

Questions to ask yourself before you start

You have a great idea and want to start a business. But do you have what it takes to make it a success? Every year, more new small businesses fail than succeed. But that shouldn't stop you — test your idea and yourself by answering these questions.

Do I have what it takes?

Running a business can challenge your resilience. Some business owners work long, unpredictable days with little respite until they make a profit.

It helps if you are:

- **Passionate:** If not, you'll find it hard to keep going when you hit a hurdle.
- **Prepared to make changes:** You might have less money to spend. Time spent on hobbies and social activities, or with family and friends, is likely to change too — at least while the business is getting up and running.
- **Good at managing risk:** It may take time to develop a steady flow of revenue.
- **Persistent:** Things may not always go to plan.
- **Open to learning new skills:** You may have to be company CEO, bookkeeper, sales team and cleaner until you hire specialist staff or advisors. You're also going to be developing what your business is selling — and working out how to sell it.

Going contracting?

If you're thinking about going contracting, we have tips, tools and resources that can help.

[Going contracting \(/going-contracting/\)](/going-contracting/)

How good is my business idea?

There can be big differences between a good idea and an idea that will be strong enough to build a business from. Often the most commercially successful ideas are the simple ones, like identifying a gap in the market that can be filled with a new product or service, or adapting and improving an existing business idea.

Take time to assess your business idea before you leave your job, borrow money, or make big changes to your life.

Want to do business for good?

[Making a difference with your purpose-led business\(/doing-business-for-good/making-a-difference-with-your-purpose-led-business/\)](/doing-business-for-good/making-a-difference-with-your-purpose-led-business/)

Will I solve a problem or fill a need?

Is your idea for a business going to solve a problem — or tap into an unfilled need — for the public or other businesses?

If your answer is no, scrap it and start again.

If your answer is yes, think about the scale of this problem or need. If it's minor, you might struggle to make sales. You need to solve what's giving people a major headache, or provide something they can't get elsewhere.

This is a key aspect of business planning. It's a good idea to draw up a basic business plan — even just a one-pager — to help test whether you have a sound idea.

[How to write a business plan \(/getting-started/business-planning-tools-and-tips/how-to-write-a-business-plan/\)](#)

Case study

Countdown to launch

Before launching tech company Common Ledger, Carlos Chambers and his team had an idea for software to streamline the information accountants received from their clients' different programs. They spent six months speaking to accountants in New Zealand and Australia to understand their potential market and refine their product.

“We learned there was this really deep problem that accountants around the world were facing. That's what we were looking for — huge problem, huge opportunity and a huge way to really help this industry move forward.”

The next step was to develop an 18-month plan and a three-to-five-year strategy to turn their start-up into a fully fledged company. They have since raised more than \$1m and launched in both countries.

“We're close to our targets on our initial forecasts. We've brought on the right board. We've hired the right team members. All these things are probably the result of thorough planning. We would never have been able to usefully create our strategy if we hadn't done that first six months of research.”

Will people buy from me?

Unique selling point

Unless you're going to sell something no one has thought of before, you'll be competing against other businesses. Your products or services must stand out from the rest.

[Developing your unique selling point \(USP\) \(/getting-started/building-a-brand/developing-your-unique-selling-point/\)](#)

Customer profiles

It's worth creating personas — fictionalised profiles of the people you most want to sell to — as you shape up your idea. Think about where you can find them, what they value, what they're worried about, and what they need.

[Identifying key customers \(/getting-started/building-a-brand/creating-your-brand/#e863\)](#)

Pricing

It's useful to work out what your competitors charge for the same or similar products or services, and how much customers are prepared to pay for yours — you can do this by asking a sample group of your potential customers. You should also check if there are industry-standard prices for your type of service or product.

Think about the optics of your pricing too — if you charge less than your competitors could your product or service be seen as inferior? If you charge more, can you justify this by offering better quality products, or superior service?

Numbers game

Figure out how much you'll have to earn to cover the cost of sales and your monthly overheads. It's also good to have realistic estimates of future income and costs to work out when you'll be in profit. If the numbers show you won't make profits for some time — even years — do you have funds to carry you through?

[Tips on cash flow forecasting \(/tax-and-accounting/business-finance-basics/getting-paid-on-time/\)](#)

How much will it cost to start up?

Once you've drawn up a basic plan and crunched some numbers, you need to figure out how much money you'll need to start your business.

[How much money do I need? \(/getting-started/funding-your-business/how-much-money-do-you-need-to-start-a-](#)

Who are my rivals?

Some markets are more crowded and harder to break into than others. For example, if your area is flooded with cafes, what makes you think yours will be a success?

Ask yourself:

- How many competitors will I have?
- Are there any who will be in direct competition with me?
- How difficult will it be for others to repeat what I've done?
- How can I differ from my competition – why will customers buy from me, and what can I offer that the competition doesn't?

[How to research your market and competitors \(/getting-started/taking-the-first-steps/how-to-research-your-market-and-competitors/\)](#)

Will I sell overseas?

If your business is successful, are you likely to want to sell your goods or services overseas? You may not want to export right now, but it pays to think ahead.

Exporting has advantages, including:

- Growth — the rest of the world offers a much bigger market.
- Economies of scale — cost per unit often drops when you make more units.
- Managing seasonal fluctuations — exporting may help to even out seasonal changes in demand for your product.
- Spreading risk — selling to more markets means you don't have all your eggs in the New Zealand basket.

[What you need to know about exporting \(/how-to-grow/exporting/what-you-need-to-know-about-exporting/\)](#)

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Other things to think about when you're starting out

More

More

What to think about when you go contracting

[\(/getting-started/advice-for-contractors/what-to-consider-before-you-starting-contracting/\)](/getting-started/advice-for-contractors/what-to-consider-before-you-starting-contracting/)

[There are several pros and cons to contracting. Here's some information to help you decide if it's for you.](#)

[\(/getting-started/advice-for-contractors/what-to-consider-before-you-starting-contracting/\)](/getting-started/advice-for-contractors/what-to-consider-before-you-starting-contracting/)

[Deciding on contracting](#)

[\(/getting-started/advice-for-contractors/what-to-consider-before-you-starting-contracting/\)](/getting-started/advice-for-contractors/what-to-consider-before-you-starting-contracting/)

Guide to starting a business

[\(/getting-started/taking-the-first-steps/10-step-guide-to-starting-a-business/\)](/getting-started/taking-the-first-steps/10-step-guide-to-starting-a-business/)

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[10-step business guide](#)

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Start-up business plan

[\(/assets/uploads/Documents/Businessplantemplate.docx\)](/assets/uploads/Documents/Businessplantemplate.docx)

[Use this template to help write a great plan for your new business.](#)

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[Get an online presence \[DOCX, 206 KB\]](#)

[\(/assets/uploads/Documents/Businessplantemplate.docx\)](/assets/uploads/Documents/Businessplantemplate.docx)

News for business

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Goods and Services Tax (GST) dos and don'ts

[\(/tax-and-accounting/basic-tax-types/gst/\)](/tax-and-accounting/basic-tax-types/gst/)

[When to register and deregister for GST, how to pay it and when, plus zero-rated goods and services.](#)

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[Use this tool to find out which laws apply to you and your business — and save valuable time.](#)

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