



## ANALYZING YOUR NEW PRODUCT

In order to make your upcoming counseling session more effective, please answer, *to the best of your ability*, the following questions. There are **no** right or wrong answers. Feel free to use additional paper if needed.

**NOTE:** All information provided to the SBDC will be confidential

### Product Protection

- Have you undertaken a preliminary patent or copyright search?  Yes  
 No
- Can your product be easily copied?  Yes  
 No
- Are there other patents or copyrights that your patent infringes on?  Yes  
 No
- Can your product be patented or copyrighted?  Copyright possible  
 Design patent possible  
 Utility patent possible
- What are the prospects for protection of your product?  Can definitely be patented or copyrighted and long-term secrecy is possible  
 May be patented or copyrighted and short-term secrecy is possible  
 Limited legal protection and some secrecy may be possible  
 No legal protection but some secrecy may be possible  
 Someone else's patent or copyright currently applies  
 No legal protection or secrecy is possible
- What best describes your desire to pursue infringement of your patent or copyright?  No desire  
 Depends on circumstances  
 Complete determination
- Do you have the financial resources to pursue legal action against infringement of your patent or copyright?  No  
 Limited, perhaps could cover preliminary legal action

- Yes, although could not afford protracted action
- Yes, through lengthy trial

## Legal Environment

Describe the safety of your product.

- Very safe under all conditions
- Relatively safe for careful users
- Unsafe unless strict guidelines are met
- Very unsafe

What impact will your product have on the environment?

- Improves the environment
- Recyclable
- Non-hazardous
- Currently un-recyclable
- Hazardous

Have you researched the legal environment that applies to your product?

- Consumer protection laws
- Product liability
- Industry regulations
- Product standards
- Labeling requirements
- EPA regulations
- FDA regulations

## Product Development

In what stage of development is your product?

- Only an idea
- Early design stages
- Rough prototype/plan
- Final prototype
- Prototype being tested
- Prototype fully tested
- Ready for production

How do you expect to finance continued development of your product?

- Self financed
- Federal or state grants
- Federal or state government loans
- Business loans
- Investors

Will your product actually do what it is intended to do in its current form?

- Needs major modifications
- Needs minor modification
- Could be improved
- Works at optimum level

How long do you anticipate it will be before your product is ready for production?

- No way to calculate
- Less than 1 year
- 1-5 years
- 5-10 years
- Longer than 10 years

### Product Production

Can your product be produced given current manufacturing technologies?

- Utilizes widely available equipment/processes
- Requires retooling or modifications of standard equipment/processes
- Requires unusual or highly specialized equipment/processes
- Produced by outdated equipment/processes
- Relies on emerging technology
- Impossible to produce now

How do you plan to produce your product?

- Sell the product to another manufacturer
- License to another manufacturer
- Contract for production with another manufacturer
- Produce using own manufacturing facility
- Establish own new manufacturing facility

### Target Markets

What type of market is your product designed for?

- Business
- Consumers
- Industrial

Describe a typical customer for your product. This customer should represent a type of person or business whom you expect could give you the majority of your first year's income.

---

---

---

---

Describe the size of the potential market for your product.

- Very small and/or specialized
- Small – regional (3 states)
- Medium – multi-regional
- Large – national
- Unrestricted – international

What category best describes your customer's need for your product?

- Very little – gimmick
- Superficial – non-essential needs
- Moderate – fulfills both psychological and physical non-essential needs
- Strong – fulfills an essential Need

What customer needs does your product satisfy?

---

---

---

---

## Market Potential

What trend best describes the market's demand for your product?

- Rapidly expanding
- Steady demand
- Growing slowly
- Limited cycle of just a few years
- Possible decline in the future

How stable is the demand for your product?

- Highly stable – not susceptible to fluctuations
- Stable – variations can be accurately forecast
- Predictable
- Unstable – susceptible to moderate fluctuations
- Highly unstable – subject to unpredictable fluctuations

How long do you believe your product will be in demand or needed by your primary market?

- Less than 1 year
- 2 years
- 4 years

- 7 years
- More than 10 years

How compatible is your product with the market's existing attitudes toward products of this type?

- Current attitudes will give marketing efforts a strong boost
- Current attitudes will aid marketing efforts
- Current attitudes are neutral – no effects
- Current attitudes are negative – will be slow to accept

How easy to assemble or operate is your product?

- Can be used immediately
- Requires little instruction – user friendly
- Normal instructions sufficient for most users
- Needs highly detailed instructions
- Requires specialized training before use

To what degree is the sale of this product dependant on the availability of other products, processes, or services?

- Very high – prohibitive in relation to sales
- High – little market control
- Moderate – reasonable control
- Low – strong market control
- Very low – complex market control

## Competition

List the products with which your product will be competing. Include both direct competition and substitutes.

---

---

---

---

What best describes your product's appearance compared to competition and substitutes?

- Very superior – has strong customer appeal
- Superior – has customer appeal
- Similar to other products
- Inferior – little customer appeal
- Very inferior – no customer appeal
- Customer appeal is not a factor

How does your product function compared to your product's competition and substitutes?

- Very superior – a major improvement
- Superior – a noticeable improvement

- Similar – not noticeably better
- Inferior – offers no improvement
- Very inferior

How does the price you plan to charge for your product compare to competition and substitutes?

- Much higher
- Higher – a competitive disadvantage
- About the same
- Lower – a competitive advantage
- Much lower

What is the threat from new competing or substitute products?

- Very high – product lead will be very short
- High – product lead will be relatively short
- Moderate – market share can be maintained
- Low – product lead will be relatively long
- Very low – a strong chance to sustain market

## Distribution

How do you plan to distribute your product?

- Through manufacturer who also handles sales
- Using in-house staff to be hired
- Using current in-house sales staff
- Through industrial reps/brokers to be contracted
- Through current industrial reps/brokers

What will be the cost and difficulty of establishing distribution channels?

- Very high – prohibitive in relation to expected sales
- High relative to expected sales
- Moderate – commensurate with expected sales
- Low relative to expected sales
- Very low relative to expected sales

How will your product be shipped?

- Mail or parcel service
- Trucks
- Rail
- Air
- Ship

## Promotion

How easily can the advantages and benefits of your product be communicated to your market?

- Very visible – needs no explanation
- Visible and are easily communicated
- Visible but requires some explanation
- Obscure – requires substantial explanation
- Very obscure – very difficult and costly to communicate

What are the costs and effort required to promote your product?

- Very high relative to expected sales
- High relative to expected sales
- Moderate – commensurate with sales
- Low relative to expected sales
- Very low relative to expected sales

How do you plan to promote your product?  
(Check all that apply)

- Trade shows
- Personal sales
- Print advertising
- Direct mail
- Catalog
- Television
- Radio
- Infomercials
- Other

## Service

How do you plan to service your product?

- No service – replacement required
- Manufacturer's service
- Dealer's service
- Independent service

What warranty will your product carry?

- No warranty
- Limited manufacturer's warranty: parts only
- Full manufacturer's warranty: parts and labor
- Dealer's warranty

What is the warranty length?

- Days: \_\_\_\_\_
- Months: \_\_\_\_\_
- Years: \_\_\_\_\_

What is the relative cost and difficulty of providing service for your product?

- Very high – will require frequent service and parts
- High – will require periodic service and parts
- Moderate – will need occasional service and parts
- Low – need will be infrequent
- Very low – will require rare service and parts

### Product Breakeven Calculation

How much money have you already invested in developing your product?

\$ \_\_\_\_\_

How much do you estimate further development will cost?

+ \_\_\_\_\_

What will it cost to prepare for production?

+ \_\_\_\_\_

Add together to calculate development costs

= \$ \_\_\_\_\_

What will you make in net profit for each unit sold?

\$ \_\_\_\_\_

### OR

What will you receive in royalties or licensing fees for each unit sold?

\$ \_\_\_\_\_

How many units will you sell in year 1?

\_\_\_\_\_

Year 2?

\_\_\_\_\_

Year 3?

\_\_\_\_\_

Year 4?

\_\_\_\_\_

Year 5?

\_\_\_\_\_

How long will it take to sell enough units to breakeven?

Years: \_\_\_\_\_

Months: \_\_\_\_\_

## Management Skills Assessment

Place a check mark in the box which best describes you and key partners or managers in your company.

|                      | Adequate Knowledge       | Assistance Needed        | Training Needed          |
|----------------------|--------------------------|--------------------------|--------------------------|
| Accounting & Taxes   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Production           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Organizing           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Financial Management | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| People Management    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Time Management      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Personal Selling     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Promotion            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Cost Control         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Personnel Policies   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Pricing              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

## Summary of Money Needs

Complete the following section only if you intend to manufacturer the product yourself.

|   |   |          |
|---|---|----------|
| 1. Land/building  |   | \$ _____ |
| 2. Machinery/equipment  |   | \$ _____ |
| 3. Furniture/office equipment   |   | \$ _____ |
| 4. Inventory/materials  |   | \$ _____ |
| 5. Consulting fees or miscellaneous expenses  |   | \$ _____ |
| _____   |   | \$ _____ |
| _____   |   | \$ _____ |
| _____   |   | \$ _____ |
| _____   |   | \$ _____ |
| _____   |   | \$ _____ |
| 6. Anticipated operating cash required (accounts receivable, marketing, financing, supplies, wages, utility deposits, or other) |   | \$ _____ |
| _____   |   | \$ _____ |
| _____   |   | \$ _____ |
| _____   |   | \$ _____ |
| _____   |   | \$ _____ |
| _____   |   | \$ _____ |
| 7. Total projected costs (add lines 1-6)  | = | \$ _____ |
| 8. Amount of personal funds you plan to invest  |   | \$ _____ |
| 9. Amount invested by partners or other investors   |   | \$ _____ |
| 10. Total investment (line 8 + line 9)  | = | \$ _____ |
| 11. Balance of money needs to be financed (line 7 minus line 10)  |   | \$ _____ |

Last revised 10/4/07