



10 QUESTIONS TO ANSWER BEFORE STARTING A SMALL BUSINESS

Starting a small business is hard. Going in blind is even harder. While you may have a stellar idea, there are a few questions you'll want to answer before you take out that loan, sign that lease, or order those prototypes. Set yourself up for long-term success by doing your due diligence.



1. WHO IS MY COMPETITION?

Before you start any business, you need to know who (and what) you're dealing with. Even if your idea is unique, you'll have competition in some form or another. If not now, eventually. There are both direct competitors (those selling the same things) and indirect competitors (not selling the same things but eat into your share of the market).

Once you've identified them, investigate their performance. It will offer insight into how viable the market really is – and how tough it may be to throw your hat in the ring.

2. WHAT VOID DOES MY IDEA FILL?

There must be demand for your business to work. Is there a question you're answering? A need being filled? Be absolutely clear as to how and where your business fits into the world and what role it plays. That role may or may not be critical, but it must be something people either need or want enough to work.

3. HOW DO I DIFFERENTIATE MY BUSINESS?

How are you going to stand out from the pack? What tools and methods will you use for marketing? What makes your product or service unique and irreplaceable by the competition? Know what makes your business uniquely better than the rest.



4. IS MY MODEL SUSTAINABLE?

Sometimes great ideas just aren't feasible. Does your venture leave room to turn a profit, or is it unsustainable?

Here's an example: a few years ago, the company MoviePass offered a monthly subscription that allowed users to see movies in the theater for "free." The price of admission was extremely low, so much that users often wondered how they made money. As it turns out, they didn't. Although the service was popular and a good idea besides, the model did not generate the income to last. Even alterations to the initial model could not save the service. Don't make similar mistakes.

5. WHO IS MY CUSTOMER?

Demographics are key. Who are you trying to appeal to? Why? This will impact your marketing tactics, your company style guide (such as tone and visuals), and your hiring practices.

6. WHAT MARKET SENTIMENTS EXIST?

What market conditions are you about to step into? Depending on economic conditions, the timing may or may not be ideal. Certain industries thrive where others falter depending on the market climate. Don't make the mistake of launching a great idea at the wrong time.

7. WHAT ESSENTIALS DO I NEED TO GET STARTED?

Before you're able to start, what do you need? An office space or store front? Certain software? A manufacturer? Make a comprehensive list of the services, professionals, and spaces you need to make your dream happen. You'll have a fuller picture of the steps you need to take and the capital you must raise.

8. HOW WILL I SOURCE FUNDING?

Where are your finances coming from? Will you take out a loan? Seek out investors? Use your own money? Know now only how much you need, but how you will secure those funds.



9. HOW WILL THIS IMPACT MY FAMILY?

Talk with your spouse or partner about your small business ambitions. This journey will take up a lot of your time and can potentially impact your relationships in profound ways. Work through the logistics with your closest loved ones and regularly communicate how the business is impacting them mentally, emotionally, and physically.

10. HOW DO I DEFINE SUCCESS?

What does success look like to you? Answer this question, both for your long-term ambitions and for the first year, first five years, and so on. How much do you want to be making? How many customers should you have? Choose what metrics matter to you and set measurable goals. This will allow you to track performance and know when and if you're accomplishing what you've set out to do in no uncertain terms.