

"If we tried to think of a good idea, we wouldn't have been able to think of a good idea. You just have to find the solution for a problem in your own life." - Brian Chesky, Co-founder of Airbnb.

1

Develop your idea

- Think about your intended target market — where do the problems lie and how is your product or service going to solve these problems? Think about how you want to be of service.
- Brainstorm and get all your ideas down on paper. Try not to censor yourself at this stage — everything is valuable.
- Get creative and use images, magazine cut-outs and newspaper articles.
- What businesses do you admire? Are there any products or services currently available that are similar to your idea? What are they missing?
- Pitch your initial idea to people you trust and ask them for honest and critical feedback, encouraging them to pick holes and ask difficult questions.
- As well as pitching to people you trust, try pitching to people you don't know — this is a great way to know the feedback you're getting is honest and authentic. If possible, try speaking with an industry expert, or someone who currently experiences the problem you are trying to solve.

Question: How do you want to be of service?

Recommended reading

The Mom Test by Rob Fitzpatrick

"How to talk to customers & learn if your business is a good idea when everyone is lying to you"

The Mom Test will help you get the feedback you need, by guiding you through the process of asking the right people, the right questions about your business idea.



Simon Sinek's 'Start With Why' theory states that successfully articulating your 'why' is a very impactful way to define your unique value proposition and inspire your listeners to act. This is a useful theory to go by when pitching your business idea.

2

Conduct market research and competitor analysis

- Identify your target customer personas and analyse their needs, wants and behaviours.
- Check out market trends — you might use a free tool like [Google Trends](#).
- Analyse your competitors — who are their customers? How do they market their products? Is there anything they are missing? How can you set yourself apart?
- Check out the [Business and IP Centre Network](#) which offers access to free resources, training and events to help you strengthen your business idea.



Google Trends helps you identify the popularity of a search term and whether a trend is declining or on the rise. Break it down by region, category and see related search topics. [Check it out](#)

3

Start writing your business plan

- A business plan is both a descriptive and strategic document that details a business' objectives and how they plan to meet them.
- This roadmap of marketing, financial and operational planning will challenge you to develop a feasible plan, gain clarity, and have something to show to potential investors.



You can access examples and download a business plan template at:

gov.uk/write-business-plan

Pivot your business model

Check out the Business Model Canvas which is a strategic management tool that allows you to describe, design, challenge, invent and pivot your business model. It's a great tool for initially testing the viability of an idea. You can access it for free at:

strategyzer.com/canvas

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Identify your funding needs

- Think about everything you need, from start-up expenses to one-time and monthly expenses.
- Research costs and find the best options for you so you can budget effectively and show funders you know where their money will go.

What form of finance?

- Bank loan
- Crowdfunding
- Angel Investors
- Venture capital
- Friends and family finance
- Grant funding
- e-Tendering

To estimate how much funding you will need, here are some things to consider:

1. Identify your start-up expenses

These will include anything you need to start your business such as marketing and branding, business premises, registering your business, insurances, inventory, and more.

3. Organise your expenses into one-time expenses and monthly expenses

Add up your one-time expenses and monthly expenses to get an idea of how much capital you'll need.

2. Estimate how much each expense will cost

Prices can change, so it's best to overestimate to ensure you are prepared for prices possibly rising.

4. Record your calculations

You can use this to help you apply for funding.

Ways to Fund Your Business



Business loan

A bank loan is an amount of money lent to your business over a period of time, paid back with interest. The bank will review your case to determine how much money to loan you and what annual percentage rate (APR) you qualify for.

What you'll likely need:

- A good credit score
- 6 months of trading
- Income/cash flow statements
- A business plan

Pros:

- Quick access to funds
- No giving up business equity
- Control over how you spend your money
- Support from the bank

Cons:

- Some loans have high interest rates
- Secured loans carry risks
- You may not qualify or receive full amount



Crowdfunding

Crowdfunding raises money by presenting an idea to a large group of people and encouraging their support in return for business equity, perks or rewards.

What you'll likely need:

- Time
- A strong idea with possible supporter rewards

Pros:

- Raise money quickly
- Great for marketing
- Great for getting feedback

Cons:

- Takes significant time and effort to promote
- You may not reach your funding goal
- Difficult to protect your patent/copyright
- You may have to give up equity in your business



Angel investors

An angel investor is a high net worth individual that invests their own money in small businesses, in return for convertible debt or ownership equity.

What you'll likely need:

- A strong pitch
- Good network connections
- A business plan

Pros:

- Benefit from their experience and expertise
- Expand your network

Cons:

- Difficult to find
- Difficult to secure
- Making a deal can take time



Venture capital

A real life Dragon's Den situation, venture capital is investment in early-stage businesses with strong growth potential.

What you'll likely need:

- A strong pitch
- A business plan

Pros:

- Insightful business partners
- Large sums of money

Cons:

- Long process
- You may have to give away part of your business
- Difficult to secure



Friends and family finance

Insider finance is funding from friends and family who lend or offer their financial support

What you'll likely need:

- Stable relationships
- Financially secure contacts

Pros:

- Quick way to get funding
- Doesn't affect your credit score
- Share your success with loved ones

Cons:

- Could create personal conflicts
- Lacks legal protection



Grant funding

Governments or organisations sometimes offer funding to support certain businesses and their activities.

What you'll likely need:

- A breakdown of the funding required
- Justification of the amount requested
- An overview of the organisation, previous projects delivered and financial history

Pros:

- Doesn't need to be paid back
- Prestige and reputational benefits
- Good for marketing

Cons:

- Time consuming applications
- Competitive bidding process
- Can be strings attached



e-Tendering

Local governments may put out 'work for tender' where businesses can bid for a project.

What you'll likely need:

- History of relevant experience
- Strategy to carry out the work
- A breakdown of costs

Pros:

- Secures work for your business
- Good for your reputation
- Chance for repeat work

Cons:

- Bidding takes time and resources
- Lots of paperwork and admin
- You may not win the tender

Resources and further information

- [Finance and support for your business - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- [Startup Loans Scheme](#)

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- The Mom Test by Rob Fitzpatrick

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- <https://www.toptal.com/finance/business-research/business-idea-development>

Conducting market research & competitor analysis

- blog.hubspot.com/marketing/market-research-buyers-journey-guide
- bigcommerce.co.uk/blog/how-perform-competitive-analysis/

Writing a business plan

- gov.uk/write-business-plan

Identifying funding needs

- <https://www.british-business-bank.co.uk/finance-hub/>

Islamic finance for business

- qardus.com/islamic-finance-for-business

Ethical finance that empowers business growth

- qardus.com/ethical-sharia

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