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How Entrepreneurs Come Up With Great Ideas

There is no magic formula. But that doesn't mean there's no formula at all.

April 29, 2013

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At the heart of any successful business is a great idea. Some seem so simple we wonder why nobody thought of them before. Others are so revolutionary we wonder how anybody could've thought of them at all.

But those great ideas don't come on command. And that leaves lots of would-be entrepreneurs asking the same question: How did everybody *else* get inspiration to strike—and how can we work the same magic?

To find out, we turned to the experts—the startup mentors who discuss launching businesses at our

Accelerators blog, as well as other investors, advisers and professors who have seen and heard countless success stories, and entrepreneurs who have written success stories of their own. They saw inspiration coming from all sorts of sources—everyday puzzles, driving passions and the subconscious mind.

Here's what they had to say.

Look at What's Bugging You

Ideas for startups often begin with a problem that needs to be solved. And

they don't usually come while you're sitting around sipping coffee and contemplating life. They tend to reveal themselves while you're hard at work on something else.

For instance, one company of mine, earFeeder, came about because I wanted news on music I loved and found it hard to get. So I created a service that checks your computer for the music you have stored there, then feeds you news from the Internet about those bands, along with ticket deals and other things.

David Cohen

Founder and CEO, TechStars

You're Never Too Old

Mark Zuckerberg with Facebook , Paul Allen and Bill Gates with Microsoft , Steve Wozniak and Steve Jobs with Apple—those success stories lead some people to think that coming up with big ideas is a young person's game. But the tech entrepreneurs who rose to early fame and fortune are just the outliers. The typical entrepreneur is a middle-aged professional who learns about a market need and starts a company with his own savings.

Research that my team completed in 2009 determined that the average age of a successful entrepreneur in high-growth industries such as computers, health care and aerospace is 40. Twice as many successful entrepreneurs are aged over 50 as under 25, and twice as many over 60 as under 20.

Vivek Wadhwa

Vice president of academics and innovation, Singularity University

Be Present in Life

Start your brainstorming with problems that you are personally invested in. Building a business is hard as hell and takes the kind of relentless dedication that comes from personal passion.

The next big question is "How?" Great ideas and innovations come from executing on your idea in a different way than everybody else is attacking it, if they're attacking it at all. A great way to do this is to look outside of your industry to see how others are solving problems. Approaches that they think are routine might be out of the ordinary for you—and inspire great ideas.

Also, most businesspeople tend to ignore our creative side until we really need it. Making sure that your life has a balance of the arts is a great way to stay engaged creatively.

How Entrepreneurs Come Up With Great Ideas

There's no magic formula for inspiration. But that doesn't mean there's no formula at all.



This last tip will seem insanely obvious. However, in the world we live in, it's easier said than done: Simply be present in life.

I'm sure you can relate to how overconnected we all are. Something as simple as having a cup of coffee becomes a juggling act of replying to emails and managing schedules. It's easy to miss a potential piece to your innovation puzzle when it's right under your nose if you aren't there.

Angela Benton

Founder and CEO, NewME Accelerator

Ideas Are Abundant; Drive Isn't

Perhaps the greatest factor that determines whether or not an entrepreneur will be successful isn't the business idea itself, but rather the entrepreneur's willingness to try (and keep trying) to turn the idea into reality. Great ideas are abundant, but it's what we decide to do with them that counts.

Samer Kurdi

Chairman of the global board, Entrepreneurs' Organization

Let Your Subconscious Do the Work

When the mind is occupied with a monotonous task, it can stimulate the subconscious into a eureka moment. That's what happened to me. The business model for my company, ClearFit, which provides an easy way for companies to find employees and predict job fit, hatched in the back of my mind while I was driving 80 miles an hour, not thinking about work at all.

The subconscious mind runs in the background, silently affecting the outcome of many thoughts. So, take a break and smell the flowers, because while you're out doing that, your mind may very well solve the problem that you are trying to solve or spark a solution to a problem you hadn't considered before.

Ben Baldwin

Co-founder and CEO, ClearFit

Attack Practical Problems

Make a note whenever you encounter a service or a customer experience that frustrates you, or wish you had a product that met your needs that you can't find anywhere. Then ask yourself, is this a problem I could solve? And how much time and money would it take to test my idea?

That last point is crucial. As my sage Stanford professor Andy Rachleff encouraged me, "Make sure you can fail fast and cheaply." In business school, I had a couple of big ideas. One was improving domestic airline service—which would have cost millions and taken years. I decided to pursue another opportunity that was a lot cheaper and would show results faster—a clothing line called Bonobos.

In the end, it took me just nine months and \$15,000 of startup funds to get a little traction and market feedback.

Brian Spaly

Founder and CEO, Trunk Club

Head Into the Weird Places

For entrepreneurs to stretch their brains, they should seek out the unusual.

Watch and listen to weird stuff. I enjoy watching obscure documentaries and listening to unusual podcasts. It's thrilling to find cool ideas lurking just a few clicks away.

Walk in weird places. I take walks in hidden suburban neighborhoods, department stores, community colleges. When you're walking with no purpose but walking, you see things in fresh ways, because you have the luxury of being in the present.

Talk to weird people. Striking up conversations with people who are different from you can be powerful. I still remember random conversations with strangers from decades ago, and how they shaped me.

Victor W. Hwang

Co-founder, CEO and managing director, T2 Venture Capital

Search for a Better Way

As one goes about their daily life, it is useful if they routinely ask themselves, "Isn't there a better way?" You would be surprised at how frequently the answer is, "Yes." Other sources of inspiration for me are existing products. One should never feel that just because there is a product out there similar to yours that you can't execute it and market it better.

Liz Lange*Fashion designer*

Think Big

There are several factors an entrepreneur should consider when choosing a business idea or opportunity.

Go big or go home: There are opportunities to make money by building businesses that marginally improve on existing products or services, but the real thrill sets in when the decision is made to go after an enormous idea that seems slightly crazy.

Make the world a better place: The best kind of entrepreneur pursues a business that simplifies or improves the lives of many people. He or she repeatedly asks "what if" when thinking about how the world works and how the status quo could be dramatically improved.

Fail fast: As overall startup costs decline and markets move much more quickly, it has become easier to test ideas without devastating consequences of failure.

Pivot quickly: Many of the most successful companies exist in a form that is entirely different from how they were first envisioned. A successful entrepreneur will realize when a company is moving in the wrong direction or is missing a much larger opportunity.

Kevin Colleran*Venture partner, General Catalyst Partners*

Taking It to Market

It is important to look at an idea in two ways: first, to consider the initial inspiration for the business, and second, the often very different concept that ends up being executed to create the new company. We typically think of these ideas as the thing that sets these great entrepreneurs on the path of success. However, an idea is only that until you do something with it. Great entrepreneurs also discover the strategies to deliver the new innovative solution to the market.

Ellen Rudnick*Clinical professor of entrepreneurship and executive director of the Michael P. Polsky Center for Entrepreneurship and Innovation at the University of Chicago Booth School of Business*

Listen to People Who Know

Entrepreneurs come up with great ideas in a number of ways. Here are some

of the best.

Get customer feedback: Listen to customers and create products and services that give them more of what they like and/or remove what they dislike.

Listen to front-line employees: The workers who manufacture the widgets, interact with customers and so on see what takes too long to accomplish, what is too expensive, what causes problems. Talk to those workers, or even do those jobs yourself.

Reverse assumptions: Many great entrepreneurs come up with ideas by reversing assumptions. For example, the old assumption was that a bank needed to have tellers and branch locations. The ATM concept asked: How can we offer banking services *without* having a branch location and tellers?

Dave Lavinsky

Co-founder and president, Growthink Inc.

Get Inspired by History

You often hear about the pursuit of the new new thing. But I believe entrepreneurs have a lot to gain by looking into history for inspiration.

In the mid-'90s, some beer enthusiasts and experts called us heretics for brewing beers with ingredients outside of the "traditional" water, yeast, hops and barley. So, I started researching ancient brewing cultures and learned that long ago, brewers in every corner of the world made beer with whatever was beautiful and natural and grew beneath the ground they lived on.

We now make a whole series of Ancient Ales inspired by historic and molecular evidence found in tombs and dig sites.

Sam Calagione

Founder and president, Dogfish Head Craft Brewery Inc.

Be Prepared to Shift Gears

Entrepreneurs need to understand two things. For one thing, their first (or second or third) idea is often not the real opportunity. In fact, it might stink. They have to be on the lookout for *why* it stinks and be willing to shift course.

But they also need to understand that even if their idea has problems, there's often a good opportunity buried within it. They need to talk to people and continue tweaking and transforming it. In the process, they encounter setbacks, rethink their approach, try again and redefine what they're doing.

For all that, the idea may fail—it's happened to many successful entrepreneurs. But they weren't deterred by failure. They kept at it and were better positioned to recognize and shape the next idea into something truly great.

Donna Kelley

Associate professor of entrepreneurship and Frederic C. Hamilton chair of free enterprise, Babson College

You Can't Rush the Brain

I don't know where great ideas come from. I am not sure anyone does. I am not even sure how I come up with my ideas. The brain does its thing, and out pops an idea.

While you are waiting for the brain to get its act together, do what you can do. Do the doable. Meet with people, schmooze, have a laugh or two. Build mock-ups and prototypes. At the very least, collect other people's problems. That's always a guaranteed doable.

The deep idea here is that action has a creative aspect distinct from thinking. And thinking need not come first. Mostly it doesn't.

Saras D. Sarasvathy

Isidore Horween research associate professor of business administration, University of Virginia's Darden School of Business

What Not to Do

One thing that *isn't* a rich vein of entrepreneurship gold: reading a market forecast from a big-name consulting firm and deciding to create a product to serve that need.

Guy Kawasaki

Author and former chief evangelist of Apple

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