Prepare to Launch

Information and Resources to Start a Business
Prepare to Launch: Information and Resources to Start Your Business

We hope that if you found us, you’re looking to start your own business. In general, there is no how-to guide on how to start a successful business, but there are tons of data and research that get us closer to it.

A few helpful hints:

- **Develop an A team.** It is always better to have an A team with a B idea than an A idea with a B team. A huge part of starting a business is good execution; make sure to prepare yourself and your team to have the best chances of succeeding.

- **Develop financial projections.** Financial projections aren’t about how much money you are going to make, they are about checking if your numbers make sense when put together. They are great for determining what is the lowest you can sell your product or services and still break even. Always account for all the costs, including your labor. Remember that in a business you’re developing a system that can be self-sustaining.

- **Create a lean startup.** Instead of diving into the pool, why don’t you start by dipping your toes? Every business starts with an idea and that idea has assumptions. The first step in every business model is to test those assumptions, preferably as inexpensively as possible.

Don’t forget, we are here to help.
Where do good ideas come from?

For starters, how do you come up with a good business idea in the first place? – We have some tips:

**What you’re passionate about** – Many companies have been started out of sheer passion for a product or industry. For example, what if you have a passion for baking French pastries? Consider that you will be spending a lot of time and effort in your business so it might as well be something you enjoy doing.

**Some frustrations are worth fixing** – Some business ideas come from the day to day frustrations. Consider the Swiffer, someone got tired of using a mop and bucket and decided to find a better way to clean.

**Recycling other ideas** – The most infamous example of re-using business ideas is... Starbucks. Howard Schultz decided to create what we now know as Starbucks when he went to Europe and noticed how people came together over coffee. It was the same idea, just in a different continent.

**Experience** – You can also draw business ideas from work experience. For example, Ignited, an amazing marketing firm based in Los Angeles got started when an Activision executive tried to find a marketing firm that had all he wanted. He couldn’t find it, so he started his own.

**Research** – If you have the mad scientist gene, you can also create businesses out of inventions and research. For example the people that came out with the Gorilla glass that is used on virtually all smart phones today.
How do you change from a good business idea to a business opportunity?

Business ideas are good. However let’s figure out what makes a solid business idea. A good business idea should pass the five criteria test:

Have a clearly defined customer. Does the idea have a customer? The bigger problem you are solving for that customer the better your idea is.

Enter a large growing market. Is your idea in a large growing market or industry? You may have the best idea in the world, but if it is in a market that is struggling it is going to be that much harder to succeed.

Your idea has good money making characteristics. Some ideas are more likely to become profitable than others. It is a lot easier to make money on a product or service that has a large profit margin, than a product or service that you have to sell a lot of because of smaller margins.

Have the right skills set and knowledge. You or someone in your startup team should possess the skill set and knowledge necessary to implement your idea.

Good time in both the market and your personal life. Good timing in the market and good timing your personal life. For example if you had started your business at the end of 2008 when the Great Recession hit, you would have a much harder time creating a successful business than you would in a good economy. Also consider the timing in your personal life. If you have small children, or if you are in between jobs, it may be better to wait for a better time to launch your business idea.
The “Blue Ocean” concept is one of the core innovation ideas in entrepreneurial studies. It comes from the book The Blue Ocean Strategy by W. Chan Kim and Renee Mauborgne. The idea behind the concept is that there is a blue ocean which is full of opportunity and a red ocean which is full of competition. The red ocean represents the industries in which there is a high amount of competition and everyone is fighting for the same customers. The blue ocean represents the uncharted industries, creating new opportunities where there is no competition, it is only you.

**Hint** To create a blue ocean you must have both low-cost and differentiation

When you think about how to stand out from the competition and create a blue ocean we refer to a concept from an HBR article on how to create “Value Innovation”. Mike Stull, the director of the entrepreneurship program at Cal State San Bernardino likes to use the acronym RICE to help his students remember how to do value innovation.

**Value Innovation answers four fundamental questions, think RICE**

**Reduce.** What can we reduce below industry standards?

**Increase.** What factors should be increased above the industry standard?

**Create.** What factors should be created that the industry never offered?

**Eliminate.** What factors should be eliminated that the industry has taken for granted?

**Hint** In order to do RICE to your idea you must know the industry and your local competitors. You can get industry report to get a macro perspective on the industry and create an excel sheet with you local competitors to get a good picture of this.