**Business Concept Evaluation Quick Review (Estimating Profits)**

A Business Concept Evaluation Quick Review (BCE Quick Review) can be used to preliminarily assess the profit potential of an idea you have for starting a business or growing one that you already have. It comes in two parts. The first part reviews background information. The second part reviews estimates of profits. Each part of the process takes about 1 hour to perform with a trained coach. Upon completing the BCE Quick Review, you should have a good idea whether or not your idea is worth pursuing and how to proceed in completing a full evaluation.

In preparation for our meeting, please consider the following questions. It is NOT necessary for you to have all the answers. Just bring to our conversation the information you think you have that is relevant. (If you have already conducted some research and analysis, it would be great to have that information available as we review these questions together.) However, I realize that you will likely not have all the information you would like to have.

If we discover that you need additional information in order to assess your idea, the BCE Quick Review will have provided a focus for effectively and efficiently collecting that information, most of which can be obtained for free without much investment of time or money on your part by performing a full Business Concept Evaluation.

I look forward to meeting and working with you to find that dream worth pursuing and making it come true.

Cheryl Davisson Gracie, Attorney, CPA
Small Business Coach

**ESTIMATING PROFITS**

**Your Estimate of Sales**

1. **Have you created an estimate of sales revenue?**If you have created an estimate of sales revenue, what is it? What assumptions did you make? Did you conduct any research to obtain data and information on which to base your estimate? If so, what did you do and what did you learn?

Would you like to feel more confident about this estimate?
2. **How many members of your target customer group do you estimate can be found in the market area you intend to try to do business in?**

Again, did you conduct any research to obtain data and information on which to base your estimate? If so, what did you do and what did you learn?

Would you like to feel more confident about this estimate?

**What is the average amount customers will spend each time they purchase?**
Again, did you conduct any research to obtain data and information on which to base your estimate? If so, what did you do and what did you learn?

Would you like to feel more confident about this estimate?

1. **What is the average number of times these customers will purchase?**

Again, did you conduct any research to obtain data and information on which to base your estimate? If so, what did you do and what did you learn?

Would you like to feel more confident about this estimate?

1. **How will you promote to your target customer group and how many customers will your business be able to attract as a result of these promotions?**
* How many potential customers are there in your target market area?
* How many of these potential customers can possibly be reached by your promotion?
* How many possible customers reached will be made aware?
* How many of those made aware will inquire about the products and services that you offer?
* How many of those that inquire will purchase?
* How many customers that purchase will become loyal customers and result in repeat business?

Again, did you conduct any research to obtain data and information on which to base your estimate? If so, what did you do and what did you learn?

Would you like to be more certain of these numbers and amounts?

**Your Estimate of Expenses**

1. **What variable costs will your business incur to create the offering you intend to make?**Have you determined how much it will cost to create an average unit of your product or service?
Have you determine how much it will cost to sell an average unit of your product or service?
Again, did you conduct any research to obtain data and information on which to base your estimate? If so, what did you do and what did you learn?

If you have not calculated variable costs, simply collect any information you have on what you think it would take to create and market the offering you intend to make and the cost of the resources that this would require.
2. **What fixed costs will your business incur?**
Again, did you conduct any research to obtain data and information on which to base your estimate? If so, what did you do and what did you learn?

If you have not calculated fixed costs, simply collect the information you have on what you think it would take to provide the facility to house your business and the resources that would be required to operate it. This would include the fixed costs it would take to market your products and services and manage your business.

Don’t worry. This type of information is easily obtained from vendors. It won’t take long to collect it.

1. **What start-up costs will your business incur?**

What expenses do you anticipate incurring on a one-time basis in order to get your business up an running? Do you have the funding to cover these?

Again, did you conduct any research to obtain data and information on which to base your estimate? If so, what did you do and what did you learn?

If you have not calculated start-up costs, simply collect the information you have on what you think it would take to get your business up and running before you are open. This would most likely include long-term investments in equipment and other capital expenditures. Include your best guess about how long the equipment or other investment would last.

Don’t worry. This type of information is easily obtained from vendors. It won’t take long to collect it.

**Your Estimate of Profits**

1. **Have you created an estimate of profits?**
If you have created an estimate of profits, what is it? What assumptions did you make?

Again, did you conduct any research to obtain data and information on which to base your estimate? If so, what did you do and what did you learn?

Would you like to feel more confident about this estimate?