

URL: <https://stvp.stanford.edu/clips/backcasting-and-inflection-points>

Insight development precedes customer development, observes Stanford Management Science and Engineering lecturer and Floodgate founding partner Ann Miura-Ko — you have to have an idea you want to pursue before you can start testing it. So how can founders increase their chances of landing on a transformational idea? She advocates for backcasting — envisioning a compelling future and then working backwards to create it. Beyond that, she says, entrepreneurs should be identifying inflection points that might lead to exponential change by observing adoption curves, technology shifts, and regulatory changes.



Transcript

- Before you even get to customer development, 00:00:05,450 you have product.. How do you even come up with the idea for what you ought to pursue? And so at Floodgate, because a lot of times we are working with founders who are extraordinarily talented and perhaps don't have an idea, one of the areas that we we work on is what we call backcasting.. And I think a lot of this has to do with insight development, which has to happen before customer development.. And so backcasting is, again, this idea that the best entrepreneurs don't just respond to a future vision, they create a future vision, they create the future literally out of nothing.. And that future, when you describe it today, 10 years out, might look, you know, plausible, improbable, and maybe even impossible.. And depending on that spectrum, you actually have to build a lot more, right? So a great example of an entrepreneur who will espouse something that sounds impossible and seems to time and time again, hit the nail is a Elon Musk, right? So he'll describe something that sounds insane, right? A rocket ship that goes up into the air, and then like the fuel canisters will land back on Earth.. And it's a private company.. Well, you would say, "That sounds crazy "and rather impossible, only governments can do that." And yet, he will give you the first principles of why it's possible.. An implausible might be, you know, Marc Andreessen, when he's describing Netscape, back in the day, the internet was a bunch of texts.. It looked like a terminal, and he's basically creating a browser that makes the internet more accessible for all..

All of these, you know, innovations that describe something kind of far out, those are founders who are building a completely new future.. And so what do they have in common? Well, they have an insight usually about an inflection point, and an insight to me is an observation of something that is changing rapidly.. And that inflection point usually describes something that's exponential, and it's something around an adoption, a technology shift, or regulatory shift.. And that shift is creating something that has this exponential feature to it, which might mean people are suddenly changing their behavior and adopting something very suddenly.. Telemedicine today is a really good example of that.. And my partner, Mike Maples, has written quite a bit about backcasting, but we think that that is the first ingredient for venture-backable, venture scale business is you have to be riding on this exponential curve, and you have to personally have an insight about that exponential curve that is non-consensus, but right.. So it is something not everyone agrees about because if everyone already observed this exponential growth pattern or this thing that's about to happen, well then game over, there's no room for a startup.. So what's your unique secret insight that you have about something that's about to change that gives you the surface area of attack.. So that to me is the backcasting and inflection points concept..