

Do Your Homework Before Starting a Business

You have the idea for a business. It looks good. Now you cannot wait to open the doors.

“Enthusiasm is a great first step in developing a successful business,” says Glenn Muske, the North Dakota State University Extension Service’s rural and agribusiness enterprise development specialist. “But you have other tasks you should do ahead of your opening to increase your chances of success.”

One task is to have someone take a critical look at your business outline. You may not need a full business plan, but you certainly should have the crucial parts outlined, such as:

- * Who is your market? Is the market growing? How many competitors will you have?
- * What makes you unique from your competitors? Can you maintain that advantage or some other advantage?
- * What is your pricing strategy and how does that match up against the competition?
- * Bottom line: Do people have a need for your product or service? Do you solve a problem for your customer?

“You want to gather as much feedback and help as you can,” says (Insert name) of (Insert title and county). “This can include family and friends, anyone who can ask you the hard questions. This is not the time that you want simple agreement.”

Another task before you open the door is to plan where you will find funding. Business owners often say that getting the doors open and keeping them open through the first year takes twice as much money as planned. Before you start is the time to consider where you might get a business loan, how much you might need, when you’ll need it, and who, including yourself, has funds to invest immediately and in the future.

Those same business owners also have discovered that getting the business started takes twice as much time as they planned. So what arrangements have you made for that common problem?

Marketing is another task you should accomplish before you open your doors. You already have addressed it somewhat when you determined who are your customer and competitors. But marketing is much bigger than this. Start researching what marketing channels you might use, along with how you plan to get your message out.

“Today, more and more customers are including online searches as part of their research,” says (Insert last name). “Not only do they look for items, but they price shop, look for deals and check out the reputation of the company. And if you have a physical location, they probably are looking at a map to see how to get there. Finally, they may be checking out your social media presence, again to increase their knowledge of your business and your products. All of this is marketing.”

The final task before opening your business may be to do a test run. This may mean selling your product at fairs or shows before taking the final step. You also might want to keep your full-time job while you test the market to see if you have a viable idea.

“Opening a business involves time and money,” Muske says. “The more you can do to minimize your risk, the better you will feel that you are making the right decision.”

These tasks are just a few ideas you may want to consider. For more information and tips about starting a business, contact your local Extension Service office at [insert phone number and email address]. Also visit NDSU’s small-business support website at www.ag.ndsu.edu/smallbusiness and sign up for the monthly newsletter, or visit www.eXtension.org/entrepreneurship.

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For more information, contact glenn.muske@ndsu.edu or call (701) 328-9718. You also can visit our website, www.ag.ndsu.edu/smallbusiness.