


A Simple Framework to Recognize a Great Business Idea

 Kaihan Krippendorff

 September 17, 2014

Picture this scenario. A bomb has exploded. You've been working for the last two weeks in a remote part of Mongolia. Your boss promised this short-term assignment would prove your commitment and accelerate your career. But now, unsure of what happened or which coworkers were injured or how many hundreds of miles you will need to move them to get to a safe hospital, you're not so sure you still want this job.

You're just a financial analyst, not Jason Bourne or James Bond. You figure the chance is low that a helicopter will float down out of the clouds for you with paramedics and a team of sunglasses-wearing, gun-toting men.

Six thousand miles away in a tower in New York City, a red light blinks on a computer screen showing a map of the world. The chief security officer of your company, from worldwide headquarters, clicks on that red dot and immediately a response kicks into gear. Messages go to each of your colleagues who, according to the last GPS coordinates, were within reach of the blast to confirm who has been affected. A medical team at Johns Hopkins is activated, ready to provide telemedical support. At an operation center in Bangkok, helicopters are readied.

By that afternoon you and your colleagues are being treated by a medical center of excellence in the region.

This scenario is now possible thanks to [Global Rescue](#), the brainchild of an investment banker turned entrepreneur named Dan Richards. Global Rescue provides medical assistance, evacuation support, and security services for corporations, expatriates, and even some parts of the government around the world.

I got a chance to speak to Dan and break down how he recognized and pursued the opportunity to create this cutting-edge firm. He laid out a simple, powerful framework that you can apply to recognize an opportunity that others cannot see.

Dan is the son of an entrepreneur and always knew he would become one too, which is why he decided to launch his career on Wall Street. He became an investment banker and later joined a leading private equity firm, Thomas Weil Partners. His goal was to get as much experience as he could in understanding how to identify opportunities and make them happen. Over the course of his career he was involved in more than \$3.5 billion in transactions and sat on the boards of numerous companies, interacting with and learning from great entrepreneurs.

His firm began analyzing companies that provided security services, and he felt there was an opening to create a new kind of security services company. When his firm decided to pass on the opportunity, Dan joked, "I made the mistake of falling in love with this idea." So at 30, he decided to venture out on his own.

"The scariest day of my life was the first day at my new office," Dan said. He'd rented space and sat down at his desk and heard silence. He had no employees, no colleagues, nothing was happening. He realized if anything was going to come of this idea, he would have to start it on his own.

He convinced his father to retire early and join him. And together they built the company.

He and his father worked through the usual pains of building a business – finding partners, winning clients – but the most powerful lesson we can learn from his experience is his framework for thinking through how to identify the opportunity – how to know the idea you have in your mind right now is worth betting your time, career, and wealth on.



photo credit: [matt.hintsa](#) via [photopin cc](#)

There are four steps you should take:

1. **Assess the quality of your idea.** There are three types of ideas: high-quality (Google's search algorithm), low-quality (New Coke), and medium-quality. Dan figured he had a medium-quality idea.
2. **Assess your ability to execute.** Next, assess your ability to execute against the idea, looking specifically at the capabilities, relationships, and general executional skill you bring to bear. Dan thinks the ability to execute depends on a set of fundamental business skills: knowing the numbers, understanding legal contracts, operations, and sales and marketing. He had spent lots of time with successful entrepreneurs, always seeking to advance his ability across these dimensions. He felt he could execute against this idea as well as, or better than, the competition.
3. **Build a 9x9 grid.** Build out a 9x9 grid with idea quality (H, M, L) down one side and ability to execute (H, M, L) across the top. Plot your full set of options and then focus your energy on those closest to the H-H corner. Dan figured he had a medium-quality idea with a high ability to execute, so faced pretty good odds.
4. **Think through exogenous factors.** The ancient Chinese philosopher Lao Tzu wrote, "To see things in the seed, that is genius." Had Dan pursued this idea 10 years earlier, he might have failed. 9/11 changed the entire context of corporate security and made Global Rescue's complete offering – when other firms only offer one part of the package – an idea for the time. You can't influence the exogenous so the key is to sense where things are opening up – [Peter Drucker](#) calls this sensing where the "fault lines" are – and being ready to pivot when a macro external force starts moving against you.

I've created a short workbook to help you apply this framework to assess your idea. Email me at kaihan@outthinker.com and I'll send it to you. Otherwise, think through the following:

1. Is your idea a high-, medium-, or low-quality idea? Be honest.
2. What is your ability to execute against this idea (high, medium, or low)?
3. Plot your idea on a 9x9 matrix, add other ideas you have, then prioritize.
4. Think through the exogenous factors: Is the timing right and what unexpected uncontrollable forces should you prepare for?