3 Critical Questions to Ask Yourself Before Starting a Business

As SCORE mentors, we respond to many potential small business CEOs who want to start a business but don’t know where to start and many have heard that you need a “business plan” but need help to write one. Plus, most will never complete the task of writing one if they see a comprehensive plan of 45 pages long that was designed for the purpose of attracting potential funders. It is too overwhelming of a task. So what makes sense?

Last week I read a post that was written by a person with whom I have communicated and quoted many times over the years. Tim Berry is chairman and founder of Palo Alto Software and Bplans.com. He says of himself that he is “founder or co-founder of several others, ranging from successful to failure and in-between. (you can find out more about him at timberry.com).

Tim wrote a blog that he posted on one of his sites that he calls Planning, Startups, Stories. It was called “3 Critical Questions to Ask Yourself Before Starting a Business”. I share his business wisdom in this column because it is so important to all folks who are thinking about starting a business or those who have started one, but may realize that they should do some more complete planning.

Tim says If you want to start a business, “Here are my suggestions for three quick questions you should ask yourself first:

1. **What are the chances that the business I want to start will be able to launch and grow?** That’s a matter of market, product, product-market fit, need, demand, fulfillment and delivery.

2. **What resources are required?** What is a minimum level of money I need to have or raise, and people I need to find and convince? Do I have these resources? That’s about realistic numbers for spending and revenue, expertise, people, and possibilities.

3. **What am I risking?** Can I afford to lose it? That’s about money, relationships, life, opportunity costs, etc. Can I live with failure, if that’s what happens?

The first two are both powerful reasons for developing a lean business plan before you start. The lean plan isn’t the big formal document, but just enough to estimate the cash, expenses, key items, and very rough sense of chances of success.”

If this could be helpful to you, use this link and request your own free copy: [https://articles.bplans.com/an-overview-of-lean-business-planning/](https://articles.bplans.com/an-overview-of-lean-business-planning/)

Berry has dedicated much of his time to helping people write business plans, but more importantly write a business plan that is suitable for one’s needs.
In his work, Berry has suggested these measures of evaluating your business plan:

**Effectiveness. Does it achieve its business goal?** Form follows function; does it achieve its business goal? Measure a business plan by its results, and nothing else. You can draw from that basic principle that plans ought not to be measured by academic criteria like perceived comprehension, quality of text, or format. If it’s about steering the business, then does it provide directions, pathways, and trackable milestones and metrics? If it’s about raising money, does it help that goal? If it’s about backing up a loan application, does it work for that?

**Realism. Can it be executed?** Is it rooted in reality? A pie-in-the sky pipe dream business plan is a waste of time and effort. Is it realistic about resources? Time to execute?

**Concrete specifics. Is it trackable?** Does it include actual actions, tasks, responsibilities and responsibility assignments, trackable steps, trackable metrics? Budgets? Forecasts? Built-in accountability?

However, Berry cautions, “The business plan itself is far less important than what a business does with it. There’s that mantra: The plan is useless; but planning is essential.

A business plan ought to be the first step towards a planning process that includes regular review and revision. The goal of business planning is steering the business. If it were navigation, the plan includes the destination as goal and the route as steps toward the goal; but actual navigation includes the GPS positioning and real-time information to fine tune the route along the way, in response to actual traffic, weather, and so forth.”

Do your business and yourself a favor and request the free template that I referenced above.

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