



Pre-Venture Assessment

INTRODUCTION

Owning a business is the dream of many Americans ... starting that business converts your dream into reality. But there is a gap between your dream and reality that can only be filled with careful planning. As a business owner, you will need a plan to avoid pitfalls, to achieve your goals and to build a profitable business.

The Checklist for Going into Business is a guide to help you prepare a comprehensive business plan and determine if your idea is feasible, to identify questions and problems you will face in converting your idea into reality and to prepare for starting your business.

STEP ONE IDENTIFY YOUR REASONS

As a first and often overlooked step, ask yourself why you want to own your own business. Check the reasons that apply to you.

1. Freedom from the 9-5 daily work routine. Yes _____ No _____
2. Being your own boss. Yes _____ No _____
3. Doing what you want when you want to do it. Yes _____ No _____
4. Improving your standard of living. Yes _____ No _____
5. Boredom with your present job. Yes _____ No _____
6. Having a product or service for which you feel there is a demand. Yes _____ No _____
7. Other _____

Some reasons are better than others, none are wrong; however, be aware that there are tradeoffs. For example, you can escape the 9-5 daily routine, but you may replace it with a 6 a.m. to 8 p.m. routine.

STEP TWO SELF-ANALYSIS

Going into business requires certain personal characteristics. This portion of the checklist deals with you, the individual. These questions require serious thought. Try to be objective. Remember, it is your future that is at stake!

Personal Characteristics

1. Are you a leader? Yes _____ No _____
2. Do you like to make your own decisions? Yes _____ No _____
3. Do others turn to you for help in making decisions? Yes _____ No _____
4. Do you enjoy competition? Yes _____ No _____
5. Do you have will power and self discipline? Yes _____ No _____
6. Do you plan ahead? Yes _____ No _____
7. Do you like people? Yes _____ No _____
8. Do you get along well with others? Yes _____ No _____

STEP THREE PERSONAL CONDITIONS

This next group of questions though brief is vitally important to the success of your plan. It covers the physical emotional and financial strains you will encounter in starting a new business.

1. Are you aware that running your own business may require working 12-16 hours days, six day workweeks, and maybe even Sundays and holidays? Yes _____ No _____
2. Do you have the physical stamina to handle the workload and schedule?
Yes _____ No _____
3. Do you have the emotional strength to withstand the strain? Yes _____ No _____
4. Are you prepared if needed to temporarily lower your standard of living until your business is firmly established? Yes _____ No _____
5. Is your family prepared for the strains they too must bear? Yes _____ No _____
6. Are you prepared if you lose your savings / investment? Yes _____ No _____

**STEP FOUR
PERSONAL SKILLS AND EXPERIENCE**

Certain skills and experience are critical to the success of a business. Since it is unlikely that you possess all the skills and experience needed you'll need to hire personnel to supply those you lack. There are some basic and special skills you will need for your particular business.

By answering the following questions you can identify the skills you possess and those you lack (your strengths and weaknesses).

1. Do you know what skills are necessary to have a successful business? Yes _____ No _____
2. Do you possess those skills? Yes _____ No _____
3. When hiring personnel will you be able to determine if the applicants' skills meet the requirements for the positions you are filling? Yes _____ No _____
4. Have you ever worked in a managerial or supervisory capacity? Yes _____ No _____
5. Have you ever worked in a business similar to the one you want to start? Yes _____ No _____
6. Have you had any business training in school? Yes _____ No _____
7. If you discover you don't have the basic skills needed for your business are you willing to delay your plans until you've acquired the necessary skills? Yes _____ No _____

**STEP FIVE
IS YOUR IDEA FEASIBLE?**

Small businesses range in size from a manufacturer with many employees and millions of dollars in equipment to the lone window washer with a bucket and a sponge. Obviously the knowledge and skills required for these two extremes are far apart but for success they have one thing in common: each has found a business niche and is filling it.

The most critical problems you will face in your early planning will be to find your niche and determine the feasibility of your idea. "Get into the right business at the right time" is very good advice but following that advice may be difficult. Many entrepreneurs plunge into a business venture so blinded by the dream that they fail to thoroughly evaluate its potential.

Before you invest time effort and money the following exercise will help you separate sound ideas from those bearing a high potential for failure.

Briefly describe the business you want to start: _____

Identify the product(s) or service(s) you plan to sell: _____

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1. Does your product(s) or service(s) satisfy an unfilled need? Yes _____ No _____
 2. Will your product or service serve an existing market in which demand exceeds supply?
Yes _____ No _____
 3. Will your product or service be competitive based on its quality, selection, price or location?
Yes _____ No _____
 4. Do you know who your competitors are? Yes _____ No _____

Answering yes to any of these questions means you are on the right track; a negative answer means the road ahead could be rough.

STEP SIX MARKET ANALYSIS

For a small business to be successful the owner must know the market. To learn the market you must analyze it, a process that takes time and effort. You don't have to be a trained statistician to analyze the marketplace nor does the analysis have to be costly.

Analyzing the market is a way to gather facts about potential customers and to determine the demand for your product or service.

The more information you gather the greater your chances of capturing a segment of the market. Know the market before investing your time and money in any business venture.

Identifying your target market

1. Do you know who your customers will be? Yes _____ No _____
2. Do you understand their needs and desires? Yes _____ No _____
3. Do you know where they live? Yes _____ No _____
4. Will you be offering the kind of products or services that they will want to buy?
Yes _____ No _____
5. Will your prices be competitive in quality and value? Yes _____ No _____
7. Do you know how you intend to reach your target market? Yes _____ No _____
8. Do you understand how your business compares with your competitors?
Yes _____ No _____
9. Will your business be conveniently located for the people you plan to serve?
Yes _____ No _____ Not applicable _____

10. Will there be adequate parking facilities for the people you plan to serve?
Yes _____ No _____ Not applicable _____

This brief exercise will give you a good idea of the kind of market planning you need to do. An answer of no indicates a weakness in your plan so do your research until you can answer each question with a yes.



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