

Feasibility Checklist

Will your business make it? Run through this list to see if your idea has what it takes.

Define your business (the W's -- who, what, when, where, why and how)

- What market would your business operate in?
- How does that market function? Who are the players, how is the money handled, what are the markups, etc.?
- What is your niche?

Who is the target market(s)?

- Define by demographics, psychographics and geography.
- Can I identify segments within the market that may be easier to acquire?
- What are their needs? Now and in the future?
- What would they be willing to pay for my product/service?
- How much would they buy? Over what period of time?

What is the competitive landscape?

- How many other companies will do what you do?
- How do you compare in a SWOT analysis (strengths, weaknesses, opportunities, threats)?
- What is your position in the marketplace?
- How will you differentiate your product from your competitors? What is it about your product or service that will encourage people to buy from you versus your competition? Would buyers be willing to pay a premium for this difference?

How big is the market (market sizing)?

- How many buyers?
- What do they typically pay for similar products/services?
- What is the dollar value of the market overall? What percentage or market share can you expect to capture?

Will you make money? How soon?

- What could you charge for your product/service?
- Can you forecast your gross revenue (price per unit X number of units sold) based on reasonable assumptions?
- What will it cost to run your business each month and for a year?
- What will it cost you to acquire customers?

Is it a go?

If you're not forecasted to make more money than what it's going to cost you to run your business after a certain period of time, it's a no go. That period of time is determined by how long you can afford to wait to make a profit. In other words, do you have enough money to pay all your expenses while you're waiting for the dollars to roll in?

It shouldn't be a go if you can invest your money in something relatively safe, like an interest-bearing bank account, rather than starting a business. For all the risk you're taking, you should be making more than all that risk, hard work, and time it takes to get a business off the ground.