

How to pressure test your business idea

Great businesses are built from small successes and constant adaptation.

Discover how to appraise your business idea in four simple steps with Mick Spencer, author of **Start Before You're Ready**.

30.3%
of future
business owners

lack confidence in the viability of their ideas which stops them from launching a business.



54%

of these businesses have other small businesses as their major competitors.

Yet there are more than

21 million

actively trading small businesses in Australia, and they employ over 4.5 million Australians.



The good news?

The confidence gap is narrowing, with small and medium business confidence in Australia (2018) increasing to the highest number recorded in nearly a decade.



What problem are you trying to solve?

Small businesses aren't scaled-down versions of large businesses. They have unique qualities and are driven by distinct considerations.

It's important to have a strong sense of the problem you're trying to fix, and you're confident the solution provides value to your customers.

Questions to consider:

- What part of the 'problem' are you trying to fix?
- What part of the solution is saleable, and will it continue to be?
- Will customers part with their money for the solution?
- Can I pioneer a better solution by iterating one that already exists in the marketplace?

Wondering if your idea is good enough? Remember executing greatness almost always trumps an entirely new idea.

Does it fit with your 4Ps?

Don't let fear get in the way. Starting a new business can be daunting, but it's important to remember you don't need to have all the answers to get started.

You must however be motivated to give it your all. And the best way to stay motivated is to ensure your business idea fits with your 4Ps - Purpose, People, Planet, Profit. When your business aligns with your personal values, it gives you a competitive edge.

Have you done your homework?

Once you've hit upon a business idea that has legs, become the best expert you can be in your chosen industry.

When it comes to doing your homework, you can never be too obsessed. Read everything you can get your hands on, listen, and remain open-minded.

To get started:

- Peruse competitor or industry websites, and read the fine print if it's publicly available (annual reports, mission statements, suppliers etc.)
- Visit store-fronts (where relevant) to observe customer behaviour
- Check out industry journals, podcasts and traditional media for interviews with successful business owners.

Do you know your customer?

If you've done your homework right, you should have a good sense of your customer. You should be able to put yourself in their shoes and understand their needs, deliberations and challenges. However, if your business idea is niche or refined, you might require further research.

The following ideas will help you refine customer analysis:

- Run a focus group
- Ask questions on social media
- Set-up a crowdfunding page

Once you know all you can know, ask this important question – how big can my customer base be? The answer should be clear and easily defined. If you can't wrap your head around that question, your business idea is too diverse or not focused enough.

Mick Spencer is a globally recognised CEO, multi-millionaire entrepreneur and investor. He is the founder and CEO of **ONTHEGO (OTG)**, a multi-million dollar, global e-commerce company that enables users to design and manufacture their apparel and accessories.

Sources:

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