

Title:

How Good Is Your Big Idea

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Summary:

Q: I want to start my own business. I have tons of business ideas that all sound great to me, but my husband is not so sure. He says that we need to figure out a way to test my ideas to pick the one that has the best chance of succeeding. I'm ready to just pick one and go for it. What is the best way to determine if a business idea really is as good as it sounds?

-- Hannah C.

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Article Body:

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A: Heather, I know you probably don't want to hear this, but your husband is right (first time for everything, huh): before you just pick a business idea and go for it you should test the feasibility of your ideas to make sure they really are as good as you think they are.

Every business idea, no matter how good it sounds while bouncing around inside your head, should be put to the test before you invest time and money into its execution. Success lies not in what you think of your idea, but what the buying public will think. Many entrepreneurs find out too late that the public's opinion of their idea differs greatly from their own. Wasted time and money aside, the last thing you want to do is hear "I told you so!" from your husband, so take a deep breath, slow down, and let's look at the ways you can test the feasibility of your idea.

There are many ways to test an idea's feasibility, though some ways are not nearly as effective or accurate than others. Most people start out by asking everyone they know what they think of their big idea. This is a good way to start the wheels turning because you may get feedback that you have not considered before, but be warned: this is NOT the best way to test the true feasibility of an idea. Never start a business simply based on what your friends and family think.

There are two things that will happen here. First, your mother will tell you what you want to hear and your best friends will be equally kind. No one who really cares for you will want to rain on your parade no matter how insane your parade might be, so take the wisdom you gain here with a hug and a grain of salt.

On the flip side, your coworkers and casual acquaintances will probably tell you the opposite of what they really think. If they think your idea stinks they'll tell you it's great and if they think your idea is great they'll tell you it stinks. Please don't preach to me about human kindness. Human kindness is often bested by human nature and we humans, by nature, are an envious lot. We hate to see anyone doing better than we are doing and we hate to see anyone who has the potential to leave us behind. Go watch the movie "Envy" and consider this: why would someone who is broke or stuck in dead-end job with no other prospects want to see you succeed? They wouldn't. End of story.

Instead of conferring with friends and family you should run your idea past a number of neutral third parties who are knowledgeable about business and will give you an honest opinion. Contact the local Small Business Administration (SBA) or The Service Corps of Retired Executives (SCORE) offices and ask to speak with someone knowledgeable who has time to listen to your idea (don't run it past the receptionist). Or speak with the small business liaison at the Chamber of Commerce. Or seek out a successful entrepreneur who is willing to listen and give you an honest opinion about your idea. Just remember, opinions are like belly buttons: everybody has one and they are all different.

A more accurate way to judge the feasibility of an idea is to create a SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. A SWOT analysis will not only help you gauge the feasibility of your idea, but also help you build on your idea's strengths, identify and correct the weaknesses, and spot ways to take advantage of potential opportunities while avoiding potential threats.

Here's how to perform a simple SWOT Analysis. On a piece of paper draw a

vertical line down the center of the page. Then draw a horizontal line through the center of the vertical line. The paper is now divided into four quadrants. Label the upper left quadrant "Strengths." Label the upper right quadrant "Weaknesses." Label the lower left quadrant "Opportunities" and the lower right quadrant "Threats."

Now fill in each quadrant based on what you see as the strengths, weaknesses, opportunities and threats of your business idea. You should repeat this process for every idea you have and each quadrant should have something written in. If you can think of no strengths, weaknesses, opportunities, and threats for a particular idea, that means that you do not have enough information to complete the SWOT analysis, which means you also do not have enough information to effectively execute that idea.

Strengths are those things that make your idea a strong one. Strengths can be personal or product-oriented and may include: prior business experience and success; sufficient funding to start the business; having a customer in hand; having a unique product or service to offer; having an established market; etc.

Next list all of the weaknesses of your idea. It is important that you are honest with yourself and list as many weaknesses as you can. Don't pretend that your idea doesn't have any weaknesses because every idea does. You will hurt no one but yourself if you pretend that your idea is bulletproof. Weaknesses might include: lack of capital to start the business; lack of business or management experience; a crowded market place; large competitors; etc.

Opportunities are those things that you can tap into that might fast track your business idea. We've talked about opportunities before and how smart entrepreneurs seek out new opportunities rather than waiting for opportunities to come to them. Opportunities might include: a potential partnership with someone who sells products in the same market; a prime storefront location that is coming available; a competitor going out of business, leaving a hole in the market that may be right for you; etc.

Threats are those things that threaten the success of your business idea. Threats might include: uncertain marketplace conditions; strong competitors in the market with lower prices; possible laws or taxes that may impact your idea; etc. Like weaknesses, it is vital that you are honest when it comes to identifying threats.

Once you have filled in all four quadrants, you should have enough information to begin testing the feasibility of your idea. Do the strengths of your idea outweigh the weaknesses or do the weaknesses outweigh the strengths? Are the

opportunities available to you ample or nonexistent? Are the threats many or few?

With this information in hand, you can move on to the most accurate method of testing your idea and that is the creation of a detailed feasibility plan, which we will discuss next time.

Here's to your success!