

Session 1 – Concept Kick Start

In this session, you will learn:

- Can you turn your business idea into a real business?
- What does it take to build a business?
- What sets your business apart from other companies?

OVERVIEW

You have an idea for a business. What's the first step? Take the idea that has been forming in your head (your business concept) and see if you can turn it into a real business. Will your business idea fly?

Think about how your business will be different from other companies. What will you offer that would be missed if it weren't there?

DEFINITIONS

Concept: “An idea; something formed in the mind.”

Kick Start: “To start or begin strongly, quickly.”

(The definitions below are paraphrased from the U.S. Patent and Trademark Office)

Patent: The grant to the inventor of the right to exclude others from making, using, selling within the United States, or importing the invention into the United States.

Copyright: A form of protection of “original works of authorship,” including literary, dramatic, musical, artistic and certain other intellectual works, both published and unpublished.

Trademark: A word, name, symbol or device which is used in trade with goods to distinguish them from the goods of others.

MYTHS AND TRUTH ON IDEAS

The Myths of Creativity: The Truth about How Innovative Companies and People Generate Great Ideas by David Burkus

There are many ideas about being creative: You have to wait for a flash of inspiration; you need to be a “genius”; Artists are crazy (or at least flaky); you should be in pain to create, and many other myths which often get in the way of personal creative work, and business innovation.

In his book “The Myths of Creativity” David Burkus, writes about the most enduring myths.

- **The Eureka Myth** - New ideas, we have been led to believe, come in a flash of insight. Take Isaac Newton, who figured out gravity when an apple fell from a tree. But Mr. Burkus contends that creative insights actually result from hard work on a problem. The answers incubate in our subconscious, as we connect disparate notions. The discovery might seem to come suddenly, but it's the product of a long, internal process.
- **The Breed Myth** - Creativity is assumed to belong to only a few people. That rare breed of individuals are labelled as “creative,” and the rest of us are assumed not to be creative. But he said the evidence suggests the opposite: There is no naturally creative breed. Organizations therefore must nurture creativity in all their employees.

- **The Originality Myth** - Creative ideas are assumed to be original to their creator – the product of one person, or one company. But history shows ideas usually develop through the work of more than one person, as when Henry Ford developed the automobile assembly line from the production process of meat-packing plants. Often other people are working on the same idea because it is built on a foundation more than one person can piece together. The day Alexander Graham Bell filed his patent for the telephone, Mr. Burkus notes, another inventor, Elisha Gray, filed a patent for a similar device. “If you look at all great ideas, they come from someone else’s ideas,” Mr. Burkus said in an interview.
- **The Expert Myth** - We usually believe that problems can be solved by expertise. But complicated problems are usually solved by people with less expertise – an outsider’s perspective. He noted that in physics, the majority of Nobel prizes come from researchers in their 20s rather than older, more experienced scientists. He’s not against expertise, but said it’s best to be expert in one area and knowledgeable in a lot of other areas you can use.
- **The Incentive Myth** - It’s widely believed that incentives, monetary or otherwise, can increase the motivation of employees, including those tackling innovation. But that has been proven wrong, repeatedly. Innovation must come from within. Organizations have to direct their innovation into areas their people want to delve.
- **The Lone Creator Myth** - We assume great innovations come from lone individuals but he argues that’s just history rewritten. Invariably, creativity is a team effort (even Edison worked with others) and leaders must figure out how to build effective creative teams.
- **The Brainstorming Myth** - Put some people in a room, and creative ideas will be unearthed, we tend to think. But Mr. Burkus argues that throwing ideas around is not enough to produce consistently creative breakthroughs. “Creativity is a process. You must do research. Then you can brainstorm. Then you must converge on the best idea. Then you must test it. Then you must get it to the marketplace,” he said.
- **The Cohesive Myth** - If creativity requires teams, then the expectation is that those teams must be cohesive, with everyone working happily together. But cohesiveness can actually hinder innovative thinking, as people hold back on challenging ideas for fear it will disrupt the group process. “Creativity loves conflict as long as it’s task-focused, not personal,” he said.
- **The Constraints Myth** - We assume companies that give their innovative people unlimited resources will be the most effective in finding new approaches. But many companies find it’s better to apply limits to their innovators, since trying to get around those limitations can inspire innovative thinking.
- **The Mousetrap Myth** - No, the world will not beat a path to the inventor of the better mousetrap. “History is full of ideas that were tried elsewhere first or presented to the public and rejected,” he said. To drive innovation, you have to figure out how to overcome the vacuum you might face after developing the breakthrough.

YOU DON’T HAVE TO BE FIRST - YOU DON’T HAVE TO BE UNIQUE

It’s widely accepted that there is an advantage to being the first to do something in business. The market share you gain can be very valuable when competitors finally come along. A lot of times, business owners see that a particular segment of the market is already saturated with products or service providers and think they can’t compete.

In reality, being first to the market has rarely been linked to lasting success. You don’t have to be first to be incredibly successful, only better in some way or another. There are numerous case studies to support

this. Apple wasn't first to market with either the smartphone or the tablet, yet they successfully claimed dominance in two markets that already had numerous large players.

37 Signals is another company that has become incredibly successful in an industry once dominated by big players like Microsoft. Basecamp has become a wildly popular project management application, which over 5 million people have used.

NEW BUSINESS OR DISPLACEMENT

Seth Godin's post, Making vs. Taking, he gives a completely new angle on splitting things up. In this case, he's talking about new ideas and new business vs. displacing or shaving off a piece of existing ideas. Making vs. taking is a good way to look at it.

IDEAS HAVE NO LEGAL PROTECTION

Unfortunately, despite what you may have heard from late night television, satellite radio commercials or snake oil salesmen, there is no effective way to protect an idea. Copyrights protect expression and patents protects inventions, and neither protect ideas. In both cases the idea is the first critical step, but without some identifiable embodiment of the idea there can be no intellectual property protection obtained and no exclusive rights will flow unto you. This does not mean that you should give up when you only have an idea, but it does mean that you will need to proceed to flesh out your idea to the point where it is concrete enough to be more than what the law would call a "mere idea." The moral of the story is that ideas alone cannot be protected, so you need to think in terms of invention. Inventions can be patented. You just have to get from idea to invention.

PATENTS

There are three main types of patents - utility, design, and plant

- Apply for a utility patent for a product that has a specific, clearly-defined benefit to society. Most inventions fall into this category. Patent protection offered by a utility patent lasts for 20 years from the day the patent is granted.
- Apply for a design patent if you have an invention for a new, improved design on an existing product or process that doesn't affect the function of the original product. A design patent lasts 14 years from the date of the original patent application.
- A plant patent is applicable if you develop a new asexually-reproductive variety of plant. Protection for a plant patent exists for 20 years from the original patent application date.

PATENTS = Inventions, Algorithms, Formulas

COPYRIGHT = For Creative Works

TRADEMARKS = Words, Phrases, Images, etc.

THE ART OF THE START: THE TIME-TESTED, BATTLE-HARDENED GUIDE FOR ANYONE STARTING ANYTHING By: Guy Kawasaki

1. Make Meaning

Focus on making meaning, not money. If your vision for your company is to grow it just to flip it to a large company or to take it public and cash out, "you're doomed". Kawasaki says that great companies are built around one of three kinds of meaning:

- Increase the quality of life. Make people more productive or their lives easier or more enjoyable.
- Right a wrong. A variant on the above. Be a part of the solution, not a part of the problem.
- Prevent the end of something good. Preserve something classic or historical. Save the whales.

2. Make Mantra

Kawasaki took a jab at corporate mission statements by showing Wendy's mission statement:

Our guiding mission is to deliver superior quality products and services for our customers and communities through leadership, innovation and partnerships.

"I love Wendy's," he said, "but I had no idea that every time I eat there I'm participating in all of that." He says if you want to create a generic mission statement, you can save yourself tens of thousands of dollars for a retreat, facilitators, etc., with the Dilbert Mission Statement Generator.

Instead, Kawasaki recommends coming up with a simple mantra, preferably three words or less, that succinctly describes your core values. Some examples he gave:

Wendy's: "Healthy fast food"

FedEx: "Peace of mind"

Nike: "Authentic athletic performance"

Guy Kawasaki: "Empower entrepreneurs"

3. Jump to the next curve

Great companies aren't created when a book retailer says, "We're going to change the way books are sold. Instead of carrying 250,000 titles, we're going to carry 275,000." Great companies are created when you say, "Instead of 250,000 titles, we're going to carry 2.5 million." Then you have Amazon.

He offers three tips for how to do this:

- Reboot your brain. You have to break old patterns of behavior in order to adopt new ones.
- Kill the cash cows. The obvious ones are the external ones - the dominant competitors in the space. If you beat them, you beat everybody else, too. The not-so-obvious ones, though, are the internal ones. This mainly applies when launching a new product within an existing company. For example, Apple had to kill the Apple II in order to make way for the Macintosh. They could have continued milking it, but they would have eventually gotten passed up by everybody else. Clear away the old to make room for the new.
- Polarize people. You can't please everyone. It's better to have a small, fiercely loyal customer base than to create a mediocre product that fades quickly into obscurity. Some examples he gave were the Macintosh, Harley-Davidson, TiVo, and the Scion XP (People under 25 look at it and say, "Hey, cool car!" People over 25 look at it and say, "It must have been designed by someone who got fired from Volvo.")

4. Get going.

Don't get caught in "analysis paralysis". Some tips to keep you moving forward:

- **Don't type, prototype.** There are two kinds of entrepreneurs, he says. One kind thinks that Microsoft Office is the killer app for entrepreneurs. You write your business plan, you create forecasting spreadsheets, you build PowerPoint presentations for clients and investors, etc. The other kind uses AutoCAD to design the product, a compiler to write the code, etc. -- whatever it takes to start actually making the product.

- **Don't worry, be crappy.** Voltaire once said, "The best is the enemy of the good." If companies waited to completely perfect a product before releasing it, they would never get anything out. It's OK if your 1.0 release is a little rough around the edges, so long as it still creates value for customers. Of course, he says, "This doesn't apply if you're developing medical equipment."
- **Find soul mates.** "Every young visionary needs adult supervision," he jokes. Behind every Bill Gates is a Steve Ballmer. Behind Steve Jobs is a Steve Wozniak. Build a management team that shares your vision and your enthusiasm, but complements your weaknesses with their strengths.

5. Niche thyself.

Ideally, you create something that is both of high value to customers and that few others are doing. If you consider uniqueness and value creation as the two parameters, you have four quadrants:

- **High value, low uniqueness** - You compete on price.
- **Low value, high uniqueness** - This is what he refers to as the "stupid" quadrant. It doesn't matter if you have no competition if no one wants to buy your product.
- **Low value, low uniqueness** - The "dotcom" quadrant. At one point, someone said, "We're going to change how people buy dog food. We're going to sell it online. We'll cut out the middleman and people will be able to buy it cheaper." But they forgot one thing: dog food is heavy. The money saved was offset by high shipping costs. The crazy thing is not that a company didn't realize this, but that at one point, *16 companies* were selling dog food online. Of course, most of them are no longer in business - no great surprise.
- **High value, high uniqueness** - This is where you make money, margins and meaning.

6. Let a hundred flowers blossom.

Your best customers may not be who you expect them to be, and no matter how good you are, no matter how much market research you do, you can't perfectly predict what will happen in the real world. Kawasaki suggests the following:

- **Sow fields, not window boxes.** Niche positioning is critical, but spread your message far and wide, as much as your budget will allow. Narrowcast your marketing message too much and you may miss out on a market you didn't even realize existed.
- **Look for agnostics, not atheists.** Everyone wants to have those "marquee customers", but large corporations are usually resistant to those ideas that "jump the curve". Find the early adopters who are open to new ideas and save the big fish for later.
- **Don't be proud.** Don't be surprised when the people who are buying your product aren't your intended target market. Instead find out why they're buying it and capitalize on your newfound good fortune.

7. Follow the 10/20/30 rule.

When making presentations to clients or investors, use:

- **10 slides** - Not 50 as most people do

- **20 minutes** - You may have an hour, but some people will be late, others may leave early, and you want plenty of time for Q&A.
- **30 point font** - If you use a small font, it usually means you're trying to use a lot of text, which implies that you're a lousy speaker (which most tech company CEOs are, he says). Why? Because they don't practice.

8. Hire infected people.

Hire people who are as passionate about your product as you are (or at least close to it). Ignore the irrelevant. A shared passion is far more important than education or relevant work experience. These employees will be more loyal and motivated. Kawasaki himself was working at a jeweler "counting diamonds" when he took the job at Apple. But, he says, the first time he saw the Macintosh, it put tears in his eyes. That's what made him more qualified for the job than anyone else.

Hire better than yourself. "A" players hire "A+" players, but "B" players hire "C", "C" hire "D", etc., leading to what he calls a "bozo explosion". Hire people who make you look smart for hiring them, not by comparison to them. Do the shopping center test. Imagine you see a recently-interviewed candidate at a distance in the shopping mall. Do you...

...walk directly over to them, tell them how great the company is, and encourage them to come on board?

...figure it's a big place and maybe you'll run into them, maybe you won't?

...deliberately avoid them?

If your answer is any other than the first one, don't hire them.

9. Lower barriers to adoption.

Make it easy for people to buy and use your product:

Flatten the learning curve. Good products should be intuitive to use without having to refer to a manual or take a class. For example, do you know how to set the clock on your DVD player? Why is this even a challenge?

Don't ask people to do something you wouldn't do. While his example of a nuclear-powered mousetrap (that you have to drive to Utah to dispose of the waste) was a bit far-fetched, his story about the Kawai Hyatt Regency hit close to him. At that hotel, there are free washing machines on every floor. People don't want to pay several dollars to wash resort clothes, especially when they're already paying \$250 a night for the room!

Embrace your evangelists. Whether they're your employees or your customers, include them in everything you do. Do everything you can to give them a voice. They are your very best marketing.

10. Don't let the bozos grind you down.

Some bozos are easy to spot. They're grumpy, cynical people who shoot down all your ideas. But beware the "successful bozo" wearing a nice suit. "People automatically equate 'rich' with 'smart'," he says. "That's a big dialectical leap." Often very successful people can't embrace the next curve.