

URL: <https://stvp.stanford.edu/clips/start-with-the-why>

Focusing on needs-driven innovation, suggests Cala Health founder and chief scientific officer Kate Rosenbluth, is one way to beat the long odds stacked against entrepreneurs. She describes her own early needs-generation process in the healthcare space, and explains how she framed those observations into a formal needs statement that guided Cala Health's trajectory.



## Transcript

So if we start with the why just to start on an entirely negative note.. The reason to focus on why up front is because most startups fail.. So if you look at the data, you know, at the end of the day most startups don't make it.. Maybe one in ten or so has a really outsize return and when you look all the way to let's say unicorns it's, you know, maybe 1% of companies that ever go on to achieve unicorn status.. So when you're early in your own entrepreneurial journey how do you beat the odds? And I believe that really that focused on needs-driven innovation is one of the key ways that you can beat the odds, that you can set yourself up for success, that you can give yourself kind of a right to win in not only a competitive market but building startups is really, really hard.. So how I think about this is really through, you'll see in each of these stages, in the why, what and how, going through basically a time of idea generation and then going through screening.. So for example let's say you're at the start of an entrepreneurial journey.. When I was in Stanford Biodesign I spent several months just literally observing, following around any back office billing practitioner, nurse, surgeon, you know, patient and their family going through the health care system and just taking detailed notes on every unmet need that they experienced during the course of their hours.. The beautiful thing about generating leads in that way is that everything that you saw that was a problem was a real problem for a real person at a real moment in time.. You know you have an unmet need if you saw it..

Then you can go on to actually take those kind of observations and frame them up for example into need statements which takes the form of saying a way to do something for some population in order to and define your outcome.. So for Cala Health for example our need statement was a way to reduce hand tremors in patients with essential tremor who could not have brain surgery in order to restore their ability to eat, write and drink.. You can imagine when you're then stacking, going back to how do you spend your time, you can generate, you know, we generated hundreds of these leads.. You can then basically stack rank them by taking, you know, your screen.. Maybe it's, you know, impacted size of the population times the revenue potential per user or something like that.. You can then screen these needs against each other.. So for example in essential tremor after meeting these patients, after being, you know, really taken with how overlooked their condition was.. Between, they basically can choose between brain surgery and then no drug has ever been developed to treat this condition and it's experienced by about seven million people in the US.. It's a big unmet need.. It's about eight times more common than Parkinson's which is much better known..

And within even a need like that if you have already an area, you know, that you're interested in you can even take that and say well is the need we're solving the need for safer brain surgery? Is it the need for people who can't have brain surgery to have an alternative? You know, is it, and you can start to compare basically and contrast, you know, what is the fundamental unmet need that you're solving? And so that's basically how you go through needs generation and needs screening.. In our case that specific need came from the story of a man who, I still remember this like it was yesterday, he was in seeing a neurosurgeon, he had just learned that he was not a candidate for brain surgery and he was just absolutely in tears.. He was saying how, you know, he couldn't write a note to his wife, he couldn't have a coffee with a friend.. He had tried all the drugs, none of them worked for him because of some other medical conditions, you know, he couldn't undergo the surgery and something about that really just stuck with me.. It's someone, you know, begging for brain surgery and realizing that, you know, truly there was an unmet need there that we could address.. So we took that observation of, you know, his single experience, converted that into the needs statement and when I spun the company out of Stanford, you know, we largely fundraised on recognizing a need and having a great team of people around being able to solve that need...