

## **Fine-Tuning Your Business Idea**

Creating a new business is exciting. You may be eager to create your business plan, as this is an essential part of the development process. However, there are several things to consider about your venture while it is in its earliest stages, *before* starting on your business plan.

### **Choose the Right Business for You**

The first thing to think about is whether the business you're starting is the right one for you. People often ask us, "What kind of business should I start?" However, no one can answer this question for you. Your choice is a highly personal matter. Businesses of all types are both successful and unsuccessful. So, as you explore business ideas, consider the following:

- Your experience
- Your talents/skills
- Your interests and goals

### **Examine Your Experience and Skills**

Next, you should consider the relevance of your experience. In today's economy, a variety of skills are necessary to open and operate a business. Most critical to business ownership are industry experience and computer/internet skills. If you are lacking in either, expect costs to increase significantly, as you will have to outsource this expertise.

If you are developing a business idea but have no work experience in the relevant industry, we strongly advise that you spend time gaining this experience to "learn the ropes" or the "tricks of the trade." Otherwise, costly, unexpected mistakes and challenges could arise that your new business may not be able to survive.

In addition, think about your computer and internet skills. Are you ready to learn or try new things, such as using social media, working on your website, etc.? Social media and the internet are crucial for small business marketing, so business owners must have some basic skill in this area. It is typically too expensive for a new business owner to hire out all of the work that is needed for this and other areas.

### **Study the Industry**

As you're working on your business concept, strive to learn as much as you can about your chosen industry. Much of this research can be done online. Search for trade associations, blogs, and articles about what's going on in the field. Use social media to see what industry leaders are posting, as well as what customers are saying. What are some of the problems that are being discussed? Are there trends that present potential opportunities?

Find similar businesses in non-competing areas and talk to the owners to get a firsthand look at how things might go in your particular type of business.

## **Check Out the Competition**

The products/services you plan to offer should meet a customer need or want. However, this need or want may not be new. Customers are already having it met in some other way, and your goal as a new business owner is to become their new go-to source. Unfortunately, getting people to change their behavior is hard. They need a good reason to change their habits and buy from *you* instead of your competitors.

Look at your market area. Who are your competitors? What do they do well? What do they do poorly? Sometimes you will see an opening in the market to do things better. But, the market can also be very crowded, making it harder to compete.

Use Google to find businesses in your market area that offer the same products/services as you. Look at competitors' websites to see what they are doing. Then ask yourself, "Why would customers change what they are doing and buy from me instead?"

## **Focus on the Customer and Value**

The most important person in your business is the customer. Always keep in mind that the reason for a business to exist is to make a profit by creating value for customers. As you are working out your business concept and where your business will fit in the market, think about *how* it will create this value, and note the different types of value you can create:

- Functional
- Social
- Pain Avoidance
- Enjoyment/Recreation

Your product or service should create value in at least one of these areas. If you can't clearly identify how your product/service creates value for your customers, stop! Recraft your idea to one that does.

## **Consider Financial Realities**

Starting a business takes money. *How much* money depends on the size and scale of the project. Small, home-based businesses typically require less capital, while businesses requiring equipment, land, buildings, and/or employees cost more.

Since free money isn't available for starting a business, you'll have to rely on your personal resources, friends and family, or business loans, or a combination of these. Consider your financial realities before your business idea grows too big. Also, focus attention on one thing at a time. If your business idea has several different components, you may want to plan a phased approach.

If you are in a bad personal financial situation, starting a business is not the way out.

For more information on how to prepare financially for starting a business, check out ASBTDC's ***Getting Ready for Financing***.

## **Take the Next Step**

If you've thought through all the above points and want to move forward, you are ready to start putting together your business plan. Helpful information is available on the ASBTDC website at [asbtdc.org/business-plans](https://asbtdc.org/business-plans).

Keep in mind, preparing to open a business takes a lot of legwork—finding suppliers, choosing a location, creating a budget, determining all of the startup costs, etc. These things are just some of the pieces to your business plan, and no one can gather them for you.

Remember, rushing to open a business is usually not a good idea. The pre-startup phase is important to laying the groundwork for a firm foundation. Once you're open and operating, your time will be more limited, so *now* is the time to be strategic and plan carefully for your business.