



From Information to Business



Edition: 2007

Issue: January

Information compliments of the Canada/Nova Scotia Business Service Centre 1-800-668-1010

Ask an Information Officer

I have been sitting on an idea for a product for some time. How can I determine if it is viable?

By: Anthony Pouw

If you think that the most important step in taking an idea to market is coming up with the idea in the first place, think again. Consider that many innovators, inventors and entrepreneurs before you have had epiphanies about new products, processes, and services. Failure rates of taking an idea to market and turning a profit are high. The odds of your idea making you money may be as low as 99 to 1 against. Questioning your idea's viability, why and how it will turn a profit, is your most important step before taking on the risk.

In evaluating your idea, you should begin by considering 4 questions:

1. Is your idea truly original?

If someone has already thought of and produced a similar or better product, you should reconsider applying anymore of your time and money to your idea. If your not sure what's already out there, there are several places you can look to find out. For consumer products, you can check stores, catalogues or online. Consult trade associations, trade publications, and trade shows for which your idea applies. You can even search the online patent database to see what products may be similar to yours. Don't be afraid to approach people in the field regarding anything along the lines of your idea but ask general questions while keeping the details to yourself. Un-

Ask > page 2

Business Article

Testing the Feasibility of Your Business Idea

By: Julie Penwarden

It is estimated that as many as 70 percent of businesses fail within the first three years of opening. Many of these closures may have been prevented if proper research had been conducted prior to opening the business.

Before you jump into starting your own business, take the time to analyze your idea. It could save you a lot of time and money! Here a few points to consider before quitting your day job:

Ask an expert. Don't simply rely on the opinions of your immediate family and circle of friends. Of course, their opinions may be important to you, but be sure to seek out additional advice from people currently working in the industry. These people should have an unbiased opinion of your business idea. Be careful not to disclose too much information if it's an original idea.

Define your target market.

Who will purchase your product or service? If your answer is "everyone", you need to be more specific! What age category do your potential customers fall in? What is their household income? How much money do they currently spend on similar products or services? Are they married? Do they have kids? How many households are in the geographical location you are targeting? The specificity of your research depends on what you are selling.

Analyze your competition. Why

would people select your product or service over that of your competitors? Would your business be in a better location? Is the price cheaper? Would your product or service be superior? Is the market saturated? If the market is extremely competitive, can you offer a product that is faster, better, and/or cheaper?

Examine your skills. Do you have the skills and abilities to run the business? If not, you will need to hire people that complement your skill set. You may even choose to find a partner to fill the skill gap, but ensure that you have confidence in this business relationship.

Money, money, money. Do you have the financial resources to run a business? Most businesses do not make a significant profit in the first few years. Are you prepared to take that risk? Identify your expenses and estimate your sales. You can use

Business > page 2

Contents

Business Article 1

Ask an Information Officer 1

Featured Web Site..... 3

Hot Topics 3



Ask an Information Officer

controlled disclosure prior to filling a patent could jeopardize the potential of your idea.

2. Can your idea be produced and distributed?

Once you've determined that your idea is original, you must consider production and distribution avenues in getting your idea to market. Many innovators first think of pitching their idea to a big national company. Big firms may have the means and the money but they are rarely interested in ideas from outsiders. The cold fact is that the odds of selling a big firm on your idea is in the range of 100,000 to 1 against. It may be more feasible to produce and distribute your idea yourself. If you can start your own business, you may be better off. It's easier to sell a company than a patent. Another avenue would be to take your idea to small firms. They may lack the knowledge, expertise and market presence of larger firms but the viability of your idea may first depend on getting smaller quantities to market.

3. Will someone buy it?

Now that you're confident that you can get your idea to market, you must determine if the market can accept and support it. This is where the risk lies for you and where the challenge is in persuading businesses of all sizes to back your idea. You will need to conduct some market research to determine if there is a market, where it is, how dynamic it is, how competitive it is, and more. Answering these questions truthfully may persuade or dissuade you from carrying on with your idea. In either case, this effort will provide you with the information you need to make the right decision with confidence.

4. Can you protect it?

If in answering the three previous

Ask > page 3

Business Article

these numbers to create a cash flow forecast. Remember – it is better to underestimate revenues than to overestimate.

The following links will help you examine the feasibility of your business idea:

[Feasibility Checklist for Starting a Small Business](#)

[Can you Make Money with Your Idea or Invention.](#)

The investment in business is not solely financial – it takes a significant amount of time and commitment. You could be working as much as 16 hours a day to make it work. Whatever your business idea may be, make sure it is something you are passionate about and driven by, otherwise, you will be driven out of business.

If you would like to receive more information about starting your own business or are interested in obtaining market research, contact the Canada/Nova Scotia Business Service Centre by phone at 1-800-668-1010 or e-mail halifax@cbpsc.ic.gc.ca.

From Information to Business is a monthly publication of the Canada/Nova Scotia Business Service Centre.

Our Mission

To improve the start-up, survival and growth rates of small- and medium-sized enterprises by giving business people in every part of Nova Scotia access to accurate, timely and relevant information and referrals

Call: 1-800-668-1010

Click: www.cbpsc.org/ns/

Visit: 1575 Brunswick St
Halifax, Nova Scotia

Editor-in-Chief:
Jaclyn Poole

Contributors:
Anthony Pouw
Jaime Wombolt
Julie Penwarden

Centre Manager:
David Jones

From Information to Business
ISSN 1718-7494

Ask an Information Officer

questions you are confident in proceeding, you should consider protecting your idea. The ability of others to pirate your idea can have negative consequences on your ability to survive at market. If you have a patentable idea, you should look into protecting it under the patent laws. Talk to an Intellectual Property Officer at the Canadian Intellectual Property Office (1-800-668-1010) or contact a patent attorney or agent for more information on protecting your idea. If you can't protect your idea, you need to consider that before you proceed any further.

These are just a few of the hard questions you should ask yourself before putting any more time and money into your idea. The Canada/Nova Scotia Business Service Centre has produced the document *Can You Make Money With Your Idea or Invention* to further assist you in

Ask > page 4

Please redistribute

The Canada/Nova Scotia Business Service Centre encourages the redistribution of this document, unaltered and in its entirety. Any alteration, modification or inclusion in other works requires the expressed, written permission of the Canada/Nova Scotia Business Service Centre.

Don't miss out on new programs and services geared to supporting your business. Subscribe to our monthly e-newsletter today at <http://www.cbsc.org/ns/newsletter.cfm>.

Hot Picks

The following books are available from the Canada/Nova Scotia Business Service Centre Library. These books may also be available in our resource centres, located throughout the province.

Have You Got What It Takes? The Entrepreneur's Complete Self-Assessment Guide (available in English only)
Gray, Douglas A.

Have you ever wondered if you have what it takes to start your own business? Do you want to work for yourself but worry that you're not suited for self-employment?

Worry no longer! This practical step-by-step guide shows you how to accurately assess yourself against the factors that make the critical difference between success and failure, and it will help you find the type of business that's right for you. Included are quizzes, worksheets, and checklists that, once completed, help direct you toward your entrepreneurial goal.

Self-Employment: Is it for me? (available in English only)
Alberta Advanced Education and Career Development

Contents

- I. So You Want To Be Your Own Boss?
- II. Do You Have The Right Stuff?
- III. The Idea Factory
- IV. Getting Started
- V. Resources

Guide to Starting and Operating a Restaurant Business in Nova Scotia (available in English only)
Nova Scotia Department of Tourism

Hot > page 4

Featured Website

On-line Small Business Workshop
By: Jaclyn Poole

The On-line Small Business Workshop provides a self-guided tour of the elements of starting a business.

- Chapter one is a great starting point for generating, evaluating and developing business ideas.
- Chapter two covers marketing basics, research, sales forecasting and promotion.
- Chapter three is all about financing your business; topics include equity, long or short term debt financing and alternative sources of financing.
- Chapter four discusses preparing business plans and cash flows.
- Chapter five outlines your obligations in regards to taxation and employing people.
- Chapter six is about setting up an e-business and is designed for businesses, which are ready to expand their client base, and/or those individuals who have already developed an E-business plan.

Visit the On-line Small Business Workshop at www.cbsc.org/osbw.

Hot Picks

and Culture

This is one of a series of tourism development manuals developed by the Tourism Division of the Nova Scotia Department of Tourism, Culture and Heritage to assist Nova Scotians in the establishment of tourism businesses and in the planning for the delivery of tourism services in the province.

Contents of the Manual:

- The market for restaurants in Nova Scotia;
- Requirements for success;
- Preparing a strategic plan;
- Feasibility assessment;
- Design;
- Legal, regulatory, and tax matters;
- Planning for operation;
- Business systems;
- The marketing plan.

Profession : travailleur autonome
(Profession: Self-employed Worker)

Laferté, Sylvie, Saint-Pierre, Gilles
(available in French only)

Does the idea of becoming self-employed excite you? Are you already self-employed and looking for re-sourcing? If so, this book is for you!

Profession: Self-employed Worker will help you reflect on the various advantages and disadvantages of this growing profession. This book will also guide you through the process, while exploring themes such as business ideas, marketing and time management.

Those interested in working independently will find:

- an array of exercises to help their approach to self-employment;
- a variety of examples; and
- a list of interesting Internet links.

The book includes a complete example of a real business plan.

CLICK

www.cbesc.org/ns

CALL

1-800-668-1010

VISIT

1575 Brunswick St.
Halifax, N.S.

Ask an Information Officer

evaluating your idea. Remember, critically evaluating your idea can help you avoid unnecessary hardship and plan for the risk involved in taking your idea to market.

For further information, please contact the Canada/Nova Scotia Business Service Centre at 1-800-668-1010 or e-mail halifax@cbesc.ic.gc.ca.

MEMBER OF THE
Canada Business
Network