

BEER MAT MENTORING MEETING NOTES

(2) Researching a potential new business

You have written a list of your abilities and resources, what you enjoy doing, and what people you know need (Beer Mat Mentoring session 1), looked at what comes up on all the lists, and from this you should now have a short list. If not, extend your lists: the chances are you have accumulated more abilities than you think and are in contact with more groups of people with needs than you first thought.

Pour yourself a glass of wine

The next stage is tough. Pour yourself a glass of wine (or equivalent), put your feet up and mull over your shortlist. Which ideas do you especially warm to? Then bring in your significant other or trusted friends, crack open another bottle and see what they think. Decide on your number one idea to investigate but keep a couple more ideas in reserve.

Depending on your idea, market research can be hugely enjoyable: check out what your potential competitors offer. What do they offer? How much do they charge? How do they attract customers? If you can, talk to their customers. Ask them why they choose this supplier: what do they like / not like? How could this supplier be better? Look at on-line reviews if applicable. Put together a table of competitors with their prices and strength and weaknesses.

Why would they buy from you?

This is the crunch question: why would they buy from you? Could you provide this product or service more completely, more economically, more conveniently or more enjoyably?

Don't assume you have to be the cheapest. You might buy diesel on price, but do you use the cheapest kennels, hire the cheapest electrician or buy the cheapest coffee? Trust, personal service and quality go a long way. Some sell more by increasing their price.

Is there enough business out there? If you expect to sell nationally or regionally in a large market (say ice cream or search engine optimisation), this will not be a problem. But if you are providing a local service (horse livery, café), estimate how many potential customers there are, how often they would buy, and what market share you might achieve. Is the sales potential sufficient?

Suck it and see

Market research has limitations. People politely say they will buy from you – until they actually have to part with their money. "Suck it and see" is a better test if you can. In 1998, three friends set up a stall selling homemade smoothies at a jazz festival. Next to the bins for the empties, a sign read: "Should we give up our jobs to make these smoothies?" One bin was labelled "yes" and the other "no". By the end of the day, the "yes" bin was overflowing. In 2013, Richard Reed, Adam Balon and Jon Wright sold their stake in Innocent to Coca Cola for an estimated £100m.

It could be you!

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