



Excerpted from
FastTrac® TechVenture™



TAKE CHARGE OF YOUR BUSINESS®

A program of the Kauffman Foundation

Business Concept Statement

Once you have outlined your personal vision of success, it's time to see whether your business idea can meet your personal goals.

The Business Concept

Most entrepreneurs begin with a business idea. It is their first spark of entrepreneurship. A *business idea*, however, is not the same as a *business concept*. Converting the idea into a concept requires an expanded, more complete exploration of the idea. A business concept includes:

- The **features** of the product or service, in other words, what it actually is or does. Features tell the practical specifics about your product or service.
- A description of the customer and the **benefits** of the product or service to the customer. Benefits sell your product or service by conveying more emotional than practical details—by showing customers “what’s in it for them.”
- The **uniqueness** of the product or service, or how it is differentiated from other, similar products or services. Uniqueness convinces customers that the only source of these desirable features and benefits is your product or service. You may also distribute your product or service to the market in a unique way.
- **Sales channels**, that is, to whom, where, for how much, and how the product or service will be sold. The same product or service may be brought to market through several different distribution channels. For example, both Dell Computers and Comp USA sell computers and peripherals—but they have far different methods of delivery. Dell Computer receives orders via the telephone or online, receives payment from the customer or user before the computer is even built, builds the computer, and ships it directly to the consumer. Comp USA is a retail operation, selling various brands of computers it has purchased from manufacturers or distributors. These different distribution channels have a profound effect upon all aspects of the two businesses.

Components of a Business Concept Statement

Writing a business concept statement is a critical task, whether starting a company or seeking to improve an existing venture. You should be able to summarize your business concept in a document of one to two pages.

The business concept statement answers the following questions:

WHAT does the product or service do?

HOW is it different from other products or services?

WHO will buy it?

WHY will they buy it?

- Price?
- Convenience?
- Provides sense of safety/security/well-being?





- Better than what is currently available?
- Pleasurable experience?
- Uses new technology?

WHERE will it be sold?

- Geographic location of business and customers

WHEN will it be ready to be sold?

- Concept, start-up, initial operations phase

HOW will it be promoted and sold?

After writing the business concept statement, you test the business concept for feasibility prior to preparing a business plan. It is common for the initial business concept statement to change during feasibility testing and the writing of the business plan.