

Element 1

**FOR PUBLIC
RELEASE**

COMPELLING UNSERVED NEED

All men's gains are the fruit of venturing.
—Herodotus

Definition

Finding a compelling unserved need is a large piece of any matrix of success. It is also probably the easiest Scorecard element to understand. If your product fulfills a need, and that need is unserved elsewhere, and if it is compelling, then you could be well positioned for success. Of particular interest might be the intensity of the need, the flow of information that causes you to believe the need is unserved, and the inability of the average customer to work around the problem.

“Need”

A need is a lack of something required, desirable, or useful. It is a condition requiring supply or relief. However, unless the need is for air or relief from excruciating physical pain, there will be a question about the intensity of the need to the customer or market. Perhaps your best gauge of the intensity is the cost of the workaround or substitute. If no solution is quite right, and therefore there are several solutions at various prices, you may gain an advantage by offering one superior solution with one price.

“Flow of information”

Entrepreneurs who believe that they have found the Holy Grail of the “compelling unserved need” may be overlooking the fact that there is, indeed, a solution to that need already available. Most entrepreneurs with great new ideas are reluctant to discuss them with people who are in the best position to describe the competition. They do not wish to divulge the existence of their great idea, and so they refuse to communicate with people who could alert them to the presence of a cheap and effective substitute. There is no flow of information coming their way. If you find yourself cribbing or cheating here by forcing the recognition of need, you should assign yourself a lower score. Not to worry, you will have a chance to change it later.

“Work-arounds”

If the idea is revolutionary, such as the personal computer, there are not likely to be ways to describe the compelling need because the consuming public simply has no idea it needs the product. This raises the possibility of trouble elsewhere in the Scorecard, where scores on Closable Customers, Hot Market, and Cash Flowing

Now are all severely tested by a lack of zeal in the market. If the idea or product is not revolutionary, what are people doing today to solve the need served by this product? The value of your idea can soar when the features and benefits you can provide are being offered in the form of multiple products from several different vendors that consumers must aggregate to meet their needs.

“Compelling”

The best clue to the meaning of compelling comes from its root word, the Latin “pellere,” to drive. With that as a cue, can you discern a “drive” to your identified need? Is there an automatic magnetism, energy, or top spin attracting a solution? Does your product alleviate pain, aggravation, or irritation? Look for a predisposition in the market to embrace, buy, or own your product. Will prospective customers leap at the chance to own some of your products? Why?

Relevance—Why Add This Element?

This could be the most succinct means by which to describe the anticipation of a successful new product—it fills a compelling unserved need. The relevance of the item is in its singular portrayal of the essence of success. It should be no mystery at all that if there is no need for your product, you have no business. If you cannot convince sufficient buyers that there is a compelling need for your product, hang up your spurs and try something else with your time. It is here that you need to return to your 30-Second MBA—if there is no compelling need, you will not sell enough products to pay your costs, let alone make a profit. So stop dreaming. Perhaps “critical” unserved need could be of sharper meaning, but for now “compelling” seems adequate to capture the spirit of the element.

It is possibly the most relevant of all the items to a predilection of success. This element represents the true essence or sine qua non of success. I don't want to press this too hard because it is so obvious. Much of what you will be considering with this Scorecard is the true nature of the need. If there is a need, is it compelling? If it is compelling, what makes you think so? If there is solid evidence of a compelling need, how many buyers will feel compelled to buy? And so on. It all starts here in this the most prominent of the elements.

Where to Find This Answer

Would a typical customer behave irrationally to own the product or receive the service before it existed as an offering by a company that does not yet exist? If the product or service were scarce, what premium would the customer be willing to pay? What savings could the product or service offer the customer? Fortunately, there are quick ways to identify the available substitutes. If there are adequate substitutes fully available at prices below yours, help me understand how compelling your product could be. In five minutes or so, Thomas Register, plus Google, Refdesk, and other search tools on the Web can offer names of companies who deliver products near to the one contemplated. (Search under a generic product or service name, or under the features and benefits you think the competition would offer.) Discovery of the compelling need is as simple as looking around the market for substitutes and competitors. If they are not visible, you could be onto something. Now you need to be able to explain why customers will crawl over broken glass to buy your product. What is so compelling about it that will drive people to own or use it?

Score Elevation Tactics

There are several ways to improve this score if you find yourself challenged. One ploy is to simply narrow the definition of the market. This improves the likelihood that you have a compelling unserved need. The problem of course is the likelihood that you will begin to pretend not to know that you have a significant substitute available. Another means to raise your score might be to collect evidence that your product fills a critical unserved need. In other words, simply reassure the public that your product or service fills the compelling and unserved need. This would consist of advertising, and it inspires the public to feel somehow deprived without owning or using what it is you have to offer. What advertising will you be using to boost awareness and an itch to own your stuff? Line up the priests—the gurus of the industry—and have them swear to the utility of this unique product. Rather than consume time, this can solve a number of questions simultaneously. For example, three renowned experts who swear that your product solves a compelling unserved need are also likely to carry with them skill sets and contacts worthy of participation in the enterprise. Naturally, there is a downside, in this case the potential for a claim of bias. These people will profit if you succeed because they have a stake in the game. One final maneuver might be to move the location to a place where the product truly would be compelling and unserved, such as overseas. See Quality of Evidence of Demand on p. 77.

Practical Experience—This Deserves the Maximum Weight of 3

No business launch can succeed without a passing score here. Quite often enterprises perform well when the need is *underserved*,

yet served by a high-margin monopolist. This is where cost advantages can be helpful if not critical. As a reminder that this is a broad matrix of scores, fads can be forceful influences that should attract entrepreneurial zeal in the market. However, I am not aware of many fads that solved compelling unserved needs. The point is, if the score is low, don't give up just yet. Keep moving through the elements. See whether this element corrects itself after further thought. How is this possible? You could change the product into something that truly *is* needed in the market. This is what I was addressing earlier with the notion that the Scorecard can sometimes (often?) twist your product just enough to make it a big success. Just recognize that in the end, if no adjustment upward is possible, a failing score here is likely to doom your venture. My experience confirms that entrepreneurs are always alert to the changes required to succeed, so if changes seem necessary at this early moment, make them now.

If there is no compelling unserved need, it is my experience that you will be unable to establish and sustain your enterprise. You will be unable to spark sufficient imagination to attract support. How do you expect to succeed in a business with boring products in a market that is well served by others? Worse yet, how do you offer a product that is poorly defined in a place where there is no interest whatsoever or where repeated attempts with similar products have failed in the past?

The word "compelling" is often misunderstood by new entrepreneurs. They somehow fail to understand the distinction between "I have the cure for cancer" and "I have a new way to butter toast." Imagine the market and ask yourself whether your product will be something that, if it existed, would be simply irresistible.

Here in this first element in the Scorecard, we encounter the uncanny breadth and depth of the World Wide Web. If you use the Web for quick research on whether your idea is being offered elsewhere, in the blink of an eye you may find tens of thousands of

“hits” demonstrating how compelling your product might or might not be. You have encountered your first dose of reality. Thank goodness there is no one watching your keystrokes to witness it.

Dr. Market's Observation:



This is an appropriate moment to stop and think about another problem: confidentiality. The market has thieves who prey on creative genius. How do you dig around for clues about your idea's flight-worthiness and not give away the secret that is critical to your success? We have arrived at one of the many incongruities of launching new businesses. You must explore the market and “talk” to the experts but you need to keep things secret. One solution is to use this book to score your idea without talking to many (if any) other people. Another idea is to talk to only those who you can trust; make certain to ask them to keep it quiet. Yet another idea that I have used is to simply not give away the whole secret. Use a “what if” scenario and stay away from your true intentions. In the end, silence can be the best way to maintain confidentiality. Do not divulge the key aspects of your idea to anyone until you are prepared to seek investors and then you should try your best to not report 100% of what you are doing. If at this early moment in the life of your enterprise you have no legal protection, do not expose your secrets by letting them all out. In his book on commercial espionage, Boris Parad explains 79 different ways people can steal your business secrets.¹ This is where confidentiality agreements, crafted by your lawyers, will someday be helpful after your Scorecard earns a passing mark. But for the moment, please do not be naïve or you could lose it all before you start your engine.

1. Commercial Espionage, Global Connection Inc., 1997, ISBN 0-9658050-0-X.

Examples

Some of the possibilities for meeting compelling unserved needs include the following:

1. Cures for diseases.
2. Faster switching equipment in the nation's telecommunications infrastructure.
3. Shoes, tires, brakes, bushings, aircraft engines, and other heavy-use equipment that miraculously does not wear out.
4. Means of determining the presence of a nuclear threat.
5. Means to instantly divulge the precise location of the source of gunfire in an urban environment where guns are not allowed.
6. Techniques to fuse or repair torn spinal column or nerve connections such as the injury that felled actor Christopher Reeve.

The Coin-Operated Laundry—Compelling Unserved Need score: 5

Entrepreneurship is best tailored for taking an innovation to market, so it would be helpful to examine something that was both familiar to the average reader and blessed with an innovation. In each element we will take the Innovator's Scorecard on a test drive. Let's examine a hypothetical coin-operated laundry that will offer the services of machines that clean all materials and all stains. No stain will stand up to it. The machines are 25% more expensive than your competitor's machines, but properly set they will clean woolens and other fabrics that are otherwise extremely vulnerable to indelible stains. You also have the equipment necessary to clean and press suits and dresses and clean, starch, and press cotton shirts and blouses (although at lower

and more traditional prices). The revenue model for the machine manufacturer is equipment sales and not a franchise based upon a patented process. The full scorecard for the Coin-Operated Laundry can be found in Appendix V. Regarding the coin-operated laundry's Compelling Unserved Need, I score it a 5. Clean clothes are always in style and the need for them is certainly compelling. However, we have a question on how well the market for clean clothes is served. Compelling? Sure. Need? Yes. Unserved? Hardly. The score here should reflect the highly competitive circumstances in the market. I would score this item, at least on the first round, at a 5. I would also expect to see the number improve after further consideration of the uniqueness of the cleaning, the ability to bottle up the availability of the product, and the circumstances surrounding the location of alternative cleaning establishments within that location.

Element 1, Compelling Unserved Need *score summary*:

Weight 3 x Score 5 = Total 15

Dr. Market's Observation



Check out whether similar enterprises have been tried—and whether they were successful. For example, it might seem that a diner on a busy road would surely be successful. But, in Grand Forks, North Dakota, one such diner went through about eight iterations in 10 years, all with different owners, and all failed. It is now a tire dealership. Why did they fail? The location was almost impossible to reach by automobile. You could see it, but you “couldn’t get there from here” because of the complicated traffic pattern and street layout. Whatever the need being served in that location, it was not compelling enough to lure people through an awkward intersection.