

# Developing Your Idea

## Turning a good idea into a potential enterprise

### In this section

- Do I have a feasible business idea?
- Sharing your idea
- Protecting your idea

So you've got an idea, which you would like to turn into a successful enterprise. But how do you develop and evaluate your idea to the point where you can seriously start to think about setting up a going concern?

The first thing to bear in mind is that your idea does not have to be original. Some people assume that they need to develop a unique product or service for their enterprise. In fact, whilst you will need something to differentiate you from your competitors (for example on price, ease of use, service or quality) most organisations are actually delivering services or products that another enterprise is also providing. Similarly, it takes much more than a seemingly good product or service to run a successful enterprise so you will need to consider your idea in the context of a number of other factors.



### Do I have a feasible business idea?

In order to make an initial assessment, and to help develop your idea, it is worth first considering the following questions:

#### 1) Is it desirable?

People generally only part with their money to buy products and services that they want. It may sound obvious but if your revenue generating idea doesn't make your customers' life easier, more pleasurable or provide a solution to a problem, then you are unlikely to be successful.

Also, you need to be realistic. Don't just ask your friends, or people you have given free products to, what they think about your idea or service. Whilst it is useful to get feedback from these people, they are also more likely to give you positive feedback and less likely to be critical. Once trading, you will be selling your service to a much wider market so it is very important that you get honest feedback in order to accurately assess your service.

# Developing Your Idea

## Turning a good idea into a potential enterprise

### 2) Is there a market of the right size for your product or service?

Assuming that your product or service is desirable to a particular audience, the next question that you need to consider is how big the market is i.e. are there enough people to buy your service in order to make your organisation sustainable? Whether the size of your market is sufficient will depend to a degree on your business model. For example, are you making a small profit per sale but intend to sell in large numbers or do you need a smaller number of high value sales?

For more information see section 3 on Market Research.

### 3) Can it generate a profit?

Your organisation cannot run for any length of time without making a financial surplus. To make a profit you need to be able to sell your product at a high enough price, and in sufficient numbers, to cover all of the costs of delivery. That profit margin also needs to build in enough surpluses to cover future investment requirements e.g. maintenance costs, replacing a vehicle etc...

For more information see section 10 on Setting Your Prices and section 11 on Sales & Marketing.

### 4) Is there room for growth?

You don't have to have ambitions to be the next multi-national organisation but delivering the same product or service without change over a long period of time is unlikely to serve you well. Over time your competitors will change, trends will change and customer demands will change; all of which means that your enterprise must have the scope to develop its range of products or services, or expand its reach or location.



#### Want to talk to someone?

If you're starting a new micro-enterprise, free advice is available. Voluntary and Community Sector Organisations call the Social Enterprise Team at Doncaster CVS on telephone number 01302 343300.

Private business start-ups call Doncaster Chamber on telephone number 01302 341000.

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## Sharing your idea

Inevitably you will need to share your idea at some point as feedback is a vital part of setting up a new organisation. You will also ultimately need to share some of your ideas and information with, for example, customers, suppliers and financial investors.

However, the more people that you share your ideas with, then the greater the risk is that someone else could capitalise on your work. It is unlikely that anyone will immediately take your idea and use it to set up a competing business, but you should nonetheless consider how to protect your work.

Firstly you should think about how much information you really need to disclose in your discussions. It is probably not sensible to unnecessarily publicise your new idea in the public domain until you are up and running have made formal steps to protect it. When you do need to share information, you could consider asking people to sign a non-disclosure agreement and you can also register the intellectual property rights.

## Protecting your idea

If you do not protect your intellectual property, there is always a risk that someone could copy your business name, logo, idea or technology. They may even be able to make you change your organisation name, costing you time, money and losing the reputation and brand that you have worked so hard to develop.

There are 4 main types of intellectual property rights:

### Patents

A patent protects new inventions and covers how things work, what they do, how they do it, what they are made of and how they are made.

### Trade marks

A trade mark is a sign which can distinguish your goods and services from those of your competitors. It can be made up of a logo, words or a combination of the two. A registered trade mark lasts for 10 years.

### Intellectual Property Rights?

“Intellectual property (IP) refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce.”

World Intellectual Property Organization

### It Wouldn't Happen to Me

It's easy to think intellectual property theft won't happen to you. However, IP theft is estimated to cost billions of pounds every year.

In one of the most recent high profile cases, Facebook founder Mark Zuckerberg was accused of stealing the idea for the social networking website from Cameron and Tyler Winklevoss. The case was eventually settled for an estimated \$65m.

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### Designs

A registered design protects the way a product, or part of a product, looks. This could include the contours, colours, shape, texture or materials of the product.

### Copyright

You do not have to apply for copyright. Copyright does not protect ideas. When your work has been fixed, in writing or artwork, then it is automatically protected by copyright.

More detail about intellectual property and how to protect your idea is available from the Intellectual Property Office website ([www.ipo.gov.uk](http://www.ipo.gov.uk)).

### Example

Imagine that you already cook a healthy, hot meal 3 days a week for your elderly neighbour who is too infirm to prepare hot meals herself. You enjoy helping out and it gives you some satisfaction that your practical support makes a real difference to her health and standard of living. You become aware that other local people are in a similar position and think that it may be possible to develop a small enterprise delivering a 'meals on wheels' service.

- 1) **Is it desirable?** Your neighbour values your meals but would other people in a similar position and, crucially, would they pay for it?
- 2) **Is there a big enough market?** Are there enough customers in the market for your service? For example, you may initially be restricted by how far can you deliver your meals whilst retaining the quality of the product and service? How many people in your target audience live within this area? What proportion of them would be interested in a 'meals on wheels' service and what proportion of them would you actually need to buy the service to make it viable? If you only expect to make a small profit on each sale, then you will require many more customers.
- 3) **Can it generate a profit?** So the product is desirable and there are plenty of potential customers. However, by the time you take into account the cost of setting up and running the enterprise (for example ingredients, utilities, liability insurance, food hygiene training, transport and other associated costs) you would have to charge £7.50 per meal to make an acceptable surplus. If your potential customers are only willing to pay £5 per meal, then you do not yet have a sustainable enterprise. If this is the case you will need to revisit your initial idea.
- 4) **Is there room for growth?** For example, could you expand into other geographical areas or offer a wider range of services such as delivering groceries to your meals on wheels customers?