

Strategy #1: Problem-based business ideas

Covered in this section:

Ideas based on solving a problem

- Search the story of 5 companies and you will see that probably 60% of them are based on solving a problem
- This strategy is the most promoted in the media
- How it works: You find a problem and you try to build a solution for it
- If other people have this problem, the product or service will be a success

Example:

- Dropbox

What it does: it syncs all files on your computer, tablet, phone, and they have external storage at their servers.

The problem it solved: the founder had to bring work from home to the office, and sometimes he forgot his memory stick

Why problem-based business ideas are effective:

1. People are invested in solving problems, because they're oriented towards pain avoidance and convenience
2. Problems are worth fixing
3. Problems are often the source of big business ideas

Steps to follow to make this strategy work:

- 1) Identification
 - take the scratchpad and write down everything you had a problem with
 - mark the big problems and minor ones
- 2) See if others have this problem
 - how many people have this problem?
- 3) The tier test: is this a tier one problem?
 - is the problem you're solving in the top 3 problems of the potential client?
 - Deep well versus wide well: It's better to have a few people who want it very much, rather than a lot of people who are not that interested
 - A lot of people who want it very much will probably mean there is a lot of competition or it's very expensive to solve it