

It is often difficult to figure out how to research your business idea, especially if you have never been in business for yourself. You will need to decide if your business idea has profit potential. Use the following twenty steps as a guide to help you determine if your business idea is worthwhile.

1. Create a profile of your paying customer
2. Describe the features/benefits of your product/service
3. Define the geographic area you intend to sell to during your first year
4. What competitors are selling to this geographic area?
5. What price do these competitors charge?
6. Estimate what price you can charge and still remain competitive
7. Why would your customers buy from you instead of your competition?
8. List and briefly describe trends in your market or industry
9. What is the growth potential of the market?
10. How are you going to let your customer know you exist?
11. Estimate sales for the first year
12. List any government approvals necessary to launch your idea
13. Briefly describe your manufacturing or purchasing process
14. Briefly describe your fulfilment process (how your customer gets their order and how you get paid)
15. Estimate the capacity of your operation in the first year
16. Make a list of your potential suppliers
17. Make a list of the resources you will require to start your business
18. Determine what resources you will finance, lease or rent
19. List your financial strengths and weaknesses
20. Prepare a monthly cash flow forecast for your first year of operation

Create a profile of your paying customer

Your customers might be consumers or retail stores, wholesalers or manufacturers, public sector or other institutions. List as many points as you can about who you think will buy your product. If you are selling to a consumer market, try collecting magazine pictures of what you think your customer looks like. List their age, gender, marital status, and income, and try to describe their lifestyle. If you expect to sell to another business or organization, assess what industries they are in, what kind of company they are, how long they have been in business, how many employees they have, annual sales, what department would be interested in your offer, who the customers are, and anything else you can identify.

List and describe the features of your product or service

State how these features will benefit your customer. Define the features of your idea and determine what these features do for your customer. You will create a list of the selling points that you can use in your advertising, your brochures, and in your sales presentation. This will help you establish why your customer might buy your product or service over that of your competitor.

Define the main geographic area you intend to sell to during your first year

Are selling to your community? Your town? Ireland? Europe? By defining where you are going to sell in your first year you immediately put yourself in focus. You will likely be able to figure out how many potential customers are located in this area. If you are selling to a large geographic area, you will probably need a good deal of money, marketing and resources. Defining this area makes it much easier to figure out what your needs are going to be.

What competitors are selling to this geographic area

Once you determine who and where your customers are, you must determine with whom you must share them. Find out if similar products are carried in retail outlets, and if similar companies advertise in the Golden Pages or are listed in industry directories.

What price do these competitors charge

Establish what your competitors charge and list the selling points of their product or service. Try to find your industry's wholesale and retail prices.

Estimate what price you can charge and still remain competitive

Determining how competitive you can be is a big step toward establishing how feasible your idea is. If your product is superior to your competition and your market is not very price sensitive then you may be able to charge considerably more than your competition. If you are selling to retailers or wholesalers, you will have to leave enough room for others to mark your products up.

Why would your customers buy from you instead of your competition

What is unique about your offer that would benefit your customer? There may be something about your product, your price, the friendliness and speed of your service, your hours of operation, your level of quality, the skills of your employees, or other aspects of your business.

List and briefly describe trends in your market or industry

Knowing trends in your market or industry will help you determine where it's going and how your business can take advantage. Check business and industry/trade magazines for recent articles. Your library may have a business periodicals section to help you find these articles.

What is the growth potential of the market?

Is your industry or market growing or declining? Are trends or new fads, peaking or declining? Generally, you will be more successful as part of a growing market. Check business and industry/trade magazines for recent articles.

How are you going to let your customer know you exist?

So now you know who your customer is, where they are and why they will buy your product. How are you going to communicate your offer to them? Will you rely on having a good location? Will you use advertising? Sales calls? Direct marketing? Golden Pages? You may find it helpful to examine our Business Promotion Ideas Sheet.

Estimate Sales for the first year

Base your estimates on the size of your market, level of competition, your price, your plans for promotion and trends in your industry. Create a pessimistic, an optimistic, and a middle of the road forecast.

List any government approvals necessary to launch your idea

There may be some extensive or expensive regulations involved with your type of business. The European Commission websites (www.eumatters.ie and www.ec.europa.eu) contain substantial information to assist you to determine regulations affecting your business.

Briefly describe your manufacturing or purchasing process

State how you will make or acquire the goods you plan to sell. Use your sales forecast to help you plan this part of your operation. Think about potential growth in future years.

Briefly describe your fulfilment process

How does your customer get their order and how do you get paid?

Estimate the capacity of your operation in the first year

How big will your operation be? What is the limit of what you can produce, stock, service and sell. Can you meet your sales forecasts? Have you taken future growth into consideration?

Make a list of your potential suppliers

Your concept may rely heavily on the reliability of your raw material suppliers and/or your subcontractors. How dependent will you be? Figure out who your suppliers will likely be and try to find back-up suppliers.

Make a list of the resources you will require to start your business

List the employees, floor space, leasehold improvements, equipment, vehicles, inventory, supplies and services you will require to open your business. Estimate the costs of each item on your list. You will need this list to determine your start up costs.

Determine what resources you will finance, lease or rent

You will probably not pay for large purchases outright but will instead lease, rent or finance these items. You will need to estimate your monthly payments to help you prepare a cash flow worksheet.

List your financial strengths and weaknesses

How much of your own money do you have for this business? What assets can you use as collateral to secure a loan? Do you already own the vehicles, computer equipment or tools needed to start your business? Do you have family, friends or others who are prepared to invest in your business? Do you have a strong personal credit rating?

Prepare a monthly cash flow forecast for your first year of operation

A cash flow forecast shows the critical “whens” of cash coming in and cash going out during a certain month. Preparing a monthly cash flow forecast provides you with the opportunity to show dollar figures, representing revenues and expenses, in the month the business expects to collect and spend the cash. A cash flow forecast does not show sales estimates or overhead expenses averaged across several months.

Local Enterprise Office Offaly Services

Local Enterprise Office Offaly provides a full information and advisory service to new and existing entrepreneurs on all aspects of setting up and running a business.

Local Enterprise Office Offaly operates as a “single point of contact and referral service” for all state agencies and organisations, providing information on enterprise incentives, business structures, taxation, regulatory obligations, workspace availability, market research, upskilling opportunities, business and strategic planning etc.

Financial Support and Assistance

New and existing small enterprises in the qualifying sectors of manufacturing and internationally traded services may benefit from a priming, business expansion or feasibility study grant from Local Enterprise Office Offaly. Eligible enterprises include those employing fewer than 10 full time staff. Grants can be made available towards the purchase of new machinery and equipment, and the construction of new or the extension of existing workspace or offered towards self-employment or the recruitment of additional full-time staff. Feasibility study grants apply where the promoter wishes to assess the viability of a new business venture, undertake a market survey, engage in product prototype development or buy in outside consultancy to assist in the evaluation of a new product or venture diversification.

Business Skills Training and Management Development Programmes

To assist small business in meeting the challenges of the business world, Local Enterprise Office Offaly provides a wide range of training supports which are tailored to meet specific business requirements. The range of programmes offered typically includes a mix of one-day workshops, seminars, evening courses and management development programmes. Courses include Start Your Own Business programmes, Sales & Marketing, Employment Legislation and HR, Financial Management, People Management, E-Commerce and Digital Marketing training.

Business Advice and Mentoring

This service seeks to match up the knowledge, skills, insights and entrepreneurial capability of experienced business practitioners with small business owner/managers who need practical and strategic one-to-one advice and guidance. The Mentor contributes independent, informed observation and advice to aid decision-making. Mentor assignments typically include general management, financial restructuring, production planning, marketing and strategic planning. All applications for Mentor assistance are dealt with on an individual basis and are preceded by a training needs analysis.

Business Networking Programmes

An important role of the Local Enterprise Office Offaly is the provision of networking opportunities for local businesses through the O.N.E. (Offaly Network of Entrepreneurs).

Website Development

A website is a means of promoting your business 24 hours a day, 7 days a week, even when you are not available it can still be working on your behalf! It can raise awareness of your product or service, be cheaper than a colour brochure and can generate sales for your business. Under this scheme, eligible clients may receive up to €1,500 or 50% of the cost for design and development of a website.

Trade Fair Support

Participating in Trade Fairs and Market Visits can provide valuable customer feedback and sales for your business. Trade Fairs can be one of the most cost effective and efficient means of developing and maintaining business or meeting your customers. Eligible clients may receive up to 50% of the costs associated with attending trade fairs, both in Ireland and abroad.

Business Development Grants

Local Enterprise Office Offaly may make financial assistance available to eligible clients for technical training, purchase of software and/or marketing assistance. This scheme is confined to qualifying micro-enterprises, employing at least 1-10 persons on a full-time basis.

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