

# ANALYZING

THE BUSINESS IDEA



**BuildUp**™

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There are literally billions of business ideas out there. Some businesses make a TON of profit and some barely break even or they go completely out of business due to operating expenses being more than the revenue.

*Before you start anything, it's important that your idea is actually a good idea. Below we have a chart that will help you ask the right questions to determine if the idea that you have actually makes sense and can be a highly profitable endeavor.*

<input checked="" type="checkbox"/>	<b>HOW MUCH CAN YOU CHARGE</b>	<b>\$\$\$\$\$</b> <b>\$\$\$</b> <b>\$</b>	You ideally want to be able to <i>charge at least \$1,000 per day / per employee</i> for your skilled trades business to be highly profitable.
<input checked="" type="checkbox"/>	<b>START UP CAPITAL NEEDED</b>	<b>Less Than \$10,000</b> <b>More Than \$10,000</b>	Be creative and find a way to start your business <i>with less than \$10,000 in startup capital</i> .
<input checked="" type="checkbox"/>	<b>PROFIT MARGIN</b>	<b>100% Or More</b> <b>50-100%</b> <b>50% Or Less</b>	After labor and material costs, you ideally want at least a <i>100% profit mark up or more for the business model to make sense financially</i> .
<input checked="" type="checkbox"/>	<b>DEMAND</b>	<b>HIGH</b> <b>VARIES</b> <b>LOW</b>	<i>You want a niche skilled trades company that has high demand</i> with not enough businesses to really handle the amount of demand.
<input checked="" type="checkbox"/>	<b>FULFILLMENT</b>	<b>EXTREMELY EASY</b> <b>MEDIUM</b> <b>EXTREMELY HARD</b>	How much work is needed to fulfill the services you offer? <i>Look for a skilled trades service where the work is relatively easy or easy to streamline and outsource.</i>
<input checked="" type="checkbox"/>	<b>DEAL TYPE</b>	<b>RECURRING</b> <b>SEMI-RECURRING</b> <b>ONE-OFF</b>	Can you get recurring customers or at least semi-recurring customers? <i>The best companies in the skilled trades have customers that come back time and time again needing the service again.</i>

# ANALYZING THE BUSINESS IDEA

Below you'll find a deeper, more in-depth overview of the 6 criteria we have analyzed in the chart above. These descriptions should provide a more comprehensive overview of our thoughts on how you should think about your business in terms of these different categories.

## HOW MUCH YOU CAN CHARGE



Ideally, you want to be able to charge a lot of money for the service you offer. *If you can't charge at least \$1,000 per day/per employee, it will become more challenging to make profit with your business idea.* Don't even bother if you can't charge a lot for the service.

## STARTUP CAPITAL



This guide is dedicated to showing you how to start with less than \$10,000 of startup capital. If you think you need more than that, you are probably thinking about your business the wrong way. *There's always a way to start with less than \$10,000.* Starting with more capital does not equate to a higher likelihood of success.

## PROFIT MARGIN



Ideally you should be able to charge at least a 100% markup for your services. *If your idea doesn't allow you to do this, it might still be a decent idea – but it probably won't be an EXCELLENT idea and ultimately will slow your ability to build your business quickly with less financial stress.*





## DEMAND

Everything in business boils down to supply and demand. *If there's high demand and not enough supply, you can charge higher prices for your services.* Ideally you don't want to enter an already crowded market. Look at how many competitors are in your niche. *If there's a giant list of similar companies, consider this to be a red flag.* You want to find an almost "hidden" niche where there's a small barrier to entry with a relatively small number of other companies offering the same service.



## FULFILLMENT

This one is **SUPER IMPORTANT**. You want to take a close look at how much work is required to fulfill the services you offer. *Look for a service where the work is relatively easy. This will make a big impact on your ability to train up additional employees to help as the business grows.*



## DEAL TYPE

You will most likely have to spend money on marketing to acquire customers. *If at all possible, you need to figure out how to get your business to offer services that are sticky enough that your customers are willing to pay you on a recurring or semi-recurring basis.* It will be a constant grind if you need to constantly go out and find new customers because each job is a one-off job.



## ALWAYS REMEMBER:

There are often RICHES in NICHES. *You want to find that niche that very few people are in and go after that.*



## ALWAYS REMEMBER:

Your business needs to solve real problems. *What problem does your business solve?*

# UNDERSTANDING THE ROLE OF THE ENTREPRENEUR



## THE ROLE OF THE ENTREPRENEUR

An entrepreneur can delay gratification and has a drive to achieve and the abilities to plan, build a team, inspire, lead, and prioritize. A successful entrepreneur who builds a strong team and brings immense value to a large customer base can earn tens of millions of dollars for building a quality organization that connects with society. It's the entrepreneur's role to bring together the people and resources necessary to build your product or service and company.

An entrepreneur takes initiative and has a bias towards action, can take feedback, has a high tolerance for stress and is very determined. An entrepreneur also has decisiveness, courage, and the ability to deal with failure. A high-level entrepreneur can see and articulate a vision, is quite creative, can learn quickly, and perseveres through nearly anything. Entrepreneurs typically thrive on high levels of calculated risk taking.



## SEEING A VISION FOR WHAT YOU'RE TRYING TO DO

Helen Keller once stated, "The only thing worse than being blind is having sight with no vision." And this is very much true for any founder CEO. If you are not able to see a vision for the time, resources, and capital that you are going to put to work in your business, you are most likely not suited to build and scale a business.



## FILTERING OUT THE "TALKERS" FROM THE "DOERS"

It may take you a year or more to get your business to \$15,000 per month in sales. That's ok. Generating revenue for your business without much outside capital is really hard. It is supposed to be. There are millions of people with great business ideas, but only a select few, perhaps less than 5%, can take their idea and execute it by turning their ideas into something that people will pay for over and over again.

This difficult process filters out the talkers from the doers. Most people are talkers. The art of figuring out how to create something from nothing is a skill that is very much needed for an entrepreneur to go on to higher levels of business growth and success and is foundational to the overall process.



## CREATING SOMETHING FROM NOTHING



In most cases, as a first-time entrepreneur, it makes way more sense to go through the painful process of figuring out how to create something from nothing and getting to own that FULLY yourself rather than giving away a huge percentage of your business idea to an early-stage investor for a small amount of investment capital.

Focusing on building a real company, with happy paying customers and growing revenue, rather than some hot-shot, moon-in-the-sky idea, will almost always win. Focus on creating a sustainable business where revenues are greater than expenses.

*Sustainability of cash flow buys you time and it prevents costly dilution.*



## KEEPING COSTS EXTREMELY LOW

If at all possible, do not borrow investment capital and do not sink a large amount of your own personal capital into a new business startup. You want to keep your costs extremely low until your monthly revenues grow to at least \$10,000 per month. If you need to, pick up consulting services to have money to live on. You should be able to keep your personal expenses under \$1,000 per month by living in your office or car in the early days of starting out.



## STRATEGY VS EXECUTION:

Your ability to stop “strategizing” and just get started is extremely important at this stage of starting up. You don’t know what you don’t know, so just start. What you will find is that even the things you think you do know will probably change as you evolve, start doing the real work, and test your product or services in the marketplace. Theoretical knowledge will only take you so far. Find one interested person that is willing to give you money for your service and that customer will teach you so much more about your business than researching all day long on the internet.

*Strategy only becomes significantly important once you’ve grown into a larger business with a real team doing a lot of work.*



## WORKING “ON” THE BUSINESS NOT “IN” THE BUSINESS:

This topic will be discussed in more detail in the guide that helps you scale to \$1 million in revenue but for now, just know that the sooner you remove yourself from the day-to-day operations and work on building the business, the faster you will find long-term success. Learning to delegate the work so that you can work ON the business will be a very important mindset you will want to cultivate as you start out.



## OTHER IMPORTANT THINGS TO CONSIDER BEFORE STARTING



### POTENTIAL CUSTOMER AUDIENCE SIZE

You want to make sure there's a big enough audience that you won't ever run out of potential customers and that the audience is also large enough to support growth. Just remember, there's riches in niches – but with that being said, you don't want your niche to be so small that there's a constant shortage of viable customers.



### OUTSOURCING THE WORK

The actual WORK is the part that takes the time, costs the most amount of money, often has supply constraints and slows growth. Uber outsourced their drivers. Airbnb outsourced their rental properties. Amazon outsourced the products they sell. Even social media outsource creating content to people who want to create content. It's a lot easier to grow if your company doesn't actually have to do the work. Food for thought.



### DO THE WORK. PERIOD

You are living in a fantasy until the day that you actually get started and do the work. Are you the type of person that can stop overthinking everything and just start doing work and learn and grow from there? Your entire mantra at this point in your journey should just be to "DO THE WORK" and let the work teach you what is actually working and what isn't working in your business model.

## CORE PHASES TO BUILD YOUR BUSINESS

