namecheap

Expert Summit

MASTERCLASS TRANSCRIPT

Idea to Launch

Hello and welcome to Idea To Launch, the class for those of you looking to start a new business venture or struggling to get your idea off the ground. As a bit of a disclaimer, this class is not meant to be 100% comprehensive, it's more of a springboard for your own personal journey on building a new business.

Now, starting a new business is very much a creative act and like any creative act when faced with a blank page, it's when things are most difficult, just ask any writer, painter or poet. And counter intuitively, it's through constraints that we're able to most effectively create and the goal today is to share some questions that I commonly use to help frame the problem space when launching new products, and I hope you find it useful, let's get started.

This class is grounded in asking the six fundamental questions. Let's start off with the most powerful of all questions, why? Why are you looking to start a new business?

On the surface, this might seem like a trick question and the answer is a bit obvious but the key to this question is not just ask it once, but many times, I find at least five times, perhaps as many as seven or nine times can lead you to some very interesting, even profound places. The reason for asking this why, over and over again, is that it will serve as your North Star when trying to go out and start something new. Starting a new business takes courage, perseverance, a willingness to fail and try again. Without a strong why as a touchstone, it's very difficult to see yourself through. I encourage you to pause right now and ask yourself, why?

With that why in hand, come the next two questions. The what and the who? What problem is this product or service solving? Who for? Perhaps you already have a strong and clear idea of this. So it's really great, you can skip on to the section of how, if not, you can keep listening. Now, I'm going to make an assumption that if you're listening, likely you're not 100% clear on the what the product or business is or who it's for.

And the challenge is not just to find any who or what, but to find a good who or what and there are two essential characteristics about a good who or what. First is that you understand the problem to be solved very well and second, that you are particularly well suited to solve this. Not uncommonly, a lot of businesses do actually start with a search for the solution to one's own problems, and things that really bother you or leave you with the kind of material or experience you lack, oh, if only this could be available, I wish things didn't have to be this way. Another tactic is to share love. So this be the field of expertise or skill that you're recognized for or asked for advice on something that you do particularly well, you can start from either end, but the intersection of a need, that somebody has a need that's worth solving and a solution to that problem that you bring to the table is where a viable business must eventually lie.

So when looking for problems to solve, if you're a person who's generally easy contented with things, then natural places to actually look is externally. And when looking externally, there are many ways of means of bringing information for the creative exercise. Think of this as like seeding the ground of your creative imagination. You can look at reports and observe patterns of behavior. You can speak with people who seem to share a common frustration, with a goal to understand so well that you can articulate these problems to others, and why they are problems worth solving. Even if you're intending to go into business yourself, this act of articulating it to other people is a good exercise, we do this here at Namecheap, when launching any product.

The result should be a profile of your intended ideal customer and some key problems they face, the more specific, the better, I'll give you an example. If I were to start a consulting business for product, I could say, my target is all product companies, quite generic, but that would be way too broad. A better profile would be mid-sized software companies past the initial start-up stage where they're building out a product team and need to build a pre-launch idea validation processes. See the difference? Now this may not be your customer in the end, but it's more of finding a strong starting place of few examples.

Once you've identified a particular problem externally, you can now look internally and using your imagination, you can imagine how you can go uniquely about solving that problem and what it might look like. Now, if you're starting the exercise, remember, you could start at both ends, if you're starting the exercise at this end, and you have something you're pretty sure you want to share, create or invent, then the search would go in the other direction, to really correctly identify, who is this solution for? One definite signal that you're on the right track is that it's well matched to skills and experiences you're already known for, and also motivate you intrinsically, to actually go through and solve.

Alright, if you've gone through the previous, what and who exercise, you might find yourself with several options. Now you're ready to move on to the how action. So how do you go from these seeds of a few ideas, businesses in potential, let's call them and elaborate on them to the degree that you actually have a plan to go to launch and even beyond.

Now, going through a study that pulled data from various countries, departments of labor, I found an interesting little statistic that one in five businesses fail within one year. And my own experience in many launches over my career, is that most launches fail to deliver on their promise, boil down to a few common failures.

The first is not to correctly identify what the potential product or service fits in terms of its overall appeal and one way of viewing this is the total addressable market size. Is the problem you're looking for quite refined and exclusive, is it broad and general? The second is to correctly articulate the value that solving that problem brings to the table. It might be low value individually, but it's in high demand, it applies to a lot of people.

When evaluating your ideas, I highly suggest to use a four quadrant chart where you have one axis, the vertical axis being value, and the other, the horizontal axis being the number of potential customers. This will split your four grid into four quadrants, exclusive and expensive, cash cow, easy and popular and labor of love. Now, if you're uncertain about how to actually properly fill this out for your own, I suggest it's a good practice to take some brands you already are familiar with and see if you can accurately place them in each of the quadrants. So for example, Starbucks might be under easy and popular while a luxury brand like Louis Vuitton would be under exclusive and expensive. The one you need to be careful for is make sure you're not in labor of love, which is low value, that is to say, the person doesn't actually value having this problem solved very much and it's low value, very, very few people actually have this problem. The second common failure is to not be able to properly articulate and actually solve the correct problems for your target. So one good tool I find is Value Proposition Canvas by Strategyzer, it's not perfect, but it is very useful and it is a good read and to go into detail here would be a whole lesson on its own, so I encourage listeners to check it out.

At core, is you really trying to identify, are there any needs you're missing or key features or capabilities you're not addressing? Have you actually understood the other person's psychology? What motivates them to have that problem solved? Or what gains they might experience if that problem was solved both emotionally as well as materially? For example, a

Starbucks Coffee is more than just caffeine in body. It's also addressing the need for community, for exclusivity, for distinction.

Now you've sanity checked that you're not working on a labor of love, you've worked through a value proposition, the next is to actually figure out a plan for launch and post launch. Every business is fundamentally a product or service, addressing a set of customer pains that they are willing to pay for in enough volume and price to cover your costs, the rest is details. When it comes to launch failures, that is say, products that launch but don't successfully make it comes down to three fundamental failures. Customers won't even pay to have that problem solved. It's not a valuable enough problem, customers won't pay enough to have that solved. Or not enough customers of the type that want that particular problem solved are willing to pay the price for it.

So a good approach to avoid those failures is to what I call, is to use what I call, the next riskiest assumption framework. It's to sequence a set of risky assumptions, such that each one goes naturally into the next. And by putting the riskiest assumption first, it allows you to fail fast with a minimum of expended effort and capital. You can structure this in as many or as few phases as you like. So for example, you can have a three step approach, or a five step approach, seven steps, it's really up to you.

One example is first, let's focus on understanding the need. Is this real or do you imagine it? Was it just very hypothetical? And how would you go about verifying that, what can you do? And there's lots of tactics I can list but it's really, I want to focus here on the strategic approach of saying, okay, I'm going to spend a bunch of effort validating that this problem, I think is real from people I've spoken to is actually more than just these five of my friends seem to share this common pain, or if you're especially risky is if it's something that bothers you, well, does it bother anybody else?

Some tactics could be as simple as say, running a PPC ad for a few days on a set of keywords, and seeing who clicks on it, you could run a survey, you can do in person interviews, you could read market studies, it's not about the tactics, it's about being creative and thinking about how you go about verifying that there's a need for your product at all.

Next is look at the fit of your solution. So before you spend a ton of funds promoting your product or solution or your great new business, for your earliest adopters, the people who you've reached out and actually connected with them that there's a problem that needs to be solved, is there anything missing? And can you bring enough volume of customers with that problem at the door at a price that makes sense?

You see here how each step builds on the last while building on a foundation of strength where the riskiest assumption has already been validated as true. So as you go through each phase and kind of think through the sequence of each riskiest assumption you want to test, it's important to set of constraints around the phase. So a target key set of constraints or target audience, the focus of effort in that phase, what are you looking to learn or understand or disprove? Think of it as a scientific experiment, if you will, and how do you know that you're successful, as well as any constraints on time or incentive or resources that you will use?

So, for example, I would go back to say again, for example, I had be previously of a consulting business, I might initially focus on just getting engagements with my target audience, VPs of product with small teams, and not even charge full price for it initially, just to build up write ups, get a track record and an opportunity to refine what I'm looking to offer in terms of my consultation, to really validate that, yes, that not only is there a demand for what I'm proposing, but it's solving real problems that my target audience values. And I can

set here a success criteria that I'm ready to move on to my next phase, if I get five write ups, with my intended time period of say, three months.

Some other things to think of is in terms of distribution. So how you reach out and connect with your target audience, will you use a website? Will you use a blog, social media? It's really up to you but the purpose of the exercise is to create a little mini plan for this phase before moving on to the next.

So now we're coming close to the end of the lesson and to recap, we covered how to identify opportunities for starting a new business, how to use a simple evaluative framework to assess which of your many business ideas to focus on and briefly discussed that it's important to go through a value proposition design exercise. We covered the three core reasons for failing out of business and looked at developing a launch plan to minimize the risk of failure.

Now we're ready to ask the final two questions. Where and when can you go through this exercise? The answer is, anytime, anywhere. Depending on how much free time, in scare quotes you have in a day, I recommend setting aside at least a period of one to four weeks to go through this thoroughly.

So now, I'd like you to go back to your why. Take a good look at it and commit to taking that first step and I wish you the best on your journey.