

MN IDEA Competition Round 2 Podcast Handout

The Power of Planning Part 3 of 6: Commercial Viability of Your Idea

hosted by Jeffrey A. Stamp, PhD (25:10 mins)

Key Points

Entrepreneurship is the process of creating value by bringing together a unique set of resources in order to pursue an opportunity.

The primary role of the new venture is the integration of your specialized knowledge, which you hold in your head and convert it into a tangible strategic resource you can sell in the marketplace.

Resources (including your specialized knowledge) are accumulated by the entrepreneur and converted into value creating activities as part of the entrepreneurial process.

Commercial Viability judging criteria: Can the idea be commercialized within two years? Can the idea create or serve a market need? What are the customer benefits? What is the entrepreneur's strategy for making the idea into a high-growth business? Judges will be evaluating ideas on their potential to generate revenue, profits and employment.

Resources that entrepreneurs bring together to form their venture in that that must be: (a) **valuable**, in the sense that it exploits opportunities and/or neutralizes threats in a firm's environment, (b) it must be **rare** among a firm's current and potential competition, (c) it must not be easily **imitable** and (d) there cannot be strategically equivalent **substitutes** for this resources.

Example:

Entr #1: Bottled water enthusiast looking for a niche new category to develop a product in. Creates a bottled water with added soluble fiber.

Entr #2: PhD scientist who is a fiber expert wants to create soluble powder packets that can be used by consumer as an ingredient. Even in their own bottled water – pour and go. Sold as a single serving powder packet.

Entr #3: Suzanne Stillman an entrepreneur in L.A. California whose child has a unique genetic disorder that can't properly digest and store glucose. She invents, creates, and patents fiberwater concept. See www.fiberwater.com.

Assessing your new venture's commercial viability

<u>Industry-Related Issues</u>	<u>Low</u>	<u>Moderate</u>	<u>High</u>
1.) Number of competitors.	Many	Few	None
2.) Stage of industry life cycle	Maturity	Growth	Emergence
3.) Growth rate of industry	Little or no	Moderate	Strong
4.) Importance of industry to customer	No opinion	Like	Must Have
5.) Industry operating margins	Low	Moderate	High

Target Market and Customer-Related Issues

1.) Identification of target market	Difficult	Maybe	Identified
2.) Ability to create “barriers to entry”	Unable	Maybe	Can Create
3.) Purchase power of customers	Low	Moderate	High
4.) Ease of creating customers awareness	Low	Moderate	High
5.) Growth potential of target market	Low	Moderate	High

Web Resources to Collect Business Research

- magportal.com – a great free search engine and portal for finding online magazine articles about your idea and your competitors.
- bizstats.com – a variety of free detailed financial data on various business sectors. You can also buy specific reports.
- ibisworld.com – a fee-based site where you can buy detailed reports on hundreds of industries and companies.
- hoovers.com – a free and fee-based site to find information on specific companies you have an interest in.
- patentstorm.us – a great patent search engine that provides a nice format to view and print patents and conduct research.
- uspto.gov – the U.S. government patent and trademark office official database.
- factfinder.census.gov – easy-to-use portal for obtaining census data.
- city-data.com – a free site that contains detailed information on cities.
- census.gov/epcd/cbp/view/cbpview.html – a free source that details business activity, including the number of competitors at a city, county, or state level.