

## You have an idea—now what

Great companies start with great ideas. But how do you know if your idea is worth taking a risk on? Sunny Gupta knows a thing or two about turning great ideas into great ventures. In 2007 as CEO of iConclude, he shepherded the company's sale for \$60 million to Opware. Now as CEO and founder of Aptio, which offers a cloud-based service that tracks IT costs for CIOs, he's raised more than \$40 million in venture capital funding and added Cisco, Starbucks, Facebook and JP Morgan Chase to the client roster. At a recent Northwest Entrepreneur meeting Gupta discussed some of the steps he takes to determine if an idea is worth the risk.

### Is your idea valid?

Caught up in the thrill of an idea, many entrepreneurs shortcut the amount of time needed to validate whether an idea really has merit. Gupta for example spent three to four months validating the concept for Aptio, speaking to more than 40 people. Plan on one hour meetings on the phone or in person.

Although leveraging your personal network is a good place to start, creativity in finding sources is essential. For example, Gupta culled job seekers who represented his potential buyers on Monster.com and paid \$200 for a couple hours of time. Social communities like LinkedIn and others are great resources. It's also important to talk to analysts to understand who you will be competing with and how unique or competitive your offering is.

To ensure that discussions are effective, removing the abstract from conversations is important. Investing in a product mock-up early on is a smart way to ensure that you are talking apples-to-apples and that feedback is real.

### Executive Insights



Cheryl Isen

Although nearly everyone is willing to give advice, the truest test of whether an idea is valid is when someone is willing to write a check.

This is a critical question to ask. Barring the writing of a check, having someone sign a letter of intent or memorandum of understanding (MOU) will help to separate the wheat from the chafe. Even if it's not enforceable, seeing the reaction will get you to the truth faster.

### Are you flexible?

An entrepreneur's DNA tends to make them focused and single-mindedly driven. However, this can be an Achilles heel. The ability to listen to feedback and morph ideas based on feedback is critical to success. If you're having enough conversations and really listening, chances are you'll hear repetitive comments. If not, it's a red flag that something is wrong. Either you're not talking to enough people or you're not really listening.

One way to stay flexible to changing market and customer needs is to invite prospects and customers in for group feedback. For example, hosting an informal wine tasting event a few times a year creates a forum for open discussion, provides common consensus, and can build a pipeline of early customers. Additionally most people are flattered to be invited and to be considered thought leaders.

As your idea morphs into something exciting that customers want, need and are willing to pay for you'll quickly move onto the track and into the race. As this happens take time to assess your partner ecosystem early on. To ensure a successful exit its important to remember that companies need to be bought not sold. By developing a strong partnership community early, you will also be building a position of market strength that can help to create a positive future exit.

These "Executive Insights" are based on monthly presentations provided by leading entrepreneurs at the Northwest Entrepreneur Network (NWEN.org), a non-profit organization dedicated to helping entrepreneurs succeed. The column is written by Cheryl Isen, founder of Isen & Company, a strategic marketing and public relations firm that helps emerging companies increase corporate visibility and brand awareness. Contact Cheryl at (425) 222-0779, Cheryl@IsenandCo.com or on the web at [www.IsenandCo.com](http://www.IsenandCo.com).