

## Is your Business Idea Feasible?

Why do so many start-up businesses fail? alt.Consulting's experience in helping hundreds of entrepreneurs get on their feet has shown us that those entrepreneurs who have the courage to really test their idea are most likely to succeed. We consider an entrepreneur who walks away from a non-feasible idea to be a huge success because (s)he will return with a better and stronger concept.

Those who test their idea and launch their business are more successful because a good feasibility study results in a sound business plan. This holds true for existing businesses looking to expand into a new product line or market. Don't just assume....

Take the young man who graduated from the alt.Youth this summer. Two of his ideas did not stand up to the feasibility tests he had been taught. When he returned a third time, he had the winner and is now launching his venture.

What does it mean to test the feasibility?

- What is the 'real' market? Is there an existing market or is this something new? Have you spoken to your potential customers? Would they buy from you? Do you understand your market and how much of that you can realistically capture?
- What is your 'real' competitive advantage? How will you truly differentiate yourself from your competitors? Are these things your customers care about? Every entrepreneur thinks their competitive advantage is customer service and/or quality. Those can be competitive advantages but generally that is just good business.
- Exactly how much money do you need to start your business and what are you using it for? Have you built in a 'real' cushion for your start-phase? Do you have enough money? Can you borrow money from friends and family to get the business started?
- Do you need a loan? How much do you really need to borrow and how will the funds be used? What are the terms you need? You have to understand each of these questions and be willing to walk away from a loan that doesn't meet your needs.
- How are you going to price your product? You cannot price your goods or services just based on competition. You need to know your 'real' costs and know the markup you need to cover your overhead and still make a profit.
- What are your personal 'real' strengths? What are your weaknesses and who are you going to hire to complement your strengths?

These are just a few of the questions that you need to answer. If you are an existing business and you are struggling, maybe it is time to look at changes – adding a product or service or

maybe eliminating a product or service to improve your profitability. Whatever your needs are, ignoring them or putting them off is not the answer.

Notice in each bullet the word 'real'. Keep it real and be willing to walk away if the business isn't feasible. Walking away from one business does not mean you are not starting a business. It simply means that you are going to keep testing until you find the right business.

Let's take an example. In September, a gentleman approached alt.Consulting for help in valuing a store that he was very excited to purchase. The alt.Consultant first worked with the available data to determine how much the store would have to sell in order for the client to breakeven. Disappointed, the client realized that he could never make money with this store and stepped away from his idea. He did promise his alt.Consultant he would come back for help with his next business concept. This is the sign of a true (and successful) entrepreneur!

alt.Consulting will assist you with a feasibility analysis. Give us a call at the numbers below if you would like more information.

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