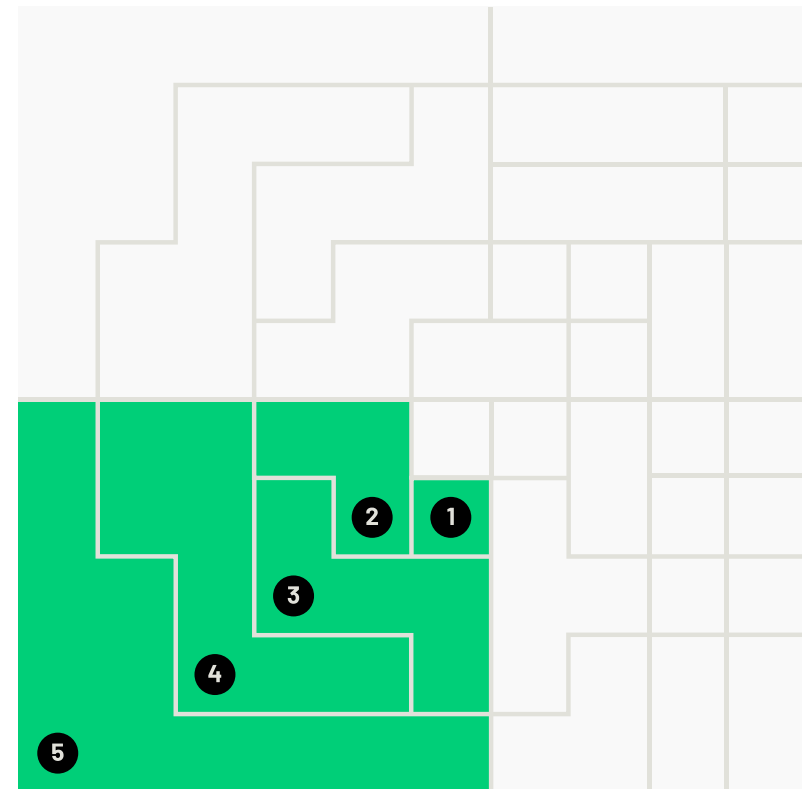### Business Model Innovation

GROWTH ENHANCER
1. NETWORK EFFECTS

A network effect exists when a product's value to a user increases as the number of users of the product grows. There are many different forms of network effects, some stronger and some weaker than others.*

To what extent does your business benefits from network effects?

- Achieving critical scale provides you an enduring competitive advantage (5)

- Achieving critical scale provides you with a competitive advantage, but it is temporary (3)

- Achieving critical scale does not provide you with a competitive advantage (0)

Use a pencil to shade in the boxes corresponding to your score. Count the number of cells in the matrix that correspond to your score Enter that number in the 'SCORE' box below. (eg. a score of 3 would equal 9 cells, and so on. So you would enter 9 in the score box below).

SCORE

Name

Date

1 The Blitzscaling Canvas
Business Model Innovation

GROWTH ENHANCER
2. DISTRIBUTION & VIRALITY

Do you have powerful distribution? To what extent are you able to tap into existing distribution networks to take your product or service to market?*

A. Rate the strength of your distribution on a scale of 0-5 where:

- You have to acquire customers directly and it is difficult, costly and time-consuming (0)
- You have formed exclusive partnerships that give you access to every possible customer or user (5)
- Achieving critical scale provides you with a competitive advantage, but it is temporary (3)
- Achieving critical scale does not provide you with a competitive advantage (0)

B. How viral is your product or service? To what extent does your business gain new customers by referral from current customers? Rate the virality of your distribution on a scale of 0-5 where:

- Existing customers never refer new customers (0)
- Existing customers always refer new customers (5)advantage (0)

Use a pencil to shade in the boxes corresponding to your score – use the higher of A and B scores. Count the number of cells in the matrix that correspond to your score Enter that number in the 'SCORE' box below. (eg. a score of 3 would equal 9 cells, and so on. So you would enter 9 in the score box below).

SCORE A

SCORE B

Use the higher number only.
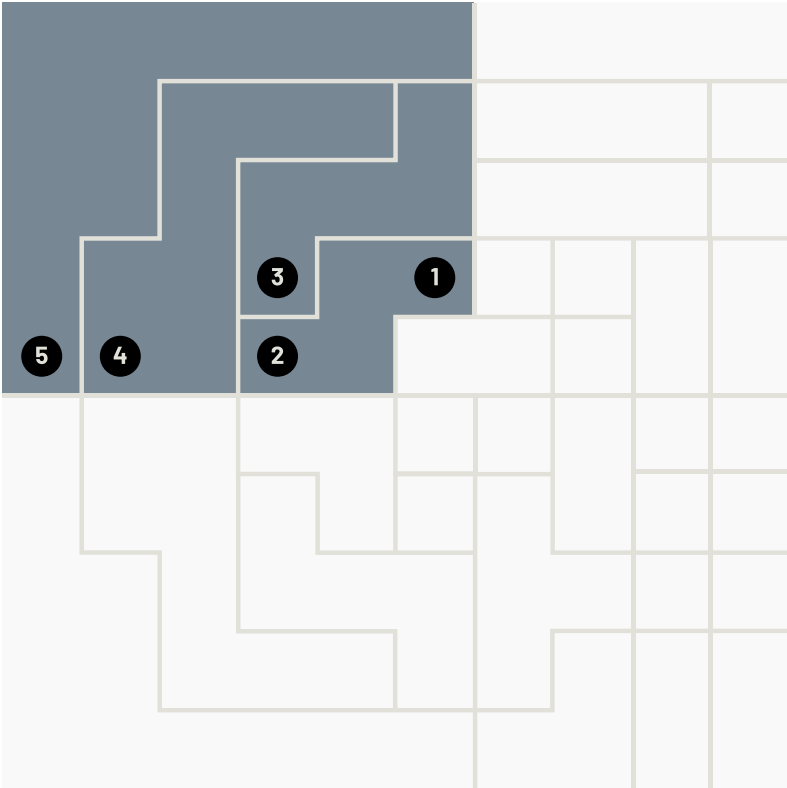
SCORE

1 The Blitzscaling Canvas
Business Model Innovation

GROWTH ENHANCER
3. MARKET SIZE

Market size is critical to the success of your business, particularly if you plan to blitzscale. How do you define your market? How large is the total addressable market for your business? What is your level of ambition? Do you seek to build a business in your home country alone, or scale into a massive global market?*

The market size for your company is:

- Essentially unbounded (5)
- Very large (measured in the $10s of billions) (4)
- Large (measured in the $1s of billions) (3)
- Will be in the $1s of billions in a few years (2)
- Will always be less than a $1 billion (1)

Are you sure you're pursuing the most attractive market?

- Use the Market Opportunity Navigator to find out

Use a pencil to shade in the boxes corresponding to your score. Count the number of cells in the matrix that correspond to your score Enter that number in the 'SCORE' box below. (eg, a score of 3 would equal 4 cells, and so on. So you would enter 4 in the score box below).
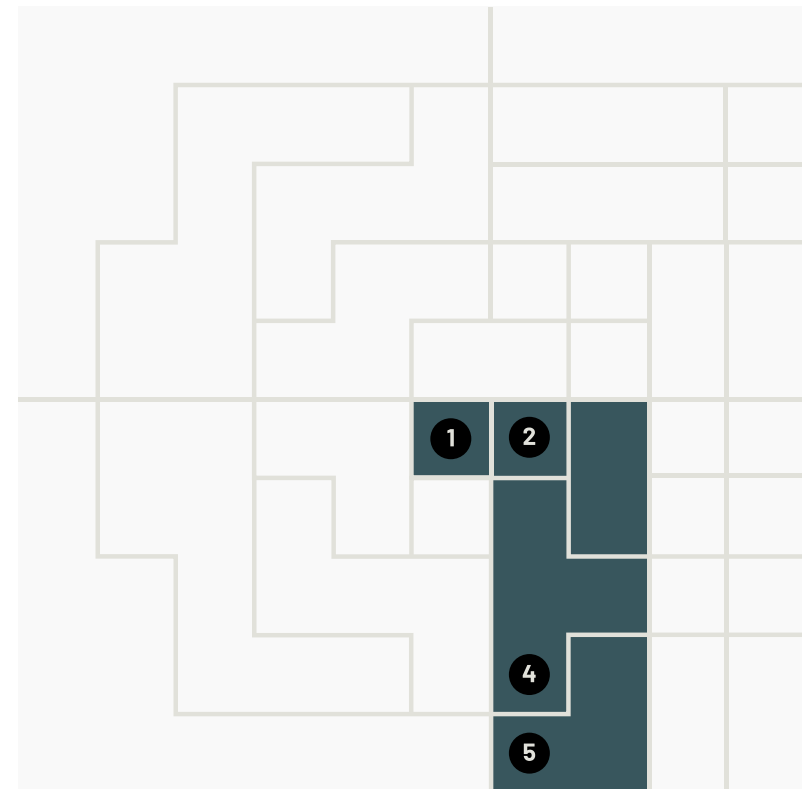
SCORE

1 The Blitzscaling Canvas
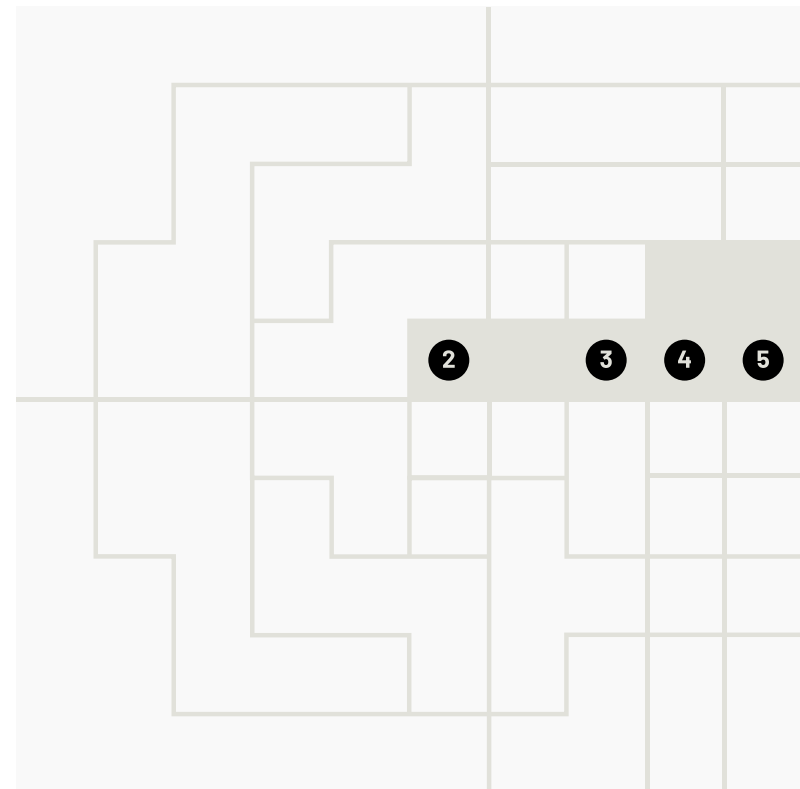Business Model Innovation

GROWTH ENHANCER
4. GROSS MARGIN

Gross margin represents a business' revenue after accounting only for the cost of producing goods and services for sale. A low gross margin often means your business won't have enough income left over to cover fixed expenses or the other costs of running the business, much less rapid scaling.*

What is the gross margin of your business?

- 90% or higher (5)
- 70 - 89 % (4)
- 50-69% (3)
- Less than 50% (2)

Use a pencil to shade in the boxes corresponding to your score. Count the number of cells in the matrix that correspond to your score Enter that number in the 'SCORE' box below. (eg. a score of 4 would equal 5 cells, and so on. So you would enter 5 in the score box below).

2   **3**   **4**   **5**

SCORE

1 The Blitzscaling Canvas
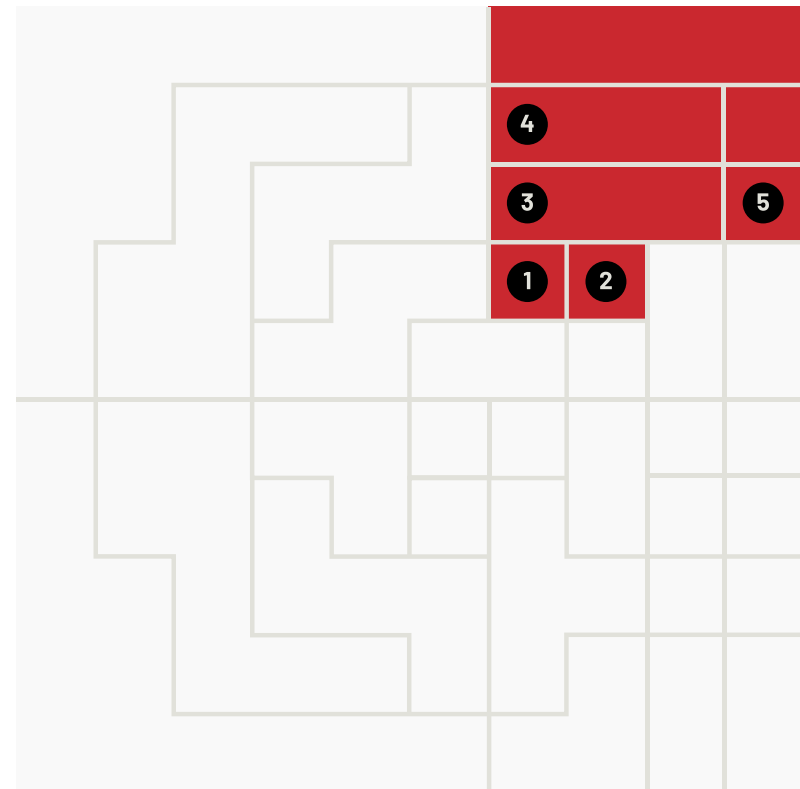**Business Model Innovation**

GROWTH LIMITER
1. (LACK OF) PRODUCT MARKET FIT

Product-market fit means being in a good market with a product that can satisfy that market. Startups require a solid foundation of product-market fit before progressing up the pyramid of scaling the business.*

How would you describe the current level of product-market fit your startup has attained?

- Accelerating revenues and enthusiastic customers (5)
- Initial revenues and enthusiastic customers (4)
- Little to no revenue but enthusiastic beta testers (3)
- A few beta testers with limited enthusiasm (2)
- No proof of product - market fit (1)

Use a pencil to shade in the boxes corresponding to your score. Count the number of cells in the matrix that correspond to your score Enter that number in the 'SCORE' box below. (eg, a score of 4 would equal 9 cells, and so on. So you would enter 9 in the score box below).

SCORE

1 The Blitzscaling Canvas
Business Model Innovation
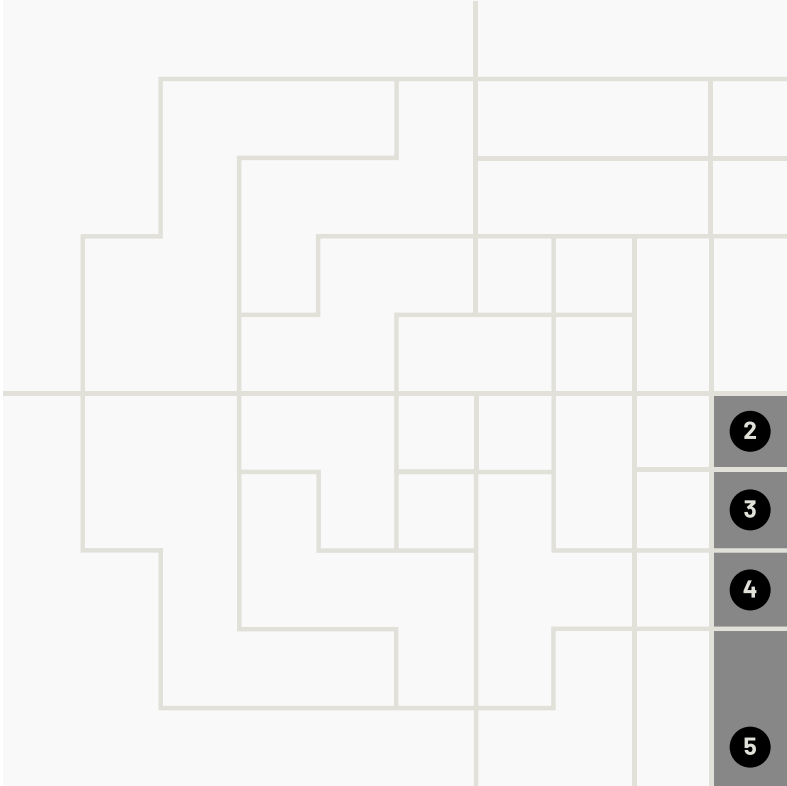
GROWTH LIMITER
2. ORGANIZATIONAL SCALABILITY

As your business starts to scale, the rate of hiring will accelerate quickly and you will experience growing pains. How well-prepared are the CEO and leadership team to scale and manage the organization through fast growth?*

On a scale of 2-5, rate the CEO and leadership team's capability to scale the organization:

- They know how and have the resources (5)
- They know how but don't have the resources (4)
- They think they know how but haven't done it before, and don't have the resources (3)
- They don't know how or have the resources (2)

Use a pencil to shade in the boxes corresponding to your score. Count the number of cells in the matrix that correspond to your score Enter that number in the 'SCORE' box below. (eg. a score of 4 would equal 5 cells, and so on. So you would enter 5 in the score box below).

2

3

4

5

SCORE

1 The Blitzscaling Canvas
Business Model Innovation

GROWTH LIMITER
3. OPERATIONAL SCALABILITY

When your business starts to scale the demands on your technology platform and other infrastructure will increase dramatically and present challenges.

On a scale of 2-5, rate the CEO and leadership team's capability to scale:

- They know how and have the resources (5)
- They know how but don't have the resources (4)
- They think they know how but haven't done it before, and don't have the resources (3)
- They don't know how or have the resources (2)

Use a pencil to shade in the boxes corresponding to your score. Count the number of cells in the matrix that correspond to your score Enter that number in the 'SCORE' box below. (eg, a score of 4 would equal 3 cells, and so on. So you would enter 3 in the score box below).

2

3

4

5
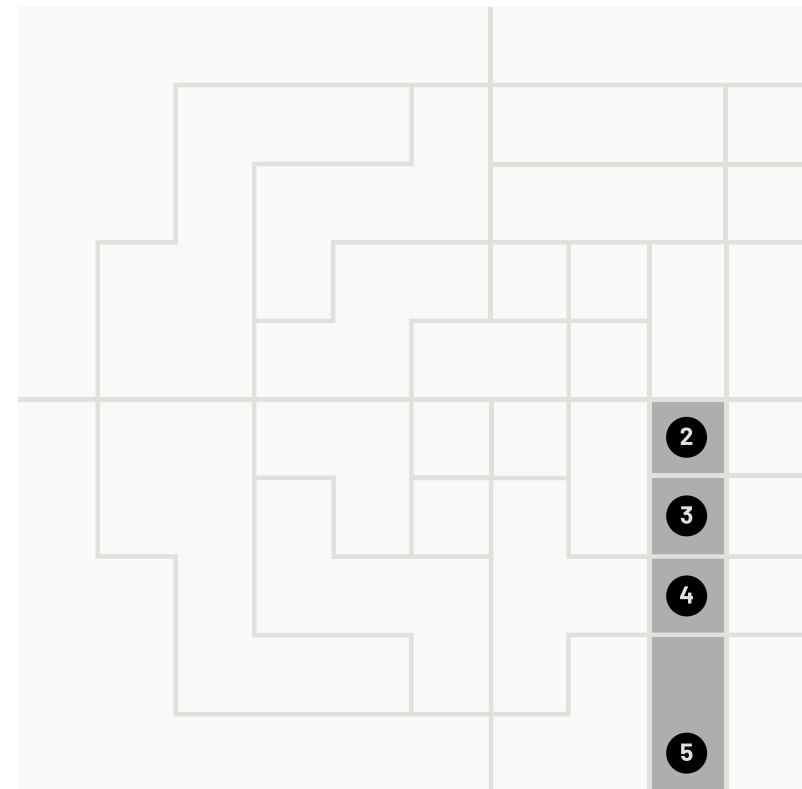
SCORE

Name	Date

1 The Blitzscaling Canvas
Business Model Innovation

Calculate your Blitzscaling Score

Transfer your scores from each growth factor worksheet to tally your final score. Scores up to 79 suggest you are not ready for blitzscaling. Scores over 80 suggest you might have an opportunity to blitzscale.

Use a pencil to shade in the boxes corresponding to your score from each section. If your score is equal to 80 or lower, place it in the 'SCALABILITY' box below. If your score is equal to 81 or higher, place it in the 'BLITZSCALABILITY' box below.

GROWTH ENHANCERS		**GROWTH LIMITERS**	
0-29	NETWORK EFFECTS	0-29	(LACK OF) PRODUCT MARKET FIT
0-29	DISTRIBUTION & VIRALITY	0-29	ORGANIZATIONAL SCALABILITY
1-11	MARKET SIZE	0-29	OPERATIONAL SCALABILITY
2-7	GROSS MARGIN		
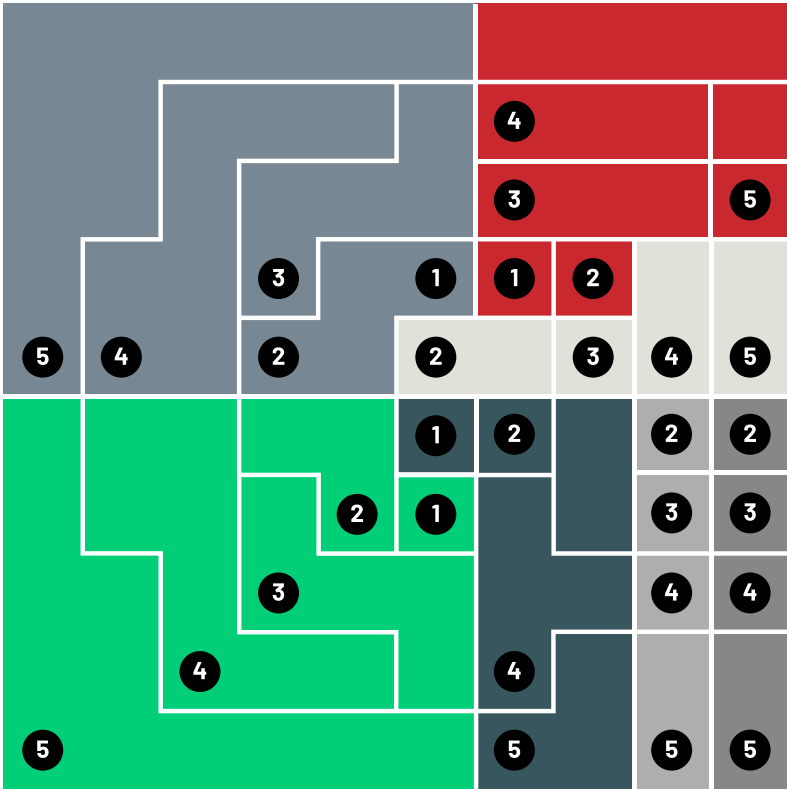
BLITZSCALABILITY SCORE: 80-100

Name

Date

1 The Blitzscaling Canvas
Business Model Innovation

Strengthening Your Growth Enhancers

Transfer your scores for each growth factor to keep your greatest opportunities to increase your scalability score at the top of your mind. Use each section of the worksheet to identify strategies to improve your score in each area, and thereby increase your scaling.

0-29	0-29	1-11	2-7
NETWORK EFFECTS	**DISTRIBUTION & VIRALITY**	**MARKET SIZE**	**GROSS MARGIN**

Name

Date

1 The Blitzscaling Canvas
Business Model Innovation

Reducing The Impact Of Your Growth Limiters

Transfer your scores for each growth factor to keep your greatest opportunities to increase your scalability score at the top of your mind. Use each section of the worksheet to identify strategies to improve your score in each area, and thereby increase your scaling.

1-14
(LACK OF) PRODUCT MARKET FIT

1-5
ORGANIZATIONAL SCALABILITY

1-5
OPERATIONAL SCALABILITY

Name

Date

2 Force Ranking Tool
Strategy Innovation

Assemble Strategic Alternatives

Evaluate the future state of your company based on the assumption that you have successfully executed the strategies that you outlined on the previous page. Which strategy produces the highest potential to scale if successfully executed?

When Should You Blitzscale?

- A Big New Opportunity
- First Scaler Advantage
- Learning Curve
- Competition Is Blitzscaling

When Should You Stop Blitzscaling?

- If your market reaches its upper limit or stops growing
- When speed and momentum are no longer important
- When it no longer makes sense to deploy capital inefficiently

Use a pencil to shade in the boxes corresponding to your score. Count the number of cells in the matrix that correspond to your score Enter that number in the 'SCORE' box below. (eg. a score of 4 would equal 5 cells, and so on. So you would enter 5 in the score box below).

GROWTH FACTORS		SCALING STRATEGY ALTERNATIVES		
		1	2	3
GROWTH ENHANCERS	NETWORK EFFECTS	-----------------	-----------------	-----------------
	DISTRIBUTION & VIRALITY	-----------------	-----------------	-----------------
	MARKE SIZE	-----------------	-----------------	-----------------
	GROSS MARGIN	-----------------	-----------------	-----------------
GROWTH LIMITERS	(LACK OF) PRODUCT MARKET FIT	-----------------	-----------------	-----------------
	ORGANIZATIONAL SCALABILITY	-----------------	-----------------	-----------------
	OPERATIONAL SCALABILITY	-----------------	-----------------	-----------------
	FUTURE SCALABILITY SCORE	-----------------	-----------------	-----------------

Name	Date

3 Blitzscaling Playbook
Management Innovation

Determine Your Organizational Stage Of Blitzscaling

THE MATRIX

A) Use the worksheet on the next page to determine the organizational stage of scaling that most closely describes your business currently by answering the following questions:

1. **How many employees do you have?**
2. **If your business is B2C, how many users do you have?**
3. **If your business is B2B, how many customers do you have?**
4. **What are your current annual sales?**

B) Enter your answers in the corresponding cells in the matrix.

C) Enter the corresponding points in each column on the bottom of score row.

D) Add up your total points and divide by 3.

Your score indicates the organizational stages you are transitioning between. Understanding your current scaling stage while anticipating the challenges you will face as you transition to the next stage will help guide your selection of the most appropriate managment strategies and techniques.

Consult the managment techniques + Blitzscaling Playbook to prepare yourself to manage faster growth, or even blitzscale speed!

STAGES OF BLITZSCALING

	ORGANIZATIONAL STAGE (OS)	NUMBER OF EMPLOYEES
STAGE 1	FAMILY	1S
STAGE 2	TRIBE	10S
STAGE 3	VILLAGE	100S
STAGE 4	CITY	1000S
STAGE 5	NATION	10000S

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Name	Date

3 Blitzscaling Playbook
Management Innovation

Determine Your Organizational Stage (OS) Of Scaling

Answer the questions on the previous page. Place the point value in the left column into the cell of the matrix that corresponds to your answer. For example: if your business has 10-99 employees you would enter 2 points into the box in row 2 in the Organizational Scale column; if your business is B2C, and has <10,000 users, you would enter 1 point into the box in the User Scale column; if your business is B2B, and has 11-100 customers, you would enter 4 points into the box in the User Scale column and if your business has $10- $100m in sales, you would enter 2 points into the box in the Business Scale column. Using the B2B example, your OS score would be 2 + 4 + 2 = 8. Divide by 3 = 2.666 which would suggest you are likely transitioning from Tribe to Village Stage and should focus your management techniques accordingly.

POINTS	ORGANIZATIONAL STAGE	CHARACTERISTICS	ORGANIZATIONAL SCALE Enter your number of employees	USER SCALE (B2C) Enter your number of users	CUSTOMER SCALE (B2B) Enter your number of employees	BUSINESS SCALE (REVENUE) Enter your annual sales
1	FAMILY OS1 (1-9 employees	Probably a legal company: tiny, close-knit team with ability to only focus on product-market fit. No specialists, all doers, very adaptable.	1-9	<10,000	0	<10M
2	TRIBE OS2 (10-99 employees	Most likely a legal company with some finan cing. Full team with ability to launch product and engage customers. Select specialists.	10-99	10,000-100,000	1	10M-100M
3	VILLAGE OS3 (100-999 employees	Hiring first internal lawyers, HR team, real accounting. Many teams with ability to work on parallel threads and projects. Many specialists.	100-999	100,000-1M	2-10	101M-1B
4	CITY OS4 (1000-9999 employees	Global company with many offices. Teams of teams, with ability to work on new pro jects in new regions. Many specialists.	1000-9999	1M-10M	11-100	1B-5B
5	NATION OS5 (10000+ employees	Huge global company. Essentially multiple companies with the ability to play multiple product-market fits. Armies of specialists.	10000+	10M-100M	101-1000	5B+

10000-100000	+	10000-100000	OR	10000-100000	+	10000-100000

ORGANIZATIONAL STAGE (OS) SCORE =	SUM/3

3 Blitzscaling Playbook
Management Innovation

Determine Your Phase Of Scaling

CAN YOU CHOOSE NOT TO BLITZSCALE?

Blitzscaling requires capital - whether from investors or from cash flow - to fund relatively inefficient growth. If investors are willing to act quickly and provide large amounts of capital, the risk that a competitor decides to blitzscale is higher.

The same is true when a business model provides a lot of high-margin revenue to fund growth. So the safest time to choose not to blitzscale is when you're pursuing a relatively low-margin business model that investors are unwilling to fund.

Many small or "lifestyle" businesses fall into this category, which makes their decision to avoid blitzscaling perfectly rational. However, markets can change quickly.

Plot your score on the graph to determine the estimated phase of scaling of your company.

STARTING UP

There is a great deal of uncertainty around my startup's blitzscalability score. The goal of this stage is to reduce that uncertainty as quickly as possible while minimizing resource expenditures.

BLITZSCALING

I have determined that I am in a winner-take-most market, which means I need to blitzscale to maximize the chances of being the enduring market leader.

HIGH	**STARTING UP** (0-29)	**BLITZSCALING** (80-100)
EFFICIENCY		
LOW	**SCALING UP** (30-59)	**FASTSCALING** (60-79)
	LOW — SPEED — **HIGH**	

SCALING UP

I have established that my startup has the potential to be a successful business because it scores well on Market Size, Product-Market Fit, Gross Margins, Organizational Scalability, and Operational Scalability. Now I can focus on efficient growth.

FASTSCALING

I have found a distribution strategy that gives me a low friction path to quickly and (relatively) inexpensively achieving market leadership. Now I can focus on rapid growth within the bounds of cash flow.

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3 Blitzscaling Playbook
Management Innovation

Determine Your Organizational Stage Of Blitzscaling

BLITZSCALING ITERATIVE

Successful blitzscaling is an exercise in serial problem solving. Each of the five stages requires different solutions to the same basic problems of people, product, finance, and so on. Each time you manage to solve a problem, the problem is never solved forever, it's only solved for now. As the company continues to grow, you have to solve the same problem again, under a new and potentially radically different set of circumstances.

BLITZSCALING CHANGES AT EACH STAGE

The speed of blitzscaling is always relative to your economic environment, industry and competition. What represents hyper-growth speed at one stage might be only average during another. At the Village (hundreds of employees) and City (thousands of employees) stages, the speeds of competing organizations become much more varied. Some will be content with focusing on optimizing for efficiency, while others will focus on speed. At these stage, blitzscaling is less about raw aggression and more about pursuing a differentiated (but still aggressive) strategy.

HOW THE ROLE OF THE FOUNDER CHANGES WITH EACH STAGE

The role a founder plays in the blitzscaling process will change with each stage (and an employee's role relative to the founder will likely also change). As the organization grows, the specific skills required to lead it evolve as well.

HOW THE ROLE OF THE FOUNDER CHANGES WITH EACH STAGE

STAGE 1 (FAMILY)
The Founder Personally Pulls the Levers of Hypergrowth

STAGE 2 (TRIBE)
The Founder Manages the People Who Are Pulling the Levers

STAGE 3 (VILLAGE)
The Founder Designs an Organization That Pulls the Levers

STAGE 4 (CITY)
The Founder Makes High Level Decisions About Goals and Strategies

STAGE 5 (NATION)
The Founder Figures Out How to Pull the Organization Back from Blitzscaling and Start Blitzscaling New Product Lines and Business Units

EIGHT KEY TRANSITIONS

TRANSITION #1
Small Teams to Large Teams

TRANSITION #2
Generalists to Specialists

TRANSITION #3
Contributors to Managers to Executives

TRANSITION #4
Dialogue to Broadcasting

TRANSITION #5
Insipration to Data

TRANSITION #6
Single Focus to Multi-threading

TRANSITION #7
Private to Navy

TRANSITION #8
Scaling Yourself: Founder to Leader

COUNTERINITIATIVE RULES

RULE #1
Embrace Chaos

RULE #2
Hire Ms. Right Now, Not Ms. Right

RULE #3
Practice "Bad Managment"

RULE #4
Launch a Product That Embarasses You

RULE #5
Let Fires Burn

RULE #6
Do things That Don't Scale (Throwaway Work)

RULE #7
Ignore Your Customers

RULE #8
Raise Too Much Money

RULE #9
Evolve Your Culture

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