

Evaluating Your Business Idea©

Name _____

Email _____

Phone _____

These questions will help you think about your business idea. You can use this worksheet with your business advisor to talk your business idea and consider your potential for success before you spend time and money developing a business plan. Don't worry if you can't answer some of the questions - that is an answer - that you need to explore those areas.

Your responses will provide insight into your market, competitors, start-up costs, sales, expenses, and financing needs. They will also help identify next steps and whether you should perhaps re-evaluate your business idea.

This is only a beginning and should not be considered as the final word when determining the feasibility of a new business venture.

1. Describe what you are selling and how it will benefit your customers. Explain how your product or service is different from the competition. Answer the question, "Why will people buy from me?"

2. Briefly describe your management/technical experience with your product/service:

3. Which category best represents your primary group of potential customers?

General Public

Businesses

Government

Specific Industry _____

4. Select the criteria below that best represents the demographics of your customer:

If selling to businesses, which category(s) represent your primary customers?

Agriculture/Forestry/Fishing

Mining

Construction

Manufacturing

Finance/Insurance/Real Estate

Retail Trade

Services

Transportation/Communication/Public Utilities

Wholesale Trade

Other _____

If selling to the general public, profile your customer by answering the questions and checking the boxes that apply below:

What is the percentage of the population that uses your product/service? ___%

Is your product designed for a: mass-market specialty market

Customer Age: Under 18 18 - 34 35 - 55 55+

Sex: Male Female Both

Race/Ethnicity: Asian Black Hispanic Origin White Other _____

Household Income: Under \$25,000 \$25,000 to \$50,000
 \$50,000 to \$100,000 Above \$100,000

Family Size: 1 2 3 to 4 5 to 6 7+

Home: Own Rent

Geographic Location: Urban Suburban Rural

Education level: Did not graduate high school Graduated high school
 Some college Graduated college

5. Which category best describes the sales area for your product/service?

- Sold locally Sold only online
 Sold statewide Sold nationally (all or nearly all 50 states)
 Sold regionally Sold nationally and internationally.

6. How do you plan to promote your business to potential customers?

7. List your 3-5 most important competitors.

Name and Location	Number of Employees	Years in Business	Why Do Customers Buy From Them?

8. Estimate your start-up costs using the Start-up Costs Excel template.

9. What would you like your annual salary to be from your business? \$ _____
USE THIS FORMULA: Annual Salary = Hourly Wage \$ _____ x Available Work Hours _____.
(Note: Use 2,080 hours for a full work year if this business will be your sole source of income.)

10. What do you expect your annual Revenue (Sales) to be in the first year? \$ _____

To help determine this estimate, please answer the questions below:

- a. How many different customers do you anticipate serving in a 12-month period? _____
- b. How many times in a 12-month period will the average customer return to purchase something? _____
- c. How much will the average customer spend on each visit to your business? \$ _____
- d. Multiply (a) x (b) x (c) = Estimated annual Revenue (Sales)

Estimate your annual sales and earnings using the Excel Sales & Earnings template.

*Forecasting "Sales & Earnings" is important for your financial success. It may take several years before your business begins to generate "satisfactory" profits, but your sales goal should be to breakeven (match sales with expenses) by the end of the first year and show modest profits for Years 2 and 3. **Do not include start-up costs on this worksheet.***

11. How much money is needed to start your business? \$ _____

Note: Number comes from Question 8, "Total Estimated Start-Up Costs."

How much money will you put into your business? Where else will you find the funds to start your business?

Personal Savings	\$ _____	Family and Friends	\$ _____
Bank Loan	\$ _____	Retirement Account	\$ _____
Investor(s)	\$ _____	Partners	\$ _____
Credit Card(s)	\$ _____	Other	\$ _____
		Total available	\$ _____

Note: Most financial institutions will require that you produce a minimum of 20% - 30% of the total estimated cash needed for start-up costs. This is referred to as your owner equity/ investment in the business.

- I have this money or access to it.
- I have some but not all of the money required.
- I have no money to invest in this business.

12. How would you rate your personal credit?

- Excellent Good Average Poor

NOTE: For best results in using this evaluation, please answer each question to the best of your ability. When you have completed it, you are encouraged to seek the professional assistance of the New Hampshire Small Business Development Center in your region. Experts can help you evaluate your results and provide you with resources to further explore and develop your business idea. To find the office nearest you, visit our website at www.nhsbdc.org.