

# SIMPLE STEPS FOR STARTING YOUR BUSINESS

## Session 2: Business Concept



# YOUR PRESENTER



**Catherine Bonser** is a SCORE Certified Mentor with the Lancaster-Lebanon Chapter. Cathy is an enterprising, strategically driven, market-focused business professional with career experience in strategic marketing, sales, product development, project management, and manufacturing operations. Her unique career history enables her with a unique business perspective along the product development chain from concept to launch and from sourcing raw materials to selling products to the customer. Over her career, she worked in the Consumer, Commercial, and Medical Devices business sectors.

As a SCORE mentor, Cathy guides entrepreneurs to develop and focus their business concepts, build a business plan, and define the steps necessary to launch their business.

# ABOUT SCORE

As a resource partner of the SBA, we help small businesses by:



Providing free  
business advice and  
mentoring



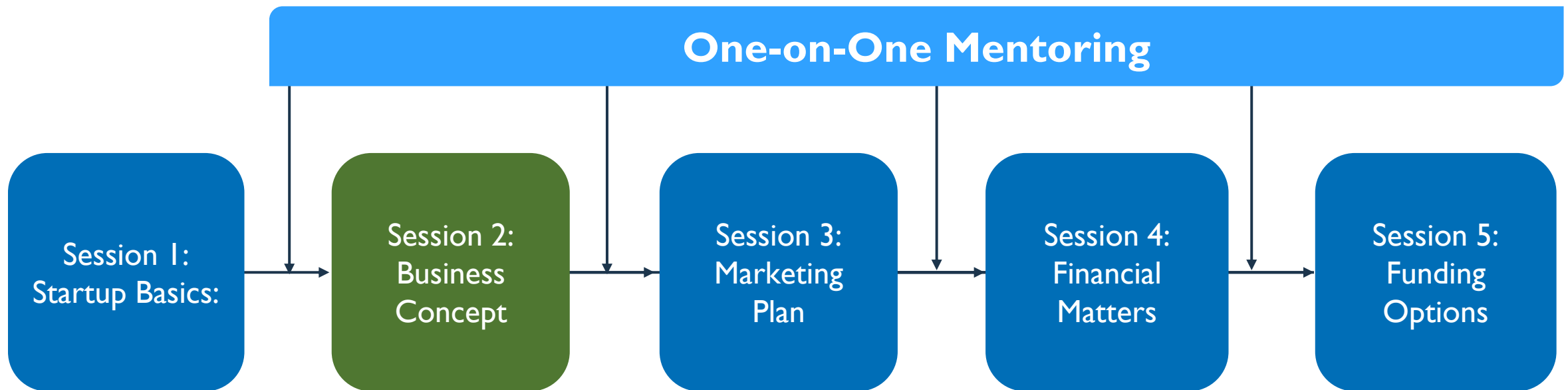
Offering low or  
no-cost business  
training



Sharing free business  
templates and  
resources

Request a **SCORE** mentor at [www.score.org/find-mentor](http://www.score.org/find-mentor)

## Simple Steps for Starting Your Business Series





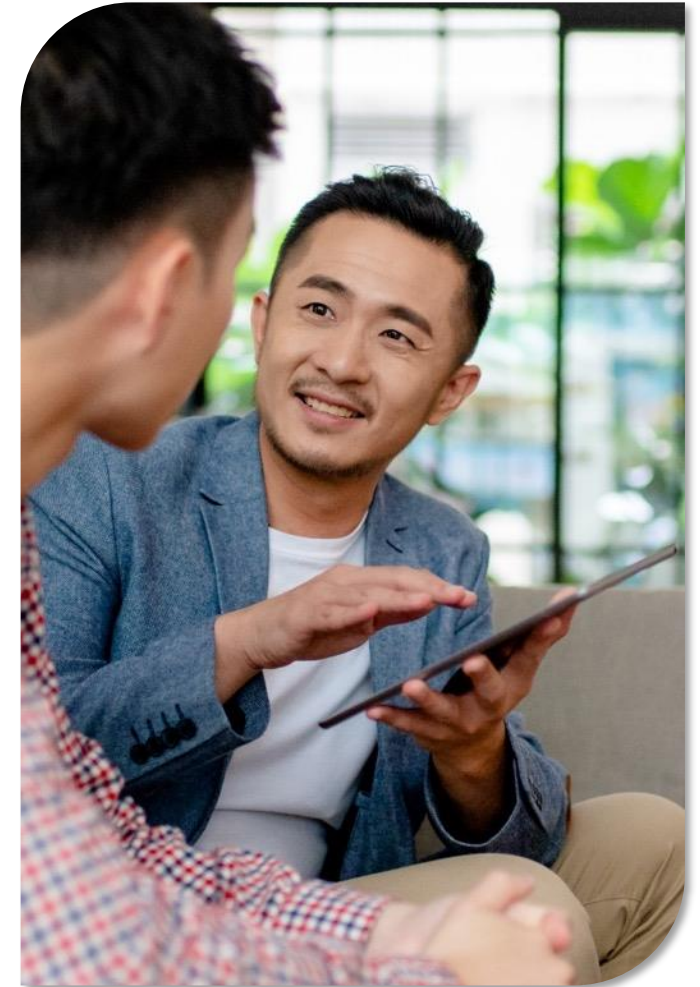
- Define a Market Need
- Examine Your Personal Background
- Feasibility Plan
- Data Collection
  - Research Your Industry
  - Research Your Target Market
  - Research Your Competition
  - Types of Data



# GETTING YOUR BUSINESS IDEA

## Ask yourself:

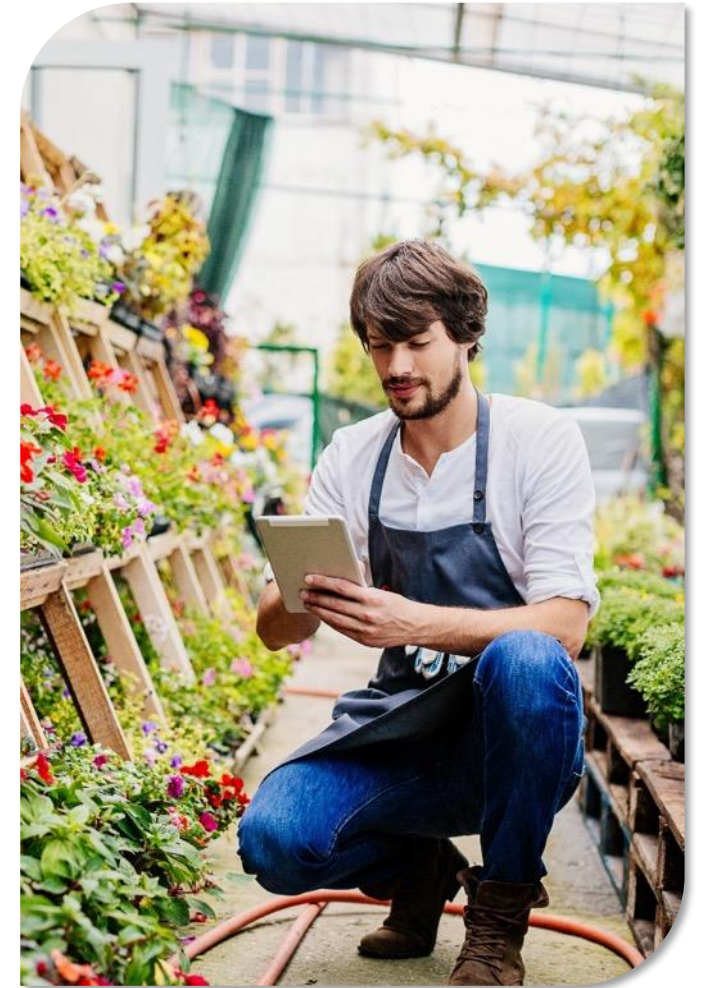
- What need does my product or service fill? What problem does it solve?
- What are the features and benefits of my product or service?
- What is my competitive advantage?
- What is my business model?



# EXAMINE YOUR PERSONAL BACKGROUND

## Consider:

- How do my skills and experience fit with my idea?
- How risk-tolerant am I?
- How can I modify my idea to fit my experience?
- Do I have the passion to sell this idea to others?





## Feasibility Plan Draft/Business Concept Worksheet

Provides you with the information to help make a Go/No-Go decision for your business idea.

Has the core information to create a complete business plan for bankers and investors.

Gives you direction to get started.

# IS YOUR IDEA FEASIBLE?

Total score should not be more than 10. Assign more points to indicate agreement, less if you do not agree.

Topic	Question	Points
Idea Feasibility	My product/service is servicing an unmet need.	
	My product/service could be expanded to gain additional customer groups.	
Market Identification	I know who my potential buyers are.	
	I have a clear value proposition for my potential buyers.	
Implementation	I know what it will take to start my business.	
	I know what it will take to run my business.	
Funding	I understand what it will take to obtain funding.	
	I have a plan to fund my business start.	
Personal Readiness	I am ready to work hard to achieve my business goals.	
	I understand the challenges ahead and have a plan to tackle them.	
<b>Total Points:</b>		



**RESEARCH & DATA COLLECTION**

# COLLECTING CRITICAL INFORMATION



## Data to collect:

- Industry
- Customer
- Competitor
- Market Trends

Another way to fine-tune your business idea is by researching the industry you want to enter.

## You'll want to know:

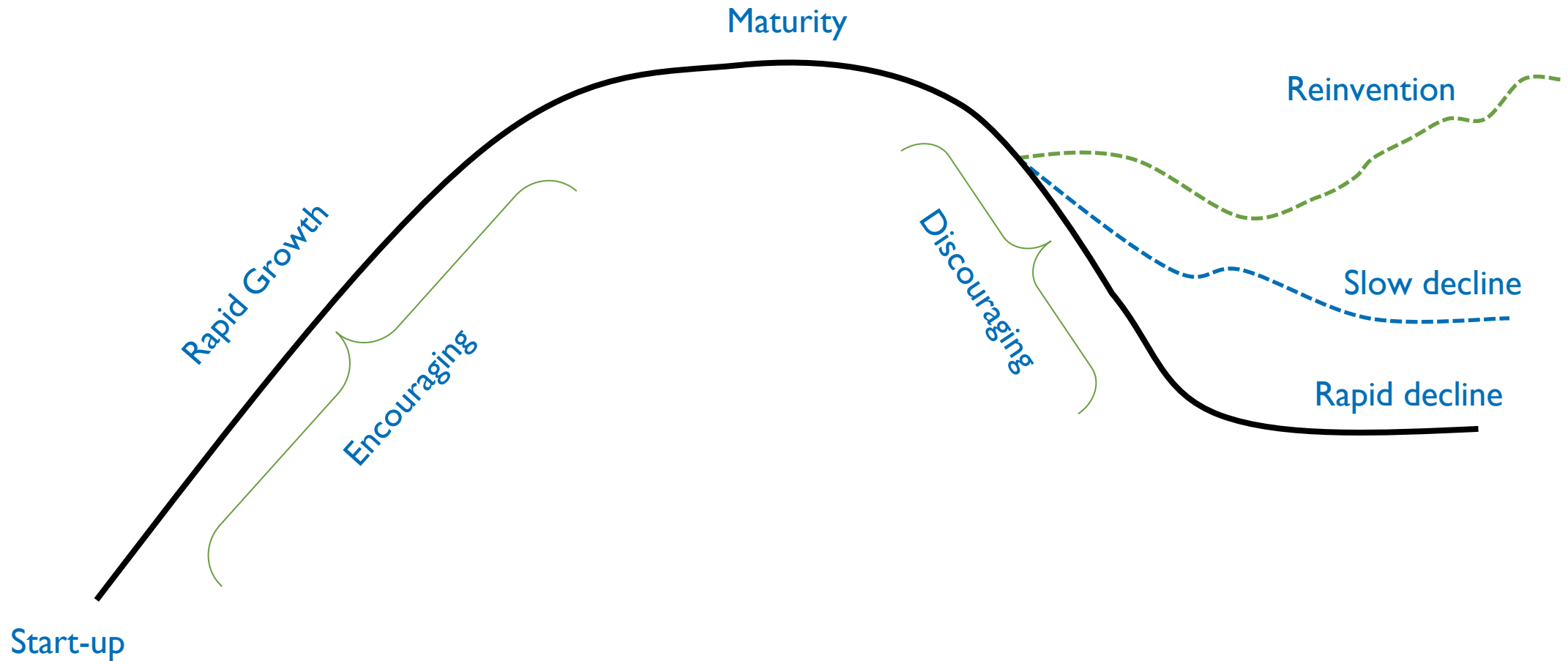
**Growth trends:** How fast can a business in this industry expect to grow?

**Profitability:** What kind of profit can you expect to make? What are average margins in the industry?

**Trends:** What current and future trends (demographic, economic, global) are affecting the industry?

**Life cycle:** The chart below illustrates the concept of a business life cycle. Ideally, you want to choose an industry that's either at an early stage in its life cycle or in the reinvention stage. Choosing an industry in the mature or declining stages makes it harder to compete.

# INDUSTRY LIFE CYCLE





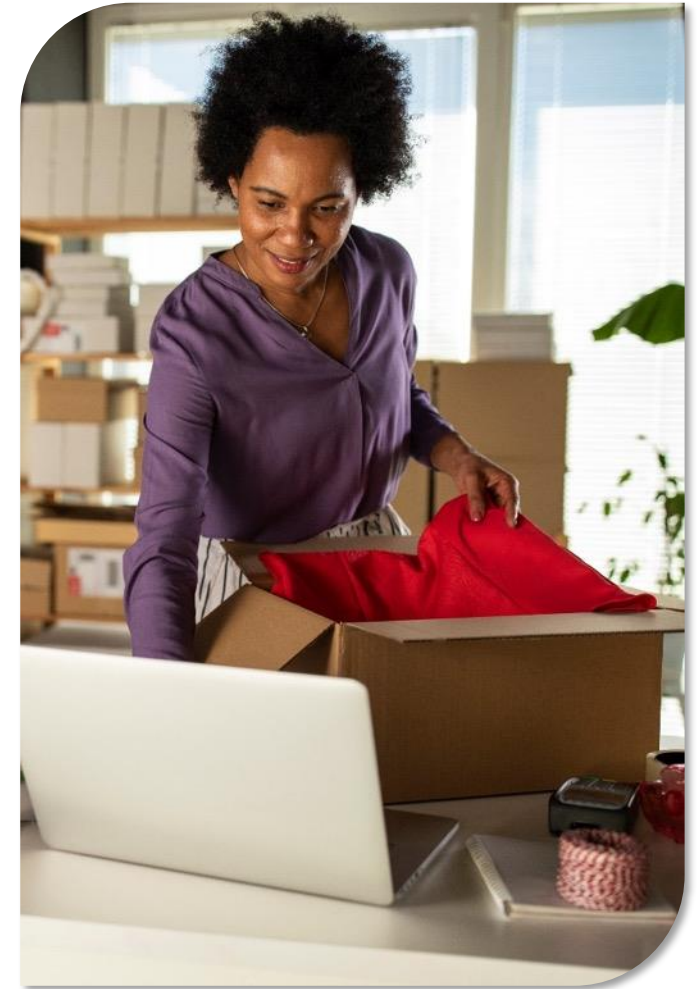
## Defining Your Business:

- Description: North American Industry Classification System (NAICS)
- Profitability: Risk Management Association (RMA) Annual Statement Studies
- National Trade and Professional Association (NTPA) Directory
- Growth/Life Cycle
- Profitability: RMA
- Trends

# RESEARCH YOUR TARGET MARKETS

## Who do you serve?

- Type: retailer, consumer, etc.
- Number
- Income level/ability to pay
- Demographics
- Lifestyle
- Habits





## Know Your Market

- Demographics
- Habits and patterns

## Customer Data Sources

- Internet
- Census data/government websites
- Trade associations
- Civic/community organizations
- Library reference sections



## Understand What They Offer

- Price
- Features
- Annual Sales
- Size/profitability
- Market strategy

## Competitor Data Sources

- Competitor
- Suppliers
- Trade associations
- RMA
- D&B (Dun and Bradstreet)

# RESEARCH YOUR COMPETITION



## Competition

- Size
- Product/service features

## Who are their suppliers?

- Availability
- Reliability

## What's their business risk?

- Product longevity
- Legal/environmental

# RESEARCH YOUR COMPETITION



- Ask directly, usually a distant competitor
- Ask mutual suppliers
- Ask competitors' (your future) customers
- Be a customer
- Join a trade association
- Check competitor websites

# TYPES OF DATA: INCOME DEMOGRAPHICS

## Income Demographics for Zip Code 17601

Household Income	Less than \$15,000	\$15,000 - \$24,999	\$25,000 - \$34,999	\$35,000 - \$49,999	\$50,000 - \$74,999	\$75,000 - \$99,999	\$100,000 - \$140,000	\$150,000 and over
Number of Households	779	1,508	1,833	3,047	4,385	2,798	2,152	1,442

Source: <https://www.census.gov>

**Total Households: 17,944**

# TYPES OF DATA: COMPETITIVE DATA

## Example: Hoovers

**SELL TO THIS COMPANY**

[Know This Industry](#)  
[Identify Pain Points](#)  
[Prepare For The Call](#)

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**BROWSE COMPANY RECORD**

[Fact Sheet](#)  
[Full Overview](#)  
[History](#)  
[Family Tree](#)  
[Industry](#)  
[Products/Operations](#)  
[Competitors](#)  
[Competitive Landscape](#)  
[People](#)  
[News](#)  
[Financial Data](#)  
    [Summary](#)  
    [Income Statement](#)  
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**General Electric Company (NYSE: GE)**

3135 Easton Tpk.  
Fairfield, CT 06828-0001 United States ([Map](#))  
Phone: 203-373-2211  
Fax: 203-373-3131

<http://www.ge.com>  
Covered by Diane Stimets

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**COMPANY RECORD TOOLS**

> Download Company Data      > View Quick Report  
> Build Custom Report        > Watch This Company  
> Find Similar Companies

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**OVERVIEW**

From turbines to TV, from household appliances to power plants, General Electric (GE) is plugged in to businesses that have shaped the modern world. The company produces -- take a deep breath -- aircraft engines, locomotives and other transportation equipment, kitchen and laundry appliances, lighting, electric distribution and control equipment, generators and turbines, and medical imaging equipment. GE is also one of the preeminent financial services companies in the US. [General Electric Capital](#), comprising [commercial finance](#), [consumer finance](#), [aircraft leasing](#), real estate, and energy financial services, is its largest segment. Other operations include the [NBC](#) television network.

[Full Overview](#)

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**KEY INFORMATION**

<b>D-U-N-S Number</b>	001367960 <a href="#">Buy a D&amp;B credit report.</a>
<b>Doing Business As</b>	"Ge"
<b>Company Type</b>	Public - NYSE: <a href="#">GE</a>
<b>Headquarters</b>	
<b>Year Of Founding or Change In Control</b>	1892
<b>State of Incorporation</b>	NY

[Family Tree](#)

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**KEY NUMBERS**

<b>Fiscal Year-End</b>	December
<b>2008 Sales (mil.)</b>	\$182,515.0
<b>1-Year Sales Growth</b>	5.7%
<b>2008 Net Income (mil.)</b>	\$17,410.0
<b>1-Year Net Income Growth</b>	--
<b>2008 Employees</b>	323,000
<b>1-Year Employee Growth</b>	(1.2%)
<b>Employees At This Location</b>	550

[More Financials](#)

Source: [www.hoovers.com](http://www.hoovers.com)

# TYPES OF DATA: COMPETITIVE DATA

## Example: RMA

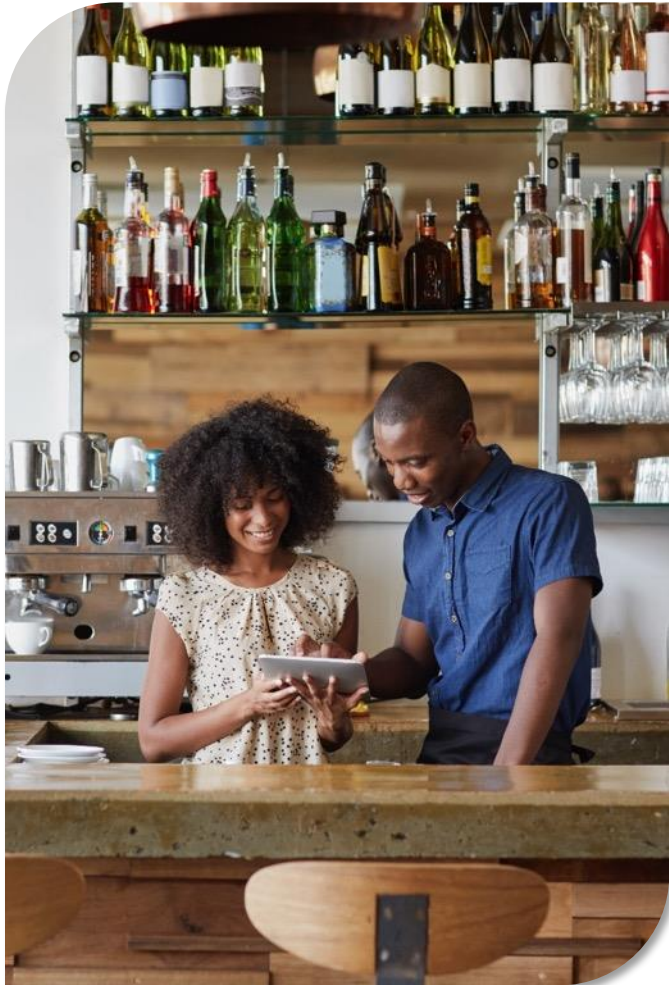
Comparative Historical Data			Type of Statement	Current Data Sorted By Sales					
4/1/02-3/31/03	4/1/03-3/31/04	4/1/04-3/31/05		1	2	5	3	3	10
12	16	17	Unqualified	1			13	3	7
16	17	30	Reviewed				5	3	
28	43	35	Compiled	7	16	4	6	2	
18	14	30	Tax Returns	13	8	1	8	9	12
31	38	44	Other	5	7	3			
					37 (4/1-9/30/04)		119 (10/1/04-3/31/05)		
ALL	ALL	ALL	NUMBER OF STATEMENTS	0-1MM	1-3MM	3-5MM	5-10MM	10-25MM	25MM & OVER
105	128	156		26	33	13	35	20	29
%	%	%	ASSETS	%	%	%	%	%	%
8.1	6.4	5.5	Cash & Equivalents	4.2	6.7	5.3	7.4	6.3	2.3
12.7	13.5	13.3	Trade Receivables (net)	8.4	8.5	18.6	11.3	17.4	20.4
31.6	28.4	28.9	Inventory	37.4	26.7	18.0	28.9	24.4	31.5
1.9	4.5	3.4	All Other Current	7.5	.7	1.3	2.7	4.4	4.2
54.3	52.8	51.1	Total Current	57.4	42.7	43.3	50.2	52.5	58.1
36.7	37.5	37.8	Fixed Assets (net)	39.3	45.2	47.2	33.9	34.8	30.6
1.4	2.8	2.4	Intangibles (net)	1.7	1.8	1.9	1.1	4.5	4.0
7.6	6.9	8.8	All Other Non-Current	1.6	10.4	7.6	14.8	8.2	7.0
100.0	100.0	100.0	Total	100.0	100.0	100.0	100.0	100.0	100.0
			LIABILITIES						
17.3	15.9	16.4	Notes Payable-Short Term	21.8	21.1	16.9	15.0	6.1	14.7
4.2	4.3	4.3	Cur. Mat.-L/T/D	4.3	4.1	3.8	3.6	4.3	5.6
8.1	8.3	8.9	Trade Payables	18.0	7.4	13.7	6.7	10.0	11.1
1.2	1.1	1.0	Income Taxes Payable	.0	.4	.0	1.6	.5	2.3
8.2	5.7	6.0	All Other Current	1.9	4.5	4.0	6.0	6.0	12.3
39.1	35.2	36.6	Total Current	36.0	37.6	38.4	33.0	27.0	46.0
16.7	23.5	23.5	Long-Term Debt	39.2	23.3	33.0	17.6	16.9	17.4
1.1	1.0	.7	Deferred Taxes	.0	.7	.0	1.2	1.3	.7
7.2	11.2	8.7	All Other Non-Current	9.2	13.4	11.1	8.3	2.6	6.4
35.9	29.1	30.5	Net Worth	15.6	25.0	17.5	39.9	52.3	29.5
100.0	100.0	100.0	Total Liabilities & Net Worth	100.0	100.0	100.0	100.0	100.0	100.0
			INCOME DATA						
100.0	100.0	100.0	Net Sales	100.0	100.0	100.0	100.0	100.0	100.0
39.2	40.4	42.6	Gross Profit	62.2	48.7	40.9	36.4	34.6	32.1
34.4	35.3	37.5	Operating Expenses	54.3	46.3	36.3	31.0	29.2	26.6
4.8	5.1	5.1	Operating Profit	7.8	2.4	4.6	5.4	5.4	5.5
1.7	1.9	1.7	All Other Expenses (net)	3.5	1.2	1.9	1.0	1.0	1.7
3.0	3.2	3.4	Profit Before Taxes	4.3	1.2	2.7	4.4	4.4	3.8

# GENERAL, AMERICAN COMMUNITY SURVEY

The [American Community Survey \(ACS\)](#) from the Census Bureau is an annual survey.

Subject	Washington city, District of Columbia			
	Estimate	Margin of Error	Percent	Percent Margin of Error
<b>EMPLOYMENT STATUS</b>				
Population 16 years and over	523,073	+/-911	523,073	(X)
In labor force	352,716	+/-4,560	67.4%	+/-0.9
Civilian labor force	350,483	+/-4,630	67.0%	+/-0.9
Employed	310,607	+/-5,456	59.4%	+/-1.0
Unemployed	39,876	+/-3,595	7.6%	+/-0.7
Armed Forces	2,233	+/-733	0.4%	+/-0.1
Not in labor force	170,357	+/-4,554	32.6%	+/-0.9
Civilian labor force	350,483	+/-4,630	350,483	(X)
Percent Unemployed	(X)	(X)	11.4%	+/-1.0
Females 16 years and over	278,970	+/-554	278,970	(X)
In labor force	179,564	+/-3,508	64.4%	+/-1.3
Civilian labor force	179,280	+/-3,489	64.3%	+/-1.3
Employed	160,529	+/-4,243	57.5%	+/-1.5
Own children under 6 years	41,391	+/-1,271	41,391	(X)
All parents in family in labor force	29,456	+/-2,299	71.2%	+/-5.2
Own children 6 to 17 years	57,964	+/-1,973	57,964	(X)
All parents in family in labor force	43,927	+/-2,842	75.8%	+/-4.3

# TYPES OF DATA: WEBSITES



NAICS: [www.census.gov/eos/naics](http://www.census.gov/eos/naics)

American Community Survey: [www.census.gov/acs](http://www.census.gov/acs)

Small Business Administration: [www.sba.gov](http://www.sba.gov)

Bureau of Economic Analysis: [www.bea.gov](http://www.bea.gov)

Securities and Exchange Commission: [www.sec.gov](http://www.sec.gov)

Bureau of Labor and Statistics: [www.bls.gov](http://www.bls.gov)

SCORE's website: [www.score.org](http://www.score.org)

# TYPES OF DATA: LOCAL LIBRARIAN



- Web-based searches for information (e.g., Reference USA)
- Reference library tools most-commonly used by SCORE clients
- Reference books display and typical information

# Questions?

# NEXT STEPS

- Sign up for other [Simple Steps for Starting Your Business](#) and [Small Business Essentials](#) webinars
- Review the Simple Steps for Starting Your Business [Workbook](#)
- Find other SCORE resources for small businesses at [score.org/templates-resources](https://score.org/templates-resources)
- Book an appointment with a SCORE mentor today at [score.org/find-mentor](https://score.org/find-mentor)



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