

Concept Feasibility Guideline

Before you develop your business plan and launch your company, the first step of the entrepreneurial process is to define your *business model*. Before you dive into business, you should first analyze the idea to determine the market feasibility. To assist you in the feasibility process, the Indiana Venture Center has created the Concept Feasibility Guideline. This guideline will assist you in exploring the critical pieces needed to verify the market potential of your idea. By truthfully answering the below questions with personal knowledge and research, you are diagnosing issues early on and increasing your chance of success.

QUESTION 1 – WHAT ARE YOU SELLING?

- Do you have a tangible product, a service, or some other kind of benefit?
- What does your product do and/or service provide?

QUESTION 2 – WHO IS GOING TO BUY IT?

- Who is your target consumer, and/or what is your target market?
 - Is there a specific niche that will first buy this product?
 - If you could only market the product to one person, who would it be?
 - Why is this your target consumer?
 - How big is this market?
- Why will they buy it?
 - What “pain” is your product/service solving?
 - Overt Benefit. The concept conveys a clear benefit or advantage to a user or customer. The customer knows the concept creates value.
 - Reason to Believe. The user or customer is able to accept the level of benefits that concept claims to deliver.
 - Dramatic Difference. The concept must be meaningfully differentiated from existing solutions on a sustainable basis. The concept is unique from the current or conventional solutions – either an incremental difference or a breakthrough advance.
 - Is your product good enough that people will stop using existing products/services and choose yours? Remember, there are 44 patents on devices to trap mice, but none are as cheap and as effective as the basic hinged mousetrap.

QUESTION 3 – HOW DO YOU MAKE MONEY?

- How do you generate revenue streams and profits? Will your revenue model involve sales, leasing, licensing, or some other type of revenue driver?
- Does your product require a minimum economy of scale to be profitable?
- Where will you sell your product?
- How will you sell it?

QUESTION 4 – CAN IT BE DONE?

- Is this really a unique idea, or does someone already have a patent on it?
- Who are your competitors? Can you be better than they are?
- How will you produce your product/service? Can you produce it at a low enough price and still be profitable?

If you can answer all the above questions and determine your idea is viable, you are well on your way to starting your business. When you are done, you should be able to condense your entire business model into a 45-second elevator pitch. It should sound something like this:

(Company name here) sells/provides/offers (product or products here) by (how you produce it) and (how you sell it) to (your target customer and/or market).

Examples:

Harley Davidson sells performance motorcycles and related accessories and merchandise through mass customized and franchised dealerships to affluent customers.

Southwest Airlines provides low priced, no frills air travel by avoiding congested major airports, not providing meals, using reusable plastic cards for boarding passes, and not offering to transfer luggage to other carriers through high frequency, short hop flights to large numbers of price-sensitive passenger.

***Information for the Concept Feasibility Guideline was taken in part from the Ball State University Midwest Entrepreneurial Education Center's Idea Accelerator Initiative program.*