

Ask yourself these questions if you are planning on starting a new business.

1. Does it solve a real problem?

Too many entrepreneurs focus on the solution to a problem and work their way backwards, when they should instead focus on a problem and work their way forwards.

1. What problem are you solving and for whom?

Evaluate your target market and your client profile, and then determine if your potential customer base is expansive enough to justify building your product/service.

2. What is the Solution?

Be sure to clearly define what gap your offering fills, what problem your product solves if you want to entice your audience.

2. Does it solve it in a big enough market?

Understanding your market is a crucial part of startup success. Without the proper market research, your brilliant startup idea may never be taken seriously and won't capture the attention of customers, partners, and investors.

If you're going to provide a product or service in any market, the first thing you should do is become an expert in your respective market. This will build your credibility as an entrepreneur and allow give you a clear vision for your company. Being an expert may include working in the market, experiencing the problem firsthand, and, of course, conducting extensive market research.

Market research will help you discover strengths, weaknesses, opportunities, and obstacles in your market. Good research will give you an idea of your market size, customer needs, and whether or not your business idea even makes sense. If you're going to devote years of your life to an idea, the market you operate in must be big enough or growing at a fast rate to support justify your product.

3. Is it something that has a competitive or sustainable advantage?

What makes your product one-of-a-kind? What edge do you have over your competitors, and why are you the perfect person to deliver? Answering these questions will bring you closer to defining your competitive or sustainable advantage, commonly referred to as "secret sauce" - the one unique aspect that sets your company apart, if not above, your competition. Remember, every market has a competitor, even if you think you're the first at providing a certain solution to a problem.

- **"Sustainable"** is a system that maintains its own viability by using techniques that allow for continual reuse." Will your customers continue to use your product for a long period of time or

will the novelty of your product dwindle before it catches on with a wider audience? You must have a well-established a system that is suitable for long-term continual adoption.

- **“Competitive”** refers to how your brand matches up against companies that may be addressing the same problem, but with an alternative approach. Identify the brands you’re competing against in your industry and compare your strengths against competitor weaknesses. Think broadly, and leave no stone left unturned when evaluating your market.
- **“Advantage”** is a measurement that needs to be significant and if possible, unparalleled. What makes your product favorable to success, superiority, and profit? Prove that your product isn’t easily duplicable or surpassable by your competitors. You as a founder may also be the advantage. Share stories of past experiences or lessons learned.

4. Can you make money or make a profit?

You need to have the revenue potential to be able to make money.

Do you have results from any customer development that you’ve done? For example, if you were to state that “80% of the 300 customers that you interviewed said that they would pay for your solution to [problem], it would illustrate that your market is hungry for a product like yours. Or, if you are a user-based company, highlight how many users have signed up to get updates on your product to demonstrate the customer demand for your offering. Determine what the total market is worth and what market share you can reasonably expect to get.

Gauge your product’s revenue potential by first defining whether you will be using a symmetric or an asymmetric business model.

Symmetric - Your users pay for your product directly.

Asymmetric - Your main users use your product for free, and someone else pays. Example: Facebook’s ad model.

If you have a symmetric model, make sure you are targeting a customer with a high intention to buy. Conducting market research will reveal how much money your potential customers spend yearly on products similar to yours.

If you are using an asymmetric model, you must target a large enough market to persuade others to buy advertising, sponsorship, etc.

Taken from an article by Aaron Patzer, the founder and former CEO of Mint.com, a free web-based personal financial management service, that was sold to Intuit in 2009 for an impressive \$170 million.