

Start-up

{ A practical guide to starting
and running a new Business }

Introduction

⇒ It is particularly useful for researchers and inventors that have developed a technology that they can build into a product or service.

(1)

How good is your Idea?

→ Book intended to help start and run your own business.

Raising funding

Cash flow

Protecting your
Idea

Marketing

⇒ Who and Where your Customers are?

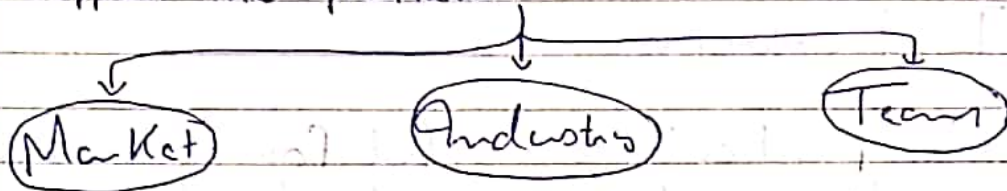
⇒ What they want from you?

⇒ Who the Competition is?

⇒ How are you going to Compete with them?

1.1 > A Stable platform

⇒ There basic pillars that are going to support the platform.



1.2 > Industries and market

Market → Customers

Industry → Sellers
~~→ Distribution~~

⇒ It is therefore important to separate our analysis of your business idea into a:

→ Market analysis: Looking at the needs of your Customers.

→ Industry analysis: Looking at the nature of the competitive environment.

1.3 > Analysing the market

⇒ We are going to ask a series of questions about your idea:

What problem are you going to solve?

→ One best way of understanding this need is by describing the problem you are going to solve for them.

→ First thing you need to do is describe who the customer is.



→ If more than one type of customer, are you solving the same problem for all of them or slightly different problem for each one.



→ For each of your customers, write down the problem you solve for them.



→ Now for each problem that you are solving, you will need to find out how big a problem it is for your customers.



→ Does your intended offering solve the problem entirely or do you only offer part of the solution.



(You may even need to think about licensing the rest of the solution from the other supplier)

Talking to Customers

→ Talking to people is by far the best way to understanding their exact needs and therefore, how you can develop your solution to fit them exactly.



people respond very well to being asked for advice, put simply it flatters them a little that you find their opinions valuable.

Why will they buy from you?

→ The way to answer this question is to look at the Competition.

→ The trick is to make your offering more attractive to them than the alternative.

→ First make list of all competing solutions to their problem that you can ~~find~~ find.



→ Put yourself in your customer's position and imagine all the ways of solving it.



→ Now for each one, find out as much as you ~~real~~ possible can about them.

↓
Start a file on each of your competitors,
print out copies of their brochures,
price lists and take careful note of promotions
they are running.

↓
Start to think how you are going to compare
next to them, how you are going to win
business away from them and how you think
they might respond.

↓
If you get to this point and you really can't
find anything on the market that offers
something similar to you, it's worth asking
yourself why.

↓
Is there really a problem out there to be
solved? Find out if others have tried to solve
the problem in the past and failed.

↓
If so, what went wrong, why did they not
succeed and how are you going to have a different
result.

↓
Now describe exactly how your offering is better
than the rest.

(Unique Selling point (USP))

⇒ This may be an iterative process while you fine tune
your ideas to exactly match the market need.

Second part of the question

→ Their buying decision may be based as much on their feelings about your company as on their feelings about your product.

→ It is very difficult for startups. You are going to have to make up for this with the personal touch.

How will the Customer's behaviour change?

→ Changing Customer's behaviour is normally a bad thing.

→ We are looking for the impact that your solution is going to have on your Customer.

→ The wider the impact, the more changes are required to accommodate it, the more resistance there will be to accept it.

→ More change should be overweighed by bigger benefits.

→ So what changes in behaviour will your customers need to make in order to make use of your products and services?



→ Write them all down and ask yourself: Do the benefits make all this worthwhile?



→ You need to bring them over gradually, perhaps offer an intermediate step first, one that provides some of the benefits but without some of the disruption.



→ Then when they are happy with that, offer them the next step and so on.

Stakeholder ⇒ Anyone that is affected by the purchase and use of your product.

→ It should be possible to design the device in such a way that all the stakeholders are happy.

What sort of business do you want?

→ Businesses ranges from one-man-bands to global corporations.

• Life-Style business ⇒ Are capable of providing their owners with very comfortable income, good job satisfaction and flexibility but no equity.

- Owners are the business
- No potential to sell the business.
- No potential to raise finance from investors.

⇒ Business that you can build rapidly for 5 years or so and then sell for a significant return!

eg → high technology, biomedical and other high growth areas of the economy.

→ They also require something novel and exciting that can be protected rigorously.

Where are your Customers and how many are there?

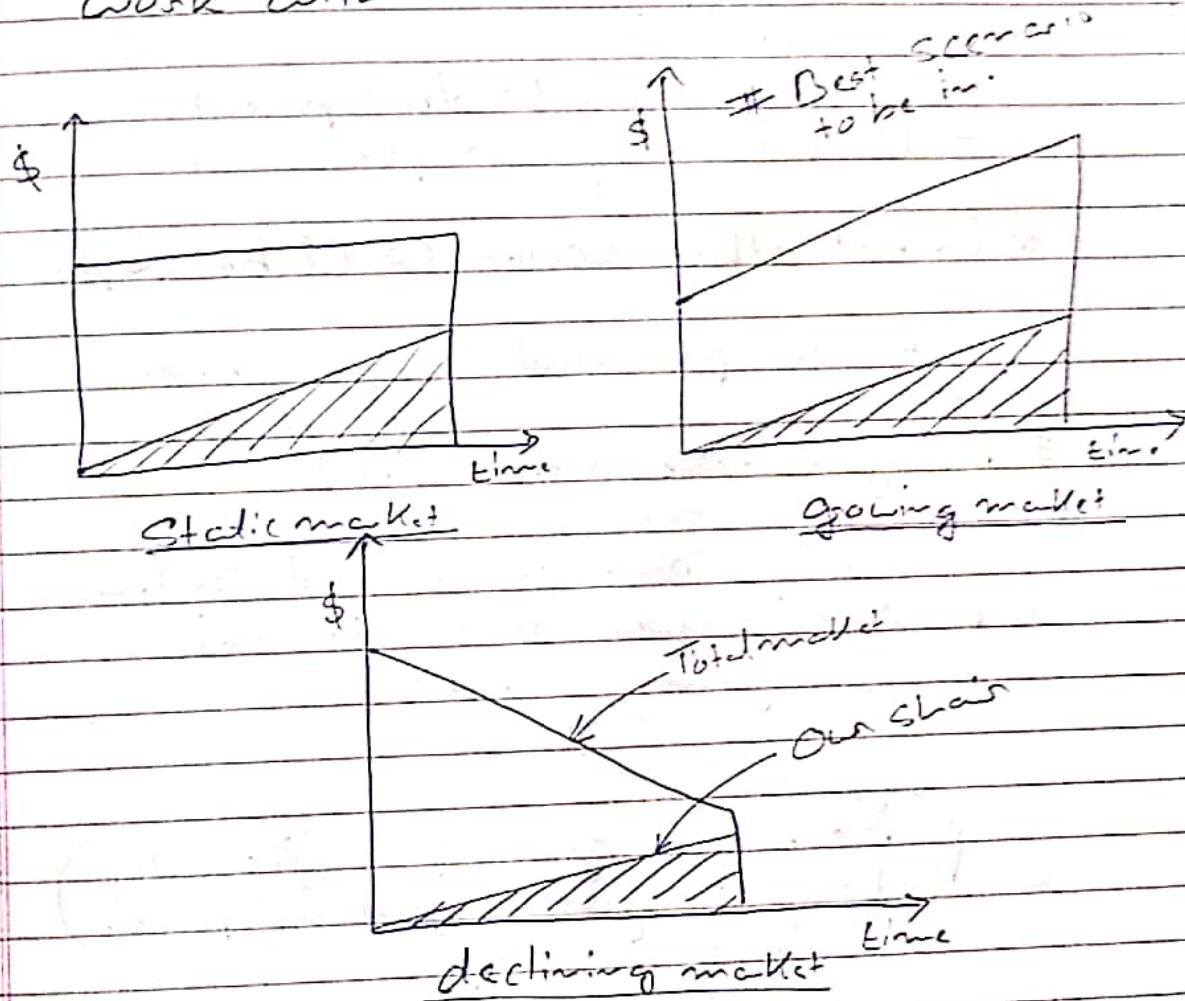
→ We are looking for total potential market size.

How is the market size changing?

→ How the market has changed over the last 5 years.

→ If possible collect predictions about how it will change in the future.

→ Very useful indication as to the health of the market and possibly dictate the interest of any investors you want to work with.



How Valid are your data.

One of the risks of collecting market data from publications especially ones you find on the internet is knowing exactly who generated it, for what purpose and whether it can be trusted.

What trends are likely to affect your business?

- Aging population
- Climate Change
- Technological development.
- Regulatory change.

What other sector could be exploited?

→ Growth potential for your business.

Do you have a market?

There is enough potential customers within your reach to achieve your ambitions



Market is growing sufficiently to allow you to grow and provide future stability.



Any trends that you have identified will support the market and not threaten your hard work.



We know what other market sector could be exploited in future to grow the business

1.4) Analysing the industry

→ Industries consists of Sellers and what we need to look at next is the selling environment.

⇒ Five forces that affect the profitability of an industry:

- Ease of Entry
- Supplier power
- Buyer power
- Threat of substitutes.
- Competitive rivalry.

How easy will it be to enter the market?

↳ It has to do with

A → Conservativeness of the market and whether brand loyalty is strong.

B → Position of existing sellers and if there is a dominant monopoly in place.

C → Regulatory environment in the industry.
↳ whether there are standards and accreditations to be achieved before you can offer your product.

D → Use of Intellectual property.

A) Try to find out who they buy from currently and how long they have done so.

→ Ask them what it would take for them to switch supplier.

Quality
Reliability
Convenience
Price

⇒ It may even be that you would stand a better chance licensing your new idea to an existing supplier instead of directly competing with them.

B) Industries that are inhabited by a dominant monopoly are exceedingly difficult to penetrate.

C) → Vast majority of products require safety and conformity certification and liability insurances.

→ You will need to understand and conform to these requirements before you can sell your first product or service.

→ The International Organisation for Standardisation (ISO) is a good place to start your search of relevant Standards that might apply to you.

D) ~~It~~ You need to be sure that you are entitled to provide your product or service without infringing someone else's intellectual property rights.

↳ If your product or service relies on using something for which someone else owns the copyright or patent, you will need their permission and in most cases pay them a royalty for using it within your business.

What power do your Suppliers have over you?

⇒ To answer this question we need to look at all the players that are involved between you taking an order from a customer and completing delivery:

- Suppliers of parts
- Delivery Companies
- Other Service providers
- Sub-Contractors.

→ For each one, write down whether what they supply you with is unique or if you could get an equivalent.

↳ Unique are crucial to your business.



→ What would you do if they suddenly increased their prices, demanding more cash up front or told you they could not satisfy your demand.



→ Think how you can multi source as many of your supplies as possible.



→ Try to get the best possible deal with your suppliers.

What power do your Customers have over you?

⇒ In some cases, you will be able to get customers to pay at the time of order or at the point of delivery.

⇒ But in many B2B transactions you will have to invoice and hope for payment within 30 days or so.

⇒ Another aspect of this question is the extent to which your customers are sensitive to price.

⇒ One final element to this question is to find out how well informed your customers are to the alternatives and to the market as a whole.

How strong is the threat of people copying your idea?

Intellectual property protection.

What is the competitive environment like within the industry?

How are you going to stay ahead?

→ Part of answer is how you protect your ideas.

→ It also relates to your approach to continued research & development in going to be.

⇒ Are you a one hit wonder or do you have a pipeline of new products or services that you can sell out?

⇒ Do you have access to Superior processes that will allow you to Compete.

- Management process
- Manufacturing process
- Secret recipes.
- Attract and Keep best people in the industry.

What is likely to Slow you down?

- Lack of adequately skilled staff.
- Long Customer decision cycles.
- Regulatory approvals.

