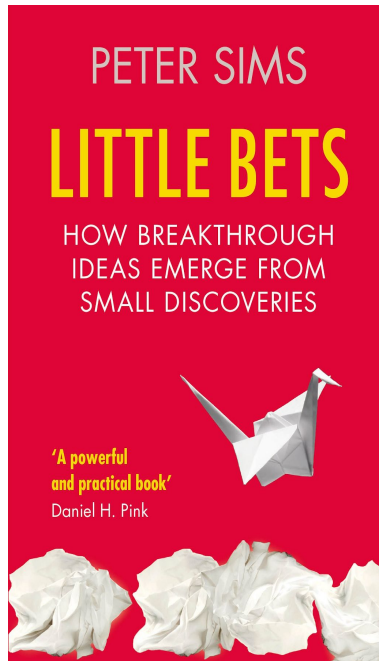# Little Bets by Peter Sims
Book Summary

We have this insidious notion that big, grand breakthrough ideas emerge from great thinking or giant plans and experimentation. The truth is those big breakthrough ideas emerge from consistent small experiments, failures, wins, and discoveries. The book *Little Bets by Peter Sims* highlights several great success stories and how they emerge from little bets.

This is a story common to businesses like:
- Google
- Amazon
- HP
- Starbucks
- Pixar and

successful individuals like:
- The comedian, Chris Rock
- Beethoven
- Thomas Edison

Rather than believing that we have to start with a big idea or plan a whole project in advance, we need to make a series of little bets about what might be a good direction. We learn critical information from these little bets and experiments; failures and wins as we go along.

Let me share with you **four** great success stories from across the world and how they emerged from little bets.

1.The Story of HP

In 1972, HP designed the HP 35 scientific calculator- their first scientific calculator. They wanted to sell it to the market at $400 each. They hired a market research firm to understand if there was a market for an HP calculator.
The market research firm stated that there was no requirement for a scientific calculator in the market especially at $400.

However, Bill Hewlett, the founder of HP decided to do a small test run of 1000 calculators to see if it would sell. Once they started, they were selling 1000 calculators a day!
What Bill Hewlett learned was not every experiment leads to breakout success.

> *In fact at HP, only six out of a hundred new HP products become a breakout success.*

HP makes a hundred small bets and identifies six winners on whom they then bet big. Once they know that a particular calculator is going to be a hit in the market, they spend a lot of money to produce, market and sell it.

The key understanding we need to take away from HP is that;

In order to identify the winners, we need to place a lot of small bets. Once we identify a winner amongst those little bets, we can bet big on the winner.

Pixar Animation Studios

Pixar animation studios work with a lot of prototypes. Their storyboards are the prototypes that help them in quickly assessing if a part of a story works. Over the years, Pixar has created several storyboards for their movies.

Year	Movie	Storyboards
1998	A Bug's Life	27000
2003	Finding Nemo	43000
2007	Ratatouille	69000
2008	Wall-E	98000

Each storyboard is like an experiment and in a span of 20 years from 1998-2008, the number of experiments or prototypes has quadrupled!

You would assume that after all these years they would have learned their lessons and would be conducting fewer experiments. On the contrary, Pixar has a very profound understanding of the fact that

"**They will go wrong**".

They believe in facing their failures quickly so that they can arrive at answers fast. The key is that

"We need to do in order to be able to think rather than think in order to be able to do."

Doing things, however imperfectly at first opens up our creativity and opens up greater endeavors in life.

We must remember that;

"We have to fail quickly in order to learn trust, we have to prototype and experiment really fast in order to move fast in our business."

Chris Rock- The great comedian

We would be inclined to believe that Chris Rock comes up with great comedy routines easily, and doesn't need much practice. But that's not the case. In order to develop an hour-long performance, it takes him six months to a year of hard work.

He starts in small comedy theaters, often showing up unannounced to perform for a small audience of 50 people. He always carries with himself a notepad and is constantly looking for feedback to understand whether or not people enjoy his comic routines.

He constantly experiments and constantly fails too.

Similarly, at Agile Software Development processes, they actively seek out problems through the development process. They break down large year-long projects into small components and narrowly defined problems. One year marathons are broken down to one-week sprints.

Once they complete these one-week sprints, they ship the product and get feedback. They go back to the drawing board to understand what needs to be changed, improved, added or deleted.

Exactly what Chris Rock does and what we need to remember!

We need to simplify and seek out problems. These problems will give us a solution and help us move forward.

Google

The founders of Google - Page and Brin were collaborating with Stanford Digital Library to understand how to prioritize library searches online. Their innovation was that the best way to prioritize information was to measure how many other citations refer to a source which is the backbone of Google as we know it today.

They didn't set out to create one of the greatest software companies in the world neither did they seek to revolutionize the way we searched. In fact, back in 1997, Page wanted to sell this technology to Excite for $1.6 million, but the CEO of Excite turned him down.

With no takers for their technology, in 1997 they decided to launch their own company. Initially, they were doing banner ads like everyone else.

However, at one point while they were trying to figure out their perfect revenue model, they borrowed the idea of Adwords- auction-based ad placement on their search engine from Overture.

This was the turning point for Google, within 3 weeks it doubled their revenue and Google became a runaway success.

In this case, like all others, the wins did not emerge in a linear fashion. Small wins can not be predicted or planned and you have to think of them like footholds. They allow us to learn new strategies and make new plans as we go.

- **We have to understand that small wins are crucial in the long term success of our project**
- **They will be scattered all around.**
- **We have to use them as they come.**

These are some great ideas busting the myths of entrepreneurship from the book, **Little Bets**.