



Biz Idea Evaluation Workbook

Note: We suggest that you print off this document and answer the key questions presented by writing on the document.

Hello,

I welcome you to the 5-part Biz Idea Evaluation Workbook – brought to you by Bizstarters.com.

We've discovered through coaching more than 4,000 new entrepreneurs that the number one criteria for whether an individual feels ready to work with a business start-up coach is how confident they are that their business idea has good potential to make money for them.

We created this workbook to help you evaluate how exactly a business built around your business idea will produce income for you.

This is what is known today as your "business model."

The workbook is organized into 5 steps.

You can work on each as your schedule allows – perhaps permit a bit of time between steps to let your evaluation sink in more.

It is not uncommon for individuals using this assessment tool to revise and refine their answers to the five questions asked once they have completed all five.

Take your time – There is plenty of time for you to turn your good idea into a great business.

You want to make sure that your chosen idea is really well suited to you and your goals.

Great Success To You,

A handwritten signature in black ink that reads "Jeff Williams". The signature is written in a cursive, flowing style.

Step One

Define a Problem

People and companies pay for solutions to problems and satisfaction of wants.

The more clearly you can define one significant problem your business will solve, or one want your business will fulfill, the more likely you are to be on the path to realizing an attractive income from running your proposed business.

Stop at this point and think about your answer to one or both of the following questions.

Q1. What one significant problem does my business solve?

OR...

Q2. What one notable customer want does my business satisfy?

Have you been able to figure out how your business idea can be used to offer a solution to a problem or offer satisfaction of a want?

If so, great! You're ready to move to Step 2.

If you're still a bit stumped about Step 1, ask a friend or family member to share their thinking with you about the solution or the satisfaction your business concept can deliver.

Step Two

Identify Revenue Sources

If you use your imagination, you can usually come up with a number of ways to make money from offering your unique solution or satisfaction.

To help assure your business's survival during your first year, and then its growth as you move forward, we strongly recommend that you adopt a strategy of "multiple income streams" – that is planning to develop more than one way you can bring in income from matching a need or solving a problem in your chosen marketplace.

To help you focus on several possible sources of income, review the questions below. Not all of the questions may apply to your particular business concept.

It may take you a bit of research to answer some of these questions, but remember your local reference librarian is waiting to help you.

Q1. Is there a product or product line you can offer to consumers? If so, what?

Q2. Is there a consumer-oriented service you can offer? If so, what?

Q3. Is there a business-oriented service you can offer? If so, what?

Q4. Is there a workshop or seminar you can offer? If so, what?

Q5. Is there consulting advice you can offer? If so, what?

Q6. Is there a product/training combination you can offer?

continued

Q7. Is there information you can offer? If so, what?

Q8. Are there business connections you can offer? If so, what?

Q9. Is there an industrial or commercial product line you can offer as a distributor? If so, what?

How many different ideas did you come up with for ways to make money from offering your solution or satisfaction?

Now that you've described two or more revenue sources, you need to use your experience, and research where necessary, to discover two groups of information about each possible way to make money in your business.

Step Three

Determine The Resources Required

When you ask many prospective entrepreneurs what resources they need to successfully turn their good idea into a great business, they respond by saying just one word - "Money".

Yes, sure you need a few bucks (maybe quite a few) to start and run your business during its first year.

But, there are other resources that may be just as important and not nearly as easy to find as money.

Other resources can include: time, technology, connections, space, personnel or a mentor.

Let me give you an example of the last item on the list – a mentor.

When I was planning my first entrepreneurial training business 20 years ago, I quickly realized that I knew a lot about business, but very little about how to create the materials and process for a training course.

I spent more than 6 months looking for an experienced individual who was willing to share their entrepreneurial training process with me.

Finally, I connected with a professor from The Indiana University who guided me, step by step, to create my first business start-up training course.

This is an example of a key resource needed to successfully launch that took quite awhile to find.

Well, onto your question:

continued

Q1. What specific resources will I need to bring each of my identified revenue sources to life?

Revenue Source 1: _____ (write title for source)

Resources: _____

Revenue Source 2: _____ (write title for source)

Resources: _____

Revenue Source 3: _____ (write title for source)

Resources: _____

Revenue Source 4: _____ (write title for source)

Resources: _____

Revenue Source 5: _____ (write title for source)

Resources: _____

We've asked you to do quite a bit of thinking, and possibly some research, up to this point.

It's time to take a little breather.

Put the Biz Idea Evaluation Workbook aside for a couple of days and return to it relaxed and ready to dig inside of your experience, interests and inside knowledge with which you are ready to back up your concept.

Step Four

Describe The Financial Return

In Step 3, you thought carefully about what different resources you may need to power up your new business.

Some of these resources, such as space outside of your home, come with a cost, a sometimes-substantial cost.

Others, like finding a mentor, take more time than money.

But, even if you can secure all the resources you need to start at zero cost, there is still a key question you must answer before you can really consider moving forward with your Virtual Incubator coach.

And here is the "\$64,000 Question":

How much profit do you think you can make from each revenue stream?

To answer this question, you must discover two factors for each revenue stream:

Factor 1 - How many dollars of sales revenue might you make when you sell one unit (you define what a "unit" is) of whatever you're planning to offer in each of your revenue streams?

Factor 2 - How much it costs you to sell & deliver that one unit.

The difference between the two numbers is known as profit and this is the true financial reward we work toward as new entrepreneurs.

Give it a try below.

Revenue Source 1: _____

1 Unit Sells For \$ _____

1 Unit Costs To Sell \$ _____

\$ Of Profit Per 1 Unit Sale \$ _____

continued

Revenue Source 2: _____

1 Unit Sells For \$ _____

1 Unit Costs To Sell \$ _____

\$ Of Profit Per 1 Unit Sale \$ _____

Revenue Source 3: _____

1 Unit Sells For \$ _____

1 Unit Costs To Sell \$ _____

\$ Of Profit Per 1 Unit Sale \$ _____

Revenue Source 4: _____

1 Unit Sells For \$ _____

1 Unit Costs To Sell \$ _____

\$ Of Profit Per 1 Unit Sale \$ _____

Revenue Source 5: _____

1 Unit Sells For \$ _____

1 Unit Costs To Sell \$ _____

\$ Of Profit Per 1 Unit Sale \$ _____

One more step and you'll have completed your idea evaluation process, so hang in there and get ready for Step 5.

Step Five

Rate Each Revenue Source & Prioritize

You're in the homestretch now in completing a thoughtful and honest review of your great business idea.

In Step 5 you take the information you collected in Step 3 and Step 4 and use it to help you prioritize which revenue-generating opportunity you will pursue first, second, third, and so on.

Why do you need to prioritize?

Because most of our business start-up clients are the only employee of their company when it launches, there usually isn't time to pursue more than one or two revenue sources at a time.

Some order of implementation must be decided upon.

This last step in your 5-step process involves making a comparison between all of your identified revenue sources, so as to make a value judgment of each based upon two factors: (a) the resources required to bring each to life; and (b) the projected financial return each revenue source may offer.

We suggest that you use a 1-3-5 scale to make your comparison:

1 = low cost of resources or low financial return

3 = moderate cost of resources or moderate financial return

5 = high cost of resources or high financial return.

The ideal rating would be a (1) on resources and a (5) on financial return.

For each revenue source, check one box for Resources and one box for Return.

Revenue Source 1: _____

Resources Rating 1 3 5

Return Rating 1 3 5

Revenue Source 2: _____

Resources Rating 1 3 5

Return Rating 1 3 5

Revenue Source 3: _____

Resources Rating 1 3 5

Return Rating 1 3 5

Revenue Source 4: _____

Resources Rating 1 3 5

Return Rating 1 3 5

Revenue Source 5: _____

Resources Rating 1 3 5

Return Rating 1 3 5

continued

Now, after you've completed your comparative ratings, use the space below to show the sequence of how you will pursue your assortment of revenue-generating opportunities.

Revenue Source 1

Order In Which I Will Implement _____

Revenue Source 2

Order In Which I Will Implement _____

Revenue Source 3

Order In Which I Will Implement _____

Revenue Source 4

Order In Which I Will Implement _____

Revenue Source 5

Order In Which I Will Implement _____

Congratulations!

If you've finished all five steps in the evaluation process, then you've completed a careful evaluation of the financial attractiveness of your chosen business idea.

If you'd like to see a real evaluation that was done by one of our business start-up clients, go to the next page and read through the "Jim The Strategic Planner" Case Study.

How To Evaluate Your Business Concept – A Case Study

“Jim the Strategic Planner”

The Challenge: How to make a living from knowledge of strategic planning.

Step One – Define the need to be satisfied or problem to be solved.

From his experience as a member of several corporate strategic planning committees, Jim had learned that many companies end up dissatisfied with the outcome of their planning because they improperly define the key issues, select the wrong committee members, and don't show discipline in implementing their results.

Step Two – Determine the different revenue-producing opportunities that arise from solving the identified need/problem.

Jim used his experience, personal interests and some research to identify three possible initial revenue-producing opportunities:

- #1 - Write a strategic planning workbook.
- #2 - Create and market a one-day strategic planning workshop.
- #3 - Sell strategic planning consultation.

Step Three: Part One - Determine the resources* required to bring each opportunity to life.

#1 – Writing Workbook

Needs:

Writing Skills

Money to Print Books - est. \$10,000

Distribution channels

#2 – Presenting Workshop

Needs:

Knowledge of live, interactive training methods

Promotional literature and plan

Starting capital - est. \$5,000 - \$15,000

* Common resources include: money, industry contacts, technical knowledge, a mentor, time, and space.

#3 - Sell Planning Consultation

Needs:

Knowledge of several target markets (industries)
A proposal-generating and follow-up system
Direct selling skills

Step Three: Part Two - Evaluate Needed Resources vs. Available Resources.

1. Jim is a novice writer, and may have to hire a "ghost writer" which would cost up to \$5,000 additional.
2. Start-up costs for a live workshop series can be substantial. A joint-marketing partner would be very attractive.
3. Jim has never started and run the complete planning process. He would need some practice running the whole planning process.

Step Four - Determine the Expected Financial Return for Each Opportunity

#1 - Writing Workbook

This type of book could sell for \$49.00 retail, with 45% minimum discount for wholesale cost. This leaves \$26.95+ of revenue per book. A 200-page book would cost about \$5 - \$7 each to print, which leaves \$21.95 - \$19.95 each per book in profit.

#2 – Presenting Workshops

Workshop can be sold for \$495 per person for one-day, less a materials cost of \$15, leaving \$480 revenue per person. Costs: advertising - \$2,000 per location; room and a/v rental - \$1,000 per location; travel and administrative support - \$2,000 per location for a total of \$5,000. 11 participants would cover all costs.

#3 – Selling Consulting

Experienced strategic planning consultants can charge up to \$200 per hour, or \$1,500 per day. New consultants usually can bill out only 40% of their time (known as “billable time”). Presenting a “Fortune 500” appearance will require monthly expenses of at least \$2,500 – for rented space, phone answering and part-time staff person, plus estimated promotional expenses of \$500 per month.

Step Five - Compare the Resources Required and the Expected Return of Each Opportunity.

You can use a 1-3-5 scale for initial evaluation (1= low level of resources or return; 3 = medium level of resources or return; 5 = high level of resources or return).

When one revenue opportunity is selected, you must determine through experience and research actual dollars of cost, sales and profit.

Opportunity #1 - Write Workbook

Resources: 1 (3) 5 Return: (1) 3 5

Opportunity #2 – Present Workshops

Resources: 1 3 (5) Return: 1 (3) 5

Opportunity #3 – Sell Consulting

Resources: 1 (3) 5 Return: 1 3 (5)

Go to the next page to find out how to book your free coaching session →

What To Do Next

To successfully bring your well-thought-out business idea to life as a profitable business, you'll need a comprehensive business plan and the completion of a number of key organizational tasks.

Using the services of a business start-up coach can greatly accelerate your business launch and boost the growth of your business during its first year.

Each year, we provide comprehensive business launch coaching to hundreds of 50+ Boomer individuals through our growing national network of Virtual Incubator coaches.

To give you some really great input on your business idea, we're pleased to **offer you a FREE, 30-minute phone coaching session** with a Virtual Incubator coach.

To set up your session, just e-mail us at info@bizstarters.com and indicate that you'd like a free coaching session and tell us two days and times that are convenient for you.



**FREE 30-minute coaching
consultation to discuss
your Idea Evaluation**