



The business idea quiz

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Do you have a great business idea? Answering a few key questions is the first step to determining if your idea might translate into a viable business. Test the viability of your idea below.

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1 a. What's your idea? _____

b. What product or service are you offering?

c. What need are you fulfilling? _____

2 a. Who's going to buy or use it? _____

b. If you had the entire market to yourself, how many people would buy it? _____

c. What is a realistic estimate of how many people would really buy it from you? _____

d. Do you have any data or research to back up your estimate? _____

3 a. How is your product different or better than other products or services? _____

b. What makes you unique? _____

c. Why would they buy from you rather than the competition? _____

4 a. Is it easy to get into this business? _____

b. If so, what would prevent someone else from creating a similar competitive business? _____

c. Do you have special knowledge or skills that others don't have? _____

5 a. How do you plan to get your product or service into the customers' hands? _____

b. Who will distribute your product? _____

c. Will you sell it directly, or will you pay someone else (a distributor) to sell it? _____

d. How many people are in the selling chain between you and your end customer? _____

e. How will each of them be paid? _____

6 a. How much will you charge for your product?

b. How does that compare to similar products or services? _____

7 a. How will people find out about your product?

b. How will you advertise? _____

8 a. How are you going to make money? _____

b. How much will it cost to get started? _____

c. How much money will you bring in? _____

d. How much will it cost to provide the products or

services? _____

e. What are your expenses (rent, supplies, employees, benefits, fees)? _____

f. Calculate your profit:

Profit \$ _____ = Revenue \$ _____ —
Expense \$ _____

g. Can you sell enough to exceed expenses and still pay yourself enough to make it worthwhile? _____

9 Once you've answered these questions, you should have a better idea of whether your idea is viable. Take your revenue estimates and cut them in half. Now double your expenses.

Revenues \$ _____ / 2 = \$ _____

Expenses \$ _____ x 2 = \$ _____

Profit \$ _____ = Revenue \$ _____ —
Expense \$ _____

Are you still making a profit? _____

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