

# CEOWORLD Magazine

## The 3 step plan to know if your business is profitable

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Entrepreneurs are those of us with the chutzpah to set up a business in the attempt to exploit a great new idea. Many startups are successful in every way other than the one thing that makes them sustainable – they need to make a profit.

There's no shortage of daring entrepreneurs with great ideas, so what can you do to ensure that you're one step closer to that elusive goal of sustainable profitability?

### Step one

*"If it's not in writing, it didn't happen."* I love this quote as it is foundation of factual review.

Bubbling enthusiasm about almost any idea can carry the day at a BBQ. However, a call to action inducing someone to invest time and money deserves a serious review of the merit of the great new idea. Step back and ask exactly what is this new idea offering the market? At

this moment the time for talk is replaced with the need for answers as per those raised in a business plan. The business plan is not just about its contents, but also evidence for all involved that there has been reasoned consideration of what the market's reaction could be to this new offering. No matter how elementary the business plan, any written plan is better than none. All plans beg for further details.

## Step two

Time to listen. Now that you have the great new idea explained in writing you will find it much easier to engage people for their considered opinion. This is the time to not so much as sell the great new idea as to share it with friends, and listen to what is said and equally, what is not said.

Friends are a great resource and important to share ideas with. Keep them close to ensure you really hear what they are saying. Enemies are of course of even greater value and should be kept even closer. To get close to your enemies simply compare your ideas with competitors already in the market. Ask questions on their websites, ask their customers what they like about them whilst also checking out their blogs and Facebook. If listening is actioned it would be expected that considerable refining of the business plan would be required.

## Step Three

Trial sale. Equipped with the refined business plan you will now be confident to promote your new idea to the sharply defined market. Now is the time to approach a few target clients and see their reaction. Naturally you will feel that there is a risk that someone will steal your idea. Fear not, it is most likely that by the time they do their research you will be in the market and have the first mover advantage. The key element at this time is to be really brave and ask how much would they pay. The figures will be clearly presented in your business plan. If they add up you proceed, if not there are tough decisions to be made.

To survive an entrepreneur needs to be ruthless. In the first instance on themselves, and then others if need be. The best thing that can happen is the market likes your product, and is prepared to pay a price that sustains your business. The second best outcome would be that

no one wants to pay the required price and you, being true to yourself, ruthlessly stop the project before you lose more time and money.

All the while taking comfort in the quote from Richard Branson who says “*Business opportunities are like buses, there’s always another one coming.*”