

Getting Your Plan Started

You find easy answers only by asking tough questions.

The Business Plan Process

Once you determine a business plan is a necessary tool for your company, you may wonder, "Where do I start?" Because a plan requires detailed information on almost every aspect of your business, including industry, market, operations, and personnel, the process can seem overwhelming.

The business plan process entails five fundamental steps:

1. Laying out your basic business concept.
2. Gathering data on the feasibility and specifics of your concept.
3. Focusing and refining the concept based on the data you compile.
4. Outlining the specifics of your business.
5. Putting your plan in compelling form.

The first step is to lay out your basic business concept. In the previous chapter, you were provided a worksheet on which to delineate the various components of your business. With an existing operation, it may be tempting to skip over this step, but if you wish to develop strategies for future success, you must first examine the assumptions underlying your current efforts.

The focus of this chapter is on steps 2 and 3: gathering and interpreting the data you need. Solid information gives you a realistic picture of what happens in businesses similar to yours, as well as a better understanding of your own company. You can then evaluate and refocus your concept in light of your newly acquired information; a worksheet provided at the end of this chapter will help you with this evaluation.

"You must have ongoing contingency plans to allow for miscalculations, disappointments, and bad luck. It's assumed that if you're a leader, you don't make mistakes. But it's not so; if you're decisive, you'll sometimes miscalculate, and sometimes just be unlucky. You need to openly discuss the possibility of mistakes, so people are prepared and aren't crestfallen when they occur. You need to rehearse your contingency plans."

Bill Walsh
Former Coach and President,
S.F. 49ers

Once you have compiled sufficient information and re-evaluated your business concept, you can begin to actually write your plan. By following the chapters of this book and completing the Plan Preparation Forms, you can shape your plan into a compelling document.

Developing a business plan is much more a business project than a writing assignment. The process itself—not just the document produced—can positively affect the success of your business. During the everyday operation of your business, you seldom have time to think through the kinds of issues you'll examine while putting together your business plan; the planning process gives you a rare opportunity to enhance your knowledge of how your company, market, and industry work.

Gathering Information

Knowledge is power. With accurate information at your fingertips, you make better business decisions as well as a more persuasive presentation of your plan when meeting with a banker, potential investor, or divisional president. Savvy investors use a business plan not merely to learn about a new business concept but as a means to judge whether an entrepreneur has the knowledge and exercises the due diligence necessary to run a business. So take time to do your homework. Sufficient research prevents you from including inaccurate information in your plan—a mistake that can keep you from getting funded—and enables you to make informed decisions.

If you're new to an industry or to business management, allow yourself more time on your research efforts and start with general background information. Use the research project as an opportunity to educate yourself on the key issues of your industry, not merely as a way to find the specific details you need for your particular company.

To begin your information-gathering efforts, start by checking the resources listed later in this chapter and in the Resources chapters at the back of the book. First, seek general information about each of the areas you've identified in your Basic Business Concept worksheet from Chapter 1. As you progress, focus your research on more specific issues, compiling the details necessary to make operational and financial decisions. Chapters 4 through 17 outline the data you need to complete each section of your business plan, and in some cases include suggestions of possible sources of such information.

How Much Information Is Enough?

With the Internet, it is relatively easy to get a great deal of information; it is likewise easy to feel overwhelmed with so much of it. Conversely, you will also feel frustrated because some critical data is proprietary and unavailable. The difficult challenge is determining what information is important and how much information is enough to put in your plan, especially if you are seeking funding.

Don't try to be exhaustive in your research efforts; it's not necessary or possible. You are merely looking for information that will answer the key questions about your business. At the same time, your research must be

thorough enough to give you, and those reading your plan, confidence that the answers are accurate and from reliable sources.

For example, if you are manufacturing dolls, you might identify your target market as girls between the ages of four and 10. One of the questions you need to address in your plan is, "How large is the market?" For this, you may have to consult only one source, the U.S. Census Bureau, to find a reliable answer. However, other questions that arise, such as, "What are the trends in doll-buying habits?" may require consulting three or four industry sources or undertaking your own market research to compile information you can trust.

Start Your Research by Asking Questions

Start your research by making a general statement that is the basis of your business (or a portion of your business). For example, if you are planning to open a dry cleaning establishment, the statement might be, "There is a substantial need for a new dry cleaner to serve the Laurelwood neighborhood."

Next, make a list of questions that logically follow from and challenge that statement. Here are some questions you might then ask:

- How many dry cleaners now serve the neighborhood?
- How profitable are the current dry cleaners in the neighborhood?
- Are residents generally satisfied with the current dry cleaners?
- Is there more business than current dry cleaners can handle?
- What are the trends in the dry cleaning industry nationally?
- What are the demographic trends in Laurelwood?
- How do Laurelwood demographics relate to national dry cleaning trends and statistics?

As another example, your statement might be: "There is a profitable way to provide psychological counseling via the Internet." The questions following from and challenging that statement could include:

- What companies are already providing such a service?
- What is the size of the market for psychological counseling now?
- What indications are there that consumers would be willing to get counseling on the Internet?
- What portion of the existing psychological counseling market is it reasonable to expect would transfer to online counseling?
- How many consumers who do not currently get counseling could reasonably be expected to be attracted to online counseling?
- What are the key technology issues necessary to conduct such counseling, securely, on the Internet?
- What laws or regulations would affect the ability to offer such services?

“A lot of entrepreneurs don’t pay attention to the financial side of the house, and that’s where we see a lot of them fail. They relegate finance and accounting to the back seat.”

Damon Doe
Managing partner,
Montage Capital

After formulating your list of questions, look for answers. You will find some of your answers by searching government and trade associations' websites on the Internet. Others you'll find by consulting reference material through a library or business development center or by contacting industry associations or hiring paid research services. To get some answers, you will have to conduct your own market research by talking to potential customers, meeting with other business owners, or observing foot traffic at similar or nearby establishments.

As you start the business plan process, use the Research Questions worksheet on the next page to record the general questions you have at this point and the issues you will investigate. Look not only for specific current details but also for trends and patterns.

How much information you gather will be, to a large extent, a result of your resources, both of time and money. If you are working on a business plan for a one-person business while holding down a full-time job, you don't need to compile the same amount of information appropriate for a large corporation with a market research budget and staff.

Staying on Top of Your Material

During the course of your planning process, you will accumulate a great deal of information and many documents. Set up a way to organize the material you gather, such as your notes, ideas, and contact information, right as you begin.

Make individual files, either on your computer or in paper files, of the different topic areas corresponding to the chapters of this book. Add information to the files as you go along. Otherwise, you may find yourself unable to locate specific details you need when you are actually preparing your written document. As you gather data, write down the source and date of information; otherwise you may later find yourself with data and no way to verify or attribute it.

The planning process also enables you to meet many people who can be very helpful to you later, when you run your business. It is likely that you will interview potential customers, suppliers, competitors, and strategic partners, as well as other industry sources. Keep a file of all these contacts as you do your research, so you easily know how to reach them.

Sources of Information

If this is your first time conducting business research, you may be surprised at just how much information exists. Mountains of statistics and bookshelves of studies are available concerning virtually every endeavor and activity of American life. Without difficulty, you can find data revealing the average purchase in a fast-food restaurant, how many personal computers were sold last year, and the likely number of new housing units that will be built in your community in the coming year.

Research Questions

List the questions you will examine in each area of your business, using the categories below as guidelines.

Industry/Sector: _____

Products/Services: _____

Target Market: _____

Competition: _____

Marketing & Sales Strategy: _____

Operations/Technology: _____

Long-Term Considerations: _____

You can locate most of the general information you require from government sources, business publications, and trade associations. To find more specific information relative to your particular business or industry, you may have to undertake some market research. In a limited number of cases, when you either lack the time to do the research yourself or are involved in a new industry or one in which data is mostly proprietary, you may have to utilize paid sources of information.

Sources of general information are listed in this chapter and in the Resources chapters at the end of the book. Sources of more particular information relating to costs, equipment, or other specific areas of your business are listed in the appropriate chapters of this book.

Keep in mind that contact information, particularly website addresses, change frequently.

Online

The best, easiest, and least expensive place to start your research is online. Governments have made most data they collect public and accessible on the Internet. Many trade or industry studies or publications are available online, free or relatively inexpensively. Research services are also available to instantly check articles, statistics, surveys, and the like.

The Internet also makes it easy to quickly get good basic information about your competitors, potential customers, suppliers, and strategic partners. Begin by thoroughly going through their own websites. You can find additional information about them by checking their names in an Internet search engine.

Newspapers and periodicals also often archive back issues on their websites with useful information. There may be a small charge to retrieve some of these articles.

Government Sources and Statistics

As a taxpayer, you've already paid for your government to collect vast quantities of information, so you'll be able to get more data free from government sources than from private research services or other sources. This is true not only for the United States as a whole, but for most state and some local governments, and many other countries as well.

Most of the information collected by the U.S. government, as well as most states, is available on the Internet. As you begin your research, you may find it helpful to know your NAICS code. This may make finding specific information relating to your type of business easier.

NAICS CODES

www.census.gov/eos/www/naics

NAICS is the abbreviation for North American Industry Classification System. It replaces the older Standard Industrial Classification (SIC) codes. Each industry—and subsector of each industry—is assigned a specific NAICS number.

U.S. Research Sources

| | | |
|--|--|--|
| U.S. Government | U.S. Census Bureau | Small Business Administration |
| | U.S. Department of Commerce & U.S. Department of Labor | Securities and Exchange Commission (Edgar database) |
| | Internal Revenue Service | |
| | Other government departments appropriate to your industry | |
| | | |
| State Government | Sales Tax | Planning Departments |
| | Franchise Business Tax | New Business Licenses |
| | City and County Governments | |
| Quasi-Governmental Sources | Regional Planning Associations | |
| Industry & General Business | Trade Associations | Corporate Annual Reports |
| | Trade Publications | ThomasNet |
| Community Services | Chambers of Commerce | Merchants Associations |
| | Banks | Real Estate Agents |
| | Universities | Yellow Pages |
| | Newspaper and Online Libraries | |
| | Entrepreneurs Associations | |
| Computer Databases | Business and Trade Information | |
| | Individualized Research Services | |
| Market Research Sources | Customers | |
| | Suppliers | |
| | Distributors | |
| | Independent Sales Representatives | |
| | Managers of Related Businesses | |
| | Loan Officers/Factors/Venture Capitalists | |
| | Competitors | |
| | | |
| Paid Services | Industry-Related Research Firms | |
| | Survey/Polling Firms | |
| | Market Research Consultants | |
| Internal Data | For existing businesses | |

Canadian Research Sources

Statistics Canada
Canada Business
Canadian Industry Statistics (CIS)

International Research Sources

The World Bank
International Data Base (IDB)

U.S. CENSUS BUREAU

www.census.gov

The U.S. Census Bureau, part of the Department of Commerce, is the government agency with the primary responsibility for collecting and disseminating in-depth data on all aspects of American life. You may be aware that the Census gathers data on the American people: population, income, housing patterns, levels of education, and so on. But it also accumulates an enormous amount of data on the economic activity of the United States, right down to the number, type, and average sales of businesses, by particular business type, zipcode by zipcode.

Because Census Bureau data covers such a huge number of people and businesses, and because it is so detailed, Census Bureau data is considered among the most reliable information you can use. Those reading your business plan (for example, potential investors or bankers) will generally consider Census Bureau data reliable and conservative.

The Census Bureau has done an excellent job of making that vast resource of data easily available on the Internet. And remember—all that data is **free**.

ECONOMIC CENSUS

www.census.gov (click on “Economic Census”)

If you are looking for information about specific industries or types of businesses, from the Census Bureau’s home page, click on “Economic Census.” From there, choose the link to the latest results (left-hand column) or the years that you are interested in. A full Economic Census of the United States is conducted every five years; the last one covered the year 2007.

By exploring the tables, you can find data on the number of businesses by industries in any zipcode, county, metropolitan area, or state in the U.S. You’ll also be able to find a vast amount of other information, such as distribution of business expenses and receipts by industry, data on women-owned and minority-owned businesses, and product shipments. Be certain to drill down from many pages by clicking on the “More Data” or arrows for much greater detail in any report you select.

COUNTY BUSINESS PATTERNS

www.census.gov/econ/cbp/index.html

The Census Bureau produces annual reports on the number of business establishments—detailed by industry, business size, and payroll—throughout the United States and Puerto Rico. This data is available on the national, state, county, metropolitan area, and zipcode levels. County Business Patterns are very useful in evaluating how well-served or underserved specific geographic areas are by particular business types.

Other ways to access Census data on the Internet include:

CENSTATS

<http://censtats.census.gov>

This site provides access to databases including Census Tract Street Locator, County Business Patterns, Zip Business Patterns, International Trade Data, and more.

AMERICAN FACTFINDER

<http://factfinder.census.gov>

This has an easy-to-use pull-down interactive menu that allows you to find a range of demographic information about the American people—down to city or census tract level.

QUICKFACTS

<http://quickfacts.census.gov>

Quickfacts offers easy access to frequently requested demographic data at national, state, or local level.

CURRENT INDUSTRIAL REPORTS

www.census.gov/manufacturing/cir/index.html

The U.S. Census Bureau publishes more than 100 *Current Industrial Reports*, providing very detailed data on tens of thousands of manufactured products—everything from baby clothes to consumer electronics to airplane engines. This information accounts for more than 40% of all goods manufactured in the United States. CIRs provide information on production, shipping, inventories, consumption, and the number of firms manufacturing each product. The data is reported on a monthly, quarterly, and annual basis.

For other websites with federal U.S. statistics, visit these useful sites:

FEDSTATS—GATEWAY TO U.S. GOVERNMENT FEDERAL STATISTICS

www.fedstats.gov

This main gateway to national statistics has links to statistics compiled by over 100 government agencies as well as government statistical agencies. It is a very good entry-point to all U.S. statistics.

EDGAR DATABASE—U.S. SECURITIES AND EXCHANGE COMMISSION

www.sec.gov/edgar.shtml

You can find annual, quarterly, and other financial reports required from publicly traded companies by selecting the “Edgar” filings. You need the name of the corporation, not the brand name of the product, to find reports. For information about *USA Today*, for instance, enter the parent company, “Gannett Company.”

“To begin, I started by talking to people. I went to stores to see what products were already out there. I went to the Fancy Food Show and looked around for products similar to mine. I called the city Health Department to get names of commercial kitchens, so I could talk to people who made food products locally. From these kitchens, I got a lot of information about what I would need, as well as leads for production facilities.”

Deborah Mullis
Entrepreneur

INTERNAL REVENUE SERVICE

www.irs.gov/taxstats/

Tax statistics are generally harder to maneuver than Census Bureau statistics. However, if you have a specific income or tax-related statistic you are seeking, this might be a source of that data.

Individual U.S. State and Local Sources

Each U.S. state, as well as many individual counties and cities, collects and maintains information that can be useful to you in planning your business. For instance, state sales tax receipts may be a good indicator of the health of your local economy, and local planning department information regarding building permits can indicate where population growth is occurring.

Use a search engine to locate your state and local government websites.

STATE DATA CENTERS

www.census.gov/sdc/

The U.S. Census Department maintains links to individual U.S. states data/statistics programs. This will help you locate state-wide economic statistics.

BUSINESS.GOV

www.business.gov

Operated by the U.S. Small Business Administration, this is a portal to government—federal and state-by-state—legal and regulatory information. Keep in mind this is a site for legal information, not statistics.

Statistics for Canada

The Canadian government not only collects extensive data about Canadian businesses and population, but it provides a number of sites to make accessing and using that information relatively easy.

STATISTICS CANADA

www.statcan.gc.ca

This is the primary entry point for statistical information about all aspects of Canada, including demographics and economic conditions.

CANADA BUSINESS

www.canadabusiness.ca/eng/

This site provides a single access point to all the Canadian government services and information to start, run, and grow a business in Canada.

CANADIAN INDUSTRY STATISTICS (CIS)

www.ic.gc.ca

This well-organized site makes the resources and data of the Canadian government department, Industry Canada, readily available.

BMO CAPITAL MARKETS

www.bmonesbittburns.com/economics

BMO Capital Markets is a good non-governmental source of Canadian and North American economic statistics, including economic outlooks.

International Statistics

The Internet has made it much easier to gather data globally. Most developed, and many developing, countries have substantial statistical information available on the Internet, and international economic organizations also make data available.

U.S. CENSUS BUREAU LIST OF FOREIGN STATISTICAL WEBSITES

www.census.gov/aboutus/stat_int.html

The U.S. Census Bureau maintains links to locate statistical sites of countries throughout the world.

THE WORLD BANK

www.worldbank.org

This international organization compiles data worldwide. It offers free data by topic or country and links to online databases, as well as publishing its own economic reports.

EXPORT.GOV

www.export.gov

A rich resource of information, designed primarily for American countries engaged in international trade, Export.gov provides substantial, in-depth information about markets and industries throughout the world.

STATE DEPARTMENT COUNTRY BACKGROUND NOTES

www.state.gov/r/pa/ei/bgn/

The U.S. State Department prepares background papers on virtually every country in the world. These background papers include statistics and overviews of each country's economy as well as useful links.

INTERNATIONAL DATA BASE

www.census.gov/ipc/www/idb

The International Data Base (IDB) contains statistical tables of demographic and socioeconomic data for over 200 countries and areas of the world.

Non-Governmental Free Online Resources

In addition to the sources listed below, be certain to use search engines such as Google, www.google.com, and online directories, such as Yahoo, www.yahoo.com, to find information from many sources about the topics you're interested in. Other good sources are listed below.

“There are so many resources available from entrepreneurs that I took advantage of when starting my business. There's the Small Business Administration and SCORE as well as local business centers including women's business centers that will help you in ways you can't even imagine you will need when first starting out.”

Pauline Lewis
Owner, oovoo design

LOUISIANA STATE UNIVERSITY

www.lib.lsu.edu/gov/

LSU maintains a very well-organized index to research and data available on the Web, including government sources and subject-specific search engines.

NATIONAL ASSOCIATION OF MANUFACTURERS

www.nam.org

This large industry association provides substantial information to manufacturing companies, as well as collecting data about manufacturing. Click on the "About Manufacturing" link to find data and economic analysis and reports on manufacturing topics.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT

www.shrm.org

The leading organization for human resource executives, this site has some good information on personnel issues available to non-members (and a lot more information for members). However, it also has some excellent links to general business resources on the Internet.

THOMASNET

www.thomasnet.com

ThomasNet is the ultimate resource for locating suppliers and vendors. They not only list suppliers by product category, but many suppliers have detailed product/part/equipment lists, some with prices.

You can also find information about industries, trends, and companies from publications, which may charge a fee for archived stories. A few to try include:

WALL STREET JOURNAL

www.wsj.com

BUSINESS WEEK

www.businessweek.com

RED HERRING

www.redherring.com

THE ECONOMIST

www.economist.com

FORBES

www.forbes.com

Fee-based Online Resources

Some of the websites listed below offer certain information free, but for more in-depth information, you will have to pay a fee.

LEXISNEXIS

www.lexisnexis.com

This service provides a wealth of information and should be the first place you start when you are ready to pay for information. It is indispensable to researchers and includes comprehensive company, country, financial, demographic, market research, and industry reports. LexisNexis offers access to hundreds of databases, thousands of worldwide publications, public and legislative records, data on companies and executives, and more. Payment for access to the LexisNexis database is available on a per article, per day, per week, or subscription basis.

HOOVER'S ONLINE

www.hoovers.com

From Hoover's, you can get free, basic information on individual companies, particularly public companies, as well as more detailed information for a fee. Look at Hoover's Publications for more information relating to your industry. Hoover's also has links to other sources of specific information on companies, mostly fee-based.

DUN & BRADSTREET

www.dnb.com

D&B maintains credit reports and financial information on tens of thousands of companies. You can purchase a report about a competitor, customer, or supplier. You can also buy targeted marketing lists and industry reports.

For statistics and trends in technology-related industries, the following websites are sources for fee-based research reports and data:

FORRESTER

www.forrester.com

GARTNER GROUP

www.gartner.com

Offline Research Resources

While you may want to start your research online, you may find that some data is not available or is too expensive on the Internet. A number of "real-world" sources may provide additional information.

Libraries

Many public and university libraries subscribe to an array of paid online research services and/or purchase expensive statistical research publications. Visiting a library may give you access to this fee-based data for free. Choose the largest library convenient to you; the larger the library, the more likely it is to subscribe to these services or purchase these publications. You might want to make an appointment with a reference librarian at a nearby

“You need to have numbers. If I ask you a question, you better know the answer. If you say you're going to sell shoes to people with very wide feet, you better know the number of people with very wide feet.”

Andrew Anker
Venture Capitalist

university. Many universities gather their own statistical data about regional economic performance.

Ask the librarian if they have access to any of the paid online services listed above, such as LexisNexis.

Some other services to ask about include:

PREDICASTS F&S FORECASTS AND PREDICASTS PROMT (PREDICASTS OVERVIEW OF MARKETS AND TECHNOLOGY)

Predicasts PROMT provides summaries and full text of articles from trade and industry publications. It is especially useful for finding detailed information on specific companies, industries, products, and brands.

Predicasts F&S Forecasts provides an index to articles, full text of brief articles, and excerpts from nearly 1,000 journals, newspapers, research studies, and so on, covering all manufacturing and service industries and a wide range of business-related subjects.

INFOTRAC

Many libraries subscribe to an online database service called InfoTrac (published by Gale Group), which allows you to search for magazine and journal articles, as well as have access to substantial proprietary information.

STANDARD & POOR'S INDUSTRY SURVEYS

While designed for investors, this can be a source of insight about your overall industry and major competitors. It provides overviews of industry trends and reports revenues of more than 1,000 companies.

WILSON BUSINESS FULL-TEXT

This provides full-text access to articles from more than 350 business publications, and in-depth abstracting of articles from more than 600 publications. If your library has access to the Wilson Business database, it may be a less expensive way to get archived articles from publications such as *The Wall Street Journal* than from other sources.

GALE'S BUSINESS AND COMPANY RESOURCE CENTER

www.gale.cengage.com/BusinessRC/

SBDCs and Other Support Organizations

Small Business Development Centers (SBDCs) and subcenters are located in many American communities and are an excellent source of information and assistance. In addition to maintaining a library of reference materials, SBDC staff can usually direct you to sources appropriate to your planning process. They may be able to help you in identifying local resources for your particular business, and they often conduct workshops on business topics and skills. Many SBDC centers are located at community colleges or universities.

SBDC DIRECTORY ONLINE

www.sba.gov/aboutsba/sbaprograms/sbdc/index.html

This is where you can find an online listing of all SBDC centers.

Many communities have other private or quasi-governmental entrepreneurial support organizations and centers. These may be run by minority enterprise organizations, women's entrepreneur groups, regional industry associations, or your local chamber of commerce. To find such organizations, check the business section of your local newspaper, inquire at the SBDC or your local economic development office, and ask other entrepreneurs.

CHAMBER OF COMMERCE LOCATOR

www.uschamber.com/chambers/default.htm

Trade and Industry Associations

There are over 35,000 trade and industry associations in the United States alone. These associations are frequently the best source of current data relating to specific industries. Many of them conduct surveys, track market trends of their industry, and publish research papers relating to industry topics. There is almost certainly at least one association serving your company's industry.

Industry trade shows (conventions, exhibits, and the like) are an outstanding source of information and market research. In a brief time, in one location, you can identify potential competitors, customers, and suppliers. Seminars held concurrently with trade shows can help you learn about the key trends and issues in your industry. Most industries have at least one major trade show per year. Contact your industry association(s) to find out when shows are being held, and how you can get accredited to attend. Some industries hold regional or local trade shows as well as national conventions.

To find your industry association, in addition to using an online search engine (www.google.com) and directory (www.yahoo.com), you might also want to check:

THE PLANNING SHOP

www.PlanningShop.com/associations

The Planning Shop, publisher of this book, maintains a list of major trade associations on its company website.

ASAE & THE CENTER

www.asaecenter.org

This national association of directors of trade, industry, and professional associations also provides a "Gateway" on their site that can help you locate associations related to your business.

GALE'S ENCYCLOPEDIA OF ASSOCIATIONS

This publication lists over 135,000 membership organizations worldwide.

You may be able to find it at a good library.

INTERNET PUBLIC LIBRARY—ASSOCIATIONS ON THE NET

www.ipl.org/div/aon/

The Internet Public Library is a valuable resource maintained by the University of Michigan. In addition to this directory of associations, you can find a variety of other useful business information by searching elsewhere on this well-organized site.

TSNN.COM

www.tsnn.com

This database lists more than 15,000 trade shows worldwide.

Paid Research Services

In some cases, you will want to use a private research firm as a source of data. Private firms gather information (sometimes from confidential sources), provide more detailed competitor-sales estimates, and undertake market research projects. These firms are all relatively expensive, so you should use them only when your time is very limited, when undertaking an unusually large or expensive enterprise, or when the information you are seeking is hard to find, is proprietary, or has never been compiled.

Check with your industry trade associations for research firms that are particularly knowledgeable about your industry. Each firm provides different services, and costs vary dramatically. Sometimes these firms have reports or surveys they prepared for private corporate clients that, after a few months, they are able to sell to the general public. The reports may be a good source of information and a relative bargain.

Historical Performance of Your Company

If yours is an ongoing business (not newly established), you also need to gather historical data about your own company. In particular, you should examine your past internal financial records. Here is some of the financial information you may need to locate:

- Past sales records, broken down by product line, time period, store, region, or salesperson;
- Past trends in costs of sales;
- Overhead expense patterns;
- Profit margins on product lines; or
- Variations from budget projections.

“We taste-tested our product in all the places we wanted to sell it eventually: hotels, restaurants. We wanted to see what our potential consumers wanted and spent an enormous amount of time talking to them. We tested at supermarkets, parties, polo matches. We watched how people reacted physically as well as what they told us. We changed the product a dozen times in the first couple years in response to consumers. You have to be willing to make radical changes.”

Larry Leigon

Founder, Ariel Vineyards

If you cannot gather this information easily, change your reporting system so that in the future you will be able to have the data you need for adequate planning.

If you have created business plans or set goals or objectives in the past, you should also track how well your business has performed in terms of meeting your objectives. Have you consistently under-performed or exceeded your goals? Have you reached key milestones within the time period originally projected? A Milestones Achieved to Date worksheet is included in Chapter 15.

How to Conduct Your Own Market Research

Some of the most important information you need will not be available from any published source, particularly information that is quite specific to your market or new product. To obtain this data, you will have to undertake your own research. For most businesses, even very large businesses, this research needn't be expensive or prohibitively time consuming.

Personal Observation Is an Easy Method

One fundamental way to gather information—and also one of the easiest—is through personal observation. Watching what goes on in other businesses or the way people shop gives you insight into factors affecting your own business. You can observe auto and foot-traffic patterns near a selected location, how customers behave when shopping in businesses similar to yours or for similar products, and how competitors market or merchandise their products or services. Personal observation is a vital tool in your planning process and applicable for almost every business, large or small.

Informational Interviews Can Be Structured or Informal

The second principal method of market research is informational interviewing. Since the amount of information you can garner from personal observation is limited and colored by your own perceptions, you should talk with as many people as possible who can provide you with information relating to your business.

Some of these interviews may be highly structured. For instance, you might make personal appointments with those you want to interview and have a prepared list of questions. In other cases, such as when you go into a competitor's store and chat with a salesperson, your questions will appear to be more casual.

Surveys Help You Spot Trends

If you decide you need information from a large number of people, you may want to conduct a survey, either by phone, by mail, on the Internet, or in person. Surveys are a good way to spot trends and are particularly useful in assessing customer needs and desires. You can conduct in-person surveys by going to an appropriate location and interviewing subjects on the spot. Develop a questionnaire of the most important concerns to ascertain from

interview sources. Don't make your survey too long or people will refuse to participate. Mail surveys have a notoriously low response rate, so if you conduct one, it is a good idea to include some kind of incentive, such as discounts or free gifts to encourage people to respond.

Focus Groups Offer Candid Opinions

A popular form of market research is the focus group, a small group of people brought together to discuss a product, business concern, or service in great detail. For example, a few joggers might be brought in to examine and evaluate a new pair of running shoes. Focus group participants are often paid a small fee.

Market research firms conduct focus groups for businesses, bringing together the participants and leading the group discussion in a room with a one-way mirror, so that the businessperson involved can observe. However, if you do not have the funds to hire a market research firm, you might still consider assembling a focus group of your own, perhaps a group of potential consumers. Try, however, to find focus group participants you do not know personally.

Accessible Sources for Market Research

Here are some sources to consider for your market research:

- Potential customers, both end-users and buyers or distributors, if you are in a wholesale business;
- Potential suppliers;
- Businesses related geographically or by product line;
- Similar businesses serving different cities and others in your industry;
- Banks, real estate agents, universities, local or regional chambers of commerce, merchant groups, or others observing the local economy;
- Your competitors; or
- Entrepreneurs' groups.

Suppliers, distributors, and independent sales representatives can give you a great deal of information about industry trends and what your competition is doing without violating confidentiality. Because they are in touch with the market, they know which products and services are in demand.

Learn from Other Businesses

Those in related businesses often know about conditions affecting your company. For example, if you are considering locating a retail store in a mall, managers of other mall shops can give you a realistic idea of foot traffic, slow periods, and shopper demographics.

Try talking to people who are in the same industry or business as yours in a different city; they are an excellent source of information. If you are starting an onsite computer repair company in San Antonio, Texas, for instance, you might arrange to meet with a similar company in Houston. Since you will not be competing with Houston businesses, they may be very helpful in providing information not only on marketing but on operations and financial considerations.

In addition, large banks and universities frequently maintain information about the health of the local economy and particular industries. They are a good and reasonably reliable source of future-growth forecasts. Don't overlook real estate agents. They often have more up-to-date information about neighborhood trends than any other source.

Talk to Your Competition

Sometimes you can even talk to your competitors. In many industries and professions, and in instances where there is more work than the market can handle, your competitors may be willing to talk with you directly. In other cases, you need to use less direct ways of approaching them.

However, be careful not to use illegal or unethical methods of dealing with your competitors; not only is it wrong, but you'd be surprised at how such activities can come back to haunt you. Today's competitor may one day be a source of referrals, a strategic partner, or possibly, in a merger or acquisition, the owner of your company.

Getting Help

Many people realistically feel they need assistance in researching, developing, and then preparing their business plan. You may also. Fortunately, there are many places to turn.

You may want to begin with one of the many sources of assistance available free or at little charge. In many communities, you might want to start with a Small Business Development Center (see above). There is also assistance offered by the Service Corps of Retired Executives (SCORE), minority or women's economic development centers, or local economic development agencies. Many universities offer extension or evening courses to assist entrepreneurs.

One of the best sources of assistance may be local organizations of entrepreneurs or industry support groups. Many entrepreneurs' groups hold business planning seminars or offer "Special Interest Groups" (SIGs) in particular industry or topic areas.

You may also want to turn to a paid consultant to offer more personal, in-depth assistance. Consultants are available in business planning, graphic design and desktop publishing, research services, writing and editing, accounting, and many other fields.

“If you're truly creating something new, it doesn't show up in trends.”

Larry Leigon
Founder, Ariel Vineyards

Evaluating the Data You've Collected

Once you start compiling information, you might feel you have more facts than you know what to do with. Here are a few tips to keep in mind about the information you gather:

- Use the most recent data you can find; printed information is often at least two years old and a lot can change in two years.
- Translate data into units rather than dollars whenever possible. Due to inflation, dollars may not give you consistent information from year to year.
- Give the most reliable source the most credence. Generally, the larger the group sampled for information, or the more respected the organization that conducted the research, the more trustworthy the numbers you collect.
- Integrate data from one source to another in order to draw conclusions. However, make sure the information is from the same time period and is consistent; small variations can lead to vastly inaccurate results.
- Use the most conservative figures. Naturally, you'll be tempted to paint the brightest picture possible, but such information often leads to bad business decisions.

A Quick Feasibility Analysis

Once you complete your initial research efforts, but before you lay out the specific components of your plan, it's time to re-examine your business concept to see if it appears to be feasible. Of course, at this early stage, you'll not have all the information you need to know whether you can completely execute on your business plan or even how much money you can reasonably expect to make. You will not, for instance, at this point have done a financial analysis, so you won't know what your costs and profits are likely to be. That's why you're going to develop a complete business plan.

Nevertheless, a feasibility analysis is a chance to begin to flesh out your initial business idea, see which components are already in place to make it possible, see which are not, and do a quick assessment of whether you can pull this off successfully. Before you develop the specific components of your business plan in depth, take time to see if it seems feasible—and identify the likely roadblocks you're going to face.

Doing a feasibility analysis is a chance to open your eyes, ask yourself some very tough questions, then check to see whether your idea, as originally conceived, needs to be modified, refocused, or changed dramatically. (Or perhaps even scrapped altogether. It's better to drop an unworkable idea early on and move on to pursuing one of your other, potentially more successful, ideas.)

How does a feasibility analysis differ from a business plan? Think of developing and planning your business as entailing a few components:

1. **Vision.** Identifying and articulating your business idea and concept.
2. **Feasibility analysis.** Challenging your concept, identifying which components are in place to make it realistic to easily execute, recognizing the biggest obstacles you're likely to face.
3. **Business plan.** Clarifying your business strategy in detail, describing how you're going to execute on your vision, developing the major components of your business, projecting detailed financial forecasts.
4. **Marketing/operations/technology plans.** Describing in detail and developing budgets for the internal aspects of how you'll run your business day-to-day.

How involved your feasibility analysis is will depend a bit on how unusual your idea is or how hard your market is to reach. The more novel your concept, or the more unproven your marketing and sales channel, the more investigation you'll need to do to see whether the necessary building blocks are available to you or whether you'll have to create those too.

Let's say you've got an idea for a new product—tasty meals that come in packages that are self-heating—and you plan to sell them to airline passengers so they can bring hot meals to eat while they fly. There are a lot of things you can look at fairly quickly to test the feasibility of this idea. Does such packaging already exist and is it proven? Would airlines allow such packages on planes? How expensive is it for you to get space in airports to sell these? That's on top of the bigger question: Would flyers even want this?

But if you're doing something more proven—let's say you're opening an Italian restaurant on a street that's already a major destination for diners—your feasibility analysis will be much less involved. Is there space available in that neighborhood? Are the rents too high to operate profitably? Do you personally have the restaurant experience necessary to make this a success? Can you find a great Italian cook?

With every feasibility analysis, start by evaluating yourself. Are you really suited to run a business? Do you yourself have the knowledge and skills to pull this off? Can you assemble a winning team?

A feasibility analysis is only a beginning to your business plan—and to your questioning and exploring. You should continually be challenging your assumptions. It's the entrepreneurs most willing to ask themselves the tough questions who are most likely to succeed.

The Feasibility Analysis worksheet on page 39 helps you evaluate your basic business concept. Be sure to complete it only after finishing your initial research.

Chapter Summary

A thorough business planning process gives you ammunition to use when looking for money to fund your business and an outstanding opportunity to better understand your business concept, market, and industry, thus increasing your chance of success. Keep in mind that this process is a business activity, not a writing assignment. The process itself—not just the document you produce—can positively affect the success of your business.

After you complete your research, but before you develop your business plan in depth, take the time to do a feasibility study on your concept. This will save you time and give you a better idea of what kind of roadblocks you may face.

Feasibility Analysis Worksheet

Complete this worksheet after conducting your initial research to identify which areas of your business are the strongest and which are likely to present major challenges. Rate each of the following areas on a scale of 1-10—with 1 being “not at all” to 10 being “completely.” The higher your scores in each area, the less risk you are likely to face. Those areas with very low scores are likely to make it more difficult for your business to be developed and, ultimately, successful. You will need to spend more time on those areas as you develop your complete business plan.

Your Industry

- ☐ Is economically healthy.
- ☐ Is new, expanding, or growing significantly.
- ☐ Is characterized by a large number of competitors rather than a few entrenched, large companies.
- ☐ Is able to withstand downturns in economic cycles.
- ☐ Has positive forecasts for significant growth in the immediate future.

Your Product or Service

- ☐ Is proven and not unique.
- ☐ Is already in demand.
- ☐ If unique, there are significant barriers to keep others from competing with you.
- ☐ Is currently developed or can be developed in the near future.
- ☐ Has a clear source of suppliers for the necessary materials or inventory.
- ☐ Can be produced at a cost significantly lower than the future sales price.
- ☐ Is not burdensome—in terms of cost or time—for new customers to convert to.
- ☐ Is consumable—meaning customers will use your product or service repeatedly.

Your Market

- ☐ Is clearly identifiable.
- ☐ Is large enough to be able to support your business.
- ☐ Is small enough to be able to be reached affordably for marketing purposes.
- ☐ Has shown they are already interested in your product or service.
- ☐ Is growing.
- ☐ Has forecasts for significant growth in the immediate future.
- ☐ Has existing sales channels to sell to your customers.

Your Competition

- ☐ Exists.
- ☐ Is clearly identifiable.
- ☐ Has market share that is widely distributed and is not dominated by a few major companies.
- ☐ Does not have deep pockets to come after you.

Feasibility Analysis Worksheet (continued)**Your Operations**

- _____ Does not entail significant initial capital investment.
- _____ Does not require the purchase of substantial, expensive inventories.
- _____ Does not require new or unproven technologies.
- _____ Is not reliant on one or two suppliers or distributors.
- _____ Does not entail unusual production or operational challenges.
- _____ Has a ready source of skilled labor.
- _____ Does not require expensive insurance or entail significant liability.

Your Leadership Abilities

- _____ You have started or run a company previously.
- _____ You have had training in entrepreneurship and/or business management.
- _____ You have previous experience in this industry.
- _____ You are open to suggestion and guidance from others.
- _____ You are able to be flexible and change course if the situation demands.
- _____ You have prior experience leading a team.
- _____ Others naturally find you to be a leader.
- _____ You have the personal capability to develop your product or service.
- _____ You have the personal capability and willingness to go out and make sales.
- _____ You have a good credit history.

Your Management Team

- _____ You have identified and/or secured others with the capability to develop your product or service.
- _____ You have identified and/or secured others who can make sales.
- _____ You have clearly identified/secured others to be part of your team.
- _____ Members of your team have previous industry experience.

Financial/Business Model

- _____ You will be able to finance all start-up costs and become profitable without any outside funding.
- _____ There exist funding sources (angel investors, venture capitalists) who actively invest in your industry.
- _____ The business does not require high start-up costs.
- _____ The business does not require high annual operating costs.
- _____ You will be able to be profitable within the first 12 months.
- _____ You are able to forecast continued, significant growth for at least 36 months.
- _____ A clear, proven business model already exists on how you'll charge customers for your product or service.

Technology Plan

Computers are useless. They can only give you answers.

—Pablo Picasso

Every business needs technology. Even if your company makes old-fashioned chocolate chip cookies, you'll rely on technology to handle many, if not most, routine business operations, from maintaining financial records, to processing orders, to staying in contact with suppliers and customers. Because technology is so central to running a business today, you need to plan what technology you will use and how you will use it.

This section helps you outline your technology needs. If yours is a technology-intensive company, your technology needs may be far more complicated than indicated in this chapter.

Why a Technology Plan?

Sometimes even the simplest technology issues prove to be difficult and time-consuming. For example, options for today's telephone systems can be surprisingly confusing, even for relatively small companies. Few of us have the technical expertise to understand the wide range of technology choices available to us. Often, we don't even know the right terms to use or questions to ask.

Many decisions you make about your technology, such as the choice of your database program, may be costly or cumbersome to change later. When outlining your technology plan, keep in mind how your company might grow or change; try to choose technology that is flexible enough to grow and change with you. As much as possible, choose technology that, while meeting your needs, is simpler rather than overly complex. All those extra "features" may just make your technology, whether it be a software program or a telephone, harder to use.

“I can sit at my desk as a venture capitalist and come up with 30 ideas; I have the money in the bank to play with—that's not the hard part; the hard part is figuring out all the mechanical issues of how you make a business. That's the part we really need to see.”

Andrew Anker
Venture Capitalist

You may benefit greatly by using the services of a technology consultant to help you figure out the best products and systems for your company. There are consultants who can help you design a total system—hardware, software, telecommunications, and so on—and there are also specialists in specific areas.

Some industries have vendors who produce specialized software or hardware to meet industry-specific demands. Your trade association can help you identify vendors of such industry-specific technology, and you can typically find many sources exhibiting at industry trade shows. Although these products may be more expensive than general “off-the-shelf” software, they may better suit your company’s specific needs, and they’re less expensive than having software created specifically for you. Check, however, to see how compatible these industry-specific items are with common software or hardware; you’ll probably want to be able to use some “off-the-shelf” products.

If you are just starting your business, you may not need to figure out each of these technology issues in detail, but you should have a realistic sense of costs as you put your financial statements together.

The Technology Budget worksheet and Technology Plan Preparation Form at the end of this chapter will help you assess your technology needs and costs.

Planning for Technology Businesses

If you are preparing a business plan for a company that is heavily dependent on technology, expect some potential funders, especially venture capitalists, to scrutinize your technology plan in great detail. They will want to see both that you understand the nature and scope of your technology needs and that you have planned adequately for your hardware/software needs and your need for specialized personnel.

Of course, some companies are specifically in the business of developing or exploiting new technology, not just using technology to achieve other business goals. In these companies, technology is essentially the core business, and potential investors want detailed information about the nature of your technology. This description can be included as part of the section on “Products and Services” or it can be a separate section of your plan. It should describe the basic concept and features of your technology with a level of detail geared to the expertise of the potential reader.

Be careful, however, about how you provide the necessary data. You’ll need to show the viability of your concept without revealing extremely sensitive company secrets (which should not be put in a written business plan). If, on the other hand, you are seeking conventional financing (e.g., bank loans) or investment from less knowledgeable sources, then the description of your new technology should be fairly general. If your plan is for internal use only, your technology section may be very detailed and include sensitive information about product development. In this case, be extremely cautious as to how the plan is distributed; you don’t want it to fall into the wrong hands.

What Do You Use Technology For?

If you walk into a computer store and say, “I need a computer,” the first question the salesperson will ask is, “What do you need it for?” Base your technology choices on your actual and projected business needs.

When you examine your business operations, look at which functions require or could benefit from technology. Common business needs that utilize technology include:

- Accounting, taxes, finances
- Order taking and tracking
- Order fulfillment/shipping
- Inventory management
- Database management, such as customer, product, supplier, or inventory
- Mailing lists
- Communication with customers
- Internal communication
- Presentations
- Desktop publishing/graphics
- Personnel/human resources management
- Production: design, cost-tracking, supply management
- Internet marketing/website/email
- Internet sales

Many of these functions are offered online as software-as-a-service (SaaS). SaaS enables you to access your data anywhere you have Internet access and to pay monthly for the service instead of purchasing costly software outright.

Choosing Technology

Key issues when choosing technology include:

- Functions
- Ease-of-use
- Cost
- Security
- Ability to be upgraded and expanded
- Integration with existing data, technology, systems, and the like

As a guideline, ask yourself the following questions:

- What features do you absolutely need? Make certain the technology can handle your most important functions. If you can't do the things you have to do, you'll waste your money.

“You have to work with and understand the existing infrastructure, the existing distribution channels, the existing brick and mortar manufacturers. Navigating those waters, understanding their issues, and working both within and outside the system are very important things.”

Andrew Anker
Venture Capitalist

“At HotWired, we tried to build a company where the process, the flexibility, was more important than the product. We knew that the product was going to change a thousand times before we were done with it, but the process had to work.”

Andrew Anker
Venture Capitalist

- What features would be helpful, although they are not absolutely essential? In addition to meeting your essential needs, some technology products or features can save you time or money in the long term. Look for those solutions that can improve your business and review them in light of the extra cost and complexity they present.
- How often will you need to change or update computer software? The biggest problem with computers is not that they fail, but that as new software and peripheral devices are introduced, they don't work with older computers. Newer versions of software require more and more memory and faster processing speed. If you'll need to upgrade frequently, purchase hardware that is more liable to be able to handle such upgrades.
- Does your equipment have to be compatible with other equipment or lots of software? With a piece of stand-alone equipment, such as a copier, you have a lot more flexibility when making your selection, and it may not matter if you buy an unknown brand. If you have equipment that has to be integrated or connected with other equipment, such as a computer or some smaller telecommunications devices, look for well-known products. You'll want to avoid the hassles of trying to make an off-brand work with your other equipment. Software programs, for instance, usually come equipped with drivers to handle only the most popular brands of computers, printers, or scanners.
- With equipment that uses “consumables,” such as ink cartridges for printers, find out if replacement supplies are readily available. Office and discount stores usually carry only the most well-known brands. Take into account the availability and costs of supplies before making your final selection.
- Do you perform tasks like design, desktop publishing, presentations? If so, go for the latest equipment. Those types of software programs eat up lots of memory and processing speed.
- How cool do you want to be? Some people and some companies want to be seen as on the cutting edge of technology.

Global Technology Concerns

It's easier than ever to operate internationally, primarily due to technology. The Internet, mobile communication, and VOIP (Voice over IP) all make it possible to connect with virtually anyone throughout the globe.

Technology is generally well suited to being used internationally. Most technology has been developed for international standards. In a few, rare instances, however, you may find conflicts between technology systems. Some issues may arise from things such as electrical currents or telecommunications standards. Some mobile phones will not work in other countries, for example. Occasionally some governments may place limits on the use or access of technology. For instance, certain countries limit their citizens' access to particular search engines or social networking websites. Other countries put limits on what can be advertised on auction sites.

If you are operating your technology across borders, consider any conflicts or problems that are likely to arise.

Chapter Summary

Technology is a critical aspect of all businesses today, used in most areas of business operations and marketing. Because technology decisions can be confusing and costly, you may want to seek the help of outside experts to help you make your technology choices. Developing an overall technology plan gives you a framework to understand the scope of your technology needs and create a more realistic technology budget.

Globalization: Technology Concerns

What kinds of conflicts could there be in your software, hardware, or other technology solutions?

Compatibility _____

Time zone _____

Currency conversion _____

Paper source _____

Measurement standards (e.g., metric versus Imperial, pounds vs. stones) _____

Language and terminology _____

What steps will you take to mitigate these potential issues? _____

Technology Budget

\$ > \$\$ > \$\$\$

Use this worksheet to specify the costs of your ongoing technology needs.

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-----------------------------|--------|--------|--------|--------|--------|
| Software | | | | | |
| Accounting | | | | | |
| Customer relationship mgmt. | | | | | |
| Human resource mgmt. | | | | | |
| Inventory mgmt. | | | | | |
| Office suite | | | | | |
| Custom software | | | | | |
| Other: | | | | | |
| Other: | | | | | |
| Hardware | | | | | |
| Desktop computers | | | | | |
| Portable computers | | | | | |
| Servers | | | | | |
| Backup systems | | | | | |
| Printers | | | | | |
| Networking | | | | | |
| Peripherals | | | | | |
| Other: | | | | | |
| Other: | | | | | |
| Telecommunications | | | | | |
| Telephone system | | | | | |
| Mobile phones/pagers | | | | | |
| Fax machines | | | | | |
| Internet access | | | | | |
| Other: | | | | | |
| Other: | | | | | |
| Consulting Personnel | | | | | |
| Systems design/maintenance | | | | | |
| Tech support/help desk | | | | | |
| Other: | | | | | |
| Total | | | | | |

Technology Plan Preparation Form

Using this form as a guide, summarize the key technology concerns and technology needs of your business, which you can then include in your business plan, either in a separate Technology section, or in the Operations section.

Software Needs: _____

Hardware Needs: _____

Telecommunications Needs: _____

Personnel Needs (specify in-house or outsourced): _____

Use this information as the basis of your plan's Technology section.

SAMPLE PLAN: TECHNOLOGY PLAN**TECHNOLOGY**

ComputerEase is in the technology business. As such, we must always stay on top of new developments and continually upgrade not only our equipment, but our skills.

The most critical component of our technology plan is making certain our course developers and instructors are fully capable of using new software in the most productive ways possible, so that they, in turn, develop appropriate training materials and train our students. To that end, our course developers and instructors receive pre-release copies of software programs and pre-release training from major software manufacturers.

Key to success is staying on the cutting edge of instructional design technology. We are partnering with experts in the field to stay abreast of new developments in interactive online courseware and anticipate adding enhancements as they are developed.

ComputerEase offers online, distance learning capabilities. National competitors currently offer such training, and we want to be prepared to be able to take on such competition. Additionally, we believe our online distance learning programs will enable us to expedite our geographic reach into other areas not only in the Midwest and other parts of the U.S., but also into any English-speaking country.

Our training centers are also critical. One training center is already in operation, and we anticipate opening a second center by January 2011. This center will have 20-30 of the most up-to-date personal computers, 3-4 printers, overhead projection equipment, and other audiovisual equipment. We lease our computers for the training centers rather than purchase them; this enables us to always offer students the latest equipment.

Our company website contains background information on the company and lists the schedule and descriptions of training classes for both online and in-person training sessions. Students of corporate training classes taking place in our center can register for sessions online and access password-protected areas to receive additional assistance after completing their training sessions. This will enable us to provide more continual support for our corporate clients. Online students enjoy these same capabilities, in addition to access to their training sessions through the website.

ComputerEase intends to pursue the development of training materials and applications for smartphones, iPads, and other electronic tablets. Outside of the U.S. market, especially in Europe and Asia, users tend to rely on their phones as their primary electronic device. As we attract more and more international clients, we will need to develop our technology accordingly. In the U.S., we foresee continued growth in the popularity of electronic tablets and smartphones as well.