



New Venture Feasibility Analysis Tool

Getting Started

Starting a business is difficult, and the hard truth is that most new businesses don't survive past five years. With that said, those that do find success as a business owner, express great personal and professional satisfaction. .

Importantly, one of the factors that differentiates those who succeed as business owners from those who don't, is a clear and well understood plan of action related to both the business itself, and also to their own professional development as a business owner. Entrepreneurship is a dynamic process, and it's imperative to constantly adapt to changing market conditions, competitive threats, and customer preferences. The choices you make at the time of founding the business will have important and enduring implications for the long terms success of the venture.

The purpose of the New Venture Feasibility Analysis Tool is to help you ask yourself the 'right' questions – and hopefully formulate an approach to answering those questions - *before* you launch the business. If you can leverage this tool as a means to make adjustments to your start-up plan prior to launching the venture, you'll likely avoid some classic pitfalls that may cost you dollars and reputational capital down the road.

Using the tool itself is straightforward. Answer the questions to the best of your ability and through research and experience continue to refine and focus your answers over time. You likely won't be able to answer/address all of the issues and questions right now, but that's OK. Some questions will require further research and reflection. However, there is value in understanding where that further research and reflection is required, and thus using this tool as a means to develop a plan of action to conduct the research necessary to support the successful launch of your new business.

Part I. Your Entrepreneurial Motivation (to be completed on your own)

An attribute that distinguishes successful business owners is an understanding of their own entrepreneurial mission, and the underlying reasons why business ownership is uniquely suited for a given individual. Part I of this tool is designed to make you reflect on your own situation, and think deeply about business ownership as a vocation for yourself.

1. Reflect on why it is that you want to launch and grow a business. Upon reflection, list below the top three reasons why you are motivated to pursue business ownership as a vocation for yourself.

1. Reason #1
2. Reason #2
3. Reason #3

2. Given the above listed motivations, consider each in the context of other goals that you or your family may have established. Indicate whether or not your motivations for pursuing business ownership, conflict with or complement other goals that you or your family may have established. In cases where there is a conflict, indicate how you plan to resolve that conflict.

Goals	Conflict or Compliment?
Education	
Family	
Lifestyle	
Insert Other Goals	
Insert Other Goals	
Insert Other Goals	

Approach to Resolve Conflict (if any):

Education:

Family:

Lifestyle:

Other Goal From Above:

Other Goal From Above:

Other Goal From Above:

Part II. The Opportunity & Value Proposition (Applied Action Session I)

1. Opportunity Evaluation:

- a. What problem are you solving, or what pain are you alleviating? Describe it below in 2-3 sentences.

- b. For whom are you solving it (i.e., who is your customer)? Describe below in 2-3 sentences the attributes of your primary customer.

- c. What is the next best alternative currently available to them to solve this problem right now? Describe that product/service below, and state why you perceive it as an alternative to your proposed product/service.

- d. What are 2-3 other alternatives and who provides them? Describe below.

- e. How is your solution different from the NBA and other alternatives? Describe below in 2-3 sentences.

2. Outline your Value Hypothesis

For example: *“College students are willing to pay up to \$20 for a pill that makes them smarter”*

{insert description of customer} is willing to pay **{insert price range}** for **{insert description of your concept}**

Part IV. Economics of Your Business (Applied Action Session III)

Using the chart below, detail the economic model (as you see it today) that represents your venture.

Revenue Drivers	One, Few, Many	Implications for Risk
Volumes	Low, Medium, High	Implications for Risk
Margins	Low, Medium, High	Implications for Risk
Operating Leverage	Low, Medium, High	Implications for Risk

Given the above, list three critical outcomes that you must be able to deliver to make your economic model viable:

a. Critical Outcome #1
b. Critical Outcome #2
c. Critical Outcome #3

Part V. Legal/Financing Your Venture (Applied Action Session IV)

1. Given your understanding of legal forms of business, what is the most likely legal form that you should/will pursue?

INSERT HERE

2. Given the above, list (if any) questions or issues that remain unclear to you related to the appropriate legal form for your proposed venture:

a. Question #1
b. Question #2
c. Question #3

* Note: Use these questions as a basis for discussions with the legal expert that will help you form the venture

3. In the context of launching your venture, list below the 2 or 3 most significant uses for start-up capital (i.e. facilities costs, inventory, salary, etc.)

a.
b.
c.

* Note: Focus on these uses of capital as you consider the most appropriate source of venture financing.

4. Given uses for start-up capital listed above, brainstorm strategies to leverage 'bootstrapping' techniques to mitigate your overall capital requirements. Detail those below:

a.
b.
c.

Part VI. Business Planning (Applied Action Session V)

SWOT analysis is a tool used to evaluate the **Strengths**, **Weaknesses/Limitations**, **Opportunities**, and **Threats** involved in a business venture. It involves specifying the objective of the business venture, and identifying the internal and external factors that are favorable and unfavorable to achieve that objective. In this case, you can use the SWOT technique to highlight those issues, opportunities, and challenges that must and should be address in your plan. The elements of SWOT are as follows:

- **Strengths:** characteristics of the business concept, or project team that give it an advantage over others
- **Weaknesses (or Limitations):** are characteristics that place the team at a disadvantage relative to others
- **Opportunities:** external chances to improve performance (e.g. make greater profits) in the environment
- **Threats:** external elements in the environment that could cause trouble for the business or project

Given the above, for each of the SWOT categories, list 3-5 strengths, weaknesses, opportunities, and threats as you perceive them now. Remember, strengths and weaknesses are focused internally (yourself/your team), and opportunities and threats are focused externally (the market/your competitors).

SWOT Analysis	
<p style="text-align: center;"><u>Strengths</u></p> <ul style="list-style-type: none"> • List Here 	<p style="text-align: center;"><u>Weaknesses (or Limitations)</u></p> <ul style="list-style-type: none"> • List Here
<p style="text-align: center;"><u>Opportunities</u></p> <ul style="list-style-type: none"> • List Here 	<p style="text-align: center;"><u>Threats</u></p> <ul style="list-style-type: none"> • List Here

On your own (following the training session), look at your listed strengths and weaknesses and compare them to the listed opportunities and threats. Are your strengths sufficient to counter external threats? Are your weaknesses such that you will not be able to take advantage of external opportunities?

Ask and answer these questions, and address both in the business plan. Where there are shortcomings that you address, specify a plan of action that you intend to pursue in order to overcome/mitigate any identified weakness, and best leverage the firm's strengths in the marketplace.

Part VII. Personal Support Plan (Applied Action Session VI)

1. To find local resource that offer small business counseling go to: <http://www.sba.gov/sba-direct> and use the zip code locator to find your local resources.
2. List below the name and contact information for those local resources you plan to leverage to support your entrepreneurial strategy:

a.
b.
c.