



## How To Start A Business

Here are some tips on the process of starting a business that may help you prepare your Elevator Pitch. Another resource is, *The Language of Business*. Take advantage of these resources to prepare a successful idea. Good luck!

### 1. A Business Start-Up will focus on solving a problem or creating demand.

Developing a successful new business, product, or service BEGINS with thinking about meeting an existing customer need, solving a problem or creating new demand. Here are examples of great ideas that customers love:

- A revolutionary product, like a Smart Phone, can create customer demand as well as new products and services.
- A better version of an existing product/ service, like HDTV (high definition), or 4K versus 1080 pixels, or Rear View Back-up Cameras on cars. Improved versions of products creates new demand for that product.
- Completely new products or services, like remote-control drones, HoverBoard skateboards and Virtual Reality Glasses are suddenly popular. New businesses were created to meet the resulting public interest and demand.

To develop your business idea, examine the products and services that you use. Products and services get better over time because people are constantly looking for ways to improve them or invent something entirely new.

- Could you make a product you use better?
- Do you wish a product could do something faster, easier or a different way?
- Technology can make old products new again. Voice, light, or sound-activated products are very desirable.
- Some products, like cars, have many styles that are constantly being introduced to the marketplace. 100 years ago there were only a few styles of vehicles. Now we have gasoline, natural gas, electric, and diesel-powered cars, vans, buses and trucks – even driverless! They are also more energy efficient, faster and safer.

### WORTH 45 POINTS – CREATING THE IDEA. CONSIDER THE FOLLOWING QUESTIONS:

1. What is your idea? How well can you describe your business product or service?
2. What is the inspiration behind your new idea, product/service, or invention?
3. How well does your idea meet an existing customer need or want or solve a problem?
4. Does your idea create customer interest?

### GLOSSARY

<b>Demand creation:</b>	Activities that are focused on the goal of <i>creating</i> revenue for a specific thing.
<b>Meeting existing needs:</b>	The process of providing goods or services to current customers, such as grocery stores.
<b>Product:</b>	Something that is manufactured or refined for sale.
<b>Service:</b>	The action of helping or doing something for someone.
<b>Start-up:</b>	The beginning stage where the entrepreneur moves from the idea to reality by securing financing, laying down the basic structure of the business and starting operations.



## 2. A Business Start-Up will focus on who will buy their product or service.

As you think about your great idea, think about who will buy it. Gender, age, income level, education, lifestyle, career, home status, family size and ethnicity will all determine what people are most likely to buy.

Examples:

- If you're creating a line of furniture, assuming everyone will buy your product is inaccurate. A single person won't need as much furniture as a family. Not everyone can afford custom-made furniture.
- Your materials, the manufacturing process, packaging, and pricing can determine who the customer will be. For example, the product LUNCHABLES has several bite-sized, nutritious foods in one container. It is designed to be very convenient even though it costs more than buying each food item individually. LUNCHABLES is a product designed for people who want prepared items.
- People have different needs and desires throughout their life. Everyone eats food but what you eat as a child will not be the same as when you are an adult. The car that is right for you in high school may not be the same car you need as a parent.
- It may be easier for you to focus on products and services for your age group, after all, you know what you and other people your age want and need.

As you develop your idea, think about your customer. The term is called **targeting**. This is where research skills are needed to determine what customers might buy and how much they may pay for it. Knowing what certain people want, need or desire and then designing your product/service to meet their expectation is critical. The more you can pinpoint who is most likely to purchase from you the better you can focus your efforts.

## WORTH 25 POINTS – PINPOINT THE CUSTOMER. CONSIDER THE FOLLOWING QUESTIONS:

- What makes your product/service special or unique from other similar products/services?
- Who is going to buy this product or service?
- How will the consumer benefit when they use your product or experience your service?

## GLOSSARY

<b>Consumer:</b>	A person who purchases products and services, also called a customer or client.
<b>Marketing:</b>	One of the main management disciplines, encompassing all the strategic planning, operations, activities, and processes to get customers to buy.
<b>Niche:</b>	A well-defined group of customers for which your products or service is particularly suitable.
<b>Target Market:</b>	The specific individuals distinguished by socio-economic, demographic and interest characteristics, who are the most likely potential customers for the goods and services of a business, also called Target Customer.



### 3. A Business Start-Up will need to know how it will operate.

How your business operates depends on your customer. Thinking about not only who will buy but HOW they will buy influences your business operation. Will your business/product/service operate from your home, on the Internet, or in a building away from your home? Things to consider:

- Be accessible. Make it easy for your customer to buy from you. If you're selling frozen yogurt think about locating next to a playground or places where young people gather.
- Location, location, location! Today's products/services are purchased not only from traditional retail shops, but from the internet, catalogs, and services such as pet sitting and dog walking, where the business comes to the client.

When you're in the start-up phase it is very important to keep expenses low. You must have enough customers to pay for all your expenses, pay employees, provide earnings for you, and have enough left over to reinvest or save. Even non-profit organizations must receive more revenue than expenses to exist. Where and how your business operates will affect your revenue and expenses which will determine your profit or loss.

### WORTH 5 POINTS – WHERE /HOW YOUR BUSINESS OPERATES. CONSIDER:

- Where and/or how will the business operate?

### GLOSSARY

<b>Brick and mortar:</b>	Brick and mortar refers to a building that possesses a physical space for operations.
<b>Budget:</b>	An estimate of the revenues and expenses for a future period of time, usually one year.
<b>Controlling costs:</b>	The process or activity of reducing expenses associated with an activity, process, or company.
<b>Earnings:</b>	Revenue obtained in return for labor or services. Income derived from an investment or product.
<b>Elevator pitch:</b>	A slang term used to describe a brief speech to explain an idea for a product, service or project. The name comes from the notion that the speech should be delivered in the timespan of an elevator ride, usually 30-90 seconds. In the financial world, this refers to an entrepreneur's attempt to convince someone that their business idea is worth investing in.
<b>Non profit:</b>	An organization that is exempt from paying taxes where all the money earned by or donated to the organization does not pay taxes but it also needs a profit to exist. Typically not for profit organizations are charities or other types of public service organizations.
<b>Profit:</b>	Financial gain, revenue left over after expenditures.
<b>Reinvesting:</b>	Profits used towards growing the company, rather than receiving a cash payout.
<b>Revenue:</b>	For a company, this is the total amount of money received by the company for goods sold or services provided during a certain time period. This is also called earnings.



4. Make sure your video pitch is believable, likeable and within 60-90 seconds.

## **25 POINTS FOR PRESENTATION STYLE.**

### **5-15 POINT PENALTY IF TOO LONG OR TOO SHORT.**

Upload your Video Elevator Pitch at <http://www.decadeofdifference.org/innovate/>.

The title information doesn't count in your video time. Make sure that within the first few seconds of your video you clearly state:

1. Your Video Title = Business Start-Up Name
2. Your Name
3. Email Address or Phone Number
4. Your School
5. Your Grade
6. Your Class, Teacher's Name and Period

First 100 video submissions receive a gift. One per person or team. You can submit more than one idea but only one gift is awarded. Remember, 40 Semi-finalists will go on to Phase 2 with a chance to win \$2,500! Contact Person – Karen Brooks at [kbrooks@hcoe.org](mailto:kbrooks@hcoe.org) or call (707) 445-7563