

# Understanding Your Business

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*These questions are designed to give you a better understanding of the opportunities your business presents. Take some time to thoroughly investigate and answer the questions to get the most information out of the process.*

If you require this template in a word format, please [email](#) a request.

1. Identify each of the business's target markets along with demographic and characteristic information on each. Describe who your customers will be in detail.
2. How many people are in each target market (total target market) and how many customers in each target market can you realistically acquire in Year 1, Year 2 and Year 3(addressable target market). This will require some research and collection of statistics to determine the total size of the target market and then an educated guess for the addressable market.
3. What need or desire does your business fill for its target market? How does your company provide value to its customers?

4. How is the business different from the competition? How does your business meet the needs of its target market? (Differentiating the business from the competition provides a much stronger path to success)
  
5. Use at least one tool to test the market and verify your business idea. This will minimize the guess work and provide you with valuable, quantitative facts to back up your idea.  

Eg. Conduct an online survey or one-on-one interviews; organize a focus group; hand out product samples with presale coupons; open a pop-up shop; sales from a home office etc.
  
6. Identify how much it will cost to start the business: website, computers, leasehold improvements, new equipment, training, inventory, legal expenses, fees and dues, mortgage or lease, utility set up, insurance, legal fees, R&D, etc. (Start-up Costs). Think about how much you have to invest and what you will need to finance.
  
7. Write a list of all the costs you will incur to bring your product or service to market. These are the expenses that the business will have ongoing to produce the product or service, your cost of goods sold(COGS). (ie. Raw materials, shipping, inventory)
  
8. Write a list of all the operating costs associated with your business. These are all the other ongoing costs that your business will incur to operate. (ie. Lease, labour, office expense, travel, maintenance of equipment, phone, utilities, software fees, cloud storage, etc.) Include every expense.

9. Identify your pricing strategy. Collect information about the competitors pricing, what the perceived value of your offering is and how much your costs are to help finalize your pricing. Use your addressable market size and multiply by the average customer purchase to determine revenues for year 1, year 2 and year 3.
  
10. Bring together the information from questions 9, 7 and 8 to create a 3 year pro-forma income statement. Revenue – COGS – Operating costs = Profit
  
11. Are there any key partners or key resources that your business will rely on? How will you manage this? Do you only have one supplier? What happens if they raise their costs or go bankrupt? Do you have one large client for the bulk of your sales?
  
12. Take the time to perfect your marketing message or your elevator pitch so that you can tell someone about your business in a meaningful way in less than 5 sentences. (being able to explain to people what you do and why it has value in a quick precise way will help you gaining buy-in and can be used in all phases of your business)

*Once you have answered all the questions and calculated some rough numbers you will have far more information and you are ready to work on a formal business plan to attract investors or secure financing. Venture Kamloops can provide you with a full business plan template upon request.*