

Red Lobster Eyes With a Happy Meal Wallet

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If you have read my post, [Great Expectations](#), you know that I spend a good percentage of my time helping entrepreneurs outline requirements for brilliant new ideas as well as helping them figure out the cost. I am the "chief estimator" at my growing company. Creating an accurate Estimate is an extremely important part of running a company like [CF Webtools](#) - a large project can affect our profitability (or lack thereof) for the entire year. My goal in estimating is to charge enough to pay for the development - salaries, expenses and infrastructure - and of course to make a profit. A second, equally important goal, is to give the project its best chance for success for the customer.

In the next 2 posts we will take a look at the dynamics of this task and in particular the importance of managing the relationship between the customer and the developer or development company. But let's start with the role of the development company - or in my case, my role in particular.

Big Idea Collaboration

When someone approaches us with a start up project it usually means that the Muse is about to become embroiled in "fleshing out" an idea. Instead of just taking dictation and "writing requirements" like a court reporter, I am often actively helping to clarify a visionaries' big idea so he or she can determine what is possible and feasible. If you have read enough of this blog you already know that I enjoy this process. I believe that one of the reasons people choose CF Webtools is because of our ability not only to implement detailed requirements, but also to "catch the vision" for a product and help the customer make decisions that will benefit the project in the long run.

Now of course it's great to sit around and noodle with lively and energetic entrepreneurs, but I also serve as an anchor keeping these folks from floating off into the stratosphere on clouds of inventive thought. Actually, it is not usually me but rather *cost* that provides such an anchor. I'm merely the messenger of doom and reality.

When it comes to big ideas there is a natural tension between cost and the grand vision. Not even Bill Gates can afford to see his entire wish list come to life. So the task of the estimator often boils down to finding a middle ground. I'm looking for the features and product that will get the customer 80 or 90 percent of the way to the goal. I'm also looking for certain pie-in-the-sky features that provide little return on investment - either because they cost too much or they are not important enough to the product ("No Mrs. Cropley, your site doesn't really need a photo gallery of your vacation to Hollywood... yes I know you saw Mel Gibson....").

Now before I go on let me make it clear that I love entrepreneurs. I usually spend a good part of the week with these daring dreamers, each of whom has a grand and unique view of what is possible. They are visionary, energetic, exciting and affable. They have great faith in their idea - and for most of them they will need it. So even though I'm outlining some of the pitfalls of working with entrepreneurs and startup companies I do sincerely enjoy it and I wouldn't trade it. That's my way of saying, "Some of my best friends are entrepreneurs but...."



To be perfectly frank, most entrepreneurs have the vision for Red Lobster but the purse strings for a happy meal. Of course some of them simply do not have the required amount of money to implement even a portion of their dream - and they are way too early in the game. Sometimes they have only a vague idea of the requirements. Without a business plan, without a marketing plan, without an operations budget, and most importantly without patience they are already trying to *build* the product. For these folks my best advice is to get comfortable in the planning stage. Rest there for a couple of months till your idea has gone from vapor to at least the consistency of Jello. Then perhaps it's time to hit the bricks and raise capital. When I meet these individuals I'm often reminded of the Proverb, "...a person who wants quick riches will get into trouble" (Proverbs 19:20).

In fact, it is ill-advised to try and start a new business *just* to become wealthy. I'm not discounting the financial incentive, but if wealth is your only goal you would be better off day trading. Owning a business is hard, thankless work. It takes ambition coupled with sacrifice, unshakable faith and long hours. The ones who make it - or at least who have the best chance at success - are the ones in love with their idea, not just the potential dollar signs they see in the end. Of course not every entrepreneur shows up with an empty wallet. Some of them have the money. But they often (dare I say consistently) underestimate the cost. This is *particularly true for development*.

Ok, that's the setup - startup visionaries often have trouble grasping the cost of an IT project and usually underestimate the cost. In the next two posts we will discuss 2 of the many reasons for this phenominum.. phenonmuimum.. phenimuminum.. (dang it) for this situation. Stay tuned.