

DETERMINE CONCEPT FEASIBILITY

Source: The University of North Carolina's Small Business and Technology Development Center, *Business Start-Up & Resource Guide*, www.sbtcd.org/pdf/startup.pdf.

Many questions must be answered and certain information gathered before determining the feasibility of your business idea. Careful research and analysis will help you in evaluating your concept and assist you in assessing your idea.

DEFINE YOUR BUSINESS IDEA

The first step is to begin gathering as much information as possible about your business. You will want to read articles, books, and trade publications. It is also a good idea to visit existing businesses and begin the research and planning process.

It is important to remember that every business is unique. Taking time to explore your concept will help you identify those specific factors which make your business concept unique. The following questions will guide you in defining your business concept. While looking for the answers, also attempt to identify the potential problems which might relate to your business idea.

- What business will you be in?
- What product or service will you provide to your customers?
- Who will buy your product or service?
- Why will your customer buy from you?
- When will your customer buy your product or service?
- How will your customer know you have products or services available?
- How much will your customer pay for your product or service?

REFINE THE CONCEPT

As you refine your idea, there are business-specific issues that need to be addressed:

- What specific product or service will your business provide?
- Do you have the capability or skills to provide this product or service? If not, how will you overcome this deficiency?
- What makes your business idea, product or service unique?
- What will be your competitive advantages? What will make your product or service “stand out” from the competitor?
- What competitor disadvantage do you have?
- Have you identified any potential problems? If so, how will you overcome them?

In addition to looking at the business concept, you should also explore the market and the industry you are interested in by seeking out the opportunities and identifying potential problems. Answering the following questions will help you assess your market and industry:

- What industry competition exists in your town or region?
- What will you do to better provide a unique or better product or service than your competition?
- If there is little or no competition, why not?
- Are there potential international or government procurement opportunities in your product or service? If so, identify them.
- Are there emerging opportunities in the market place? If so, identify them.
- Are current business and economic trends favorable? Such as:
 - Interest rate
 - Inflation
 - Business climate
 - Business trends
 - Unemployment

Remember, it is important to evaluate all aspects of your business concept and to continually balance your ideas against reality.

After defining and refining your business idea, does it still look like a good idea to you? If so, you will now want to do more in-depth market research and analysis to better define your market and opportunity.

DEFINE YOUR MARKET THROUGH RESEARCH AND ANALYSIS

While market research provides data and information about the industry and its customers, market analysis helps the business owner understand the business environment and the basis on which you must compete.

Market Research

Market research tells you who your customers are, where they are, and how large the potential market is. Through research, you will be able to gather certain information and data such as:

- Demographics
- Size of your potential market
- Customer lifestyles and buying behavior
- Specifically who the customer is
- Determine demand for your product or service

There are two basic types of market research – primary and secondary:

Primary research is research gathered firsthand through techniques like surveys, questionnaires, focus groups, or in-depth interview. Primary research can be time consuming and possibly expensive. However, it provides the business owner with the opportunity to hear customer feedback and act accordingly.

Primary research methods

- Surveys
- In-depth interviews
- Competitor analysis
- Questionnaires
- Focus groups
- Tracking customer response to advertising and promotion

Secondary research is already published research. It includes sources like directories, industry journals, and association publications. Secondary research is accessible, less expensive, can be conducted on a continuous basis, and can be combined with business owner's knowledge of the business, geographic conditions, and customer base. The business owner can informally tailor the research findings to meet the needs of the business.

Secondary research sources

- Business encyclopedias and directories
- Newspapers
- Business magazines
- Trade publications
- Market analysis

Market analysis helps the business owner understand the business climate in which you must compete. It is through market analysis that a business owner determines if a certain business or industry provides an attractive opportunity.

Market analysis provides competitive analysis which includes:

Industry analysis – evaluates the industry’s overall opportunity and attractiveness including ease of entry, availability of substitutes, and buyer/supplier issues.

Competitor analysis – who are the primary competitors, and what are their strengths and weaknesses.

Your business analysis – identifies the strengths, weaknesses, opportunities, and threats of your identified market.

ENHANCING YOUR CHANCE FOR SUCCESS

There are always risks in starting a new business. As a business owner, you will want to lower your risks by incorporating the following ideas into your start-up plan:

- ✓ Plan ahead.
- ✓ Make sure you have experience in management and in the type of business you want to start.
- ✓ Try to best use your strengths and interest in the most appropriate way.
- ✓ Make decisions based on facts or reliable information. Don’t make hasty decisions.
- ✓ Seek the support of your family during the start-up phase and difficult times.
- ✓ Seek advice from counselor, accountant, attorney, and others.
- ✓ Talk to others in the same business.
- ✓ Be persistent, and **DON’T GIVE UP!**

