

Pre-Angel: An Innovation Development Framework whitepaper

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Introduction

It is my own personal opinion that a framework piece is missing from the usual assortment of innovation development tools – VCs, Angel Funding, seed stage investment, incubators, and the rest. I will outline my own life's path and patient readers will get a plain picture of my proposal.

Background

Ideas are everywhere and they are cheap. It is a statement that I had to make to differentiate myself from those who have not yet realized this.

At childhood, I have been one of those who took all the toys apart to see how they work (without necessarily putting them together afterwards). Then my involvement with electronics started at the age of 13. Interest with computers came next. Innovation and ideas followed next.

The switch to innovation (ideas generation) is something I owe to three things – a voice recorder, a notepad, and a habit of using two of the above. Innovation is all around free

for the taking. It takes an attentive mind, which isn't occupied with the noise of other things, a habit of analysis, and zero trust in long-term memory. I laugh when I see any mentioning of companies' efforts to promote innovation, because it is such an easy and natural process. I will devote another report to the topic of creating innovation.

However, I have quickly realized that my personality of an innovator became my downfall. Because no tools exist (outside of large corporations and think-tanks) to implement a multitude of ideas into reality.

The reasons for which the usual tools fail for people with more than two ideas are obvious and will not be covered. Getting a business partner, getting a startup, seed/angel funding, joining an incubator, etc, etc has been described at length and is of no benefit for more than one idea.

The following is a framework that I have envisioned that would enable either many individuals with few ideas each or one single individual with a large number of ideas to be able to implement those ideas into real life.

My observations – what not to do

It is my belief that:

- People should not be given any money by investors for anything other than growth expansion. This is already true in life, as most of entities who call themselves seed or angel stage are actually only growth investment entities.
- No business should be allowed to claim that they will turn an idea on a napkin into a moneymaker. There is a very small number of companies who actually work in this manner (Edison Nation being one of the few)
- It is a waste to have one business entity for every single innovation or idea
- It is a waste of time and resources to invest or to seek investment into individual innovations or ideas
- Product evaluation services are not to be trusted. Unlike the popular media representation (TV shows), a small group of people cannot evaluate the usefulness or moneymaking potential of an innovation or idea.
- Why does everyone has to go thru the same lone process to develop an idea? Why is it one of those things that noone supports and there is no industry around it (as opposed to standard tasks like becoming an engineer and working for someone)

Proposal

I envision and propose a reusable, standardized framework that can be applied to individual ideas or persons to breathe life into an innovation or idea with very little investment involved.

Framework

Instead of having geographically and ideologically separate tools like incubators and investors, my proposal is to combine all of the tools into a single toolbox that can be applied to any idea. An individual, for example, after getting an idea that he considers useful, would approach a panel of people to enable the conversion of that idea into the real life. Instead of hoping that someone would convert a napkin sketch into a moneymaker for them, the individual would have to do all the work himself, without any investment, but with full support.

It is support, in my own personal opinion, that matters more than capitol availability or idea usefulness. Even such a thing as perseverance of going at it without giving up is still an individual's support entity.

A personal observation – I do not know how angel investors put up with all the work to find a promising investment opportunity. I have approached an angel investor from my area, and this was one of my first questions. What did he say? He said that personal introductions/connections to someone from the group of investors were what they relied on most often. I then asked him what was the ratio of people who had a genuine idea, but had such little understanding of the angel investment process as to be a problem to investors (by not having something that investors could actually invest in). He said that the vast majority of proposals were something he could not invest in. I then asked him how he could put up with that, and why didn't he create a framework to receive only proposals that he could actually invest in. He did not have a clear and logical answer for me. These questions I have asked many times over and over again, and there were always answers, but none that I liked.

This is why I do not believe that an idea should be invested in with money. An idea should be invested in with support, human resources, and evaluation.

So that hypothetical person, when first approaching the panel, would be presented with a standard checklist. First item – was the idea evaluated by anyone for usefulness and usability? If it wasn't it would be send off to a standard evaluation protocol.

After the review, the person would again approach the panel. The next checkpoint will be presented, etc. All of this, instead of that person approaching an investor, and wasting his time when it is found out that a prerequisite was not done. As I have been told, this happens too often.

And suppose that idea goes on as being evaluated to be needed and as being able to be implemented in reality. That person will again approach the panel of advisers for any help or resources. Human resources needed to advise on how to do this or that step? Borrow them from the framework. Human resources needed to fill an order or answer the phones, or put something together? Why create a company and hire people if they can be borrowed and rented. Capitol needed for growth expansion? The idea has already been pre—evaluated and can be submitted in an expedite manner to local investment resources.

The step by step / questions grunt-work should not be done by an innovator because they can screw up. Instead, have outside people do the step by step procedure, and telling persons involved what to do.

As the reader probably guessed, what I am proposing is a single geographical location with a panel of advisers and resources on hand to help any single idea or individual, and which is to be reused for anyone who approaches with a proposal.

Why what's available does not cut it

I have been at this for some time, and the following are some of my observations on why what's already available does not cut it:

1) **Idea development companies** that are either a scam or not that claim to turn a napkin sketch into a moneymaker cannot of course be a wise tool because they would not have the resources to properly evaluate an idea for usefulness and usability. And they would not have the interest to put any effort into development as the idea isn't theirs.

Only the person himself would care about the idea enough to keep putting proper effort into trying to bring that idea to life.

2) **Idea development companies** that claim to be “idea stage” but actually aren't: I have heard a presentation by the head of a company that he claimed took ideas at the “napkin sketch” stage and would do all the work needed. I have visited the company with a personal appointed and have been told something completely. They wanted market research (is this actually needed), personal risk investment (have I had relatives like and invest into this), and a prototype (that they could touch to evaluate). Almost no companies do that work just a raw idea.

3) I then approached a local **angel / seed--stage investor**. He said the following:

What I needed to successfully present for a funding proposal – not much initially, but it was not very likely I could get in to present without personal connections.

At what stage they would consider investing – after a sale of one unit. So the research and prototyping stage is not covered by anyone.

Local resources there weren't many of besides universities with entrepreneurship programs for their own students, and local places where entrepreneurs and investors hanged out

He did not think that pre—screening or pre—angel services would work

He said that all incubators fail to return a profit, unless they are nonprofit from the start.

When I have told him that I hanged around in the innovators community (more appropriately, the dirty—word inventor community) he said he did not invest into individuals, but only business teams with a startup company, business plan, and a ready product.

There are no regular calls for proposals for those without connections

Noone invests into a prototype

A professional business plan was not a requirement

He did not think there was any meaning behind the terms early, seed, and prototype stage investment

My proposal to attend pitches for practice or to volunteer for investors to gain knowledge was not taken advantage of.

He also believed that incubators must invest in tenants.

And when I asked him why give me money at all – and to give me a team instead, he said it would be interesting if they had a list of available people. But, he said he is there to invest just money, not to provide services.

A question that I did not hope for and did not get an answer for is why all of those investors who claimed to be angle stage were all in the crowded expansion stage funding, and how can they make money competing with one another for same few usable investment opportunities.

4) Why the **TV show's** concept of five judges evaluating an idea does not work and what my version of such a service would be:

- Hold several local invention fairs instead of one national one
- Like for stupid lotteries, instead of one multimillion prize use a large number of \$100k payouts
- Prize will pay for further education. Present local resources & educate on how to finish the idea yourself at home. They are are not VCs
- Very important: have professional people testify who can give a yes/no decision. Search for patents/prior art. Do internet searching for same ideas. Give out advice. Tell when it is better to get a website with ads, license a patent, sell/license just an idea/prototype, etc
- Do not give money away. Instead, give out free information, books, and speakers/advice/services. Give out credit for professional services (for example patent attorneys, money to file a patent, etc)
- Combine resources.

5) **Licensing companies** rarely work because they send out unsolicited proposals and do not have much clout and recognition.

6) **Educational institutions** are illogically bound by restrictions that they set for themselves, such as only students being able to use the entrepreneurship programs, or fabrication shops (citing, for example, liability concerns of personal injury).

Therefore, the usual requirement of some prototype, market research, risk/investment from me, sales, business plan, implementation team for ever single person or idea would be replaced with an idea development framework of professionals, advisers, an incubator, reviewers, an a suite of resources. The three seed stages; evaluation, prototype, and incubator will be combined into one resource

Concluding remarks

I hope others will be able to find this report of benefit, and implement these ideas into the real life. Even if not a single one idea is converted to a business this way, at least the process will cure procrastination with involvement and help, motivation and encouragement, and co-working with others.

Shop Resources

I will outline in an another report what I envision fabrication shop should be like. In a nutshell, fabrication shops should be community owned and utilized by anyone with a need. People will learn real skills, will get away from the screens, and save money by repairing instead of consuming as well as not all buying cheap Chinese made tools from retail stores (only to have them sitting idle 98%). Of course, supervision will be needed for safety and training to eliminate liability and insurance risks.

Available Resources

Many tools are coming online to aid persons with ideas. I certainly know only a few of what is available and would happily accept if you mention more (contact me thru my website). This such as idea development services like Edison Nation, online ideas showcase websites, tools to search for investment capital like AngelSoft, online fabrication, etc, etc are popping up more and more.

About the Author

If you have liked anything in this report, and are in a position to help or be helped, I can be contacted thru my online contact form at <http://mkrd.info/contact1.html>. I am interested in angel funding, entrepreneurs, resources, volunteering, project management, and so on, primarily in the New England / Northeast area.

Make sure to visit my website for other reports and articles.