

The proven roadmap to business success.

**The Entrepreneur's Concept Assessment Toolkit: How to
Bulletproof Your Vision**

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Introduction

So you have a great idea! Or think you do, anyway. The number of ideas available to the human brain are infinite. Many of them are trivial. Many have been thought of before. And only a tiny percentage of ideas generated by all the minds in the world have the sort of value that warrant developing them into a product or service for which people will pay.

The number of bad ideas that people and businesses have developed over the years is astounding. Ever heard of garlic cake? Remember the attempt to market toothpaste dispensed from an aerosol can? How about the idea for a mechanical bird tethered to your car that fluttered about so you could find the car in a crowded lot? Yes, they are all real ideas that someone actually created, manufactured, and marketed.

Worse than these – and far more heartbreaking – is the failure of a good idea caused by inadequate assessment of its unique value and potential for the marketplace. Too many ideas fail because they're undercapitalized, not fully developed, or marketed to the wrong demographic.

The good news is that you do not have to make such mistakes. Whether you are starting a new company with a breakthrough product concept or launching a new product within an existing company, *The Entrepreneur's Concept Assessment Toolbook* is designed to help you work through the process in a organized, thoughtful, and productive way.

You will save weeks of time by following the comprehensive ten-step procedure outline in the following pages. We have taken what we've learned from work with our clients and from our

Michael Knowles and David Leland

personal experiences in startups and established businesses to give you the information you need to succeed.

By working through the Concept Assessment process you will create material you can use to build a strong business case for your product or service, write an informed business plan, or create a powerful investor presentation.

If you run into trouble or need assistance, contact us by e-mail at cat@onestraightline.com. We'll be happy to help you with any questions you have.

Now, let's get started!

The Step Zero™ Process

Did you hear the one about:

- The soft-drink giant that decided to try its hand at shrimp farming? (Coca-Cola)
- The fast-food company that believed starting a hotel chain was an ideal way to expand its business? (McDonald's)
- The semiconductor designer and manufacturer that attempted to get into the Internet space by building a set-top Internet appliance? (ZiLOG)

These three companies each made the same mistake: They perceived an opportunity, put their most creative and talented people to work on it, brought the idea to market – and failed, losing millions of dollars in the process.

Why?

All three organizations and their leaders forgot why their companies were in business, and lost sight of the things they did exceptionally well. A desire to bring in more profits or to grow for the sake of growth led them to veer off the path that defined the value they could naturally bring to solving their customers' problems.

Your One Straight Line

Your company's One Straight Line defines the arrow of your value formed when you line up your your fundamental business principles – the whys and wherefores of being in business in the first place – with what you do consistently well. Your One

Straight Line connects the core of your business with those who need what you do. It keeps you focused on the problems your company is best equipped to solve.

Think of your business principles as the pivot or anchor on which your business compass turns.

Think of what you do consistently well as the arrow on your compass that indicates True North: It points in the direction of the problems your company is best equipped to solve. The customers who have those problems are the ones your company is best equipped to serve.

Makes sense, doesn't it?

Practicing and implementing sound business principles and beliefs plus remembering what you do best is what we call the Step Zero process. The results of doing the Step Zero process feed marketing efforts and provide direction for the collaborative relationships you establish with customers, employees, investors, and the community.

How the Step Zero™ Process Works

You have a concept – an invention, for example, or an idea for a new service offering from your company. The Step Zero process sets your business up for success by ensuring that you have the right relationship to your stakeholders and the marketplace.

The Step Zero process helps you answer fundamental questions:

- What is our business about?
- Who are we as a business? What do we believe about the right way to conduct business?

- What sort of relationships do we want to have with our customers, employees, investors, and the community?
- What is our company's unique value to its stakeholders?
- What is the unique value that our product or service brings to solving customer problems?

The successful development of an idea into a marketable product or service requires a solid foundation and specific expertise. If your idea is not aligned with your principles and what you do best, the likelihood of implementing it is slim at best.

The Step Zero process is the work you do before starting your business, launching a product, or putting yourself into concept development mode. It consists of two components:

- Clarifying, understanding, and practicing the principles upon which your business is based.
- Understanding what it is your business and the people in it do consistently well.

Why is that important? Think of how a bow-and-arrow works: Notch an arrow into the bowstring...draw it back...aim...and release. The energy stored in bowstring sends the arrow hurtling straight and true at your target.

Consider:

- The bowstring and its stored energy are the business principles and beliefs upon which you build your business.
- The bow sight is what you do consistently well.

- The arrow represents how you can help others, the value you bring to the marketplace and the world.

Corporate Forgetfulness

Corporate forgetfulness is one of the key reasons businesses fail. That's why the Step Zero process is so important not just for taking concepts to fruition, but for keeping your company focused on helping those it is best equipped to serve.

How can you tell when a company has lost its One Straight Line?

Here are five signs of corporate amnesia:

- 1 The company consistently underperforms others in its industry. Such companies have forgotten their business principles, what they do consistently well, and how to best serve their customers.
- 2 Employee turnover. Retention of key employees becomes a problem as they sense the drift from the company's principles and competencies.
- 3 Lack of inclusion of all stakeholders. Exclusion often shows up first with employees, but sometimes it manifests itself in all four stakeholder corners (employee, customer, investor, community) at once.
- 4 Leadership provides inconsistent direction, if in fact it provides any direction at all. The company's leaders may behave as though they are focused on objectives the rest of the company doesn't see. And they often are.

- 5 There are often signs of stakeholder revolt. Customer dissatisfaction often comes first, followed by low employee morale and investor uncertainty.

There are more than just these signs, but they appear to be universal attributes of companies that have forgotten their reason for being.

Your Business Principles

Why are your business principles important? Your business principles determine how you and your employees relate to the rest of the world. They specifically state what behaviors are acceptable in the company; how the company is going to treat employees, customers, investors, and the community; how finances are going to be handled. Your business principles are the stored energy that your business runs on.

By formulating solid, ethical business principles and communicating them clearly to all stakeholders, you ensure that everyone in your business is grounded.

Your business principles define the way your company will conduct business; how it will work with customers, employees, investors, and the community; how it will handle financial issues; and the way it looks at the world. It is the source of your company's creativity and inspiration.

It isn't enough to be in business to make money. As Earl Nightingale once said, only the mint makes money. Your business must earn money by delivering something valuable to as many people as possible. Your value is in part determined by your foundation, your business principles.

Practicing your business principles:

- Grounds your business and establishes a baseline of behavior towards customers, employees, investors, and the community.
- Focuses your business and generates the maximum personal and interpersonal opportunity.
- Makes innovative attitudes possible and drives creativity because of its grounding and energizing effects.
- Builds stamina. Your principles give you the strength to continue through diversity. They generate devotion and discipline, inspire and energize your staff, and build the patience needed to survive and thrive.
- Enables greater innovation and creativity. Grounding your company in sound principles gives it the foundation needed to reach for the stars.

Make a statement of your business beliefs. One successful non-profit we've worked with laid its beliefs out as precepts. Make a conscious effort to live by those beliefs. Be specific; define your beliefs in the areas of:

- People: Customers, investors, employees, and community
- System and business processes
- Codes of conduct
- Learning
- Finance

It can be helpful to study the findings of The Caux Round Table (<http://www.cauxroundtable.org/>) regarding ethics and business practices. For help in thinking about your areas of belief you can also visit the Balanced Scorecard Institute (<http://www.balancedscorecard.org>).

What You Do Consistently Well

Knowing what you do consistently well focuses your attention on the types of problems your company is best equipped to solve. When you are clear about what your company does well you can better identify and attract the people and companies who want and need what you do. The success of any organization is built on a persistent focus on what it does best in relation to the needs of its stakeholders.

What you do well consists of:

- Your tangible, measurable skills and expertise (technical abilities, financial skills, etc.)
- Your intangible skills and expertise (relationship skills, business development skills, etc.)

Remembering what your organization does consistently well:

- Helps you determine whether you can implement the idea with the skills and knowledge you have today.
- Helps you determine what skills and knowledge you have to acquire to be successful. This is particularly useful when you are looking to hire those skills into the company or establish partnerships with other companies that have those skills.

- Helps you focus the idea's value proposition in terms of one of the three customer disciplines your company practices: Operational Excellence, Product Leadership, or Customer Intimacy.

Knowing what you do consistently well focuses you on the value you bring to solving your customer's problems. Your success requires a persistent focus on what your company does well.

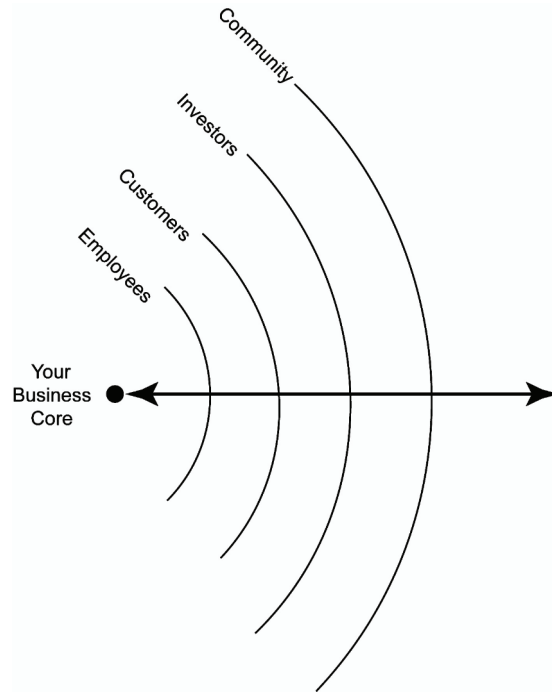
What you do consistently well not only tells you how to aim, but who your target is. When you know and practice what you do consistently well, your focus is automatically drawn toward those whom you are best equipped to serve. In fact, it helps attract customers who want what you have.

Simplicity and Forgetting

It's so simple, yet many companies fail to clarify the components that make up the Step Zero process. Why? The most obvious reason is that principles and competencies are not consistently communicated to new organization members, are not communicated with the passion and, yes, reverence they're due. A company devoted to its principles and to practicing what it does consistently well has the greatest opportunity for success.

The key communicators and maintainers of corporate memory are the company's leaders. And that leadership must extend its soul from the core of the company all the way out to the community and back again.

The Step Zero process is what ensures that the core of your business connects with those it is best equipped and positioned to serve. Every person in such a business is a thought leader, a relationship builder, and a critical piece of corporate memory.



The key to organizational focus and helping those who need what you do is knowing, precisely, what you do well -- and what you don't do well. Step Zero is the step you never stop practicing. It is crucial to keeping your company on track and focused on those whom it is best equipped to serve.

What are your company's fundamental business principles:

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How will you treat stakeholders? How will you ensure that relationships with customers, employees, investors, and the community are in balance and ethical?

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What sort of company are you? Do you thrive on creating innovative, leading-edge products? Are you customer-relationship focused? Are you focused on minimizing costs so you can deliver the lowest-cost product possible? While you may incorporate elements of all three perspectives in your business (and probably will), your company will operate from one primary perspective. What type are you?

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What activities drain your energy? It's as important to know what you do not do well as it is to know what you do well. When you find your company doing projects that do not feel like a good fit, you'll notice that an energy drain happens. That's a clue that you're not practicing what you do consistently well.

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