

# The YEBDC Small Business Information Column

by Sue Gingerich, Business Advisor

## "Research - A Wise Investment"

Researching a new business is the most important aspect of business start up. Doing research can save time and money, as well as lots of frustration. Before investing money, invest your time. Find out if the idea is really viable. Your research will tell you this, along with the sales and financial projections you create from the research.

The first step of research is often the most difficult. That is knowing where to start looking for information. One of the most helpful sources is usually someone else who has done or is doing the same thing. Many people will dismiss this source, as they feel their competition will not want to talk with them. While sometimes this is true, many successful entrepreneurs want to share the difficulties they have come upon. Some may even welcome new competition into the market place. Choosing a competitor that is a distance away, but has a similar consumer base, will likely be the most helpful. It may mean travelling a great distance to see their business. However these days, so much information can be attained over the phone, by fax or e-mail, that a sight visit may not even be warranted.

The another place to start sourcing information for many businesses is the government. You will want to make sure that there are no regulations that will prohibit you from operating your business the way you want. Be sure to check all levels of government (federal, provincial, and municipal). The type of business, will determine what government agencies you may need to speak to. This is where someone who is already in the business will likely be able to help you the most. Often many new businesses find out too late that they are required to set things up according to health or safety regulations, and then end up spending many dollars that were not in the budget. This can jeopardize the business's success by using up cash that was ear-marked for other areas, such as advertising and promotion, or was intended to cover operating expenses in the first few months.

The third place to research is costs. What are all the costs associated with this type of business? Be sure to include EVERYTHING! Such as: Insurance, (liability, fire theft, disability, etc.) hookup costs, security deposits, renovation costs (be sure to always get three estimates and use the highest one in your forecasting, even if you go with a lower one) phone (including; cell phone, internet costs, yellow pages and other phone features that may cost extra). If hiring employees, include costs for your share of their government deductions. Don't forget things like bank charges, interest on loans and credit cards, licenses, fees, permits, lawyers, accountants, consultants, or things like meals and travel costs when doing research.

The other area to research is your customer, and this shouldn't necessarily be your last area to research, because without proof of a viable customer base, the rest of the information you research is useless! When doing your initial contacts with competitors and government, always include questions about your potential customers. Ultimately you will need to observe and contact potentials customers to verify that all the other data you received from secondary sources is indeed accurate. A survey is often the most effective way to achieve this. This information will be the basis for your sales estimates.

So go ahead and make that investment. But make it a wise investment by first doing the research and making sure it will truly be the business of your dreams!

If you have a small business and have a question or problem that you think The YEBDC could help you with please call or write to: The Yellowhead East Business Development Corporation, Box 249, Sangudo, Alberta, T0E 2A0  
1-800-556-0328 or 1-780-785-2900, e mail: [yebdc@yebdc.ab.ca](mailto:yebdc@yebdc.ab.ca), or access our Website at:  
[www.yebdc.ab.ca](http://www.yebdc.ab.ca)

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