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**FORTITUDE**  
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## Evaluating Business Opportunities

Evaluating business opportunities is an essential task business owners must undertake effectively.

Successfully evaluating business opportunities requires a sound and objective process.

Sometimes business opportunities find you (and on other occasions) you need to diligently search for them. Either way, preferably your efforts identify multiple opportunities with potential.



Once you have found a potential opportunity, it's important to ensure that it's worthy of the time and capital needed to exploit it. In successfully evaluating business opportunities, you must understand each opportunities':

1. Merits (its chances of success and degree of alignment with your goals)
2. Uncertainties and the associated risks
3. Likely outcomes and their impact on the business

Committing to an opportunity that is flawed (or not understanding the idiosyncrasies of an opportunity) can burn large sums of capital and put your income and wealth at risk!

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## Common Pitfalls in Evaluating Business Opportunities

To lower the risk of burning time and capital, you must avoid the common pitfalls often encountered when evaluating business opportunities.

You need to avoid pursuing those that fall materially short of meeting your expectations or worse, placing you under significant duress.



Some of the most common errors made when evaluating business opportunities stem from the lack of:

1. **Objectivity** – falling in love with an idea and failing to investigate and scrutinise it with sufficient rigour
2. **Uniqueness** – failing to create a product or service that is unique for a specific market segment and instead, imitating others and being forced to compete on price alone
3. **Industry insight** – failing to appreciate the key factors driving industry profitability, how they are changing and how to shape or adapt to them
4. **Market insight** – failing to appreciate the factors critical to the customer acquisition process and the appropriate marketing strategies needed to convert prospects into customers
5. **Technical requirements** – failing to appreciate and account for the technical barriers encountered when creating a new product or service and bringing it to market
6. **Legal and regulatory requirements** – failing to meet the legal and regulatory requirements or protecting yourself and your business from commercial risk and predatory behaviour

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## Critical Factors in Evaluating Business Opportunities

When evaluating business opportunities, it's prudent to conduct a sound assessment before committing to it.

Being able to exploit an opportunity capable of creating the income and wealth you desire, is both an art and a science. Often one of the most difficult tasks is to ensure that your passion and enthusiasm for an intuitively attractive opportunity, does not automatically surpass the need to objectively evaluate its merit!



Fundamentally, when evaluating business opportunities, you must:

1. Ensure there is a customer willing to pay a price for your product or service that is capable of delivering sustainable profits
2. Have a product or service with sufficient value to the market and in the face of competitive rivalry, can be maintained over time

In evaluating business opportunities these two imperatives create a number of critical factors that need to be considered, including:

1. **Uniqueness** – the features and attributes of your product or service and the activities and resources needed to deliver it, must be unique. If you don't have something unique for a specific customer, you will be forced to compete on price and making profits will be a gruelling and ongoing battle. When evaluating business opportunities, you must ensure the customer value proposition is unique and there is a sound business strategy in place to capture that opportunity.
2. **Customers** – to achieve sufficient profits, you must find enough customers. When evaluating business opportunities, you need to carefully review who your customers are, understand what their buying habits are and how much they are willing to pay for your product or service.

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3. **Sales growth** – to achieve sufficient profits you must create enough sales. You need to build your sales and revenue projections on facts and research to be comfortable that there are sufficient customers, know where they are and how you will reach them. When evaluating business opportunities, pure speculation should be avoided and key assumptions should be tested.
4. **Product availability** – if you are creating an entirely new product or service, be sure that your development strategy, delivery schedule and production costs are realistic. Failure to deliver or meet the required cost targets, will severely threaten profits and the potential of any opportunity

## Are You Ready to Seize an Opportunity?

Evaluating business opportunities is an essential task in creating success.

You must adopt a sound process that enables you to carefully select high potential opportunities while avoiding those without sufficient potential or those that will lead you away from your goals and objectives.



Evaluating business opportunities is an essential task in creating new ventures, sustaining them and capturing the income and wealth you seek.

While this process commences with spotting opportunity, value creation comes from exploiting the right opportunities, and avoiding those that jeopardise your future!

With a fully stocked opportunity register, and a good understanding of the evaluation process, you can better select the right opportunity.

If you are ready to seize an opportunity, make sure you have a sound evaluation process in place to avoid the pitfalls!

If you would like to learn more about evaluating business opportunities and capturing their value, give the team at **Fortitude Business Consulting** a call on **1300 551 040**.

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