

“New Business Idea” Evaluator

Use this tool to evaluate new business ideas you consider. The matrix identifies critical success factors for new ventures. Rate each idea in the boxes provided. You can also compare the ratings for several ideas. Where you can't rate an idea highly, recognize that those areas need improvement before putting in much time or money, or asking others to do so.

| Product or Service Ideas → | Idea A | Idea B | Idea C |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|--------|
| Business Plan | | | |
| Ratings: 1= Poor.....2= Fair.....3 = Good.....4 = Very Good.....5 = Excellent | | | |
| Product <ul style="list-style-type: none"> What is the product or service? What are its attributes? Advantages and potential drawbacks? Why/how is your product more compelling than existing ones or the competition? What is the stage of development? Have a proprietary position or intellectual property protection planned or in place? | | | |
| Market Need <ul style="list-style-type: none"> What specific conditions in the market have created the problem you are solving? How will your product/service take advantage of the opportunity? Who are your customers and what are their attributes? Clearly define your potential customers & why they will pay for your product. | | | |
| Market Potential <ul style="list-style-type: none"> What are the characteristics of the market for your product or service? How will you reach the market? How big is the market opportunity: number of potential customers & annual sales? Can you narrow the market to a manageable segment? How will you dominate the market? e.g. through pricing, quality, geography, etc? Is there a market niche where you will have competitive advantage? | | | |
| Competitive Advantage <ul style="list-style-type: none"> Who are your competitors? Their strengths & weaknesses? Your strengths & weaknesses? How will you close the gap? How easily can competition close gap? | | | |
| Financial Forecasts <ul style="list-style-type: none"> Income Statement Balance Sheet Funds Required & Uses Key Assumptions (trends, comparatives) | | | |

Viability of Business Proposed

Ratings: 1= Definitely Not Viable.....2.....3.....4.....5 = Definitely Viable

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| • Market Opportunity (clear market need & way to seize the opportunity) | | | |
| • Distinctive Competence (new venture presents something novel, unique or special to provide competitive advantage in target market) | | | |
| • Management Capability (team can effectively launch & develop the venture) | | | |
| • Financials (team has solid understanding of financial requirements) | | | |

Investment Potential and Strength

Ratings: 1= Weak Plan.....2.....3=Adequate Plan.....4.....5 = Strong Plan

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|-------------------------------------------------|--|--|--|
| Venture presents an investment opportunity for: | | | |
| • Self-finance by founders | | | |
| • Investment by friends & family | | | |
| • Investment by private individuals/angels | | | |
| • Investment by early stage venture capitalists | | | |