



Opp_oREADINESS

A horizontal line in a light blue color that ends in an arrow pointing up and to the right.

Opportunity Readiness Program

Worksheets

- Entrepreneurial Assessment
- Ikigai
- Business Description
- Customer Avatar Worksheet
- Value Proposition
 - Competitive Analysis
- Prospect List
- Key Partners & Resources
- Market Research – Validating Your Assumptions
 - Primary Market Research
 - Secondary Market Research
- Financial Considerations
 - Business
 - Personal
- Break Even Exercise
- Revenue Streams & Sales Forecast



An electronic version of this document can be downloaded at:
www.cfdcco.com/resources/files-a-downloads



Being self-employed is more than just having a good business idea. The first step in determining if you have a business opportunity is assessing your potential to be an entrepreneur.

BDC Entrepreneurial Potential Self-Assessment Quiz

Do you have the **motivations, aptitudes, and attitudes** typically associated with entrepreneurial people?

Complete the online quiz at the following link before answering the questions below.

<https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/business-assessments/pages/self-assessment-test-your-entrepreneurial-potential.aspx>



Why will you be successful?

Based on your self-assessment results, what are your strongest motivations, aptitudes, and attitudes? Why do you think you'll be successful as an entrepreneur?

What skills and/or experience do you have to run this business?

What are your biggest challenges?

Based on your self-assessment results, where are your biggest challenges to becoming an entrepreneur? What will you need support with?

Do you have support from family and friends to launch this business?

Ikigai

A JAPANESE CONCEPT MEANING "A REASON FOR BEING"



Finding Your Sweet Spot - Ikigai

Where do you and your business fit in this diagram?

How will you provide your product or service differently than anyone else and serve what the world (and your customers) need?



Describe the business opportunity using the "5 Ws". Give as much detail as possible.

WHAT - Give an introduction of yourself and the type of business you want to start.

WHO - Who are your customers?

WHY - What problem does your business solve? Why will your customers buy from you?

WHERE - How will you reach your customers? How will they find you?

WHEN - What is the timeline for opening the business?

HOW - What activities do you need to undertake to make this business happen?

Value Proposition



Your Value Proposition is the reason why someone should do business with you. It demonstrates how your business provides value to your customers. To understand how your business can bring value to your customers, you first need to understand what problems they need solved.

What does your customer need to accomplish? What tasks are they trying to perform or problem are they trying to solve? What needs are they trying to satisfy?



How does your product or service solve this problem for your customers?
How does your business help them, satisfy them, or fill a need?
What value does your product or service bring?



Competitive Analysis

Your Value Proposition will also demonstrate how your product/service can bring your customers more value than similar offerings by your competitors. Analyzing your competitors is one of the fundamental elements of market research. You also need this information to determine what your own market potential will be.

Competition can be classified into two categories: **direct competition** and **indirect competition**.

Direct Competition: occurs between marketers of the **same products**.

Indirect Competition: occurs between marketers of **similar products**, or those competing for the same dollar market. For example, indirect competition of soft drinks may be non-carbonated drinks, fruit juices, or milk products.

Who are your competitors?

	Competitor	Strengths	Weaknesses
1			
2			
3			
4			

What is your competitive advantage that sets your product/service apart from the competition—your **market niche**?

Key Partners & Resources



There may be other businesses, organizations, or professionals you can leverage to power up your business. You may also want to consider the competitors you have identified as opportunities for collaboration.

Name any direct or indirect companies you may associate with or work co-operatively with, and what key activities they will perform.



1.
2.
3.

Purchasing and Suppliers

Identify the major suppliers that are being considered. Location is important because of shipping costs and delivery time.

Other considerations:

- Are there any volume or bulk discounts, or credit terms that are favourable from specific suppliers?
- Are they any subcontractors that will be used to provide services?
- What lag time is expected between placing orders and receiving goods?
- When evaluating suppliers, are there any alternative suppliers, in the event that problems arise?
- How dependent will you be on your suppliers for key components?
- Do the suppliers chosen have a history of being efficient and reliable?
- Consider how long they have been in business. What is their turnaround time from when the order is received to when the order is shipped and what is their return policy for damaged items?



Supplier Prospects

- | |
|----|
| 1. |
| 2. |
| 3. |



Market Research Methods

Now that you've made some assumptions about your business, your next step will be to validate these assumptions through market research.

Comprehensive, unbiased market research will assist you in validating these assumptions and determining the true viability of your new venture idea. Research is the only way to “read” minds.



Market validation is the process of determining whether your product is of interest to the customer segments you have identified. Engaging with potential customers and asking the right questions will help you confirm if you have a product/service that will solve a problem, if there are buyers for your product/service, and, ultimately, whether or not there is market potential for your opportunity.

Assessing the market potential of your new venture is a critical component of any feasibility study. A serious miscalculation many entrepreneurs make is to ASSUME that because their idea appeals to themselves and their family, other consumers will also like their product/service and therefore purchase it. Without an analysis of the industry you're preparing to enter, your potential customers, and your competitors, you will not be able to properly assess the viability of your business idea.

Market Research Analysis

Market research should be documented in a way that basically outlines what was learned from a through analysis of the market research you have done, both primary and secondary research.

1. Primary research: research you do by talking to people that will be associated with your business—most importantly your potential customers. **Examples:** focus groups, surveys, social media, informational interviews, discussions with suppliers, competitors, agents, mentors, etc.

Good Primary Research:

1. is a form of introduction to your business,
2. allows you to show samples of your product line or carefully describe your service to as many people as possible from the customers you are expecting to target, and from the geographic areas in which you will operate,
3. allows you to ask questions in the same order to improve data reliability

2. Secondary research: research that another business or organization has done that is already documented & printed. **Examples:** web sites, government research agencies (StatsCan), libraries, economic development offices, trade journals, Chamber of Commerce, associations, trade groups/associations, news coverage, etc.

When your research is complete, you will know **WHO** is most likely to want your product/service, **WHAT** they want, **WHEN** they want it, **WHERE** they want it, and **WHAT** they are willing to pay for it.

This will enable you to provide this customer the **RIGHT PRODUCT/SERVICE** at the **RIGHT TIME** in the **RIGHT PLACE** for the **RIGHT PRICE!**



1. Primary Research

This is the research that is done specifically for your business. It is “custom” to your business and provides information as to how potential clients react to your business idea (product/service). You will have gathered this information yourself.

Primary research gathered is done through surveys, focus groups, informational interviews, or discussions with prospects, suppliers, competitors, agents, mentors, etc. These are all research tools designed to help you obtain information that will enable you to evaluate customers’ needs and wants, problems to be solved, jobs to be done, their perceptions, and whether it is likely they will spend money on your product or service. The most powerful way to understand if your business concept meets the needs of these customers, is to **ask them directly!** Start with your prospect list. This is a list of people you have identified in your network or sphere of influence that could be willing to buy from you RIGHT NOW.

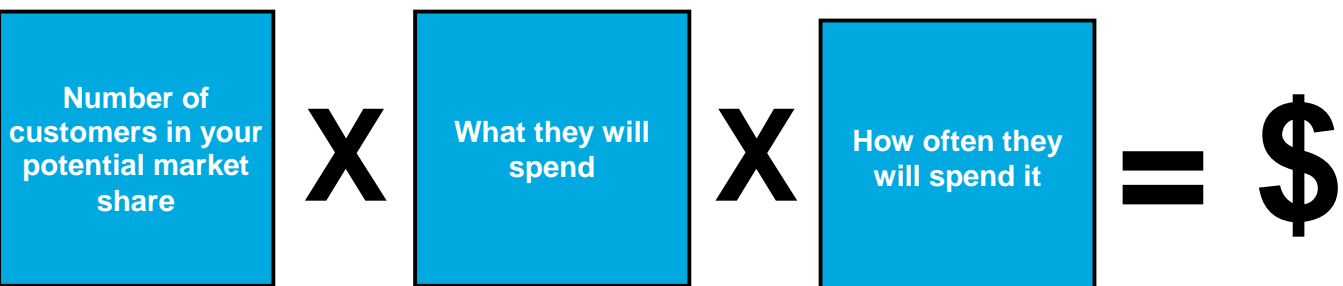


2. Secondary Research



Secondary research is already documented or printed. Other businesses, government bodies, or organizations have conducted this research for their own purposes. You will gather this research as backup to support, prove, modify, or eliminate any assumptions that may have been made about your industry. Secondary research data can show you industry trends, history, and projections. Often there may be adverse trends emerging, so you should think about how your business will deal with these trends. Sources of secondary research are: web sites, government research agencies, libraries, economic development offices, trade journals, Chamber of Commerce, associations, trade groups, etc.

Primary and Secondary research is critical to your being able to validate your assumptions and prove the viability of your business idea! Together they will enable you to plan your first sales forecast. When you can measure your market share, how much they will pay, and how frequently they will buy, you will have a prediction of how much the business has the potential to do in sales!





Have you gathered any **primary research** about your business idea?

- What types of primary research did you do?
- Who did you talk to?
- What were the results?
- What did you find out about who your potential customers are?



Primary Research:

Have you gathered any **secondary research** about your business idea?

- What were the results?
- What industry are you preparing to enter? (For example: construction, manufacturing, tech, food services). Is there industry growth or potential?
- What did your research tell you about your industry?
- What are the most prominent (current) trends affecting your industry?



Secondary Research:



BUSINESS: Start-up & Operating Costs

This section will help you to find out:

1. How much money the business will require to start up and operate
2. Your personal net worth – an important number to keep in mind when borrowing money
3. Your personal income and monthly expenses – is there a balance? How much money will you need to take from the business in order to pay your bills?

Start-up Costs	Require A	Equity (Own) B	TOTAL A + B = C	Monthly Operating Costs	Require
Equipment - operating				Owner/ manager salary	
Equipment – office/ computer/ software				Other salaries/ contract fees	
Equipment – vehicles				Rent/ facilities expenses	
Tools				Automotive	
Inventory				Advertising	
Leasehold improvements/ buildings				Insurance	
Fees – professional, franchise, licenses				Loan payments	
Marketing materials				Telephone	
Other start-up costs				Utilities	
				Maintenance and repairs	
				Legal and professional fees	
				Other	
Total Start-up Costs	A	B	A + B = C	Total Monthly Fixed Expenses	D
				Direct Costs (inventory/consumables)	E
				Total Working Capital	D + E = F
				Total Working Capital Requirements = (3 months)	(F x 3) = G



BUSINESS: Total Capital Requirements

You can now calculate the **total financial investment required** for your business. The letters C, G, B represent dollar values you put in the table on previous page.

Total Start-up	\$	C	
Total Working Capital Requirements	\$	G	
Total Capital Required	\$	H (C + G)	
Less Equity (cash, tools, equipment)	\$	B	
Total Financing Required	\$	J (H – B)	
Are you able to arrange financing for your business?	Yes	No	
How are you planning to finance your business?			
What security do you have available? (Details)			
Do you know your credit history?	Yes	No	
Have you obtained your Equifax report? (obtainable at www.equifax.ca)	Yes	No	
Have you spoken with your bank manager or the CFDC loans manager?	Yes	No	

Sources of Operating Capital		Sources of Long-Term Capital	
Cash		Leasing	
Credit Cards		Investors	
Supplier Credit		Family	
Line of Credit		Bank – Term Loans	
Overdraft Protection		Business Development Bank	
Barter		Community Futures	
Deposits from Clients		Other	
Other			



PERSONAL Financials: Net Worth

Once you know the capital requirements to start up and operate your business, you need to look at your personal financials. The first thing we will calculate is your **personal net worth**. That number is one that a banker will require from you when you ask for a loan. Please use the chart below to calculate your net worth.

Assets		Liabilities		
Cash - Bank		Credit Cards (please itemize)		
Cash - Other Institutions		1.		
Life Insurance (Cash Surrender Value)		2.		
		3.		
		4.		
		5.		
Retirement Accounts		Bank Loans (Schedule attached)		
		1.		
		2.		
		3.		
Marketable Securities		Automobile Loans		
		1.		
		2.		
		3.		
Accounts & Loans receivable		Mortgages on Real Estate		
Real Estate		Other Debts		
		1.		
Automobiles Make/yr		2.		
		3.		
Business Interests		(J) Total Liabilities		
Other Assets		(N) Net Worth (H minus J): (Assets minus Liabilities)		
1.		Are you personally supporting contingent obligations not listed above (ie: co-signor/guarantor/endorser?) If yes, please indicate liability & provide details on amount, to whom and nature of obligations below:	Yes	No
2.				
3.				
4.				
5.				
Personal Goods				
1.				
2.				
3.				
4.				
		1.		
(H) Total Assets:		2.		
		3.		



PERSONAL Revenue & Expenses

This information is very important when you are determining the viability of your business. You will see how much money you spend a month for personal needs, and how much income you have. That information helps you to estimate **what amount you will need to take from your business for personal needs** every month. Will you be able to generate that much income with your business?

Income: (Net Monthly)		Expenses:(Monthly)	
Monthly salary or wages		1st Mortgage	
Commissions and bonuses		2nd Mortgage	
Dividends & interest		Rent/ room and board	
Rental income		Property Tax (Div. By 12)	
BC bonus		Consumer loans	
Child Tax Benefit		Credit cards	
GST refund (Div. By 12)		Insurance	
Other income		Maintenance	
		Alimony/child support/maintenance pmts	
		1.Food	
Subtotal:		2.Clothing	
Spouse's net income:		3.Medical	
Monthly salary or wages		4.Child care/ day care	
Other income: (Please Itemize)		5.Life insurance	
		6.Recreation	
		7.Car insurance (Div. by 12)	
		8.Transportation	
		9.Tobacco/ alcohol	
		10.Laundry	
		11.Utilities	
		12.Other expenses (Please Itemize)	
		a)	
		b)	
		c)	
Total Monthly Income: (MI)		Total Monthly Expenses: (ME)	
<p>Income I need to draw from the business every month [$M = (MI) - (ME)$]</p> <p>If the amount is negative, I would need at least as much \$\$ from my business to cover personal expenses every month</p> <p>If the amount is positive, I have other sources of income to cover personal expenses, and don't need to take \$\$ from my business</p>			M=MI - ME

Break Even Exercise



The following exercise is a critical part of your preliminary planning and understanding the cost structure of your business. Although it will be based on estimates and not research at this point, it will provide a quick check on the viability of your business idea. You will have enough information with this simple exercise to decide what you need to change, with either pricing or costs. You will also have an indication of whether this is the right time for you to move forward or spend more time in research and preparation.



Step #1

Your product or services can be described as units of sale or revenue streams. What will your customer be paying for? Most businesses have 2 or 3 units of sale.

For example, a bookkeeping business may have the following units:

- 4 hours bookkeeping monthly \$120
- A start up package for new businesses \$250
- An hourly fee when they are subcontracting their services to accountants \$ 25

Break down your products and services into units of sale. Determine a selling price for each unit you have listed. You may have costs directly associated with the sale of a unit. Perhaps the bookkeeper offers software to each new business that buys a start up package. The start up package sells for \$250. For each sale of this type of unit, the direct cost is \$30 for the software.

Unit of Sale

Unit of Sale:	Selling Price: \$
	Direct Cost: \$
Unit of Sale:	Selling Price: \$
	Direct Cost: \$
Unit of Sale:	Selling Price: \$
	Direct Cost: \$

If you have direct costs associated with your selling price, you will need to calculate the profit you make on each unit.

Gross Profit

Selling Price/Unit: \$ - Direct Costs/Unit: \$ = Gross Profit/Unit: \$

Our bookkeeping example would look like this:

Selling Price/Unit: **\$250.00** - Direct Cost/Unit: **\$30.00** = Gross Profit/Unit: **\$220.00**



Step #2

The breakeven is the point where you sell enough units in a month to pay for the monthly operating costs of your business. Until then, the business is losing money and will need to have working capital (extra funds) to draw on to pay for the monthly operating costs.

Breakeven Analysis

Monthly Operating Costs \$ (this figure comes from D total on pg. 13)

Divided by

Unit Selling Price (or Gross Profit) \$ (choose a unit from the previous page)

Equals

Units needed monthly to breakeven (or pay for monthly operating costs) #

Our bookkeeping example would look like this:

Monthly Operating Costs **\$835.00** (monthly fixed expenses for this business)

Divided by

Unit Selling Price **\$220.00** (based on a start up package unit of sale)

Equals

Units needed monthly to breakeven (or pay for monthly operating costs) # **4**

The business needs a minimum of 4 startup packages every month to breakeven (pay for monthly expenses of their business). This may be entirely achievable after the business is established, but challenging for the first couple months after launching unless the business has prospects with letters of intent.

Every month building to the objective of 4 units will result in a loss to the business. The difference between the revenue made and the monthly expenses will need to come from the owner's own money. Of course, other revenue streams or units of sale can also contribute to the monthly breakeven. For this exercise, begin with the unit that you estimate will be the main source of revenue for your first year of business.

Step #3

If the number of units looks too high to be achievable in a time frame that makes sense for the working capital that you have to draw on, you can:

1. Go back to your monthly operating costs to see if there is any reduction possible
2. Relook at your price and determine if you can charge more for the product/service
3. Revisit your business concept in its entirety, ie. perhaps the business startup can be home based before taking on the overhead of a commercial leased space



Revenue Streams & Sales Forecasting

A revenue stream is a unit of sale that is a source of income for your business. You may have multiple revenue streams with different packaging of services and pricing models.

What are your revenue streams, or units of sale? How do you actually make money? What value is the customer paying for? What is the process from first meeting your customer, to closing the sale? What is your sales cycle?

Preliminary Sales Forecast – Year One														
(use your prospect list, sales cycle and any research conducted to estimate the units you will sell and when you will sell them for the first year of your business)														
Month														Total
Unit #1														
Unit #2														
Unit #3														
Total Sales Units x Selling Price														Total Annual