

APPENDIX 3.1 FIRST SCREEN**Part 1: Strength of Business Idea**

For each item, circle the most appropriate answer and make note of the (–1), (0), or (+1) score.

| | Low Potential (–1) | Moderate Potential (0) | High Potential (+1) |
|---|-------------------------------|-----------------------------------|----------------------------------|
| 1. Extent to which the idea: • Takes advantage of an environmental trend • Solves a problem • Addresses an unfilled gap in the marketplace | Weak | Moderate | Strong |
| 2. Timeliness of entry to market | Not timely | Moderately timely | Very timely |
| 3. Extent to which the idea “adds value” for its buyer or end user | Low | Medium | High |
| 4. Extent to which the customer is satisfied by competing products that are already available | Very satisfied | Moderately satisfied | Not very satisfied or ambivalent |
| 5. Degree to which the idea requires customers to change their basic practices or behaviors | Substantial changes required | Moderate changes required | Small to no changes required |

Part 2: Industry-Related Issues

| | Low Potential (–1) | Moderate Potential (0) | High Potential (+1) |
|---|---------------------------------|-----------------------------------|--------------------------------|
| 1. Number of competitors | Many | Few | None |
| 2. Stage of industry life cycle | Maturity phase or decline phase | Growth phase | Emergence phase |
| 3. Growth rate of industry | Little or no growth | Moderate growth | Strong growth |
| 4. Importance of industry’s products and/or services to customers | “Ambivalent” | “Would like to have” | “Must have” |
| 5. Industry operating margins | Low | Moderate | High |

Part 3: Target Market and Customer-Related Issues

| | Low Potential (–1) | Moderate Potential (0) | High Potential (+1) |
|--|-------------------------------|-----------------------------------|--------------------------------|
| 1. Identification of target market for the proposed new venture | Difficult to identify | May be able to identify | Identified |
| 2. Ability to create “barriers to entry” for potential competitors | Unable to create | May or may not be able to create | Can create |
| 3. Purchasing power of customers | Low | Moderate | High |
| 4. Ease of making customers aware of the new product or service | Low | Moderate | High |
| 5. Growth potential of target market | Low | Moderate | High |

Part 4: Founder- (or Founders-) Related Issues

| | Low Potential (–1) | Moderate Potential (0) | High Potential (+1) |
|---|-------------------------------|-----------------------------------|--------------------------------|
| 1. Founder's or founders' experience in the industry | No experience | Moderate experience | Experienced |
| 2. Founder's or founders' skills as they relate to the proposed new venture's product or service | No skills | Moderate skills | Skilled |
| 3. Extent of the founder's or founders' professional and social networks in the relevant industry | None | Moderate | Extensive |
| 4. Extent to which the proposed new venture meets the founder's or founders' personal goals and aspirations | Weak | Moderate | Strong |
| 5. Likelihood that a team can be put together to launch and grow the new venture | Unlikely | Moderately likely | Very likely |

Part 5: Financial Issues

| | Low Potential (–1) | Moderate Potential (0) | High Potential (+1) |
|---|-------------------------------|-----------------------------------|--------------------------------|
| 1. Initial capital investment | High | Moderate | Low |
| 2. Number of revenue drivers (ways in which the company makes money) | One | Two to three | More than three |
| 3. Time to break even | More than two years | One to two years | Less than one year |
| 4. Financial performance of similar businesses | Weak | Modest | Strong |
| 5. Ability to fund initial product (or service) development and/or initial start-up expenses from personal funds or via bootstrapping | Low | Moderate | High |

Overall Potential

Each part has five items. Scores will range from –5 to +5 for each part. The score is a guide—there is no established rule of thumb for the numerical score that equates to high potential, moderate potential, or low potential for each part. The ranking is a judgment call.

| Score (–5 to +1) | Overall Potential of the Business Idea Based on Each Part | Suggestions for Improving the Potential |
|--|--|--|
| Part 1: Strength of Business Idea | High potential Moderate potential Low potential | |
| Part 2: Industry-Related Issues | High potential Moderate potential Low potential | |
| Part 3: Target Market and Customer- Related Issues | High potential Moderate potential Low potential | |

(continued)

| Score (–5 to +1) | Overall Potential of the Business Idea Based on Each Part | Suggestions for Improving the Potential |
|--|---|---|
| Part 4: Founder- (or Founders-) Related Issues | High potential Moderate potential Low potential | |
| Part 5: Financial Issues | High potential Moderate potential Low potential | |
| Overall Assessment | High potential Moderate potential Low potential | |

Summary

Briefly summarize your justification for your overall assessment: