

Business Management Curriculum

Module 1: Early Development of New Idea

Project Team:

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- Staci Emm, Extension Educator and Professor, University of Nevada Reno
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Acknowledgments: Vicki Hebb, reviewing content, and Russ Tronstad (University of Arizona) and Stuart T. Nakamoto (University of Hawaii), content.

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Module 1: Early Development of a New Idea

Teaching Notes:

This module is a guide for the development of a new product idea and the best ways to market your product and/or business. The usage of the B.O.S.S mini assessment is a measurement of a persons' preparedness to start a business on their own. The mini assessment covers general areas of your personal life, financial stability, as well as the soundness of your idea. If these questions can be answered with detail, then there is a good possibility of being able to start a business or produce a product. Once the mini assessment is complete, there are more questions that follow which will need to be answered in detail about your cost structure, product, and customer base. The greater detail these questions can be answered the better prepared to start a business.

Educational Objectives:

1. Identify your personal and financial capabilities to open a small business
2. Identify the product(s) you want to sell
3. Define the market that you would sell to
4. Identify ways of reaching your market

Discussion Topics:

1. Why is it important to understand who your target market is?
2. Why is it important to understand the cost of your product?
3. Why is it important to be stable in your personal life as well as your financial life?
4. Discuss any of the questions that are in the power point and why they are important to define now instead of later on in the development stages.

Available Materials:

1. PowerPoint Presentation (1) - can be printed and used as a handout.
2. Worksheets (5) - can be provided as homework or completed in a workshop if time allows.
 - a. BOSS mini-assessment worksheet – This worksheet has the B.O.S.S pre-business mini-assessment questions as well as the follow-up business planning questions. It is recommended to complete the mini- assessment first. If there are more "Yesses" than "Nos" move on to the business planning questions. This worksheet also follows along in the presentation as well and can be a class activity.
 - b. Business planning questions worksheet – This worksheet should be completed after the BOSS mini-assessment is taken. The business planning questions follow along with the presentation, but the questions are more in depth and might take more time to answer in class. Pick a few of the

Module 1: Early Development of a New Idea

questions to discuss in class and help your students navigate where they may find the answer.

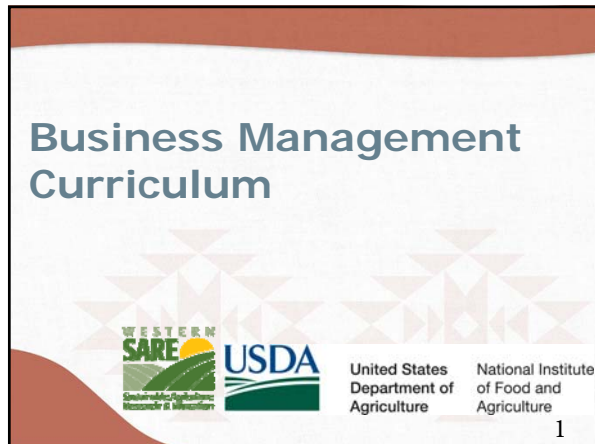
- c. Small business readiness assessment tool – The business planning questions are focused on the development of your product, defining your customer base, and realizing the financial investment of producing your product. The clearer you can describe these topics the easier it is to move forward in the development process.
 - d. Product description worksheet – This worksheet will guide you through the steps that will define your product as well as identify industry trends and who might be your competitors and the advantages and disadvantages your product might have over theirs.
 - e. Customer identification worksheet – This worksheet will help you identify the customer types that you would like to target for your business. Once you define your customer then you can market to them more directly.
3. Other Resources:
- a. Start Smart Pre-Biz Plan Sketchbook – This is another resource tool that will help you define your business, products, and customer base.
 - b. Small Business Administration website– [SBA.gov](https://www.sba.gov) this website is a good resource for the startup small business with articles that address a lot of common questions business owners might have.
 - c. Agplan- <https://agplan.umn.edu/>

Outline:

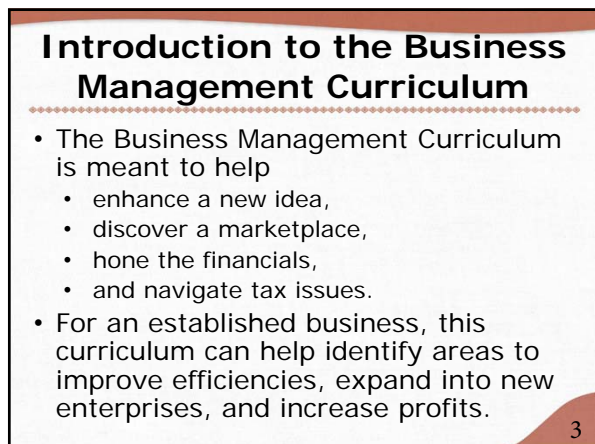
1. Introduction to the Business Management Curriculum
2. Module 1: Early Development of a New Idea
3. Are you ready to start a business?
 - a. Pre-Business Checklist
 - i. Personal Life
 - ii. Your Idea
 - iii. Finance
4. Analyze the BOSS mini-assessment
5. Business Planning Questions
6. Introduction to finances and budgeting
 - a. Profit = Revenue – Expenses
 - b. Help answer questions like:
 - i. How much money will I have to borrow to cover the costs of making product?
 - ii. How much can I sell it for and make money?
 - iii. How much will I have to sell to cover loan payments, and eventually make a profit?

Module 1: Early Development of a New Idea

7. Developing a market strategy
 - a. Questions to ask about marketing
 - b. Advertising Expenditures Examples
8. Can I get them to buy my product and make money
9. Conclusion



Slide 1: The first 5 slides are an introduction to the full business management modules. They are included with module 1 for simplicity but can be excluded if this is going to be a stand alone workshop.



Slide 3: This is a good place to talk about what the curriculum and the class are meant to do. There is value here both for new and for ongoing businesses. This would also be a good place to do introductions and ask participants to talk briefly about why they are in the class and what they hope to learn.

Business Management Curriculum Outline

- **Module 1: Early Development of a New Idea**
 - Questions that should be considered before starting a new venture
- **Module 2: Estimating Market Size and Price**
 - Identify a market
 - Estimate market size and product price
 - Can you feasibly produce and sale product?
- **Module 3: Overview of Budgets and Financial Statements**
 - Identify different types of budgets
 - Know what they are used for
- **Module 4: Financial Analysis**
 - Use budgets and financial statements to analyze business profit and sensitivity

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Slide 4: These are very brief outlines that are useful to show where the class is going. It is not necessary to spend a lot of time here, but it can be helpful for students to understand what is going to be covered and how it will build.


Business Management Curriculum Outline

- **Module 5: Indian Land Tenure Issues**
 - I am not really sure what is in this module.^{AB1}
- **Module 6: Ownership, Liability, and Risk**
 - Identify the different types of ownership structures and the risks associated with each
 - Identify areas of risk and how to manage them
- **Module 7: Tax Issues**
 - Identify common tax issues that affect small businesses and how to manage the financial burden

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Slide 5: This is the beginning of module 1. While it is titled for a “new idea,” it can also be used for an existing idea by developing a business plan and adding new components.

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Are You Ready to Start a Business?

- Pre-business checklist
 - BOSS mini-assessment
 - Personal life
 - Your idea
 - Finances
- Business planning questions
- Introduction to finances and budgets
- Developing a market strategy

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Slide 8: Sometimes people think that if they have their own business, they can set their hours because they are the boss. Running and starting a business can be hard and requires a lot of time and commitment. This will start with questions about how ready participants are to operate a business and then start on business planning, including some finance and marketing. Future modules will go into marketing and finance topics in more depth.

Pre-Business Checklist

- Before you can build your financial future, make sure your personal and financial standing are stable right now.
 - Personal life
 - Your idea
 - Finance

The BOSS Mini-Assessment worksheet follows along with the presentation. Complete the assessment in class or take it home and fill it out there. The BOSS Mini-Assessment can be found at: <http://extension.usu.edu/boss/htm/mini-assessment>

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Slide 9: BOSS stands for “Business Outreach Support Services” and was developed at Utah State University as a beginning way to look at business ideas and start developing a plan. We are using the mini-assessment here and then will use the sketch book. There are handouts for each of these. The mini-assessment worksheet can be filled out by participants as you go through the presentation.

Personal Life

- Do I have a good to excellent credit score?
- Is my personal debt manageable?
- Am I healthy and physically able?
- Do I have a good support system?

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Slide 10: The reason to consider personal life is that it affects whether they are ready to start a business. If they have a bad credit score, it will be difficult to get financing or the interest rate will be so large that it will be difficult to make the business profitable. Businesses take a lot of energy and come with financial and physical stress. Being physically healthy, having a good support system, and not having financial stress to begin can increase the chances of success. If there are some problems in one of these areas, it might make more sense to first work on the area and get the personal life in order before starting a new business.

Your Idea

- Do I have a well defined target market?
- Does my idea solve a common problem?
- Do I have training or experience in this area?

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Slide 11: This is a quick look to see whether you have a business idea or a hobby.

Finance

- Do I have personal assets such as a home or savings I am willing to risk?
- Can I start this business without borrowing money?
- Do I have family or partners willing to finance me?
- Do I have a great relationship with my banker?

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Slide 12: These questions are very general. They will get participants thinking about options available (i.e. friends, family). Talk about what are the goods and bads of each source. Have them think about impacts if they are not able to repay the borrowed fund. Will the relationships survive the loss of that money?

Analyze your BOSS mini-assessment

- Did you have more “yes”es than “no”s?
- What area do you need to work on?

Business planning questions are next.

The business planning questions worksheet follows along with the presentation. Complete the assessment in class or take it home and fill it out there. The business planning questions are from the BOSS Tool Kit, which can be found here: [Pre-Biz Plan Sketchbook](#)

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Slide 13: The participants should have filled out the worksheet as the presentation went along. This can give them areas where they might want to work on before starting the business. For example, they might want to save some money to get started rather than borrowing it from family.

Business Planning Questions

- What is your big idea?
 - Is there anything unique about it?
- Why do people “need” (want) it?
 - What problem or need does your business address?
- Who is you customer?
- How will you reach them?

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Slide 14: In this section participants will start using the sketchbook, so called because it allows participants to sketch out ideas. Students taking this as a class may not have an idea for their own business but could either work on a project for an existing business or work in groups to develop a hypothetical new business. Even though the students are not planning to actually start a business, going through the steps to develop a business plan will be useful for understanding the process.

Business Planning Questions

- Who are you competitors?
- What is your comparative advantage?
 - What do you have or what can you do that others cannot?
- Who is on your business team?
 - Who will help you and what will they do?
- Where will customers buy your product(s)?

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Slide 15: You could have discussions about each of these. You may want to choose one example for participants to discuss how they would answer these for that particular example.

Business Planning Questions

- What will you need to buy to get started?
- How much money do you need to get this idea to the point where you can start selling?
- Where will the money come from?
- How soon will you be able to start selling?

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Slide 16: These questions are the first step in looking at finances and estimating profit. While students may not know all the answers, they can begin sketching out their ideas and also figuring out information they will need to collect.

Review Business Planning Questions

- The business planning questions are meant to help you identify
 - What your product is.
 - Who you are appealing to.
 - What your financial needs are.
 - And who your support team is.
- Review answers and figure out which areas need the most attention or need to be defined more.

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Slide 17: The idea is to start with a sketch but continue to work on each area to define it and add details.

Introduction to Finances and Budgets

Budgets and financial statements are addressed in depth in modules 3 and 4. There are budget worksheets available as well as links to completed budgets in module 3. For now, this is just a basic introduction.

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Slide 18: Modules 3 and 4 will go into this topic in detail, but the ideas are briefly introduced here, partly so that this module could be a stand-alone workshop. Also, this will help participants identify the information they will need and how they will put it together.

Introduction to Finances

- Profit = Revenue – Expenses
 - Expenses: The sum of all of your costs to make your product
 - Revenue: The money received from selling your product
- Help answer questions like:
 - How much will it cost you to produce one item?
 - How much will your customers pay?
 - How soon will you be able to make a profit?

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Slide 19: In order to be a business and not a hobby, the project needs to have a plan to make a profit. Understanding how profit is calculated is useful.

Introduction to Budgets

Simplified Budget for a Small Tomato Bed

- Revenue is summed on top
- Expenses are totaled below

Revenue Product	Unit	Price	Quantity	Total	% of Revenue
Tomatoes Bulk	Each	1.25	2500	\$ 3,125.00	100%
				\$ -	0%
				\$ -	0%
				\$ -	0%
				\$ -	0%
Total Revenue				\$ 7.99	100%

Expenses	Unit	Price	Quantity	Total	% of Revenue
Materials and Labor					
Soil Preparation	Each	\$ 50.00	1	\$ 50	2%
Transplants	Each	\$ 0.25	200	\$ 50	2%
Planting Labor	Hours	\$ 12.50	2.5	\$ 31.25	1%
Weeding Labor	Hours	\$ 12.50	8	\$ 100	3%
Harvesting and Grading Labor	Hours	\$ 12.50	24	\$ 300	10%
Total Materials and Labor				\$ 531.25	17%
Total Expenses				\$ 531.25	17%
Net income before taxes (revenue minus expenses)				\$ 2583.75	83%
Income and self employment taxes				30% \$ 778.125	25%
Net profit				\$ 1815.62	58%

Budgets can help you analyze your financial outlook for your business. More information using different types of budgets is found in modules 3 and 4. Worksheets for creating your own budgets are found in module 3.

Note: Net profit must be used to pay principal part of loans, purchase new equipment, add to working capital and withdrawals for owners.

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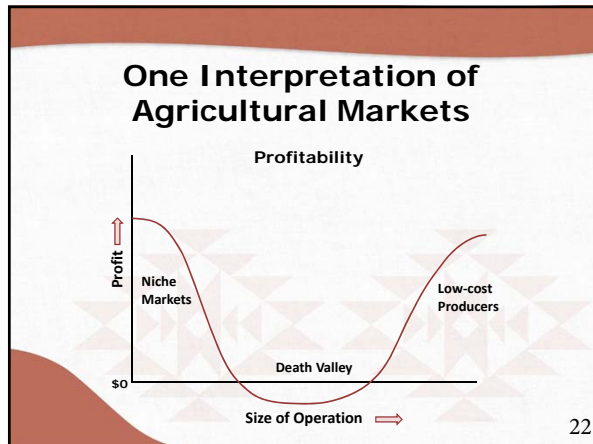
Slide 20: A budget is a summary of assumptions about profit. This is an estimation of both revenue and expenses. We are also including income taxes. A later module will cover tax issues. Creating a budget will always entail making assumptions. Although all of the items are estimates, you do want to work on getting them to be as accurate as possible. For example, in the tomato example, ask whether there are items that were left out. How could they go about getting prices and making estimates? Again, this is to get them started, but modules 3 and 4 will go into more depth.

Developing a Market Strategy

Use the customer identification and product description worksheets to help you develop your market strategy. More detail about estimating your market is covered in module 2.

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Slide 21: A strategy is how you will market your products, who you market them to, and why they might want them. These are some components of a strategy. It is not enough to say you will produce something; if you cannot sell it, you cannot make a profit.



Slide 22: Niche markets are small operations, but normally they spend a lot of effort finding and selling to customers. Normally there are higher prices per unit and customers want specific things. Low-cost producers are large enough to produce efficiently. They can use the equipment across enough acres to make it efficient. Normally, less time is spent marketing because they sell to wholesale commodity markets (delivering truck loads of grain to an elevator). The middle can be difficult because there is too much production to sell to a target niche market but costs are too high to sell in commodity markets and still make a profit. However, some niche market businesses are quite large. Usually they started smaller and expanded as they developed bigger markets.

- ### Questions to Ask About Marketing
- What am I selling?
 - Who might want it?
 - Where will I sell it?
 - How can I let people know I have it?
 - Can I get them to buy my product and make money?
- 23

Slide 23: All of these questions are important and help determine business strategy. A great product will have no sales if people do not know about it or do not know how to contact the seller to buy it. The end goal to actually make transactions and sell product to someone.

- ### What Am I Selling?
- Physical Attributes (i.e. apple, carton of jam, loaf of bread)
 - Lifestyle
 - Heritage
 - Eco-friendly
 - Convenience – time, location, etc.
 - Others

Slide 24: Many times with a niche product, you are selling more than physical attributes. This is a list of potential attributes. This could be enhanced by having some examples of niche agriculture/food products from your area and asking the students to answer these questions about them.

Who Wants It? And Why?

- Demographics
- How many people might want it?
- Where are they located?

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Slide 25: This is an introduction. Module 2 will go over the steps and how to estimate market size.

Where Will I Sell It?

- Internet
- Roadside stand
- Out of home
- Own store
- To other stores
- To a distributor

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Slide 26: Producers must have a way to physically get products to customers and have customers pay for products. It might be useful to ask students to identify some benefits and drawbacks to each of these options. For example, out of home sales might be convenient for a small number of customers, but having lots of customers come to your house may not be pleasant (for you or for your neighbors). Your house might be hard for people to get to. How much work will a customer go to in order to find your product and actually buy it? If you have your own store, you have to pay for it and either be there or pay someone to be there around 40-60 hours a week. If you sell to other stores, they will need to mark it up to make a profit themselves, so your price may be lower.

How Will I Let People Know That I Have It?

- Need to be creative
- Some ways you sell come with their own advertising... Like...
- What connections or advantages might you use?
- Can't try to be someone you are not

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Top 10 Companies That Spent the Most on Advertising, 2014

Company	Money Spent in Billions
Procter & Gamble	\$4.6
AT&T	\$3.3
General Motors Company	\$3.1
Comcast Corporation	\$3.0
Verizon Communications	\$2.5
Ford Motor Company	\$2.5
American Express	\$2.4
Fiat Chrysler Automobiles	\$2.2
L'Oréal	\$2.2
Walt Disney Company	\$2.1

Source: Advertising Age

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Slide 28: You cannot advertise the same way a chain store does. You have to come up with ways that do not cost a lot of money and are more effective. Successful marketing programs build off of unique opportunities or resources that each person has.

Can I Make Money Selling my Product?

When figuring out the price of your product, include ALL of your expenses

- To produce product
- To market product
- Any overhead and hidden expenses
- Your time

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Slide 29: There are usually costs that you forget about. For example, you need a cell phone, but do not include some of the cost. Module 3 and 4 will go into more detail showing how to create enterprise budgets and do profit analysis.

Conclusion

- Possibilities exist.
- Not always easy.
- You do not have to know everything up front. Keep refining plan as you gather information and find out more details.
- Need to be creative, may need to modify idea and/or plan.
- Remember you need to make a profit.

30

Slide 30: Sometimes the ideas you first sketch out do not work. You may need to modify the idea. It is a lot more fun to lose money on paper than in real life. By examining and refining your ideas, you can come up with a plan that has a higher chance of making profit in real life.



Slide 31: You might ask the participants to reflect on what they have learned and on the next steps that they are going to take to refine their plans.



Business Management Module 1: Boss Mini Assessment Worksheet

Before you can build your financial future, you need to take care of your personal and financial present.

Personal Life

Do I have a good to excellent credit score?	Y	N
Is my personal debt manageable?	Y	N
Am I healthy and physically able?	Y	N
Do I have great family support?	Y	N

My Idea

Do I have a well-defined target market?	Y	N
Does my idea solve a common problem?	Y	N
Do I have training or experience in this area?	Y	N

Finance

Do I have personal assets of value that I am willing to risk such as a home, land and savings?	Y	N
Can I start this business without borrowing money?	Y	N
Do I have family or partners willing to finance me?	Y	N
Do I have a great relationship with my banker?	Y	N

These questions just scratch the surface of business preparation.

If you answered more questions with a "yes," go to the full assessment:

Business Management Module 1: Business Planning Questions

Put your ideas on paper. The more you can define your idea on paper, the better off you will be in starting your business.

What is your big Idea?

Is there anything unique about it?

Why do people “need” (want) it?

What problem or need does your business address?

Who are your customers?

How will you reach your customers?

Who are your competitors?

What is your comparative advantage?

What do you have or what can you do that others cannot?

Who is on your business team?

Who will help you and what will they do?

Where will customers buy your product(s)?

Business Management Module 1: Business Planning Questions

How much will your product cost to produce? How much will customers pay for it?

What will you need to buy to get started?

How much money you need to get this idea to the point where you can start selling?

Where will the money come from?

How soon will you be able to start selling?

How soon will you be able to make a profit?

Business Management Module 1: Small Business Readiness Assessment Tool

Are you ready to start a business? This assessment tool is designed to help you better understand your readiness for starting a small business. It will prompt you with questions and assist you in evaluating your skills, characteristics, and experience as they relate to your preparedness for starting a business. This assessment is taken from the SBA's website at <http://app1.sba.gov/sbat/index.cfm?Tool=4>.

General

Do you think you are ready to start a business?	Y	N
Have you ever worked in a business similar to what you are planning to start?	Y	N
Would people that know you say you are well suited to be self-employed?	Y	N
Do you have support for your business from family and friends?	Y	N
Have you ever taken a course or seminar designed to teach you how to start and manage a small business?	Y	N
Have you discussed your business idea, business plan, or proposed business with a business coach or counselor such as a faculty advisor, SCORE counselor, Small Business Development Center counselor or other economic development advisor?	Y	N
Do you have a family member or relative who owns a business?	Y	N

Personal Characteristics

Do you consider yourself a leader and self-starter?	Y	N
Would other people consider you a leader?	Y	N
Are you willing to invest a significant portion of your savings or net worth to get your business started?	Y	N
Do you have enough confidence in yourself and your abilities to sustain yourself in business, if or when things get tough?	Y	N
Do you like to make your own decisions?	Y	N
Are you prepared, if needed, to temporarily lower your standard of living until your business is firmly established?	Y	N
Do others turn to you for help in making decisions?	Y	N
Are you willing to commit to long hours to make your business work?	Y	N
Would others consider you a team-player?	Y	N

Skills, Experience & Training

Business Management Module 1: Small Business Readiness Assessment Tool

Do you have a business plan for the business you are planning to start?	Y	N
Do you know and understand the components of a business plan?	Y	N
Do you know what form of legal ownership (sole proprietor, partnership or corporation) is best for your business?	Y	N
Do you know why some consider business planning to be the most important factor determining business success?	Y	N
Do you know if your business will require a special license or permit and how to obtain it?	Y	N
Do you know where to find demographic data and information about your customers?	Y	N
Do you know how to compute the financial "break-even point" for your business?	Y	N
Do you know how to compute the start-up costs for your business?	Y	N
Do you know about the various loan programs that are available from banks in your area and the SBA?	Y	N
Do you understand how a business loan can impact your credit?	Y	N
Do you know how to prepare and/or interpret a balance sheet, income statement and cash flow statement?	Y	N
Do you know why small business loans are considered more risky than loans made to large businesses?	Y	N
Are you sure your planned business fills a specific market need?	Y	N
Do you know your target market?	Y	N
Do you understand the tax requirements associated with your business?	Y	N
Do you know how to prepare a marketing strategy for your business?	Y	N
Do you know how to learn about your business competitors?	Y	N
Do you understand marketing trends in your business industry?	Y	N
Do you feel comfortable using a computer or other technology to improve business operations?	Y	N
Do you have a payroll process planned for your business?	Y	N
Do you have a customer service strategy in mind or in place?	Y	N
Do you know how to obtain an EIN (Employer Identification Number) for your business?	Y	N
Do you know if your business should have some form of intellectual property protection?	Y	N
Do you know where to obtain information about regulations and compliance requirements that impact your business?	Y	N

Business Management Module 1: Product Description

Describe your enterprise or product. Begin by noting industry trends, general market conditions, and/or perceived marketing opportunities that may exist locally, regionally, nationally, or internationally. Then describe the unique features that distinguish your product or service within the marketplace. How easily could competitors imitate these features?

Enterprise or Product: _____

Industry Trends/Changing Market Conditions:

Characteristic 1: _____

Easy to imitate? Y/N _____

Characteristic 2: _____

Easy to imitate? Y/N _____

Characteristic 3: _____

Easy to imitate? Y/N _____

Summarize the unique features that distinguish the product/enterprise in the marketplace:

What partners or other support do you have?

Business Management Module 1: Customer Identification

Define your customers relative to demographics, values, location, shopping choices, and market segments (those who frequent natural food stores or farmer's markets, those who hunt for bargains, those who are environmentally conscience, etc.).

1. Select the 3–4 characteristics that best identify or define your customers compared to other people.

- | | | |
|--|--|---|
| <input type="checkbox"/> Visitor/resident | <input type="checkbox"/> Home town | <input type="checkbox"/> Religion |
| <input type="checkbox"/> Gender | <input type="checkbox"/> Marital status | <input type="checkbox"/> Previous purchase |
| <input type="checkbox"/> Age | <input type="checkbox"/> Children | <input type="checkbox"/> Other |
| <input type="checkbox"/> Income | <input type="checkbox"/> Education | _____ |
| <input type="checkbox"/> Occupation | <input type="checkbox"/> Ethnicity | |

2. Describe your customers, starting with the most important characteristic you described above.

3. Which product is the consumer buying?

4. Why are they buying your product? Is there a product attribute that is important to this consumer segment?



Start SMART Pre-Biz Plan



Sketch Book





Welcome!

This StartSMART Pre-Biz Plan Sketch Book is a tool to help you think through some important components of your business plan. In order to hit the ground running when you meet with your counselor, please fill in the boxes with some of your thoughts up to this time. You will see an explanation of each question and a sample answer to help you with the process. After you have filled in the box, check if you:

- Have researched this,
- Think it is true, or
- You don't know.

It's all right if you haven't completely discovered the answers to the 11 questions in this Sketch Book. Your SBDC experience will help you expand your answers to a complete business plan if that's the direction your ideas take you. So, as in any sketch book – have fun with it. This is the time to start putting your dreams to ink!

The Start SMART Pre-Biz Plan Sketch Book was originally created by the Dixie Business Alliance SBDC at Dixie State College. With permission it has been adapted by the Utah State University Entrepreneurship Best Practice Team.

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U.S. Small Business Administration
SBA
Your Small Business Resource





What's Your Big Idea?



Is there something about your idea that is unique? Remember that an idea does not have to be some wildly different product. It does not have to have some “secret sauce.” Your idea can be about how your systems are executed or how your products are sold. But beware of being a “me too” type of business. Read the sample and then write your business idea in the space below. Don’t worry about elegant words and structure. Just get it out.

Sample: Our idea is to open a service business that would cater to the snowbirds of St. George. Whether it would be to clean their condo, procure travel tickets, put up Christmas lights or shuttle them to the airport in Vegas, we can get it done. We would also have a website, “Git’er Done in St. George” that would include a list of “best providers” that people could consult.

My Business Idea Is:

A large, empty rectangular box with a thin black border, intended for writing a business idea. In the top right corner of the box, there is a faint, light blue graphic of three white arrows pointing upwards and to the right, similar to the 'Start SMART' logo.



Why Do People “Need” (Want) It?

It is always better to have a need than a want. If you have a want, then you have to spend effort in convincing people that it is a need.

Another way of saying this is: “There is a problem out there and my business has a solution.” After you write about the “need,” fill in the check box below about how you have researched this need, just have a “gut feel” about it, or have no real knowledge about it. If you haven’t researched your answer, it’s all right. That’s why you’re here, to learn more about what you need to know!

Sample: People need this because there are thousands of new people moving to Washington County every year in addition to the thousands of snowbirds that migrate every winter. A sizeable percentage of these pay cash for homes and condos so they have disposable income. They are used to getting good service, but they don’t know who to call. Many of them need someone to open their homes, buy groceries or arrange for repairs. On the other hand, many businesses would like access to this market of receptive customers. Although they might not be able to pay for a good referral, they would like to advertise on the Git’er Done website.

People Need My Business Because:

A large rectangular text box with a thin black border, intended for the user to write their response to the question above. The box is mostly empty, with a faint, light blue graphic of three arrows pointing upwards and to the right in the top right corner, matching the 'Start SMART' logo.

I've researched this

I think it's true

I don't know



Who Are Your Top One or Two Groups of Customers?

A group of customers is sometimes called a “market.” Markets have some characteristics in common. Sometimes these are demographic in nature, such as age, sex, and income. Often they are psychographic such as lifestyle, interest or hobbies. If your market is a business or industry group, sometimes they have certain buying patterns or ways of paying, and other characteristics. You always want to promote to your top one or two groups of customers rather than “everybody.” That way you can expend fewer resources and be more effective. That doesn’t mean you won’t sell to everybody who wants to buy.



Sample: *Git'er Done Customers are: Retirees and snowbirds that have disposable income. They are active but need help finding someone trustworthy to provide various services in their new or part-time locations. The other group of customers for the website will be businesses who want access to those customers.*

My Top Two Groups of Customers Are:

A large, empty rectangular box with a thin black border, intended for the user to write their top two customer groups. In the top right corner of the box, there is a faint, light blue graphic of three arrows pointing up and to the right, similar to the logo.

I've researched this

I think it's true

I don't know



How Will You Reach These Customers and Convince Them to Buy?

This question is concerned with marketing and selling. Marketing is what you do to reach your customers and create prospects. Selling is actually closing the deal. Sometimes these methods are called tactics or weapons. There is a whole arsenal of weapons that can be used to reach your customers. The biggest challenge here is deciding which will be the most effective. To determine the most effective you will need to look at your customers and their characteristics and needs. You will also be constrained by your budget and the time you have to promote your business. The most effective weapons aim directly at the potential customer who needs the product/service. This is called the rifle approach. For some businesses who want to get the word out to a broad population, the shotgun approach works just fine. But the shotgun approach is usually much more expensive.



Sample: *Git'er Done* will employ the following tactics or weapons:

1. *Work with property managers of "over 50" developments. Give them a \$5 gift certificate for every referral that results in a sale.*
2. *Employ the above tactic at the local golf courses.*
3. *Distribute tasteful flyers in the club houses.*
4. *Keep a data base of contact information of clients. E-mail at appropriate times to offer more service.*
5. *Buy occasional ads in the association newsletters. Keep track of the ones that seem to work.*
6. *Send thank you notes and birthday cards; ask for referrals.*
7. *Wear clean pressed uniform shirts all over town.*
8. *Join the Chamber of Commerce and actively promote to the volunteers there.*
9. *Sponsor or volunteer at the Huntsman World Senior Games.*

The Tactics I Will Employ Are:

I've researched this

I think it's true

I don't know



Who Are Your Competitors and What Do You Think Is Your Competitive Advantage?



These are businesses that do what you do. Another way of asking this is: "When people are buying your product now, where is their dollar going?" There are two major types of competitors. Your direct competitors do exactly (or close to) what you are doing. Your indirect competitors may be doing something similar in the industry but not directly what you are doing. For example, if you have an

ATV rental business, another business that rents ATVs would be your direct competitor. A business that rents bicycles might be your indirect competitor.

Do not make the mistake of thinking that you have no competitors. The dollar spent for what you offer is most likely going somewhere now. Furthermore, if you are successful, others will soon come into the competitive picture. You also need to be suspicious if you truly see no competitors in the picture. When there is someone making serious money, there is probably a place for someone else to come in. However, you will need to develop your own unique competitive edge.

Sample: *Git'er Done* has the following competitors:

1. *One Call Solution. Is just beginning. Does not have website.*
2. *Other individual service providers such as handymen. Cannot provide a wide spectrum of services.*
3. *Classified ads. Are untested and unproved to new residents. Do not have website reviews or testimonials.*

The Competitors I Have Are:

A decorative graphic in the bottom right corner of the form area, featuring a blue background with three white arrows pointing upwards and to the right.

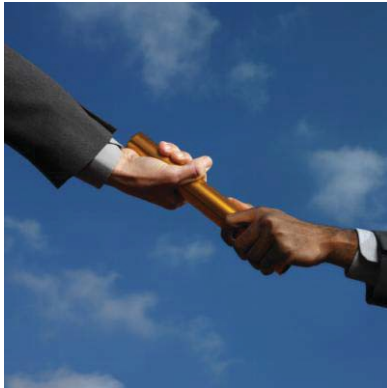
I've researched this

I think it's true

I don't know



Who's on Your Business Team?



The people who are on your team are your most important assets. Keep in mind that there are three important functions in a business. The Operations include the actual day to day activities of the business. The Marketing Function includes advertising, selling, customer service. The Financial Function includes the bookkeeping, accounting, paying of taxes. Many times with a start-up business the business owners wears all the hats on a day to day basis. But an advisory team can take away some of the pressure of juggling everything yourself. An advisory team can include paid or unpaid members. Paid team

members might include your bookkeeper that you pay by the hour, or your attorney. Unpaid members might include your MBA Brother-In-Law who provides expert advice, or the key contact who gives you leads. Remember, your advisory team can make your business seem bigger than it really is.

Sample: *The Git'er Done team includes:*

1. *Myself who will be running the business and performing many of the operations.*
2. *Hired Dixie State College Students (as needed.) These will include my children and their friends who need extra money at times. My sister will also help out.*
3. *The Tax Company professionals who will set up the QuickBooks and pay the taxes. The Tax Company will also set up the Limited Liability Company.*
4. *Jane Willis who will design and maintain the website.*
5. *Rachel Ebbons who will design the flyers and advertising pieces.*

My Business Team Includes:

Operations:

Financial:

Marketing:

I've researched this

I think it's true

I don't know



Where Will Your Customers Buy Your Product/Service?



The place or method your customers will buy your product is important. Sometimes you have only one place, such as a retail store. Sometimes you have a number of places such as a retail store and a website. You may have a service business where customers buy your services when they call you on the phone and ask you to come to their homes or offices. The place from which you sell your product or service has all sorts of implications for value and customer service.

Sample: *Git'er Done services will originate from the owner's home office at the beginning. We will also have a website to provide information on products and services. Customers will be able to access the services through the website, e-mail, or phone.*

My Products and Services Will Be Sold From:

A large, empty rectangular box with a thin black border, intended for the user to write their answer. In the top right corner of the box, there is a decorative graphic consisting of three white arrows pointing upwards and to the right, set against a light blue gradient background.

I've researched this

I think it's true

I don't know



Approximately How Much Will Your Customer Pay for Your Product? How Much Will It Cost You to Purchase It for Resale or Produce It?



How you price your product depends on many factors such as where your business is located, how much your competition is charging, and the perception of value that your potential customer has. Remember that you also must price your product to cover not only the direct costs (how much the product costs you) but your overhead costs. Overhead costs include the costs you will have to be in business. These include such items as location, rent, utilities, insurance, telephone, internet, travel costs, loan

payments, basic office supplies and others.

Sample: Git'er Done will charge an average of \$25 per hour for services. At the beginning of the business, much of the work will be performed by the owner's family. If it is necessary to employ college students, they will be paid \$12-14 per hour. Website classified ads for providers will be charged at the going rate for such ads.

My Product's Cost Will Be:

My customers will pay (average transaction or hourly cost):

These products/services will cost me:

I've researched this

I think it's true

I don't know



How Much Money Do You Need to Get This Idea to the Point Where You Can Start Selling?

These figures are often called Start-Up Costs. They include the costs for equipment, location, marketing, inventory, legal setup, operating capital, in fact everything you need to start Day 1 of the business. It is better to overestimate this figure rather than underestimate. You can always scale down. Do not neglect to consider marketing costs. If no one knows about your service, you'll be a failure from the start. Surveys from Inc. Magazine say the average Inc. 500 company was started with \$10,000 or less. You do not have to list these needs in detail here, but you should have an idea of how much you'll require.



Sample: Git'er Done will need about \$3,000 to start the business. We need to have a very professional, colorful logo designed. We will have our son-in-law design and maintain a top notch website. We need to produce some good quality graphics that will allow us to produce some good marketing materials through desk top publishing. We need to be listed in the two top yellow page books. We will order some high quality button down shirts with our logo and produce some decals to place on our vehicles.

In Order to Start My Business, I Will Need to Plan the Following for Start-Up Costs:

A large, empty rectangular box with a thin black border, intended for the user to list their start-up costs. The background of the box features a faint, light blue graphic of three arrows pointing upwards and to the right.

I've researched this

I think it's true

I don't know



Where Will the Money Come From?



Start-up funding comes from two sources: Equity, which is money the owners (you and other investors) put in; or Debt which is money that is borrowed and has to be paid back. Consider that lenders and investors will want to see that you have put something into the business yourself. Remember that lenders and investors will want to know that you have carefully thought out your business and documented it with a solid business plan. Hitting up friends and family is the most common way to start a business. But according to Inc. Magazine, it's also the riskiest.

Sample: Git'er Done start-up costs will be funded through personal savings of the owners. We also have a \$25,000 home equity line of credit that can be tapped in case of cash flow emergency.

My Business Start-Up Money Will Come From:

I've researched this

I think it's true

I don't know

How Soon Will You Be Able to Start Selling? How Soon Will You Be Able to Make a Profit?


Timing is important. Some businesses are seasonal and need to start at a certain time of year in order to gain some marketing advantages. For example, a retail store would want to start in late July in order to capture back-to-school sales or in October to take advantage of holiday sales. A tourism related business in a summer market should avoid starting in August because end of season sales will not likely be enough to cover costs through the winter.



Sometimes the amount of time required to get zoning and regulations approved, or to get locations prepared make additional funding necessary. Timing is also important from a lender or investor's point of view. How much money will you have to "burn" before you can turn a sale?

Sample: *Git'er Done will kick off in October. We will sponsor an event at the senior games and do a big marketing push as the snowbirds come to town. Because our overhead costs are low and we will not have permanent workers on the payroll, we should turn a profit immediately.*

Our Business Will Begin Sales:



I've researched this

I think it's true

I don't know



Notes:

A large, empty rectangular box with a thin black border, intended for writing notes. A faint, semi-transparent version of the "Start SMART" logo is visible in the top right corner of this box.