

What to Consider Before Starting a Business

How to focus your energy on a specific product or service

BY TAUNEE BESSON

Editor's Note: This month columnist Taunee Besson answers questions about common job hunting and career problems. If you have a question about your job search or career, send it to our monthly advice column, National Business Employment Weekly, Box 300, Princeton, N.J. 08543-0300. All names are kept confidential.

Q: I'm thinking about starting a business that will use my 20 years of general management experience in the computer software industry. Since I began contemplating the viability of owning a company, I've determined that three key ingredients—good contacts, expertise and sufficient capital—are in place. An important fourth element, however, a specific product or service, is still missing. My options include consulting on software or hardware needs, programming and systems analysis, or developing and marketing a line of software for a general or specialized purpose. Right now, I'm a budding entrepreneur with lots of ideas, but no focus. How do I decide what my business should be?

A: In defining your business there are three critical questions:

1. What would you most enjoy doing?
2. Who is your market?

3. What products and services are needed to fill existing gaps for potential customers?

While making a profit by providing a needed service or product is a business's primary goal, your personal sense of achievement will play a major role in assuring your company's success. Before you extensively research target markets and product or service gaps, focus your choice by eliminating things you don't enjoy.

In thinking about your new role, how would you answer the following questions?

- Do you want to build a business that produces a product?
- Would you prefer giving advice to other companies on a project-by-project basis?
- Do you savor managing and being responsible for the jobs of many employees?
- Would you rather be concerned with only your own job performance and financial security?
- Would you rather interact primarily with in-house people, or does heavy involvement with clients' businesses sound more exciting?

Ms. Besson is president of Career Dimensions, a Dallas-based firm specializing in career development and job search programs for professionals and corporations.

- Are you interested in a long-term commitment to developing a line of products for your target market?
- Would you like to spend three to six months of concentrated time on a project, then move on to something new?
- How willing are you to travel?
- What size organization would be comfortable for you to manage?
- How much financial risk are you willing to take?
- What are your income goals?
- What markets, products and services intrigue you the most?
- Picture yourself in a meeting with a typical customer. What is he or she like?
- Describe your personal mission. Do you want to break new ground, help people, make lots of money or be known as the best or the biggest in the industry?
- Do you need to have final decision power over whether your ideas are implemented?

When you have carefully considered and answered these questions, you should know whether consulting or product development is your preference.

With your ideal job description in mind, begin researching your product or service and target market. Reading industry periodicals and surveys is a good way to start. They will give you general trends, highlight successful (and unsuccessful) companies and suggest areas of heavy and light competition.

Professional organizations are another excellent source of information. Their meetings often feature speakers who discuss significant aspects of the industry or career field. In your case, check library reference books for the addresses of the Administrative Management Society, Association of Information Systems Professionals, Data Processing Managers Association, Sales and Marketing Executives International and the Society for Marketing Professional Services. Also check your local Chamber of Commerce calendar for programs it may offer for owners of small businesses.

Talking with other entrepreneurs will often reduce time and error in picking your product or service and customer base. While you may not choose to discuss your ideas with potential competitors, entrepreneurs in every field make marketing decisions. They can give you solid advice based on their experiences. In fact, you may want to form a small-business owners group (if there isn't one in your city) to exchange ideas and contacts for your mutual benefit.

Often, chambers of commerce, professional or trade organizations or for-profit special event com-

panies sponsor conferences with expos (company booths selling products and services) catering to specific industries, customers or career professionals. These conventions offer a variety of workshops, speakers and panel discussions, and booths provide the opportunity to talk informally with other business owners about their philosophies, customers, products, services and plans for the future. Infomart, a computer industry showcase located in Dallas, for example, hosts regularly scheduled events for computer professionals and their customers each year.

After some concentrated research, you should focus on one to five specific ideas for products and services and their target markets. Once you've defined your options, describe each of them on paper. Include their attributes, benefits, market, ball-park cost and price, guesstimated demand, likely competition, possible pitfalls and your personal feelings about the potential success of each of them. Then make appointments with business acquaintances whom you trust to evaluate your alternatives. If no one comes to mind, the Small Business Administration sponsors a corps of retired executives (SCORE) who volunteer free advice. Many colleges and universities have instructors who teach courses on starting a business. Paying them for an hour or two of their consulting time can be money wisely invested. Some Chambers of Commerce offer partnership programs for new businesses, matching a well-established firm with a fledgling one as a public service. You might consider using your banker, attorney, CPA or financial planner as a sounding board as well.

If you receive conflicting opinions (it's inevitable that not everyone will agree), use your best judgment. You may choose to ignore feedback from other experts if your initial findings strongly point to a specific product or service and market. Advice from others isn't critical to the process, but it can sometimes provide valuable perspective, especially if you have little experience with small-business problems.

Once you've focused on your product or service and market, it's time to develop full-blown business and marketing plans. If you need help, both the SBA and many colleges and universities offer courses and advice on how to prepare them.

While the process of finding your niche is a lot of work, the end justifies the means. Owning a small business can be exhilarating and profitable, but more entrepreneurs fail in their first try than succeed. Developing specific plans for your fledgling enterprise will give it a solid foundation and increase its odds for a successful future. ●