Ep #25: Crowdlaunching Books and More with Moses Ma

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Welcome to the Brainfluence Podcast with Roger Dooley, author, speaker and educator on neuromarketing and the psychology of persuasion. Every week, we talk with thought leaders that will help you improve your influence with factual evidence and concrete research. Introducing your host, Roger Dooley.

Roger Dooley: Welcome to the Brainfluence Podcast. This is Roger Dooley. Today, our studio happens to be in sunny Phoenix, Arizona, and our guest, Moses Ma, is in the Bay Area. Moses is a technology innovator who leads an elite high-tech venture incubator, and he's also the co-author of a new book, "Agile Innovation: The Revolutionary Approach to Accelerate Business, Inspire Engagement, and Ignite Creativity."

One reason that we wanted to talk to Moses is that he and his co-authors are taking a novel approach to a book launch that they call crowd launching. We're going to learn about that and more. Welcome to the show, Moses.

Moses Ma: Hi. Thank you very much. I'm glad to be here. On behalf of myself and my co-authors, Langdon Morris at Future Lab and Dr. Po Chi Wu at Future Lab as well, I'm glad to be here.

Roger Dooley: Thanks. Moses, to set the stage for our listeners, tell us a little bit about your incubator and also your co-authors who aren't with us today.

Moses Ma: Next Generation Ventures is a small, low tech innovator in San Francisco. We focus on three areas: enterprise software, eCommerce, and eLearning technologies. To give you an example, one of our companies is Revolution eLearning, and we just won a $750,000 phase two innovation grant from the National Science Foundation for this technology. We were interested in ventures that help

people and the world and also could be revolutionary disruptions as well.

The eLearning company uses webcams and can look at the face of a student and tell if they're interested or if they're bored. If they're interested, they're going to actually send a message aggregated across many students and give it to the professor, so there's a two-way channel that recreates the rich, interactive, collaborative dynamics that happen in a physical classroom.

Roger Dooley: You're doing basically a facial coding analysis over a webcam?

Moses Ma: Yes. What we're doing is we have a ... We haven't used the facial action coding system yet, which is the way of doing it, but we have a system that uses computer vision to understand that. We're also injecting things like social networking directly into a webinar in a different way so it feels more like you're sitting next to your best friend while listening to a lecture instead of just watching a lecture that's being given by someone who has no feedback.

The two biggest complaints that eLearning has, one is that it's boring because the teacher tends to drone a little when they're not getting feedback. The other one is that students say they actually feel lonely going to an online school, so we're trying to change that a little bit. That's an example of the kind of disruption we're looking for in our ventures.

Roger Dooley: That sounds really interesting because I know that ... I do quite a few speaking engagements, and I also do webinars occasionally, and there is definitely a difference in presenting to a live audience versus a webinar where basically you have no feedback. You could be completely

disconnected from the Internet for 15 minutes and not even know it, whereas with a live audience, you can sense their level of interest, whether they're chuckling at your jokes, or if they're not, then maybe you need to change things up a little bit and so on. I think that's really interesting. Just real briefly, why don't you intro your co-authors?

Moses Ma: I'd be happy to. Langdon is one of the founders of Future Lab. He is also the senior partner of Innovation Labs. It's one of the world's leading innovation consultancies. I'd say he's done over 200 significant engagements, and he's written close to a dozen books on the subject. His work is focused primarily on helping larger organizations succeed, whereas my work has been more with startups. Also, I do just enough consulting to understand what customers need.

The program he has created, it's called the Innovation Master Plan, and it's a training program that's so good that the country of China has licensed it for their exclusive use inside of China.

The second partner is Dr. Po Chi Wu. Po Chi has more than 25 years of experience as a venture capitalist and is now the vice chairman of InvoTech, a new nonprofit in Hong Kong. That's driving an initiative called Smart Hong Kong for motivating entrepreneurs in that country. He also teaches at the Hong Kong University of Science and Technology, where he teaches innovation and entrepreneurship there.

We were very interested in having a partner with that background as well as understanding China, which is a very difficult thing to really figure out. To have someone on the ground there is very valuable. Also, there's an

explosion of innovation happening in China as well. We wanted to be more global in our approach.

Roger Dooley: Very good. One of the things that fascinated me about the book was ... The content certainly looks interesting, but the way you're launching it is innovative. When you think of an author really orchestrating a book launch, often it's a self-published thing where they know they've got no publisher support, so if they don't do it, nobody will. Your book, like mine, is published by the biggest publisher of business books, Wiley. Why did you and your co-authors decide on a new approach to the book launch?

Moses Ma: Some of the authors we're talking about participating in our beta are actually some of the bestselling authors in the world. Their feeling is that it's great to have a publisher, but to really do it right you actually have to combine a way to step up and lean in. The publisher sometimes isn't able to do everything that they want simply because of the market dynamics in the publishing industry.

With shrinking margins and increasing competition, the publishers have less and less marketing budget left over, so it's really important for every author, whether you're self-published or with a large publisher, to do something that improves your ability to reach the customer and have a more intimate connection to them.

Roger Dooley: That one sets a set-up question because, in fact, I think all of us know that unless you are a truly major author it's difficult to get a lot of resources from a big publisher. They certainly want to help, but I think Wiley puts out 150 business books a year or something of that nature, and there's only so many resources to go around. If you're not Malcolm Gladwell or Richard Branson or somebody, it's

going to be tough to get that mind share and share of marketing dollars from the publisher. Tell us about crowd launching and how it works.

Moses Ma: Let me explain first that crowd funding is an amazing phenomenon. I'd say billions of dollars have been raised through this new medium. I think that the potential for crowd funding is much greater than just funding prototypes or early stage projects. I think that the techniques that crowd funding has pioneered, this idea of crowd enabling a launch, can be used in other kinds of eCommerce, like in selling books or music or something as simple as launching a swim team or creating interest in an art show.

If you need something starting from scratch, or you're building a prototype, or you need something that needs a lot of cash to tool up, I think crowd funding is terrific. But for creative works like books or art or anything that's already finished, and you just want to get it out there, you really can't use crowd funding because it isn't an optimal method. For example, consider the example of a bestselling author. If they go to a crowd funding site and say, "Hey, I want to get my new book out, just ..." People say, "Wait, aren't you already rich?" This is for funding stuff. It isn't for selling stuff or launching stuff.

What we wanted to do is create something that you can do later stage financing with. I think that crowd funding is more like early stage or angel investing, but crowd launching would be more like a later stage, finishing funds for a movie or marketing funds for a product. That's what we've dealt when we were testing. We're focusing our alpha on how to release a book because we want the system to participate in the ecosystem. We've partnered

up with companies like 800-CEO-READ to make that process smoother and more effective.

Roger Dooley: I noticed the structure of the site, which is crowdlaunch.it, there is a great resemblance to Kickstarter in terms of the levels of participation and so on. You've obviously made the comparison to crowd funding. That is interesting that you think there might be some sort of push back on a Kickstarter. It seems like Seth Godin did something in Kickstarter, didn't he? Do you know about that?

Moses Ma: There have been experiments in this area, but I don't think anyone nailed it. In terms of your listening audience and neuromarketing, I think how crowd funding works is a really good exploration of how marketing is done more powerfully. If you look at crowd funding, I think there are four major drivers in crowd funding.

One is that they've learned that video is powerful. A Kickstarter or Indiegogo campaign with a video will usually raise twice as much money as one without.

The second thing is that the development of rewards has increased the participation rate because it makes it easier. Now you can actually support something with a click. You just decide, oh, that's the level of support I want to do, whereas before, if you had something you didn't really know how to support. One of the things that you're taught in marketing is don't forget to ask. The reward system really is a way of making it easier and do a one-click ask.

The thing is that it creates a common goal and a target that galvanizes and drives a community, especially when you're 30% away from a goal or a stretch goal. It pulls people together because like a marathon, the energy

comes in waves or in second winds and third winds. You have to leverage that phenomenon.

The fourth is the use of an update tells a story and creates a story spine for the narrative of the fundraising, and it keeps people engaged. If you ask any successful crowd funder, they'll say, "Every time I put out an update, a bunch of money would come in." That's positive reinforcement for frequently updating and learning what kinds of updates you end up doing.

What we did is we replicated those four processes. We have the author use how to create a video that would make sense. We talk a lot about this in the free workbook that you can download as an author for creating a campaign when we go live.

Then we encourage every author to think about creating what we call a critical mass incentive. We believe that in the world of 10 times return, you have to give some kind of gift or premium or reward to support the behavior that you want. Our suggestion is give away a digital gift, the eLearning program or something, that is worth 10 times as much as the book. Now it's no longer a decision of, "Should I buy from here to get the free shipping, or should I buy from here because it's a few cents cheaper?" Now it's like, "Oh, if I buy here, I get a $200 digital package of information that I want."

Number three is to declare a common goal because you don't see on Amazon, "I'd like to sell 5,000 copies to get on the bestsellers list," and declaring a goal. You just are doing it in a less directive fashion.

Finally, we were looking for ways to find what we call engaged readers. We found out that a percentage of our

readers really want to help. They actually have the core generosity and participation. It gives them a channel to do that. What we're finding out in the output I would say it's 50-100% more effective than not doing a crowd launch. Whether you have a publisher or not, if you can create a crowd launch at any site, it will probably help you develop your platform and your brand better than if you didn't.

Roger Dooley: It seems like there's a playing into the persuasion principle of consistency and commitment here, where once somebody says, "Okay, I'm in. I'm going to support this project at some level, even a minimal level," that is a greater, maybe more emotionally impactful commitment than just placing a pre-order at Amazon.

Moses Ma: That's exactly right. I'd like to go into that point a little bit. I think that people are actually motivated to help, and it makes them happy to do so. There's a terrific book called "A Grateful Heart." M. J. Ryan, I think, wrote it. She explains that the more generous we are and the more gratitude we have, the more we end up appreciating our lives. She quotes studies that show that people who participate and show generosity actually are happier. This is a way of developing this practice as a virtue, because I think it's desperately needed in the 21st century if we want to get to the next stage of civilization.

The core concept is we're not trying to sell stuff on the site. We're trying to generate a spirit of transformational generosity that currently drives crowd funding, but we think we can lend that into launching any other kind of project. It starts with books because people who write books have visions, and they're easy to support, but eventually, we want to distribute this idea.

We're actually hoping that companies like Kickstarter or Indiegogo create versions of their work to support this as well because it's really an idea whose time has come. We'd like to create things that support the human spirit or change the world. That's the basic concept that we have for the crowd launching site.

Roger Dooley: Very interesting. I would guess there's some logistics issues involved. You offer autographed copies of the book and so on. How are you dealing with these logistics?

Moses Ma: We have a great partner, 800-CEO-READ. They're probably the best company in the fulfillment business. When someone places a book order, we will work with them, and they can do everything from ship globally to getting it there on time. If you wanted to put in a letter that goes with each book, they can do that for you. I think it's a very author driven service. Those are the techniques we're using to automate the process because we don't expect the author to actually go through shipping stuff in their garage.

Roger Dooley: For sure. Very good. I suppose one other advantage of this kind of launch is that you develop a mailing list as well, which you can then presumably use to keep your readers engaged, perhaps encourage review posting, or perhaps offer some follow-up products.

Moses Ma: We have this model at Future Lab that we teach. It's called CARE, Customer, Acquisition, Retention, and Evolution. The first step is acquiring the customer. If you allow somebody else to manage your brand and your initial contact, it's fine you can get that leverage, but you won't get the intimacy that you need for a customer relationship to really understand who you are as you're presenting yourself, and also how to make them happy.

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I think that even doing a crowd launching attempt at first can help you tune your new online brand effectively and also kick start your ability to have a mailing list, especially of people who are willing to share about you and to talk about you online.

Roger Dooley: This crowd launching is fascinating, but we should talk about your book a little bit too. When I first saw the title, I was very slightly put off by the agile thing because I've seen a lot of agile development processes that are primarily software coding projects that seem anything but agile in nature, but your concept may use the agile terminology, but really it's focused on creativity and ideas, isn't it?

Moses Ma: Yes, but before I jump into that, let me transition by explaining that crowd launch is actually our way of putting our money where our mouth is and to practice what we preach. We used the exact principles in the book to launch this site in virtually no time and very little budget, to do it a different way because innovation solves problems. However, I do have to say it's a little bit scary. My partners usually call this system dogfooding. Do you know that term?

Roger Dooley: Sure.

Moses Ma: The eat your own dog food. We actually evolved a new metaphor which is like testing a vaccine on yourself after inventing it. It's very scary to launch something, but we wanted to do that. The reason we wanted to do that is because if you look at the innovative process, especially for new products, the real cost and risk for a new business or a new book or anything isn't in the development of it. It's in the launch.

A typical startup can raise $100,000 angel investment, build an app, but then when they start marketing, they say, "Oh we need more money," and they'll raise $3,000,000 to $10,000,000 to market it. If you go to a large company and say, "We'd like to create an e-product and create a global brand," they'll just say, "Okay, it'll take you two years and we need to spend somewhere between $20,000,000 and $100,000,000," whereas the development budget is quite small.

What we wanted to do was take the risk and cost out of launching new products, because if this could actually work and we deploy it nationally or globally, this could bring a significant boost to our economy because it will help startups.

We think of crowd-enabled eCommerce as a supercharger for small business and startups. So it's actually a very good example. We're hoping that we can prove its success along with the book because we really did watch and we practice what we're preach and show what we're working on.

Roger Dooley: That's great. Great case study you have anyway.

Moses Ma: Yes. We hope. But then it's the back scene. Let's see what happens.

Roger Dooley: Yeah, unfortunately I think you've got what, four days left in the campaign?

Moses Ma: What we did is it's an alpha. The test of the website will be our beta, when we'll have a dozen authors, each of them have great products and understand the concept, and are willing to shift their marketing to create something that has video and it's much, much more engaging. So

we'll see it in the beta, but from the alpha we were learning significantly that there's an interest in the book.

However, what we're actually doing is we're noticing that books and authors don't really just want to launch it. They really want to create an ongoing environment. We're transitioning the CrowdLaunch launch into what we call the long tailed campaign, which looks and feels different and it's completely an innovative solution. We will continue using the system. We'll see who can actually drive ongoing engagement.

But yes, we were under the gun in terms of development. We only had a couple of weeks to test before the launch of the book. However, we did learn something important which is, you need six to 12 weeks before a book launch in order to start a grand launch campaign, just to gear up the editorial support, which has actually started and we're getting some very good feedback and editorial support.

For example, forbes.com just put us on a list of recommended reads for creative leaders, and it's a wonderful feeling to see yourself on a page next to Richard Branson and Warren Buffett as recommended authors. I think that our system is definitely working in terms of learning. Innovation is all about learning and getting out there. Instead of saying, "Oh let's do this later with a different product," we just put it out there and we're learning as we go.

Roger Dooley: Very good. Describe what you mean by agile innovation as a concept in the book.

Moses Ma: Sure, I would love to. Again, I'm just going to do something brief because I can talk about the subject for maybe two days straight without a break.

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Roger Dooley: Or you can fill a book with it.

Moses Ma: Or I can fill a book with it, which is much easier to do I guess. Some people think of it as peanut butter and chocolate, something that belonged together, but nobody had ever thought of it until the book had come out. So blending agile development process what people consider to be classical innovation methodology these days is a new mesh up of two different systems.

Here's one example. If you look at the typical innovation initiative it starts at the top with the CEO, and the CEO offers that passion trickles down to the rest of the company. But the reality is that these initiatives usually never get past the idea of contest stage. There is investor interest but it doesn't follow through to change the culture.

Agile development by contrast is propagated from the bottom up, so it has a grass root space of congress, but then it's usually blocked by upper management because they're afraid of losing control. Because it's much easier and safer to have monolithic companies managed by waterfall and classifications than to trust that 100 scrum teams can figure it out, especially when they're all going in different directions.

I would say agile when you scale up looks like herding cats, and the usual innovation contest really ineffective in driving through. So what you do have with agile innovation is we're proposing that innovation flows both ways, top down and bottom up, and peer to peer, and inside out, and outside in, and we called the studio 60 Degree Innovation Diffusion.

So I think that something special is coming out of this mash-up between the agile process, which is very

powerful and has been proven to improve throughput for software development and with innovation efforts that have also been proven to increase the rate of ideation.

If you think of innovation as equal to business creativity plus execution what we did is we combined the execution power of agile with the creative boosting power of innovation so that it follows that formula.

Roger Dooley: Just for our marketing folks, who may not be familiar with the scrum team concept, just real briefly explain what that means.

Moses Ma: A scrum is a unit of collaboration that the agile developers have come up with. It's the idea of a self organizing team. It uses a number of techniques. One it's that it's iterative. They'll actually do something in sprints, which follows a natural ability to work hard and then need rest. A sprint will usually last 10 days in two weeks, they'll get something done, and then they'll rest for a few days and then start over again. It follows this idea of having a burst of activity.

The second is thing that the scrum is very good at is allowing the team to get a quick start. Instead of writing an extremely thick specification and then working, they promote the idea of working software over a comprehensive list management based classification process and documentation. So you kind of launch a scripter.

What we did is we took the idea of a scrum and we created this new unit of innovation called an IdeaScrum which can be applied not only to the ideation process but to other things like customer service, and even you can create a sales scrum where you can get together and

come up with an idea as you're going after a new customer or a new market.

Roger Dooley: Very good. Has the scrum concept been applied outside the software development area before? I haven't seen it, but you're a lot closer there.

Moses Ma: Agile project management technique is now starting to move out of software development to other areas. But again, the problem with programmers and why programmers need to use an interface designer is because the program interface is a bit difficult and not friendly to people who don't know how to program. I think what we want to do was make the scrum system ponderable to regular users and to remove a lot of the terminology.

In fact my original goal was to write a book about innovation without ever using the word innovation because there's a tendency to use buzz words. I have to admit the agile environment has many, many buzz words as well, so we're trying to remove them and make it achievable for regular people.

Roger Dooley: Is it tougher to translate concepts like creativity into these short sprints with fixed deadlines and goals and so on? I mean that seems like a little more open ended process, even in traditional application and software where we can say, "Okay, we've got to or define this interface by this point. That will be our goal." Is the process different?

Moses Ma: What we did is we've studied the art of creativity and we looked at certain experts in this area like Einstein and others. The very first person we found out who provided some insight was Leonardo Da Vinci. If you go and look for his journals, the journals that he kept, they've actually

translated and are available on the web. He actually came up with idea where he said, "He needed to create a different perspective or a different take on an idea in order to perfect it." He said, "Usually the first view of an idea didn't work."

Then we looked at Einstein who also took the same thing. He said, "I need to think about an idea in different ways so that I can create a perspective that would ignite my imagination."

When I was a physics student at Caltech I was lucky enough to sit on these lectures by, a physicist's name, Richard Feynman who wrote a bunch of books about his life. His lectures were amazing. He was the best pitcher I've even seen in my whole life.

He taught this course called Physics X. In Physics X he just sat down and he would say, "What are your questions about life?" People could ask questions from how does quantum electro dynamics work to … My first question was how did the rainbow work and he just got really excited and spent the hour talking about hiking in Yosemite and climbing up the top of the waterfall and looking down what's a circular rainbow. Then he gave this incredible lecture about how light was diffracted. Anyway, sitting there I was thinking, "Oh my god, I feel like I'm watching Plato give a lecture. This is like one of the greatest things I've ever seen."

So he taught how he thought in that class, not necessarily the content of learning but his process, so this is why he asked questions, specific questions that were difficult that he had never heard before, because he was trying to co-invent and co-discover with you. The question I asked was, "How does the sense of smell work?" He stopped

and looked at me and said, "That is a great question." Then he smiled and he said, "I just have to tell you a story." I said, "Great."

He said when he was a graduate student he had to give a lecture about his idea which was about time reversal and how electrons can be a positron in reverse in time. So he was working on that.

Then his thesis professor said, "Okay, we want you to give your first lecture, so I'm going to invite a few people." He said, "All right," and then the next day he walked by and said, "Feynman, Feynman, you know, I want you to give a lecture about … to a couple of people so I have invited John von Neumann, the greatest mathematician of our time. They said, "Okay." The next day he came and said, "Oh, you know, we just had invited, you know, Wolfgang Pauli" By the way, if Pauli nods his head he has a slight case of palsy. It doesn't mean he agrees with your idea." Then finally he said, "Oh…" Then a week later said, "Oh, you know that lecture, doctor Einstein decided that he wanted to sit in on it." He's a fresh graduate student. Like no pressure-

Roger Dooley: No pressure.

Moses Ma: And no pressure, right? He said his hands were shaking when he gave the lecture. When he finished the lecture he turned around and this is like a room of 50 of the great physicist of all time, and then they're all starting at him. Then they start arguing between each other about whether this idea worked or if it's terrible. They did that for five minutes and then Einstein, pointed out, he says, "Feynman, what do you think?" Feynman said, "I had no idea what to say, so I said, 'That's a good question.'" Then he said, "What I do is if I don't know the answer I

will say that's a very good question, because it will give me 20 seconds so I can come up with an answer. And if I really don't know the question, I'll tell this story."

So he complimented on the question he'd been stomped with. Then he said, "I will go back and study this for one week and I'll give a lecture next week that tells you what I believe." So he did and came back and he said, "I can't figure this one out." But he just really enjoyed that one.

That's a story I wanted to share about how he did this. But his technique was to look at a problem from different positions or different perspectives, and that's the key of what we do in an IdeaScrum. The system uses software or you can just do a manual version of it that's taught in the book where we look at an idea from different perspectives to unlock your creativity.

These perspectives are actually generated ideally by what the company needs. So if the company is not very good at, for example, if it's a financial services company, they need to think about compliance. Usually because compliance is painful the innovators don't include it. It's like, "Oh we don't talk about compliance." But you need to create an opportunity perspective around compliance. Someone leading should say, "Hey, why don't we look at the compliance version? What is the customer insight view of this? Now what kind of partners do we have?"

Some of the ideas that I really like or perspectives that we like using are ones that we call reframing. A great perspective is how do we turn this idea inside out. It doesn't mean anything. It's like a zen koan but it forces the brain to think about the idea in a different way.

So these techniques for encouraging different ways of looking at something are caught in the book, and we like an ideation and innovation to sculpting. When you do a sculpture you stand and look at the person and then you sculpt it. But then when you move to a different angle it looks completely wrong. So you sculpt it that way and then you continue moving around the model. When you're done it actually looks pretty good, because you got it from every direction.

Many ideas are half baked because you didn't look at every direction or perspective. Those are the kinds of techniques that we use in the book. We have many, many others that we've slammed in the book that represent our collective 50 years of experience in the innovation business.

Roger Dooley: Very good Moses. That's going to just about take up our time. I like to remind our listeners that our guest today has been Moses Ma. He is the co-author of the new book "Agile Innovation: The Revolutionary Approach to Accelerate Business, Inspire Your Engagement, and Ignite Creativity," which is being launched with a new process called crowd launching. The website for that is crowdlaunch.it.

You can visit rogerdooley.com to get all the links to these sites and things we talked about, as well as see the show notes and read the transcript. Thank you very much for being with us today Moses.

Moses Ma: Thank you. The last thing I like to add is that if you go to the site before the launch we're offering anybody who pre-orders the book a pre-innovation toolkit and library that includes tutorials, instructional videos and templates. It's worth over $300. It's for free if you come and

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participate at our site. We welcome and encourage you to come and visit. Thanks so much Roger.

Roger Dooley: Thanks for being with us Moses.

Thank you for joining me for this episode of the Brainfluence Podcast. To continue the discussion and to find your own path to brainy success, please visit us at RogerDooley.com.