

Evaluating Your Business Idea

You may have several ideas for a new business or only one. Before you start pouring your effort and money into an idea you need to see if it will stand up to some analysis.

Try a SWOT analysis.

This requires you to think about the Strengths, Weaknesses, and Opportunities your business will have, and the Threats it may face.

A high level of skill with a range of equipment, or a friend that is prepared to loan you some money would be strengths. If you have never run a business before that could be a weakness.

A ready, enthusiastic market would be an opportunity, while several businesses almost identical to the one you are thinking of starting or a weakening economy would be threats.

This type of analysis can show you if your business idea is viable and should encourage you to exploit opportunities and help you decide how to tackle threats.

Decide on your Unique Selling Proposition (USP)...

Why should a potential customer come to you and not a rival? Will you specialise in a certain area?

To help with your business idea, please go to our website and download a free business plan template and free cash flow template.

You will also find other useful resources to help your business achieve sustained, profitable growth.



You should be able to identify where and how you can contact your potential customers and have an idea of the demand for your type of service or product.

Write a Business Plan...

There are many versions and it seems every bank and business advisor has slightly different requirements.

However every version should keep you focused on what you want to do with your business and the strategies to achieve this in a certain time frame.

It should identify the services or products you intend to offer initially, and those you hope to expand into later.

Remember the plan is a working document. If you miss deadlines you should be able to modify the plan to get your business back on course.

Once you have decided on the type of business you want to start do some research to see if there are any gaps in the local market. Find out your competitor's pricing.

You could get friends to ask for quotes from the competition, or use a more direct approach and have discussions with a local expert.

Remember, a company could be a potential competitor or a potential joint venture partner.

Perhaps you could approach them with an idea for a product or service that would complement theirs.

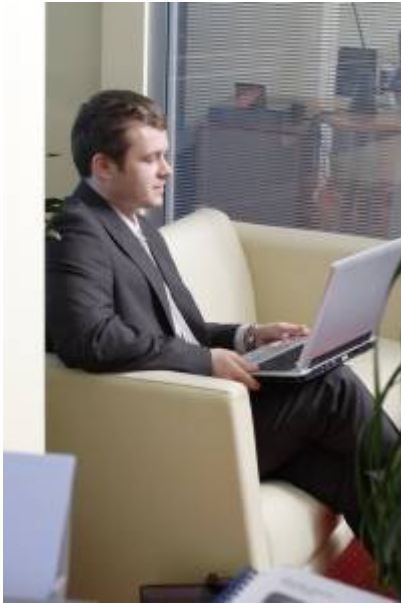
When setting prices, do not immediately assume undercutting is the only solution. You need enough income to cover your overheads and a low price may give the impression that your skills and work have little value.

Cash flow is another important element in starting and running a business. Make sure you do not have to make too big an investment before you get paid. You should know how much you have to earn to at least break even.

Reviewing Your Business Plan

It is essential for your business that you have a route map which shows exactly how you will achieve your business goals.

Without a plan you are planning to fail.



The plan that you develop needs to be a living document that is constantly checked and updated. If not done on a regular basis then there is really no point in generating it in the first place.

It is critically important that you know that you are actually achieving the plan. If not, then you will need to adjust the plan to accommodate any revisions that occur.

The very basics in a good business plan are to detail the tasks and systems that you will use to progress the plan. You will need to review your plan on a monthly basis initially to ensure progress is being made as planned.

You may choose to change the frequency of the review at a later stage when the initial kinks have been ironed out and the planned progress is being achieved.

The initial goals in the plan are usually small in terms of financial profits, but it is just as important that they be achieved on schedule as the larger goals that occur at a later date.

Proving that the plan is working effectively in the early stages is essential in demonstrating that the overall plan is achievable. So, check that every detail of your plan is being achieved.

Not everything works out as planned, so you must find out the answers to the following questions:

1. - Did you achieve the financial goals for the period within the timeframe allocated? Maybe you achieved some, but not all of them.

2. - Did the systems that you used to complete the tasks work well? Maybe some worked very well, but others were not so successful.

Analyse the answers that you obtain. For those systems that worked successfully, continue working with them for the future tasks.

For those items that did not meet the targets set it will be necessary to evaluate why they did not work effectively.

What went wrong? Was the system used flawed? What did you need to do to actually complete the task? You will need to adjust future tasks of the same type to accommodate the revised procedure adopted.



Continuous improvement is essential in a good business plan. Adjusting and tweaking the elements within the future plan based on your experience can only improve the effectiveness of the plan and generate confidence that it can be achieved.

Plan your work and work your plan and you will be well on the way to achieving your goals.

What does a business plan do?

- Gets the ideas from your head onto paper
- Gives you clarity and focus for your business
- Allows you to budget and manage your cash flow
- Helps you identify your products, services and the market

What's in a business plan?

- Vision – your future aspirations
- Mission – what you do for your clients
- Objectives – defined targets for your business
- Strategies – how are you going to get there
- Plans & Actions – what you are going to do to successfully achieve it

A **working business plan** need not cost the earth or take weeks to develop. We can do this interactively with the managing director/business owner in less than a day at a cost that is probably a lot less than you think.

CALL US NOW TO FIND OUT MORE

Harry Goldstein, East Coast Consulting Pty Ltd, P.O. Box 402, Belmont, NSW, 2280
Tel: 02 4945 2285 Fax: 02 4945 4228 Mobile: 0420 941 043
harry@yourvirtualboard.com.au www.yourvirtualboard.com.au

Don't waste time wishing for less competition - instead: Seek greater insight for your business!

Your Virtual Board
East Coast Consulting Pty Ltd