

# Increase the chance of success\*

When starting your business there are a number of steps you can take to increase your chance of success.

First define the product or service you're offering, then question:

- Why will customers buy my service or product? Is there a need or demand for it?
- Can I offer a product or service that is profitable for me and still reasonably priced within the market?

What else is being offered by competitors in the market and how loyal are their customers? The answer to these questions informs the start of your research into your market and competition.

## Get the finances sorted

Check that your business will make a decent profit before you do anything else. If you can't produce or deliver your product or service for a price that people will pay while still making a profit margin, then it doesn't really matter how much demand you have. Use our financial tools to triple check the business is viable:

- Cash Flow Template
- Start-Up Costs Template
- Financial Return Calculator
- Loan Calculator
- Five Ways to Increase Profit Calculator

## Know the characteristics of your industry

Being aware of your industry is crucial as everything that happens within your industry is likely to affect your business in some way so it's vital you're aware of changes that are happening.

Each sector has its own characteristics, for example;

- **Retailers:** need a great location, want reliable suppliers, have online competition and often must be open long hours.
- **Manufacturers:** rely on efficient equipment, could need skilled labor, must deal with logistics for shipping, need wide distribution and may need to tender or contract to win work.
- **Services:** usually charge per hour, must comply with professional standards and have a reliance on employees.
- **Technology:** must have intellectual property protection, continuously review your systems to stay current with a quickly advancing marketplace, want subscription revenue and need to attract and retain qualified staff.
- **Agriculture:** often affected by weather, face variable pricing based on seasonal demand, need to find employees willing to be seasonal and limited by their fixed geography.

There are many more. Find out what characterizes your business type and be aware of the pluses and minuses each contains.

## Researching your market

One of the most common mistakes made by first-time entrepreneurs is that they assume their product or service will appeal to everybody, but that's probably never the case. There will always be customer types and demographics who your business will appeal to more than others. Narrowing your focus on a target customer base is always the most cost-effective way to find success.

The trick is accurately identifying your target markets through the use of surveys, focus groups and other common market research methods.

Knowing who'll buy your products or services — and why — is crucial for your planning.

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## Researching the competition

It's important to understand who else is playing in your field, as competitors are also part of the market. Knowing who your competitors are and what they're offering, can help your business find its unique selling points and let you stand out in a crowded market.

- Who are the direct competitors in your industry, those that offer similar services and products. Develop conversations to convince customers that you're the better choice. Be objective and document your competitors' strengths and weaknesses.
- The indirect competitors, where customers may want to spend their money on something totally different that solves the same pain point. Understand why this is and outline strategies to convince customers of alternatives.

Find out what advantages a competitor may have over the business you're planning and examine their pricing and marketing strategies. Try to find out their sales figures, where they're based and what portion of your market share they already have.

Common methods of competitor research include online research and mystery shopping.

## Researching your customers

The first step is to get as much customer feedback as you can. Use your friends and family as sounding boards to see if your idea really has potential. Ask them if they would buy what you're considering offering and how much they would be prepared to pay. Then consider whether you would be able to run a profitable business at that price.

Also, research the available online reviews of your identified competitors. What do their customers like or dislike about their product or service? What steps can you take to make your product or services better than your competitors based off of this information?

## Talk to potential customers

Before you commit to your business idea, you should also talk to potential customers. The people who actually use a product or service like yours will probably provide you with an added perspective and insights.

Apart from finding out if potential customers would want what you plan to offer – and the price range they would pay for it – you'll want to identify what your target customers' needs are.

Talk to people on the street in your planned business location or use your social media networks to run an online survey. Find out what the needs of your potential customers are – their insights will probably help you refine your product or service and ensure that you start a profitable business.

Make sure these questions are open-ended (in other words, require more than just a 'yes' or 'no' answer). For example:

- 'What do you believe is a reasonable price range for this product or service?'
- 'What do you like about our products/services? What can we improve upon?'
- 'What other products or services would you be interested in us offering?'

If possible, set-up a trial run of your product or service with a few target customers. Their feedback could lead to slight adjustments that could have a big effect on your business.

## Talk to suppliers

Your potential suppliers will have a good working knowledge of your industry. They should have an idea of market trends and the latest innovations, as well as insider knowledge on the volume of purchases (and therefore sales) of your competitors.

While the main reason you'll want to talk to potential suppliers is to research the expenses for your potential business – and the terms they'll give you – you'll also want to use this as an opportunity to find out as much about the industry and your market as you can.

## Create a feedback system

You can't hope to improve your products and services unless you know what customers really think about them. Consider what kind of information you need and then design simple systems to retrieve this information.

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If you've legally been able to collect your customers' contact information, you could simply ask them what they think in exchange for a small discount on their next purchase (remember to comply with any privacy laws).

Besides contact information, decide what else you need to find out including:

- Who your best customers are – so you can concentrate on finding more like them.
- Where they live – so you can target specific areas.
- How much they spend – so you can offer them loyalty programs or discounts.
- What they bought or didn't buy – so you can identify your core products and sell them complementary products.
- How often they purchased – so you can offer automatic refill or replacement programs or send reminders with a small discount offer.

### Next steps

- Start identifying the specific success factors that make up your industry and start checking as many as you can off your list. The more you have, the better the chance of success.
- Look at other similar businesses (even if they are outside your city or state) and see what you can mimic or adapt for your own business.
- Use our [location finder](#) to visit a Store, call us on 1-855-278-8988 or [schedule an appointment online](#).

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