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## Overview

This standard is for entrepreneurs who need to assess and evaluate the viability of a business and new business ideas. It is advisable to carry out an in-depth research into your business ideas to make it a success. Your idea may be for a completely new product or invention, a change to an existing product or a new service. This will help you assess and evaluate whether an idea is worth developing further to determine its potential to succeed.

To do this you need to:

1.  
Explore your business idea to define how it will work in practice.
2.  
Research your customers' needs, competitors' activities and the potential market(s) for your business idea.
3.  
Identify the implications of any laws and resources that you or your staff will need to develop.
4.  
Identify existing personal and staff competencies as well as those that will need to be developed.
5.  
Evaluate whether your business idea can cover identified fixed and variable costs to achieve your required profit margins.
6.  
Find out how to set up a new business or social enterprise if you decide to take your ideas forward.

## Performance criteria

### *You must be able to:*

1. produce any information, prototypes or samples to support your ideas
2. seek advice or assistance from appropriate professionals to help with your business
3. take into account your responsibilities and carry out risk assessment of your business ideas
4. identify the market trends and commercial demand for your business ideas
5. carry out research to identify your market competitors
6. identify competitive advantage of your business ideas
7. research the relevant laws and regulations affecting your business idea and how you must comply with them
8. write a business proposal explaining why you think investors should support your ideas
9. ensure your business proposal contains key information required for obtaining support
10. identify what skills knowledge, and behaviours you or your staff may need to deliver your business ideas and if there are any requirements for certification
11. identify what equipment, tools, materials or additional staff you may need to deliver your business ideas
12. collate all associated costs of your business ideas
13. work out how much you can charge your customers to cover your costs and meet your profit margins
14. assess and evaluate your business idea and decide whether you should pursue it, adapt it or discard it
15. consider the value of the intangible assets of the business
16. consider what skills, assets and investment you can bring to a business
17. identify the potential you want to get out of the business
18. summarise the business opportunities and assess their strengths and weaknesses against your targets
19. assess the financial health, and potential for growth of your business

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## Knowledge and understanding

### *You need to know and understand:*

#### Business focus

1. how to identify your business ideas' unique selling point and assess its viability
2. your goals and objectives for running a business
3. the information, prototypes or samples you may need to support your ideas
4. how to judge whether your business idea is worth developing or adapting

#### Market research and business trends

5. how to carry out market research
6. the market trends, competition, opportunities and issues the sector is facing
7. how customers' actions and choices may affect the success of your business ideas
8. the political and commercial changes could affect your business ideas
9. the local, national and international events could limit or improve your business opportunities
10. how you can tell if your competitors will affect your business
11. how to identify the required resources and how much they will cost

#### Skills and abilities

12. the relevant knowledge, skills and behaviours you and your staff may require for the business
13. your own strengths and weaknesses as a potential business owner and how these may affect the type of business you seek to purchase
14. how to evaluate your own and your employees' skills, abilities and knowledge

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15. how skills, abilities and knowledge can be developed to suit your business

Laws and regulations

16. the relevant laws and regulations affecting your business ideas

17. how to comply with relevant laws and regulations

18. what Transfer of Undertakings and Protection of Employment (TUPE) Regulations are and how they might affect your business

Finances

19. how to cost a product and service, work out a selling price and define the sales volumes required to achieve the target set

20. how to understand and use cash-flow forecasts and profit and loss accounts and what information you would need to produce them

INSBE001

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