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FROM IDEA TO MARKET

HOW TO IDENTIFY MARKET GAPS & DISRUPT WITH INNOVATIVE PRODUCTS

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INTRODUCTION

At some point, you might have been interested in the notion of making money online. Its an appealing concept after all â€“ being able to earn money from the comfort of your own home, or even abroad! So, you type in Make Money Online and what do you find? Usually, its tips on how to sell eBooks, advice on how to earn money as an affiliate and tips on how to get to the top of Google. Often by essentially spamming Google until you get thereâ€¦ Most of what you find wont be terribly ambitious in other words. And in fact, a lot of it isnt even going to be the kind of work youre likely to be very proud of, let alone passionate about.

But thatâ€™s not what making money online has to mean. Making money online can also mean becoming the next Mark Zuckerberg, Matt Mullenweg or Steve Jobs. The internet provides us with an absolutely incredible tool that is right now changing the world and changing the way we live and work. If the only part you want to play in that is to sell an eBook on losing weight (thats not factually accurate), then you are preparing yourself for failure. Worse, youâ€™re preparing yourself for success thatâ€™s so modest as to be incredibly dull and frankly depressing.

Opportunity is knocking and its up to you whether you want to take that opportunity to do something incredible or just to try and spam people. I know what Iâ€™d rather do. But of course, itâ€™s easy to understand why so much of the information out there is geared toward con artists and get rich quick schemes (that dont work). Itâ€™s because the idea of creating a truly game changing service or product is highly daunting. Itâ€™s because most people have no idea how to go about finding a truly innovative new idea, let alone how to bring that to market. There are only so many true visionaries in the world. There are only so many Elon Musks out there.

This is not something that can be taught. Exceptâ€¦ is it? As youll learn in this book, it is not possible to force someone to have a good idea. I canâ€™t promise that after reading this book, you are going to have a breakthrough that changes the world for the better and makes you rich in the process. But what I can provide are some tricks and strategies that you can use in order to increase your chances of coming up with those amazing, game-changing ideas. Read on and youll discover how to help yourself think like a truly innovative entrepreneur. And more importantly, youâ€™ll learn how to implement those ideas and actually take action on them. Because there are plenty of ideas in the world, its executing said ideas that is the challenging part!

PAAS BUSINESS

CREATING PRODUCT AS A SERVICE

SAS stands for Software As a Business and essentially means that you are selling a service via a website, a piece of software or an app. An example of this might be something like Asana. Asana is a project management tool that is used by countless businesses in order to manage their ongoing projects and to collaborate with other contributors on the other side of the world.

Another great example of this is WordPress. WordPress is a website building service that takes the form of a tool. Rather than hiring a professional web development team, a business can simply use WordPress to build a website or blog that is just as professional and just as capable as anything they could have outsourced!

PRODUCTIZING A SERVICE

HOW TO STUMBLE ON YOUR BIG IDEA

One option is to productize a service and this is a fantastic way to create a SAS. Perhaps the best example of this is WordPress once again. WordPress is actually the brain child of entrepreneur, Matt Mullenweg and this is the question he asked himself that ultimately led to its creation: how can I productize my web design business?

To do this, Matt built a tool that could put him out of a job. A single tool that would make building a website incredibly simple and that would give users all the features that they needed to build something just as professional as he would have been able to accomplish.

So, if you want to come up with your own SAS business, the question is: how could you build a tool that could put you out of a job? What service can you offer right now that you could automate or at least make simpler by using a piece of software? And if you choose not to focus on the services that youre already offering, then how could you accomplish something similar for another service that youâ€™ve used or that youve got some experience in?

SLOVING YOUR PAIN POINTS

THE NEXT BIG THING

Likewise, you donâ€™t necessarily need to go the B2B route or productize a service. You could also create a service or product that would remove a â€˜pain pointâ€™ that you experience on a daily basis.

In business, this is often described as scratching your own itch. So, ask yourself: what are the things you do on a daily basis that you find time consuming and frustrating?

What are the things that you wish you didnâ€™t have to do ever again?

Where are you wasting money?

And how could you solve this problem by using the tools and resources that the web has made available to you?

Could you outsource some of your regular jobs to the crowd?

Could it be in some way automated?

Or perhaps thereâ€™s a product that would solve the problem for you?

HOW TO IDENTIFY THE NEED

Looking at pain points and solving them is an example of fulfilling a need. It is asking: what could people benefit from?

And then providing that thing. There are also other ways to discover these needs. One is simply to survey the audience and this is a great way to make use of crowdsourcing.

If you have a platform that you can use to speak with your audience, then why not just ask them what features theyâ€™d like to see in your next product? Or what they think is missing?

Another option is to think ahead. In other words, think ahead and imagine the future.

How are things going to change and what new opportunities is that going to create?

What will people need five years from now?

What are people just starting to need?

This is one way to come up with a truly forward-thinking business idea and you can see it with the likes of Elon Musk and everything he does. Musk knows that in the future, we are likely to mine meteorites for important materials and that space tourism is likely to be a thing â€“ and so he has invested time and effort into R&D for space travel.

Another option is to consider a specific group within your usual target demographic that might have particular needs and which might currently have those needs unmet. Think about all the people that could use a product or service and how it fits into their lifestyle.

For example, how does X product work for someone who travels a lot?

Can you work with it while youâ€™re on the move?

Or how does X product work for someone with a disability?

Or for someone that just doesnâ€™t have much time?

Could you improve the product for that specific type of person, thereby creating something new that once again fulfils a need in the market?

BRAINSTORMING

Along similar lines is brainstorming. This is the process of writing down every single idea that comes to mind, once again not ruling anything out because it is too far-fetched or because it seems a little silly.

In doing this, you will find that you open up the floodgates and this encourages good ideas to land. Whatâ€™s more, some of the best ideas you come up with will actually start life as things that seemed a little bit silly at first!

THINKING LIKE AN ENTREPRENEUR

GETTING INTO A CREATIVE MINDSET

In the last chapter, we looked at some questions you could ask yourself and some ways you could frame your thinking in order to encourage yourself to come up with new ideas. Often, these ideas involve finding things that people want and then giving them those things. But even more innovative are the businesses that give us things we want before we know we want them. One of the most famous individuals when it comes to this kind of breakthrough is the late Steve Jobs.

Now the question becomes: how can you encourage that kind of thinking?

THINKING LIKE AN ENTREPRENEUR

HOW TO GET MORE INVENTITIVE

To understand a little more about creativity, it can pay to better understand the neuroscience of what is actually happening in the brain when we have a novel idea. According to the science, creativity is what happens when the brain takes two separate ideas and combines them to form one new one.

In this way, there is actually no such thing as a truly original thought â€“ rather, it is just an inventive way of connecting two alternative thoughts. This is where invention comes from and where creativity comes from. It is the same force that â€“ in the wild â€“ would have helped us to understand that a stick is a bit like a finger and so we can use that stick in order to get the apple down from the tree.

But why are some people more prone to this kind of novel connecting-the-dots than others? Researchers have looked into what makes a person inventive and creative but more specifically, at what prevents us from having novel ideas. Where does out the box thinking come from? The answer may lie with a cognitive bias called functional fixedness.

Functional fixedness simply means that you are focusing on what things are supposed to do, rather than thinking about what they could do, which limits the ideas you can have. Lets take a hammer for example. Is it a hammer? Or is it an implement capable of much more? To illustrate, studies use a challenge called the â€˜candle box problem. Here, participants are given a box of tacks, a candle and a hammer and asked to attach the candle to a wall in such a way that it can remain in position while burning â€“ like a lamp.

Most people attempt to use everything as it is designed â€“ by tacking the candle to the wall. Of course, this doesnt work. The solution is to attach the box to the wall using the tacks and then to stand the candle in the box. This is an example of overcoming functional fixedness.

THINKING LIKE AN ENTREPRENEUR

HOW TO GET OUT OF BOX THINKING

So how do you prompt this kind of out the box thinking? The studies showed two things. One is to relax and to remove stress. The more relaxed we are, it turns out, the better we are at coming up with unique ideas. This ties in with the way that the brain finds connections. It does this by exploring the web of different ideas we have stored in our heads â€“ called our connectome. When two areas fire at the same time, that can give rise to a novel solution; thats when we have our eureka moment and we come up with a new way to solve a problem. Likewise, the part of our brain responsible for imagination and for coming up with novel ideas â€“ the default mode network â€“ is most likely to be active when we are engaging in mundane tasks.

Unfortunately though, if we are stressed or rushed, then our brain does not tend to explore the connectome in quite the same way. Instead, it focuses on the here and now and we gain a kind of tunnel vision. After all, it isnt much use to be thinking of novel ways to get apples out of trees when weâ€™re being chased by a tiger! When stressed, we are also more inclined to think using pre-set patterns.

We are more prone to prejudice and functional fixedness. We donâ€™t have time to question â€“ our brain needs to take efficient shortcuts to identify what we can use in our environment in the simplest way. The brain is most creative and inventive when it is relaxed and calm â€“ and the ultimate example of this can be seen when we start falling asleep and enter the nonsensical hypnagogic state. We dont want to go this far, but if youâ€™re trying to come up with a way to productize your service, or a new idea for an app, studies show that going for a walk can help you to be more inventive and to think outside the box.

The other thing we need to do is to focus on resources rather than tools. Break down the items available into a list of materials and potential uses and then see what you can create from that list. This is how you overcome the â€˜candle box problemâ€™. You simply ask yourself â€“ what do you have available to you and how can those things be used?

So, while youre brainstorming and spitballing for ideas for your new innovative business, ask yourself whats available to you right now in terms of resources, materials and their possible uses. And include all the modern resources available online that we discussed in the first two chapters. How can you use the crowd, mobile technology or SAS to solve your existing challenge?

And what you should also take from all this, is that you cant force an idea. Weve learned the correct questions to ask and the right way to go about finding ideas, but if they donâ€™t come immediately, dont fret! Your brain works best when relaxed and forcing an idea runs counter to this. So instead, relax, go for walks, talk about it and let it form naturally. Most ideas donâ€™t come overnight fully formed but rather take a while to gestate and grow over time.

TIME TO GET PRACTICAL

CAN YOU BUILD YOUR IDEA

Okay, so youve come up with an idea that youre truly proud of and that you think could really change the world make you rich. Perhaps this idea makes use of some of the novel technologies weâ€™ve already discussed or perhaps its something entirely different. Either way, the next thing you need to consider is whether the idea is viable. Is your game-changing vision for the future something that can be implemented? Is it profitable? And moreover, can you implement it?

How does one go about building a world changing app after all?

HOW TO THEORETICALLY MAKE YOUR IDEA HAPPEN

The first thing you need to do is to think about the mechanics of this idea.

How would it work and how would you go about bringing it to market?

Im not talking about funding or marketing at this point.

Im just simply encouraging you to ask the question: can it be done and can you do it?

The following suggestions might help you answer some of these questions, depending on the type of business you have in mind â€“ particularly if it is based on our previous chapters.

CREATING YOUR OWN PHYSICAL PRODUCT

Perhaps your world-conquering idea is not a service, an app or a website though. Maybe it is a physical product or piece of hardware like the CrankCase or like an iPad. How do you go about deciding if that idea is viable? How would one go about building something like this?

The good news is that it is now easier than ever before to create physical products thanks to tools and services that level the playing field for solo entrepreneurs. There are still challenges and costs of course, but they are considerably smaller compared with several years ago. The process is likely to go as follows.

CREATING A WIRE FRAME

If you have an idea for a simple plastic or metal product, then you can create that using 3D printing. 3D printing essentially creates products by adding layer upon layer of plastic or metal to build something physical from a digital file. The great thing about 3D printing sites like this is that they let you create stores hosted through their sites.

Whatâ€™s more, the products are only printed out each time someone places an order and you only pay for the materials and a small fee. That means you can start selling this product and making a profit right away with no need for an investment! That said, I do recommend ordering a few copies to see if the product actually looks right and works as intendedâ€¦ More often though, this is how youâ€™ll create a prototype for a product you want to get funded in many cases (a prototype is required if you want to raise money on Kickstarter). And if you want to save even more money in the future, then you could invest in your own 3D printer and use that to print your parts at home!

OUTSOURCING MANUFACTURING

If you want to get a more complex product made and then sold en masse, then youre going to need to find a manufacturing company that will produce it for you. Again, the web makes this easier than it has been in the past, but there are still challenges youâ€™ll face along the way. First, you need to define your idea as clearly as possible. This should normally mean creating a prototype using 3D printing (as above) and your own DIY skills, and that way you can get a working model of how it should operate. Use Blender to create your 3D model and then have a company like Shapeways create it.

If your idea involves circuitry, then you can try and include this in your prototype and or make a file describing the circuit using software like Cadsoft Eagle. Alternatively, you could use readymade technology like a Raspberry Pi in order to provide the brains of your idea and then code on top of this. Of course, using something like Raspberry Pi will increase your overheads, so you need to factor this into the equation.

It is also important to create a functional specifications document or product requirement document. This will explain what the idea of your product is and what it needs to do, along with a list of the tangible and intangible materials required â€“ i.e. how long the battery should last, whether it needs to be food safe etc.

This will go along with a BOM or Bill of Materials which will detail all the pieces required to make it. Think of this like the â€˜ingredientsâ€™ page of a recipe. And finally, youll have your MOQ or Minimum Order of Quantity, which will describe how many units you are hoping to order (keep in mind that a manufacturer wont want to set up the manufacturing process for you if youâ€™re only ordering two!). The MOQ needs to happen at this point so that the manufacturer knows which processes to use â€“ some are better for larger runs while others are better for smaller runs. Finally, you need to send these documents along with your prototype and files to a manufacturer. If you canâ€™t do all this on your own, then you can ask for help on certain elements â€“ dont worry if you canâ€™t make a prototype for instance.

VALIDATING YOUR IDEA

DOES YOUR INNOVATION WORK

Until you have been through Chapter 5, you do not have an idea. If all you know is that you want to revolutionize X or Y industry, or automate N service, then you still really only have an objective. In order to have an idea that has legs, you need to also know how it is going to work, what the interface looks like and how you will actually make that idea a reality.

At this point, you now have something you can actually work with but you still dont know that it is a good idea. And in this case, by good, I mean profitable. Its a good product or service, but is it a good business? Is it something that will actually sell?

Do people really want it? It is far too easy to get caught up in the excitement of a new product idea, to invest countless hours and huge amounts of money into developing it, and then to discover that there isnâ€™t an audience out there for it.

THINKING LIKE AN ENTREPRENEUR

HOW TO GET OUT OF BOX THINKING

I know someone who had an idea for a great and potentially transformative website. It involved providing a platform where researchers could look for people to reference their work and thereby advance their careers. He was a lecturer and researcher himself, so he knew the market well but he never tested the idea to see if there was enough demand for it. And he never looked at the potential earnings for that business before he spent time and money developing it.

The guy then spent hours developing his website and testing it on every single kind of device (this was before WordPress made responsive design simple). He invested lots of money into trademarking the name of the business, he hired a lawyer to help him set himself up as a limited business, he took out loans and he paid for excessive hosting and bandwidth. He even hosted a launch party after two years in development! Six months later and the business was dead in the water.

He set himself up to fail by never testing the idea and by investing so much time and money up front so as to make it nearly impossible to break even. This is what we want to avoid. This is where validation comes in, which simply means testing the idea to see if people really like it and if theyll pay for it.

HOW TO VALIDATE YOUR IDEA

To validate your idea, the key is to get people to put money on your concept. That means that they cant just express an interest, they have to actually spend money or get to the point where they would spend money. Likewise, you could just take pre-orders for your product â€“ as long as you get your audience to pay for those pre-orders. A similar method is to sell a beta version or to run a beta test of your service.

Running a beta test for a SAS, social network or sharing economy-based business is actually a very good idea because you can test to ensure everything works, you can monitor the load on servers and you can get a good idea of the running costs. This will tell you if the money you make from advertising fees is more than the money you spend to keep the site alive. In theory, the numbers should hold up as you scale the business further (though of course there may be hiccups along the way).

As a nice added bonus, running a closed beta is a fantastic way to generate interest and buzz for a product. Kickstarter is another good way to test if people are interested and to completely remove your costs of starting up. If thereâ€™s an audience for your product, then they will pay for the initial web design, hosting and cording, or for the materials and the manufacturing!

THINKING LIKE AN ENTREPRENEUR

THE FAIL-FAST MENTALITY

Another reason my friends business idea failed is because he invested so much time and money into it before going live. He was badly in debt before he started out, which left him with no room for things to go any less than perfectly. A better strategy is the fail fast mentality.

This means that you create something that is a little rough around the edges just so that you can get it out quickly and so that you arenâ€™t spending more than necessary on it. Maybe this means that you do handle the graphic design yourself. Then, you only invest more time and money into it if the product starts taking off. If it doesnt, you move onto the next project without having gone bankrupt!

OTHER METHODS

And of course, you can also test the audience for your product in a number of other ways. This might mean surveying your target audience and asking them if theyâ€™d buy your products, or it might mean looking at the numbers for comparable products and services to see if they are making enough to be sustainable. You also need to ensure that you have calculated the profits you can expect to make and that you have accurate projections.

This is the only way to be sure if the profits will outweigh the costs and if you can therefore expect to run a profitable business. Once you know roughly how much it will cost you get your business off the ground, you know how to go about bringing it to life and you know how much you can expect to make, then you have a serious business proposition with which you can move forward!

So, how do you go about finding funding for your new, exciting and completely novel idea? And how do you protect it before you start telling everyone about it?

PROTECTING YOUR IDEA

INTELLECTUAL PROPERTY

Now you have an action plan and your business idea is validated, its time to start getting serious and trying to raise money to get your project off the ground. This is the scary part because it means that youâ€™re going to have to show your idea to people and open it up to discussion.

Not only does this risk being shot down, but it also means the risk that people might run off with your bright idea. The first thing you may want to do then, is to consider protecting your ideaâ€¦.

PROTECTING YOUR IDEA

INTELLECTUAL PROPERTY

The first thing you might consider doing is to protect your idea legally. Is this the right avenue for your project though? And even if it is, what type of protection should you be investing in? If you were to come up with a story or a song, then this would be automatically protected by copyright. Copyright comes into effect automatically and all that remains for you to do is prove that you had the idea first.

However, it also only applies to creative works, rather than mechanical inventions â€“ or in your case an app. If you have come up with a novel idea for a website or online service, then copyright does not apply because it is not creative. That said, what will be copyright is the actual code. If you outsource this process, then make sure that your agreement gives you the rights to all code! As long as you have those rights, no one can copy or reproduce snippets of your code â€“ or written copy for that matter â€“ on your sites. Likewise, all images will be yours too.

PROTECTING YOUR IDEA

INTELLECTUAL PROPERTY

Trademarks, meanwhile, apply to business names and brands and cost a couple of hundred dollars for several years. A trademark can be used to protect your business name, so this is a good time to start thinking about what you want to call your project and what you want to call your business (which may or may not have the same name). This will help when you look for funding too. Do your research by looking at existing patents and make sure your name is original. But things are different for inventions.

Here, you need a patent and this will protect you for ten years and only in the country that you registered it. Whatâ€™s more, a patent is far more complex, probably needs the help of a lawyer to define and canâ€™t be renewed after it runs out. There are also two types of patent: utility patents for the way things work and design patents for the actual physical shape of those things. If you have an app or a piece of software, then this can be protected with a utility patent in which case the protection is for the way the idea operates and the solution the idea offers.

If your idea isnâ€™t new though, or if it doesnâ€™t have a unique function, then you canâ€™t protect it. Uber is an idea that could potentially be protected by a utility patent for instance but a â€˜fun platform game starring a squirrelâ€™ could not be. Patents are also very expensive and this, along with their temporary and single-country nature, means that many people wonâ€™t be able to use them.

This limitation might seem like a bad thing, but itâ€™s actually very important. This prevents people from jealously protecting ideas that could benefit all of mankind and charging an obscene amount for them. If patents never expired, painkillers would be a whole lot more expensive and thered only be one place to get Paracetamol! Nevertheless, it still gives inventors the opportunity to earn money from their creations. So now, the question is whether or not you need a patent.

The answer depends but in most cases, it is probably a no. If youâ€™re dealing with a potential investor and you want to keep your idea safe, then you can get them to sign an NDA or NonDisclosure Agreement before they speak with you. But more to the point, itâ€™s important to recognize that for the most part, people arenâ€™t out to steal your ideas. Most people with the means to make something from your idea will already have ideas of their own to implement.

A huge investor is not so blown away by your idea for an app that theyre going to risk legal ramifications by stealing it and twiddling their moustache! And in terms of facing competition from other manufacturers, its important to recognize that the best way to capitalize on a new idea is simply to do it first and do it best.

The execution is more important than the idea in most cases and jealously protecting your idea can actually get you laughed out of a meeting. With all due respectâ€¦ get over yourself! One of the biggest mistakes new entrepreneurs make is guarding their idea and not talking about it while working away on it secretively for years. If youâ€™re serious, then get out there and talk about it. The best way to protect your idea is to do it first and do it best. If its a success, then itâ€™s going to get copied regardless of what you do!

CONCLUSION

THE LONG JOURNEY AHEAD

And now begins the long journey ahead! Marketing is something that you will continue doing even as the business grows. You might eventually open up for series B and C funding, you might grow and iterate your initial business idea over timeâ€¦ â€¦Or you might find that your amazing idea doesnâ€™t take off and itâ€™s back to the drawing board! Make sure you are truly passionate about whatever you do decide to pursue because itâ€™s a long road, even once your business is up and running, and youâ€™re out there trying to shout the idea from the roof tops. Likewise, donâ€™t be disheartened if things donâ€™t take off at first. Nearly every successful and disruptive entrepreneur will fail countless times before eventually landing their win.

The difference between the ones that change the world and the ones you never hear of is that the former dont give up. Keep trying, keep experimenting, be fearless and enjoy the journey along the way! And keep in mind everything we learned in this book.

To recap:

Consider the immeasurable opportunities presented by crowdsourcing, crowdfunding, the sharing economy and other immerging industries and technologies (including those we havenâ€™t even mentioned like the internet of things!).

Give yourself space and time to let your ideas grow. Use tricks to increase your inventiveness. Go for walks. Speak to the right people.

Dont be afraid to think big! Ask the right questions.

Dont think an idea alone is worth anything â€“ you need a plan and you need to know how you will put it into action.

Dont protect your idea jealously: talk about it and find ambassadors and investors.

Create prototypes and betas so that you can test your ideas and so that you can generate early buzz.

Find funding through unconventional routes. Angel investors are just one option: consider bootstrapping, crowdfunding and PayPal!

Keep overheads down, design a fail fast business model.

Validate your idea.

Consider a slow roll out, find ambassadors and make sure your idea draws attention to itself.

Move on to the next project if things donâ€™t work out and try again!

Or another way to put it is:

Step 1: Come up with idea.

Step 2: Change the world. It really can happen, you just need to have the courage and creativity to get out there and make it happen.

THANK YOU!

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