



MENTOR•HER

HOW TO VALIDATE YOUR BUSINESS IDEA

UNDERSTANDING YOUR IDEA,
COMPETITORS AND FINANCES

PUBLISHED ON

WEEK 1

FOR

STARTING & RUNNING A
BUSINESS

WHAT'S INVOLVED

1. Understanding your Business Idea



A. Development

Developing your business idea in detail by inspecting all of its aspects including your industry, location and whether you're offering a product or service.

B. Consumers and Audience

Exploring your target audience to ensure you understand who will buy your product and for what reason.

C. Unique Selling Point

Asking the big questions: why is your business unique? Why is it going to work? What are you offering and has it been done before?

2. Research & Competitor Analysis



A. How to Research

Understanding the best practices to ensure your business research is in depth and covers all bases.

B. The Questions to Ask

Following on from your Unique Selling Point, the questions to ask yourself when researching your idea to ensure your business is viable.

C. Your Competitors

How to compile a detailed list of your competitors and how to interpret this data to use it for future use in sales and marketing.

3. Financial Projections



A. What Price Will You Sell?

Moving on and learning from your competitors, understand the business basics and how to build a pricing model for your product or service.

B. Your Business Expenses (Monthly and Start-up costs)

Get more information about how much your business is going to cost to set up and how to manage these expenses on a start-up and on a month-by-month basis.

C. Analyzing the data

Look at all the information that you have gathered across your business idea, audience, research, competitors and pricing to answer the question: is this viable?

MENTOR•HER



**LET'S START WITH
YOUR BUSINESS IDEA**

SO YOU HAVE AN IDEA

it **ALL**
starts with an
IDEA



...hold on to it

It's an amazing feeling to have a new idea. It's like the world has opened up for you and the opportunities are endless. Your brain is like a circuit board, ideas are bouncing around your head- what are you going to call it? How many international outlets will you open up? How much money could you make? This will change the world. The more and more you think about it, the more sense it makes. This might be your life calling.

Think about this ecstatic enthusiasm that you've had, hold on to your inspiration and motivation. This is the passion and excitement that you're going to need to hold onto in the next few months, and years. When things are hard, when your expectations are not met, when you feel like giving up. You'll need to come back to this feeling of pure ecstatic enthusiasm and remember why you started this in the first place. Remembering this will keep you going in the dark days.

That's our nice way of telling you that when you turn this idea into a business, it's going to get hard, it's going to be tough. If you want to succeed, make sure that the enthusiasm isn't going to fail at the first hurdle. That's your first lesson finished - understand how hard this is going to be.

What's next is, you're going to see if your idea is viable. That means taking your idea, and inspecting it to make sure this is worth your time and money. To do this, we'll look at 3 key components:

- What it is?
- Who's going to buy it?
- Why is it unique?

Be clear with yourself when answering these questions. Take time to think about how you see your business, what it sells and to whom. Once we understand the basics, we can move on to how you develop the idea into a working business that will get the word out there, get customers, get money and repeat!



LET'S UNDERSTAND IT

When starting a business you need to make sure you understand your idea inside out. You need to know what you expect from it, how you're going to grow it and what you want from this journey.

By answering simple questions, we can align your business motivations and start to make a plan towards your businesses success.

1. Where are you going to sell

IN THE FIRST 3 YEARS?

A



OR



OR

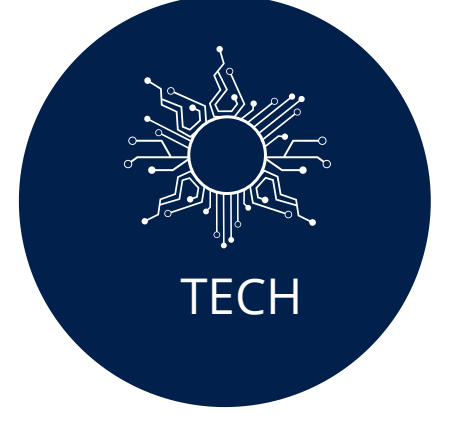


?

2. What industry are you in?

B

Everyone fits into an industry. Some industries are worth billions of dollars, some are more niche- some are very broad and incorporate a vast amount of different businesses, and some are self-explanatory. Finding your industry is important as it will let you see where you fit in the world. It's also going to be the main source of research- for your competitors and for your suppliers. Here are some ideas:



LET'S UNDERSTAND IT

Here are some questions that will help you understand your business in more depth, from this you can see where you fit in your industry and location and consider some sales and marketing techniques that you might need along the way.

IS YOUR BUSINESS A



OR



?

ARE SALES MADE



OR



OR



?

WILL YOU MAINLY SELL



OR



?

ARE YOU BUILDING AN IMAGE AS...



OR

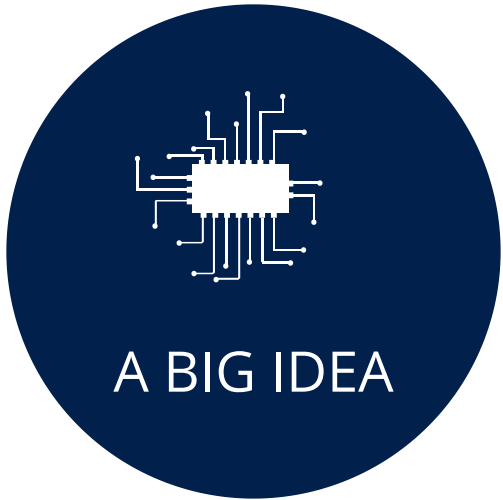


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LET'S UNDERSTAND IT

Here are some more questions that will help you understand your business in more depth, from this you can see where you fit in your industry and location and consider some sales and marketing techniques that you might need along the way.

IS YOUR
IDEA



OR



?

WHY ARE
YOU
DOING
THIS?



OR



OR



?

HAS YOUR
IDEA



OR

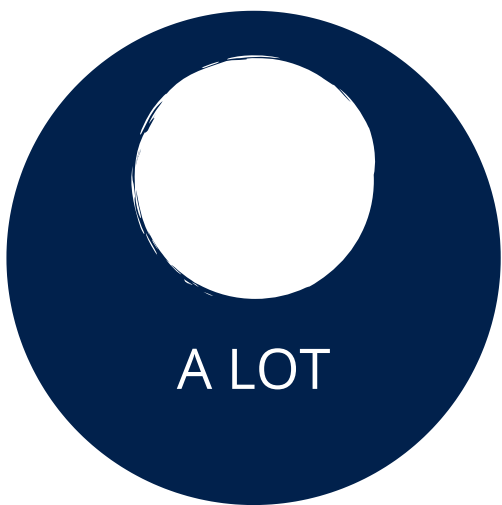


?

HOW
MUCH
WORK
WILL IT
TAKE?



OR



OR



?

FOR SERVICE BUSINESSES

Here are some questions for service businesses that will help you understand your business in more depth, its scalability and how much it will cost to get it off the ground.

DOES
YOUR
BUSINESS



OR



?

WILL YOU



OR



?

WILL YOU
NEED
EQUIPMENT?



OR



?

WILL YOU
NEED A
TEAM?



OR



?

FOR PRODUCT BUSINESSES

Here are some questions for product based businesses that will help you understand your business in more depth, its scalability and how much it will cost to get it off the ground.

WHO WILL
DESIGN
YOUR
PRODUCT



OR



?

WHERE
WILL YOUR
PRODUCTS
BE MADE



OR



?

WHERE
WILL YOU
STORE
YOUR
PRODUCTS



OR



?

IF YOU
SELL
ONLINE
WHERE
WILL YOU
SELL?



OR



OR



?

LET'S REVIEW



YOUR IDEA

The provisional name: _____

Are you selling locally, nationally or internationally? _____



What's your industry? _____



Summarize your idea in one sentence: _____

What's your motivation behind turning this idea into a business?

WHO'S YOUR AUDIENCE?



don't say everyone

You have an idea that might be a business, to make it one, you're going to need customers. You know your idea is incredible but will everyone else? Let's get you started and find out.

Your customers are your audience, these are the people you're selling your product or service to. They're people who are going to give you their hard-earned cash because they believe what you're offering is worth while.

We must define your audience by the most common factor that separates them from "everyone" in your market. We'll teach you how to do this and how to build and understand your target audience so that you can find out the best way to sell to them by understanding their buyer behaviors which we go into more detail during the marketing week on Week Four of the Mentor Her programme.

But, why can't my business be for everyone?

To ensure that you make accurate and affordable decisions in sales and marketing-you need to narrow your audience so that you're reaching the right people. If you're selling to everyone, you're selling to nobody. When you find your audience, you can focus on them, sell to them and develop a business that will actually make money.

If you don't do this, you'll end up targeting a vast array of people, many of which will not be interested in what you're offering. Would you sell a pair of high heel shoes to your granddad? How about a new type of beer to a baby? Would you market a €500 handbag to a subsection of people who barely make that in a month?

Of course not, right? If you're selling your business on the premise that everyone's your audience then you're just as guilty in bad business etiquette as the baby beer sellers.



FINDING YOUR AUDIENCE

Leaving out routes to market like shops, and carriers, your audience are the people who pay for your product and usually the people who also consume it (with exceptions like babies, children and gift receivers (babies don't buy things). You can find your audience by combining your region with the thing that most of your customers have in common. This distinction will define over 80% of your audience.

YOUR REGION



COMBINED WITH ONE CHARACTERISTIC OF YOUR CUSTOMERS



- A start-up beer brewery is most likely to have an audience defined by an age category- mainly the 18-32 age group. Older people are less likely to want to try new beers, and any younger is illegal.
- A new skincare product will interest mainly women.
- An accountancy firm will be geared towards corporate clients or business people.
- A start-up yoga business may be aimed towards local residents, women, or corporate clients.
- A children's clothes brand will be directed towards mothers.
- A local organic vegan company will be based on who's in the location or people passing through.
- The newest helmet on the cyclist market will mainly interest people who have a passion and interest in bikes.

SOME THINGS TO CONSIDER:

- Remember, this doesn't mean that 50-year-olds won't drink beer or men won't look after their skin. But across the board your choice here will may make up 80% of your customers.
- Women are most likely to make decisions within families, relationships and groups of peers.
- If your audience is too small, for example: 25 year old women in science, you might need to consider expanding your business idea concept or proving that there's enough people in your niche to make a living.

FINDING YOUR NICHE

Are you selling locally, nationally or internationally? _____

A

What did you chose as your trait for your large target audience? _____

C

YOUR SMALLER AUDIENCE

Your niche audience is a more defined example of your bigger audience. For most things, you can combine your location + your large audience choice to make most of your decisions for sales and marketing.

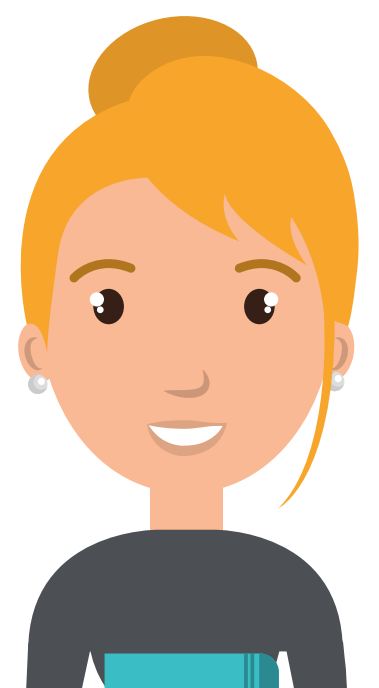
Exploring your niche audience is a good exercise in testing the need or desire for your business and looking at things on a personal scale. It will also come in handy later on, when looking at marketing strategies, Facebook advertisement building and making a sale.

The following exercise is a famous technique for start-up businesses. It's called your Buyer Persona and it's basically a personalized representation of your ideal customer. It's overtly specific, so that you can really look in detail at who you want to sell to.

FOREXAMPLE:

I want to sell my new yoga classes to people in Dublin 4.
This is Yogi Yasmin. She's a 35 year old career woman, she's from Donnybrook, she lives near my studio in her own apartment, she has a mortgage but no kids. She spends most of her week working and enjoys wine, fashion magazines, and eating out.

Yogi Yasmin will buy my new yoga classes because they're local to her and she needs to de-stress. They will take place in the early mornings or late evenings, so she can choose to come after or before work.



YOUR TURN:

NAME: The best thing about this exercise is picking a fun name for your business's target audience character. Make it with alliteration, it just sounds better.

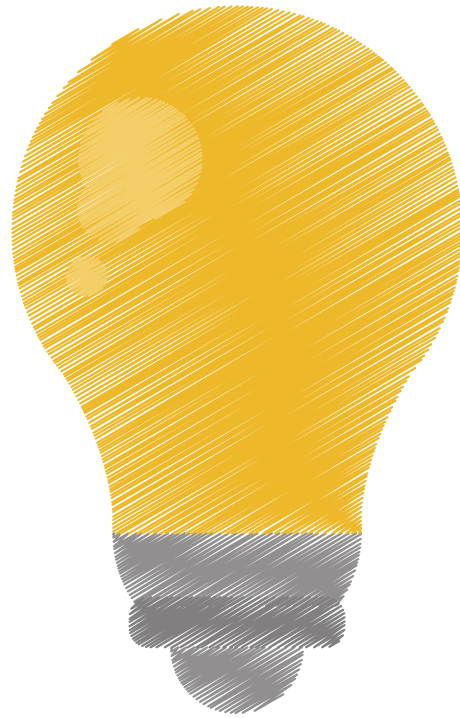
AGE: What age best represents your target audience? Is it over 50s? Is it students? Is it married women? Bachelors? There's an age range on most niche audience and it's okay to say so.

GENDER: If your business isn't gender specific, remember that women make most of the decisions in relationships, family and peer situations.

OCCUPATION: What does your buyer do that gives them time, money and motive to buy your product or service?

INTERESTS: What are they interested in? What type of food, activities, sports, television, magazines, hobbies, YouTube channels, shops, restaurants, online websites do they like?

LET'S REVIEW



YOUR AUDIENCE

Your Buyer Persona Name: _____

Describe them the way we did in the last example: _____

Why would this person buy from you? _____

WHY ARE YOU DIFFERENT?

let's find out!



Look at your answer to the last question. Why does your Buyer Persona want to buy your product or service? What's their motivation? What are you offering that's way bigger and better than your competitors?

You might know the answers to these questions because you *are* your buyer persona, and there's lots of people like you out there! Or maybe you have already made sales and have proof that it is (generally) these type of people who make purchases with you.

If you already have customers, you may have been so busy with sales that you have forgotten why your business is so unique. If you're not sure why people buy from you, but know that they do, try and do a survey with your current business customers to find out what their motivation is.

The same reason your Buyer Persona will make a purchase with you, will be the same reason that your original 80% audience market segment will want to purchase from you, above your competitors.

In this exercise it can be good to remember why you started your business idea to begin with. If your business is a solution to a problem that you've perceived this is most likely going to be your selling point. Other people have probably also seen this problem and when they come across your solution they will most likely concur.

We need to put this into precise and clear wording. Whether it's a necessity, a want, a better version or a local solution- whatever the reasoning behind your business, you need to be clear about it. It will be important in deciding your business viability, constructing business plans, preparing sales and marketing strategies and much, much more.



WHY ARE YOU DIFFERENT?

Most business ideas are not original. You might think you're the first one to come up with an idea, and find that there are already lots of people doing it in your city or worse, that every business that's tried to do what you want to do have failed. Depending on what your motivation is to starting your business, your originality can matter a lot. If you want to run a local business- like a coffee-shop or a hairdresser, it doesn't matter that there's a million of these already in the world: your idea is based on necessity for people in your local area. If you want to make millions and have a new concept for an online platform called Bookface, that allows people to connect with each other- if your idea isn't original, then it's not going to work. So, let's answer the question: **why are you different?** How are you going to make a difference and why should I, as a consumer, choose to buy from your business above the established names in your industry?

A. YOU FOUND A GAP IN THE MARKET

The best kind of business opportunity is one that nobody else is catering to. Gaps in the market are hard to find- so well done if you've found one! Before you start, make sure this gap is big enough that you can fit a viable business inside of it. If your gap in the market is bicycle rentals for students- then you could have a large audience available for you. But if your gap in the market is bicycle tours for vegan atheists- you might find that there aren't enough people in that audience to make things worth while.

B. IT'S A LOCAL BUSINESS THAT PEOPLE NEED

Your business idea may not be revolutionary, but people in your area need it and you're going to make it happen. If you're certain that there are enough people in your local area to use your business regularly, then well done- you've found your own gap in the market.

C. YOU'VE INVENTED SOMETHING BRAND NEW

You realised there's a problem and you have a solution. It's either a new inventive design or it's incredibly stylish. If you've invented it, it's probably something that you believe people will really need or want. For this type of idea, a bit more research is needed before you continue onward. You need to ensure you're not infringing on any product patents, trademarks or designs. You need to make sure you can produce it cheaply and affordably enough for you to have a good margin, that can compete with your competitors that may already be established in the market. And lastly, you need to make sure it works in practice and is exactly as you imagined it to be!

D. YOU'RE BRINGING SOMETHING NEW TO THE TABLE

This idea usually comes up after you had experience with a service or product that you didn't find satisfactory. You know you can do better yourself. Before you start, you need to look at the area that they're lacking in- whether it's a product flaw or a stylistic error, a feature like customer service or design that you could improve drastically. Maybe you're going to merge two concepts together to make something new and great, like beer and yoga. Ensure that your new improvements to an established business concept is new and creative enough that people will choose you over an established competitor.



DON'T FORGET ABOUT YOU

Most start-ups don't realise until further down the line that the most unique aspect of their business is themselves. Your competitors might not have succeeded, your concept might not be revolutionary- but no business in all of humanity has ever had you at the helm. You're the driving force behind your concept. You might be the face of the business or the negotiator behind the scenes and you're not going to give up, you're going to develop your business idea until it succeeds.

LET'S REVIEW



YOUR UNIQUE SELLING POINT

What's your unique selling point?

D

MENTOR•HER



**MOVING ON TO
COMPETITOR
RESEARCH**

CONTINUING ON...



a bit of research goes a long way

From the last section, you should have answers to the three big questions you need to start your business. You understand what it is, who you're going to sell it to and why they're going to buy it.

But now it's time to find out if anyone else is doing it. If there is, we need to research how close they are to your idea and if you're different enough to keep going. If there's nobody else doing it, we need to find out why that is.

Research is going to help you:

- Validate your idea
- Find your place in the market
- Find out who else is in your market
- Understand your competition and
- Your pricing

Looking at your competition is the most important aspect in researching your idea to find out if it's worth while. There are hundreds of businesses out there like yours: whether they're similar in concept, target audience or design. As a going-to-be business owner, you would be remiss to not pay attention to this data. All your competitors have set up successful businesses, they've gone through problems that you wouldn't have dreamed of yet, and they've made viable models that make money.

When we study your competitors, we need to be wary that they know what works. You might feel like your future-customers are their current customers. This is what you're up against- a more perfected product or service with a more established name, already doing what you're doing to a degree.



GATHERING DATA



Google is your first stop into getting into the mind of your consumers and understanding your competitors and the ways in which they attract business.

A) Combine a mix of your customer's location, your business' industry, and the defining aspect of your target audience. For business owners, selling to local and national markets, your location is the single most important thing when looking at competitors. If you've got an amazing idea for a cat & cronuts cafe in Galway, it doesn't matter if there's a similar cafe in Prague. Your localized audience is in Galway, and competition in Prague isn't going to affect you. If you're selling literary t-shirts online from Cork and there's a similar t-shirt company selling t-shirts online from Prague- you do need to consider them as you're working within the same international market for people who want to purchase literary t-shirts. That's why it's harder to start up a business selling to an international, as you have to compete with every business who has good SEO (Search Engine Optimization) and marketing around the globe. Rather than worrying about just one city and your competitors, you have to worry about thousands

Example A): you want to set up a local yoga business in Maynooth.

To find competitors, you should be Googling "Yoga + Maynooth" (your location), "Yoga + Lucan" (nearby locations), "Yoga + Kildare" (county).

Example B): you want to set up an Irish brand of Waffle Houses across NI and the ROI.

To find competitors, you should be Googling at first "Waffle Houses", on both google.ie and google.co.uk, combining it with different locations and then also "Pancake Houses", "Cafes", "Sweet Treats" etc.

B) Get into the head of your consumers and think about what they'll be Googling in order to find your business. This is especially important for people who are looking to ship products worldwide, to an array of different markets. For you, location isn't an important aspect of your business, but finding out who's doing the best job in your industry is integral in finding your competitors.

You need to ask yourself: if you were a would-be patron of your business, what kind of search terms would you be putting into Google to find you? Bearing in mind, most people looking for a product or service will put in "**best** yoga classes", "yoga classes **near me**", "yoga class **reviews**" etc. For some products, consumers are interested in sustainability, ethics and sourcing, etc.

You should mess around a bit with your search terms, from overtly specific to very broad to get a good idea about who else is targeting your customers.

Remember, the first three results in your Google search for your topic will probably be advertisements. You can see this with the "Ad" box beside the result. Take notes of the businesses running ads on the first and second page of Google results. They are the ones with larger marketing budgets, and are most likely the leaders in your industry.

MORE QUESTIONS TO ASK

FOR PRODUCTS

If you're interested in selling products, you have the opportunity to do in-person research at your nearest suppliers. Suppliers are shops and stores that might stock your product or ones similar to yours. Ensure that you're taking in to account larger companies and chains. If you don't seem to have any competitors in your market look at similar products, whether that's defined by likeness to your product or pricing ranges.

Use the graph on the next page for each supplier that you choose.

You need to take note of:

- a) The brand name: what's the name of the people supplying a similar product?
- b) the size of the product: this can be the amount of grams, the weight, the size etc.
- c) the price that this product is sold by each competitor
- d) Calculate the cost per size.

And, after reviewing your data, ask yourself these questions:

- a) What three products are in every/most supplier?
- b) What's the average price?
- c) What's the average size?
- d) Which brand is most like yours?
- e) Which design is most like yours?
- f) Which tastes/feels/usage is most like yours?
- g) Which supplier is most important to you?

FOR SERVICES

If you want to set up a service business depending what your USP is, you may need to approach your research differently. If your USP is that you're cheaper than competitors, collecting information may be as easy as googling each service-provider or similar in a local radius and taking note of the name, duration, inclusions and price of each service. Example: if your yoga classes are going to be just as good, but slightly cheaper than competitors, ensure that you know what your competitors are offering across yoga classes.

If your USP is that you're combining two services together, your research should be through both markets. For example: if your business is beer yoga, you need to see who is currently interested in both and how many of these people overlap by using data demonstrations like Venn Diagrams.

Use the graph on the next page for each supplier that you choose:

You need to take note of:

- a) The brand name: is it clear and does it describe what's on offer from the service?
- b) What's included in the service, are there add-on's and extras?
- c) Are the services offered on a one-off basis, or are they cheaper if you buy a group bundle?
- d) Calculate the cost per hour for each.

And, after reviewing your data, ask yourself these questions:

- a) What the standard inclusions in each service?
- b) What's the average price?
- c) What's the average time it takes?
- d) Which brand is most like yours?
- e) Which design is most like yours?
- f) Which business is most important to you?

GATHERING DATA

Please print one of each of these table for each supplier you're looking at (we recommend 10-20 suppliers)

The name of the supplier: _____


[illegible]

GATHERING DATA

The name of the supplier: _____

#	NAME	PRICING	WHAT'S INCLUDED?	OTHER
	AVERAGE			

HOW UNIQUE IS YOUR USP?

Use your results (or closest) from  to find out the questions to ask when researching your business idea. The below questions are some devils advocate questions, to make sure you're thinking clearly about your business. It doesn't matter if you don't have all the answers, but it's better to think about them now, before some bank manager or investor throw them at you face to face!

A. YOU FOUND A GAP IN THE MARKET

You have a business opportunity that nobody else is currently catering to. Look at your competitors, or closest to and ask yourself the following questions:

Why is there a gap?

You're probably not the first person to realize that there's a gap in the market, so why haven't any of your closest competitors looked into what you're doing?

Is there something holding them back?

1) Could it be the market isn't big enough to explore?

Are there enough people actually interested in purchasing this product or service? If you think there is, can you prove this by showing how many people are interested in a similar product or service? Or is it possible to prove it by showing statistically the number of people that might have the problem for which you have the solution?

For example, if you consider there might not be enough people to take part in beer yoga, you'll clearly be able to see that there are a) enough young people who drink beer in your market, b) a lot of people interested in yoga, c) a lot of quirky events and classes that do well in your market.

2) What are the consumers like?

If there is a market segmentation and consumers that will be willing to make a purchase, what are these consumers like? Some businesses may have dealt with similar customers and found them difficult and chose not to engage with them again. For example, Beer Yoga might not work because young people may not be willing to pay the appropriate price for the service.


3) What else could be holding other businesses back from exploring the gap you've found?

You need to ensure you understand the liabilities and legalities associated with your industry and ask yourself these questions: do you need a license to take part in this business? Are there problems in acquiring insurance for people drinking beer and doing yoga in the same place? Do you need a special qualification to be able to do the business you want to do?

4) If your business gets set up and does very well, how long will it take for a big company with lots of money to do the same thing?

The Company Registration Office is a tricky thing. You might not know this but if you have set up as a limited company in Ireland, people will be able to view and download your tax returns every year. You may have positive reactions to the above questions, but as soon as you start making money- what's to stop some big company dedicating some of their own resources to doing the same thing as you, and scaling it quickly?

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B. YOU HAVE A BUSINESS THAT LOCAL PEOPLE NEED

Your business idea may not be revolutionary, but people in your area need it and you're going to make it happen. To ensure it's viable, we need to look at your nearest competitors or similar business models and ask some questions first:

1) How much do they need it?

If nobody has set up a business like this in your area before, the question has to be asked- how much do people really need it? Assuming that your business isn't a totally new invention, your customers will have an alternative to what you want to offer, but it might be further away. Generally, when people set up a local business, they're relying that consumers will choose them on convenience. For example, they'll choose the local hairdresser over the one that's a 20-minute drive away because people like things that are close to their home. Or, you might be relying solely on your friends and family to use your business over your competitors.

The first thing to be clear about is: are you relying solely on the convenient location of your business? Or, are you also offering a cheaper price or a more personalised experience? Are the only people you can guarantee will use your business are your friends and family?

If you are planning on charging more than your competitors in the next town over. Ensure that you ask the questions: will your customers be inclined to choose convenience over cost?

Will the convenience of your locality be enough to persuade your customers to choose you over their normal go-tos? How will you convince them to try your business out in the beginning?

Look at the competitor information you have just compiled:


2) Where are the three nearest alternatives?

You need to look at similar businesses within an hour drive from your possible location and what the distance is from each. A 20-minute drive is a lot different to a 2-hour commute, so people may be happy to come to you over your competitors. Nobody wants to go to Dublin just to get their nails done, or have a massage- so you're in luck if your competitors are more than an hour's drive away. If you have more than 10 competitors within an hour's drive radius, then the question does need to be asked if the market is too saturated already- what are the difference between all the competitors? Do they all do well? If some do better than others, why is this and can you replicate it?

3) How often will they need it?

The important thing to sustain a local business is that there are enough people in the local area to use it and use it regularly. If you want to set up a dentist surgery in an area of 3,000 people- and people only get their teeth fixed once-twice a year, with a percentage of people already travelling to the next town/city to get theirs done and a percentage of people only going to the dentist every couple of years, do you have enough customer base to make your business operate on the day-to-day?

HOW UNIQUE IS YOUR USP?

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You realized there's a problem and you have a solution. It's either a new inventive design or it's incredibly stylish. If you've invented it, it's probably something that you believe people will really need or want. For this type of idea, a bit more research is needed before you continue onward. You need to ensure you're not infringing on any product patents, trademarks or designs. You need to make sure you can produce it cheaply and affordably enough for you to have a good margin, that can compete with your competitors that may already be established in the market. And lastly, you need to make sure it works in practice and is exactly as you imagined it to be!

1) What's the problem?

You should have a look at the problem that your brand new solution solves. How were people getting by without your idea to begin with? Is the problem big enough that there are a lot of people experiencing it and looking for a solution that is not available? Or, have you come up with a brand new idea that will solve a problem people aren't even aware that they have? If so, if the problem isn't a big one for them, will they invest in your solution?

If there isn't a problem at all, but it's still brand new. How are you going to validate your idea against other products or services out there that might have similar audiences?

If you've got a brand new product- how are you going to research, prove it and construct it in a way that's safe and workable? If it's any kind of consumable good, you're going to need scientific proof that it works, that it's not harmful or that it's sustainable (both as a business model and as an addition to a society).

If your service is brand new, how are you going to ask people to take a chance and try it? Will they be willing to give it a go starting out?

2) Can you protect it?

If your product or service is brand new and it works, you may need to look at protecting it. If it's a product you should research patents and Intellectual Property. You'll need to do this anyway, to ensure that nobody owns the rights to what you're doing. If you find that there's no one out there that owns the rights to what you want to do, how hard will it be for you to secure IP (Intellectual Property) so that you don't have to worry about your idea being stolen against big corporate?


3) How often will they need it?

The last thing to consider when going down the journey of a brand new product or service is how often people are going to need it? Whether it's solving a problem or not, how excited will people be to make a purchase, will they need convincing or is it cheap enough that it warrants a risk?

If it's a product, will people only need to buy it once, or will they need continual purchases? If they only need to buy it once, are there enough people in your market to sustain that year on year?

If it's a service, will people be excited to try it once and then go back to spending their money on other services that are more established? If so, can you travel with your service to other markets continually to make your service worth while and revenue-generating?

HOW UNIQUE IS YOUR USP?

Use your results (or closest) from  to find out the questions to ask when researching your business idea. The below questions are some devils advocate questions, to make sure you're thinking clearly about your business. It doesn't matter if you don't have all the answers, but it's better to think about them now, before some bank manager or investor throw them at you face to face!

D. YOU'RE BRINGING SOMETHING NEW TO THE TABLE

This idea usually comes up after you had experience with a service or product that you didn't find satisfactory. You know you can do better yourself. Before you start, you need to look at the area that they're lacking in-whether it's a product flaw or a stylistic error, a feature like customer service or design that you could improve drastically. Maybe you're going to merge two concepts together to make something new and great, like beer and yoga. Ensure that your new improvements to an established business concept is new and creative enough that people will choose you over an established competitor.

1) It's a brand new addition

What are you adding to an already established product or service that is totally brand new, or not catered to before now? You need to be clear and highlight exactly why it's different from other things on the market. If the new addition is raising the price of the product or service, you need to be positive about the benefits this will bring to the consumer.

2) It's a lot cheaper

If your new addition to a product or service is just that it's cheaper, there's a couple of things you need to bear in mind. Like the type of consumers you're going to be attracting if price is your only differentiation from competitors. People who are seeking out deals are generally harder to deal with and your offering might be just as good as competitors who offer it for twice as much as you do. As a small business getting off the ground, you'll need that extra cash so have a think about another way that it's unique and keep the higher margins for yourself.

3. It's better

Maybe you're offering your product or service for the same price of your competitors but you've improved aspects of it to make it more attractive.

If your business is a product, you should be buying it and examining why your competitors have not improved the aspect themselves. Is it more expensive to do this? Are there more costs involved? Does it make it heavier which in turn augments the costs of shipping etc.?

If your business is a service, you might have improved on aspects like customer service or a better location. To prove this point, you should be visiting your competitor services in person to understand why people still frequent the business and by measuring the variable by which you believe your business will succeed.

For both, you should study reviews on Google, Trust Pilot, Facebook and any specific websites to see what customers do not like about your competitors' product or service.

MENTOR•HER

A yellow piggy bank graphic with a coin slot on its back, positioned behind the main title text.

FIGURING OUT YOUR FINANCIAL PROJECTIONS

CAN YOU MAKE MONEY?



the big question

You've come this far. Well done! You know your idea, your market and your USP. You've done your research and now you know that your business is pretty viable, compared to your competition. But the biggest question remains to be asked. No matter how much you want to save the world or start a revolution, solve everyone's problems with your unique solution- you need to prove it's financially sustainable.

Businesses have to make money, otherwise they won't survive. The road to making money is going to be long and arduous. In the next section, we'll go through basics on business finances. Right now, we need to look at two aspects- your business pricing model and your start up costs. Two aspects that are very important. Your business might be viable, but if it's not going to turn cash, it's probably not worth doing.

There are a few things to remember when you're starting a business.

First of all, you'll have a lot more start-up costs in the first year than you think you will.

When we say "make money" we mean break even. Most businesses don't make money in their first three years. And, as you probably know, if you're in this to make a lot of money fast, you should probably learn the stock exchange and put your money in there. Starting a business isn't for you.

The following is constructed on a basis for business finance but we highly recommend speaking to an accountant to ensure your business is financially viable and tax compliant.



FINANCE BASICS

If you're struggling to understand the basics to finance, it may be useful to talk to an Irish accountant to ensure that you understand your business model, tax duties and daily bookkeeping standards. Please note that the information supplied in this is applicable to most business, it may not be applicable to all and due diligence is required for every business owner.

During your business plan writing stage & for end of year accounts you'll need to understand balance sheets, profit and losses, management reports & more accounting finances. Monthly business worries will also include Valued Added Tax, Payroll and other taxes duties depending on your business and industry.

When you start making sales you'll need to understand how invoicing, purchase orders and receipts work. This is just to give you an idea of what is needed in the beginning of your business.

FOR NOW

We're focusing on 3 main aspects to figure out your projections and to ensure your business is financially viable.

These are:

1. The price you will sell your product/service
2. The cost of goods sold
3. Your expenses (divided into two parts: A) your weekly/monthly expenses and B) expenses you will need to spend on starting up your business: Start Up Expenses.

STARTING OUT

Knowing your industry is important when figuring out how much money your business will make on each product or service. For example: most technology companies need a lot of early investment to develop their idea, and don't start actually bringing in money for years. A yoga start up that needs their own studio will have a larger overhead for rent than a yoga teacher that travels to customers for classes. For product businesses, the more bulk you buy from China, the cheaper the product is- but you need to be sure you can sell all these products in the long run to actually make money. There's lots of facts out there, whatever you're doing- so make sure you understand how your industry works before you deep dive into guessing your projected figures.

THE SIMPLE WAY TO LOOK AT THINGS

$(\text{The price your customers pay}) - (\text{the cost of these goods}) = \text{Gross Profit}$

$\text{Gross Profit} - (\text{Your Expenses}) = \text{Net Profit}$

YOUR PRICING

Your pricing is very much dictated by your industry and your competitors. Your would-be consumers already purchase similar products and services from your competitors, they know the worth of a cup of coffee, the general price of a hair-dye, a sandwich or a massage. So you should be selling within the average price of your competitors. You should know this number from the last section.

If you're offering a more in depth service or product you might be able to charge a little extra. But remember, if people are used to buying the product from your competitor at a certain price, is the extra expense of your offer going to interest them? Can they measure it against the additional benefits and rewards?

In the early days, it may be useful for you to undercut your competitors' price slightly, so that you have the advantage of being cheaper. This might help you acquire more customers in the early days. If you can steadily but very quietly increase your costs to your competitors level after acquiring customers you may be able to establish your brand name a bit quicker.

FINANCIAL MODELS

Most businesses operate on the simple equation of (cost of goods) + margin = price customer pays. This is the case in most industries. In other industries, subscription models are becoming more and more popular for large scale businesses like Netflix. Advertisement based businesses like Facebook, fund their platforms through other businesses trying to get clients by running targeted ads and getting clicks.

SERVICE BUSINESS

Service businesses are generally priced on the amount of money your time is worth. Whether you're a yoga teacher, or a masseuse - the first thing you need to calculate is how much is your time is worth per hour.



PRODUCT BUSINESS



BUSINESS EXPENSES

Business expenses are the things that your business needs to spend money on, on a week-by-week or month by month basis in order to keep it afloat. These are also called "overheads", they're the things that make your business work.

CALCULATE FIGURES ON A PER MONTH BASIS

SPACE RENTAL

PRICE P/M:

Do you need to rent a space for your business? As Covid-19 has taught us, we don't need an office to successfully run small business, if you can work at home it might be your best options as offices can be costly. If you're not sure, see how you do at home for the first few months of your business, if you feel like you need to get out of the home- a lot of places offer "hot-desking" which comes in considerably cheaper than a private office space.

EQUIPMENT RENTAL

PRICE P/M:

Only include this section if you're renting equipment on a per week/per session/ per month basis. If you're buying equipment as a business asset at the start of your journey this will go into "Start-Up Expenses" in the next section. Equipment can include laptops and technology, software, equipment you would need to carry out the task of bringing the product to life or providing the service to your customers.

INSURANCE

PRICE P/M:

Whatever your business industry, you will most likely need insurance. Depending on what kind of business you're running, insurance can vary from cheap and cheerful to a huge burden and a pain in the neck every year. For some industries, like pilates, fitness instructors or travel agencies, special insurance is required as there is a bigger risk to the customer if something was to go wrong (touch wood!)

TECH

PRICE P/M:

Whether you're paying for a monthly bookkeeping software to keep control of your finances, or a Microsoft package like Word, design platforms like Canva, Photoshop or Adobe, or you have a business that's routed in a technology platform like Shopify to complete your business transactions and keep up with your consumers, technology is an important aspect in keeping your business finances in check.

BUSINESS EXPENSES

CALCULATE FIGURES ON A PER MONTH BASIS

TRAVEL

PRICE P/M:

How often will you need to travel in your business? If you need to close deals and get contracts signed in places that are far from your home, you need to look at the cost of travel- whether it's by bus, train, plane or boat; your hotel expenses in each location, food allowances and meeting room hire.

STAFF

PRICE P/M:

Will you be hiring staff in your first year? Hiring staff, whether it's full time or part-time can come with a lot of other expenses like employer's liability, office space and IT. You also need to look at the average salary for the job you are offering, and make sure you can afford to hire someone worth while or with experience. For most small businesses, you can outsource jobs through agencies, like marketing and sales so you don't have to do the tricky bits.

CONSULTANCY

PRICE P/M:

Consultancy charges are something you might not think of on a monthly basis, but is often needed if you have to keep up ongoing reports for regulatory bodies, complete monthly tax returns like VAT, you'll need an accountant. Other consultancy expenses include business mentoring, solicitors, human resources etc.

MARKETING

PRICE P/M:

Marketing is a category in your business that's best figured out by what you can afford, and not what's needed. Sure, if we could afford it- we'd all be carrying out large activation events with celebrities and photographers. But if you can only spare a tenner a week, you should probably look at Google or Facebook online ads, so you can build up brand awareness for your business quickly and efficiently.

ANYTHING ELSE?

TOTAL COST PER MONTH:

START UP COSTS

Business start-up costs are usually once off expenses to getting your business off the ground. They are usually made before you've started trading, so it's important to be aware of how much money you're going to need to inject into your business before you begin making money.

LEGAL

PRICE:

Depending on your business, you might need to talk to a solicitor before you begin your business start-up. Whether that's because of your industry requires strict guidelines to be adhered to, or someone to write up a fresh terms and conditions, to someone to consult on the risk factors of the business and ensure that you're making the right decision in your business start up.

BRANDING

PRICE:

If you're selling B2C (Business to Customer) directly, branding is going to be one of the most important early investments in your business. From your colour scheme to logo, tag-lines to content, style and sound to the way your product or services looks or feels in person, the things you'll post on social media, you want to ensure you get this right before you launch your business.

LICENSING

PRICE:

Depending on your business and your industry, before you open your doors, whether physically or online, you may need to ensure that your business has all the necessary licenses before you start trading. Whether it's an alcohol license for a restaurant, a certificate to confirm your product is healthy and can be consumed by the general masses, to the correct educational qualification for you and your staff like first aid, accountancy, health and nutrition etc.

LAUNCH

PRICE P/M:

How are you going to launch your business and get people talking about it? You may need to invest with a Digital Marketing agency in order to make sure that your story reaches into the newspapers or collaborates with influencers. If you're having a hard launch, you could look at hosting a big event and find out the cost of event hire, food and drink and branding.

EQUIPMENT

PRICE P/M:

What equipment do you need when you're starting your business? Whether it's for production equipment for products to produce and package, or equipment you'll need to carry out your services, make sure you have a look at how much this will cost and consider whether it's possible to rent it on a month-by-month basis.

YOUR COSTS

THE AVERAGE COST OF YOUR COMPETITORS' PRODUCT OR SERVICE:

YOUR MARGIN PER PRODUCT (INCL. TAXES)

YOUR MONTHLY BUSINESS COSTS:

YOUR START UP BUSINESS COSTS:

NEXT WEEK
