

Planning And Starting A New Business - From Concept to Launch

A Road Map To Starting a Significant Company

Planning a new venture is a difficult and confusing process.

It may be the most difficult thing you ever do and it is nearly impossible to see and understand all the obstacles that will appear in your way along the journey. No single article or even book can address all the things that need to be done, as so many will be specific to that venture and the order can vary greatly depending on many factors. However, here we are trying to outline some of the key steps to help you formulate a business plan and vision, so you can outline a timeline that might work by revealing many of the key steps that are not well thought through by



many new entrepreneurs. The time-frame for the first ten steps can be a few months or even a full year, but as much should be done as possible before a large burn rate is incurred that might greatly limit your time to learn and develop the business plan. Using virtual teams of advisors, not on the payroll, but available for consultation is often a great way to keep expenses down, while not compromising on quality or experience needed to develop your plan.

Typically an entrepreneur will start with a product idea and that portion of the vision that is made up by that "core technology", problem or idea. The problem is that this is really only about 2% to 5% of starting a company, the other 95+% is much harder and will require many diverse skills. Most people start with this core idea or market-need and that is not a bad place to start, as it indicates the POSSIBILITY of a market provided

**Planning And Starting A New Business –
From Concept to Launch**

everyone, or at least lots of people think like you, and are willing to pay enough for your solution compared to alternatives.

First I recommend lots and lots of up-front market research and then creating a draft brochure of what the company might look like to a consumer of the product or service. This does not mean elaborate and expensive quantitative studies, it is WAY too early for that, but real-world data gathering and interviews that get people's reaction to your business proposal. This will allow some surveying of your mother-in-law and others informally to sharpen and focus your idea on a market and improve your presentation before showing it to anyone "professional". Smoothing out some kinks and identifying the key questions and objections is critical. Then, after some validation by real buyers, at a particular price point, you can begin to pull together a real development and business plan for launching your company.

A good starting point is to read the short chapter on "The Marketing and Communications Pyramid". You can start at the top and work down. Obviously there are many ways to go about this task and I know several that can be combined in the process to validate the value of a business concept and begin to get a handle on the risks, costs and opportunity. One very experienced person can sometimes do this, but typically you will need to draw on the experience of several people with backgrounds in marketing, sales, finance, product development and operations.



What Steps Should You Take In Creating And Validating a Business Venture or Idea? Here is an ordered list that will walk you through many of the required processes:

1. Spend the first 5-10 years of your career learning on someone else's nickel. Get good experience managing people in small companies and some in larger ones. You

4

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**Planning And Starting A New Business –
From Concept to Launch**

need market-knowledge and experience, project management experience, people and management experience and ideally some sales and marketing experience too. You cannot do it all, and will need to hire or bring in partners to complement your own skills, but the more well-rounded your skills, the better your chance of success. Decide long in advance what you enjoy, and are good at and focus on that, knowing you will bring in other to do what you do not do as well.

2. Decide on a core idea, technology or need as a starting point to iterate from. It must solve a big problem today. Years ago being 20% or 30% better was good enough, today it is not. It must be 3 to 10 times better or cheaper than alternative solutions, if you need to attract capital investment early on, get customers to take the risk of working with a newer company and attract people that will join you in a difficult endeavor.
3. Develop Market Research (probably using a consultant if you are not experienced at this) which answers the questions: How big is the potential market? Who specifically will buy the product in great detail which includes the exact person (decision maker), company type or list, vertical market(s) etc. Who is solving this problem a today and find everything you can about how they do it?

4. Develop a Marketing And Messaging Communications Pyramid (available at www.ClevelEnterprises.com) and the documents it specifies in the top down order until you get to "business plan" which at this stage should not be written in any detail until you have a complete

**If One Advances Confidently In
The Direction Of Their Dreams,
And Endeavors To Lead A Life
Which They Have Imagined, They
Will Meet With A Success
Unexpected In Common Hours.
-- Henry David Thoreau --**

**Planning And Starting A New Business –
From Concept to Launch**

management team and some market validation information.

5. Develop a Competitive Landscape Map for your space with a visual representation of your competitors and your position in the marketplace.
6. Do a risk assessment landscape map of your market entry or launch strategy.
7. Complete a draft business presentation slide show and/or rough executive summary to show people informally and flush out your ideas better.
8. Using a spreadsheet develop a financing strategy that plans all needed financings to reach well beyond breakeven to a reasonable size, for some businesses this may be only \$2 million, for others \$10 million in annual revenue, but if you expect to attract institutional capital and make a real mark on the world, think about \$50 million to \$100 million as your end game. Not all businesses can achieve that kind of size with a single product or service, but any business can eventually grow to this size with creativity, innovation and patience. You will likely need some consulting help from an experienced entrepreneur who has successfully raised either angel financing, venture capital for any institutional source or both.
9. At this point you may want to begin recruiting a virtual team that is not on a full-time salary, but passionate about your venture and willing to invest a little time to help validate the plan and also willing to join if and when financing comes together and risk is down some. You will also likely need to pay some consultants who make their living doing this, and can't eat stock options, in

small amounts. Paying through stock options here is a good way to limit salary for potential full-time employees, but this is complex and needs advice

Success

**Care more than others think is wise,
Risk more than others think is safe,
Dream more than others think is
practical,
Expect more than others think is
possible.**

-- author unknown --

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**Planning And Starting A New Business –
From Concept to Launch**

specific to the exact circumstances. Seek a consulting executive, not a lawyer yet, to design your stock option allocation plan, not implement a plan. At this point you are just modeling the financials and you do not yet need the paperwork and specifics you just need an outline for contingent offer letters, discussion and the like.

10. Begin Recruiting a management team with the key skill sets needed to validate the concept and business plan much further and add details. Many iterations will be required as these people come on board, and the only thing that is certain is the first plan will be wrong and need many adjustments along the way.
11. Write a draft business plan of 10 to 20 pages, plus an appendix that has lots of supporting market research. At this point use as many lists and bullets of ideas that are easy to change, do not write lots of pretty prose, as that will take lots more effort and is guaranteed to change radically as you learn more.
12. Go out and try to "sell" the product to customers to get their feedback. This should be done as soon as possible and may be possible much earlier with a mockup or product prototype. After validating the concept by getting real

money from customers somehow, probably for services with a commitment to a product shown in a prototype form, you can rewrite the business plan to reflect all changes based on your learning experience and do a risk assessment with some real market feedback

Teamwork

"Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishment toward organizational objectives. It is the fuel that allows common people to attain uncommon results."

**Planning And Starting A New Business –
From Concept to Launch**

13. At this point you may want to look at possible intellectual property protection (everyone so far has been under non-disclosures to protect your rights here). A patent can be helpful, but it can also be worthless sometime if there are 10 other ways to do the same thing balancing this with the potential cost will require experienced advice from someone without a conflict of interest (i.e. NOT your lawyer)
14. Iterate your business plan to version #2 based on the customer and market experience trials. Starting turning some list of bullets into short paragraphs.
15. Raise first level of outside financing (today this is pretty much personal funds or friends and family. Few angels are investing prior to having a product and a few sales today.) This is a topic for another book all by itself, so obviously you should learn much more about this and get help from experienced entrepreneurs and consultants. There are many, many ways to raise money but all are usually time consuming and difficult too.
16. Being actual product development – At this point this could be on your own funds or using unpaid co-founders. You could also sell services that might help you develop the product you need on someone else's nickel.

17. Start hiring for marketing and selling efforts around 3-6 month before the product will be ready, more for long selling cycles you need to have someone on board to begin setting up the selling process. They should be used to do more market validation and

Success

"Success is in the way you walk the paths of life each and every day.

It is in the little things you do, and in the things you say.

It is not in reaching heights of fame.

It is not alone in reaching goals that all men seek to claim.

Success is being big of heart, clean and broad of mind.

Success is being faithful to your friends and to the stranger kind.

Success is in your family and your teammates and what they learn from you.

Success is having character in everything you do."

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ion of any kind,

**Planning And Starting A New Business –
From Concept to Launch**

soften the beach by building a customer database and validating the target (best) customer. They should identify the lowest fruit for early sales who need the product most and are willing to take the risk of a new player to get some feature you have others do not offer.

18. Staff for operations and product/services delivery just-in-time, before product launch, using this staff for quality control as they are trained. Usually only one or two weeks before product launch is OK for this function, but obviously it depends on the complexity of the product and support. Add a couple of weeks minimum to whatever the training time is expected to be.
19. Begin selling real product and booking revenue - You need a real "sales partner" someone committed (as shown by low salary and high success compensation) who has worked in this industry selling before and worked in this stage company doing that for at least 3 years.
20. After signing no less than 10 customers you may want to look at beginning to raise expansion funds from serious angel groups, super-angels or institutions that still do real Series B type financings (make them prove it by showing you recent investments they did and speaking with that management as many will say they do to leave the door open even though they don't).
21. At this point you will need to hire an experienced CEO, at least part-time but full-time if you expect to raise more than \$2 million in financing. This person MUST have grown startup companies successfully before and probably add some more senior management talent in the finance, sales and marketing areas

**Planning And Starting A New Business –
From Concept to Launch**

22. Upon closing a larger financing hold on for the ride of your life, as if you have a good product and the money to grow you should be able to expand, or "roll out" your the product or service very rapidly.

Positive Mental Attitude

Winners expect to win before the contest starts;

Losers don't.

Any individual becomes what he or she thinks about most.

If you want to be a champion, Then that thought must dominate your life.

But most of all, Most important, Winners Dwell on the rewards of winning; Losers dwell on the penalties of failure.

Each of these steps requires experience and has a varying levels of associated risk. Each task must be attacked with a clear understanding of what you and your team (virtual or otherwise) already know how to do, and what you do not know

well enough to accomplish without outside help. Errors in judgment here can be fatal for a company. Finding experts in the particular areas, to leverage their experience without using much of their time is a critical talent you will need to develop. You can barter services, charm a little volunteer effort or buy it – but you must enlist others willing to help you with referral, interviews and other networking.

Obviously this chapter is a simple and generic outline with many details, specific to your situation missing. Timelines can vary from weeks to many years. You must find out how to tap into other people's knowledge and to become a leader. There are many good books on leadership, I suppose because good leaders are asked, or want to write, as it is a leveraged way to lead. You will need mentors who have done thing you will need to do to avoid the "hidden rocks under the water". Knowing this and acting on it is half the battle. People who try to do something alone will not be as successful, nor have as much fun along the way as those that put together teams of people with complementary skills sets. My skill set matrix is a powerful tool to force you to the truth of what you can do,

**Planning And Starting A New Business –
From Concept to Launch**

and what you cannot. When you have not done it before, and it is something important to your overall product, service solution or customer, seek help from people who have been there before and succeeded. Getting this guidance may take ten-percent of your time, but it will DOUBLE your speed to the goal line and probably also save you a fortune in mistakes along the way.

Mental Preparation

What follows are some thoughts, quotes and philosophies worth pondering that can help you mentally prepare for one of the biggest challenges of your life that could last anywhere from just a year or two to many years. Do not neglect the “mental” preparation and state-of-mind just because you are focused on a logical problem and solution. There are “soft” aspects to every problem and some issues that will be solved better with intuition, emotion and empathy than with pure logic. Captain Kirk always had a better solution than Spock, he was more the leader people wanted to follow, and he also played the human side of every situation, not just the situation itself.

Commitment

Commitment is what transforms a promise into reality. It is the words that speak boldly of your intentions. And the actions which speak louder than words. It is making the time when there is none. Coming through time after time after time, year after year. Commitment is the stuff character is made of; the power to change the face of things. It is the daily triumph of integrity over skepticism.

A Philosophy Must Ground You

An enormously strong commitment is required to be successful starting a company. You must have tremendous resolve to climb the mountains in your way. You must be willing to sacrifice in other areas of your life for the longer-term goals. You must be confident, yet willing to listen and adjust based on the opinions and input of others. You must have a life philosophy that grounds you when you need it.

There are many ways to anchor yourself, but the ALL mean taking a break and getting away. You will find that your subconscious will keep working and solve problems while your conscious relaxes, recharges and insures there is balance in your life. Some people exercise, some read, some play competitive sports. I sail, play racquetball, fly and spend time with my kids. These activities demand your full attention and give your mind a break, but your subconscious may keep working on the last, or most important problem in front of you.

Most people can go in spurts for 80 or even more hours a week, but starting a company is a marathon, not a sprint. Figure out what is sustainable for you and stick to it. I can work 55 to 60 hours a week productively but after that I get very little return on the additional time. So you must pace yourself to stay sane, stay creative and not destroy other areas of your life during the first couple of years. Know this, and going in and managing your expectations around it, can be a huge help in achieving success. Some people lock themselves away and their productivity dwindles. You must KNOW that taking breaks will actually increase your output, no matter how counterintuitive that might be.

You must have a plan or hobby and the discipline to stick to it that forces you into weekly breaks. Don't work seven days a week for long and take a couple of weeks off every year too. It is easy to get sucked into the day-to-day activities and not get away but in the longer run your company will suffer. I come back from any vacation totally recharged and with a big list of new ideas that pop into my mind while I am away. Even a hour or

**Planning And Starting A New Business –
From Concept to Launch**

two of reading in a different environment seems to harness my conscious mind so that my subconscious goes to town solving problems with a much more vast database of information than I am aware I have. I have my best ideas pop into my head while reading books that have nothing to do with the topic at hand. I try to go to bed with a single big question in my mind so that during my dreams I will even make progress on that goal. Like Watson, who had the dream of the double-helix shape of DNA in a dream I have awoken with brilliant solutions to the problem at hand.

I find it helpful to read quotes from others for a “short vacation”. Pondering these can often give you a different perspective and “reset” your brain to come at a problem from a different angle.

Success

**To laugh often and much,
To win the respect of intelligent people
and the affection of children,
To earn the appreciation of honest critics
and endure the betrayal of false friends
To appreciate beauty,
to find the best in others!
To leave the world a bit better,
whether by a healthy child,
a garden patch
or a redeemed social condition,
To know even one life has breathed easier because you have lived.
This is to have succeeded.
-- Ralph Waldo Emerson --**

You Can If You Think You Can

**If you think you are beaten, you are;
If you think you dare not, you don't!
If you'd like to win, but think you can't,
It's almost a cinch that you won't.
If you think you'll lose, you're lost;
For out in the world we find
Success begins with a fellow's will;
It's all in the state of mind!
If you think you're outclassed, you are;
You've got to think high to rise.
You've got to be sure to yourself
Before you can win the prize.
Life's battles don't always go
To the strongest or fastest man
But sooner or later the man who wins
Is the man who thinks he can!**

You'd Better Be Running

**"Every morning in Africa, a
gazelle wakes up. It knows it
must run faster than the fastest
lion or it will be killed. Every
morning a lion wakes up. It,
knows it must outrun the
slowest gazelle or it will starve
to death. It doesn't matter
whether you're a lion or a
gazelle; when the sun comes up
you'd better be running."**

A LEADER

I went on a search to become a leader.

I searched high and low. I spoke with authority. People listened. But alas, there was one who was wiser than I, and they followed that individual.

I sought to inspire confidence, but the crowd responded, "Why should I trust you?" I postured, and I assumed the look of leadership with a countenance that flowed with confidence and pride. But many passed my by and never noticed my air of elegance. I ran ahead of the others, pointed the way to new heights. I demonstrated that I knew the route to greatness. And then I look back, and I was alone.

"What shall I do?" I queried. "I've tried hard and used all the I know." And I sat down and pondered long.

And then I listened to the voices around me. And I heard what the group was trying to accomplish. I rolled up my sleeves and joined in the work.

As we worked, I asked, "Are we all together in what we want to do and how to get the job done?"

And we thought together, and we fought together, and we struggled towards our goal.

I found myself encouraging the fainthearted.

I sought out.

I taught those who had little skill.

I praised those who worked hard.

When our task was not done, I said, "This would not have been done but for your leadership."

At first I said, "I didn't lead. I just worked with the rest."

And then I said, "I led. I led the group to their goal."

I

I lead best when I help others to use themselves creatively.

I lead best when I focus on my group...

...and I focus on their needs and their goals.

To lead is to serve and to achieve together.

-- anonymous --