

BUSINESS PLANNING, PLANNING STAGE

How to decide whether your idea is a winner

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Only in a perfect world would a winning start-up be based solely on your own instinctive gut feeling or sixth sense. Sadly, a winner can't be picked this way.



Of course, all the start-ups I have been involved with started with a gut feeling, but over the years my team and I have learnt to look more broadly for clues and signs of future success.

Your good idea is probably a winner in the making. With the right structure and back-up support it just might work. Remember, there are thousands of good ideas, but you need to know how to best implement them.

You also need to strike a balance between listening to others and trusting your own instinct. Our own feelings tend to change as we head down the road of discovery with any start-up. There is of course, other sure-fire ways to test your concept without spending big bucks.

How to test your concept

Do your research. Assess the market you are seeking to enter. Look for markets with little or no barriers to entry. Look at your product or service from a different angle. Think outside the square – your original concept might work better with a different audience or focus.

Don't be put off if your idea has been done before or if there is lots of competition. From my perspective, the more competition, the merrier. It means that you don't have to be a pioneer.

You can operate in an existing market; ready to be won. If your idea is not a new one, you have an obvious advantage. Learn from your competitors' mistakes and do it better.

Test your ideas with family and friends but be careful what advice you take on board. I test my concepts with a group of extremely different, talented and trusted advisers.

I know I can rely on these people to assess my idea or concept purely for its merit and not be swayed by personal emotions or a willingness to agree with me. Often they disagree and passionate discussion ensues about the pros and cons. This is great because I get fresh perspectives.

Test the people who will be working on the business; the sellers, do-ers and thinkers. How will they cope with the challenges they face? What are their personality strengths and do they work well as a team?

Things to consider before launching

The most important factor to consider before you launch is whether your systems and processes can meet consumer demand. If your launch is successful – and hopefully it is – demand will be great.

You'll need the capability to meet this demand. If you can't and have to knock people back or can't deliver as you claimed, you *will* go down... and go down fast.

Most start-ups are in a mad rush to launch their product or service, understandably so. They want to see the dollars stack up and passionately grow their business.

However, the more time you spend testing your back-end processes, people, product and systems to make sure they work under stress and demand, the better.

Consider timing for your launch. It's crucial to look at what's happening around you. What's in the media? What's happening in your sector? Can you benefit from PR? All of these considerations need to be met to make the most of your entry into the market.

How to stop procrastinating

My team and I don't know the meaning of the word 'procrastination'. The only time we stall is when we are undecided about investing in a person or an idea.

Even then the decision is made fairly quickly. If you are a procrastinator, try and figure out why. Are you passionate about your idea? Are you really?

Think about teaming up with someone who doesn't procrastinate. Pick someone who can counterbalance your weaknesses with their strengths and vice versa. Launching a start-up is one thing. Growing it takes patience, commitment and drive and if you're procrastinating, you're not ready.

When to take the plunge and quit the security of your job

Most start-ups are initially run from the kitchen table or the home garage. Realistically look at the time you need to spend on your new business venture and assess potential partnerships you might consider to share the load.

My team believes that it's always a good time to leave your safe and secure, regular, paid employment. If you're employable then back yourself and go for it.

The long-term financial rewards outweigh the short-term discomfort. If you have researched your idea, have the drive to keep going and have a good support base then the future is yours.

It's always a good time to start-up a business, but I don't play Russian roulette.

The principles of business don't change during good times and bad times. However, your business infrastructure probably will.

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When the economy is bad, develop your market while your competition is in hibernation mode. When the economy is great, improve your marketplace.

Many competitors may have dropped the ball or let down their service levels while they're focussed on growth. Take advantage of this.

I would never advise looking at the state of the economy to dictate whether your business will be successful. Take the GFC as an example.

Understandably, many companies lost a lot of money during this time but I took opportunities and made money. I hired the best people and bought into new companies with significant potential.

There is only ever a direct correlation between sales and overheads. If there is a lull in the marketplace you should adjust your overheads to compensate.

If you're worried about the state of the economy to start-up, don't. You'll find that occasionally, while in business for yourself, you'll experience highs and lows. Look for the opportunities these peaks and troughs offer.

Being in business for yourself does carry certain risk. Make it calculated risk and reap the rewards when they arrive.

Philip Weinman is a serial entrepreneur. He founded HiSoft in 1983, growing it into a \$300 million turnover company. He then founded CTS Travel and Events before founding Deasil Management Group, which invests in start-ups. www.deasil.com.au