

Is It a Good Idea?

7 Questions to Determine if You're onto Something Big

0. Why do we care if it's a Good Idea?

- As our time here is finite, we need to prioritize;
- Solving meaningful problems is fun.
- Helping more people is better than fewer.
- Creating a business that persists decades is a form of time-traveling.

1. Can we clearly articulate the frustration are we solving, and for whom?

(Yes | No)

State this in one-sentence:

It's for [very specific customer segment] **frustrated by** [acute, persistent frustration].

e.g.

- “It's for ambitious, young adults frustrated by scheduling conflicts.”
- “It's for CEOs of private companies frustrated by lack of revenue growth.”

2. In the next 5 years, is the # of people with this frustration predicted to grow *fast*?

(Yes | No)

- Emerging (mega-)trends impact how fast the (*frustrated*) customer base grows.
- To support a growing company, it will need to *exponentially* grow.
- 2050 and 2040 are too far out to be directly actionable. Think 2029.

3. Are we (*the founding team*) currently experts in this frustration?

(Yes | No)

Signs We're Experts:

- We have this frustration, have tried multiple ways to eliminate it, & are currently using our solution.
- 20 other people have told us they currently have this frustration, they've tried multiple ways to eliminate it.
- We know 10 different ways to eliminate this frustration and all the (*non-obvious*) reasons they don't actually work.
- We could give a TED Talk, lead a Coursera course, etc on this frustration.

4. Do we have defensible, unique insight?

(Yes | No)

A couple examples:

- We've eliminated something everyone thinks is mandatory (*this is my personal favorite*)
- We have exclusive access to a technology, material, process, expertise, customer segment, or IP.

5. Can we demonstrate the idea right now?

(Yes | No)

- A live demonstration means the solution is real, tangible, and usable.
- This makes it substantially easier to:
 - sell to both customers & investors
 - package and productize
 - prove our unique insight is defensible

6. Is there a network effects opportunity? (Yes | No)

Two of the biggest costs a young company has;

- the costs to get the next customer (*customer acquisition costs*)
- the cost of producing the next item (*marginal costs*).

Counter these costs by identifying ways where the product becomes more valuable as more customers use it.

(This also compliments the earlier question about exponential growth in the customer base.)

7. Does it clearly and obviously compliment our existing portfolio?

(Yes | No)

Admittedly, this is more about the investing/sponsoring entity than it is about the idea or the founding team.

Without a clear reason to be in a portfolio, an idea won't get the support and attention it needs to reach its potential.

Many investors have also organized their portfolio into *strategic hypotheses* making it easier to understand if a clear and obvious fit exists.

How many 'Yes'es?

> 5 You're onto something big. *Let's discuss how to accelerate it!*

<=5 It's not quite there, hopefully these questions helped make your next steps more clear and obvious.