TESTING YOUR IDEA BEFORE SPENDING BIG

Low-cost ways to prove people will pay, before you sign a lease, buy inventory or build an app.

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AT A GLANCE

- A **test** is a small, cheap experiment that shows whether real customers will pay.
- The strongest proof is **money**: pre-orders, deposits and paid trials. Likes and compliments don't count.
- Decide before you start what result means "keep going," "change it" or "stop."

Why it matters

The most expensive mistake new founders make is spending big on something nobody buys. A few hundred dollars and a few weeks of testing can save you tens of thousands. Tests also give you real numbers to show lenders, investors and the Project Underdogs team.

Ways to test

Test	How it works	Best for	Typical cost
Pre-orders	Take payment before you make the product	Products, food, events	Low
Deposits	Customers pay part upfront to reserve	Services, custom work	Low
Landing page	A simple web page describing the offer, with a sign-up or "buy" button	Online products, apps	Low
Pop-up or market stall	Sell in person for a day or weekend	Food, retail, beauty	Low to medium
Manual version	Do by hand what you'd later automate	Apps, services	Low
Paid pilot	A business pays for a short trial	Business services, software	Low
Small ad test	Spend a small amount on ads to see who clicks and buys	Online products	Low to medium

> KEY POINT
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> Do it by hand first. Before building an app to match tutors with students, match them yourself with a spreadsheet and text messages. If people won't pay for the manual version, they likely won't pay for the app.

Step by step

1. **Write your guess:** "I believe [customers] will pay [price] for [offer]."
2. **Choose the cheapest test** that could prove it.
3. **Set a target before you start.** For example: "If 20 people pre-order in 3 weeks, I'll keep going."
4. **Run the test** for a set time.
5. **Measure** sales, sign-ups, questions and complaints.
6. **Decide:** keep going, change something and test again, or stop.

Example: Lina's bakery

> EXAMPLE
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> Before signing a lease, Lina set a target: sell out 80 pastries every Saturday at a weekend market for 8 weeks. She sold out in 6 of 8 weeks and took 45 holiday pre-orders with deposits. The test cost her about $900 in booth fees and ingredients beyond what she earned back. She now had real sales numbers and a list of regular customers to show a landlord and a lender.

Reading your results

- **Hit your target?** Keep going, and test the next question, such as a higher price.
- **Close, but not there?** Change one thing (price, offer or customer group) and test again.
- **Far off?** Talk to the people who didn't buy. You may need a different customer or problem.

Common mistakes

- **Testing with friends only.** They'll buy to be nice.
- **No target.** Without one, any result feels like success.
- **Testing too many things at once.** Change one thing at a time.
- **Calling it a test but spending big anyway.**

Your checklist

- ☐ Write your guess in one sentence
- ☐ Choose the cheapest test that could prove it
- ☐ Set a target and a deadline
- ☐ Run the test and record results
- ☐ Decide: continue, change or stop

Key words, explained

Word	What it means
Pre-order	Payment taken before the product is made or delivered.
Landing page	A simple web page for one offer, often used to test interest.
Pilot	A short paid trial with a customer.
Hypothesis	Your guess about what customers will do, written so you can test it.

Where to go next

- I-07 Building Your First Version (Tech)
- I-08 Testing a Main-Street Idea: Pop-Ups, Markets and Pre-Orders
- I-09 Making Your First Sale

IMPORTANT
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