

A NAFE PUBLICATION

JANUARY/FEBRUARY 1992

\$2.50

# Executive Female

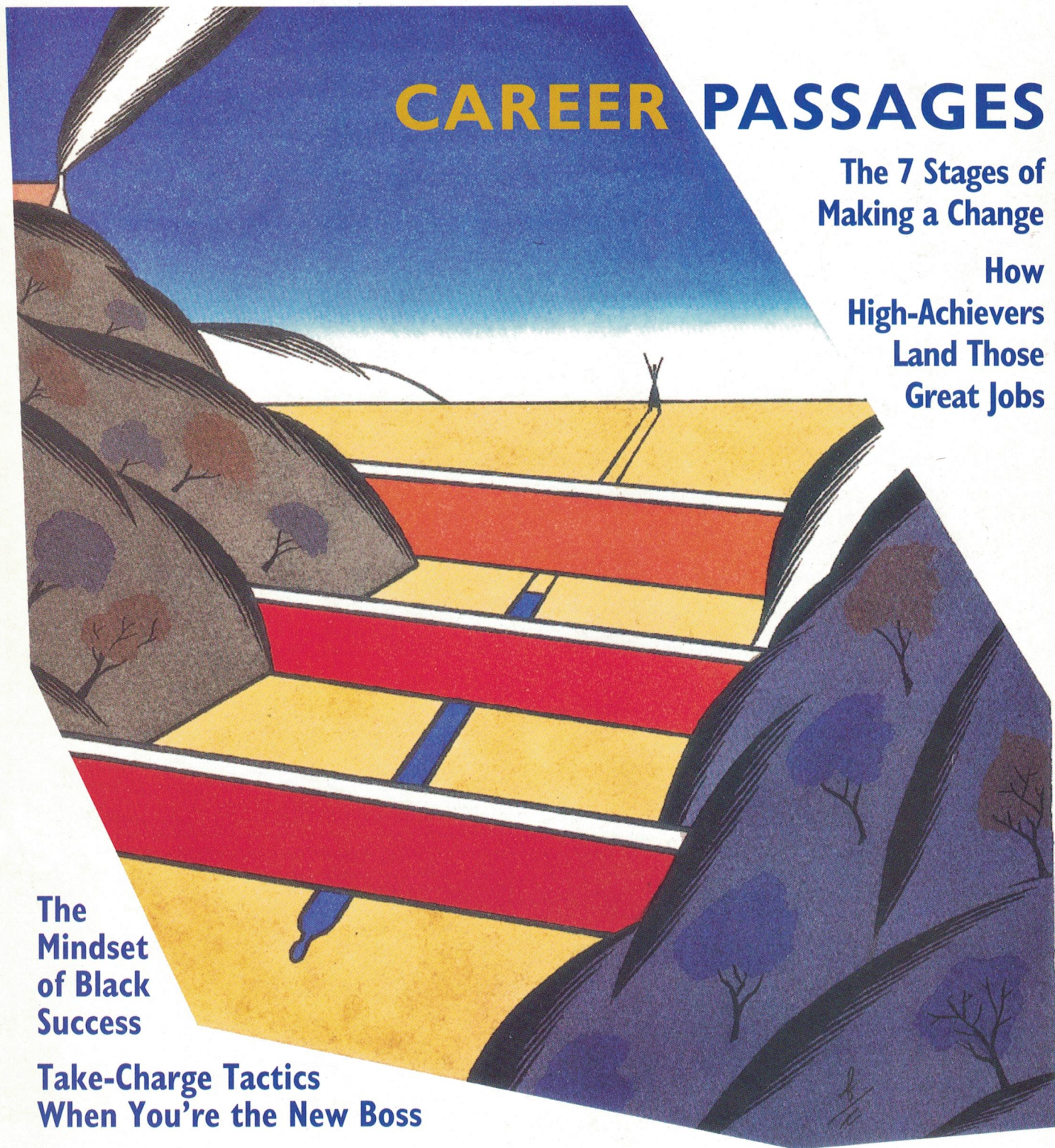
## CAREER PASSAGES

The 7 Stages of  
Making a Change

How  
High-Achievers  
Land Those  
Great Jobs

The  
Mindset  
of Black  
Success

Take-Charge Tactics  
When You're the New Boss







# How Good Is Your Business Idea—Really?

**M**ost entrepreneurs start their companies with more hope than capital, more energy than savvy and more gut instinct about their market than hard facts.

While cash can save the undercapitalized—and time and experience can educate the ingenué—a business idea that has no market is as doomed as Don Quixote's quest for truth. "It's easy to fall in love with your idea," says Bernee D. L. Strom, president and CEO of MBF Technologies, Inc., her second business. "But the hard question you've got to ask yourself is 'Does anybody else really care?'"

Large companies spend hundreds of thousands of dollars on mass-scale concept testing before they launch a new product or service. You don't have to. Instead you can use scaled-down versions of some of the same strategies to determine whether you're chasing a hot new market—or just a windmill full of hot air.

## CHAT WITH CUSTOMERS

Talking to potential buyers of your product or service not only tells you if they would purchase your product, but it also can yield information about the best way to produce, price and distribute it.

An informal survey is the

*THE BEST REALITY CHECK when you're launching a new business or product is thorough market research. And it doesn't have to cost an arm and a leg • BY LAUREL TOUBY*

cheapest, quickest means of getting a dialogue going. If your product or service is targeted to mothers of grade-school children, for instance, you could get in touch with your market at a PTA meeting.

Trade association meetings where potential customers congregate are another good testing ground. At a recent meeting of the National Association for Women Business Owners (NAWBO), Jessica Crosby, owner of La Concierge cleaning service, had members try her newest business idea on for size. Her concept: a mail-order clothing company based on the theory that women have five body types—and clothing styles should be tailored to the different types. "I simply quizzed the members, since they fit my target market," explains Crosby. Not only was response strong, but one member who had ties to the garment industry offered to help her develop a product planning schedule.

## DO A SURVEY

More formal market research is a must when you're launching a high-risk, capital-intensive business. Before starting My Own Meals, a Deerfield,

Illinois-based food company, Mary Ann Jackson had worked for eight-and-a-half years at the giant packaged goods company Beatrice Foods. "I was at Beatrice long enough to know that you don't



just thrust a new food product into the marketplace without substantial testing," says Jackson. Because she was limited by her minuscule (versus Beatrice's) testing budget, Jackson came up with an ingenious way to determine if her idea (frozen dinners marketed to kids) was as hot as it seemed.

**Mary Ann Jackson tested her meals-for-kids idea with clients of a local diaper service.**



Jackson first tapped her network and sought advice from some former Beatrice advertising and marketing executives to help design a four-page questionnaire. "We asked everything from people's opinion about the concept to the time of day they intended to use it to the prices people thought they'd have to pay for it," she explains.



**Kim Runyon started her \$1 million business making clothes for oversized kids with just one small ad.**

Jackson then convinced a local diaper service to distribute questionnaires free of charge to its customers when the delivery man made his rounds. She got back a whopping 15 percent response on 2,000 questionnaires (1 to 2

percent is considered good). "It took me a couple of hundred dollars for copies and return postage, but when I got back those responses I knew I was onto something and felt extra confident about starting the business," says Jackson.

Here are some questions to ask on a customer survey, according to Jeffry A. Timmons, a professor of new ventures at Harvard Business School, and author of *New Business Opportunities: Getting to the Right Place at the Right Time* (Brick House Publishing, Andover, Mass.): Would you buy this product or service? What are the compelling advantages,

million business, Kids At Large, Inc., on those early ads.

Focus groups, in which you gather a small group of target customers to get their reaction to your product, can be another inexpensive way to test, or just fine-tune, an idea. Large companies generally hire a marketing research firm to put together a discussion outline, select the participants (usually from six to 12), moderate the groups and evaluate the results. "Small businesses can hire a qualitative consultant for a few hundred dollars. With their help, you can hold a focus group at a church, a school or a hotel," suggests Susan Raftery,

**ASK POTENTIAL CUSTOMERS OF YOUR BUSINESS: Would you buy this product? How much would you pay for it? Where do you buy similar products now?**

benefits and added value you perceive you would get from doing so? Where do you buy similar products now? What would convince you to switch suppliers? How much would you pay for such a product or service? How often would you purchase it?

#### **GET DIRECT CUSTOMER INPUT**

Kim Runyon, who in 1986, was thinking about starting a mail-order business to sell clothing to large-sized children, got potential customers to come to her by running a small ad in a local paper. The ad read "Overweight kids needed for fittings..." and generated dozens of calls from thrilled parents. These fittings gave Runyon a better idea of the clothing needs of overweight kids—as well as a base of customers with which to start her company. She has built a \$1

manager of qualitative services at Cincinnati, Ohio-based Burke Marketing Research, Inc. (Write to Qualitative Research Consultants Association, P.O. Box 6767, FDR Station, New York, NY 10022, for names of members.)

Participants who try out your product are usually paid from \$30 to \$60 for a two- to three-hour session. To save this expense, you might offer other incentives, such as a buffet dinner. "Or ask the PTA or some other group if you can have an hour of their members' time in exchange for a \$200 donation to the organization's favorite charity," says Raftery.

While you may be able to stint on the location, having an objective consultant/moderator is useful to any formal qualitative research process. Research people are trained to get beneath the obvious, to uncover consumers' real reasoning and