

Brainstorming (Good) Ideas





Expect to learn how to:

- Articulate the 3 main ways to create a business
- Differentiate product-first and market-first company strategies
- Conduct customer research to identify problems and brainstorm unique solutions



3 Ways to Build a Business

I. Doing something better



GILT



2. Reducing inefficiency



U B E R

KICK
STARTER
.COM



zipcar®
wheels when you want them

eBay®

3. Creating new value



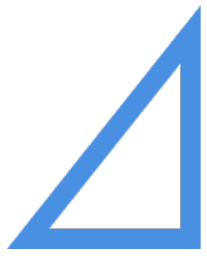


Remember we talked about:

“Make something people want.”

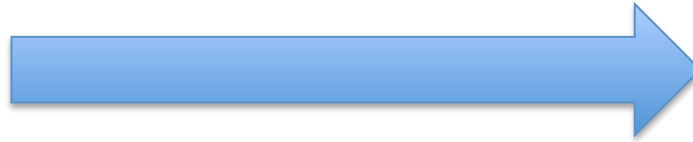


Combinator



How to “start up”

What things?



Which people?

Why do they want them?

PRODUCT

MARKET

FIT



Why would people want it?

Why do you think?



Why would people want it?

- Needs
- Wants
- Fears
- Annoyances



A word of advice

“It’s better to be a painkiller than a vitamin.”



Product → Market

- Most typical “student” way to start
- YouRenew
- PayPal
- Viagra



In other words...

You create a solution and look for the problem.



Benefits/Disadvantages

Benefits

- Often “scratching your own itch”
- Passionate about product
- Creative
- You may discover a market you never even knew existed through your research

Disadvantages

- May not find the right market
- Lots of iteration needed
- Potentially no business model
 - Can’t capture the value created
 - Value created might not be big enough to sustain a business



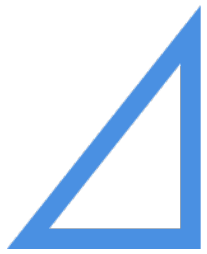
Market → Product

- Usually coming from deep expertise
- SilviaTerra
- Panorama Education
- Spanx



In other words...

You start with a problem and
iterate through solutions.



Market: The other part of “product-market fit”

What it is:

- Size
- Trends
- Competition & substitution
- Power – suppliers, buyers
- Barriers to entry

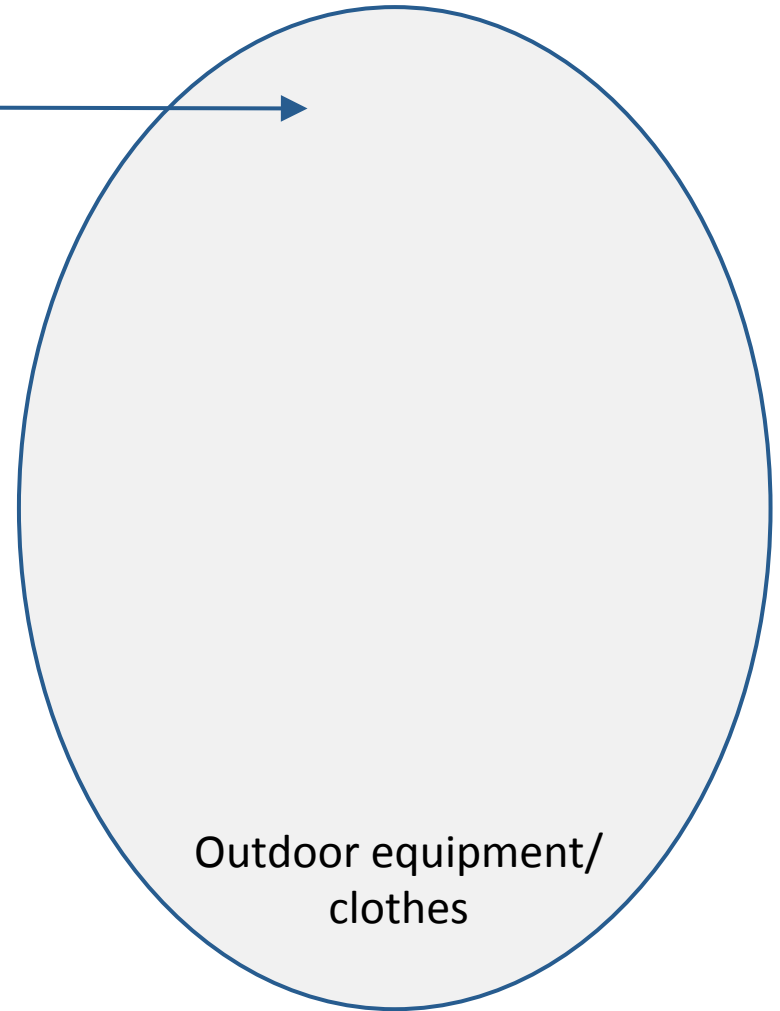
The ideal market:

- Large
- Growing
- Scalable
- Limited competition
- Profitable
- Defensible



How to articulate market size

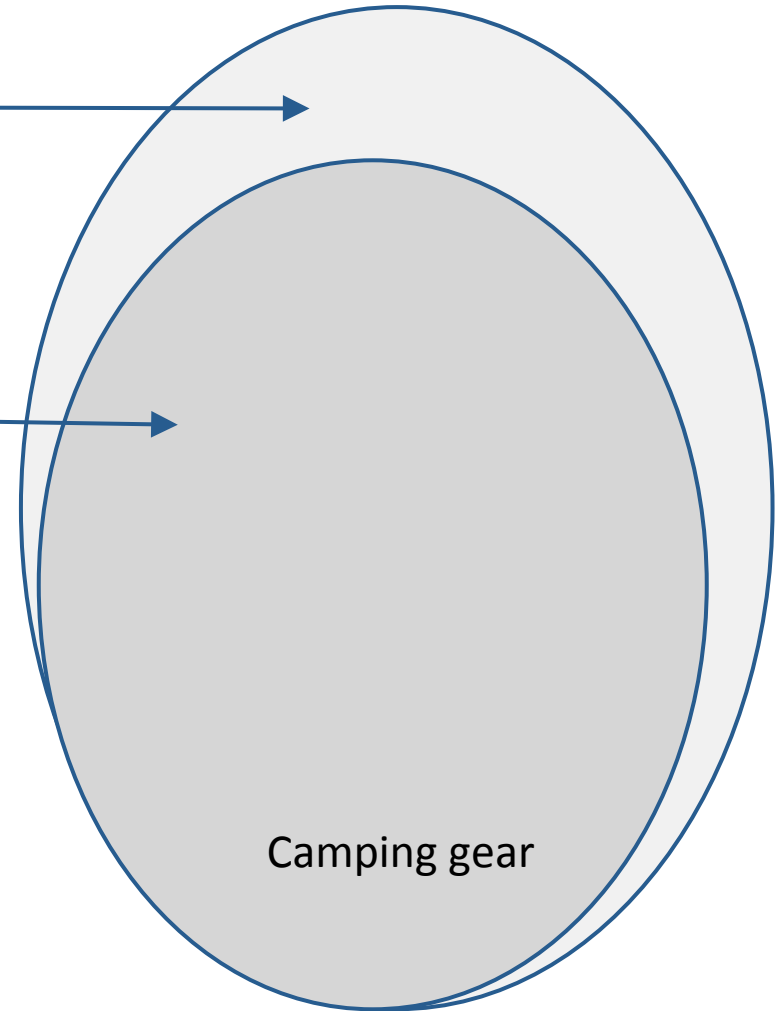
- **Total market**
 - How many people would want
 - How many \$ or units would that be





How to articulate market size

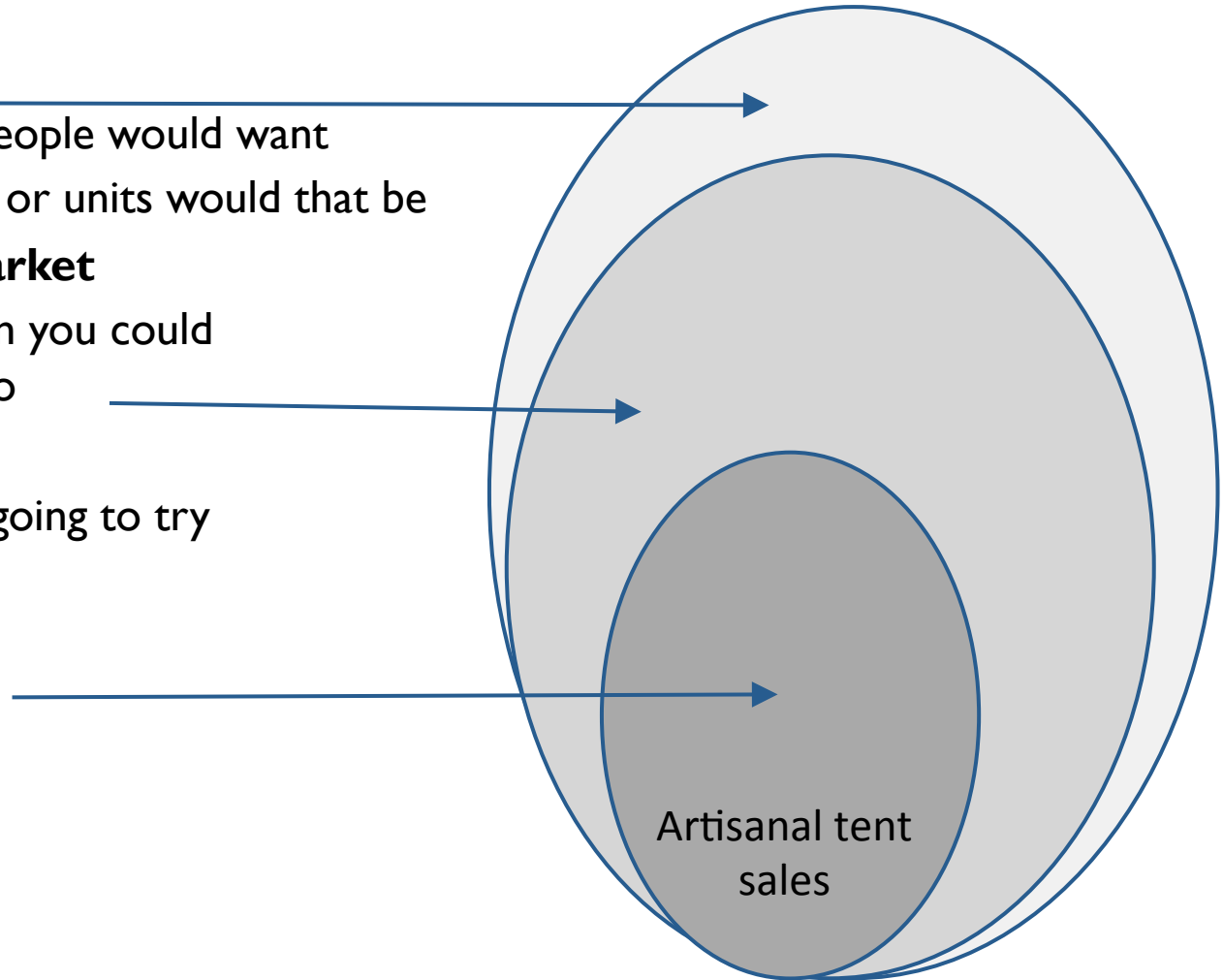
- **Total market**
 - How many people would want
 - How many \$ or units would that be
- **Addressable market**
 - What fraction you could actually sell to





How to articulate market size

- **Total market**
 - How many people would want
 - How many \$ or units would that be
- **Addressable market**
 - What fraction you could actually sell to
- **Target market**
 - Who you're going to try to sell to





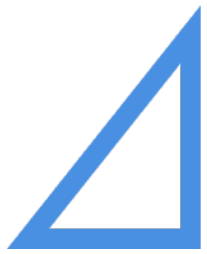
When you start market-first

- Look for a “big enough” market
 - Depends on what kind of company or product you’re hoping to launch
- Become THE expert on this market
 - Understand who buys, who uses products
 - Learn the pain points – needs, desires, fears, annoyances



Market-first sounds less “sexy”

- But you actually have to be MORE creative
 - Working within real-world constraints of actual customers, their needs, and willingness to pay
- Often creates VERY impactful products because it's solving painful problems



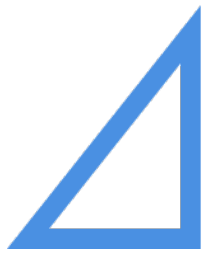
Benefits/Disadvantages

Benefits

- Can create more impactful products
- Understand customer so can iterate solutions if needed
- Often get to business model faster
- Often target “bigger” opportunities

Disadvantages

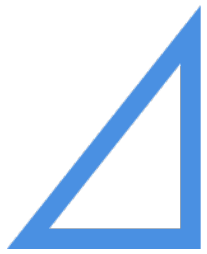
- Have to do the research
- Not necessarily solving your own problem
- May still need to do lots of iteration



NFI

- Can you start with neither?
- Execution > ideas





Execution is a multiplier

AWFUL IDEA	= -1
WEAK IDEA	= 1
SO-SO IDEA	= 5
GOOD IDEA	= 10
GREAT IDEA	= 15
BRILLIANT IDEA	= 20
-----	-----
NO EXECUTION	= \$1
WEAK EXECUTION	= \$1000
SO-SO EXECUTION	= \$10,000
GOOD EXECUTION	= \$100,000
GREAT EXECUTION	= \$1,000,000
BRILLIANT EXECUTION	= \$10,000,000

- But you **MUST** understand what makes a business... solving a problem



Now you can:

- Articulate the 3 main ways to create a business
- Differentiate product-first and market-first company strategies
- Conduct customer research to identify problems and brainstorm unique solutions



Design Thinking Activity