10 Steps From Idea to Business

BY <u>David Ronick</u>

Courtesy Subject

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Some of the most important things in life don't come with instruction manuals: homes, spouses, kids, and start-ups are a few. That's why I created this start-up road map. Inspired by the lean approach often favored by today's tech entrepreneurs, the principles apply to any industry.

1. Come up with an idea. Pick an idea that fits your passions, goals, strengths, resources, and tolerance for risk. But keep in mind that your initial idea is just a hypothesis. Don't fall in love with it just yet.

2. Think through all angles. Evaluate the opportunity like an investor would—in an objective, thorough, analytical way. Who are the customers and what do they need? How big is the opportunity? Is the timing right? What will it take to execute? Is the payoff worth the risk? What's the business model? A rough business plan is a great way to make sure you've covered all your bases. <u>Here's</u> a free tool you can use to make sure yours is comprehensive.

3. Get feedback. Find people who know the market, the business model, the competitors and predecessors—people who have been there, done that, and can help you understand what works and what doesn't in the real world. Also, talk to customers—people in your core target market— and find out what they think about your hypothesis. You'll learn lots more once you get a product to market, but this initial research will increase your chances of starting out on the right path.

4. Respond to feedback. Make any necessary changes to your business plan, product, and go-to-market strategy. <u>Run some numbers</u> to get a sense of how much capital you'll need to reach key milestones. Develop an implementation plan with your most important goals over the next few months, and determine whom you need on your team to execute that plan.

5. Build a basic product. When you envision the product or service you ultimately want to offer, it probably has a slick design, and a full set of features. Keep that ultimate vision on the back burner for now. Instead, strip the concept down to the bare minimum offering to address the needs of your core customers. Build that basic product as quickly and inexpensively as you can.

6. Open shop. It's tempting to wait until your product is 'perfect' to start selling it. Instead, realize 'perfect is the enemy of good enough'. Until your product is out in the market, you're flying blind, spending time and money with a limited ability to learn how customers react. Make a core product and get it to market quickly.

7. Test what you've created. With products in market, you can figure out how to match your offerings with customer needs. To do that, test elements like pricing, branding, features, and customer experiences. Next, find a cost-effective, repeatable way to attract customers by experimenting with marketing messages, promotions, sales pitches, and distribution channels. Measure the results and draw conclusions.

8. Make adjustments. Once you learn which aspects of your product and marketing you got wrong, you'll want to fix them, of course. But hopefully you will have gotten some things right, too, and you'll want to leave those intact. To do both simultaneously, you'll tweak or 'pivot' your approach.

9. Get ready to grow. Revisit your business plan, and update your product, team, marketing, implementation, and finance strategies. Gather resources you'll need to expand. If you intend to raise capital, this is a good time. Your pitch to investors now sounds something like, 'We figured out how to get new customers for $x, and make 3$x from each one. With such and such amount of money, we can grow *this* big, *this* fast.' That's a winning pitch.

10. Stomp on the start-up accelerator. With a market-tested plan and resources in place, it's time to expand. Make sure your team knows and believes in where you're heading. Check that everyone understands what's expected and that they have what they need to get it done.