So, You Have an Idea: Crash Course Business - Entrepreneurship #2

Crash Course: Business - Entrepreneurship
https://youtube.com/watch?v=iywvlUk2Wfg
https://nerdfighteria.info/v/iywvlUk2Wfg

Whether it's the classic lightbulb above our heads or a "Eureka!" moment, we imagine ideas bursting out of creative people's brains -- like we all live in some cartoon universe, and a lucky few of us get struck with inspiration.

Maybe you're wondering whether entrepreneurship is for you, because you don't think you've had any great ideas, but just WAIT! Because we can all get them.

Or maybe you have an idea and you're not sure what to do next. How do you feed, water, and nurture this tiny seed so it grows into a whole business? Don't worry, we've got you.

I'm Anna Akana and this is Crash Course Business: Entrepreneurship. [Opening Music Plays] Entrepreneurs aren't a special group of people gifted with all the good ideas. They believe in themselves and the value of their idea enough to take a financial risk to make it a reality. Looking back at the people we now think of as great entrepreneurs, these people were just looking to make life easier or better in some way -- from inventing the wheel to dreaming up the dishwasher.

But what sparked their imagination? What was their apple falling from a tree? Innovative ideas can be traced to three main sources: our passions, our complaints, and our egos.

Let's start with the exciting one: our passions. If you weren't working at your current job or going to school, what would you do? Many ideas come from us being excited about something and wanting to share it with the world.

It could be Grandma's hot sauce recipe, video game walkthroughs, or upcycled yard sale furniture. Sometimes you start doing something as a hobby, like art. But then you might get commission requests from people you don't even know.

So, if you take a risk, that hobby could become a full-time job. Next, there are complaints. There must be something that bugs you, whether it's tangled headphones or a lack of movies directed by women.

Dropbox was founded because someone was annoyed they kept forgetting their thumb drive. Under Armour was founded because someone got tired of their shirt getting so sweaty they had to change it multiple times during one workout. So if you've ever found yourself thinking, "Wow, I really wish someone would do something about that," guess what?

You can do something about it! And, of course, there are the "I can do it better" ideas. Everyone has them!

Our egos are a great place to find innovation and motivation. Maybe you visit the same coffee shop every morning and after the thousandth cup of hot sludge, you are so done. You could make a much better cup of coffee!

And the cups would be compost-able! And the tip jar would have a witty joke! And you'd have fresh scones!

Let the outrage fuel you. Think of something that needs freshening up. Uber and Lyft looked at the taxi industry and saw something outdated and clunky.

So they made sleek apps with automated payments and directions. Now, obviously, there can be overlap between these three motivations. You might be able to make a better cup of coffee than the big chain in town -- that's ego.

But that's only because you're into coffee and experiment with techniques and "blends" at home -- that's passion. And maybe that hobby started because there weren't any coffee shops in your neighborhood -- that's complaint. Whether or not you have an idea notebook filled to the brim, you do have experiences, opinions, and a whole complicated life.

And these are the building blocks of entrepreneurial innovation. So the first step is acknowledging you have an idea. Step two is understanding the problem at the root of your idea.

Think of your idea as the beginning. You may have your own experience of a certain problem, but by understanding what others think, your idea can grow and affect more people. So when you're chatting about that big chain coffee shop with your friends, listen to what they say.

Have they been there? What do they like? What do they hate?

Maybe they complain, "That place is a health hazard and their service SUCKS." Or they say, "I never go there because I only drink tea." So, use that quick insight to make your idea better. Maybe your coffee shop will focus on excellent staff training to ensure high quality coffee, cleanliness, and customer service. And you'll offer lots of teas alongside those artisanal lattes.

Even after you understand the problem, there's more talking to do. Let's look at my latest big idea. It's great, right?

But now that I've told you, I'm going to have to kill you! Sorry, I got a little dramatic there. When we have exciting new ideas, our first instinct is to squirrel them away so no one can steal them.

But that's bad. When we keep things to ourselves, we end up thinking shoe umbrellas are the next big thing. We have to share our ideas with the people who are actually going to use the product or service.

Otherwise, our solutions inherit our blind spots and biases. They might not actually solve the problem, or they might only be useful for a few people. Let's explore this in the Thought Bubble.

My friend Mary Cherry is deeply passionate about cream puffs. She also happens to be allergic to gluten. Mary was complaining that there were no cream puff bakeries in her whole city, so she launched a gluten-free pastry shop called Dream Puffs on her block.

Now, Mary was so enthusiastic about bringing her dream to life that she didn't talk to potential customers or even her friend and fellow cream puff connoisseur Paul before launching. She put in lots of time and money to set up her shop, complete with color-coordinated mixers, a chic logo, and a few flavors of gluten-free cream puff recipes. During the grand opening, Dream Puffs gets some buzz -- no soggy bottoms here!

But as the first week goes on, many potential customers don't actually buy her gluten-free cream puffs. Most of the people who show up have more than one allergy. Mary's cream puffs are gluten-free, but all of her luscious fillings have cream -- she didn't think about using dairy-free options for people with dairy allergies or lactose intolerance.

And her non-basic flavors involve nuts like pistachios and almonds, but a lot of her potential customers have nut allergies. These are pretty huge setbacks. So now Mary has to spend more time and money to develop new recipes and make sure that the quality -- and her star-baker reputation -- is maintained.

And she has to retrain her staff. If Mary had been willing to share

her menu, she could have optimized her cream puff ideas for potential customers before launching. And she could've stirred up even more hype and brand recognition for Dream Puffs on her opening day.

Thanks, Thought Bubble! It's easy for us to judge a story, but who would you share an idea with? Your mom?

Your trusted friends? Everyone on your morning bus ride? After all, a bus is just a limo full of friends you haven't met yet!

It depends on the idea, but generally at this early stage, we want to target two main types of people. First, customers who might have the problem we're trying to solve. And second, people who can help us think through our idea.

We can also look to professionals who might be able to connect us to established entrepreneurs in the field or available resources. For example, we could look for a college campus with professors in entrepreneurship or entrepreneurial consulting. Or turn to entrepreneurial networking groups, like those in co-working spaces.

And in the U. S., we have Small Business Development Centers. Around the world, you can check with your local government for similar organizations that provide education and financing for budding entrepreneurs.

All these options are well-connected in the entrepreneurial community and it's their goal to mentor, consult, and connect fledgling entrepreneurs. Don't be afraid to reach out and ask for help! BUT before we get carried away, we have to remember: we're still making sure our idea is good and talking with potential customers.

This is NOT the finance stage. We aren't asking people for seed money… yet. The next step in work-shopping an idea is to think big about the fundamental pieces of your business.

And a great way to do that is with a business plan tool like the Business Model Canvas, a lean startup template created by a company called Strategyzer. Ok cool, yeah, I'll fill that out in a second. I'm just finishing page 22 of my business plan where I discuss exactly which bees will provide the honey I use to sweeten the tea in my swanky cat cafe.

Hate to break it to you, but the days of 30-page business plans are pretty much over -- even if someday you need financing from a bank or a venture capitalist. Most lenders care about your story, proof your idea works and is wanted, an understanding of your customers, and your financial plan, which often takes only 5-10 pages tops. And the Business Model Canvas has sections for all those things!

Really, filling out a business plan or Business Model Canvas lets you collect all your thoughts about your idea and visualize how your business might exist. Let's explore the canvas using a little company you've probably never heard of: Netflix. For each section, we need to answer a key question.

We'll start with Value Proposition: What is the value we deliver to our customers? Basically, why do they want whatever we're selling? Netflix leverages technology for global audiences who want on-demand, customized entertainment.

Next, we move to the cluster for customers. Let's think about our people in three pieces. First, who even are they?

All the types of people interested in our product form the Customer Segments section. In 2019, over 50% of Netflix's business came from subscribers outside the U. S.

They use internal algorithms to predict and offer certain programs to certain demographics. Once we decide who our customers are, it's time to define the relationship in the Customer Relationships section. What type of relationship do our customers expect us to establish?

Netflix customers expect quality programming, good predictive suggestions, excellent customer service, and high-end technology performance. And then, through what Channels are we going to speak to them? How are we reaching our customers?

Netflix uses email, streaming apps, and social media campaigns to communicate with customers (they're even on Snapchat.) Now that we know the "who," we need to describe the infrastructure of our business, which also has three pieces. To start with the basics, what do we actually do? These are our Key Activities.

Netflix licenses existing content and creates their own that they deliver through an online platform. And they do all the usual business things like sales and marketing. After that, we have to decide what do we need to do those things?

These are our Key Resources. Netflix relies on SO MANY resources to keep their massive wheels turning. They have people making content including their in-house studios, engineers to make sure their website and apps work, customer service to troubleshoot, attorneys to deal with licensing, internal teams for promotion, and a global network of data storage facilities -- to name a few.

Then, remember, we don't have to do this alone. We need to look for Key Partners and ask: Who do we need to team up with in order to deliver our value proposition? Netflix partners with law firms, studios, agents of actors, and other companies who want to co-promote products -- like Comcast Xfinity or T-Mobile.

Finally, after we've figured out the who and the what of our business model, we have to think about the money. Half of that is our Revenue Streams. Where are we making money?

What are customers willing to pay for each product or service? As of 2019, Netflix uses three membership subscriptions: Basic ($7.99/month), Standard ($10.99/month), and Premium ($13.99/month). Unfortunately, entrepreneurship isn't free.

There are Costs involved in doing Things for your People. So where are we spending money? For Netflix, examples of costs are employees, licensing and production fees for content, servers for data storage, brick and mortar workplace locations, DVD production and mail, and R&D;.

And… that's Netflix in a nutshell. This is exactly the goal of the Business Model

Canvas: to provide a framework for anyone to break down the pieces of a business -- especially your future business! Today, we grew the tiny seed of an idea into a full business model. So remember that everyone has ideas, and the real work of an entrepreneur is in sharing them and getting lots of feedback! Next time, we'll figure out what you're worth. And by that I mean, we'll delve into Value Propositions and how to make something that potential customers will think has inherent value and is worth monetary investment. Thanks for watching Crash Course Business. If you want to help keep Crash Course free for everybody, forever, you can join our community on Patreon. And if you want to learn more about biases that affect how we do business, check out our Soft Skills video about making decisions