

Direct Answers for Direct Marketing

Business Tools—Introduction

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Introduction To Business Tools

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The purpose of the following set of seven business tools is to provide a resource for extension agents. The business tools are designed to have you review the material with your clients, and then have the client complete the business tool worksheets before the next meeting. These tools are intended to be used as a whole, building on each other as clients evaluate each aspect of their new business ideas. While websites and contact information are provided, we cannot guarantee that these will be accurate since this information changes constantly. At the time of publication, the information was accurate.

They are divided into two parts. Part one explains the basic concepts covered by the Tool that can be used to guide the meeting. The second part is a worksheet for the clients to complete based on the information received in part one. Copy the worksheets and give them to clients to take home to complete. At the next meeting, discuss any questions arising as a result of the worksheet. If at any time during the process, clients decide the enterprise isn't feasible, based on the information they collected, the process can be terminated or other avenues explored.

These tools are intended to provide a framework for discussion that helps your clients make informed decisions about whether the proposed enterprise would be feasible, given their individual situations. ***They are not intended to put you in the position of being an expert or making decisions for your clients.***

The topics covered are

- ☞ Evaluating a New Business Idea;
- ☞ Estimating Income and Cost for Your Enterprise
- ☞ Researching Your Market: Identifying Your Customers;
- ☞ Researching Your Market: Evaluating the Competition;
- ☞ Estimating Market Potential (Is There a Market?);
- ☞ Legal, Regulatory, and Insurance Checklist for North Carolina;
- ☞ Product, Price, Place, and Promotion, and
- ☞ Helpful Resources.

Evaluating a New Business Idea covers the first meeting—questions for you to ask your clients, comments by your clients that should help you guide the discussion, and finally a set of questions in the worksheet that are designed to help your clients outline their new business ideas before they commit any resources to the new enterprises.

Estimating Income and Cost (Will It Make Money?) covers a discussion of startup and production budgets, variable and fixed costs, and methods of calculating price. Sources for budgets are suggested. Methods for calculating price include breakeven, markup, and margin. Examples are provided for each method.

Researching Your Market: Identifying Your Customers differs slightly in format from the other tools. It has three parts rather than two. The first part provides you with general information you need to guide your clients. Part two shows you how to use this information, and part three is the worksheet for your clients. Part one covers primary and secondary data, including finding appropriate census data, definitions of lifestyle and psychographic data, and some sources. Caution your clients that as with all research, their results will only be as good as the data they use.

Researching Your Market: Evaluating the Competition covers identifying the competition, determining areas of competition, obtaining the information, preparing the analysis, and how to put it together. Competition is defined very broadly as anyone who does something similar to what your clients are proposing. For example, your clients decide to sell grass-fed beef. Their competition could conceivably be other farmers in the area, the grocery store, health food stores, web-based sales by other farmers, restaurants, etc. This tool is designed to help your clients focus on who their competition really is and how your clients compare with their competition.

Estimating Market Potential (Is There A Market?) covers seven areas: defining the market segment; the geographic boundaries of the market; the competition; and the market size; estimating market share; determine the average annual consumption; and estimating an average selling price. This tool addresses the question, “Is there a market for my new product?”

Legal, Regulatory, and Insurance Checklist for North Carolina is intended to provide you and your clients with resources so that they can avoid as many legal, regulatory, and insurance problems as possible. The tool provides contact information and websites. Part two is a check list for your clients to help them be sure they have contacted the appropriate agencies. The tool **is not** intended to make you an expert nor is it intended as legal advice for your clients.

Product, Price, Place, and Promotion is a summary of all that has been done. Promotion is not covered in a separate tool but is covered in-depth in *Direct Answers for Direct Marketers*

Helpful Resources provides a list of resources if you want more information than is provided in the tools.

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