



BUSINESS **STARTUP** BLUEPRINT

CHOOSING AND VALIDATING YOUR BUSINESS IDEA

TRANSCRIPT



In this lesson, we're going to talk about choosing and validating your business idea. How do you know your business idea is a good one? How do you know it's going to be profitable? How will it provide value to other people?

Let's talk about this concept of value because this is one of the most critical things when thinking of a business idea.

The way that we know a business idea is a good one is by determining if it provides a lot of value, not just to one person, but to a large audience or a very specific type of audience.

There's a direct correlation between how much income an individual makes and how much value they provide to people. Take, for instance, a surgeon. A brain surgeon might make \$400,000 a year because he provides a tremendous amount of value to one single person at a time.

When he's working on his patients in surgery, fixing their brains, he's providing so much value that his dollars per hour is crazy high. Now, think about someone who invents a medicine that helps hundreds of millions of people.

Who provides greater value? The surgeon provides a great deal of value to one individual, but someone who comes up with a business idea and provides value to millions of people will make more income.

So, how do you come up with a business or product idea? One of the things I like to ask entrepreneurs is: What are some areas of interest that you specifically have? What's an area of passion you have? What's an area of expertise you possibly have?

What problems exist in those types of markets? If you're a musician and you know of a specific problem that plagues musicians because you are one, can you come up with a solution for that problem?

Can you provide value to other musicians who have that same type of problem? What problems exist?

The next step is to move to an area of research. If we've identified a problem that exists and there are already solutions to this problem, we need to see how those solutions are being provided.

It's very difficult to find a business idea that fixes a problem no one else has found a solution to. But how can we research these other businesses and find out how they are solving this problem? Are there other solutions we could provide that solve the problem better?

Once we have our problem identified and we can come up with some different types of solutions, how can we make sure that our solution to that problem is unique? This is called a unique selling proposition (USP).

One of the best ways to create and find these USPs is to interview potential customers and ask them if the solution would be valuable to them. Would this solve their problems? How can we do it differently enough that sets us apart from competitors?

Let me give you an example with Wise Codings, my garage floor coatings company. When I started my business, I had about 26 competitors in my market doing the same type of service. How could I stand out from them?

I thought, if I could do the install in one day, provide a lifetime warranty, and adopt a baby elephant for every floor we install, how can we give back and provide a competitive differentiator that no one else does?

When we launched Wise Codings, we set these USPs, and customers loved them. We visited potential customers, walked around their garages, and found out their pain points. They had to move all their stuff out of their garages.

What if we took care of that problem for them? What if we provided a storage pod on their driveway for 30 days so they could move their stuff back in at their convenience? These are ways we solved customer problems and provided more value.

When you provide more value than your competitors, you can charge a premium and attract more customers. Another big USP we have is answering the phone. In the contracting space, it's difficult to find a contractor who answers their phone.

We put systems and processes in place to answer the phone every time a customer calls. We can send a text message to the customer showing a little Uber-style car icon of our technicians driving to the job site, letting the customer know how far away they are.

These unique selling propositions make our customers love us. Now, how do you come up with something unique? Many entrepreneurs get caught up on this. If there are already companies solving problems that customers experience, there's market proof for that solution.

Instead of trying to come up with a brand new, super cutting-edge idea, think about how you can provide a better customer experience. In the contracting business, many contractors don't answer their phones or have good systems in place.

A big competitive advantage is providing a better customer experience than other businesses out there. Don't get too caught up on making your business idea drastically cutting-edge.

Sometimes a great idea doesn't prove itself out as a business model, and there's a reason other companies don't do it the way you think it should be done. Validating your business idea is crucial. Talk to actual customers and find out if your solution solves their pain points.

If you're a musician, talk to other musicians to understand their problems. Interview them. For my business with Wise Codings, I went to friends and family who were homeowners with garages and asked them questions.

What would you look for if you were to hire a company like this? What are the things you want to make sure they do or don't do? This helps shape how you solve those problems.

If you start thinking about a good business, product idea, or service to offer, it can already exist in the market. But how can you do it better? How can you create that USP? Take a second to download the resource and start writing out some business ideas.

Really think about how you can be different from your competitors. If someone asked how you are different, what would you say? Don't rely on being licensed, bonded, and insured like everyone else.

It has to be truly different from your competitors and other solutions in the market. We'll see you in the next lesson.

Summary of Key Points:

- **Validating a Business Idea:**

- Determine if your business idea provides a lot of value to a large or specific audience.
- Income is directly correlated to the value provided.

- **Creating a Business Idea:**

- Identify areas of interest, passion, and expertise.
- Research existing solutions and competitors.
- Develop a unique selling proposition (USP) by solving problems better than competitors.

- **Example of Wise Codings:**

- Stood out by offering one-day installs, lifetime warranties, and other unique benefits.
- Addressed customer pain points like moving items out of garages.

- **Importance of Customer Experience:**

- Providing a better customer experience can be a significant competitive advantage.
- Systems and processes to improve service, like answering the phone and updating customers in real time, are valuable.

- **Steps to Validate an Idea:**

- Interview potential customers to understand their needs and pain points.
- Ensure your solution is unique and valuable to them.

- **Action Items:**

- Write down business ideas and consider how you can be different from competitors.
- Focus on providing a better customer experience and unique solutions.