

TX VRC Resource Tools

6. Guiding and Monitoring Business Feasibility

As a VR customer moves through business feasibility, with or without the assistance of a Certified Business Technical Assistance Consultant (CBTAC), VR counselors need to communicate expectations and monitor progress.

VR-1802 Business Concept and Feasibility

The VR-1802, Business Concept and Feasibility form, will guide the customer and team members through market research. As the customer moves through the main sections of business feasibility, ask yourself the following questions:

- **A Description of the product/service.** Is the description clear?
- **Customers.** Is it clear who the primary customers are? Do the proposed marketing strategies hit this demographic effectively?
- **Competition.** What other businesses provide the same or similar services in this geographic area? What are the strengths and weaknesses of each? What sets this business aside from the others?
- **Capability** of the Business. How much product/service could reasonably be produced each month/year? Given pricing, how much income could be generated?
- **Financial Considerations.** At this point, financials might be rough but should provide an estimate of how much profit the business could potentially earn. The VR-1805 Financial Projection Spreadsheet is not required at this point, but it may make sense to use it to estimate net profit.
- **Test marketing** – How was test-marketing conducted and what information was gathered? Does test-marketing support a need for this product/service? Does it demonstrate that customers are willing to pay for it? At what price?
- **Prospective Business Owner Considerations.** Does the business seem to support the VR customers' conditions for success? Do they, or can they get, the support they need to be successful long-term?

Note – the next VRC Tool on Evaluating Business Feasibility offers more in-depth information on what to look for.

As VR customers move through business feasibility, VR Counselors will need to communicate expectations and monitor progress.

Test Marketing

Test marketing can be done through one or more strategies, including: 1) selling a few, 2) surveys, or 3) advertise and analyze (this involves advertising the product/service to see what kind of response occurs). Note that test marketing could require a small amount of funding from VR. For instance, if Sally's business is making and selling pies, she may need some funds to make enough pies for test marketing at local fairs, Farmer's markets, retail shops, or other venues. Even surveys may require some financial output (paper, copying, printing, postage, fees for online tools, etc.). Be prepared to discuss these needs with the customer and CBTAC's working with them. When a major purchase must be made to create the product or service, one of the other strategies will need to be employed.

Team Meetings

The business feasibility phase is a critical step in business development and could take some time. Throughout this process it is recommended that teams meet regularly to review progress and identify next steps to keep all team members informed and keep the momentum going. It is also an opportunity to request support from team members, as needed. See the attached sample agenda format that could be used to facilitate and record meeting notes. As the VR Counselor, be prepared to guide the conversation by asking for updates and guiding next steps.

Example: Alice, a seamstress, and her CBTAC are working through business feasibility. They have completed and reviewed the initial sections of the form during prior meetings, which include Product/Service Description, Customers, Competition and Capability. During this meeting, they are mainly focusing on Financial Considerations and Test Marketing. (See example of Team Meeting Agenda/Action Plan, below).

While collecting market research, Alice and her CBTAC identified a drycleaning business that feels the addition of alterations and repair would be a value-added service to offer their customers. Sunnyvale Drycleaning thinks this arrangement could potentially bring in more customers creating a "win/win" situation for Alice and Sunnyvale Drycleaning. In early discussions with Sunnyvale, they discussed working out an arrangement where Sunnyvale collects orders and payments from customers for a percentage of Alice's sales. Sunnyvale will pay Alice monthly based on orders placed and fulfilled.

At the regularly scheduled team meeting, Alice's VR Counselor reviews the Action Plan from the previous meeting with the team and asked for updates to review progress. The VR Counselor helps guide the team through the next steps, financial considerations and test-marketing while getting input from other team members. The Small Business Development Center (SBDC) consultant suggests test-marketing should gather information on:

- 1) the need for alteration and clothing repair services, and
- 2) what people are willing to pay for such services.

As a team, they decide the best way to test the market is to conduct a short survey with current Sunnyvale Drycleaning customers. Together they draft survey questions which Alice will later finalize with the help of her CBTAC and SBDC consultant. The results of the survey will be summarized and discussed at the next team meeting.

Business Feasibility Team Meeting

Agenda/Action Plan

Date: _____

People attending: _____

For each section of the VR-1802, review and discuss:

1. Completed tasks/information gathered.
2. Future tasks/next steps (identify in the Action Plan below).
3. Support needed for the Prospective Business Owner to accomplish these tasks.

TASKS:	PERSON RESPONSIBLE:	TIMELINE:
Product/Service Description: Customers: Competition: Capability: Financial Considerations: Test Marketing: Other:		

Example - Business Feasibility Team Meeting

Agenda/Action Plan

Date: __2/9/23__

People attending: Alice, VR Counselor, CBTAC, Alice's Mom, Jean (friend from church with sewing experience, SBDC representative)

For each section of the VR-1802, review and discuss:

1. Completed tasks/information gathered.
2. Future tasks/next steps (identify in the Action Plan below).
3. Support needed for the Prospective Business Owner to accomplish these tasks.

TASKS:	PERSON RESPONSIBLE:	TIMELINE:
<p>Product/Service Description: Complete. Sunnyvale Drycleaning is interested in the business within a business concept.</p> <p>Customers: Complete. Primarily professional men and women age 30-65.</p> <p>Competition: Complete – limited competition in Alice's town, but a few competitors in neighboring city.</p> <p>Capability: Complete – can work up to 30 hours/mo.</p> <p>Financial Considerations: Average charge for alterations/repair is approximately \$50/hour. Will determine need through test marketing.</p> <ul style="list-style-type: none">• Revisit after test-marketing.• Sunnyvale Drycleaners will charge a %, but we are still in negotiation. <p>Test Marketing: Discussed doing a survey with customers of Sunnyvale Drycleaning. Drafted survey questions.</p> <ul style="list-style-type: none">• Alice to meet with CBTAC and SBDC rep to complete survey.• Alice and CBTAC to conduct survey and summarize results to review at next meeting. <p>Prospective Business Owner Considerations: To review next meeting.</p>	<p>Business Team</p> <p>Alice CBTAC SBDC Rep</p>	<p>4/5/23</p> <p>2/16/23 Week of 2/20/23</p> <p>Review next meeting.</p>