



20 Questions Before Starting

[So you've got what it takes to be an entrepreneur?](#)

Now, ask yourself these 20 questions to make sure you're thinking about the right key business decisions:

1. Why am I starting a business?
2. What kind of business do I want?
3. Who is my ideal customer?
4. What products or services will my business provide?
5. Am I prepared to spend the time and money needed to get my business started?
6. What differentiates my business idea and the products or services I will provide from others in the market?
7. Where will my business be located?
8. How many employees will I need?
9. What types of suppliers do I need?
10. How much money do I need to get started?
11. Will I need to get a loan?
12. How soon will it take before my products or services are available?
13. How long do I have until I start making a profit?
14. Who is my competition?
15. How will I price my product compared to my competition?
16. How will I set up the legal structure of my business?
17. What taxes do I need to pay?
18. What kind of insurance do I need?
19. How will I manage my business?
20. How will I advertise my business?

4 Simple Tests Every Startup Must Pass to Succeed BY Peter Cohan

There are four basic things your company must do.

Around the world, policymakers hype the glories of entrepreneurship as a way to solve their youth unemployment problems.

But your odds of startup success are very slim. I have not seen statistics developed with great rigor on this topic. But I have seen credible sources that estimate only 3 percent of startups succeed. And I have spoken with venture capitalists who claim that only one in ten thousand ventures are big hits - e.g., worth at least \$1 billion.

A few people beat those long odds. And unless you pass four tests of a successful entrepreneur, you should probably not even step up to the startup plate.

1. Find customer pain

People do not like doing business with startups. After all, buying a product or service changes the way people run their business or live their lives. People don't want to make that change unless the provider of the product or service will be around for a long time.

But most startups fail. So people assume that they would be better off not buying the startup's product.

Yet most company founders are so focused on realizing their vision that they have a very hard time seeing their startup through the eyes of these potential customers. If you are thinking about starting a company, the first step must be to find a way around this dilemma.

And to do this, you must find customer pain that competitors are not addressing. If you want to start a company that tries to solve such a problem, the potential customer will see less risk in doing business with a start-up.

If the startup's product works, the customer's problem will go away and the startup will get the cash from the customer to stick around. And if the startup's product does not work, the customer will be in the same position as before.

But don't assume that you know that the customer has pain. You should not think about starting a company unless you can observe at least 20 potential customers who have that pain and who are suffering because of it.

2. Passion for relieving customer pain

If you find that pain by watching potential customers, you have to ask yourself whether you care about relieving that pain.

You have no hope of building a successful startup around helping those customers unless you feel passionately that there is no more important problem in the world-- and that you would happily dedicate 80 hours a week to solving that customer problem.

One way to know you have a passion for relieving that pain is if you feel it yourself. Many of the most successful start-ups were founded by entrepreneurs who were trying to fix a problem for themselves that no other firms were addressing.

3. Excellence in the pursuit of the solution

But just because you have a passion for solving the problem, you need to be among the best people in the world to solve it.

This is a very high hurdle for you to overcome. But it's important because unless you can develop a better solution and keep on improving it, you will not be able to build a successful business.

After all, there are plenty of entrepreneurs out there who are keenly attuned to opportunity. And if they see that you are getting customers as you pursue the solution, they will try to get a piece of the action.

The only way for you to keep them from taking away your customers is to keep improving the solution for the customers so that it is hard for competitors to keep up.

You can't do this by working long hours alone. You must be better at solving the problems needed build a better solution.

4. Value in your product as seen by customers

Finally, if you can do these three things, you still have to get customers to use your product and ultimately to pay for it. This is something that you can't really know before you start the business - you have to build a version of the product, make potential customers aware of it, and see how many customers are using and paying for it.

One way to minimize your risk is to see if you can get people to pay for your product through Kickstarter or some other crowdfunding platform. If you meet your target, that's a good sign that you are on to a winning solution.

If not, that's the market's way of telling you that you are not going to be among the 3 percent of startups that succeed. You can either use that feedback to retool your idea, or to try another career option.