Lecture 2: Idea Generation

Nurturing the Seeds of Innovation

Startup Management, Aleš Špetič, 2025

Recap Lecture 1
Building a Foundation for Startup Management

- ✅ **What is a startup**? Fast-growing, scalable, and uncertain

- 🌍 **The startup ecosystem**: founders, investors, accelerators, partners

- 📈 **Lifecycle stages**: Idea → Validation → Growth → Scaling → Exit

- 🧠 **Founder mindset**: resilience, creativity, adaptability, urgency

- 🔁 **Lean Startup**: Build → Measure → Learn loop for fast iteration

- 💥 **Failure is not fatal**: it's feedback and a core part of startup learning

Learning Objectives

Mastering Idea Generation and Validation

- Understand the Significance of Idea Generation

- Explore Techniques for Generating Innovative Ideas

- Master the Process of Idea Validation

- Apply Practical Validation Methods

- Recognize Common Pitfalls

- Begin Crafting Your Startup Idea

Importance of Strong Idea
The Foundation of Every Successful Startup

A strong startup begins with a compelling idea.

- **Guiding Light**: Your idea is the guiding light for your startup, shaping its mission and goals.

- **Differentiation**: It sets you apart from competitors in the market.

- **Magnet for Resources**: Attracts talent, investors, and customers.
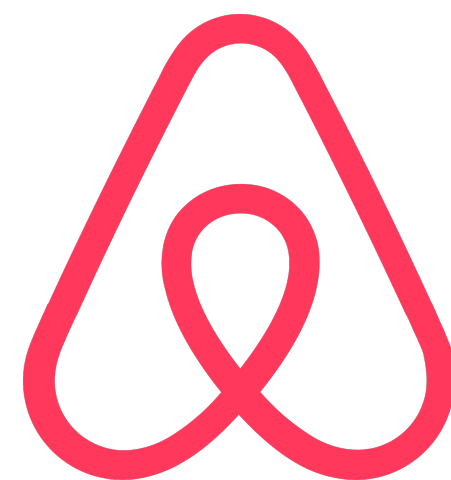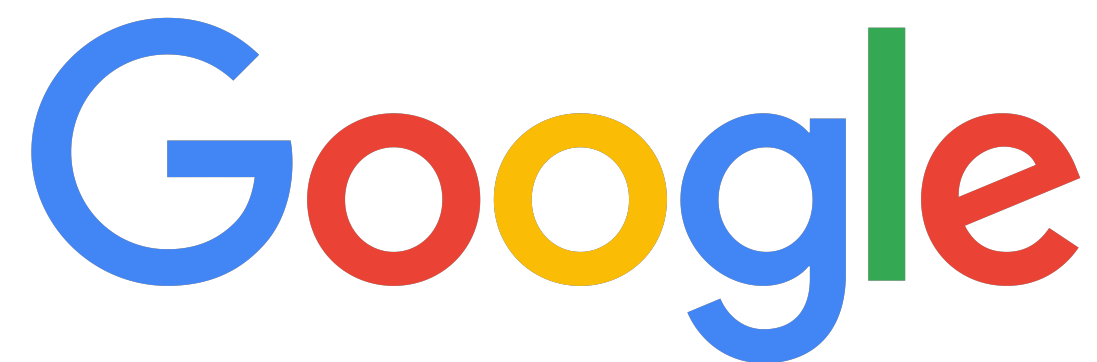
Sources of Startup Ideas

Fueling Innovation from Diverse Origins

- **Problems & Pain Points**:
  Identify real-world problems and offer solutions.

- **Passion & Expertise**:
  Build on what you love and know well.

- **Market Trends**:
  Stay informed about emerging trends.

- **Hobbies & Interests**:
  Turn personal hobbies into viable businesses.

- **Customer Feedback**:
  Listen to customer pain points and adapt.

Brainstorming Techniques
Idea Generation Techniques

- Classic Brainstorming (quantity > quality)

- SCAMPER Method

- Design Thinking (human-centered)

🧩 Activity - Generate Ideas

Generate 3 Ideas (10 mins)

- From personal pain point

- From a passion or hobby

- From current trends ..

Work individually or in groups.

SCAMPER Framework

A Tool to Rethink Ideas

- **Substitute**: What can you replace?

- **Combine**: Can you merge two ideas?

- **Adapt**: What could you tweak?

- **Modify**: Change look, feel, format?

- **Put to another use**

- **Eliminate**: Remove what's unnecessary

- **Reverse/Rearrange**: Flip the flow/order

Design Thinking
Design Thinking Process

- **Empathize** – Understand the user

- **Define** – Narrow the problem

- **Ideate** – Generate many ideas

- **Prototype** – Make something quickly

- **Test** – Validate with real users

Design Thinking

Example: Airbnb

- **2009 Challenge:** Low revenue (~$200/week) and poor user engagement.

- **Empathize:** Founders stayed with hosts, identifying issues firsthand.

- **Define:** Recognized low-quality photos hindered bookings.

- **Ideate:** Conceptualized offering professional photography to hosts.

- **Prototype:** Personally photographed listings in New York City

What Makes a Problem Worth Solving?
Identifying Problems Worth Solving

A good startup problem is:

- Frequent (happens often)

- Painful (causes frustration or cost)

- Urgent (needs solving now)

- Underserved (no great existing solution)

- Monetizable (people will pay to solve it)

Validating the problem

Activity: validate the ideas vs. problem checklist (10 mins)

- Frequent (happens often)?

- Painful (causes frustration or cost)?

- Urgent (needs solving now)?

- Underserved (no great existing solution)?

- Monetizable (people will pay to solve it)?

Work individually or in groups.

Product-Market Fit

Ensuring Your Startup Addresses Genuine Needs

Product-Market Fit is the degree to which your startup's solution aligns with the specific problem it aims to solve.

Market Validation: Demonstrates that there's a demand for your product or service in the market.

Early Traction & Growth: Attracts early adopters who are eager to solve the problem you've identified.

Investor Interest: Investors are more likely to support startups that have demonstrated Product-Market Fit.

Finding Product-Market Fit

Understand the Market Needs

- **Precede Solution with Understanding:**
  Before rushing into developing your solution, invest time in thoroughly understanding and validating the problem.

- **Iterative Process**:
  Achieving Product-Market Fit often involves iterations and adjustments based on user feedback and market insights.

- **Continuous Validation**:
  Product-Market Fit is not a one-time achievement; it's an ongoing process to ensure your startup remains relevant.

Product-Market Fit is a Process
Iterate to find a solution
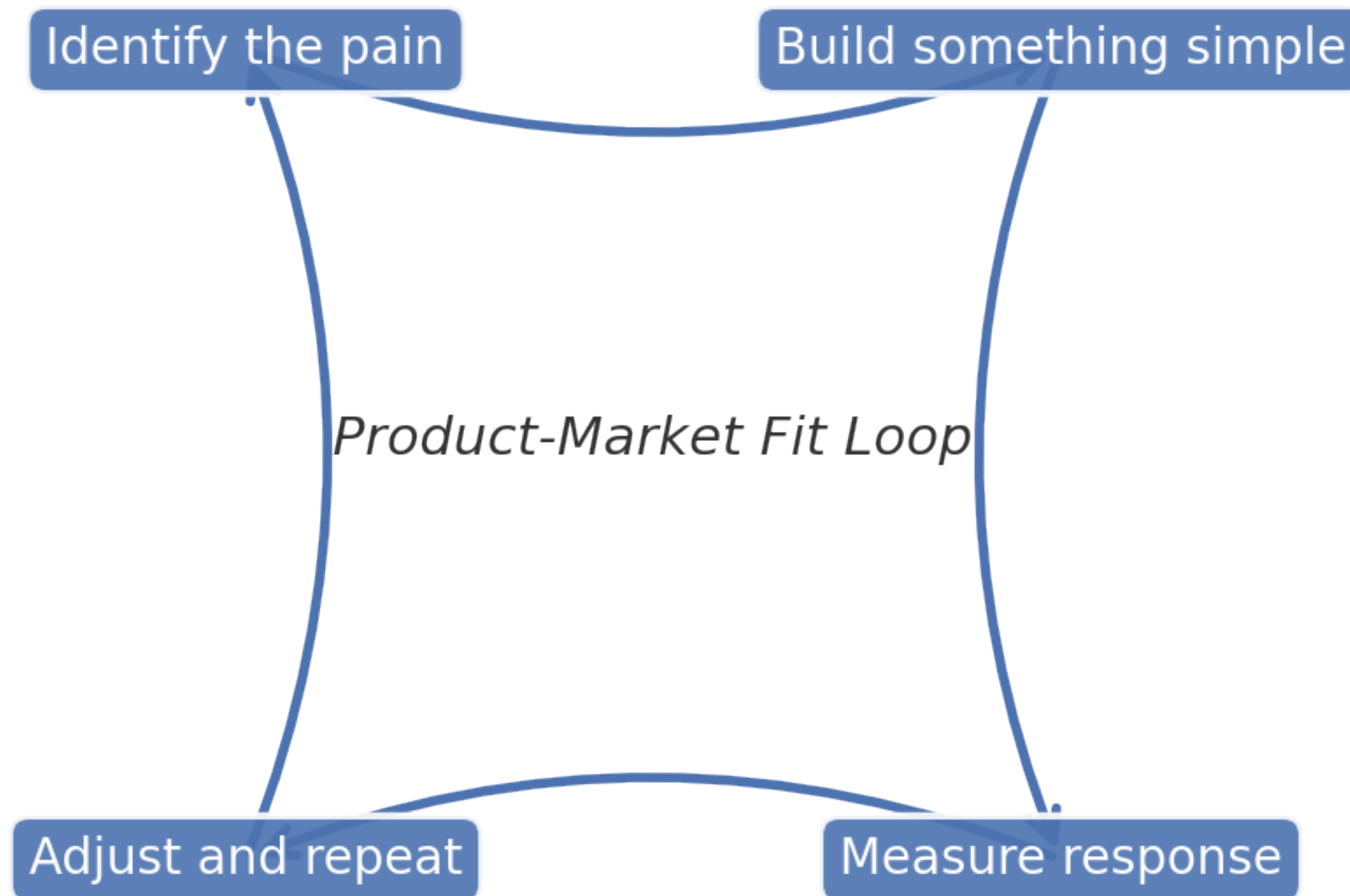
Product-Market Example

Apple Watch - inital launch

🛠️ **Initial Launch (2015)**:

- Marketed as a luxury fashion + notification device.

- Came in gold editions up to $17,000 (!)

- Mixed messaging: Was it for fitness? Convenience? Fashion?

🤔 **Early Signs of Misalignment**:

- Users liked the device, but didn't fully understand what it was for.

- Sales were OK (because it was Apple), but retention and daily usage were low.

- Critics questioned its usefulness beyond being "a phone on your wrist."

Product-Market Example

Apple Watch - Pivot

🛠️ **Apple pivoted the positioning and feature set:**

Shifted focus from "fashion" to health and wellness.

Doubled down on features like:

• Heart rate monitoring 🫀

• ECG + blood oxygen sensors 📈

• Fall detection + emergency SOS 🚑

• Fitness rings and integration with Apple Fitness+ 🏃‍♀️

Product-Market Example

Apple Watch - Success

Found strong traction with:

- Health-conscious users

- Older adults (with fall detection)

- Casual fitness users

Apple Watch Global Sales (2015–2022)

Clear value proposition: a health and fitness companion that also tells time.

Became the #1 smartwatch in the world, outselling entire Swiss watch industry.
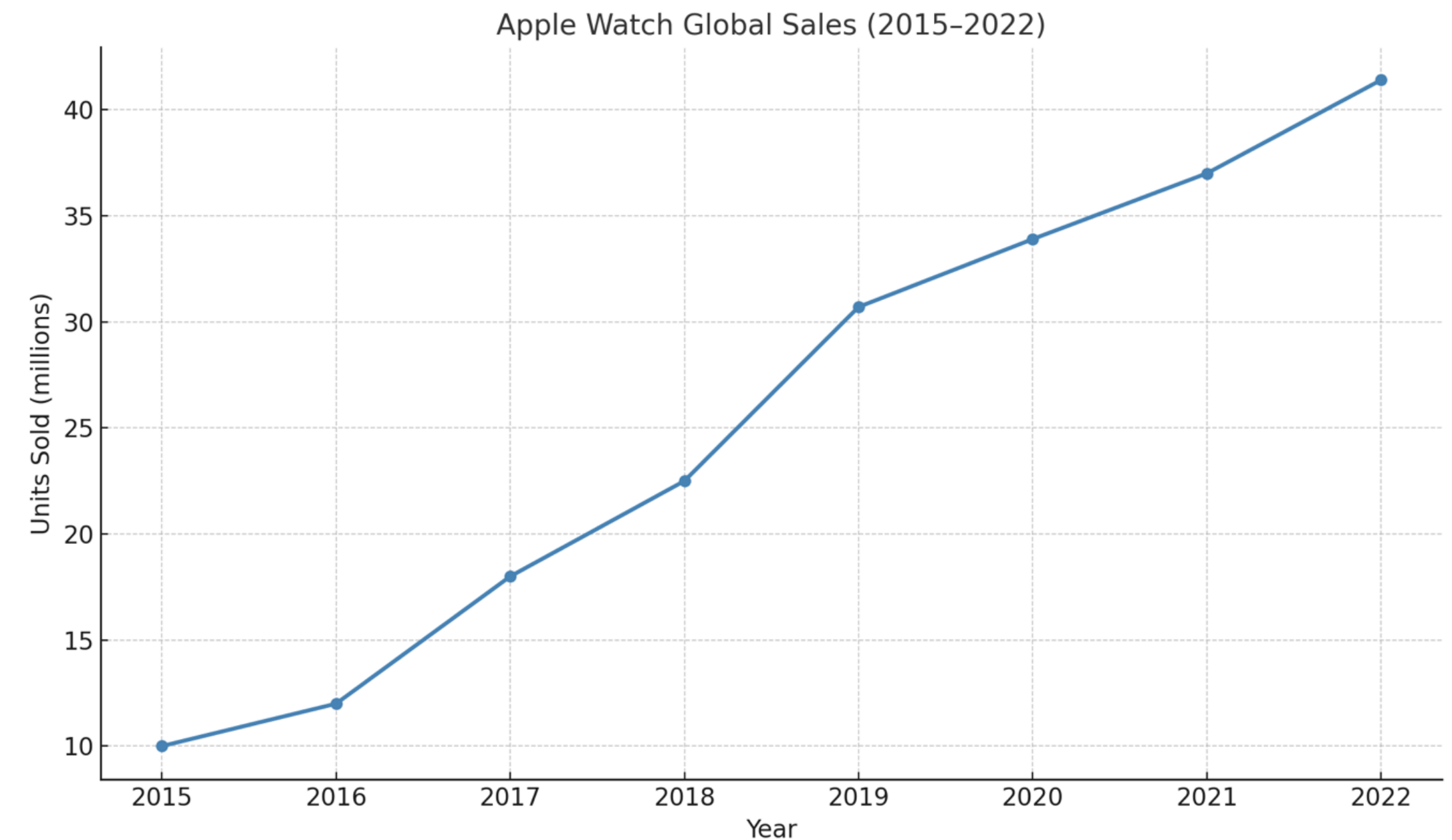
User Experience (UX)
Experience a User Has While Interacting With the Product

- **Usability**: A usable product is one that is easy to learn, efficient to use, and free from unnecessary frustration.

- **Accessibility**: Ensure that your product is accessible to users with diverse abilities and needs.

- **Consistency**: Maintain consistency in design and interactions throughout your product.

- **Emotion**: A positive emotional connection can lead to brand loyalty.

- **Simplicity**: Avoid unnecessary complexity that can confuse or frustrate users.

User Experience (UX)
What Makes Good UX?

- Clear navigation

- Friendly copy and labels

- Logical flow of tasks

- Fast feedback (loading, success, errors)

- Designed for inclusivity (accessibility, color contrast)
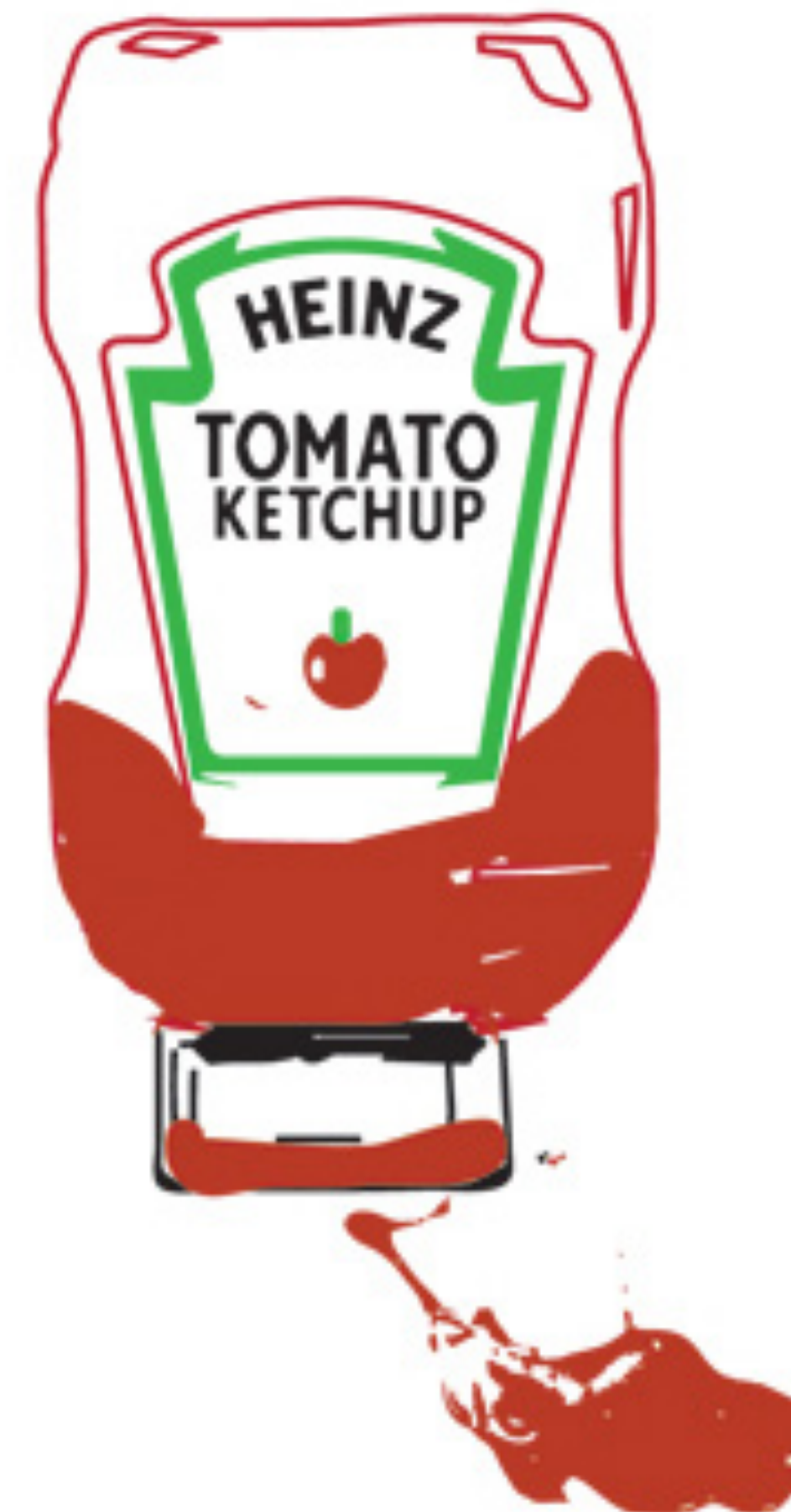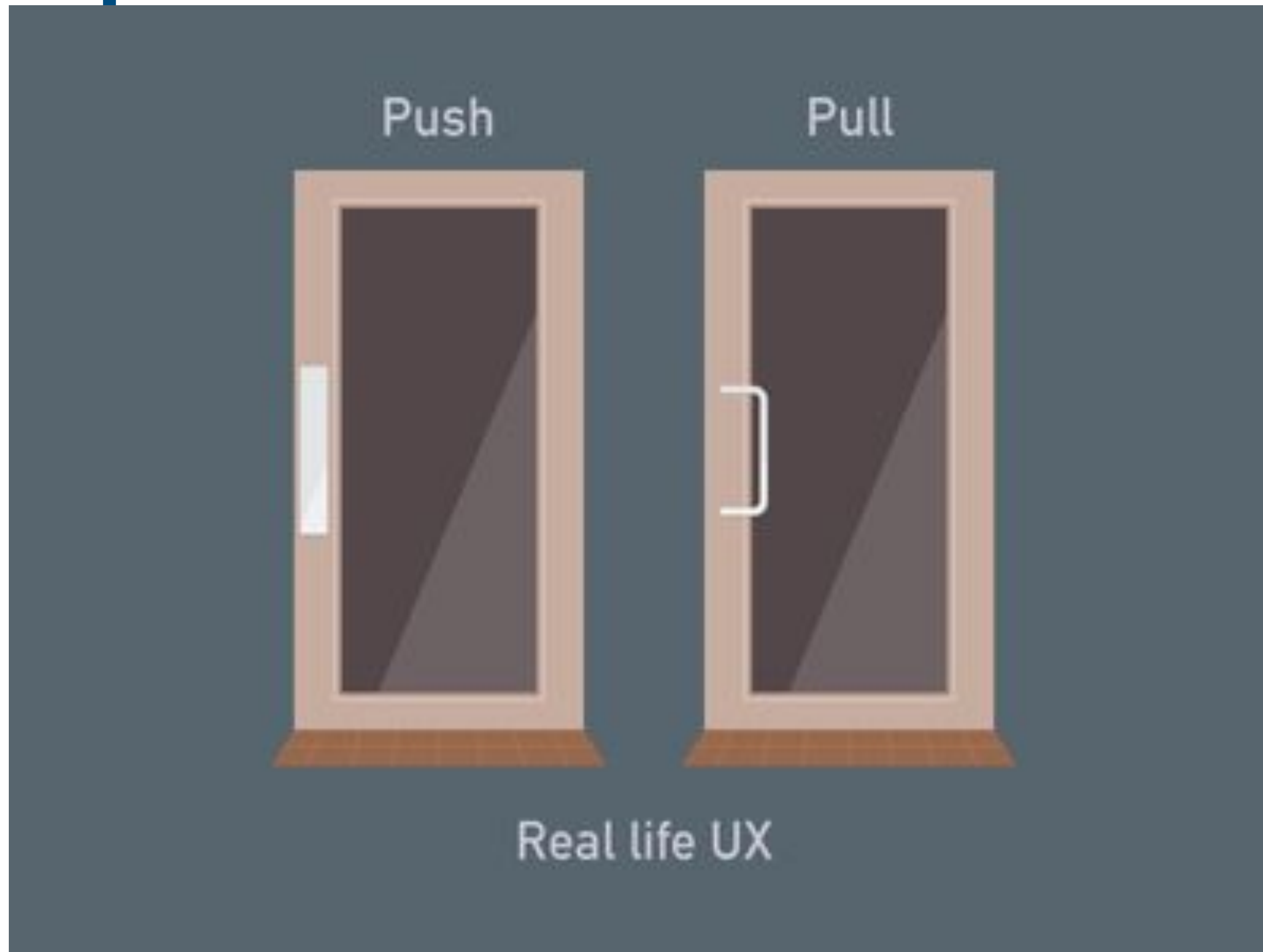
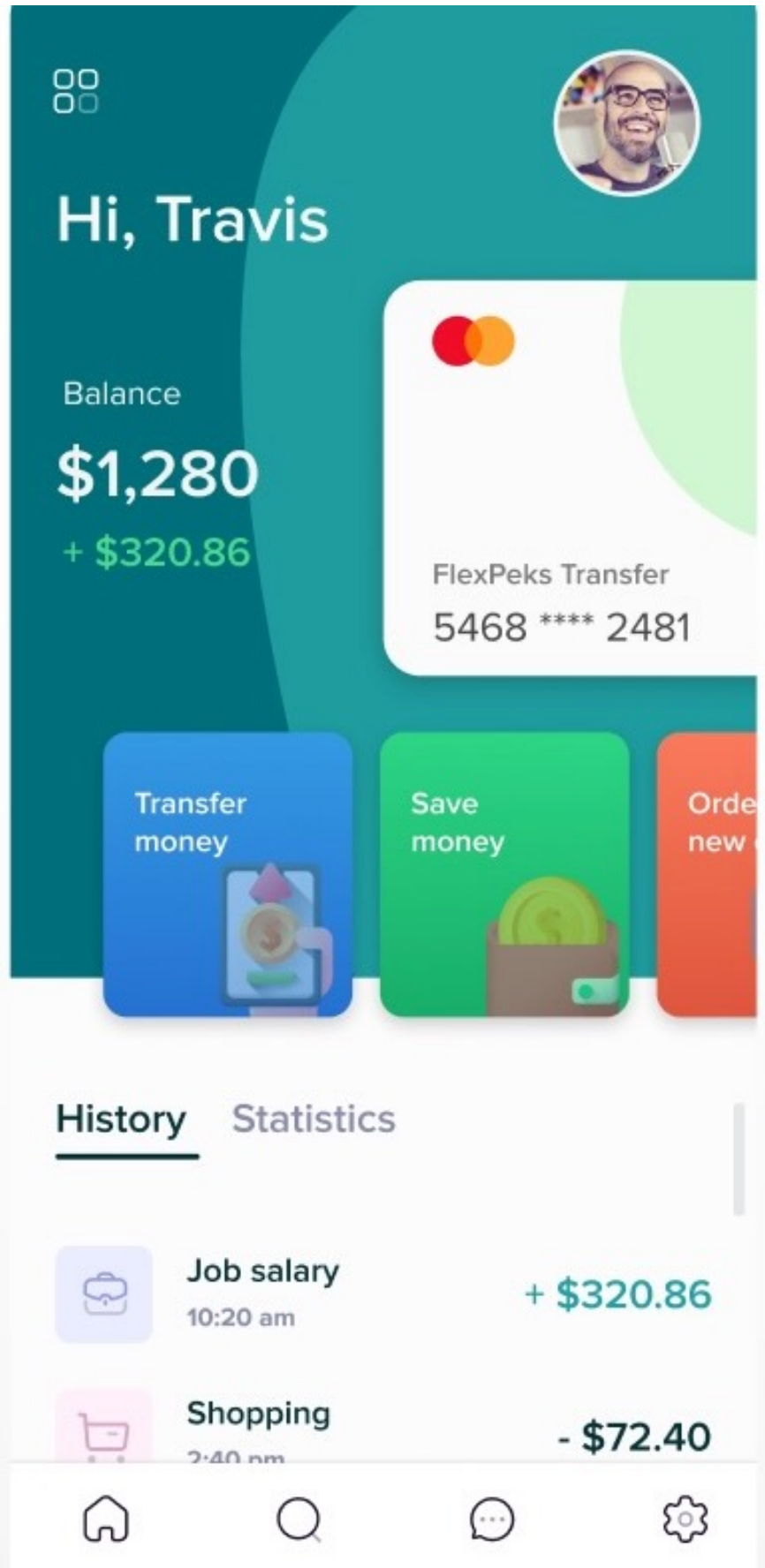# UI vs. UX vs. usability

UI   UX   Usability

UX examples

Push   Pull

Real life UX

User Experience
Feedback

User Experience
Color Blindness Samples

Original
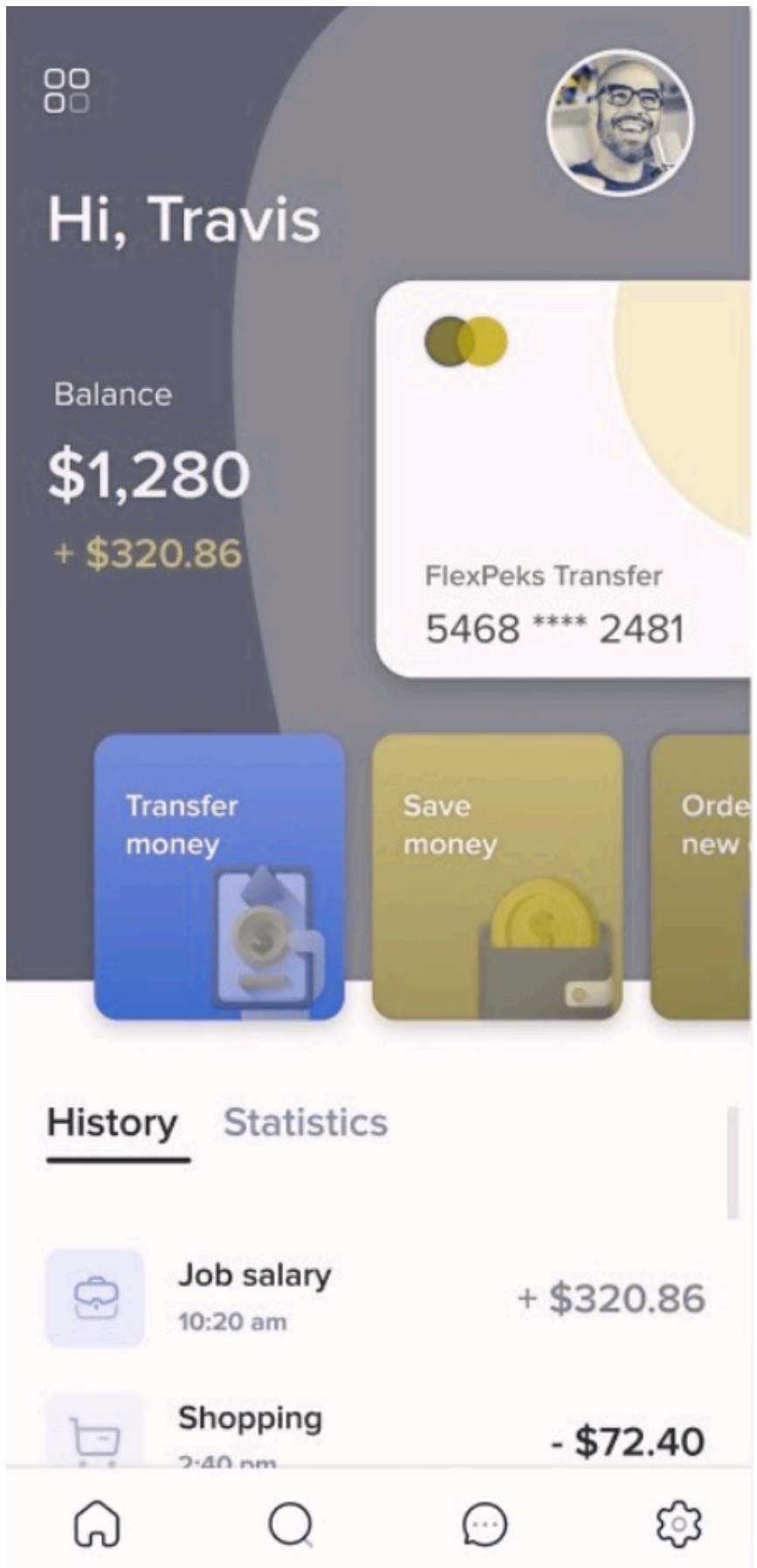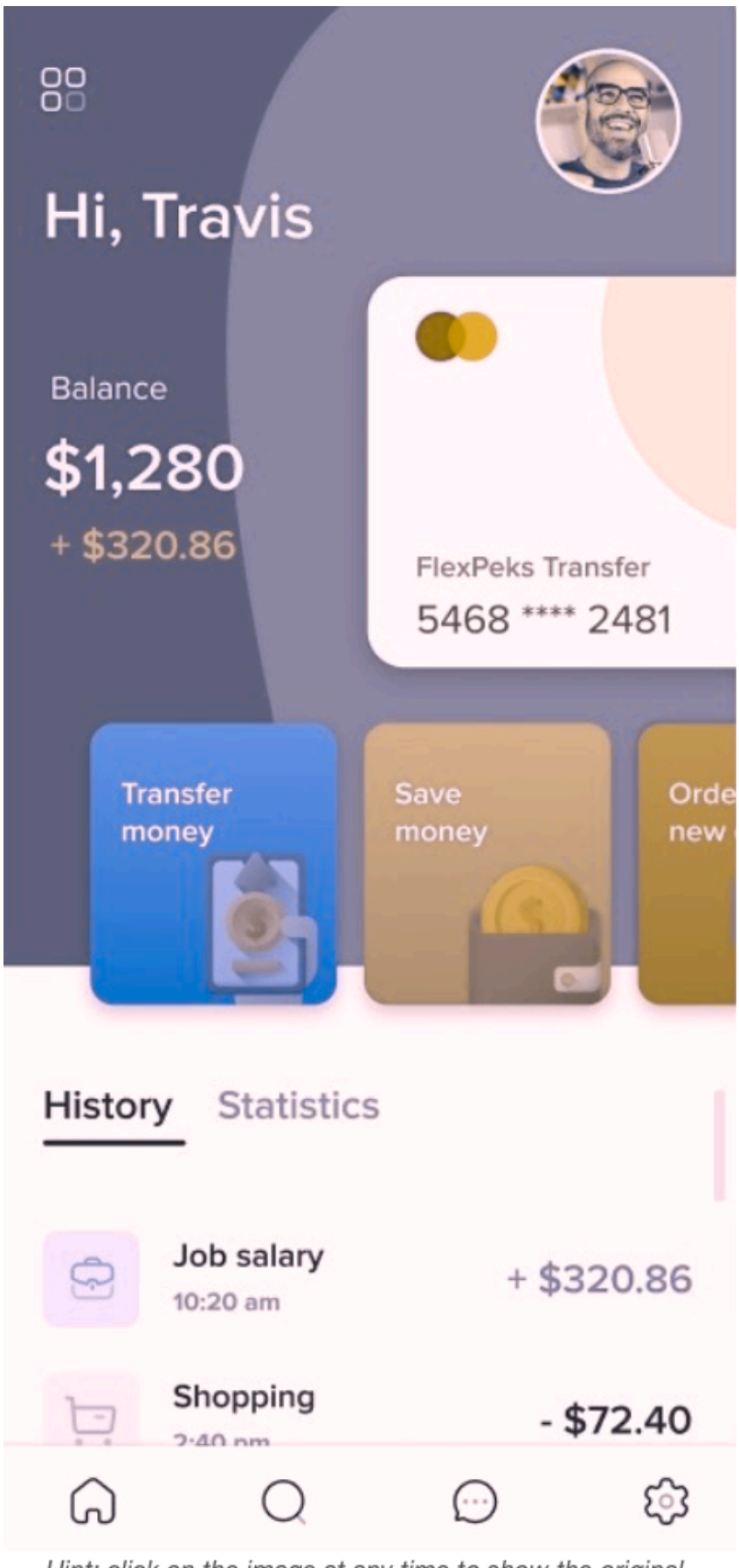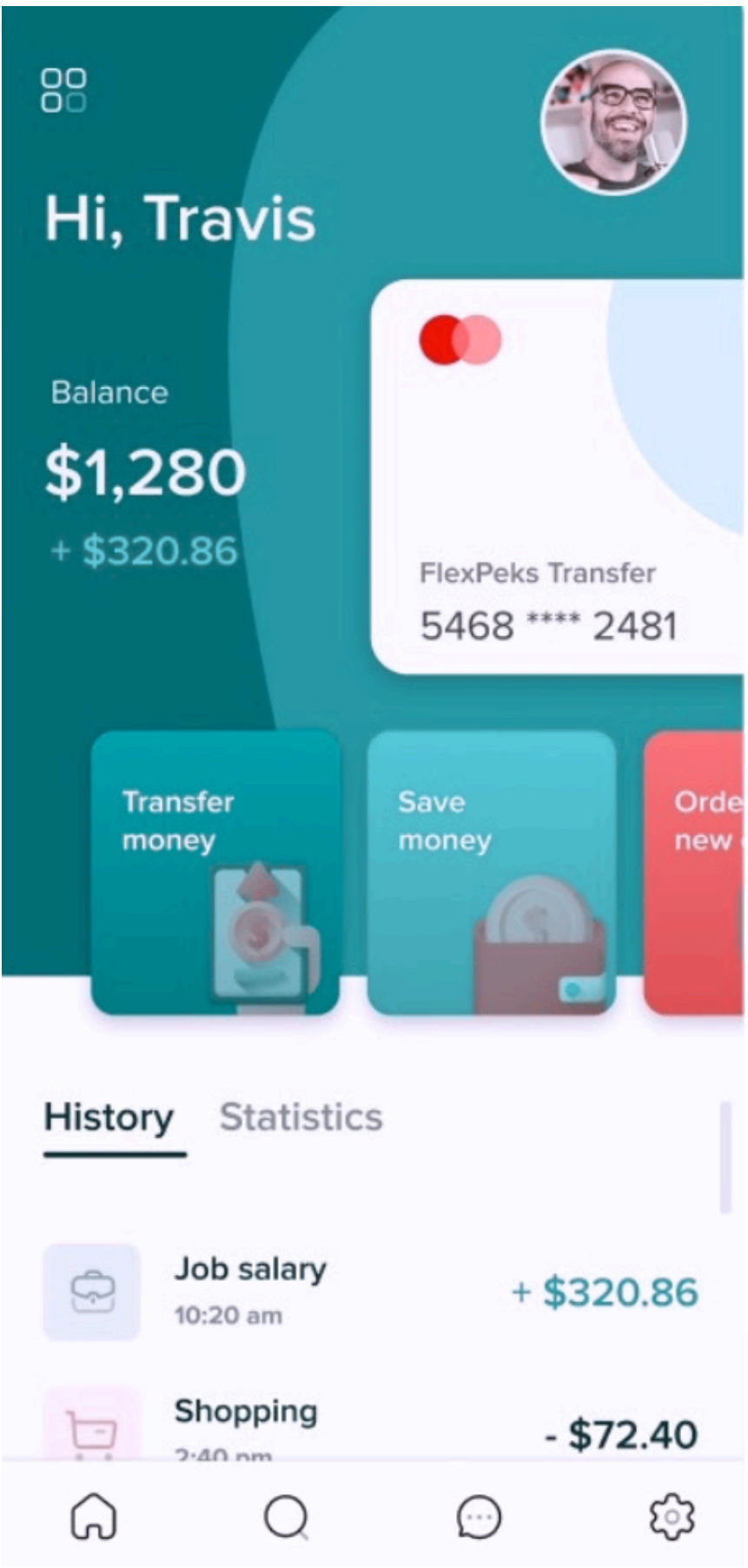
CB type 1

CB type 2

CB type 3

Market Research

Understanding the Target Market

- **Surveys**: Collect structured data from a large audience.

- **Interviews**: Gain in-depth insights through one-on-one conversations.

- **Observational Research**: Study user behavior in natural settings.

- **Online Research**: Utilize online resources and tools for data collection.

- **Competitor Analysis**: Examine competitors' offerings, strategies, and market positioning.

Idea Validation Process
Turning Concepts into Viable Solutions

- **Problem Identification**: Identify and define a specific problem or need in the market.

- **Solution Ideation**: Brainstorm potential solutions or products that address the identified problem.

- **Prototype Development**: Create a minimal version of the product or solution to test.

- **Testing and Feedback**: Gather feedback from target users to evaluate the prototype's effectiveness.

- **Iteration**: Based on feedback, make necessary adjustments and refinements to improve the idea.

Idea Pitching

Crafting a Persuasive Elevator Pitch

A concise, persuasive summary of your startup idea that can be delivered in the time it takes to ride an elevator.

- **Problem Statement**: Clearly articulate the problem your startup aims to solve.

- **Solution**: Present your innovative solution or product.

- **Unique Value Proposition (UVP)**: Clearly communicate what sets your solution apart.

- **Target Audience**: Identify the specific market or audience you are addressing.

- **Call to action**: Tell them what you want from them!

Idea Pitching
Selling your idea

- **Clarity**: A clear pitch not only communicates the idea effectively but also builds confidence among potential stakeholders.

- **Adaptive**: It needs to be based on an audience (investors, customers, partners …)

- **Rememberable**: Can the listener pitch it forward to her friend after 2 days?

Idea Pitching

QuickGrocery

Imagine a world where you never have to worry about grocery shopping again. That's what QuickGrocery is all about. We're revolutionizing the way busy urban professionals buy groceries.

With our mobile app, you can order fresh, locally-sourced groceries and have them delivered to your doorstep in under an hour.

What sets us apart? It's not just speed; it's also about supporting local farmers and reducing food waste. We connect you directly with farmers and food producers in your area, ensuring you get the freshest products while helping small businesses thrive.

QuickGrocery is more than a convenience; it's a commitment to sustainability, quality, and saving you precious time. Join us in reshaping the future of grocery shopping for busy urban professionals, one quick and eco-friendly delivery at a time."

Idea Pitching

QuickGrocery

Problem

Imagine a world where you never **have to worry about grocery shopping** again. That's what QuickGrocery is all about. We're revolutionizing the way **busy urban professionals** buy groceries.

Target Audience

Solution

With our mobile app, you **can order** fresh, locally-sourced groceries and **have them delivered** to your doorstep in under an hour.

Unique Value Proposition

What sets us apart? It's not just speed; it's also about supporting local farmers and reducing food waste. We **connect you directly with farmers and food producers in your area**, ensuring you get the freshest products while helping small businesses thrive.

Call to Action

QuickGrocery is more than a convenience; it's a commitment to sustainability, quality, and saving you precious time. **Join us in reshaping** the future of grocery shopping for busy urban professionals, one quick and eco-friendly delivery at a time."

🧩 Activity - Elevator Pitch Framework

Practice Your 60-Second Pitch (10mins)

- Problem

- Target Audience

- Solution

- Unique Value Proposition

- Call to Action

Feedback and Iteration
The Continuous Improvement Cycle

- **Customers**: Gather insights directly from potential users through surveys, interviews, and user testing.

- **Mentors and Advisors**: Seek guidance and feedback from experienced mentors in the industry.

- **Peer Review**: Engage with fellow entrepreneurs and industry peers for constructive criticism.

- **Data and Analytics**: Utilize data to track user behavior and preferences.

Common Pitfalls
Learning from Mistakes

- **Lack of Market Research**: e.g. sophisticated fitness trackers

- **Ignoring Customer Feedback**: e.g. restaurants

- **Premature Scaling**: e.g. food deliveries expanding to other cities without sorted logistics

- **Overcomplicated solutions**: e.g. app adding lots of features, customers can't understand them

Conclusion
Summarising Key Takeaways

- Idea generation is a process.

- It needs to be researched and validated.

- Use structured tools to compare and evaluate your ideas.

- It's a continuous process of generation, testing, adapting and validation.

- Persistence, adaptability, and continuous learning.

Assignment

Applying Idea Validation Concepts

- **Elevator Pitch**: Craft a concise elevator pitch for your idea.

Use Google Docs or Slides to create your pitch deck and share it with ales@spetic.si by the day before the next lecture!

Resources & Further Reading
Idea Generation Techniques

- The Lean Startup – Eric Ries

- The Startup Owner's Manual – Steve Blank

- Value Proposition Design – Strategyzer

- Sprint – Jake Knapp (Google Ventures)

- Airbnb Design Thinking Case: review.firstround.com

- IDEO.org Design Kit: www.designkit.org

- SCAMPER Method Overview: mindtools.com/scamper

- Customer Development Playbook: steveblank.com