

Why you need to test your business idea first

 By [Harry Welby-Cooke](#)

21 Apr 2015

If you were given the choice between launching a business built around a sleek new gadget, or starting a second-hand clothing and shoe store, what would you choose?

I'm guessing you'd go with the slinky gadget. But I would go with the clothing store without a moment's hesitation. Why the difference? Simply because so many aspiring entrepreneurs fail to do their homework, and base their business ideas on what they think people should buy, rather than what people really want or actually do buy! I cannot overemphasize the fact that testing the market thoroughly before launching into a new venture usually means the difference between success or failure.

Let's break this down. People buy clothes and shoes every day, and it's not that difficult to quantify this market. Moreover, I can be certain that the market for clothing and shoes will only grow along with our exploding population. Yet most inexperienced entrepreneurs would still opt for the glamorous gadget option. They are seduced by a potential market they can't quite measure or identify. As a result, they often get landed with a warehouse of stock they can't even give away.

So, how can you avoid this grim scenario?

There are four simple action steps you can take before you dive into business to make sure there is a sustainable and growing market for your new venture...

- 1. Identify your market.** How big (in terms of rands) is the current market for your product or service? Is it a new or a mature market? Are you in a new or mature category? A few hours of solid research here can go a long way. Answers to these types of questions will give you a huge advantage in getting a handle on the opportunities within a marketplace - and if your initial assumptions about your product or service really hold sway.
- 2. Identify your customer.** Develop a list of questions to profile the "ideal customer" for the product or service you are offering. Include questions such as: Is the target male or female? How old are they? Are they married? What was their main motivation purchasing a particular product or service? This knowledge will give you additional insight into how your own sales process should be structured. It will also help you to tailor your product or service offering to better fit your audience.
- 3. Test and measure demand.** Major companies spend lots of resources testing ad campaigns and hiring focus groups. Yet you can do even more effective research on your own by simply starting small - then testing and measuring everything you do.

4. Keep a list of contacts. In your start-up and planning phase, you may have a list of vendors, suppliers or even potential customers. Keep building on that list and start to develop a robust communication strategy to keep in contact with that list on a consistent basis. Keep in mind that today's contacts may be tomorrow's customers!

These customers have access to entire networks of people who may want or need your product or service at some stage. The true goal of networking is not making a sale to your direct contact, it's about creating a relationship with that contact that leads to referrals and word-of-mouth leads down the road.

As we all know, there is no guaranteed formula for business success. However, I believe that the best indicator is a proven market with ample room for growth - populated by people willing and able to pay for something unique or different that helps them make their lives better, easier or happier in some way. Ultimately, it's the entrepreneur that does 'the usual' in a unique or different way who reaps the rewards.

ABOUT HARRY WELBY-COOKE

Leading business and executive coach and SA's Co-Master Licensee for global franchise company - ActionCOACH. For more information visit www.actioncoachsa.co.za

- When the going gets tough...it's time to get going - 8 Apr 2024
- #Sona made it clear: No one is coming to save entrepreneurs - 12 Feb 2024
- I'm so over goals! Really? - 18 Jan 2022
- How to determine if your business systems are working - before they go wrong - 24 Aug 2016
- Company identity and your start-up: how to cultivate a winning culture - 14 Jul 2016

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>