

DEVELOP YOUR PERSONALIZED
ACTION PLAN TODAY

WIN @ BIZ[®]

Build a Successful
Business Model

WORKBOOK

Growth & Business Coach

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WIN AT BIZ® WORKBOOK:
BUILD A SUCCESSFUL BUSINESS MODEL

A TEN E-BOOK SERIES

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Action Step Workbook: Build or Update your Business Model

Answer the following questions and complete the 26-point evaluation. Be objective. If your ranking is poor or unknown, your task is to improve your business model by finding the answers to change the ranking to good. Each evaluation point also provides some italicized questions and considerations to walk you through to a thoughtful response; answer each one as thoroughly as you can.

When you've done that, rank each evaluation point as *good*, *average*, *poor*, *answer unknown*, or *not applicable*.

Product Risks

1. Demand: Is the purchasing priority is high; i.e., does the consumer have a real need for product? *People need food, clothing and shelter. Write down why people will need to buy your product or service. Why is it considered to be a high priority purchase? You should proceed cautiously if people are not currently using and/or needing your product.*

Comments:

Ranking (*good*, *average*, or *poor*):

- 2. Easy to sell:** Is the product easy to understand, and require very little consumer education? *Write down what information a customer will need to purchase your product. Can a concise sentence or two of copy sell the product? If your product or service requires a transfer of specialized knowledge in order for the customer to understand it or use it, describe how you are going to educate prospects to the level of understanding required to make a purchase.*

Comments:

Ranking (good, average, or poor):

- 3. New product:** Is there a real demand? *What have been the results of your marketing research to determine the real demand for the product?*

Comments:

Ranking (good, average, or poor):

Competitiveness of Strategic Position

4. *Before approaching the questions in this part of the test, write out a word picture which will describe your target customer. For example: Married, both husband and wife work, thirty to forty years old, household income \$70,000, live in the suburbs in starter homes valued at \$200,000 to \$300,000, average two children, drive a Ford Taurus, shop at Wal-Mart, go out to eat once a month to family restaurant.*

5. *Next, list what your target customers are telling you they want from your product or service? In order to get accurate answers to these questions you will need to be talking to your target customers. It will be easier if you are already working inside the industry. The answers to these questions are too important to guess, so do your home work.*

6. **Maturity of market:** Is there room in your market for you? The lower the level of competitive saturation the better.

Why do customers respond to your competitors? Why do customers select one competitor over another? Analyze and describe how you compare to your competitors on the following subjects:

a. *Product benefits*

b. Brand recognition

c. Marketing strategies

d. Price

e. Cost structure

f. Employee knowledge and skills

g. Capitalization

h. *Technology*

i. *Describe where you will be competing head to head. What advantage will you have to capture market share?*

Comments:

Ranking (*good, average, or poor*):

7. Product uniqueness: Will customers be able to separate your product from the competition's? *Describe what separates you from the competition. For example, what is unique about your product or service that is important to your customer that a competitor does not offer? Examples might include a clothing retailer who is offering free altering, a plumber offering four-hour service or a carpet retailer offering next day installation. Then, describe what else you are doing that will strategically position the company with an identity of its own, i.e. operational cost advantage, new market segment, technological advantage. Remember that a lower price alone is usually not enough; you will need to combine lower prices with another differentiating strategy.*

Comments:

Ranking (good, average, or poor):

8. Unique sales process: Does your sales process stand out from the competition? *Describe how your customer would prefer to buy the product if given a choice.*

Comments:

Ranking (good, average, or poor):

9. Unique delivery process: Does your delivery process stand out from the competition?
Know how the customer would prefer to have the product delivered if given a choice.

Comments:

Ranking (good, average, or poor):

10. Unique touch points: Do your prospect and customer touch points stand out from the competition? *Describe every point a prospect and customer will touch your business and how at each of those touch points your actions will separate you from the competition.*

Comments:

Ranking (good, average, or poor):

Customer Perception of Value

11. Real benefits: Does the product or service offer many benefits that respond to customer desires, and separate you from the competition? *List the benefits of your product or service that your target customer values, i.e. saves time, offers status, makes life easier, provides pleasure. For a business the benefits may be revenue enhancing, reduction in operating costs or an increase in productivity.*

Comments:

Ranking (good, average, or poor):

12. Emotional benefits: Will your customer derive emotional benefits and pleasures from purchasing or using your product or service? *Describe the emotions a customer experiences when purchasing your product or service and how you are answering them.*

Comments:

Ranking (good, average, or poor):

13. Frustration level: Have you removed possible frustrations that your consumer may face in purchasing and using your product or service? *List the frustrations your target customer experiences when purchasing your product or service and how you are going to overcome them.*

Comments: The frustrations to the user were unknown initially and proved to create negative frustrations in the real marketplace.

Ranking (good, average, or poor):

Revenue Potential

14. Price point acceptance: Do you know the price points your target market will accept? *Based on your marketing research, write down at what price points your customers start to lose interest. Also, write down the price points of your competitors who offer similar benefits.*

Comments:

Ranking (good, average, or poor):

15. Unit sales: Do you know the number of unit sales required to achieve your target revenue? *Write down what your average sale will be in dollars. Complete this mathematical formula to reflect your revenue goals for the next twelve months; projected revenue divided by the average sale price equals the number of unit sales required.*

Comments:

Ranking (good, average, or poor):

16. Market size: Relative to the competition, are you confident that the size of your target market is large enough to generate the required revenue? *Describe the size of your market, i.e. neighborhood, large metropolitan area, national. You may also describe the size relative to the number of homes or businesses. Next, describe the amount of competition that is competing for your customers. Finally, describe why the product or service will need to be purchased repeatedly by your customers. You must proceed cautiously if your product or service does not build repeat revenue from your customer base.*

Comments:

Ranking (good, average, or poor):

17. Renewable revenue: Must satisfied customers purchase your product repeatedly? *Describe why the product or service will need to be purchased repeatedly by your customers. You must proceed cautiously if your product or service does not build repeat revenue from your customer base.*

Comments:

Ranking (good, average, or poor):

18. Cross-selling and up-selling opportunities: Do you offer additional or related products to increase revenue to existing customers? *Describe the additional and related products and services that are available to sell to your existing customers.*

Comments:

Ranking (good, average, or poor):

Marketing Effectiveness

19. Ease of identification: Can you identify and reach a potential prospect? *Write down who your customers are and how you are going to identify them. For example, if you are retailing fabric, it will be difficult for you to identify who within your marketing reach is interested in purchasing fabric, whereas if you are selling professional window washing equipment and supplies, you can easily identify your customers and reach them by getting marketing lists for every window washing company.*

Comments:

Ranking (good, average, or poor):

20. Marketing cost per sale: Can you reach a prospect and procure a sale cost effectively? *Describe what marketing strategies you will use to reach your potential customers. How many prospects do you need to generate to make one sale? What is your advertising cost to generate the number of prospects required to achieve one sale? What is the average dollar amount of each sale? What is your advertising cost per sale? Are your margins high enough to justify the advertising cost per sale?*

Comments:

Ranking (good, average, or poor):

21. Purchasing convenience: Is your product or service easy to purchase, and do you offer multiple procurement options? *List the various avenues a prospect can obtain information about your product or service, i.e. website, face-to-face sales encounter, free samples.*

Comments:

Ranking (good, average, or poor):

22. Marketing message: Is it possible to state real benefits or a unique market position in a concise marketing statement? *Write a marketing message that conveys your company's strategic position in the marketplace. Attempt to keep the message to one word or a short phrase emphasizing the main benefit.*

Comments:

Ranking (good, average, or poor):

Profitability Risks

23. Margins: Do you have a strategic position relative to competition that allows for high margins? *What is your gross profit margin? Is your gross profit margin large enough to cover all of the expenses, pay owners salaries and provide a satisfactory return on investment?*

Comments:

Ranking (good, average, or poor):

24. Sales and operating cost: Is the cost of selling and providing your product or service to a new customer low? *What are your total costs to make an average sale as a percentage to the revenue generated from an average sale? Include advertising, sales people related costs, delivery expenses, administrative support, etc. If your salespeople are going to be required to possess specialized education or knowledge, what are the amount of wages required to employ salespeople with the knowledge which you require? Can you generate enough revenue to compensate them?*

Comments:

Ranking (good, average, or poor):

25. Cost of continued revenue: After the initial sale, do the costs associated with continued revenue decline? *What is your cost to obtain a new customer? What is your cost to generate a repeat sale from an existing customer?*

Comments:

Ranking (good, average, or poor):

26. Customer support costs: Do the costs associated with customer service after the sale remain low? *What type of customer service costs can you expect to incur on the average sale?*

Comments:

Ranking (good, average, or poor):

27. Expense structure: Have you structured most of your expenses as variable, and kept any unavoidable fixed expenses low? *Based upon your anticipated or existing gross profit margin, how many unit sales do you need to make in order to cover your fixed expenses every month? (Remember you will also be incurring additional direct or variable costs with every sale.)*

Comments:

Ranking (good, average, or poor):

28. Capital requirements: Is your potential dollar revenue high relative to your initial capital investment? *What is the total capital cash investment plus debt owed to others plus anticipated start-up cash flow losses? What is a realistic near term revenue and net profit projection?*

Comments:

Ranking (good, average, or poor):

About the Author

David Gabbert

Entrepreneur, business mentor and growth coach, David Gabbert helps business professionals, business owners, new startups, and students learn how to win at business. Self employed for forty-seven years, founder and owner of four million-dollar-plus businesses, and author of ten Win at Biz® business books, Dave offers free business articles about a variety of proven business strategies which compose the basic building blocks of starting and operating a successful business.

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- Book 3: Initiate Effective Financial Management Tools
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