



**Some thoughts for vetting the potential of a product idea for a product based business entity:**

**The Market:**

- \* How big is the market (how many customers exist for the product)?
- \* How much market share can be achieved? [How much market share will you need to achieve?]
- \* Are there other products in this market and what is their market share?
- \* How will the customer be reached? What is the proposed sales and distribution model?
- \* What is the sales growth? How many units will be sold in year 1, year 2, and year 3?
- \* What is the life of the product (how many years can the product be sold prior to needing to be obsoleted by a better product or the competition)?
- \* How quickly does the product need to get to market to catch the opportunity?

**Revenue:**

- \* What is the price point for the product?
- \* What will the COGS need to be?
- \* Does this margin provide enough revenue to make the venture worth pursuing?
- \* When will it reach break even?
- \* What is the ROI annually and over the life of the product?
- \* Is the revenue sufficient to support the resulting enterprise for making, selling, and supporting the product (people, facilities, expenses)?

**Financial:**

- \* What is the current available funding for the project?
- \* What are the sources of additional funding and how long will it take to get them?
- \* Is sufficient funding available quickly enough to get to market soon enough?

**Talent & Structure:**

- \* Are you sufficiently familiar with the market for this product and business to bring the opportunity to fruition?
- \* What other talents do you need, where will you get these talents, and how will this team be associated with the venture?
- \* What does the resulting company for this product look like?

**Future:**

- \* Is there a specific goal or exit strategy once the product is being sold in the market place?
- \* Will you need to obsolete your own product with the next generation replacement product before your competition to stay in business?
- \* Will you need to develop additional products resulting in a line of products to remain a viable business entity?

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