

Give your idea wings



So you have this great idea for a business. You can see it taking off big.

But the cemetery of broken dreams is full to bursting with great ideas. And it's not just dead businesses – the undead are simply grinding on, not growing, not making a good living, but feeding off their owners' lives – zombie businesses, in fact.

Is your idea a goer? How do you get from that idea to success? *Rod Richards* will get you thinking about your unique value proposition, and rating your idea with a checklist.

Your key message

A unique value proposition (UVP or USP) is your most essential message.

It's a concise statement that describes how your product or service is unique, positions your product or service in the marketplace, and differentiates it from the competition.

It explains:

- how your product solves a problem or improves a situation
- what specific benefits it provides
- for whom
- how you do it uniquely

Thinking about your UVP turns your thinking from 'about us' to 'about the customer' and will help you create products and services that people want.

And if you're having trouble defining your UVP, think of how difficult it is for potential customers. How will they know what makes your product or service different and better than your competitors – and thus whether your product is suited to their needs?

There are only four types of benefits, according to Anthony K Tjan in *Harvard Business Review*:

- best quality – e.g. Stradivarius violins
- best bang for the buck – e.g. Ikea
- luxury or aspirational – e.g. Rolex
- must-have – basic goods or foods that people can't do without

As Manager, Business Enterprise Centre (BEC) Sunshine Coast, Rod Richards works with start-ups and established businesses daily. Here he shares some of the tools he uses and shows how it works with a real-life case study.

Good idea – but answer the question

A good idea for a business – and what constitutes a good idea for a new product or service, specifically – are two separate lines of reasoning that become blended into the same by many start-up entrepreneurs.

A good idea to start a business

When you identify an opportunity, the next steps are to couple it with relevant research and develop a business model and business plan.

If these suggest business viability and scalability, you have a good idea to start a business.

Whether you have a good idea for a new product or innovating an existing offering, you should only proceed after proving it.

Starting up has never been easier

Technology-enabled systems and processes allow me to register a client's company in two days.

An online retail business can become operational in a week, from registering a business name for a sole trader to launch.

But before thinking starting up is too easy, I recommend you first prove your good idea.

To get started, this series of questions applies to any business sector to help articulate the start-up process and develop understanding for what is a real and good idea.

A good idea for a new product

Whether you have a good idea for a new product or innovating an existing offering, you should only proceed after proving it.

This means gaining insights of customer demographics and behaviour and, importantly, understanding what is the customer's pain-problem and what job is your customer trying to get done.

What makes a business idea fly?

The answer is in the questions.

1. What pain-problem does your idea solve and how big is this customer pain?
2. Can the real customer segment be clearly identified as the 'target customer'?
3. What would make these customers adopt this idea and how compelling is their need?
4. Has your idea-prototype-assumption been tested with potential customers in real time?
5. What barriers or fears will prevent the customer purchasing your product-service?
6. How will customers identify the value offered and what price will they pay for it?
7. Can you find 10 customers right now who will buy, and are there 10,000 more?
8. Is the customer already using a similar product? If so, why should they change?
9. What will it cost to make a minimum-feature product and how fast can it get to market?
10. How will the business find, acquire and keep its customers and what will this cost?
11. A business can't sell a secret, so what is the marketing strategy and budget?
12. What is the compelling value proposition and mantra that the customer needs to experience?
13. What are the key activities required to consistently deliver this value proposition?
14. How will the business make its money? What are the costs, margin and break-even analysis?
15. What is the total establishment expenses budget? Where will this finance come from?
16. How long will money last before sales are established sufficient to pay overheads?
17. Will this business pay a proper wage, require specialised staff and make a realistic profit?
18. Do you have business experience? What key skills are required to manage and scale up?
19. Can all licence, permit, regulations and compliance requirements be satisfied?
20. Why do this – to create a job, create an asset, make meaning, create local employment?

Business start checklist

YOUR IDEA

- ☐ Will this work – is this idea solving a problem, saving time?
- ☐ Is there a market – who will buy it?

PLANNING

- ☐ Is this a job?
- ☐ Are you creating an asset to on-sell?
- ☐ Why do this?

RESEARCH

- ☐ Have you done the research to validate your ideas and assumptions? It costs less than failure

BUSINESS MODEL

- ☐ How will the business make money – what is its value proposition?
- ☐ Identify your first customers
- ☐ Validate them by selling your product/service and observing the process

FINANCE PLAN

Have you worked out ...

- ☐ establishment costs
- ☐ income projections
- ☐ borrowings
- ☐ loans
- ☐ profits

MARKETING PLAN

- ☐ How will you promote your product/service?
- ☐ Advertising – who to?
- ☐ How much will you need to spend?

PERSONAL PLAN

Are you prepared and suited to business life?

- ☐ skills and qualifications
- ☐ motivated
- ☐ in for the long haul



See review of this book in Knowledge p. ???

Thinking about starting a business?

Answer these questions to help shape your ideas.

Personal

1. What skills do I have – what business skills do I require – can I invest in myself to fill any skills gaps?
2. What are the barriers to starting-up – what changes will impact on my family and friends?
3. Where will I operate – rent premises, a workshop, online or work from home?
4. Am I ready for business – what is my passion in life – will a new business help?

Business model

5. How will this business make money – pay bills – scale up – create value – become valuable?
6. Who are my customers – what is the value proposition – what problem is being solved – what is my desired outcome?
7. What are my products and services – do customers want them – will sales be scalable – what sales channels do customers want?

8. What is in a business name – what is IP – how important is it for my business?

Financial

9. What are my expenses – what is my budget – personal, establishment and operation costs?
10. Will my business be viable – how long before it starts making a profit?
11. What is required to manage cashflow – will I do my own bookkeeping?
12. How will I price my products compared to my competition – what will be my hourly rate?
13. What will my income be based on – will this be better than wages?

Management & systems

14. What skills are important for managing this business – am I lacking any?
15. What skills are required to deliver on the business model and value proposition?
16. What type of legal documents do I need – council permits, licensing or regulations?
17. What planning will I invest in – what research is required?

18. How will I measure success?

19. What counts as failure – what are the risks – how are identified risks best mitigated – what research and planning will I do?

Marketing

20. What will the marketing message be – what is the unique selling proposition?
21. Who are my customers – what need will I be satisfying?
22. What is my target market – is this a segment of an existing market?
23. How well do I know my customers – where are they – how often do they buy certain products?
24. What is unique about my solution – what makes my business so special – why will customers buy my products?
25. Who is my competition – what should I know about them – what are they better at?
26. What platforms am I using – website, social media, cards and brochures – is my marketing consistent?

Now for your business plan

This is the story of why and how everything will operate. It follows on from the discovery of your business model.

- Structure – Decide on your structure: sole trader, partnership, company, family trust or nonprofit. BEC can assist you.
- Business name – Register your business name. Will customers remember it?
- Domain name – Register email addresses and domain names.
- Legal – Make sure you understand selling agreements, contracts, leases and franchising.
- Compliance – Comply with the government: local councils, workplace OH&S, regulations, licences, ATO and ASIC.
- Franchise due diligence – Be aware of codes of conduct and legal agreements.
- Finance – Keep track of the funds required to establish your business. Prepare

required budgets for establishment, operations and personal requirements.

- Finance – Consider employing an accountant and bookkeeper.
- Tax – Register for GST.
- Business – Set up bank business accounts. Consider payment options: eftpos and PayPal on website and eBay.
- Funding – Plan how you will return on debt and investment.
- Insurance – Work out what policies you need: personal, professional, equipment, premises etc.
- Premises – Choose your premises carefully: lease shop, home-based, online.
- Information technology – Know what you need to use: phone, fax, computers, tablet devices, programs, software and database.
- Intellectual property – Protect your name, logo, artwork and technology.

- Marketing – Plan business cards, brochures, uniforms, signs and the internet.
- Research – Know the current market, customers and competition.
- Planning – Have a Business Plan, Marketing Plan and Finance Plan.
- Mentoring and education – Seek quality advice. Undertake business workshops, seminars, and read widely.
- Mistakes – Make them early and learn from them.
- Staff – Know who you need, the required skills and experience and what their responsibilities will be.
- Management – Delegate when you can. Identify which tasks will make the most income.
- Vision – Have a clear and defined vision. Describe your business in less than three sentences.

How to give an idea wings

Case study

Who Leonard Stanley
What Gelato Mio
Where Coolum Beach, Qld
When 2003
Web gelatomio.com.au



Len at Gelato Mio has revived traditional Italian gelato-making methods and recipes to create pure, simple products in a sustainable way.

He buys his ingredients locally, sourcing the finest ingredients such as award-winning Guernsey milk from the Sunshine Coast hinterland, free-range eggs, fresh local produce and premium chocolates.

The award-winning gelato and sorbets are free of artificial ingredients, colourings, flavourings and chemicals. Fat and sugar content is naturally low.

Working with Rod Richards resulted in the value proposition you'll see here, and working with a designer resulted in distinctive artwork to reinforce their branding.

Gelato Mio's value proposition

'Clearly articulate how business provides a specific solution to customer pain, helps get their job done and create a valuable, gainful experience. Create a compelling collection of reasons why customers should buy from you and not buy an alternative.'

What customer segment is the value being created for?

Ice-cream eaters – adults, families on holidays, children

What are the movers – what will make customers change to your product, e.g. improve, increase, eliminate, save?

The ice cream is full flavoured – using natural fruit bases

What gain, end benefit does the customer value the most from the experience?

Yummy food
 Feel happy and consider a treat
 Fresh food

What is the specific product or service provided to customers?

Family home pack and make special order ice cream cakes for kids parties or birthdays
 Cakes for special occasions – or corporates

What makes this offering different special or unique?

Natural original Italian recipes that are secret

What clearly differentiates this product from other alternatives?

We make ice cream fresh daily and only use natural ingredients

What proof and evidence substantiate the value proposition?

Our ice cream won gold medal at the Brisbane Ekka Show

What metrics can be used to measure the outcome, e.g. percentage, dollar, time?

Use less fat and result in 89% fat-free because many makers of commercial ice cream use butter and other additives

Combining the points

'Write one or two sentences that combine the important points from the previous criteria.

'Then define these two sentences into one clear, compelling statement.

'Define two or three supporting points that define the message.

'Write in a language that resonates with the customer – avoid jargon.

Consider the outcome that customers are seeking.'

Example

Gelato Mio is an ice-cream shop

A simple pitch for speaking

Gelato Mio makes full-flavoured, handmade gelato ice creams, sorbets and ice-cream cakes.

Our ice cream is made fresh daily.

It is gluten-free and has 89% less fat than regular ice cream.

We make home packs and ice-cream cakes for birthdays and special occasions.

Gelato Mio is a Brisbane Ekka Show gold-medal winner.

A mantra

Gelato Mio – award-winning Italian ice cream – all natural – made fresh daily.

Now it's your turn.

Your business – First pass

Supporting points

