

If you are looking at starting a business, information and knowledge could make the difference between success and failure! It is important you know as much as possible about the key elements of your business BEFORE you pursue your venture.



The key questions you need to answer are What, Why, Who, How and When & Where.

WHAT

Products/services will you sell?

- ✓ Type of product/service
- ✓ Features/benefits
- ✓ Sell price of product/service
- ✓ Cost of generating product/service

HINTS

It's really important you have an extremely good knowledge on your product/service and can articulate simply this to others.

WHY

Will people buy it?

- ✓ What problem does it solve for the buyer and/or end user?
- ✓ Identify your point(s) of difference over competitors and if you have a competitive advantage

HINTS

Products/Services that solve problems for people are often very attractive.

'Competitive Advantage' is an advantage that a firm has over its competitors, allowing it to generate greater sales or margins and/or retain more customers than its competition.

WHO

Will buy it?

- ✓ What is the total size of the potential market. What market share (of the total market) do you want to achieve, or are you creating a new market?
- ✓ Are there more than one group of potential buyers – identify all groups and their characteristics (e.g. age, gender, occupation, financial position)

HINTS

Market size is effectively determining the 'volume' of the market and can be defined as being the number of potential sales that exist and also the monetary value of the market (e.g. potentially 5,000 clients with a market value of \$2 million).

Identifying exactly who may buy your product/service and getting as much knowledge about them, is critical to 'How' you sell your product/service.

HOW

Will you attract people?

- ✓ Where will you position your product/service (e.g. high quality)?
- ✓ What is your strategy to communicate with potential buyers and what is your messaging going to be?

HINTS

Great products/services won't sell themselves, they need to be positioned well and communicated to buyers through the right vehicles.

Once you know what vehicles you may use to promote your product, you need to ensure the messaging (what you say) is appropriate and compelling.

Not all promotional vehicles will deliver the desired results in a cost-effective manner. So, assess the options and invest wisely on options that will give you the best returns.

WHERE & WHEN

Will you sell it?

- ✓ What methods will you use to distribute/sell (online, retail, wholesale)?
- ✓ Will you be selling it or will be sold by others (e.g. employees, contractors, agents, retailers etc...)?
- ✓ Will your sales be seasonal, only at weekends, night or day?

HINTS

Take time to consider the best model for selling your product/services. Using 3rd parties to distribute/sell your product/service may provide greater turnover and sales, but will result in lower margins than if you sell something yourself. Sometimes it's better to have a small % of a lot of sales than 100% of a few sales and the converse can be equally true.

Financials & Assessment Tools

Understanding the financial side of business is incredibly important! You need to know what profit you are aiming to make, how much money you need to start your business and what it costs to run your business. The Ministry of Business, Innovation and Employment (MBIE) have a great tool and assessment page on their website. For financial assessments use the **Financial Viability Action Plan and Breakeven Calculator**. There are other tools to assist with coming up with a Business Idea Action Plan and helping you assess the Feasibility of your idea. There are also a host of other great tools you can use and it is highly recommended you use these tools to help with your assessments!

A really great tool MBIE has is ONECHECK, where you can just insert a business name and you will automatically find out if that name is being used as a business, any trademarks, what web domains are available and other great information.

www.business.govt.nz/tools-and-resources/



<https://www.business.govt.nz/onecheck/>

