

Is Your Idea Worth Money?

Many entrepreneurs go for years nurturing and thinking about an idea for a business or product. They tell their friends and family about it, and often the response is “Why don’t you go into business?”

While potentially immensely rewarding, going into business isn’t for the fainthearted, or for those who think that if they become their own boss, they can work less hours. But if you’re successful, few things in life are more fulfilling.

So before you max out your credit cards to buy inventory and launch your new idea, how can you be sure it’s going to work? Understand that there is no guarantee or entitlement program that will automatically ensure that your business will be profitable or long-lasting. In fact, many businesses – particularly restaurants – fail within the first three years.

Why? The answer often is that the new entrepreneur didn’t plan well or adequately count the cost before they went out on their own.

The point? Determining the real feasibility – the possibility and probability – of your idea and business succeeding is very important to both short- and long-term success. Too many entrepreneurs are not honest with themselves. They fall in love with their idea and quickly fall prey to what marketers call “self-reference criteria” – which translated means: “I love my idea or product, so therefore most everyone will also love my idea or product.” There are some entrepreneurs with a gift for insight who can get away with this for a time. They get lucky and things go well.

But for the vast majority of people, this well-meaning leap of unfounded faith lands them and their new business right in the trash can. So how can we avoid this? If you’ve read this far, you’ve probably already heard of or know about the all-important “business plan.”

Before the 1980s, not a lot of public literature existed about entrepreneurs or business plans. Today, great books and online advice are everywhere. The problem is, many entrepreneurs are too excited about their new business opportunity and they don’t read it or pay attention.

For sure, writing a business plan takes work. But take heart. A good business plan will include an analysis of your potential competition, a financial piece that looks at how you’re going to make money, and a description of the product or service you’re going to offer – in effect, how your idea will enter the marketplace. Too many people blow this step off and go straight to work.

If you’re in this place, find the time to backtrack a bit and at least make a good faith attempt to go through the exercise. You’ll be glad you did.

If you’re still on the other side of starting a business and don’t know yet whether your idea will work in the marketplace – that is, whether people will actually pay money for it – then you can start by evaluating the feasibility of your idea and potential business.

Many evaluation tools exist and you can easily check out books on business plan writing or evaluating business feasibility from your library. Many great online resources exist as well, and we’ve profiled a few in our Resources for Entrepreneurs section. A very good place to start is at www.fasttrac.org, an online interactive tool provided by the Ewing Marion Kauffman Foundation. Several different interactive toolkits exist here, and you can pick the one best suited to your idea.

But the challenges remains – you must be honest when answering the questions. The good news is that if you get a low score or a professional tells you that your idea needs work, that just gives you the opportunity to practice the trait that every successful entrepreneur must have: perseverance.

Does your feasibility analysis show that your potential customers are clueless about your new service? That means you’ll have to do some marketing. Is your new product a commodity – that is, it can already be found easily just about everywhere? Then you need to think about how to make it truly distinctive. Are there lots of competitors already in your potential marketplace? Then your product must have an advantage that truly sets it apart. Is launching your idea going to require more money than you have? Then you need to look for investors.

Going through this process can often become confusing or discouraging. If you need some help, try the face-to-face counseling through a [Small Business Development Center \(SBDC\)](#) or by checking out some free executive consulting from [SCORE](#). When you’ve done your homework and your idea has high feasibility – then get out there and get to work! The rewards are worth it.

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