

Entrepreneur®

Flip the Switch

IF STARTING A BUSINESS IS ON YOUR MIND, BUT YOU'RE STILL WAITING FOR THAT LIGHT-BULB MOMENT, READ ON TO FIND OUT HOW OTHERS GOT THEIR MILLION-DOLLAR IDEAS—AND HOW YOU CAN COME UP WITH ONE, TOO.

BY JENNIFER ALSEVER

and what gets your blood racing, says Robert G. Allen, co-author of *Cracking the Millionaire Code: Your Key to Enlightened Wealth*. If your interest is dogs, for instance, then start a business that has to do with dogs. If your passion is chocolate, do something that dips your life in chocolate. Think-

It's the great "aha" moment every entrepreneur seeks: You've come up with an idea that no one else has thought of—one that ultimately gets off the ground and really flies. Everybody has ideas, but how do you come up with those million-dollar ideas that translate into big business?

Open Your Eyes

First, take a good look at yourself. What do you do best? Consider what's most important to you

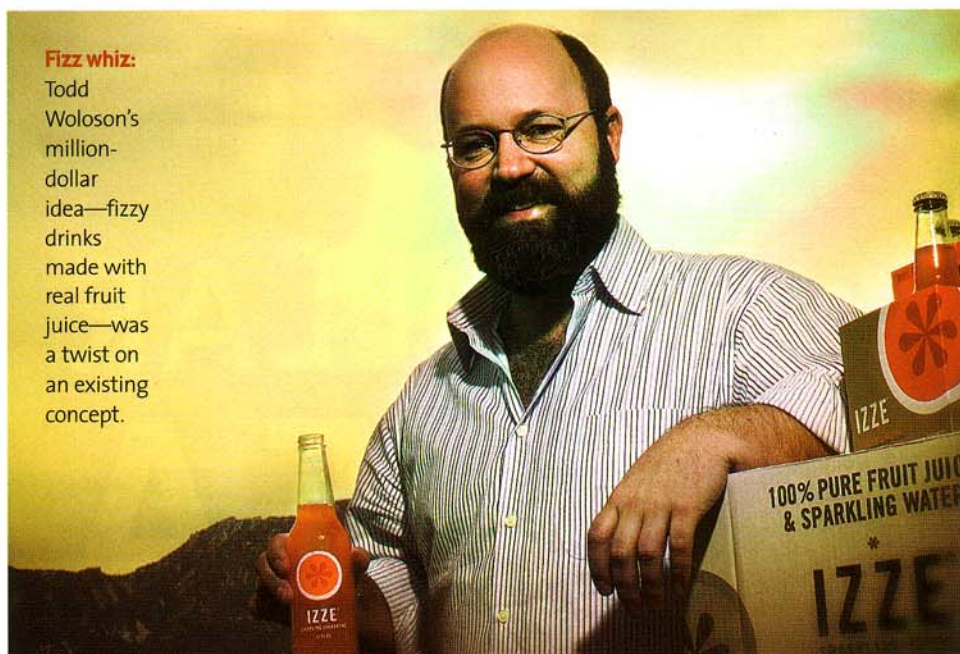
ing about your interests will help you focus your brainstorming and give you the staying power to persevere through the tedious parts of starting a business.

To spark more creativity, put yourself in unusual situations, avoiding the humdrum of everyday life. Meet different people, travel, and read. "Put yourself in areas that stimulate your mind," says Fred Kiesner, chair of the Center for Entrepreneurship at Loyola Marymount University in Los Angeles. Gathering with small groups of friends to brainstorm and imposing a deadline may also boost your imagination.

Another way to hit on a great idea: Take note of the obvious problems you encounter in everyday life. Not enough people allow an idea to permeate their psyche, even if it's staring them in the face. Keep a pad of paper and a pen in your shirt pocket, your purse or on your bedside table. Or start a pile of index cards with ideas written on them. Periodically throw away the ones that don't cut it, and hang on to those that might be before their time, says Rita McGrath, author of *MarketBusters: 40 Strategic Moves That Drive Exceptional Business Growth*.

Every edition of your daily newspaper contains at least five million-dollar ideas if you know what to look for, says Allen. In fact, he points out, just about every object around you made someone a fortune—whether it's a lamp, your computer or the paint on your walls. Dream up ways to improve or rework those same products to create another big idea.

"Listen to and observe what's going on around you," says Sean Glass, 26, who found the inspiration for his company while standing in a long line at a univer-



Fizz whiz:

Todd Woloson's million-dollar idea—fizzy drinks made with real fruit juice—was a twist on an existing concept.

sity bookstore. A sophomore at Yale University in 1999, Glass noticed that most students preferred to make purchases using their student ID cards, which electronically charged purchases to tuition bills. The student-ID checkout line was so long, in fact, that Glass wondered, "What would happen if those same students could use their ID cards to make purchases at businesses—a pizza joint or coffee shop—outside Yale's campus?"

That question helped lead to the creation of Higher One Inc., a New Haven, Connecticut, business that offers student checking accounts tied to university ID cards. Using ID cards as payment was one of several business ideas that emerged from a 3 a.m. dorm-room brainstorming session with Glass' friends Miles Lasater, 28, and Mark Volchek, 27.

Glass and his friends immediately shared their plan with Yale's then-CFO, Joseph Mullinix, who liked it. But Mullinix helped them expand their business idea by pointing out a bigger problem: There was currently

no system for universities to electronically issue refunds or financial aid to students. The trio wanted to fill this void as well, so they presented their idea to the university's advisory board, which is made up of executives from some of the nation's largest companies. Glass listened to the board members' advice and ultimately laid the groundwork for Higher One, which now gives universities across the country the option of electronically issuing refunds and financial aid in addition to providing card-based banking to students. The company has grown to 52 employees, 33 university customers and 127,000 student bank accounts. Glass projects 2006 sales of more than \$18 million, and he hopes to grow Higher One into a \$100 million company by 2008.

Many entrepreneurs, once they find an idea, isolate themselves because they're afraid someone will steal it. Be cautious, but take a risk by telling people what you want to do, and be open to criticism, says Allen. Talk to potential customers.

Ask them what they think. And ask other people in the know, such as potential angel investors or bankers, who will undoubtedly find holes in the plan. Listen to them. Sometimes entrepreneurs get so excited about their ideas, they don't pay any attention when someone waves a red flag. Says Allen, "You can't see [what's in your] blind spots without other people looking at [them]."

Shift Gears

Even if you've already set out on one business plan, don't be afraid to change course, especially if you have an idea that continues to percolate in the back of your mind. Kiesner reminds his students that a business plan should be a living document, constantly changing.

"You need to be courageous and nimble enough to shift

ACTION PLAN

SO YOU'VE GOT YOUR IDEA FOR A BUSINESS. NOW WHAT? MAKE IT MATERIALIZE BY FOLLOWING THESE STEPS.

◆ **LOOK LONG TERM.** Do some long-range planning for your business to get a better idea of whether the concept will flop or fly. Consider how you'll sell your product or service. How much will you charge? If it's a product, think about how you'd handle returns, as well as how you'd build it. Is it cost-effective? Make sure your idea offers the possibility of residual revenue and can translate into other products or services.

◆ **JUMP IN.** Still think you've got a great idea? Then go for it. Get a prototype. Do a test run. Find a customer, or at least someone interested, but try to avoid taking on fixed costs initially. You can find lots of help at universities, where for \$100 to \$500 prizes, students will compete to design logos, draw up marketing plans or head up PR campaigns. You can also get free help at your local Small Business Development Center. Locate a nearby center at www.sba.gov/sbdc.

◆ **BE PATIENT.** Starting a business from scratch always takes longer and is more complicated than you think. Don't be afraid of failure. "If you're a perfectionist, quit," says Kiesner. "Almost every entrepreneur has failed [at something]."



Golden opportunity: Sean Glass wanted to make college life run more smoothly for both students and his school.

gears [if necessary]," says Laura Groppe, who started Girls Intelligence Agency, a market research and PR firm in Los Angeles that now has \$1 million in annual sales.

Groppe, 41, started out in 1994 with an entirely different business that designed girls' video games and websites for large toy manufacturers and entertainment companies. To figure out what girls liked, Groppe's team started organizing slumber parties and shopping trips for preteen girls. Eventually, she realized that her clients wanted her market research more than her software. The clients wanted to learn more about the psychology of those girls—to find out what was inside their closets and what they really talked to each other about, says Groppe.

In 2002, Groppe decided to take a risk, folding her video-game business and spending several months exploring a plan to launch Girls Intelligence Agency. Today, clients including Capitol Records, Disney and Hasbro glean information from its network of more than 40,000 girls and women ages 8 to 29, who volunteer to be "secret agents," hosting parties organized by Groppe's company to give feedback on new products, music and TV shows.

Groppe's advice about turning your idea into a business: Don't fear change. "You're afraid to leave one career because you don't think you're qualified to do anything else. But sometimes your business plan

isn't what affords you the most aggressive opportunities."

Groppe changed paths when the internet bubble burst and software for girls wasn't as viable as she had hoped. At the time, Groppe had become completely absorbed in the research end of the gaming business, and for a while, she didn't even realize

she was an expert. She knew everything about girls that her clients didn't. She knew what they carried in their backpacks, and that their answers on surveys were often different than how they actually behaved. She knew why parents were spending more money on their daughters than ever, and she knew what they were buying. She had an inside track on what girls talked about with each other on the soccer field and at summer camp, and how some kids emerged as influencers and trendsetters in those groups. In other words, she had become passionate about understanding girls and knowing what they wanted.

That kind of enthusiasm is vital, says Kiesner. To determine whether your idea will fly or die, measure your genuine interest in the idea. Is this something you are passionate about? If you are, it's easier to get your customers excited. Says Kiesner, "Passion, belief in yourself, fire in the belly—that's all key stuff."

Under Your Nose

Todd Woloson, 39, found his inspiration for Izze Beverage Co. after regularly watching his wife, Eliza, blend Odwalla juice and sparkling water to drink at home. The Wolosons had learned to enjoy the European practice of mixing sparkling water with juice and wines while visiting Eliza's mother in France. But in the U.S., the Wolosons couldn't find a healthy bottled fruit drink with the same fizz.

ONLINE EXCLUSIVE: Looking for inspiration for your own million-dollar idea? Check out our archive of "Smart Ideas" articles at www.entrepreneur.com/features/smartideas.

Because of his wife's homemade juice drinks, Woloson saw that there was a hole in the beverage business for healthier soft drinks that used real fruit juice rather than high-fructose corn syrup. He had been reading news about the growth of natural-foods products and the market decline of sugar-laden sodas. "There is always a group of consumers willing to pay more for better products," he says. "The question is, How big is the market?"

People often assume that if no one has jumped on a concept, then it must be no good. Don't dismiss your idea so easily. Take the time to check it out and prove that theory wrong. "The first step is the hardest," says Kiesner. "Don't fight it." Forget the high-priced consultants in your early research. Getting information can be as simple as an internet search. If you're considering starting a local business, look in the Yellow Pages to see who else is out there. If you find competitors, consider how you might be different or make your company better. Find a niche. What will make your company special?

When Woloson's idea began to gel in 2001, he was working as a venture capitalist specializing in high-tech investment deals. Meanwhile, a business plan proposing to import healthy, bottled fruit juice drinks to the U.S. from Europe crossed his desk. Woloson thought it sounded interesting, given what he knew about the market and his wife's fizzy juice habit. He began to investigate the plan to import juice for a potential investment. But he found one key problem: He didn't think the imported juice tasted very good. Because of that, the deal wasn't going to work.

Yet Woloson still saw a glimmer of potential. He collaborated with his friend, Greg Stroh, whose family had

started a brewery. The two decided to make a product they could believe in, so they began mixing fruit juice with sparkling water and packaging it in funky glass bottles.

Boulder, Colorado-based Izze started out as a side project to raise money for a charity that both Woloson and Stroh were involved in. But as sales picked up, it soon evolved into a company, and they invited the man who had proposed the importing business to become an Izze shareholder.

As a venture capitalist, Woloson lived by the philosophy of backing people, not ideas. So when he started Izze, he found six people willing to work for a year without salaries. Even he wanted to quit at times, such as the day he had to convince a truck driver to load the first production run of soda without a distributor lined up. The driver, who was at the production facility in Minnesota, said he couldn't load the truck without a destination address. Woloson was on his way to meet a local distributor and promised an address if the truck driver just headed toward Colorado. "We questioned whether it was worth the effort," he says. It was. He got the distributor—and its address.

"We had a lot of passion," he says. "Sometimes passion can be worth more than experience. This was a group of people who absolutely believed." That passion made Izze into a million-dollar idea, literally—at the end of its first year of business, the company hit \$1 million in revenue.

Four years after its start, Woloson's business generates \$15 million a year selling sparkling juice drinks, with 41 employees and nationwide distribution in Safeway, Starbucks and Whole Foods stores.

"The 'aha' moment was [when I realized] the simplicity of it all: sparkling water and juice," Woloson says. "I call it the pet-rock theory. Some ideas get overly complex." ■

JENNIFER ELSEVER is a freelance writer in Denver. A former Denver Post business writer, she now writes for Business 2.0, Fast Company and The New York Times.