



# Starting a new

When it comes right down to it, people starting new ventures fall into two camps: those who follow their passions and those searching for great money-making ideas.

With one, you're doing what you love; with the other, you're following a glittering opportunity. Many folks living on rural acreages may be considering starting a new enterprise for pleasure or for profit, and, whichever camp you're in, could have a very rewarding experience. However, starting a new venture – especially in a field in which you lack experience – can be very trying. If you are considering a new venture, there are three things you need to be confident in. Otherwise, you might as well walk out on the prairie and shred \$20 bills in the wind.

## 1. Know Yourself

First, this is about goals. Start by asking why you're looking for a new business opportunity. Your answer will help determine where to look. New opportunities may come from various areas. They may mean taking advantage of your capabilities and resources, as in fencing unused pasture and raising livestock as many Wyoming families do, or diversifying an operation, such as a ranch that adds a stabling operation for local horse owners.

Whether you want a part-time job to provide extra income or a venture that will grow into a major enterprise will guide the type of venture you select. Knowing from the start how big a project to undertake and what you want out of the venture will help you decide what to do.

Written goals will help you get started. In developing these goals, consider the goals, needs, and wants of all parties, including family members. Goals can sometimes be in direct conflict. For

instance, people who want to retire and slow down may actually end up with a new enterprise that takes as much or more of their time as their current activities.

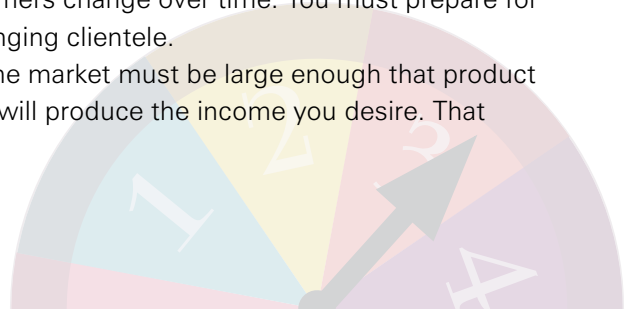
Second, knowing yourself is about resources and capabilities. You must have the physical and financial resources and the managerial skills and abilities to carry out the venture. For instance, if it involves direct sales, do you have technical know-how? If not, then how can you overcome this weakness? Additionally, the new enterprise may compete for resources and capabilities already planned for other purposes. So be aware of potential conflicts.

## 2. Know Your Customer

What is the market need, and who has this need? Defining the customer will help you target products and marketing. Before asking "How big is the market?" you should be able to answer "Who are the customers who make up the market?" and "What do customers consider when they make their purchases?" Other questions are "How will your product be different enough in quality, quantity, or service to make customers replace their current product?" and "What customer need will it address?"

Effective marketing is impossible without a solid understanding of who will buy the products and why. The better you understand your customers, the better you will be able to fulfill market needs. Market research is an ongoing process. The needs of even the most loyal of customers change over time. You must prepare for a changing clientele.

The market must be large enough that product sales will produce the income you desire. That



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may be one customer with a very high demand or many customers each with a small demand. Each scenario has its own perils and opportunities, and that must be understood.

Gathering information on a new market can be daunting. It will take perseverance and ingenuity to create a good profile of a possible client. Potential information sources are often publicly available, and you should augment them with interviews with people in the industry or knowledgeable about the industry, as well as your own experience.

Tie knowledge of your customer back to your own strengths and weaknesses by making sure the venture will be complementary. For instance, if you are very good at timely response to customers, then timely service should be an important part of the product offering.

### 3. Know Your Competition

Identifying competing businesses and gathering information about them will help in developing marketing tactics. All businesses have competitors in some form. Some sell similar products while others sell a product that serves the same function. Established businesses will likely not take your entry into the market lightly.

If you haven't identified any competitors, then you are thinking too narrowly. The goal is to understand the competitive advantages (and disadvantages) faced by the venture. Once these are known, you can plan specific actions, and potential responses to actions can be estimated.

Assess competitors with a critical eye on their strengths and weaknesses relative to your own. It is important to understand the operations of your competition to know how you stand in relative terms. Keep in mind your knowledge of the customer and your understanding of the customer's needs. Review how competitors fill those needs and what you, in turn, will offer. When reviewing competitors, consider what they have as far as:

- Market share,
- Relationship with customers,
- Advertising plan,
- Price,
- Distribution,
- Product/service features,
- Financial strength/cost position, and
- Length of time in business.

### Carry Through

Whether your new venture is based on passion or a market opportunity, be sure you start with clear knowledge about it – know what you want and can bring to the project, know what your potential customers want, and know what the competition offers. Having too much information about each of the areas is nearly impossible. As far as making your undertaking a success, you'll have to have both a market opportunity and passion. Since you're not going to look forward to doing every aspect of the endeavor, you should have at least some level of passion to motivate you enough to carry through.

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