

# Idea Stage

**From Idea to Action**

A Step-by-Step Guide for  
Aspiring Entrepreneurs

# Who is This Guide For?



This guide helps entrepreneurs navigate the idea stage by breaking it into actionable steps. It starts with identifying a problem or need and conducting market research to validate the idea. It covers concept development, feasibility assessment, building prototypes or MVPs, gathering feedback, and analyzing competitors. Entrepreneurs learn to define their USP, estimate costs, form a founding team, protect intellectual property, explore funding, and create strategies for marketing, and scalability.

With gratitude for the peer review by ecosystem leader Rich French, Executive Director, One Palouse

# 1.

# Identify a Problem or Need



**The foundation of any successful business is a clear understanding of the problem it aims to solve or the need it intends to fulfill.**

A well-defined problem or need provides a clear purpose for your business and helps ensure that your product or service will have genuine market demand. It also serves as a guiding principle throughout the development process.

# 1. Identify a Problem or Need

Try These Techniques to Identify Needs:



## Brainstorming

Methods like mind mapping, SWOT analysis, and the 5 Whys can help you identify potential problems or needs that need a new solution.



## Observe Your Surroundings

Pay attention to your daily life, frustrations, and unmet needs in your community.



## Talk to People

Conduct informal interviews with potential customers to understand their pain points and needs.

# 2.

## Conduct Initial Market Research



**Once you've identified a potential problem or need, it's crucial to conduct preliminary market research to validate your assumptions.**

Initial market research helps you understand the viability of your idea and provides valuable insights that will inform your business strategy. It can also help you identify potential challenges and opportunities early on.

# 2. Conduct Initial Market Research

## Try These Market Research Approaches:



### Free Online Tools

Use free online tools like Google Trends, Google Scholar, and industry databases to gather initial market data.



### Competitive Analysis Resources

Conduct competitive analysis by looking at potential competitor websites, social media profiles, and industry reports.



### Create a Simple Survey

Create a short survey to gather feedback from potential customers.

# 2. Conduct Initial Market Research

## Tips!

### ► Keep a Journal

Document your ideas, research findings, and progress throughout your journey.

### ► Don't Be Afraid to Pivot

Being adaptable and willing to pivot your business idea based on market feedback is crucial. Be open to new learning which may bring you an even better idea.

# 3.

## Develop The Concept



**With a validated problem and initial market research, you can now refine your idea into a more concrete business concept.**

A well-developed concept provides a clear vision for your business and serves as a foundation for further development and testing. It also helps you communicate your idea more effectively to potential team members, advisors, and investors.

# 3. Develop the Concept

Here's an example concept statement that might help you to communicate effectively:

[Your Company Name] will develop [Your Product/Service], a [Describe your product/service in 1-2 sentences] that addresses the critical need for [Clearly state the problem you are solving].

Our target market is [Describe your ideal customer].

[Your Product/Service] will provide [List 2-3 key benefits for customers] by [Explain how your product/service will deliver these benefits].

We believe that [Your Company Name] has the potential to [State your desired market impact or vision for the company].

# 3. Develop the Concept

## Example:

[Your Company Name]: "Pawsitive Pets"

[Your Product/Service]: "Pawsitive Pets will develop a subscription-based pet food delivery service that provides customized and nutritious meals delivered directly to customers' doorsteps."

[Target Market]: "Busy pet owners in urban areas who prioritize their pets' health and well-being."

[Key Benefits]: "Convenience, personalized nutrition, and peace of mind for pet owners."

[How it will deliver benefits]: "By using a proprietary algorithm to analyze pet profiles and dietary needs, Pawsitive Pets will create customized meal plans and deliver fresh, high-quality food directly to customers' homes."

[Market Impact/Vision]: "Pawsitive Pets aims to revolutionize the pet food industry by providing a convenient and personalized solution that improves the health and happiness of pets while saving pet owners time and effort."

**This is just a template, and you should adapt it to fit your specific business idea.**

# 3. Develop the Concept

## Tips!

### ▶ Join a Local Entrepreneur Group

Joining a local entrepreneurship group or co-working space to connect with other entrepreneurs and mentors can be very helpful to share ideas, get feedback and support.

### ▶ Seek Mentorship

Get help with questions. Seek guidance from experienced entrepreneurs, mentors, and business advisors.

# 4.

## Develop a Basic Business Plan



**While a comprehensive business plan isn't necessary at this stage, a basic outline can help organize your thoughts and guide your next steps.**

A basic business plan helps you think through all aspects of your business idea and identify potential challenges or gaps in your strategy. It also serves as a valuable tool for communicating your vision to others.

# 4. Create a Basic Business Plan

Tip!

## ▶ SBA Business Plan Guide

The U.S. Small Business Administration has a helpful guide for writing your business plan. [Check it out here.](#)

# 4. Create a Basic Business Plan

Additional Organizations That Can Help Entrepreneurs with Their Business Plans Exist in Most Areas Including:



## SCORE

Provides free business mentoring and counseling from experienced volunteers.



## Small Business Development Centers (SBDCs)

University-based programs that offer comprehensive business assistance, including business plan development.



## Local Chambers of Commerce

Offer resources and networking opportunities for local businesses.



## Incubators and Accelerators

Provide mentorship, workspace, and funding opportunities for early-stage startups.



## Non-Profit Organizations

Many non-profit organizations offer business planning workshops and resources to entrepreneurs, particularly those from underserved communities.

# 5.

# Assess Feasibility



**Before investing significant time and resources into your idea, it's crucial to assess its feasibility.**

Feasibility assessment helps you identify potential roadblocks early on and allows you to adjust your concept or strategy accordingly. It can save you time and resources by helping you focus on ideas with the highest potential for success.

# 5. Assess Feasibility

For Additional Guidance and Resources Try:



## Small Business Administration (SBA)

Offers a wealth of resources, including workshops, counseling, and loan programs.



## SCORE

Provides free business mentoring and counseling from experienced volunteers.



## Small Business Development Centers (SBDCs)

University-based programs that offer comprehensive business assistance, including feasibility studies and business plan development.



## Industry Associations

Many industries have specific associations that can provide resources and guidance.



## University Research Centers

Many universities have research centers focused on specific industries, which may offer resources and expertise.

# 6.

## Build a Prototype or MVP



**Creating a basic version of your product or service is a crucial step in the idea stage. This could be a physical prototype, a digital mockup, or even a simple drawing.**

A prototype or MVP allows you to test your concept in a tangible way, gather feedback from potential users, and iterate on your design. It also serves as a powerful tool for demonstrating your idea to potential investors or partners. The goal is to have something tangible that demonstrates the core functionality of your concept.

# 6. Build a Prototype or MVP

Here are Some Tools to Help Entrepreneurs Create a Prototype or MVP:



## For Digital Products

- **Figma:** A popular design tool for creating interactive prototypes and user interfaces.
- **Adobe XD:** Another excellent option for designing and prototyping user interfaces.
- **InVision:** A platform for prototyping, collaboration, and user feedback.
- **Webflow:** A no-code platform for building websites and web applications.
- **Bubble.io:** A no-code platform for creating interactive web applications.



## For Physical Products

- **3D Printing:** Allows you to create physical prototypes of your product.
- **Laser Cutting:** A versatile tool for creating prototypes of various materials.
- **CAD Software:** (e.g., SolidWorks, Fusion 360) For designing and prototyping more complex products.

Experiment and find the tools that best suit your specific idea.

# 7.

# Gather Feedback



**Once you have a prototype or MVP, it's time to gather feedback from potential customers, industry experts, and mentors.**

Feedback provides invaluable insights into how your target market perceives your product or service. It can help you identify potential issues, uncover new opportunities, and refine your concept to better meet user needs.

# 7. Gather Feedback

## How to Gather Effective Feedback:



### Conduct User Interviews

Schedule one-on-one interviews with potential customers to observe their interactions with your prototype and gather their feedback.



### Run User Testing Sessions

Observe users interacting with your product or service in a controlled environment.



### Distribute Surveys and Questionnaires

Gather quantitative data on user satisfaction and preferences.



### Utilize Online Platforms

Platforms like UserTesting and UsabilityHub can help you collect user feedback efficiently.



### Engage in Beta Testing

Invite a select group of users to test your product or service before a full launch.

# 7. Gather Feedback

Remember!

## Utilize Feedback

Remember to actively listen to feedback, analyze the results, and use the insights to iterate on your product or service. By actively seeking and incorporating user feedback, you can increase the chances of your success in the marketplace.

# 8.

# Analyze Competition



**Understanding the competitive landscape is crucial for positioning your business effectively.**

A thorough competitive analysis helps you understand where your business fits in the market and how you can differentiate yourself from existing solutions. It can also provide insights into successful strategies and potential pitfalls to avoid.

# 8. Analyze Competition

A Thorough Competitive Analysis Helps You:



## Identify Your Unique Selling Proposition (USP)

What makes your business stand out from the competition?



## Understand Market Trends

Identify emerging opportunities and potential threats.



## Develop Effective Marketing Strategies

Tailor your marketing efforts to reach your target audience.



## Price Your Product or Service Competitively

Determine the appropriate pricing strategy for your business.



## Gain Insights

Gain valuable insights into your competitors' strengths and weaknesses.

# 8. Analyze Competition

## Key Areas to Focus On:



### Direct Competitors

Identify businesses offering similar products or services.



### Indirect Competitors

Identify businesses offering alternative solutions to the same customer problem.



### Competitive Analysis Tools

Utilize online tools like Google Trends, SimilarWeb, and SEMrush to gather data on your competitors.



### Industry Reports

Research industry reports and publications to gain insights into market trends and competitive landscapes.

By conducting thorough competitive analysis, you can gain a deeper understanding of the market and position your business for success.

# 9.

## Estimate Initial Costs



**While detailed financial projections aren't necessary at this stage, it's important to have a rough idea of the costs involved in launching your business.**

Understanding your initial costs helps you determine how much funding you'll need to get started and can inform your decision on whether to bootstrap or seek external funding.

# 9. Estimate Initial Costs

## Remember to Include

### Cost Category Checklist

A brief checklist of key cost categories: (e.g., equipment, inventory, marketing, legal, rent)

### Realistic Budget

Tips for creating a realistic budget: (e.g., research industry averages, use online calculators, consult with financial advisors)

# 10.

## Develop Key Metrics



Determine what success looks like for your idea and how you'll measure progress.

# 10. Develop Key Metrics

**Key Metrics:** These are the measurable indicators that will help you track your progress and make data-driven decisions.



## Financial Metrics

Revenue, profit margins, customer acquisition cost (CAC), customer lifetime value (CLTV), burn rate.



## Marketing Metrics

Website traffic, social media engagement, conversion rates, customer acquisition cost (CAC).



## Operational Metrics

Customer satisfaction, customer churn rate, employee satisfaction, time to market.



## Product Metrics

User engagement, daily active users (DAU), monthly active users (MAU), customer lifetime value (CLTV).

# 10. Develop Key Metrics

## Tools for Tracking Key Metrics:



### Google Analytics

Track website traffic, user behavior, and conversion rates.



### Project Management Software (e.g., Asana, Trello)

Track progress on key milestones and deliverables.



### Customer Relationship Management (CRM) Software

Manage customer relationships, track sales, and analyze customer data.

By regularly tracking and analyzing key metrics, you can gain valuable insights into your business performance, identify areas for improvement, and make data-driven decisions to achieve your goals.

# 11.

## Consider Legal Structure



**Research different business structures to determine which is most suitable for your venture.**

Choosing the right business structure is a critical decision that will impact your taxes, liability, and ability to raise capital.

# 11. Consider Legal Structure

## Common Business Structures Include:



### Sole Proprietorship

Simple to form, but offers limited liability protection.



### Partnership

Suitable for businesses with multiple owners, but liability can extend to personal assets.



### Limited Liability Company (LLC)

Offers limited liability protection and flexibility in taxation.



### Corporation (C-Corp or S-Corp)

Provides significant liability protection and can raise capital through the sale of stock.

# 11. Consider Legal Structure

## Resources for Choosing a Business Structure:



### SBA Website

Provides comprehensive information on different business structures and their legal and tax implications.



### SCORE

Offers free counseling from experienced business professionals who can advise on the best structure for your business.



### State Resources

Your state's Secretary of State website provides information on business registration and legal requirements.

**Consult with an attorney or accountant:  
Seek professional advice to determine  
the best business structure for your  
specific needs and circumstances.**

# 12.

# Validate Assumptions



**Throughout the idea stage, it's crucial to continually test and validate your assumptions about your business model.**

Validating your assumptions helps ensure that you're building a business based on real market needs and customer preferences, rather than untested hypotheses.

# 12. Validate Assumptions

Tip!

## ▶ Validate Assumptions

Validating your assumptions helps ensure that you're building a business based on real market needs and customer preferences, rather than untested hypotheses.

# 12. Validate Assumptions

Here Are Some Key Methods for Validating Assumptions:



## Customer Interviews

Conduct one-on-one interviews to understand customer needs, pain points, and willingness to pay.



## Surveys and Questionnaires

Gather quantitative data on customer preferences, market size, and competitive landscape.



## Landing Page Tests

Create simple landing pages to gauge interest and collect email addresses from potential customers.



## Minimum Viable Product (MVP) Testing

Launch a basic version of your product or service to gather user feedback and validate core assumptions.



## Lean Canvas Experimentation

Test key assumptions related to your value proposition, customer segments, and revenue model.

# 12. Validate Assumptions

## Tools Like:



### Typeform

For creating interactive surveys and quizzes.



### Google Forms

A simple and easy-to-use tool for creating surveys and collecting data.



### Hotjar

For recording user behavior and gathering user feedback.

## ...Can Help You Gather Valuable Data and Validate Your Assumptions Effectively



By continuously testing and validating your assumptions, you can minimize risk, increase your chances of success, and build a more robust and sustainable business.

# 13.

## Plan for Scalability



**While your focus at the idea stage is on validating your concept, it's important to consider how your business could grow and scale in the future.**

Considering scalability early on can help you make decisions that will support future growth. It also demonstrates to potential investors that you have a long-term vision for your business.

# 13. Plan for Scalability

Remember

## Scalability

Scalability refers to the ability of your business to increase production or service delivery without significantly increasing costs.

# 13. Plan for Scalability

## Key Considerations for Scalability:



### Technology

Can your technology platform handle increased demand?

- **Example:**

Can your website or app handle a surge in traffic?



### Operations

Can your production or service delivery processes be easily scaled?

- **Example:**

Can you automate tasks, outsource production, or implement efficient delivery systems?



### Team

Do you have a structure in place to support growth?

- **Example:**

Can you easily hire and train new employees?



### Funding

Have you considered potential funding sources for growth?

- **Example:**

Will you seek venture capital, explore debt financing, or pursue other avenues?

# 13. Plan for Scalability

By Considering Scalability Early On, You Can:



## Make Informed Decisions

Choose technologies and processes that support future growth.



## Attract Investors

Demonstrate a strong understanding of your business's long-term potential.



## Position Your Business For Success

Achieve sustainable growth and long-term profitability.

# 13. Plan for Scalability

## Additional Resources

### Books

"Scaling Up" by Verne Harnish  
"The Lean Startup" by Eric Ries

### Online Courses

Platforms like Coursera, Udemy, and edX offer courses on business scalability.

### Mentorship

Seek guidance from experienced entrepreneurs and business advisors who have successfully scaled their businesses.

# We're EcoMap.

We offer an Ecosystem Intelligence Platform that powers entrepreneurial ecosystems by centralizing information about organizations, resources, activities, events, jobs and relationships. Our platform makes it possible to quickly understand "what exists" and "who is doing what?" within an ecosystem, and our powerful AI technology allows us to keep the data about ecosystems updated over time, so each EcoMap is an accurate reflection of what's going on in that ecosystem.

Our customers include 90+ entrepreneurial ecosystems world-wide including Indiana, Kansas, Philadelphia, Baltimore, San Antonio, The Aspen Institute as well as numerous higher ed entrepreneurship centers and Bioscience Associations.



Let's talk about your ecosystem!

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We'd love to hear from you.