

THE VIDE MODEL OF SUCCESS

Professor Karl T. Ulrich



Wharton
UNIVERSITY *of* PENNSYLVANIA

ONLINE





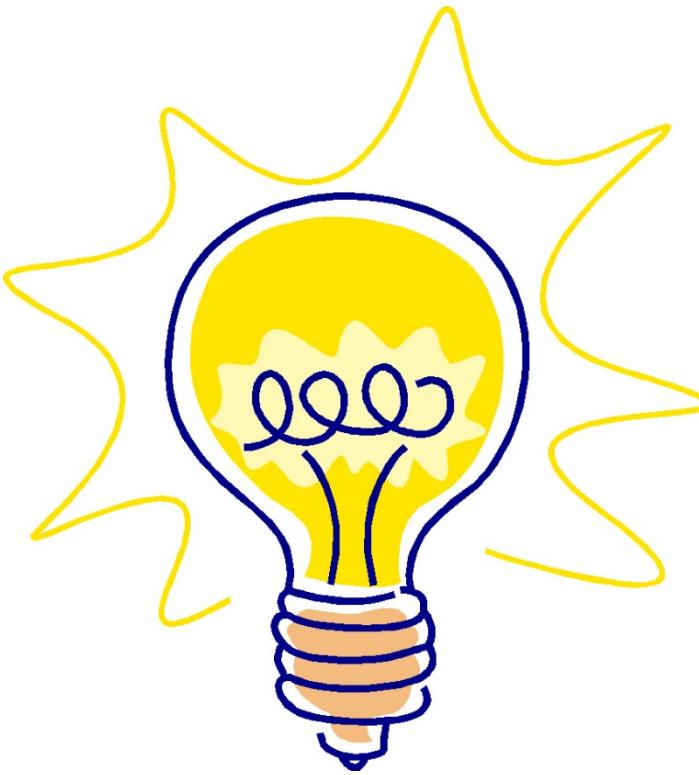
Comedian Tommy Chong
(Cheech and Chong)
Photo: Xootr LLC



Karl's
Scooter

Steve's Office







Sabeer Bhatia
Founder, Hotmail

Photo:

Abhishek Kumar (flickr)

nest



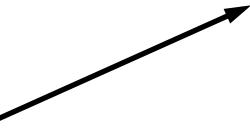
Photo: Nest Labs

Value



$$V = f(I, D, E)$$

Idea



Development



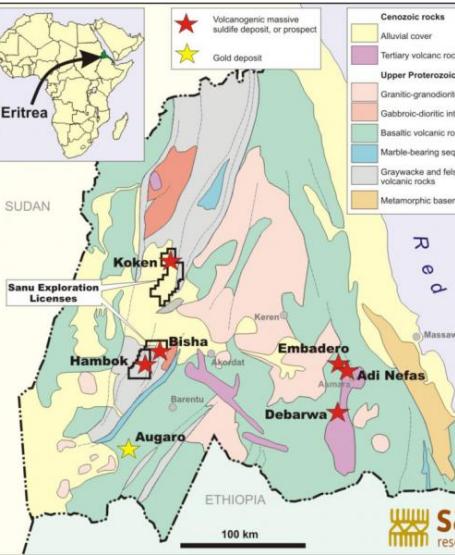
**Exogenous
factors**



Value

$$V = f(I, D, E)$$

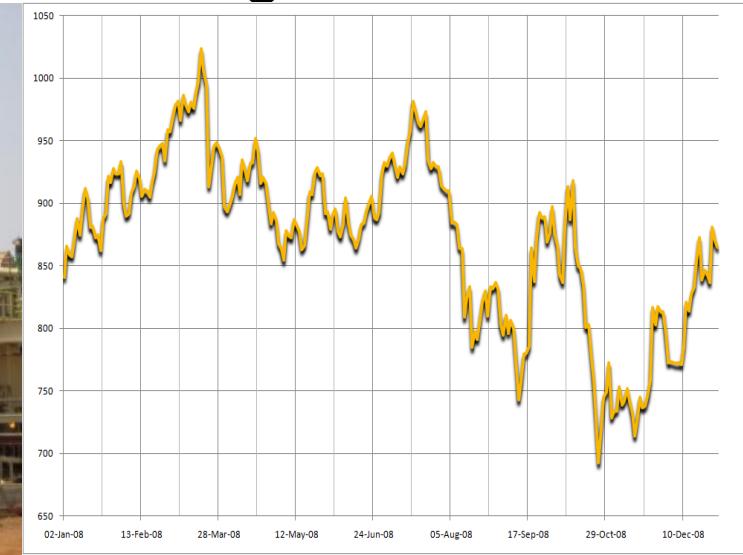
Idea

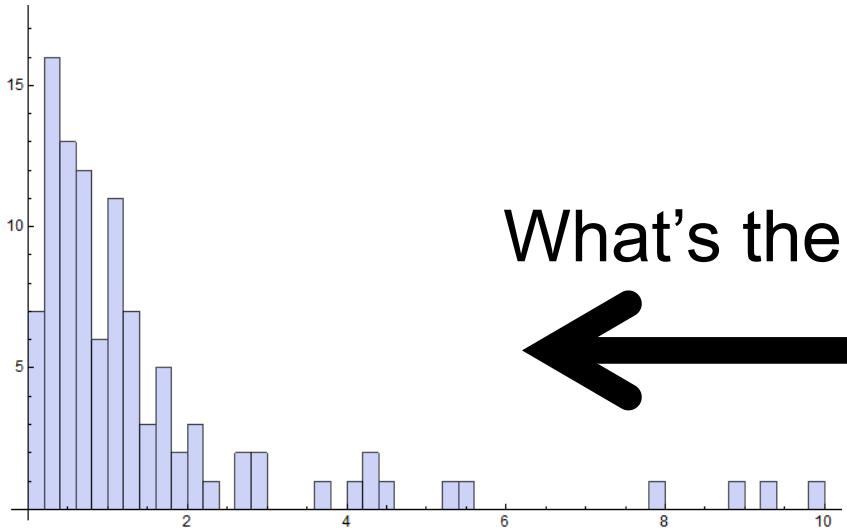


Development



Exogenous





What's the R^2 ?

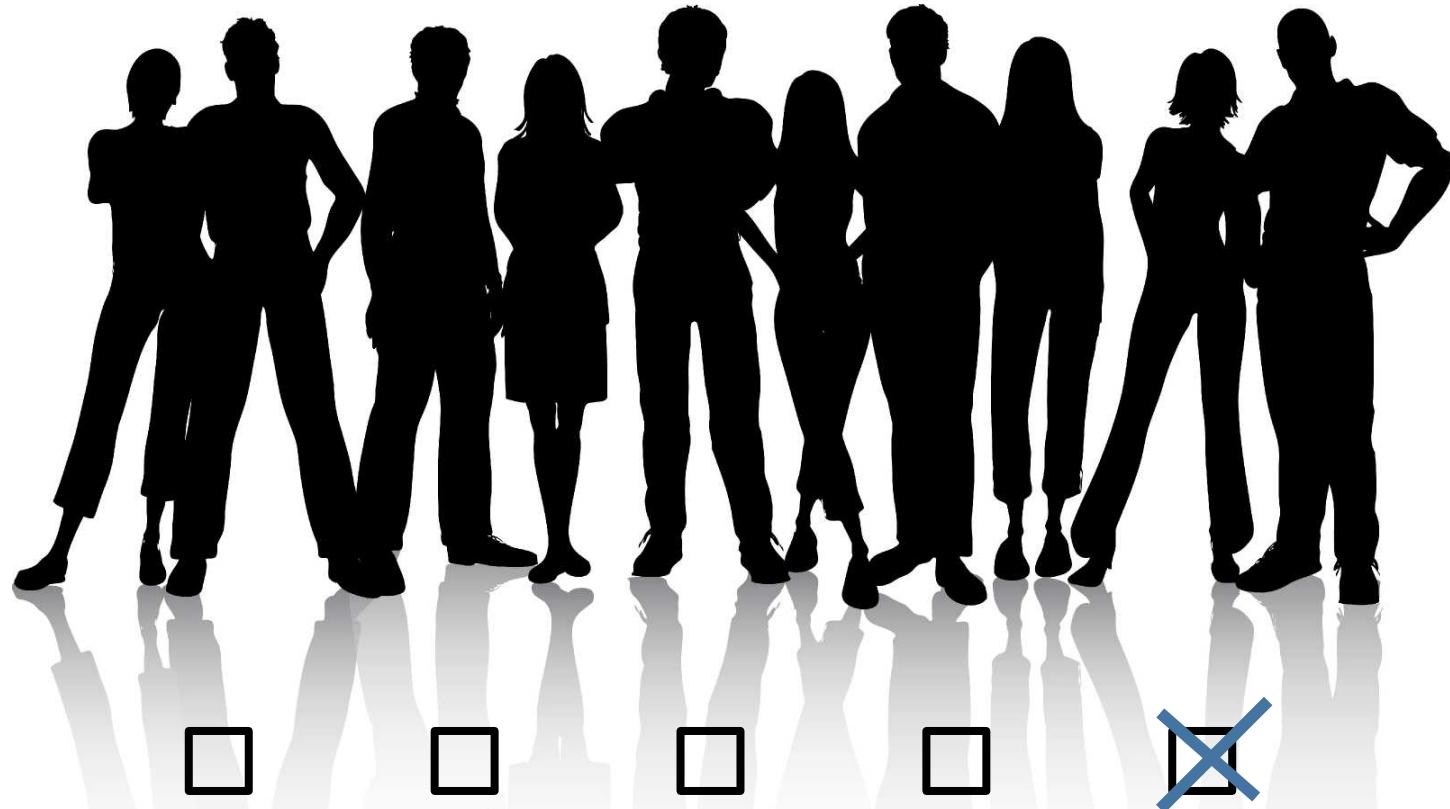


Outcomes

Raw Ideas



quirky®



How to measure Idea Quality



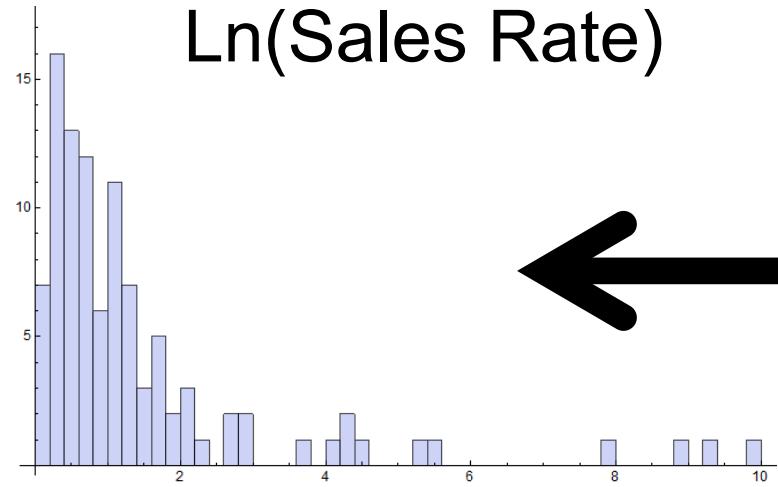
4 random consumers provide better estimate of idea quality than 7 experts.

Source: Laura J. Kornish and Karl T. Ulrich, "The Importance of the Raw Idea in Innovation: Testing the Sow's Ear Hypothesis," *Journal of Marketing Research*, Vol. 51, No. 1, 2014, p. 14-26.

IDEA 133: The Tofu Press!



Tofu is way better and easier to cook when you drain all the water out of the block before you cut it up and throw it in the pan. No grease splatters, and it soaks up the flavors like a dry, tasty little sponge. Thing is, all the tofu-loving environmentalist hippies out there have no good way to drain that water out. Most people sandwich it between a bunch of paper towels and some heavy books, but that wastes paper towels. So what we want is a hand-crank press of some kind that you can put two halves of a tofu block into, and squish the water out into the sink. It'd be faster and way more environmentally friendly than the paper towel method. A must-have addition to any tree-hugger's eco-friendly kitchen!

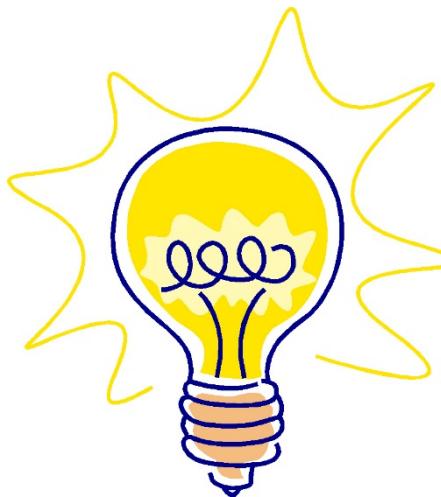
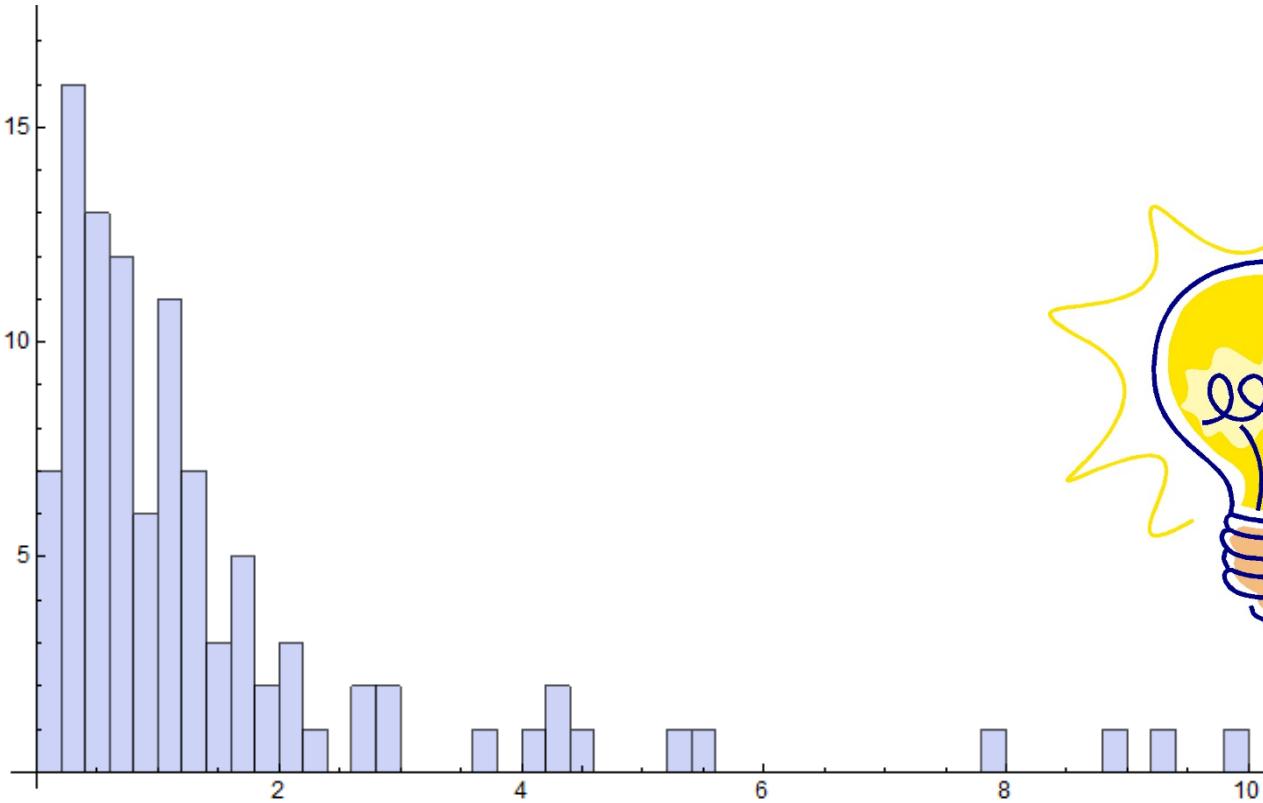


$$R^2 \sim 6\%$$

“Raw Idea”
Purchase Intent



1 Sigma Better Idea ~ 75% Higher Sales



CabStalker.com – Stop Waiting



Source: 2009 Wharton workshop on web-based products and services.



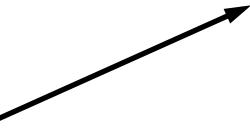
Photo:
Wikimedia
(cstockwe)

Value



$$V = f(I, D, E)$$

Idea



Development



**Exogenous
factors**

Implications

- The quality of the idea (I) explains some of the value (V), but a lot of the variance is due to D and E.
- Given that measuring idea quality is relatively easy, and the idea is totally under your control, you might as well work on a great idea.
- Don't impute wild success entirely to your brilliance, or failure entirely to your incompetence. The exogenous factors matter a lot.



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