

How to know what passions to pursue



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Q: I have passion for a lot of things. How do I know which one I should really chase?

A: We all want to do something we love for a living, but how do we determine which of our passions can become a successful business? Fortunately, there is a formula for determining if an idea is a viable opportunity.

It is a two-step process. First you look at the idea itself and see if it meets the criteria for success. Second you examine the industry to see if it is an attractive field for launching a new business. If you launch a true opportunity in an attractive industry, your chances of turning a passion into a viable business go up dramatically.

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A true opportunity

Most of us have several things we are passionate about. The trick is to pursue the one that has the strongest probability for success. Start by evaluating each of your passions against the criteria for a true business opportunity. Here are the critical components:

1. Need- you have to obtain first hand evidence that people really need your product or service.
2. Experience- you need to understand the industry from working in it or from regularly using the products.
3. Resources- you have to cobble together the resources to create an initial prototype of your product or service.

4. Customers- you have to find customers who are ready to buy your product as soon as you launch your venture
5. Model- you need a sound business model where pricing, costs and margins allow you to make a profit.

Marshall Miller is a great example of turning a passion into a true business opportunity. He had a corporate job for eight years that he didn't like. On weekends to maintain his sanity, he would take to the skies parachuting, paragliding and base jumping. He and his friends started talking about how they might make a living doing this. They approached GoPro about filming their feats and making the footage available to the company - this was the birth of the GoPro Bomb Squad. Marshall now has a number of companies that sponsor his jumps. He displays their logos on his helmets and parachutes, and provides incredible footage they use in commercials and custom videos. Marshall has been doing this full-time for nearly 10 years and is one of the top human flyers in the world. Here is a video we taped of him for our book,

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An attractive industry

The second factor for turning a passion into a business is to launch in an attractive industry. Research suggests that about 30 percent of success in business is a result of the industry you enter – some are more attractive than others. Here are some considerations:

1. Size –you want an industry with at least 50 million in sales (which shows it exists), but not more than a billion (which means it is crowded).
2. Growth– you want an annual growth rate of 10 percent or more which means the industry is not shrinking.
3. Margins– you want gross margins on products of 40 to 50 percent and profit margins of 10 to 20 percent which means it is possible to makemoney.
4. Competitors– you want a handful of competitors but not hundreds which indicates that the market is overly saturated.

5. Customers- you want multiple market niches for your product or service as opposed to a single group of buyers.

Here is an example of a thriving company in a great market. David Cann worked on the TV show Battlebots. His future business partner, Marc DeVidts, was a contestant on the show. Dave is skilled in software and Marc has expertise in hardware. They knew that many people are now telecommuting but need regular contact with their corporate office. They also knew that the consumer robot market is growing significantly (about 17 percent per year). So they created a “ double robot” that allows people to be present at office meetings when they are not really there. Dave and Marc put a video about their product on their website and received a million dollars of pre-orders. They have now sold thousands of their double robots. Here is a video we shot of them:

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In sum, list the things you are passionate about and see which ones can become true business opportunities. Then evaluate each industry to see which ones have the highest probability for success. When you launch a true business opportunity in an attractive industry, you can create the company of your dreams.