

# ASSESS OPPORTUNITIES



## FROM THE BOTTOM LINE UP!

(YOU CAN DO ANYTHING YOU WANT BUT ... YOU CAN'T DO EVERYTHING)

**By Mary Goodman and Rich Russakoff**

All growth opportunities – no matter how attractive they appear – have inherent viability and risks. The **Assess Opportunities from the Bottom Line Up Workbook** was developed to help you assess your company's opportunity for growth. This growth opportunity can be in the form of new or enhanced products or services for your company.

By using this **Bottom Line Up Assessment**, you will learn to analyze opportunities first qualitatively, then quantitatively. This will help you determine not just those opportunities you can pursue, but those you should pursue.



[www.BottomLineUpEnterprises.com](http://www.BottomLineUpEnterprises.com)  
( [www.BLU100.com](http://www.BLU100.com) )

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*“All truths are easy to understand once they are discovered;  
the point is to discover them.”*

— Galileo Galilei 1564-1642

# PHASE 1

**ASSESS THE OPPORTUNITY (MODEL) QUALITATIVELY  
– IS THE OPPORTUNITY FIT FOR THE PURPOSE  
AND COMMERCIALY VIABLE?**

**The qualitative process focuses on:**

- PURPOSE** Determine the strategic value.
- PEOPLE** Identify who will choose, use, pay for, and profit.
- PROCESS** Understand the impact on company operations.  
Will resources be working in harmony or discord?
- PROFIT** Define the value to each stakeholder – owners,  
customers, vendors, employees and community.

**PHASE 1**

# PURPOSE

**Describe your current statement of purpose or value proposition:**

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**List your core values:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

*“Whenever we’ve done the right thing, we’ve made money.”*  
—Yvonne Chenard Patagonia, INC.

**List your core competencies and principle assets – your ‘Secret Sauce’:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

**What is the new opportunity? What do you want to accomplish?**

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**How will it add value? Or conversely, what is the problem it will solve? Why is it important?**

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**Will it dilute the company's focus and/or value?**

- Yes
- No
- Undecided

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**PIVOTAL PURPOSE QUESTIONS:**

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**Is the opportunity that you are vetting consistent with your core values?**

- Yes
- No
- Undecided

**Is the opportunity that you are vetting consistent with your core competencies?**

- Yes
- No
- Undecided

**Are you passionate about the opportunity that you are vetting?**

- Yes
- No
- Undecided

- 
- If you answered **YES** to all of the last three questions continue with the next section.
  - If you answered **NO** to any of the last three questions do **NOT** continue. Go back to work, play golf, or go home to your family.
  - If you answered **UNDECIDED** to any of the last three questions, please review your earlier answers. Then, if you are still undecided, continue.
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**Notes:**

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**List any other opportunities or ideas identified as a result of this assessment:**

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**PHASE 1**

# PEOPLE: CUSTOMERS



**Describe your target customer. Who will use the product or service?**

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**What will be the benefit to them?**

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**Will the person that uses the product/service be the same as the person who chooses or purchases the product/service? (e.g. toys – parents/children, equipment – managers/workers, benefits – employers/employees).**

- Yes
- No
- Don't Know

**What will be the benefit to the purchaser if she/he is not the same as the target customer?**

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**Will the new product or service target current customers or new customers?**

- Current Customers
- New Customers
- Both
- Don't Know

**How will it impact your customer base? Will it increase or decrease your:**

Market share \_\_\_\_\_

Average order size \_\_\_\_\_

Overall sales \_\_\_\_\_

Purchasing \_\_\_\_\_

**Will the opportunity enhance or burden existing customer service?**

- Enhance
- Burden
- Don't Know





# PEOPLE: VENDORS & COMPETITORS



**Will the opportunity (new/enhanced product or service) require new vendors/suppliers in place of or in addition to current vendors/suppliers?"**

- Yes
- No
- Don't Know

**Can you obtain the supplies or services you need from different vendors or will the opportunity be dependent on one or two?**

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**What will be the benefit to the vendors or suppliers?**

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**Who are the primary competitors for the proposed product or service?**

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**How are they likely to respond?**

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**Notes:**

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# PEOPLE: EMPLOYEES



**Are your employees aware of and/or involved in this decision-making process?**

- Yes
- No

**Why?**

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**How do or will your employees view the new opportunity or initiative?**

- Will they see it as an opportunity for their professional growth?
- Will they see it as just more work with little reward?

**Why?**

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**What will be the overall benefit to your employees?**

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**Notes:**

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**PHASE 1**

# PEOPLE: OWNERS/EQUITY PARTNERS

**What will be the *short term* cost/benefit to your equity and that of any equity partners?**

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**What will be the *long term* effect cost/benefit to your equity and that of any equity partners?**

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**Will you be investing personal funds or borrowing on personal assets?**

- Yes
- No
- Don't Know

**Will you be borrowing money on business assets?**

- Yes
- No
- Don't Know

**Will you be using cash from current operations?**

- Yes
- No
- Don't Know

***If you answered YES to any of the last three questions, describe your level of comfort in assuming the risk.***

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**Why do you personally want to pursue this opportunity?**

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**How will it impact your life?**

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**How much of your time will you have to commit?**

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**What will you need to give up to create the time?**

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**Are you willing to invest the additional time? For how long?**

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**What will be the benefit to you personally?**

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**Are there people, whose opinion you respect, that are opposed to this opportunity?**

**Who and Why:** \_\_\_\_\_

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**People: List the anticipated challenges:**

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**People: List the anticipated risks:**

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**Notes:**

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**PHASE 1**

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**PIVOTAL PEOPLE QUESTIONS**

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*Based on your previous answers –*

**Do you still see this as a *worthwhile* opportunity?**

- Yes
- No
- Don't Know

**Do you still see this as a *viable* opportunity?**

- Yes
- No
- Don't Know

**Are you still willing to take the *risk*?**

- Yes
- No
- Don't Know

- 
- *If you answered **DON'T KNOW** to any of the last three questions, please review your earlier answers. Then, if you are still undecided, continue.*
  - *If you answered **NO** to any of the last three questions, do not continue.*
  - *If you answered **YES** to all of the last three questions, continue with the next section.*
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**Notes:**

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**List any other opportunities or ideas identified as a result of this assessment:**

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# PROCESS

List the existing assets and capabilities that the opportunity will take advantage of.

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From the earlier list of core competencies on page 2, list those that will be utilized.

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List any additional competencies required.

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Is the opportunity synergistic with your existing operation?

- Yes
- No
- Don't Know

How so?

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What changes will you have to make to your current operation?

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What current resources will you utilize?

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What current assets will you utilize?

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**PHASE 1**

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**Will the new opportunity require changes to:**

- |  |   |
|--|---|
| <input type="checkbox"/> Sales & marketing           | <input type="checkbox"/> Communication  |
| <input type="checkbox"/> Distribution                | <input type="checkbox"/> Facilities     |
| <input type="checkbox"/> Accounting & administration | <input type="checkbox"/> Physical plant |
| <input type="checkbox"/> Technology                  | <input type="checkbox"/> Locations      |
| <input type="checkbox"/> Regulatory requirements     | <input type="checkbox"/> Inventory      |

**Describe the necessary changes:**

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**What is your plan for sales and marketing of the new opportunity?**

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**Process: Anticipated challenges:**

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**Process: Anticipated Risks:**

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**Notes:**

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## PIVOTAL PROCESS QUESTIONS

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Based on your previous answers —

**Do you still see this as a *worthwhile* opportunity?**

- Yes
- No
- Don't Know

**Do you still see this as a *viable* opportunity?**

- Yes
- No
- Don't Know

**Are you still willing to take the *risk*?**

- Yes
- No
- Don't Know

- 
- If you answered **DON'T KNOW** to any of the last three questions, please review your earlier answers. Then, if you are still undecided, continue.
  - If you answered **NO** to any of the last three questions, do not continue.
  - If you answered **YES** to all of the last three questions, continue with the next section.
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**Notes:**

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**List any other opportunities or ideas identified as a result of this assessment:**

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**PHASE 1**



**What is the benefit relative to the cost?**

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**What is the cost of not doing it? Identify the lost opportunities.**

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**What additional profitable opportunities could be created as a result of this new opportunity?**

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**Which of the following markers of success will you use as measures?**

- Increased market share
- Profitability
- Brand and market position
- Return on investment
- Increase in new customers
- Increase in current customer retention and satisfaction

**Anticipated Profit challenges:**

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**Anticipated Profit Risks:**

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## PIVOTAL PROFIT QUESTIONS

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Based on your previous answers —

**Do you still see this as a *worthwhile* opportunity?**

- Yes
- No
- Don't Know

**Do you still see this as a *viable* opportunity?**

- Yes
- No
- Don't Know

**Are you still willing to take the *risk*?**

- Yes
- No
- Don't Know

- 
- If you answered **DON'T KNOW** to any of the last three questions, please review your earlier answers. Then, if you are still undecided, continue.
  - If you answered **NO** to any of the last three questions, do not continue.
  - If you answered **YES** to all of the last three questions, continue with the next section.
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**Notes:**

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**List any other opportunities or ideas identified as a result of this assessment:**

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# PHASE 2

## **QUANTITATIVE ASSESSMENT – PEOPLE, TIME, AND MONEY**

**The quantitative process addresses:**

**PEOPLE** Identify human resources.

**TIME** Establish time commitments, parameters and break-even points.

**MONEY** Estimate costs, identify financial resources and project returns.

# PEOPLE



**Will the opportunity (new/enhanced product or service) require new employees in addition to or in place of existing employees?"**

- Yes
- No
- Don't Know

**If using existing employees, list those who will be involved:**

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**How will it affect their workload?**

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**What new skills, if any, will they need to acquire?**

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***Packard's Law: "No company can grow revenues consistently faster than its ability to get enough of the right people to implement that growth and still be a great company."***  
—David Packard, Hewitt Packard

**If hiring/acquiring new employees or outsourcing, list those who will be involved:**

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**Who will hire, train and supervise them?**

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**Identify any cultural issues.**

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**PHASE 2**



**Timing: Is it the right time externally?**

- Yes
- No
- Don't Know

**If Yes, what are the market conditions that make this the right time?**

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**Is the timing predicated by season or special event?**

- Yes
- No
- Unsure

**What happens if you lose that window of opportunity?**

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**Timing: Is it the right time internally?**

- Yes
- No
- Don't Know

**If Yes, what are the operational conditions that make this the right time?**

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**List the incremental steps and time frames to launch the new opportunity (if applicable).**

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**How long will it take to bring the proposed product or service to market?**

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**PHASE 2**



**Estimate any and all additional costs.**

*The BLU Rule of Thumb: Double your estimate and add 20%*

CATEGORY	PER MONTH	PER YEAR	PER UNIT (IF APPLICABLE)
SALES			
MARKETING			
INVENTORY			
SUPPLIES			
FACILITIES			
EQUIPMENT			
PRODUCTION			
SERVICES			
PERSONNEL			
ADMINISTRATIVE			
DEBT SERVICE			
OTHER (LIST BELOW)			

**What is your anticipated return on investment?** \_\_\_\_\_

**How much outside capital will you need?** \_\_\_\_\_

**Where will you get the money?** \_\_\_\_\_

**What will be the cost?** \_\_\_\_\_

*Debt can be either a transfusion or a tourniquet. A transfusion jumpstarts growth, a tourniquet stops the bleed but eventually kills the organ.*

**What is the expected pricing?** \_\_\_\_\_

**In establishing that price, which of the following did you consider?**

- Margin
- Competition
- Perceived Value
- Other \_\_\_\_\_

**At the proposed price, what will be your gross margin?** \_\_\_\_\_

**What is the anticipated revenue?** \_\_\_\_\_

**What is the projected break-even point?**

- By Revenue \_\_\_\_\_
- By Time \_\_\_\_\_
- By Units Sold \_\_\_\_\_

**What is the estimated annual gross profit?** \_\_\_\_\_

**Will that be sufficient to justify the time and expense of the opportunity?**

- Yes
- No
- Don't Know

**Do you have the following?**

- Conservative Cash Flow Projection
- Projected Income Statement
- Projected Balance Sheet
- What If and Worst Case Scenarios



***If you do not have all of these, create an action item. Do not proceed with the opportunity until you have these!***



**PHASE 2**

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**People, Time and Money - anticipated challenges**

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**People, Time and Money - anticipated Risks:**

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**Notes:**

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**SUMMARY OF FINDINGS**

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**Opportunity – Should you?**

- Yes
- No
- Undecided

**If Yes, summarize why you should pursue this opportunity.**

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**If No, did you identify other opportunities that you want to pursue?**

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**If Undecided, What other information do you need?**

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**Viability – Can you?**

- Yes
- No
- Undecided

**If Yes, what are your next steps?**

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**If No, what are the reasons?**

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**If Undecided, What other information do you need?**

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**Risk – Do you want to?**

- Yes
- No
- Undecided

**Summarize why you want to pursue this opportunity.**

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**Notes:**

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**List any other opportunities or ideas identified as a result of this assessment:**

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# PHASE 3

## MEASURE, MONITOR, MANAGE

*Crafting a pre-nuptial agreement is a whole lot easier than a divorce settlement.*

1. Set clear timelines and milestones that must be reached to continue the opportunity.
2. Identify signposts (by time, activity, and/or revenue) to determine if the model is on course.
3. Define targets and ranges of deviation for each of the signposts.
4. Create clear action plans for each range of deviation at signpost.
5. Build your dashboard. Quantify the leading key performance indicators (Hint: Review your markers for success).
6. Establish smoke alarms (investigate then act) and fire alarms (act then investigate).

Milestone #\_\_ : \_\_\_\_\_

By When: \_\_\_\_\_

**Signposts:**

Dates \_\_\_\_\_

Sales or revenue \_\_\_\_\_

Activity \_\_\_\_\_

Target: \_\_\_\_\_

Range (+/-): \_\_\_\_\_

Predetermined actions if outside of range: \_\_\_\_\_

Leading Indicators: \_\_\_\_\_

Dashboard numbers and ranges: \_\_\_\_\_

**Smoke Alarms:**

Who will investigate? \_\_\_\_\_

What will be investigated? \_\_\_\_\_

**Smoke Alarms:**

Who will investigate? \_\_\_\_\_

What will be investigated? \_\_\_\_\_

**Smoke Alarms:**

Who will investigate? \_\_\_\_\_

What will be investigated? \_\_\_\_\_

**Smoke Alarms:**

Who will investigate? \_\_\_\_\_

What will be investigated? \_\_\_\_\_

**Fire Alarms:**

Critical Event \_\_\_\_\_

Action \_\_\_\_\_

**PHASE 3**

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**Milestone #\_:** \_\_\_\_\_

**By When:** \_\_\_\_\_

**Signposts:**

Dates \_\_\_\_\_

Sales or revenue \_\_\_\_\_

Activity \_\_\_\_\_

**Target:** \_\_\_\_\_

**Range (+/-):** \_\_\_\_\_

**Predetermined actions if outside of range:** \_\_\_\_\_

**Leading Indicators:** \_\_\_\_\_

**Dashboard numbers and ranges:** \_\_\_\_\_

**Smoke Alarms:**

Who will investigate? \_\_\_\_\_

What will be investigated? \_\_\_\_\_

**Smoke Alarms:**

Who will investigate? \_\_\_\_\_

What will be investigated? \_\_\_\_\_

**Smoke Alarms:**

Who will investigate? \_\_\_\_\_

What will be investigated? \_\_\_\_\_

**Smoke Alarms:**

Who will investigate? \_\_\_\_\_

What will be investigated? \_\_\_\_\_

**Fire Alarms:**

Critical Event \_\_\_\_\_

Action \_\_\_\_\_

**Milestone #\_\_:** \_\_\_\_\_

**By When:** \_\_\_\_\_

**Signposts:**

Dates \_\_\_\_\_

Sales or revenue \_\_\_\_\_

Activity \_\_\_\_\_

**Target:** \_\_\_\_\_

**Range (+/-):** \_\_\_\_\_

**Predetermined actions if outside of range:** \_\_\_\_\_

**Leading Indicators:** \_\_\_\_\_

**Dashboard numbers and ranges:** \_\_\_\_\_

**Smoke Alarms:**

Who will investigate? \_\_\_\_\_

What will be investigated? \_\_\_\_\_

**Smoke Alarms:**

Who will investigate? \_\_\_\_\_

What will be investigated? \_\_\_\_\_

**Smoke Alarms:**

Who will investigate? \_\_\_\_\_

What will be investigated? \_\_\_\_\_

**Smoke Alarms:**

Who will investigate? \_\_\_\_\_

What will be investigated? \_\_\_\_\_

**Fire Alarms:**

Critical Event \_\_\_\_\_

Action \_\_\_\_\_