Part 1

Starting Up Your Own Digital Business

Step One

The Big Idea – Create and Evolve Your Concept

'Just as our eyes need light in order to see, our minds need ideas in order to conceive.'
Napoleon Hill

We all have ideas, some of them brilliant. However, an idea is merely an idea and nothing more until it is acted upon. Ultimately, the difference between those who build their own businesses and go on to sell them and those who don't is very simple . . . the former do it. They act on their ideas; they just get on and make it happen. Simply put, there are two types of people in the world: those who make stuff happen and those who don't. If you've had an idea and bought this book, you're on your way to being part of the former group.

Certainly, as soon as you had an idea and decided to act on it, you've taken the first step on the journey of The Big Idea from imagination to reality, from thought to action, from idea to business. What matters now is how you deal with your idea; how you fertilize the seed that your mind has sown; how you convert your idea into being.

By the end of this chapter, you should understand:

- **The journey you will need to take your idea on, from light-bulb moment to vision.**
- **How to fertilize the seedling of your idea and enable it to grow and flourish.**
- **Why it's OK to change your mind, evolve an idea and 'pivot' accordingly.**
- **What criteria to follow to create an idea that is commercially viable in the digital realm.**
- **The type of ideas that tend to work well on the web.**

Sowing the Seeds of Success

Ideas drive innovation. They stimulate creativity. They furnish enterprise. Ideas are essentially the seeds of success that, when nurtured, turn into seedlings, grow and thrive. According to research by Dr Fred Luskin of Stanford University, the average human has as many as 60,000 thoughts per day. Many of them are fleeting. Within those thoughts, new ideas spring into our heads in the shower or whilst driving; some (frustratingly) arrive just as we're drifting off to sleep.

Wherever we are when we have ideas, our day-to-day experiences, both positive and negative, our reactions to problems and thoughts about how we might solve them, our drive and ambition to fund the life we wish to live, all of these things fuel great business ideas.

Entrepreneurs, of course, have ideas aplenty. The crucial element is weeding out the poor ideas from the brilliant ones without dismissing early variations of concepts which may lead to something great. In general, the good ideas stick in our minds and we respond by devoting more attention to them.

For example, when it comes to an idea for a digital business, you might have been inspired by your own experiences browsing the web. Perhaps your positive experience at a particular website has encouraged you to create something similar. Or, conversely, the negative experiences you've had online may have spurred you on to create something better. You might wish to turn your hobby into a business; perhaps you have a new invention or service that would solve a common problem; or have a wealth of expertise on a specific topic that you are keen to exploit. Maybe you have lamented the absence of a product in the market that you feel would fill a gap.

Whatever has inspired you to have an idea in the first place must mean something to you, otherwise you'd have shunned the idea and it would have simply wended its way to the back of your mind, along with countless other concepts that enter our imagination in any given day.

If you're reading this book, you should already have at least the basis of an idea, no matter how sketchy that is. So, you've envisaged the fledgling beginnings of an enterprise that could give you the freedom to achieve your lifelong dreams. Now it's time to embark on a journey of idea evolution: from light-bulb moment to formulating a valid vision which you can implement and commercialize.

Stepping Stones: The Journey of an Idea

Just as there is an entrepreneurial journey, as noted in the Introduction, I believe that ideas go on a journey and evolve through four main stages:

1. **The Light-Bulb Moment.** The moment that you first spot an opportunity and envisage a solution is often your light-bulb moment. You may experience additional 'light-bulb' or 'eureka' moments as your idea evolves. Your concept may be very sketchy with the 'light-bulb' moment not happening until later down the line, once you've had a chance to gather feedback, flesh the idea out, give it definition and build momentum. At this first stage of idea evolution, your idea will be relatively unpolished.
2. **Process of Elimination.** This step involves committing to your idea and taking action by exploring it. You then build upon your idea by seeking out what is and isn't possible, what is needed and what isn't. Rather than over-analyze at this point, you simply gather data to support your idea, to justify briefly why it should work.
3. **Vision.** As you polish your idea and crystallize it, your long-term vision will develop from that initial spark of the light-bulb flickering on inside your mind.
4. **Validation.** This involves discovering whether there is a real need for your product or service and whether you're solving a real problem. Fortunately, in the digital world, you can figure viability out very cheaply and get the

bare bones of your digital business idea up and running for little or no cost. The biggest cost of proving whether there is a genuine opportunity to be had will be your time.

In this chapter in particular we'll focus on the first three stages of concept evolution: Light-bulb Moment, Process of Elimination and Vision. We shall cover the final step of idea evolution, Validation, in Step Three.

So let's examine the first three stages of idea evolution in more detail: from initial spark to fully defined, long-term vision.

The word 'evolution' is vital here because the only constant, the only certainty in business, is change. Sure, that may be a cliché, but only because it's true. As an entrepreneur, you must be able to adapt to change. So, while your idea may be a sufficiently stonking one, it needs to be pursued by someone who can execute and deliver upon it and, crucially, by someone who is not averse to change. Why? Because business ideas, like the markets in which they operate, change; they evolve and morph into strategically improved versions. They shift direction or are fine-tuned to suit the changing needs of all stakeholders in the business.

That's certainly what happened with Moo.com.

Moo-ving On: An Evolutionary Idea

Founder of Moo.com, Richard Moross, took his idea on a journey before hitting the jackpot. Today the company makes well-designed business cards to order and grows at 100% each year. Its primary customer base is small businesses. However, it wasn't always that way.

The first version of Moo.com was targeted at consumers. Furthermore, the business started life in 2004 as a social networking site which enabled users to send their details to each other using real physical cards, like business cards but 'social cards'. Richard initially named the 'Facebook with cards', business 'Pleasure Cards'.

In 2003 Richard had his light-bulb moment while working for design company, Imagination. Part of his job remit was to spot upcoming trends in social networking and the Internet.

'I remember being unable to sleep and, rather than counting sheep, I starting thinking about product development, in particular Coca Cola's vision for the world which is 'everyone within an arm's reach of a Coke'. This slightly scary concept of conceiving and making a product that everyone would want to have around them interested me. So I thought about objects that people already have around them, in their pockets and wallets: keys, wallet, money, key chain, bus pass, credit cards and business cards. These seemed quite strange pieces of analogue technology that most people have.

'The business card is a professional tool that's been around for 300 years, it's still around in the digital age for good reason.' But Richard wondered, 'Why don't consumers have access to this?'

Richard's 'light-bulb moment' took shape as he noted the opportunity created by the fledgling 'online identity' social phenomenon, to create a personal version of the business card. 'Something which said 'here is my blog, email address, mobile, website and social network URL. And that was how the idea was born.'

Subsequently with his core vision of 'great design for everyone' (his Coca-Cola motto paraphrase), Richard launched forth with his social network and trendy-looking MiniCards – a third of the size of a traditional business card. However his idea stalled. He needed to take drastic action. 'The life of the business was dependent [on changing direction] as we'd all but run out of money,' says Richard. 'People loved the little cards, but they didn't want to join another social network. That's why it didn't work. They had their own social networks already. What they wanted was the physical product, but a better version.'

'Failure is simply the opportunity to begin again, this time more intelligently.'

Henry Ford

The Pivotal Moment

With inconsistent demand, Richard realized, in order to create a sustainable digital enterprise he'd need to generate repeat custom so, having gained attention with a unique product, (the high-quality MiniCards) Richard shifted focus to a core niche to fill the recurrent need of business people who had grown tired of traditional business card print quality.

Rather than give up, Richard tweaked his original idea by 'pivoting', a term that comes from the way that basketball players quickly shift direction on court.

He dropped the social network element and the name and relaunched in September 2006 as Moo.com, working with established social networks, such as photo website, Flickr, enabling users to upload images onto their business cards. 'That really catapulted us into the limelight to their customers and then on to many others', explains Richard. That year the company raised £2.75 m from Atlas Venture and Index Ventures. Later, Richard extended Moo's range of cards from MiniCards to a variety of sizes and types, all made to order, with a variety of USPs (unique selling points) including high quality paper selection; the chance for customers to order each card in a pack to be different; plus pre-designed templates and self-uploaded image options.

However, what Richard learned through that evolution of his idea from light-bulb moment through a process of elimination (which he had done live on the web) was this:

'It was a survival situation and, thanks to the good and prudent advice of the people around me, we started to look for where people already were, made the customer the centre of gravity and brought the product to them. That

(*Continued*)

realignment of the business plan was the catalyst for the fundraising and the vehicle from which we've driven the business ever since.'

Evolving his initial idea has certainly paid off. Moo.com has been profitable since 2009. The company has printed and delivered over 10 million MiniCards to date to over 100,000 customers, disrupting the traditional business card printing industry by creating something better. Growth is so significant, with revenues doubling every year since it relaunched, that Moo.com opened a production office in Rhode Island, USA to reduce costs and delivery times to US customers who now make up nearly half of all sales.

Yet, despite his idea evolution, Richard's core vision remained unaltered and resolute. 'Great design for everyone' the motto that stemmed from his original sleepless night analysis of Coca-Cola's motto has always applied. In fact, subsequently, in January 2012, Moo.com joined forces with Faceboook to launch Facebook cards as a way to "take your Facebook Timeline offline". Evidently, Richard's initial 'Facebook with cards' idea has seen the light, albeit in a differenet manifestation.

Great sustainable business ideas need not be entirely revolutionary and pioneering; the lesson here is that you need not be first, but you absolutely must be better!

Exercise

In order to succeed and sustain success, your product or service must be better than the rest. We shall examine this point in more detail in the following few chapters, however, at this initial idea stage consider:

1. What can you do via your online business that traditional businesses cannot? For example can you:
   - Offer a wider range of products or services than a physical shop could stock? (e.g. Borders bookstore with its 100,000 book titles could never hope to compete with Amazon.com's 3.7 million books).
   - Provide a personalization service or personalized experience which traditional outlets are unable to provide?
2. How can you evolve your idea to create something that is ultimately better than everything else out there?
   - List ways that you might make your product/service: look or feel better, be of better quality, make the customer experience easier, more enjoyable, quicker, safer?
   - Outline what will make your product or service truly remarkable.

Moonpig: Laughing All The Way To The Piggy Bank By Creating Something Better

Founder of Moonpig.com, Nick Jenkins, realized early on that, in order to create a successful digital enterprise, he'd have to create something that was differentiated and fundamentally better than what was available on the high street.

After leaving Glencore where he'd worked as a commodity trader, Nick did an MBA and applied logic to selecting his business idea. 'It was a lot more of a logical process than thinking "ooh Eureka, here's a good business idea"', Nick told me. After coming up with five ideas initially (from teaching English to Japanese businessmen online to growing exotic mushrooms) and brainstorming those, he examined Internet business models and went through a process of elimination.

Nick didn't want to rely on the advertising model because 'I realised I would spend more money attracting people to my website than I was going to make from the advertising'. Nick also avoided selling digital products such as images, news subscriptions or music as 'everyone was giving stuff away so it was very difficult to charge for anything.'

Furthermore, he didn't merely want to sell something that could be bought from a traditional shop. 'Then there's a price comparison issue where people would only buy online if it was cheaper and would compare prices to find the cheapest place to buy. In that case your margins get squeezed, so that wasn't terribly attractive either.'

'I thought about doing something physical which I could change and adapt using the Internet, to make it into a better product than the high street. The idea of a personalized greeting card – a Moonpig card – is much better than a card you'll get on the high street where it is unavailable. So you can charge more for it, break away from the price comparison issue and give people a reason to go online to buy a product. What's more, the economics of producing a single, personalized card simply do not work outside of the Internet.'

From the outset, the long-term vision was clear: 'I wanted to create a household brand that people would go to for the best greeting cards,' says Nick. And so he did.

Nick steadily grew Moonpig.com into a household name and grabbed 90% share of the British online card market sending around six million cards out each year (a big leap from the 40,000 sent out in its first year). The company, 12 years after launch, is turning over £32 m and making £11 m profit. Nick sold the business in summer 2011 for £120 m to Photobox.com.

The Long-Term Vision

Once you have dreamed your dream, discussed, tweaked, defined and refined your idea, you need to create a long-term vision that encapsulates your ultimate end-goal and feeds your strategy, your business plan, and your mission; your very purpose for being in existence.

All successful entrepreneurs have a strong vision, bar none. Richard Moross wanted to create 'great design for everyone'. Nick Jenkins wanted to create 'a household brand for the best greeting cards'. The long-term vision for Bill Gates was famously to put 'a computer on every desk'. The woman who runs the flower shop down my road wants to 'brighten up people's lives'.

Exercise

What's your vision? Encapsulate your vision in one or two sentences here:

I want to create: ____

Where do you hope the business will be in three years time (e.g. leading the market? Sold to the market leader? Entering new markets?)

____

The point is: good entrepreneurs start with the end in mind. All good entrepreneurs have a purposeful, well-defined, long-term vision. They start with a light-bulb moment which, following further thought and discussion, evolves into a powerful long-term vision.

Take Amazon founder, Jeff Bezos. His light-bulb moment came when, back in 1994, he noticed how fast web usage was growing (2300% annually) and decided to sell something over the Internet. That 'something' evolved into a vision: to sell books direct to consumers online which grew into a wider long-term vision: 'to be earth's most customer-centric company; to build a place where people can come to find and discover anything they might want to buy online.' The site he subsequently created became the definitive point of reference for online retailers across all sectors. And today, almost two decades after launch Bezos says he knows that, in a decade's time, his customers are still going to want low prices, fast delivery and vast selection. No matter what direction he takes his business and no matter how diversified his product strategy becomes, that vision remains strong and stable.

'I find that most of the initiatives we undertake may take five to seven years before they pay any dividends for the company,' he says. 'They may start paying dividends for customers right away.'[2]

When you start up your own business you need to think big – not only in terms of your ambition, but also in terms of seeing the bigger picture and wider vision which informs your strategy and your decision-making process.

Exercise

Create a vision board:

Write your business vision in the centre and get creative. Cut out and stick brands, colours, photos, messages, adverts, words, images that relate to that vision. From people who epitomize your target audience to images of a tropical beach to inspire where you'll be when you sell your business.

Next, stick a piece of paper onto the bottom of the vision board and jot down your notes so far about why you believe in your idea, why it is different and better, who your customers are likely to be and who you know who might help you achieve your vision. Empty your brain of all the bits and pieces flooding your mind relating to your idea, including the 'what if?' scenarios, doubts and unique selling points. Get it all down. Use both the pictorial and textual representations of your vision when you come to flesh out your idea, assess its viability and write your business plan.

Top Tips for Taking your Idea on the Right Evolutionary Journey

1. **Pay attention to ideas that you instinctively give more mind-time to.** Your instinct is telling you that these ideas are worth evaluating further.
2. **Nurture your ideas and be prepared to adapt.** Allow your ideas to evolve from inception and sketchy outline through a process of questioning and elimination to a crystallized vision that you should be passionate about. Remember, people buy from/supply/invest in people who are passionate about what they are offering.
3. **Get digging.** Sketch ideas, ask questions: pitch to friends, family and potential customers; get feedback – learn.
4. **Seek out windows of opportunity that you have the competencies to take advantage of.** Consider how you can create a better, unique, differentiated, useful product or service with a fantastic value proposition. Seek out problems that you might be able to solve. Consider how you might make a group of people's lives/tasks easier. What can you offer that traditional businesses cannot? Personalization? More product choice via a wider range? Faster turnaround? Easier purchasing? A brand new solution?
5. **Think big, start small (and grow fast).** Visualize your long-term goals to create a focused vision.

(*Continued*)

6. **Let your vision guide your strategic decisions.** Your long-term vision should inform your choices as you move onwards and upwards, relating to growth, international expansion, product sets, value proposition, strategy, financing, purchasing choices, and so on.
7. **Uncover problems and discuss how you might solve them.** Don't be too stubborn or precious when it comes to your ideas. Think practically. How do people respond to your idea? Do they like it? Is it commercially viable i.e. will it make money? Is it sustainable? Can your idea generate repeat custom by fulfilling an existing need/unmet demand? If not, you may need to uncover what's missing or what needs changing.
8. **Listen to people's reactions when you explain your idea.** 'My worst decision was being too stubborn in the early days and not listening to people', admits Moo.com founder, Richard Moross.
9. **Do not fear failure or mistakes.** Failure provides valuable feedback. As such, mistakes are fantastic learning tools for entrepreneurs. They provide insight and help you make better informed choices as you progress.
10. **Go round brick walls.** If you come up against an obstacle, take the necessary action to shift direction and pivot on your original idea if necessary.

If you follow these tips you are more likely to find a great idea that works. You can also check that your idea fulfils certain criteria and has the following indicators of success.

Good Idea Checklist

Sir Richard Branson has incorporated five key criteria into each business and joint venture that he has started. Virgin-associated products/services must:

- be high quality
- be innovative
- be good value for money
- challenge existing alternatives
- have a sense of fun.

These are certainly worthwhile criteria to follow. However, in order to survive in a highly-competitive, fast-changing, digital climate, as well as being commercially viable by operating within a growing market with demonstrable demand, the best digital business ideas are:

1. clear and simple
2. useful, innovative and differentiated
3. disruptive.

So let's examine what this means to you and your idea . . .

1. Clear and simple

Once polished, your idea should be simple to explain and easy to summarize in one sentence. It must be understandable at a very basic level so you can explain your idea in no more than 60 seconds. If you can't do that, you'll find it difficult to pursue. A common way to explain this notion is through what's known in the business world as the 'elevator pitch'. It essentially means that you should be able to pitch your idea to a potential investor or partner in a lift or 'elevator' before they reach their floor and leave you and your opportunity behind.

In order to achieve this simplicity, your idea must have a clearly defined value proposition, i.e. a summary that explains what it is that you do and why customers choose you rather than your competitors. For example, in very simple terms both Tesco and easyJet's value proposition is 'low prices', while BMW and Bang & Olufsen's is 'quality'.

Many entrepreneurs try to develop all of their ideas or multiple products from day one and choose to do everything at once. This is a mistake. Not only does it take far more effort and dilute the potential success of the business by spreading efforts and resources more thinly, it also clouds the clarity of the value proposition. It therefore makes far more sense to start with a single product, focus on the detail, do it well and then expand from that product base over time.

The best ideas are simple and easy to explain.

Fundamentally, if you can deliver a simple idea with a clear value proposition providing something better than your competitors, you are onto a winner. In order to do this your idea must stand out from the rest.

> *'The key thing we have done and the reason we have been successful is we've focused entirely on creating a value proposition for the customer,'*
>
> **Jeff Bezos, Founder of Amazon**

Exercise

Define your value proposition here

____

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____

____

2. Useful, innovative and differentiated

While the birth of the web opened up the world's information to all, it presented problems, the key issue being that the information was disorganized. Larry Page and Sergey Brin realized this and pursued their idea to create a solution to this problem and organize the world's information – the resulting enterprise is the world's largest search engine, Google (originally called BackRub!). Its mission/vision: to organize the world's information and make it universally accessible and useful. 'The perfect search engine', says co-founder Larry Page on Google's 'Our Philosophy' web page, 'would understand exactly what you mean and give back exactly what you want. When Google began, you would have been pleasantly surprised to enter a search query and immediately find the right answer. Google became successful precisely because we were better and faster at finding the right answer than other search engines at the time.'[3] Ultimately Google provided something incredibly useful and differentiated itself by being better than anything else out there.

And therein lies the key: great ideas are *useful* and *better*. They provide a solution to a common problem. The best ideas do so in a way that has not been done before or certainly not in the way that you intend to do it. As such they meet a previously unmet demand and fill a gap by doing something better, quicker, cheaper than existing providers, by providing an attractive alternative solution. Great ideas effectively serve a previously underserved market and/or a gap in the market: a sure-fire way to reap rewards in business.

- Anything Left-Handed was the first specialist left-handed business in the world. AnythingLeftHanded.co.uk provides a single location for the global niche market of left-handed people (15% of the world's population) to buy items especially designed for them: from scissors and tin openers to golf clubs and mugs. It provides products and information to make life easier for left-handers around the world, solving problems encountered by left-handed people in a predominantly right-handed world. This had never been done before.
- MySingleFriend.com is a digital enterprise idea which was borne from founder Sarah Beeny's irritation with the options for online dating. She spotted a gap in the market and built a site around her ideas. According to the site, Sarah is notorious for setting her friends up with each other (with mixed consequences) so it occurred to her that, if she could create an online resource where she and her friends could describe their fabulous single friends, they could all 'check each other out'. So, Sarah and her school friend, Amanda Christie, created the antidote to the solitary 'online dating' experience, as friends join the site together.
- TheGadgetShop.com founder came up with his business idea after leaving his Christmas shopping to the very last minute and being

unable to find what he wanted. He provided a solution to a problem he encountered.

- When Hugh Chappell launched TrustedReviews.com with the Editor-In-Chief of *Personal Computer World* Magazine, he made sure his online publication was better than the rest. Unlike traditional computer magazines, TrustedReviews was free to consumers, there were no space limitations so reviews would be as long as they needed to be. Furthermore, new products were reviewed and published immediately compared to traditional magazine content which was often out of date by the time it hit the shelves. TrustedReviews published several reviews per day, seven days per week, which magazines simply couldn't compete with. Consequently, by the time Hugh sold the business to TimeWarner/IPC Media in October 2007, the site was attracting two million unique visitors per month, more than the circulation of all the computer magazines put together.
- Vision Express founder, Dean Butler, took advantage of a gap in existing offerings by establishing an opticians that solved a common problem. His wife, like many other spectacle wearers, was upset when her optician informed her she'd have to wait seven days for new glasses. Dean created a business from a missed opportunity to ensure that his wife never had to face that problem again.
- James Murray-Wells spent the last £1000 of his student loan setting up GlassesDirect.co.uk – solving the common problem of overpriced spectacles. When he needed a new pair of reading glasses he was staggered by the £150 price tag for what was essentially a piece of wire and two pieces of glass. He was studying for his finals and thought there must be a way of making glasses less expensive. He discovered that the glasses market hadn't changed in 50 years. Despite huge opposition from the high street he found a way to provide consumers (who were used to spending £150+ on a pair of spectacles) with an affordable alternative. His range starts from £15 with lenses. Three years after launch he had sold 150,000 pairs of glasses and has since secured two rounds of funding totalling £12.9 m. By uncovering a gap in the market he broke the mould of the traditional optician and turned a mature and established industry on its head.

Each of these people spotted and/or developed a solution to a problem experienced by many people.

Ultimately business is about providing a better choice and providing better solutions, often where there was previously limited choice (such as the market for spectacles). By addressing the needs of spectacle wearers, noticing where customer frustrations lay, and recognizing what was missing in the marketplace, such as cheaper and faster-made glasses, both Dean and James were able to reap significant rewards.

Differentiation and innovation are critical in business, particularly in the fiercely competitive digital marketplace. Digital businesses must stand out from the crowd by providing one or more Unique Selling Points (USPs). With the competition literally only a click away, you must have a differentiator that makes you stand out in some way; there must be a reason for your customers to choose you over anyone else.

Evidently, ideas need not be entirely unique or ground-breaking; they just need to be better than those ideas which have gone before them. Being first to market can be problematic as someone with bigger budgets and braver backers may follow, copy and win the race.

Fortunately, you don't need to be pioneering to succeed in business. Modification of existing successful ideas is generally the norm in the world of enterprise. If a market is large enough, there's enough room for everyone.

> *'We're not going to be the first to this party, but we're going to be the best.'*
>
> **Steve Jobs**

Google was not the first ever search engine and, as such, did not invent search engines or the pay-per-click model. Excite, Yahoo, AltaVista, and Infoseek, among others, were up and running before Google launched in 1998. However, Google's founders created a search product that outshone the others. It presented a better offering by using its link rating and relevance system, PageRank and developed a superior AdWords product from the existing pay-per-click concept, pioneered in the US by GoTo and in Europe by eSpotting. This strategy of differentiation and creating a better and more intuitive product has turned Google into the biggest media company in the world, with a value of $170 bn, almost six times that of Rupert Murdoch's News Corp!

It's also worth looking laterally to find good ideas that exist in other parts of the world but have not yet entered your own country's consciousness. If you can capitalize on an opportunity ahead of the crowd, you need not have invented a brand new product or service to reap rewards. For example, importing something not yet seen over here can be a great way to offer a differentiated product without reinventing the wheel. As an observant 13-year-old, Dominic McVey spotted a trend for collapsible scooters in America. He ordered one over the Internet, sold it and bought two more. The trend translated well to UK shores and, after selling the new type of scooters over the Internet to a public that was hungry for a new gadget, Dominic became a teenage millionaire. This was an innovative and shrewd move, which bypassed the high risk and cost of launching a brand new product or service.

Ultimately, ideas are about finding the link in the chain, uncovering what's missing in existing 'solutions' or coming up with a different or new way of doing something. Being an entrepreneur is about creating your own thumb print and going in the opposite direction (or at least in a slightly different direction) to the majority to persuade customers to choose you over the competition.

Your USP might be that you can provide things faster, at a lower cost, or provide better premium quality, customer service, or after-care. You might be able to provide a larger or more focused range of products or might be able to source your products from a more ethical supply chain. Whatever you do, if your business idea is uniquely differentiated in some way – and protected too – you'll have immediate competitive advantage.

Exercise

Define your key competitor's value proposition here

How do you intend to differentiate yourself from their value proposition? What steps will you have to take?

- Think about how you can provide something better, faster, cheaper, safer than the rest?
- List existing areas of frustration for consumers or businesses within the marketplace you intend to target. Can you spot any windows of opportunity?
- Think laterally. Can you import something and refine it to suit the UK market? What's hot in the world today? What's going to be hot tomorrow?

3. Disruptive

Of course there are some entrepreneurs who are born to be pioneering. For them it helps if they are daring too. For instance, some businesses take the notion of differentiation to the next level and challenge existing alternatives in a way that drastically improves and shakes up entire industries and traditional business models. Such companies are called 'disruptive' and these ideas are not just good, but truly great!

Disruptive ideas tend to occur within markets where there are many unsatisfied customers. Take game changers such as Skype, which entirely disrupted the telecommunications industry and became the world's largest telecoms business, with over half a billion users, or eBay's redefinition of the second-hand goods industry. It can pay dividends to be a game changer. These types of business seek out traditional set-in-their-ways sectors that are failing to satisfy their disgruntled customers and come up with a worthwhile alternative. If your business idea is disruptive, all the better.

The likes of Google completely disrupted the *Yellow Pages* and traditional advertising industry. Amazon disrupted the retail status quo in terms of the way consumers buy products. Virgin Airlines and easyJet disrupted the air travel industry, so much so that existing players in the market had to drastically change the way they did business in order to compete.

NakedWines.com founder Rowan Gormley disrupted the wine industry by selling 'better wines at lower prices.' He did this by removing the middleman from the equation, and enabling the wine consumer to connect directly with the wine maker and pre-order their wines in advance of the wine-maker making it. This gives the wine maker back the time they'd have spent marketing/selling to focus on making delicious wine/improving their products. Consequently, the customer gets a better tasting wine for a lower price, exclusively.

Can you think of ways to turn an established industry on its head?

Whatever idea you have, if it ticks these indicators of success and has evolved well, it's likely to succeed, as long as it adheres to a proven model. So, having explored the evolution of ideas and what makes a business idea a good one, it's time to focus on the commercial side of things. Now you can answer the question: what's the big idea? It's also time to answer the next burning query: how will it make money? So, let's explore the different types of digital business model available to you.