From Concept to Cash: An Entrepreneur's Guide

By Scott Romeo and Edwin Wold

Introduction

This is a story about two entrepreneurs, Josh and Dakota, who find themselves unemployed after their recent jobs and create a business idea they want to pursue. While these characters and their situation are fictional, this story aims to illustrate the challenges many entrepreneurs face when launching a startup business and nurturing it into a successful small business, and perhaps beyond. The examples presented are certainly not exhaustive, but they represent some of the circumstances our entrepreneurs might encounter as they launch their new venture. Let's learn more about our characters and the situation that leads them to address a problem or opportunity that inspires a new business idea.

Characters

Josh is 27 years old and, until just a few weeks ago, worked as an engineer at a local mid-sized company. He began working for this company immediately after graduating from college with a degree in mechanical engineering. Josh has been married for three years to Maria (whom he met in college), and they have a two-year-old daughter, Scarlett. Josh and Maria recently bought their first home.

Dakota is Josh's 20-year-old younger brother. He goes to college part-time (he hasn't figured out his major) and works part-time at a local pool supply store. Before that, he worked as a lifeguard at the local community pool on the weekends and during the summer.

Scott is a management consultant specializing in helping organizations design strategies that enable them to achieve the next level. He has worked with organizations from startups to Fortune 500 companies. He facilitates high-level strategy sessions, writes business plans, and assists business owners in preparing for meetings with investors. He encourages entrepreneurs and business owners to think outside the box and see what is possible. Scott also happens to be Josh's next-door neighbor.

Edwin is Scott's business partner, a consultant, and a USPTO patent agent. He specializes in helping entrepreneurs design and protect their business ideas. He holds a degree in mechanical engineering and serves as a patent agent, having assisted over 3,000 entrepreneurs with their business ideas.

Our Story Begins…

Josh and Dakota are sitting by Josh's pool one Saturday evening. It is a warm day; everyone has been playing in the pool, and the sun is setting. Maria (Josh's wife) is making dinner in the kitchen, and Josh and Dakota watch Scarlett (Josh's daughter) play with her toys on the pool deck. Josh is stressed because he recently lost his job, and with the new house payment and family responsibilities, he is unsure how to make ends meet.

Josh: *"I have to find a job pretty quick. Do you know anyone who is hiring?"*

Dakota: *"No, man, I have to find a part-time job, too. Mom is tired of me sitting around the house playing video games all day. The pool store isn't giving me enough hours."*

Meanwhile, Maria asks Josh to come inside and help carry some of the food to the patio table. Dakota, who stayed up most of the night before playing video games, begins to doze off. It is a peaceful Saturday evening. Suddenly, Dakota hears a big splash, wakes up, and sees Scarlett in the pool and under the water.

Being a former lifeguard, Dakota immediately jumps into the pool and dives for Scarlett. Josh and Maria run out of the house to see the commotion. They don't know what happened, but they see Dakota and Scarlett in the pool. Dakota pulls Scarlett to the side of the pool and lifts her to Josh. She is scared, but OK.

This scenario occurs frequently across the United States. Josh did a quick search and discovered that there have been over 3,500 pool deaths in the U.S. since 2005.

[Unknowingly, Josh has just conducted his first, rudimentary market needs assessment that could potentially be valuable in a business plan.]

While Scarlett is just fine, Josh is determined to do more to protect her in the future.

The next day, Dakota goes to Josh's house to watch a baseball game on TV. They are sitting in the living room, and Josh mentions the pool incident from the day before. He is still clearly shaken by what has happened. Dakota mentions a device he saw for sale in the pool supply store where he worked that can be attached to the side of the pool and sounds an alarm if something falls into the pool and makes a wave. He said it didn't sell very well. That might be because the price was over $200.

[Unknowingly, Dakota has just conducted a competitor analysis.]

Josh: *"Why don't we invent our own pool device that can sound a siren if something falls into the water? I think we can make one cheaper than $200."*

Dakota: *"Do you think we could make something like that? I've never done anything like that before."*

Josh: *"Me either, but let's give it a try. It will be a good chance for me to use some of the stuff I learned in my engineering courses."*

Dakota: *"This is awesome, but how do we make something like this?"*

Josh: *"I don't know, but my next-door neighbor, Scott, is a business consultant. Let's text him and invite him over and see what he says."*

Scott walks next door to find an excited Josh and Dakota with a piece of paper, drawing pictures of what looks like a floating traffic cone with a flashing light on top. Scott asks what they are doing, and Josh begins to tell the story about Scarlett falling into the pool and how he and Dakota have an idea for creating a pool safety device and bringing it to market.

Scott immediately tells the guys to slow down. He begins to ask some strategic questions:

- Are competing devices like this on the market?
- How many of them?
- What do they cost?
- How big is the industry?

Josh and Dakota don't know many answers and grow frustrated, thinking that Scott doesn't like their idea. That is not true at all. Scott is simply trying to encourage Josh and Dakota to set aside their emotions and view their ideas through a business lens.

Josh sat quietly, thinking about the conversation. Scott could tell he was thinking and processing everything being said. Josh agrees that they don't have the knowledge or the funds to manufacture the pool device, even in small batches. Josh asks to speak with Dakota alone.

Scott: *"That's a good idea. I have provided you with some ideas to consider, and that should be enough to process during this meeting. If you would like to discuss this idea further, I would like to invite my business partner, Edwin, to join our conversation. He holds a degree in mechanical engineering and has helped file over 3,000 patents. He can add valuable insight to our discussions. In the meantime, think more about your idea, and I suggest you get a notebook and start writing down your ideas as they come to mind.*"

Business Strategy Tip: Writing things down, even in a rough format, creates a solid foundation for your business model and future pitches to investors. Sketching is great, and documenting your ideas with timestamps (in an email, notebook, or app) helps prove originality.

Scott leaves to walk next door, and Josh and Dakota decide to list many features they would like to have in their new device.

Business Strategy Tip: Creating a list of features is great to help organize and prioritize what the device should be. What Scott didn't tell them is that they will need to convert these features into benefits, but that is a topic for another day. Josh and Dakota need time to think and develop their concept.

A few days later, Scott is gathering the mail from his mailbox, and Josh comes over with an update.

Josh: *"You are right. We don't have any way to bring this to market. We can't manufacture them. We don't know how, and neither of us has a job, so there is no way we can afford to put in a manufacturing facility. We had a great idea, but we can't do it. We decided to drop the idea."*

Scott: *"You seem discouraged, and you shouldn't be. Remember when I said you can't move too fast? You are working through the natural process most entrepreneurs go through when they have a business idea. You are thinking about your business model. This is what I was telling you the other day. This is actually progress. I knew the other day that you were in no* *position to manufacture the devices, but you might not have believed me or taken it to heart if I had mentioned it. I was hoping you could work through these issues on your own and come up with your own conclusions. While you may be discouraged, I am actually encouraged because you just grew to the next stage as an entrepreneur. Don't give up yet. I think it is time for another meeting around your pool."*

Business Strategy Tip: Writing things down, even in a rough format, creates the foundation for your business model and future pitch. Ideas may look different from day to day. Staying positive is essential to success.

Edwin, the IP Expert

The next day, Scott shares the idea with his business partner, Edwin, who has a background in mechanical engineering and project management and is also a registered patent agent. Scott, Josh, and Dakota have already determined that they will not be able to manufacture these devices, and they will need to either partner with someone to help bring the idea to market or file a patent with the USPTO and then sell or license the technology.

Edwin suggests that the first step is to conduct a patent search to see if anything similar is on the market beyond the one Dakota saw in the pool store for a brief time.

Lesson: A patent search helps determine whether you have something protectable—and potentially profitable.

The following Saturday, Josh, Dakota, Maria, Scott, and Edwin meet around Josh's pool for dinner and a strategy session. Scott asks Josh and Dakota to describe what they have discussed and where they are in the process. Josh and Dakota are still slightly discouraged, saying they don't know what to do or how to move forward.

Reminder: Feeling discouraged is normal. What feels like failure is often just a learning step for entrepreneurs who persist.

Scott: *"That's ok. That is what this session is all about. Let's take your idea to the next level. I need you to stay positive and keep an open mind. Edwin and I have been down this road many times before. Are you ready for the next step?"*

Josh and Dakota look at each other, still not convinced that there is a path forward. Maria looks at Josh and tells him that he has always kept an open mind and worked through adversity before. Why would this time be any different?"

Josh sits quietly for a minute and then nods. He tells Dakota they have come this far, so let's see where it goes.

Scott: *"Great. I am going to share a few thoughts with you, and then Edwin will help you consider different options for developing your idea into a viable product. So, how can you make money from your idea?"*

Josh and Dakota look at each other again. They have no idea how to proceed without manufacturing and selling the device.

Scott: *"Let's start with the basics; what business are you in?"*

Again, Josh and Dakota look at each other.

Dakota: *"We are in the pool safety device business,*

Dakota: *"Are you asking how we can make money without manufacturing the floater and in addition to just selling it?"*

Scott: *"Yes, that is partially what I am asking. I am going to share an idea with you, and then Edwin will share one as well. We ask that you keep an open mind. We call this the brainstorming stage, and many ideas are often developed; some good and some bad."*

Josh and Dakota agree to have an open mind. Edwin asks Josh if he has a whiteboard to capture ideas as they are created. Josh says no, but he mentions having a large 2' x 3' drawing pad that he has used to sketch some mechanical designs in the past.

Edwin: *"That's perfect. If you can grab that and some markers, we can sketch out some ideas."*

Scott: *"You started out thinking you were in the pool safety business. I want you to consider sitting that idea aside and shift your mindset to being in the pool accessories and supply business.*

Dakota: *"I don't understand. Why do we not want to be in the pool safety business? That is the whole premise of our idea."*

Edwin: *"You may not realize it, but there is a great deal of liability that comes along with saying you are in the pool safety business. If someone gets hurt while your device is in use, you may assume some liability. What Scott is trying to get you to do is think about how your device can achieve the same thing, without being labeled a safety device. You probably don't want to be in that business."*

Scott: *"Now, let's take that one step further. Are you ready to really think outside the box? Now, let's think about you not being in the pool business at all."*

Dakota: *"Are we going to create a new product idea?"*

Scott: *"No, same product – different mindset. Let's say you find a way to manufacture the floaters and bring them to market. No matter how you sell them (online or retail), they are still basically one-off sales. In other words, most customers (your end users) will likely make a single purchase. Wouldn't you like to have an ongoing relationship with the customer that allows them to pay you regularly?"*

Josh: *"Yeah, that would be great. But the device has to last at least one pool season, I don't think they will buy more often."*

Entrepreneur Tip: If you can generate recurring revenue (such as subscriptions), your business becomes more attractive to investors.

Scott: *"I agree. But you are not going to be in the pool accessory business. You are going to be a technology company."*

Dakota: *"What?"*

Scott: *"Josh, what if you sold the device at a small markup, but the real value proposition comes from the app that you develop. In addition to sounding an alarm, it also sends out cell phone alerts to as many people as you like and notifies them of movement in the pool. Think about Scarlett. You can also have alerts automatically sent to your phone, as well as to Maria, Josh, and the babysitter's phone. That way, whoever is closest to Scarlett could hear the* *alarm and respond. You could even have the option to alert the HOA security guards or even notify emergency services."*

Marketing Tip: A value proposition explains why customers should choose your specific product or service offering over others.

Dakota: *"Wow, that's a great idea. Think of how many lives could be saved with something like that."*

Josh: *"I really like that. But tell me about the business model of being a technology company that you were talking about."*

Scott: *"OK, now I'm going to expand your mindset even further. In addition to selling the device, you also sell this add-on alert service as a monthly subscription. That way, you will have recurring revenue from each customer. Most of them will pay for it – who wouldn't pay for the safety of their child?"*

Sales Tip: If Josh and Dakota see only the device, they may generate one revenue stream per year. By offering a subscription model, they have recurring revenue and an ongoing relationship with their end-user customer.

Dakota: *"Oh man, that is great. Most people are too lazy to cancel their subscriptions. And they would pay for them throughout the year, even when it isn't swimming season, because the pool is still there, and kids could still fall into it. That is a great idea. And the other company that sells the $200 model doesn't have anything like this."*

Scott: *"That is something for you guys to think about. Now, let's see what idea Edwin has."*

Edwin: *"I like the direction this is going. However, there are a few steps we might want to take before moving ahead too quickly. Have you done a patent search to see if anyone else has anything remotely similar, other than the one example Dakota saw in the pool store?"*

Lesson: A patent search helps determine whether you have something protectable (unique) and potentially profitable.

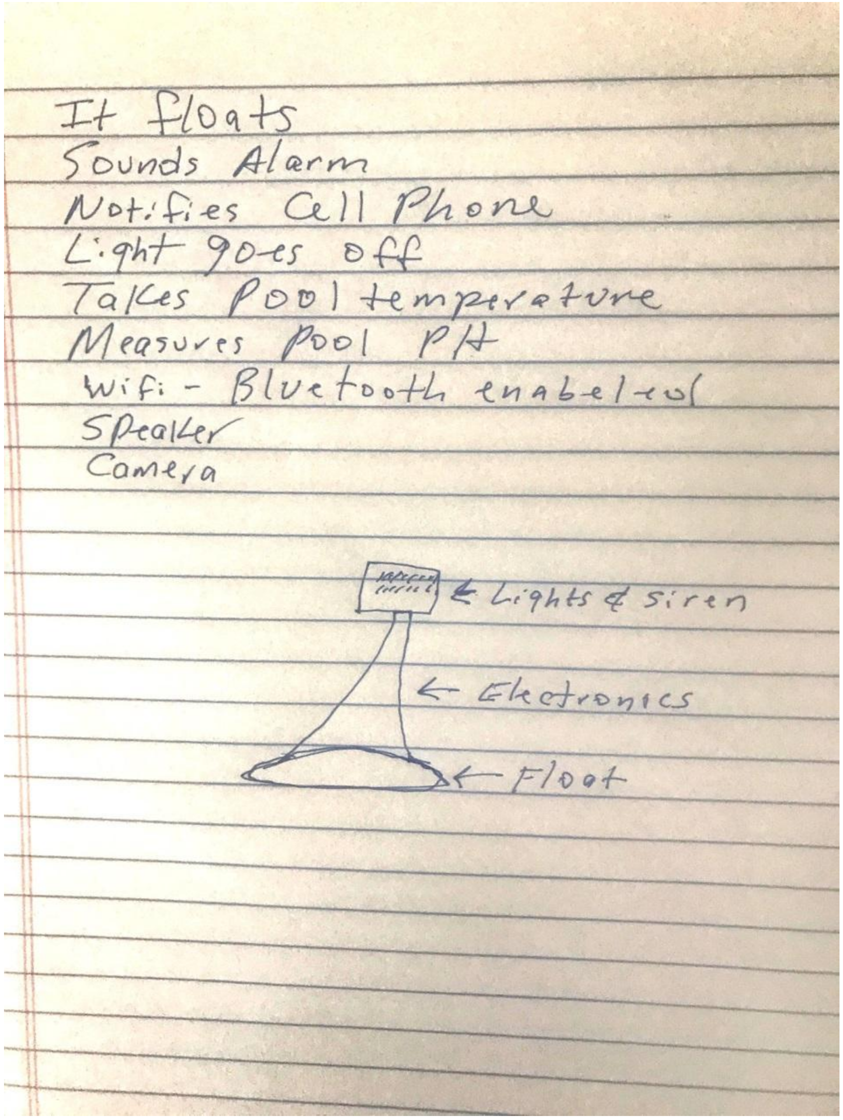
Josh: *"No, we never thought about that. Do we need to patent it?"*

Edwin: *"Well, from what Scott tells me, it is unlikely that you are going to be able to manufacture the device yourselves. Do either of you write code and can create the app?"*

Josh: *"No.*

Edwin hands Josh a notepad and asks Josh and Dakota to describe their ideas. Edwin knows that these words will be instrumental in a patent search to determine how unique Josh and Dakota's idea really is. The list includes **solar power** with **battery backup**, **Bluetooth** technology, **flashing lights**, monitoring the pool's **temperature** and **pH** level, and most importantly, notifying individuals of activity in the pool via cell phone messaging.

Here are some of the features Josh and Dakota recorded in their first patent search brainstorming session.



Edwin opens a tab on his laptop browser, enters a web address, and turns the laptop toward Dakota.

Edwin: *Dakota, you have the honor of conducting the initial search to see if your idea might be patentable."*

The first result is for a *"safety monitoring system with in-water and above water monitoring devices"*.

Dakota was disappointed at reading the heading, but Edwin asked him to read the Abstract and Description to see how close this patent is to their idea.

It turns out that this product is primarily used for cleaning the pool and monitoring the water's condition. The second result was for a similar product. The third result for *"System, Device, and Method of Detecting Dangerous Situations"* described a safety device. Still, the unit must be physically attached to the swimmer – a different type of device. The remaining results were quite different.

Edwin: *"It looks like you may have something unique. The reason I wanted you to explore a patent is that you probably cannot manufacture this device. You will likely have to license or assign the patent to someone who can make these for you, and you will want as much protection for your idea as possible before opening discussions with anyone."*

Scott: *"I think the idea is exciting, and now that we have mentally moved from creating a pool safety device to an alarm system to a monthly fee that offers additional features, this is a great idea. But there's a lot to consider when thinking about starting a company like this." We need to talk this through and develop a plan."*

Strategic Mindset: We have now shifted the device's potential position, established an ongoing revenue model through a subscription payment method, and enhanced its features to provide additional user benefits, such as monitoring pool temperature and pH levels.

The Inventors Arena

Our story thus far describes how Josh and Dakota developed the idea of creating a pool safety device, which evolved into a pool accessory and ultimately became a technology solution. The discussion continued for a while. Scott is realistic and shares some key points with Josh and Dakota to consider as they move forward with their idea.

Knowing that Josh and Dakota have limited funds and no present income source, Edwin and Scott decided that Josh and Dakota are ideal candidates for their Inventors-Arena program and possibly for their studio VC firm.

Edwin and Scott created The Inventors-Arena program and the micro VC firm to help startup inventors like Josh and Dakota develop, design, and monetize their invention ideas from the concept stage through to the stage of generating revenue. Scott texts Josh and Dakota and tells them about the programs.

A Company is Formed….

Two days later, Josh texts Scott, inviting him over after he gets home from work. It appears that Josh has been online conducting research and has decided to move forward with the idea. He has filed a new company, *Pool Safety, LLC*. Scott agrees to come over after dinner.

Josh: *"OK, Dakota and I have decided to move forward, and we want to know what we need to do next."*

Scott: *"Tell me what you want to move forward with. Share your vision with me so I can understand what you want to do."*

Josh: *"We want to design and manufacture a pool safety device that can help parents save their children's lives." Hey, that would make a great mission statement, wouldn't it?*

Scott: *"Probably not. But we'll get to that a bit later. So, you filed for a new company, and you called it* ***Pool Safety, LLC****. How did you come up with that name?*

Josh: *"Well, we want to make a product that makes pools safer, and maybe in the future, we might have other products that we can sell under that name, too."*

It is at this stage that Scott realizes he will have some serious strategy discussions with Josh and Dakota. They have reverted to their comfort zone and what they know, creating a pool safety device, which has already been determined to be a questionable approach. There is a lot of work to do.

Legal Alert: If your product claims to improve safety, you may open yourself up to liability. Carefully consider how you position your product.

Scott: *"Let's get you two signed up for The Inventors Arena, and that will provide a step-by-step guide to help you bring your invention to the market."* Then, let's get you into our VC studio so we can help you enhance the other areas you need to work on to come to market.

Three days later, Scott, Josh, and Dakota sit on the back porch and talk about the idea. Scott begins by asking what should be an easy question, but one that elicits a great deal of discussion.

Scott: *"So, what business are you in?"*

Josh and Dakota look at each other. Neither responds.

Dakota: *"What do you mean 'what business are we in'"?*

Scott: *"From your perspective, tell me what business you are in."*

Josh is the first to speak and states that they are in the manufacturing business. Dakota responds and asks if they are really in the safety business.

Dakota: *"We're in the business of making money."*

Josh: *"Why did you ask that question, and why did you ask that question first"?*

Scott deflects the question and begins what turns out to be a lengthy discussion by asking Josh and Dakota how they came up with the name *Pool Safety, LLC* for their company.

Josh: *"This will be the best pool safety device on the market. We are going to save lots of lives."*

Legal Alert: If your product claims to improve safety, you may open yourself up to liability. Carefully consider how you position your product.

Scott tells them that while the general idea might be good, its positioning in the marketplace is critical.

Scott: *"Josh, I know you want to save lives with this idea, but I think you should think carefully before calling it a* ***pool safety device****. If you do, your potential liability may go up dramatically. I suggest you make no guarantees about pool safety. You should really speak with an attorney about this before making a final decision."*

Scott begins to tell Josh and Dakota about selecting names that take into consideration marketing, advertising, branding, and legal considerations.

Scott: *"If you state that you are in the 'pool safety business' and a child dies or gets hurt, you probably have assumed some liability and could be sued. However, if you state that you are in the 'pool accessory business' and you do not make promises or guarantees regarding safety, that might significantly mitigate your risks. We'll talk more about that later when we get into the risk assessment."*

Dakota: *"Why is this important right now to discuss"?*

Scott: *"Because you have officially (by registering with the state) selected Pool Safety, LLC for your company name. That itself may convey the message to the world (and possibly plaintiff attorneys) that you are in the 'safety' business, whether you think you are, or claim to be. You may have already assumed risk just with the name you have selected for your company."*

Josh: *"I never thought about that. But how would we market it for something it does, without marketing those characteristics?"*

Strategy Tip: The name of your company is your first brand message. Choose wisely with marketing, legal, and positioning in mind.

Scott: *"We'll get there. Actually, there is more to positioning this idea, but it involves your business model, marketing strategies, and sales cycles, and we are too early in your development process for me to share those ideas with you. I need to guide you, so you develop these ideas as they evolve."*

Dakota: *"Can't you just tell us what we need to do now? Let's start making these things and selling them. Josh and I need income."*

Scott: *"No, you can't move too fast. Being an entrepreneur is a process, and I need you and Dakota to work through the natural evolution of developing and growing an entrepreneurial mindset and skillset. If you skip steps, you will struggle whenever issues arise."*

Scott: *"Guys, there's a lot of strategy that goes into picking the name of a company."*

Dakota: *"What strategy could be involved with just picking a name"?*

Josh and Dakota look at each other, sit silently, and think about their company name.

Josh: *"We should have had a strategy session with you before we even selected the name. What do we do now?"*

Strategy Tip: Your company's name is your first brand message. Choose wisely with marketing, legal, and positioning in mind.

Scott: *"Are you going to fund this business with your own money or are you going to have to seek outside investors?"*

Dakota: *"I don't have any money to put into a business."*

Josh: *"I don't either. I was hoping to make money, not spend money, with this idea."*

Scott: *"Well, if you are going to have to get outside investors, you may have to refile the business as a corporation anyway, so the name you selected can be changed when you refile with the state."*

Josh: *"You mean we selected the wrong type of company to form, too?"*

Scott: *"Not necessarily. It depends on who you ask for money. If you ask only family and friends, an LLC might be okay. But if you are going to seek angel investors or VCs, you may end up forming a corporation. We'll need to schedule another investor strategy session soon so you can develop your strategy for raising capital. But that's a topic for another day."*

This session continues for a few hours with Scott asking strategic questions that Josh and Dakota never considered. By the end of the session, the brothers appear tired and frustrated. Scott reassures them that all startups must (or should) undergo a series of strategy sessions to establish their organization for success.

Josh and Dakota discuss their progress and decide that not only do they need to sign up for The Inventors Arena, but they also need to enroll in the Concept-to-Cash strategy session that Scott facilitates for entrepreneurs. They signed up for both.

Creating a Business Model

A few days later, Josh and Dakota scheduled their strategy session with Scott. Now that things are getting more serious, Scott schedules this meeting in his war room. When Josh and Dakota enter, they see that Scott has taped posters up on the wall to help guide the discussion.

Scott: *"Previously, I had asked you what business you are in, and I received different answers. Before moving forward, we must determine the actual business you are in. I think you debated before whether you were in the pool accessory or pool safety business, and Dakota ended up saying you were in the business of making money. So, I ask again for discussion purposes,* ***what business are you in?****"*

Josh and Dakota go back and forth, trying to determine what business they are in. Not being able to define the company is a red flag, but this one can usually be easily addressed. Despite previous discussions, Josh states that from his perspective, they must be in the pool safety device business; otherwise, they won't be able to market it, and no one will buy it.

After the discussion continues for a few minutes, Scott interjects and begins to ask a few strategic questions to refine the discussion. Josh and Dakota lean toward stating that they are in the pool safety business, and Scott starts to ask them questions about levels of liability insurance, the multi-level structure of the company, and other measures to help mitigate risk.

Scott: *"You can certainly be in the 'pool safety' business if you want. Just understand that if there are injuries or deaths in pools where your device is used, you may be subject to litigation. On the other hand, if you decide to enter the pool accessory device business and include proper disclosures on your packaging and website, this may significantly decrease your risk. Of course, your marketing approach has to match, and if you intend to market safety and then sell a safety device, then you must make the decision right now to be in the pool safety device category."*

This line of discussion prompted Josh to take a step back and consider all the potential liability he might be assuming. He wants to sell a pool safety device, but starts to think about what a multimillion-dollar insurance policy might cost. He doesn't know what to do.

Dakota: *"I think we should be in the business of making pool safety devices. I mean, that is what we started doing. Sure, we might have some liability, but doesn't every company have liability?"*

Josh thinks about Scarlett in the pool, and that is the reason for the business idea, so he agrees with Dakota and states, "OK, we are in the business of making pool safety devices."

They both seemed relieved, but Scott knows this is just the first part of a long discussion. A discussion, he decides, needs to wait until another time.

Insight: Even business partners with different goals can succeed—if you address those goals clearly in your strategy and legal documents.

Scott: *"OK, you both used the term 'making pool safety devices'. Does that mean you will be in the business of manufacturing these devices? Are you going to make them yourself, or are you going to outsource manufacturing to someone else?"*

Josh: *"We don't have a place to make these. As an engineer, I can design it, but we don't have the money or expertise to get into manufacturing."*

The decision has been made for Josh and Dakota to design a pool safety device, file for a US patent for the idea, and then locate a manufacturer. There is a lot more that goes into this conversation, but Scott decides to table it for now and discuss some other aspects of the business model.

Scott: *"Let's talk about your vision. If we were to meet here again three years from today, describe what you want the organization to look like."*

Josh: *"Wow, we have not thought about the future. We haven't even started yet. I think that is a discussion for months from now."*

Scott: *"Actually, this is a discussion for today. Some of the decisions you are making right now can impact the relationship you might have with potential investors and how you will generate income."*

Josh: *"I don't understand. Why would an investor be concerned about what we are talking about today?"*

Scott: *"Investors will review your business model to determine their potential risk and their potential return on investment. For example, if you license your idea to another firm to manufacture these devices for you, and you only receive a license fee, investors will receive a percentage of that license fee. But if you negotiate a licensee fee and a percentage of every device sold, that is a larger ROI for you and a potential investor. And if you come to market with a "safety device" and have to purchase a $10 million insurance policy, that impacts the break-even for you and the investors. So, what is your vision?"*

Dakota: *"We will be millionaires."*

Scott: *"So, Dakota, your vision is to make a lot of money."*

Dakota: *"Well, yeah."*

Josh: *"My vision is to save 30 lives over the three years."*

Scott: *"OK, so you two have two different visions. That's not necessarily bad. You can both achieve your vision simultaneously, but different strategic decisions will need to be made to get you there. Josh, how will you know that you saved 30 lives? Will you require each customer to report to you each time the device is used to save a life?"*

Insight: Even business partners with different goals can succeed—if you address those goals clearly in your strategy and legal documents.

Josh started to think more about his vision. While it seems noble, it may be impossible to monitor and to know when that vision is achieved. Scott assigns working on a vision as part of the homework for Josh and Dakota between now and their subsequent strategy session. It is a component of the Inventors Arena program anyway.

Scott: *"OK, let's move on to pricing. Let's assume that you design this pool product and have an outside entity manufacture it for you. While we'll discuss marketing more specifically later, I'd like to know your thoughts on pricing right now. Do you want to be known as a low-cost, best-value, or high-cost provider?"*

Josh: *"Why is this part of our business model? Can't we discuss pricing later? There are so many unknowns right now."*

Scott: *"We will definitely be talking about pricing later when we have our marketing session, but it is important to have an idea of how you want to be known within your industry because that affects other decisions that you make."*

Dakota: *"What do you mean?"*

Scott: *"Well, if you are a low-cost provider, you might make different decisions about product features, quality, packaging, and other areas than if you decide, for example, that you want to be a high-cost provider. You will want to make sure you find a manufacturer who aligns with your approach to be low-cost, and you will want to make sure potential investors understand that you are a low-cost product and a certain amount of volume will need to be sold for them to receive their return on investment."*

Josh: *"Wow, I never thought about pricing being so much a part of strategy that it becomes part of your business model."*

Scott: *"Once a company decides on the level of pricing it will use, that generally becomes part of the organization's fundamental operations. For example, think of a well-known, low-cost company; do you ever envision them being anything but a low-cost company?"*

Josh and Dakota have a lot to think about. Josh wants to be a low-cost provider so that everyone with a child can afford the product. Dakota wants to charge as much as possible for each product. Scott assigns this discussion as more homework for the two in preparation for their next strategy session.

Founder's Tip: Vision drives everything. Don't skip this. Investors need to see that your vision supports growth and scalability. It needs to illustrate to them when and how they will make money and exit the investment.

Scott: *"Now, you need to have another discussion with Edwin about filing for a patent to protect your idea. The patent process takes a while, and if you are going to move forward, and it sounds like you are, you need to begin discussions on how to protect your idea and position it to monetize it through a license agreement."*

Josh and Dakota have a virtual meeting with Edwin, and Edwin asks them to write a brief description of their product idea, including its key features. He tells them to include anything about their idea that makes it unique, based on their earlier patent search results.

Edwin: *"Do you have the funds to file a patent, have 2D and 3D drawings generated for the patent application, produce a prototype that can be shared with investors, and create a website and actual video of the prototype being successfully used in a pool?"*

Josh and Dakota indicate that they likely don't have the funds to do all that, and Edwin suggests they talk to Scott about joining the VC studio, where Scott and Edwin can provide services in exchange for equity.

Josh's House…Later that Same Day

Josh: *"Wow, I never knew there was so much work that went into starting a business. I thought you just came up with an idea and started a business. There are many mistakes we could have made without the help of Scott and Edwin, who guided us through all these areas. The Inventors Arena is helping us stay on track; otherwise, we would be all over the place and not know what to do."*

Dakota: *"Yeah, I know. I thought, 'How hard can it be?'. This time, I think I'd better put some thought into completing the next sections of The Inventors Arena. We can't make any more mistakes."*

Josh and Dakota spent six hours that evening and into the early morning discussing their business ideas and working through three modules in the Inventors Arena program. They spend a considerable amount of time thinking about what the business should be in three years and what they need to do now to ensure their vision is achieved. This includes a lengthy discussion about pricing. They decided they need to sign up for the business plan module of The Inventors Arena to raise some money to move forward, and they need to join Scott and Edwin's VC studio to help prepare for market.

Josh and Dakota have different personal goals, and those personal goals are impacting their business decisions. Dakota wants to make as much money as possible. He doesn't have a job, has never had a full-time job, and thinks this is his key to the future.

Josh has different goals. Although he is currently unemployed, he can always search for a new engineering position and take care of his needs. However, having Scarlett fall into the pool had a profound impact on his view of life. While he wants to make some money, that is his secondary goal. His primary goal is to bring this device to market to help save as many children as possible.

Josh sends Scott a text. *"Is it possible for two business partners to have two different goals and the business still succeed?"* Scott writes back, *"Yes, it is. In fact, it is rare for two business partners to share the same personal and professional goals. Both of you can be* *successful, but only if you strategically design these two different visions and goals into your business model. In fact, it is time for you two to start thinking about your business model in more detail. That is usually part of the thinking process created in a strategic plan."*

Founder's Tip: Vision drives everything. Don't skip this. Investors need to see that your vision supports growth and scalability.

Strategy Update Meeting

The next day, Josh meets Scott as he pulls into his driveway.

Josh: *"Why do we need a business plan?"*

Scott: "You said you and Dakota didn't have personal funds to create, launch, and run this business. That means you will have to seek investors. Investors will want to see a business plan and a pitch deck. And, unlike 99% of the business plans presented to investors, your plan will have the strategies included that the investors are looking for."

Marketing Insight: Pricing impacts perception, positioning, and production. Even in early stages, define your pricing direction.

Josh: *"I don't know how to write a business plan."*

Scott: *"Well, The Inventors Arena program will help guide you through the development of a basic business plan. It will provide the fundamentals you need for the plan. If you need more, reach out to me, and we can discuss working on a sophisticated business plan as part of your joining our VC Studio."*

Josh and Dakota signed up for Scott and Edwin's VC studio. They decide to submit a patent for their idea and have some 2D drawings created for their patent application. The Inventors Arena and the VC studio assist Josh and Dakota in creating their drawings.

As they progress through the program, they begin developing their business plan, only to discover that they lack the necessary skills to set pricing, conduct a competitor analysis, and locate current industry data. They reach out to Scott, who helps them create the business plan.

Ready for Action

Josh and Dakota finally make it through The Inventors Arena program, and their inclusion in the VC studio is helping them create all the pieces they need to meet with investors and gather the necessary funds required. Working with their patent agent, they file for their patent. They have created their business plan, developed their pitch deck, and refined their 2-minute pitch, and they are ready to reach out to possible investors.

They reach out to The Inventors Arena one last time and sign up for an Investor Mock Session. They want to practice their pitch before setting up appointments with investors. It takes three delivery practice sessions, but Josh and Dakota are determined to present their idea to the world.

The Ending

Four months later, a very well-prepared Josh and Dakota, with Scott and Edwin at their side, meet with an investment group to discuss the BlueWatch Beacon™, a tech-forward, intelligent monitoring, modern smart home fit created by BlueVista Smart Home. The business plan has been reviewed, and the investors have invited the team to pitch their ideas. Scott and Edwin have prepared Josh and Dakota to deliver a succinct but informative pitch and to leave time at the end to answer questions. A website has been developed, social media accounts have been created, the patent has been filed, and the team walks in with branded clothing and a working prototype to demonstrate the technology to the investors.

At the end of the meeting, the investors agree not only to help fund any aspect needed to get the product manufactured, including any molds, if necessary, or programming and testing, but they also agree to pursue relationships to help get the product into the major pool supply stores throughout the US, Canada, and Mexico.

Three years later, 309,000 BlueWatch Beacon™ units have sold at a selling price of $99.00 (with a profit of $14.00 per unit ($4,326,000) to BlueVista Smart Home. Even more exciting, nine thousand five hundred of the buyers have signed up for the monthly service at

$9.99 a month, resulting in an additional $949,050 a month in revenue. Dakota is happy that he has earned his million dollars. But Josh is the excited one. In the social media accounts that were created early on, 55 people have now posted that BlueWatch Beacon™ has saved a family member's life, including a family dog.

And finally, one day, the team receives a letter from a company that manufactures pool supplies and accessories, offering to acquire the company and all the rights to BlueWatch Beacon™. This is fantastic news to Josh and Dakota, Scott and Edwin, and the investors, who all will now exit the business after having more than exceeded the 3-year vision created one warm evening on Dakota's pool deck.

The following month, everyone comes together for an exit party, with Scarlett, Josh's little girl, who survived falling into the pool, serving as the guest of honor and the inspiration for the development of a new product and a reminder to everyone of the importance of success on the journey.

Here are some additional insights that might help you with your journey.

[Added Insight: Entrepreneurs often face disruption at the peak of perceived stability. This can be the best time to reassess direction and create something entirely new.]

[Added Insight: Dakota's uncertainty in career and education mirrors the ambiguity many young entrepreneurs feel. This can actually be a strength when paired with a bold mindset.]

[Added Insight: Surrounding yourself with strategic thinkers like Scott and Edwin can fast-track entrepreneurial growth. Mentorship is often the missing link between idea and execution.]

[Scene Setup: This calm setting contrasts sharply with the moment of danger to come, reinforcing how inspiration often comes from chaos.]

[Creative Spark: The most powerful ideas often come from lived experience. Entrepreneurs should pay attention to emotional events—they often point to business opportunities.]

[Coaching Moment: Rushing to solutions without understanding the landscape is one of the top reasons startups fail. Scott's approach models strategic restraint.]

[Reflection Point: This is where many entrepreneurs quit. But recognizing limitations is the first step toward finding collaborators or pivoting your strategy.]

[Business Model Shift: The real opportunity here is recurring revenue. This is where modern tech startups gain exponential value—through monetized services, not one-time product sales.]

[Strategic Planning Trigger: Your long-term vision influences short-term decisions. You can't navigate wisely without knowing your destination.]

[Conflict Resolution: Differing motivations don't have to break a partnership. But they must be acknowledged and strategically accommodated in governance and goals.]

Scott and Ed wish you the best of luck on your entrepreneurial journey. We invite you to visit www.theinventorsareana.com to discover how you can turn your idea into success.

MOST POPULAR

PERFECT PITCH

- In-Depth Program with Lessons
- Every Critical Step Covered
- Starting Your Business (legal/setup basics)
- Preparing for Your Investor Audience
- Mastering Your Presentation & Speaking Confidence
- Preparing & Delivering Your Pitch
- Developing Your Plan
- Preparing for Battle (objections/negotiation)
- Preparing for the Marketplace (launch/licensing)
- Mastering the Ask
- Achieving Success
- Valuation Models, Breakeven, 3-Year Proforma

COMPLETE PROGRAM

- Includes Everything from Other Plans & Everything Here
- Master Invention Development: From Idea to Funded
- Reality Strategic Planning Tools
- Complete Business Plan Template & Financial Forecasts
- Professional Pitch Deck Starter Kit
- Comprehensive Patent Search Methodology
- AI-Generated Business Plan & Pitch Deck Tools
- Expert Education (14+ Lessons)
- Market Evaluation & Validation Techniques
- Financial Modeling: Valuation
- Mastering Investor Presentations
- Ongoing Support. Access to Inventors Arena Community

If we can help you along your journey, please feel free to reach out to us:

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Edwin: wold.edwin@gmail.com

This fictional scenario is not intended to provide legal, financial, fundraising, or other professional advice. Please seek the help of qualified professionals to bring your idea from concept to cash.

Scott Romeo is a business and management consultant with 33 years' experience in nearly 100 industries. His strength is developing an inventor's idea into a viable business offering. He writes strategic business plans and conducts due diligence on business plans for investors. He is a Certified Business Negotiator and holds a certificate in Mergers and Acquisitions from the Wharton School, as well as a certification in Disruptive Innovation from Harvard. He provides the business side to complement Edwin, providing the patent and engineering know-how.

Edwin Wold is a seasoned US Patent Agent. He enjoys helping independent inventors and small companies develop their invention ideas to fruition. Throughout his career, Edwin noted that inventors often struggle with developing their products and securing the investment needed to bring them to market. Edwin teamed up with Scott to bring both the patent and business sides together into a holistic program that teaches inventors the skills needed for their success.