



MyBizChek

Venture Readiness Report

VERSION 1.0

Prepared for

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AGI

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Venture Readiness Report

For

AGI

Table of Contents

I. End User License Agreement - For Your Records

II. Venture Readiness Report Strategic Action Guide

1. Purpose
2. Process
3. Content
4. Applying your data

III. Venture Readiness Report Views

View 1: Your Venture Readiness analysis

- 1) Profile Description
- 2) How to Interpret This Analysis

View 2: Your M-7 analysis

- 1) M-7 description
- 2) M-7 bar graph
- 3) M-7 issues rationale - Why these issues are critical
- 4) M-7 summary of immediate action items

View 3: Your Homework analysis

- 1) Homework description
- 2) Homework bar graph
- 3) Homework breakout of key functions

View 4: Your Strength - Risk analysis

- 1) Strength - Risk description
- 2) How to interpret this analysis
- 3) How to use your results

Appendix A: Your Consequences analysis

- 1) Consequences description
- 2) How to interpret your consequences analysis
- 3) How to use your results

Venture Readiness Report

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For Your Records

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I agree I disagree

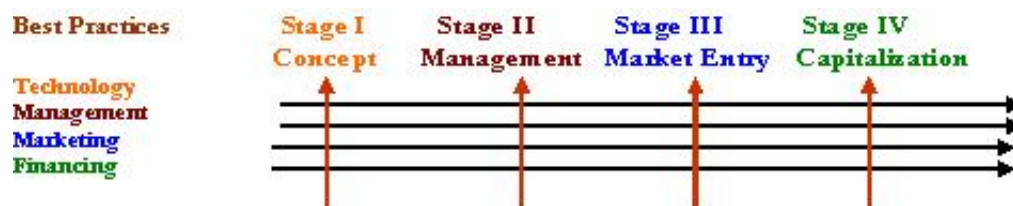
Venture Readiness Report

Purpose

Your MyBizChek Venture Readiness Report provides immediate results from the diagnostic interview you have just completed. Your company's readiness to support internal growth, expansion and continuing development is compared to best practices employed by successful ventures. The report shows the extent to which AGI is employing business practices, that when adopted and internalized will significantly accelerate your growth and development process while dramatically reducing your risk of failure. AGI, Inc. has designed a proprietary process that addresses critical gaps or possible deal breakers for successful commercialization.

Process

Your MyBizChek Venture Readiness Report gives you a blueprint outlining the actions required to internalize best practices for venture growth and development. The report focuses on a concurrent, real time assessment of your company's capacities and capabilities to support continuing development. MyBizChek examines four key areas simultaneously: your product or technology, your markets, your management, and your finance and accounting practices.



Your MyBizChek Venture Readiness Report provides access to important strategic information for immediate action. It also provides insight into the positive or negative impacts of your company's current practices. This information can be used to weigh potential consequences and set priorities. It may also be used as a baseline against which future progress can be measured.

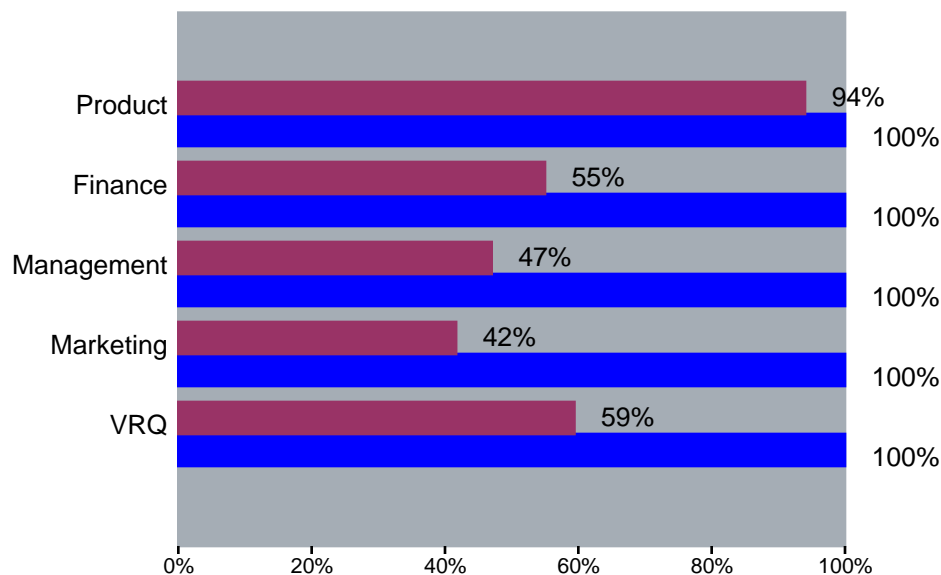
Views

Your MyBizChek Venture Readiness Report provides four (4) powerful views for your analysis. Each view offers you the opportunity to examine your company's performance from a unique perspective:

- The Venture Readiness Profile. This view provides you with a snapshot of your business performance. The profile summarizes the degree to which your company has incorporated best practices, policies and procedures - by function and as an organization. Here, you have a quick and easy method for determining which if any of the functional areas demands immediate attention.
- The M-7 Profile. This view focuses your attention on seven must issues, issues that can mean the difference between success and failure. If your venture has addressed each of these issues successfully you can feel confident that you have a solid foundation upon which to build your venture. If there are areas that appear to require your attention consider entering into a focused discussion with your supporters and stakeholders before deciding to invest further in this project or venture.
- The Homework Profile. This view focuses your attention on the degree to which you have conducted research to support your assertions (?). Our research reveals a very high correlation between Homework - research and written documentation - and long term organizational success! You are heading into very rough, unforgiving waters if you have not done your Homework!
- The Strength/Risk Analysis. This view sorts your responses into organizational strengths and weaknesses. A modified Strengths-Weaknesses-Opportunities-Risk (SWOT) analysis, this analysis gives you the opportunity to (1) build on your strengths and (2) prioritize weaknesses for immediate corrective action. Notice, this section uses stoplight graphics to help you quickly find key issues that need addressing NOW! The beauty of this analysis is that you can start improving your business beginning to assign priorities for action today!

View 1. Your Venture Readiness Analysis

A. Description: The Profile gives a visual presentation of the functional readiness, a first look at whether the organization has strong concurrent development or is developing strongly in some areas while neglecting others. The Venture Readiness Quotient (VRQ) gives you an immediate sense of the overall readiness of the organization to successfully move forward into the next stage of development.



Interpreting your Venture Readiness Profile

VRP Key Issues: You have two critical ratings points: (1) your rating when compared to a perfect score for each of the four primary business functions, product, management, marketing and finance; and (2) your composite Venture Readiness Quotient (VRQ). The VRQ provides you with a composite rating you can use to judge your organizational effectiveness.

VRP Functional ratings. Functional ratings for product, including product development, management, marketing and finance reveal the degree to which you have internalized 10 critical 'dealmaker/deal breaker' issues for each of the four primary functional areas. Identify for action any issue with a score less than 3.0. Ratings less than 3.0 identify a potential danger point. If left unaddressed these warning signs may adversely affect, even sink your project, or your business!

Venture Readiness Quotient. The VRQ Rating reveals your degree of readiness to attract new markets, stakeholders and investors. A self-rating greater than 4.0 suggests there is a solid probability you are ready to initiate aggressive action to attract stakeholders and investors. As a final test, carefully examine each of the areas where you have rated yourself at less than 2.0. Act to strengthen these areas prior to beginning an aggressive campaign.

View 2. Your M-7 Analysis

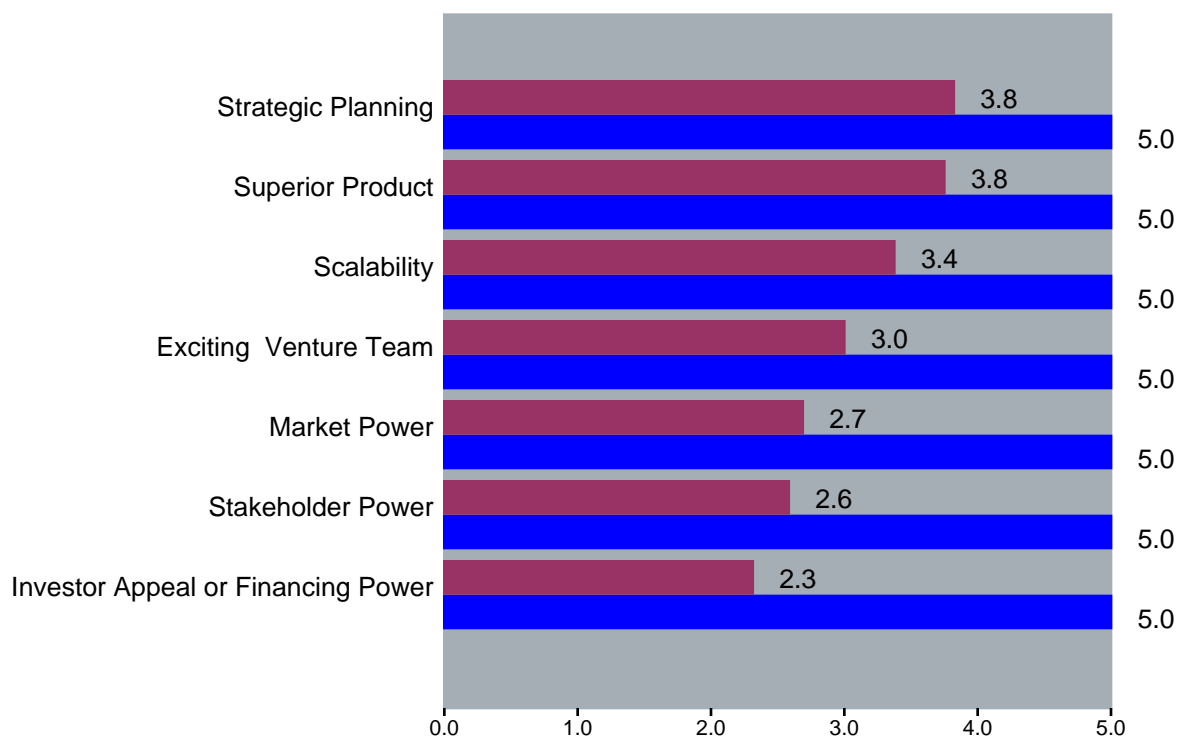
INTERPRETING YOUR M-7 PROFILE

M-7 Key Issues: Consider these seven (7) issues as "do or die" constraints. Examine your ratings for each of the seven issues. If you score high in each of the areas you have the core elements for success. If you find you have "soft spots," or weak areas, begin immediately to prioritize the weak areas for corrective or remedial action!

The M-7 Rating: The M-7 Rating focuses your attention on seven "must" issues, issues that can mean the difference between success and failure. Use the M-7 Rating as one of your investment decision tools. If your venture has addressed each of these issues successfully you can feel confident that you have a solid foundation upon which to build your venture. Any issues you cannot successfully address should lead to a focused discussion with your supporters and stakeholders before deciding to invest further in this project or venture.

M-7 Issues Ratings: Ratings for superior product, scalability, Venture Team, Financing, Stakeholder power, strategic planning and market power reveal the degree to which you have internalized M-7 issues. Identify for action any issue with a score ≤ 3.0 . Ratings ≤ 3.0 identify a potential danger point. If left unaddressed these warning signs may adversely affect, even sink your project, or your business!

M-7 Profile



M-7 Issue statements

- 3.82 Strategic Planning Your strategic planning process is critical not only to your ability to "sell" your future, but also your ability to deliver or accomplish what you assert you can do. Your business plan is the core for building your venture strategy and will include many of the following elements: your leadership plan, communications plan, marketing plan and financial plan. Doing your homework will be the difference.
- 3.75 Superior Product Some of the key elements for determining product or service superiority the degree to which your product is technically superior, meets unmet market needs, is truly unique - is patented or copyrighted - and can be protected.
- 3.38 Scalability Scalability, the ability to vary the rate of production to meet demand, and more importantly economies of scale. The ability to decrease costs as production increases is a critical factor for ventures introducing products with huge growth potential. Your product testing process including pilot production runs and your decision-making system contribute to your ability to determine scalability
- 3.00 Exciting Venture Team Your venture team is the heart of the initiative. It is important that the team be able to work effectively together. They need to work in an environment that is open and encourages dialogue. It is critical that the team possess the skills necessary to accomplish your goals. The more experience the team has building businesses and building stakeholders, the greater the potential for success.
- 2.69 Market Power Market power, the ability to disrupt, dominate or replace an existing market, will be largely determined by the following elements: market attractiveness, competitive power, unmet customer requirements, market selection, pricing and stakeholder power.
- 2.58 Stakeholder Power Stakeholder power can significantly increase your ability to open doors to business opportunities money and markets. Key elements for building stakeholder power include key roles for advisory groups, your board, trusted customers, industry representatives, investors and other influencers.
- 2.31 Investor Appeal or Financing Power Your access to capital for product, market and business development is a critical factor. Key factors include your ability to attract investors, present a well documented business plan, build influential stakeholder networks and "sell" your venture team's capabilities.

View 3: Your Homework Analysis

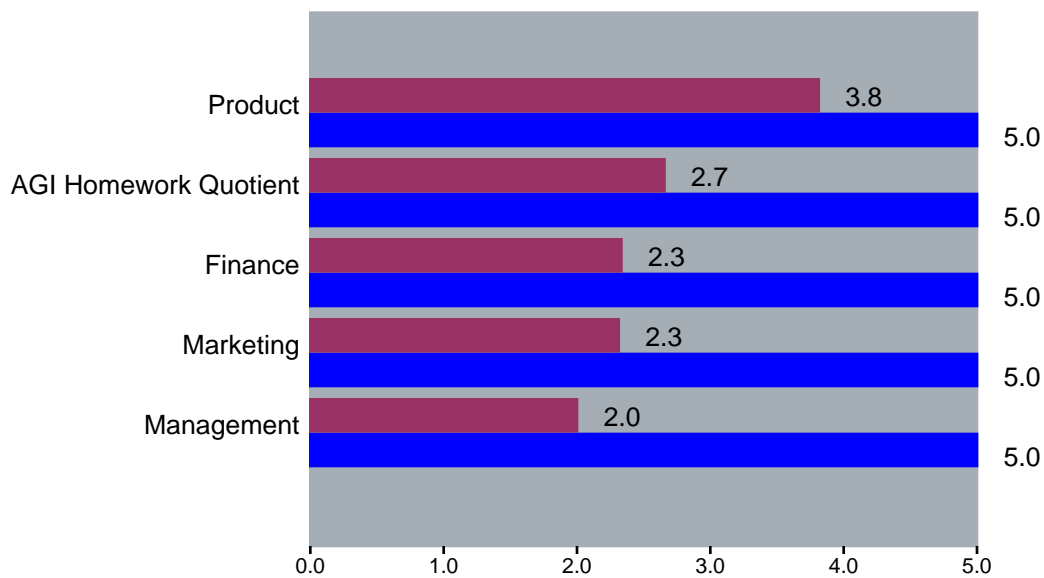
INTERPRETING YOUR HOMEWORK PROFILES

Homework Key Issues: The homework ratings focus your attention on the degree to which you have conducted research to support your responses. You will experience many situations "raising money, proposing market relationships, gaining a new account" where your ability to back-up your assertions with research or documentation means the difference between success and failure. Your analysis focuses both on areas where you excel and areas that may require further development.

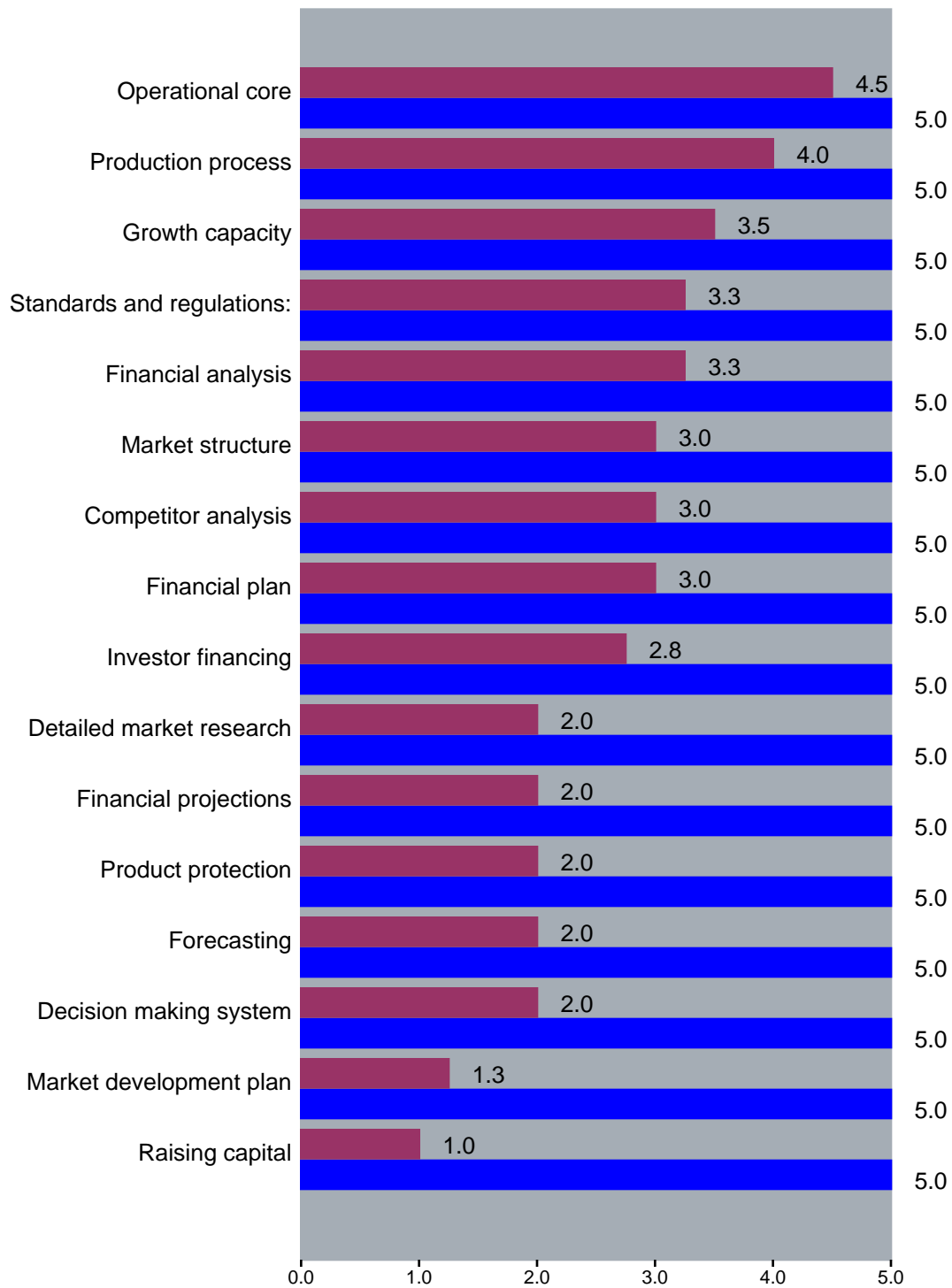
Homework Issues Ratings: Your ratings are based on issues that require written documentation that demonstrates your responses are valid. For example, can you support the assertions made about your market opportunity, the uniqueness of your product, the strength of your management team, the capabilities of your competitors? Your business plan, management plan, marketing plan and financial plan provide opportunities for you to share the research that supports your assertions about this business opportunity. Review for immediate action any rating ≤ 3.0 .

Homework Quotient: Your Homework quotient is based on the average of your functional ratings including Product, Management, Marketing and Finance. A rating ≥ 4.0 suggests there is a solid probability you will be able to provide stakeholders and investors with the detail they require to act favorably. As a final test, carefully examine each of the areas where you have rated yourself ≤ 3.0 . Act to strengthen these areas prior to beginning an aggressive campaign.

Homework Profile



Homework Rating : AGI Homework Issues Profile



Homework Ratings Analysis

Venture Readiness Report

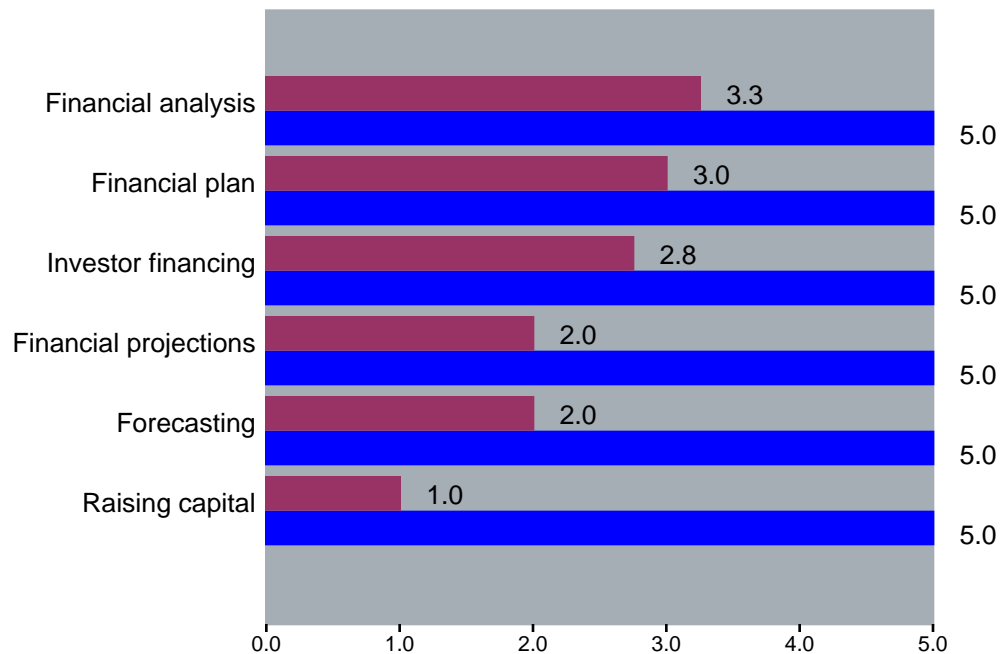
- 4.50 Operational core You have shown you have a strong set of core capabilities including a process to insure quality inputs, established productivity benchmarks, a quality assurance program and a capable distributor system.
- 4.00 Production process You have designed your production process so you can rapidly respond and easily adapt to strategic and operational changes.
- 3.50 Growth capacity Your enterprise is not prepared or does not have the capacity for extraordinary growth lacking product and production plans, adequate resources and required economies of scale.
- 3.25 Standards and regulations: You have not prepared your company to comply with all governmental regulations and industry standards increasing your potential for costly downstream re-engineering, product liability and possible legal action.
- 3.25 Financial analysis Your financial analysis does not provide a defensible rationale based on payback period, cash needs and degree of risk to justify continuing investment for this project.
- 3.00 Financial plan You are vulnerable to increased business risk because you have not constructed a financial plan, a document you can use as a blueprint for allocating resources, and accomplishing your business objectives.
- 3.00 Market structure You have placed your initiative at significant risk by not taking into account the existing market conditions or market structure that controls industry participation when you developed your strategies.
- 3.00 Competitor analysis You have not demonstrated that you have a thorough understanding of your competition significantly increasing the likelihood you will have difficulty establishing a verifiable competitive advantage.
- 2.75 Investor financing Management has not put together a presentation that establishes the credibility of the management team or project and fails to show a match to investors interests effectively shutting the financing door for this initiative.
- 2.00 Forecasting You have not instituted a formal process in part based on your company's financial history, your current business objectives and your analysis of the risk to develop realistic, accurate financial forecasts significantly increasing your business risk.
- 2.00 Decision making system This enterprise does not have a process to make timely or advantageous decisions within well-thought out criteria; not a formula for success.
- 2.00 Detailed market research You have not completed a detailed market research study significantly increasing the probability that the assumptions you are making about the market and its potential do not provide the basis for a solid product/market strategy.
- 2.00 Product protection The company has not been diligent in protecting this intellectual property and may have given away trade secrets unwittingly without knowing it.
- 2.00 Financial projections Your chances for success, if not survival have been jeopardized because you have not conducted an exhaustive process to identify future funding requirements and determine how best to meet these requirements.
- 1.25 Market development plan Not completing a market development plan at this stage that outlines your market development objectives and how you will accomplish them significantly decreases the likelihood you can be successful.

Venture Readiness Report

- 1.00 Raising capital You have not developed a strategy to raise sufficient capital for this initiative significantly increasing your business risk and courting business failure.

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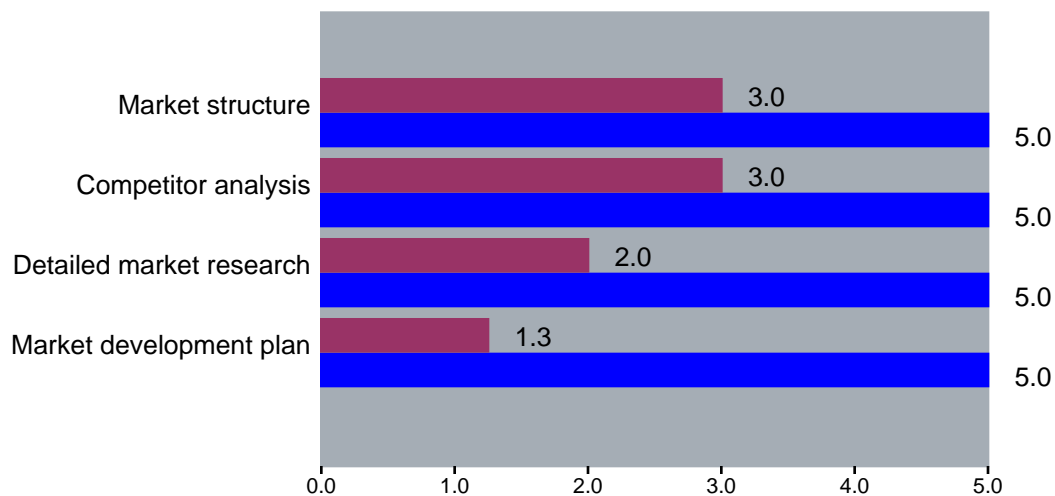
Homework Rating : Finance and Accounting



Finance and Accounting Ratings Analysis

- 3.25 Financial analysis Your financial analysis does not provide a defensible rationale based on payback period, cash needs and degree of risk to justify continuing investment for this project.
- 3.00 Financial plan You are vulnerable to increased business risk because you have not constructed a financial plan, a document you can use as a blueprint for allocating resources, and accomplishing your business objectives.
- 2.75 Investor financing Management has not put together a presentation that establishes the credibility of the management team of project and fails to show a match to investors interests effectively shutting the financing door for this initiative.
- 2.00 Financial projections Your chances for success, if not survival have been jeopardized because you have not conducted an exhaustive process to identify future funding requirements and determine how best to meet these requirements.
- 2.00 Forecasting You have not instituted a formal process in part based on your company's financial history, your current business objectives and your analysis of the risk to develop realistic, accurate financial forecasts significantly increasing your business risk.
- 1.00 Raising capital You have not developed a strategy to raise sufficient capital for this initiative significantly increasing your business risk and courting business failure.

Homework Rating : Marketing

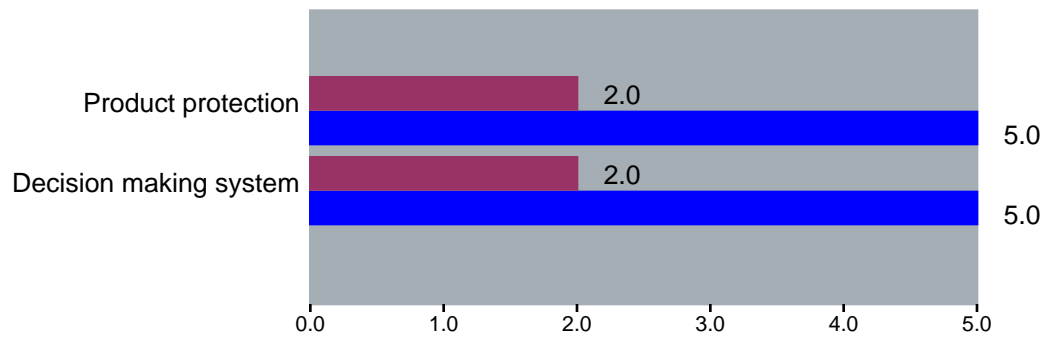


Marketing Ratings Analysis

- 3.00 Market structure You have placed your initiative at significant risk by not taking into account the existing market conditions or market structure that controls industry participation when you developed your strategies.
- 3.00 Competitor analysis You have not demonstrated that you have a thorough understanding of your competition significantly increasing the likelihood you will have difficulty establishing a verifiable competitive advantage.
- 2.00 Detailed market research You have not completed a detailed market research study significantly increasing the probability that the assumptions you are making about the market and its potential do not provide the basis for a solid product/market strategy.
- 1.25 Market development plan Not completing a market development plan at this stage that outlines your market development objectives and how you will accomplish them significantly decreases the likelihood you can be successful.

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Homework Rating : Management

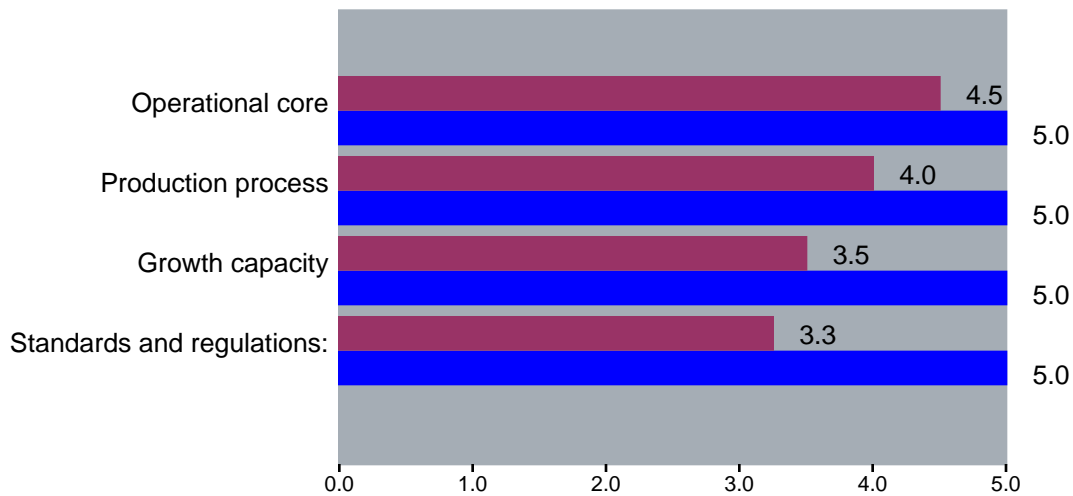


Management Ratings Analysis

- 2.00 Product protection The company has not been diligent in protecting this intellectual property and may have given away trade secrets unwittingly without knowing it.
- 2.00 Decision making system This enterprise does not have a process to make timely or advantageous decisions within well-thought out criteria; not a formula for success.

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Homework Rating : Product



Product Ratings Analysis

- 4.50 Operational core You have shown you have a strong set of core capabilities including a process to insure quality inputs, established productivity benchmarks, a quality assurance program and a capable distributor system.
- 4.00 Production process You have designed your production process so you can rapidly respond and easily adapt to strategic and operational changes.
- 3.50 Growth capacity Your enterprise is not prepared or does not have the capacity for extraordinary growth lacking product and production plans, adequate resources and required economies of scale.
- 3.25 Standards and regulations: You have not prepared your company to comply with all governmental regulations and industry standards increasing your potential for costly downstream re-engineering, product liability and possible legal action.

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View 4: Your Strength-Risk Analysis

(1). Strength/Risk Analysis description: see report

(2). How to interpret: The S/R analysis is divided into four sections by function - product, management, marketing and finance. The S/R analysis identifies your greatest areas of strength, represented by the Green 'Go' symbol; and, isolates your most critical weaknesses, represented by the Red 'Stop' symbol.

(3). How to use the results (Strategic Action)*

a. Review all issues highlighted by the Red Stop symbol. These potential 'deal breaker' issues may kill your project if not addressed immediately.

b. If you find more than one Red Stop issue exists, prioritize management's action based on your assessment of the criticality of the issue; that is, the issue or issues you or your management team believes has the greatest potential to impede or kill your project.

c. Go to Section III: 'Consequences Analysis'

1. Find the issue or issues you have prioritized for immediate action.

2. Review the four clarifying statements under each issue. The clarifying statements are prioritized from highest to lowest score.

3. Select lowest score for immediate action

4. Determine the most appropriate method for addressing the liability; for example, work on issue in-house or outsource to a consultant.

** While we provide you with the above outline you and your management team can use to identify issues for strategic action, we urge you to consider working with a trained, experienced enterprise development consultant. Effective consultants are time, effort and money savers.

Venture Readiness Report

Product

● 5.00	Product development	Product development one of your core skills; that is, you have the capability to develop products, build prototypes and conduct testing in-house.
● 5.00	International appeal	Research confirms that your product or service can be sold to international markets in cooperation with local alliances, networks or partners with minor adaptations that are cost justified.
● 4.75	Product utility	You have shown that your product or service can be extended to new markets, modified for existing markets and may actually serve to restructure existing markets, all powerful reasons to be excited.
● 4.50	Operational core	You have shown you have a strong set of core capabilities including a process to insure quality inputs, established productivity benchmarks, a quality assurance program and a capable distributor system.
● 4.50	Technology transfer	You have provided solid evidence that your product or service can be successfully adopted, or adapted by end-users for their own use.
● 4.25	Product definition	Your product definition has essential technical specifications, requirements, capacities and limitations to inform buyers and consumers can use to determine the value of the product for their use.
● 4.00	Production process	You have designed your production process so you can rapidly respond and easily adapt to strategic and operational changes.
● 4.00	Product fit	You have developed a product or service portfolio made up of a balanced line and mix that significantly increases the likelihood you can withstand adverse changes should one of your products fail.

Venture Readiness Report

Management

● 5.00	Business plan	You have positioned your company to be attractive to stakeholders by developing a strategic business plan that includes an appealing executive summary, clearly defined actions and achievable results.
● 4.00	Development team	This business development team has extraordinary skills , a strong cross-functional balance, development experience and strong commitment making them suitable to the challenges of developing the project.
● 2.50	Flexible structure	You lack some key pre-requisites to rapidly respond to changing conditions - solid business intelligence, clear direction, empowered leadership and cross functional collaboration.
● 2.00	Securing financing	This company does not have substantial credentials to attract investors and create confidence in the management team , a more important point to most investors than the actual product.
● 2.00	Decision making system	This enterprise does not have a process to make timely or advantageous decisions within well-thought out criteria; not a formula for success.
● 2.00	Product protection	The company has not been diligent in protecting this intellectual property and may have given away trade secrets unwittingly without knowing it.
● 1.00	Stakeholder support	You show little evidence of support from stakeholders, advisors, directors or senior management to assist the enterprise team in making hard decisions, significantly increasing your business risk.
● 1.00	Core competencies	The enterprise has a decided disadvantage in entering territory that lies beyond its experience and resource base greatly increasing the odds of failure.
● 1.00	Project plan	Your action or project plan fails to provide a clear, credible roadmap without milestones and benchmarks to earmark progress as not set up a credible evaluation system to substantiate progress to reach your objectives, identify problem areas, and report to stakeholders.

Marketing

● 4.25	Product definition	You have developed a product description highlighting product value, benefits, and uses consumers identify as compelling reasons to purchase your product.
● 2.75	Market pricing	Failing to test various pricing models that meet your specific business objectives to the methods consumers are using to make buy decisions significantly decreases your odds for success.
● 2.25	Communications plan	Management has not developed an effective communications and advertising plan that will effectively create awareness, knowledge and understanding of the product in the target market.
● 2.00	Detailed market research	You have not completed a detailed market research study significantly increasing the probability that the assumptions you are making about the market and its potential do not provide the basis for a solid product/market strategy.
● 2.00	Market selection	Proceeding without gathering market intelligence to identify, profile and select market segments puts you at high risk for meeting your business objectives.
● 1.50	Purchasing	Your publications do not include product or service performance and use specifications critical to buyers and purchasing agents who must be able to justify their purchase decision.
● 1.25	Market development plan	Not completing a market development plan at this stage that outlines your market development objectives and how you will accomplish them significantly decreases the likelihood you can be successful.
● 1.00	Sales/promotion strategy	You have not developed a sales/promotion strategy that is clearly designed to convey the company's image and addresses key customer concerns significantly reducing your ability to meet your stated revenue and profit objectives.

Venture Readiness Report

Finance

● 5.00	Managerial accounting	You have an accounting system that serves both your financial and management reporting requirements; that is you are able to use your accounting system both as a control tool and a reporting tool to keep key stakeholders informed.
● 2.75	Investor financing	Management has not put together a presentation that establishes the credibility of the management team or project and fails to show a match to investors interests effectively shutting the financing door for this initiative.
● 2.00	Financial projections	Your chances for success, if not survival have been jeopardized because you have not conducted an exhaustive process to identify future funding requirements and determine how best to meet these requirements.
● 2.00	Forecasting	You have not instituted a formal process in part based on your company's financial history, your current business objectives and your analysis of the risk to develop realistic, accurate financial forecasts significantly increasing your business risk.
● 2.00	Project budget	You have failed to establish a budget that serves as an adequate management tool to control costs, provide performance evaluations, or analyze progress of the business and its departments.
● 1.00	Raising capital	You have not developed a strategy to raise sufficient capital for this initiative significantly increasing your business risk and courting business failure.

Appendix A. Your Consequences Analysis

1. Consequences analysis, description: This report contains your (1-5) self- ratings for each of the 40 commercialization readiness issues assessed. The issues are organized according to the four functional areas: technology, management, marketing and finance. There are ten (10) key issues per function. There are four impact statements per key issue. Each impact statement is preceded by your personal assessment rating scale of 1-5.

2. How to interpret this report: Impact statements carry one of the following ratings:

- Rating 4&5: Green 'Go' symbol representing effective practices or procedures currently in place
- Rating 3: Yellow/Orange 'Caution' symbol representing practices or procedures that require review and possible action
- Rating 1&2: Red 'Stop' symbol representing critical practices or procedures; that, if not addressed, may significantly hinder project progress or may kill the project.

Venture Readiness Report

Product

Product development

- 5 Your production team coordinates activities concurrently with other functional areas to accelerate new products to market. Simultaneous activities have many advantages for fast-paced projects including faster communication, more information, better problem solving, and faster and better decision-making. Be sure authority and responsibility lines are clear.
- 5 You have performed or contracted for in-house testing of your product to assure performance to standards and to uncover any gaps or issues related to product performance, quality, costs and production. While not as challenging as a field test done in your market environment, it none-the-less will greatly reduce technical problems before reaching the market.
- 5 You have developed a prototype of your new product for testing. Your development of a sample product/service with attention to technical problems can be a strong predictor of success if proficiently performed. Be sure that sufficient resources, time and effort are committed up-front. This leads to significant time and cost savings at later stages.
- 5 You have access to research & development to create, improve, or adapt product lines to meet market opportunities or changes. Your company clearly has placed a high priority on your ability to be ready when opportunity knocks or market changes bring unanticipated threats. Continue to seek and support create solutions to build or adapt your product lines.

100%

International appeal

- 5 You have written a product definition that clearly incorporates the unique value you wish to highlight for each of your international market segments. Rewriting your product description to address the uniqueness of each of your international markets should significantly increase product acceptance and market adoption. Use your international contacts as a pretest.
- 5 You have identified design changes required to meet regulations and standards in selected international markets. If you are currently introducing a new product your decision to incorporate international standards and regulations may be your ticket to the marketplace. Studies reveal that in many cases international markets may be as much as twice the size of the US market.
- 5 You have identified customer requirements that are unique to each international market you are considering. Differentiating your product for unique international markets is highly important, especially if potential users make their buying decisions in part based on cultural, religious, ethnic or ethical considerations. Take advantage of any opportunities to network with local representatives.
- 5 You have formed local alliances, networks, and partnerships to assist in marketing your products abroad. Check to make certain your international contacts are sharing any concerns they may have regarding possible cultural, linguistic, religious, ethnic or ethical considerations they believe need to be addressed to assure consumer acceptance.

100%

Product utility

- 5 You have made incremental product improvements to extend the product life cycle or to expand to new markets. Extending your products' life cycles in existing markets cements your hold on these markets; opening opportunities for new sales. It may also introduce your product to new, but related market segments. This is a winning strategy.
- 5 You have documentation showing your products can extend your market reach by adding new segments or providing new services to existing markets. This might include product line enlargement, product enrichment or additional product support designed specifically to appeal to new market segments. Extending your reach is an excellent way to exploit high margin niches.
- 5 Market research findings confirm your product obsoletes existing products and like substitutes. The possibility exists that you have a product or technology capable of disrupting the market; that is, the power and appeal to replace existing products that are now considered obsolete. If this possibility is confirmed this is the time to consider a very aggressive marketing strategy.
- 4 You are positioned to be first in market with a product that has the potential for establishing a market monopoly. If your research clearly confirms your first in status, this is the time to consider a very aggressive market saturation strategy aimed at closing out potential competitors. You will need proprietary protection to extend the time available to saturate the market.

95%

Venture Readiness Report

Product

Operational core

- 5 You pre-qualify key suppliers and back-up sources essential to meet your cost and quality requirements. Build in mutual advantages to maintain this essential resource for production. By pre-qualifying key suppliers, you are more assured of reliable inputs - materials &/or other resources. These are negotiated relationships that are effected by both scarcity and surplus.
- 5 You have built in performance benchmarks for quality execution resulting in high productivity, contributing directly to your bottom line. Activities are well defined, designed, monitored and supported to reach objectives, avoiding "short cuts" that often lead to delays due to costly errors. How well tasks are completed is strongly tied to product success.
- 4 You have selected distributors that are recognized, preferred, or provide end-users with a distinct advantage. This selection should be based on sound research of your distribution options and customer needs and preferences. By selecting channels that will best serve your customers, you have added to the customer's preference for your product/service.
- 4 You have adopted a form of total quality management aimed at achieving zero defects. Few areas can have more immediate impact on positive earnings than increasing product quality. Studies show that focusing on improved employee performance through pride of workmanship results in higher productivity and increased quality, moving toward zero defects.

90%

Technology transfer

- 5 Your company principals or key managers fully support the product and will assist in the removal of internal roadblocks to move the product to market. This significantly increases the probability for successfully commercializing this product.
- 5 You have identified and addressed potential barriers to successful user application where possible through documentation; training; adapting features, requirements, specifications; reducing costs and delivery options. Early identification gives you a "leg up" for resolving potential barriers before they become excessive cost burdens.
- 4 You have intentionally structured internal and external communications between all parties, seeking candid and abundant feedback, a critical element for organizations in fast changing environments. The sooner issues are brought to the table, the faster feedback, problem-solving, and decision-making takes place and changes can be made - a competitive advantage.
- 4 You have identified support services; for example, manuals, training and consultation, required to assist users to successfully adopt your product. Review feedback from consumer research that highlights any difficulties customers have encountered while trying to adopt or use your product. Satisfied customers mean repeat business that adds to the bottom line.

90%

Product definition

- 5 You have written a product definition that includes the customer's requirements. These requirements are based on the value and benefits customers are seeking as identified by customer research. Well-constructed product definitions clearly identifies the benefits and the value that is delivered. Customers buy the value or benefits, not the product.
- 4 Your product description highlights both the capabilities of your product and its utility. Studies show that buyers want to know as accurately as possible just what they are getting. The greater the difference between product expectations and performance, the greater the potential for user regret. Solicit customer feedback to catch unexpected customer dissatisfaction.
- 4 Your product definition identifies any product limitations about which buyers need to be informed. Full disclosure is a way of reducing potential buyer regret. Full disclosure may also reduce the potential for future litigation. Check to make certain the information you include ties directly to any implied or written warranties.
- 4 Technical specifications and requirements are clearly spelled out as part of your product definition. This would address materials, engineering, production know-how and capacity, cost parameters, proprietary factors, and safety. An accurate and insightful description of technical requirements as they relate to customer needs will keep commercialization on target.

85%

Venture Readiness Report

Product

Production process

- 4 Your production team has adopted a form of flexible manufacturing to insure your ability to revise operational strategies. By rapidly modifying production to accommodate changes in product specification, design or use, you will increase your ability to customize products to meet demand niches. This is a strong plus for your company!
- 4 Your product development team works closely with all departments, incorporating suggested improvements into the product and providing relevant feedback. Coordinate activities concurrently to meet production timetables and catch structural bottlenecks. In today's fast paced market, any slippage is costly.
- 4 Your employees are rewarded for contributing ideas and methods for improving the production process. This is an excellent way to both increase employee satisfaction by recognizing their contributions and increase your competitive strength. Cost savings from these improvements also go directly to the bottom line or can be used to fuel additional product development.
- 4 You have implemented a systematic forecasting system to match production volume to demand. This will increase your ability to insure sufficient production volume to meet up or down turns in demand. The more accurate the system the better you can set controls for inventory and distribution that will result in keeping costly shortages and surpluses from occurring.

80%

Product fit

- 4 You have planned your product mix to assure balance - new products are being developed or marketed to replace or augment those in decline. Creating a balance in your product/service portfolio is critical. If you are a single product firm, identify the vulnerable issues - seasonality, maturity, obsolescence - and have plans to counter these vulnerabilities.
- 4 You can survive the loss or failure of one of your principle product cash generators. Answering "yes" to this issue indicates you have a well designed, balanced product portfolio or have planned options if your are a single product company. Successful firms match the capabilities and limitations of their product base to their business objectives.
- 4 The core skills represented by members of your operational team are closely aligned to the product lines or services you represent. This reduces trial and error, accelerates essential activities, and improves your competitive capability. Check for any gaps in this fit looking for any strategic weaknesses - marketing expertise, production capabilities, financing issues.
- 4 One or more of your products generate enough cash to support continuing product development, new product development or market expansion. Be certain your process includes a criteria for deciding between investments. Few issues are better indicators of a company's commitment to long term success.

80%

Growth capacity

- 4 You have written quality assurance guidelines guaranteeing that high quality product and service standards are maintained during quantity increases. Successful businesses like your business often adopt this total quality management system, which has as its ultimate objective "zero defects" regardless of volume produced.
- 4 You have a step-by-step plan to scale up production to meet large demand. Studies confirm such plans can significantly reduce the potential for eroding profit margins and/or deteriorating product quality due to increased production. Make certain you have a monitoring process in place to encounter unforeseen problems.
- 3 You are preparing an estimate of the resources that will be required to cover expanded operations resulting from rapid growth. These resources will need to support essential activities to assure your ability to meet volume and demand schedules with enough flexibility to reassign resources to bottlenecks to stay on schedule. This decision is tightly tied to financing issues.
- 3 You are gearing your production process to create economies of scale; that is, your average total cost of units produced declines as your production volume increases. If you are forecasting significant volume growth, complete this task as part of this phase of development, particularly the financials.

70%

Product

Standards and regulations:

- 4 You have conducted a study of government regulations that set parameters for this new product's use. Your findings reduce the possibility for development slowdowns and costly re-engineering. Studies show successful companies comply with all government regulations affecting their operations and products. You have bridged an often overlooked gap in analysis.
- 3 You are pursuing ISO certification or certification from another internationally respected certification board. Certification from a recognized board serving your industry is a clear sign that you are ready to market worldwide. International products statistically are also more successful in domestic markets, especially if you are introducing a high tech product.
- 3 You are instituting a process to continuously review published industry data on standards that affect your business. This action may eliminate the need for costly downstream re-engineering, lowering product development risk. Additionally, they are able to more rapidly comply with new or newly revised standards. Don't overlook the internet and trade associations as sources.
- 3 You are conducting field tests to determine the extent to which your product meets or exceeds the performance standards based on customer input. Companies that build the market perspective into their product early in development reduce time to market and development costs. You are increasing the likelihood for a solid match between customer expectations and your product.

65%

Venture Readiness Report

Management

Business plan

- 5 Your plan outlines the key strategies by functional area - product development, management, marketing and finance - you will employ to accomplish your business objectives. This increases the likelihood management will be able to maintain an integrated operational focus. To increase team commitment to functional strategies, review the final product with your management team.
- 5 Your plan accurately describes a set of achievable strategies and activities for each stage of development. Stakeholders and potential investors are far more likely to buy into this project if you can clearly demonstrate a direct tie between the company's strategies and the accomplishment of your business objectives.
- 5 Your business plan includes supporting documentation, assumptions, footnotes and attachments that validate your projections, claims and capabilities. Substantiating your claims with facts and evidence increases your enterprise's credibility to potential investors and stakeholders.
- 5 Your business plan includes an exciting, compelling executive summary that gives a precise, concise, readable overview of your business. As an introduction to lenders, investors, and stakeholders, it needs to motivate and entice the reader to review the document in its entirety. Best written after completing your full plan, it should highlight and summarize the key points.

100%

Development team

- 4 Your enterprise is being developed by a true cross-functional team that carries out activities concurrently. Check to make certain that each member not only provides input into decisions, sharing responsibility for parallel actions to implement decisions in a time sensitive manner. This time saving, focused approach is present in the development of many successful products.
- 4 You have structured the team to include a core group committed to and accountable for venture development through the project's completion. Teams must be flexible enough to allow for new members to join and leave but there must be a core group committed and accountable from beginning to the end of the project. Team flexibility is key in fast changing environments.
- 4 The project team has a clearly defined leader dedicated and accountable to the project from beginning to end. The team leader has the authority to act and the resources to carry out decisions. This provides the critical focus and timely decisions required to keep the project on target.
- 4 At least one member of your team has business development experience. Previous experience building companies may significantly increase the likelihood this team can move the enterprise to its stated exit goals. Stakeholders and investors will exhibit more confidence in the team if at least one of the members have experience building new enterprises.

80%

Upfront homework

- 3 You are currently performing a detailed market analysis. Make certain your analysis includes user requirements, an analysis of the competition, and determines market size, segments, buyer behaviors and the competitive situation. Be sure the analysis is proficiently performed - an important decision point. Invaluable information for forming strategies that work.
- 3 You are currently performing a detail product assessment that determines what design is required to meet customer needs and yield a competitive advantage. Check your effort to make certain your assessment includes a business risk analysis, evaluates intellectual property issues and possible product liability issues. Use this assessment as a go/no go decision point.
- 3 You are currently conducting a rigorous financial business analysis. Make sure the analysis lays out the business rationale, analyzes the core competencies and assesses the potential for partnerships and international development. If done proficiently and based on market and technical assessments, this analysis forms a basis for a final go/no go decision.
- 3 You are building your business case. Your business case should substantiate product feasibility; market feasibility, key functional strategies, capitalization requirements, and possible risks. Your business model should create stakeholder and customer confidence in you and your products. Document your claims and explain your assumptions.

60%

Management

Flexible structure

- 3 You are implementing an intelligence gathering process that allows you to continuously monitor changes in market, competitive or regulatory trends. Your enterprise may anticipate opportunities for greater market share, or conversely, should increase your ability to identify and respond to risks that may mean the difference between failure and survival!
- 3 You are establishing policies clearly providing project leaders the authority and resources to bring about timely decisions. Top management, boards, and other "influencers" most often are not involved in daily decision-making making it imperative that project leaders are empowered to make decisions and act to meet project goals.
- 2 Your enterprise is not structured to provide management with multi-functional employee input and collaboration. A cross-functional communications process increases the likelihood that critical activities are completed on time, within budget. Compartmentalized communications blocks critical information slowing your development process.
- 2 You have not developed a blueprint for product and project development that includes significant performance milestones. Highly successful companies set specific performance milestones to increase their ability to stay focused, prioritize resources, and implement policies effectively. Operating without a clearly laid out roadmap may increase your chance for failure.

50%

Securing financing

- 2 Your business development team does not include individuals who have outstanding business reputations. Studies show that business development teams made with at least some members with solid business reputations are able to reduce project risk. If you are not forming a team consider adding advisors, new managers, or consultants to fill this vacuum.
- 2 You have not selected as members of your management team individuals with successful track records building new businesses. There is a high correlation between the capabilities of the enterprise management team and the ability to attract project champions and investors. Consider adding a team member decidedly attractive to investors and stakeholders.
- 2 You do not have an individual on board who has strong ties to the financing and investment community. Companies who have established working networks within financing and investment community increase the likelihood their venture will gain access to financing, if required. Seriously consider hiring a person with a reputation for successful venture financing.
- 2 To date you have not included members with industry credibility or influence on the business development management team. An innovation-based company must address a range of complex technology and business development issues. Be sure to seek members with strong industry ties to accelerate development.

40%

Decision making system

- 2 You have not set up a formal decision-making process. Without a formal process your decisions may lack the information, support, and timeliness required to react to changing conditions. In fast-changing environments organizations are often organized around key decision points. Establish a decision-making process to form timely, aggressive, creative responses.
- 2 You have not set of risk indicators, "red flags," your managers could use to determine whether the project continues to make business sense. Without decision gates are tied directly to your business and investment objectives, you may fail to determine whether continuing investment is warranted. This project may be a black hole based on wishful thinking.
- 2 You have not designed a decision making process to maximize results. By failing to organize around decisions, you may be sacrificing speed, flexibility, and self-correcting action. To increase your effectiveness design your decision making to increase consensus, optimize results and support quality execution. Make sure all members of your project group agree to their role.
- 2 You have not committed the time, money and people required to complete and monitor actions necessary to carry out company decisions. Consider a resource requirements review to be certain your resources are focused on the essential activities that must be performed to carry out each strategic decision. This may reduce the potential for costly delays and repair work.

40%

Venture Readiness Report

Management

Product protection

- 2 You have not sought legal advice to review possible ways to protect your product's unique attributes. There is a high correlation between product success and your ability to shield your product's unique attributes from competition. Limit the ability of competitors to copy and enhance your product to increase your market longevity.
- 2 You have not filed for patent or copyright protection increasing innovation risk of competitors using your ideas. Without protection this product or process may be absorbed by competitors leaving you without a sufficient market or product life cycle to recoup your investment.
- 2 You have not established a process for identifying and protecting trade secrets or unique insider knowledge that applies to the intellectual property. Written policies and procedures can be an effective tool for governing the behavior of employees and stakeholders who possess or have access to unique knowledge or trade secrets. You may need legal advise.
- 2 You have not completed disclosure and non-compete written agreements with key employees. These agreements provide some level of protection against these possible threats. Consider entering into non-disclosure and non-compete agreements with key employees to reduce the potential for current employees or former employees to provide trade secrets to your competition.

40%

Stakeholder support

- 1 You have not formed a group of directors or advisors. The right directors or advisors can offer highly valuable experience and expertise to your management group especially if they are well entrenched in the business community. They can act as liaisons to market, management and money opportunities. Consider the benefits of forming a group of directors or advisors.
- 1 You have not established relationships with business advisors and consultants. They could augment the expertise you have in house to guide development, solve problems, and expand networks. These stakeholders strengthen the effort and shorten the learning curve if kept in the loop. Stakeholders are often free or inexpensive sources of assistance on an "as need" basis.
- 1 You have not been developing supportive relationships with investors, financing agents and other individuals who might positively impact your project. These relationships are pivotal should you require additional resources, need assistance with red tape, or getting to the right people. These supporters facilitate key actions while avoiding day-to-day involvement.
- 1 You do not participate in your industry trade associations and other related business groups. These groups are advocates for your industry, offering a variety of services that member companies would find difficult to justify in-house. The sooner you get involved the sooner you can reap the benefits.

20%

Core competencies

- 1 You have not built the core competencies required to produce a product/service that is difficult to imitate. This will require a deep knowledge of the product and its markets backed by creative and skilled people that can build the internal competencies to produce such services. Time and resources must be available to attain this competency.
- 1 You have not built the core competencies required to establish potential access to a wide range of markets. To dominate a wide variety of markets, you may need to mobilize new competencies to achieve strategic objectives and open new competitive spaces. Think long range to stay competitive.
- 1 You have not built the core competencies required to establish and retain an advantage over your competitors. To build this competency work toward proficiency in product, competitor and consumer intelligence. Continually challenge your strategic intent. Back this with resources to retain creative, skilled people in a flexible team structure. Learn to grow.
- 1 You have not built core competencies required to assure that customers perceive you as providing them with significant benefits. Essentially this competency must be built around a process and skill in determining market needs and perceived values. Your primary commitment must be to customer satisfaction. This will facilitate key customer access and valuable input.

20%

Management

Project plan

- 1 Your have not included benchmarks supported to by your management team into your plan. Consider their importance to your competitive position. These benchmarks are guideposts if accomplished would place you with the industry leaders. Performance gaps that may surface during evaluation will provide opportunities to innovate and improve operating procedures.
- 1 You have not sought cross-functional input from key individuals prior to establishing and completing project milestones. Consensus is an important key to significantly increasing the potential for project optimization. To increase consensus and project focus, be certain your managers and key employees contribute to identifying significant milestones and their timing.
- 1 You have not established a monitoring system to measure performance milestones for timeliness and accomplishment to assure benchmarks are reached. These milestones should be an integral tool of functional and cross-functional operations as you seek to maintain focus, prioritize decisions, optimize performance and adjust to new opportunities.
- 1 You do not have a plan that maps your course of action. Without this plan it will be difficult to focus the efforts of management and employees to be more effective and reduce sub optimization. There is a high correlation between venture or business success and management's ability to map a course of action.

20%

Marketing

Product definition

- 5 Your product description clearly states product features and customer benefits that your research shows buyers prize. Studies show your key message must affirm customer preferences if your product is to be adopted. Conducting a formal, well designed market study focusing on buyer needs, desires and benefits increases the probability for a strong product - user fit.
- 4 Your product description highlights key attributes your product possesses that research shows buyers are willing to pay a premium price to get. The product, service or technology that possesses benefits highly desired by the buyer, but not available in competitor offerings, significantly increases the your capability to reach profitability.
- 4 Your product description addresses a compelling market need that solves customer problems. Your ability to sell your message is partially dependent on the degree to which you successfully differentiate your product by highlighting its superior and distinct advantages. Make certain your audience clearly understands just how your product differs from other offerings.
- 4 Desired product attributes not found in competitor products are embedded in your product description. Management's market research confirms this product has significant user benefits not available in competitor products increasing the probability for early market acceptance and adoption.

85%

Competitor analysis

- 3 You are developing competitor profiles that include in-depth information about competitor marketing, operations and financial strategies. The competitor profile can reveal your competitor's basic approaches to market development, operations and financial management. Use this process to identify competitive threats and make timely changes to reduce the business risk.
- 3 You are developing an informational database to identify and analyze competitors' relative strengths, weaknesses, opportunities and threats. Often called the SWOT analysis, this competitor analysis provides critical data for shaping business and product strategies. Complete your own SWOT analysis and compare your profile to your competition to gain more insight.
- 3 You are currently developing competitor profiles. Be certain your process is designed to gather information from sources that can provide you with accurate, up-to-date information. Use the information to guide your own decisions about the need for possible product changes, inventory requirements, growth opportunities and responses to competitor moves.
- 3 You are currently developing a market strategy that neutralizes competitor strengths, exploits their weaknesses and anticipates their reactions to your marketing tactics. Your ability to neutralize competitive responses is a critical part of a comprehensive market entry or market development strategies. Your strategy may well create an significant competitive advantage for you!

60%

Market structure

- 3 You are studying the market climate to determine if economic factors such as regulations, supplies, production requirements, and cost of entry are barriers to market entry and penetration. To the extent competitors can manipulate these factors, they may be able to block or discourage competition.
- 3 You are conducting research to see if the market structure favors market entry. If entry barriers are low and market shares are unstable with a low concentration of competition without monopoly, the study will confirm the attractiveness of this market.
- 3 You are conducting a study to determine the structure of buyers in your market - size, purchasing power and access. If a significant opportunity exists, this information can be highly instrumental in forming your strategies. Market capacity is a key factor in successful businesses.
- 3 You are conducting a study of the market structure to verify the number of competitors, potential entrants, and substitute goods & services that may form a barrier to your market entry and potential profitability. By understanding the size, placement, and market share of existing and potential competition, effective strategies can be formed.

60%

Marketing

Market pricing

- 4 You have conducted a price elasticity analysis to determine how differing pricing models influence total expenditures for this product. The pricing decision is where the interests of the buyer, you as the marketer and your product intersect. Setting a price for a product or service requires both a clear understanding of the buyer's behavior and an ability to meet your business goals.
- 3 You are developing your pricing strategy. Be certain your strategy is designed to accomplish the company's written business objectives. Check to make certain your strategy is tied to your expectations for the payback period, earnings and Return on Investment. Remember, a pricing model must also include demand side issues, consumer needs and wants to work.
- 2 You have not developed a pricing strategy. You may be missing a primary opportunity to set your price at a premium. The more your product offers benefits or solutions that are highly desired and truly unique, the greater the price premium the buyer will be willing to pay. Complete this activity prior to market entry or market development. Project risk may be high!
- 2 You have not developed a pricing strategy. The development of a pricing strategy provides an excellent opportunity to identify possible competitor pricing reactions to the introduction of this new product. The ability to neutralize competitor responses may mean the difference between market success and failure. You may even increase your contribution to margin.

55%

Communications plan

- 3 You are developing a marketing campaign. Make certain your campaign is designed to clearly identify market targets, outline the media that will be used and set marketing campaign time limits. Make certain you have clearly defined milestones throughout the campaign. Also make certain you have the ability to adjust your campaign on the fly if events change.
- 3 You are designing your sales plan. Make certain your plan is specifically designed to accomplish your stated sales goals. The sales plan has one primary objective: to create buyers. See that your plan reflects your knowledge about your targeted audience - how they think, why they decide and what they want and need to hear. Do you have a sales performance monitoring process?
- 2 You have not developed an advertising strategy. Advertising can be a powerful tool for reaching large groups of users with a single message. Most successful businesses focus on developing a single, powerful message, selecting the right advertising medium or combination of media, then setting clearly defined, measurable outcomes that can be tracked.
- 1 You have not conducted market pre-tests to evaluate the effectiveness of your media messages. Successful companies make certain they involve their targeted buyer/users as early in communications development process as possible. If your sales effort is already underway, consider establishing a prospect or buyer feedback process. Modify your selling effort as required.

45%

Detailed market research

- 2 You have not conducted consumer research to identify consumer purchasing behavior in terms of their motivations, perceptions and current buying choices. Consider designing a study to determine what specifically motivates the consumer to act, how they perceive proposed advertising, why they buy a particular product and what influences their buying choice.
- 2 You have not conducted a product life cycle analysis. This is your opportunity to gather data to predict demand patterns at various stages in the product life cycle. Additionally, it gives you the opportunity to adjust your strategy to changing demand patterns over time. Your analysis needs to covers product innovation, product uses, product longevity and user repeatability.
- 2 You have not conducted a market research study that provides you with critical information on the size, characteristics and sales potential of your markets. Continuing to invest in your project without first conducting a comprehensive market analysis significantly increases your project risk.
- 2 You have not conducted a competitor analysis. A sound market analysis provides valuable information for positioning your product and focusing your marketing campaign advantageously against the competition to gain market share. Identify competitor products, strategies, pricing and market share to form winning market strategies.

40%

Venture Readiness Report

Marketing

Market selection

- 2 You have not set up research to identify markets where will have a strong fit. Without a match to your company objectives or a fit to the competencies and resources you have to offer, developing new markets will represent an uphill battle.
- 2 You have not researched segments to find the easiest to reach for sales, distribution, and support services. Without this advantage sales may be less cost effective and less accessible to make adjustments in the early stages. You have missed a significant advantage to develop your market.
- 2 You have not researched market segments based on significant size, growth potential, and similar benefits sought. Without this information, market selection may not provide the potential quantity and length of market advantage to best meet investment objectives. This could be costly in the long run. Consider filling holes in your market research.
- 2 You have not researched and identified market segments that are most likely to be profitable at entry. Without this identification the enterprise will be missing the opportunity to incorporate pre-launch decisions that predispose the market to buy. Market segmentation is more effective where there is a heterogeneous market.

40%

Purchasing

- 3 You are crafting promotional materials designed to appeal directly to purchasing agents and buyer representatives. Be certain your messages highlight those values and benefits purchasing agents and buyers will need to justify their buying decision. Focus on product specifications, technical adaptability to existing processes, durability and repeatability.
- 1 You have not pre-tested your promotional messages. The time to test the validity of your promotional materials is before, not after you initiate a major promo campaign. Studies clearly show pre-testing significantly reduced the amount of time and effort spent revising and repairing faulty messages. Can you afford to be wrong once you have started your promotional campaign?
- 1 You are not gathering product feedback from purchasing agents and buyers. Listen to your customers! This is the time to make certain you are listening for information showing the degree to which PAs and buyer reps believe your product or service excels when compared to competitor offerings. The best evidence is an order or requisition to buy!
- 1 You are not collecting PA and buyer feedback about your product. You are missing an opportunity to let PAs and buyer reps help you. Let them tell you whether your product or service represents the most cost effective way to get the benefits they must have? If you are not getting the order, ask your PA or buyer why; then listen.

30%

Market development plan

- 2 You have not developed a marketing plan. The marketing plan serves as your guide for the development of your market. It gives you the opportunity to focus your energy, efforts and resources only on those activities that are tied directly to your goals for market development (share, rate of growth, timing), revenue generation and financial performance. Market risk = high!
- 1 You have not developed a sales strategy. Well constructed sales strategies may mean the difference between project success and failure. They can be designed to focus your audience on those aspects of your product or offering that are highly desired, compelling and unique. They are designed to inform, influence and convince. Get your sales strategy completed.
- 1 You have not developed a marketing plan. The marketing plan is a tool you can use to develop your action plans for carrying out your marketing objectives. Well constructed action plans create a company discipline for implementing your market strategy by creating measurable outcomes, identifying required resources, and setting timetables for completion.
- 1 You have not developed a customer service program. Providing valuable customer service has been rated as the #1 issue in many customer satisfaction surveys. You have three primary opportunities for customer service - before the sale, at the point of sale and after the sale. Your customer service program may mean the difference between failure and success!

25%

Marketing

Sales/promotion strategy

- 1 You have not developed sales/promotion publications. Your sales/promotion publications are your primary asset for influencing buyer behavior. Too often marketers miss this opportunity to help consumers identify with the product. Successful marketers focus their message to address the unique needs of each selected market. Consider contracting for publications.
- 1 You have not developed a sales/promotion strategy. Your sales strategy not only introduces a discipline to your promotion campaign, it provides the baseline for all of your product/service communications. The sales/promotion strategy must address key purchasing questions: Why buy? Why now? Will it work? Why is it best? Not addressing these key issues may cost the sale.
- 1 You have not developed a process for continuously gathering consumer feedback about your product's image in the marketplace. Studies show successful companies are continuously monitoring customer response in order to maintain and improve a powerful product or service image. Market acceptance is the name of the game. Consider outsourcing this activity.
- 1 You have not developed a formal process for measuring the effectiveness of your promotion, advertising and sales activities. Good products die without good promotion! The customer must know you are there. Prioritizing funds for each buyer appeal based on a cost-benefits analysis increases the likelihood available resources will be used to maximize ROP.

20%

Finance

Managerial accounting

- 5 You use your financial and accounting reports to compare actual performance to your business objectives. Using these reports to review actual performance to your company's stated business objectives decreases the potential for sub-optimization. These reports can be a valuable part of your performance control process.
- 5 You use a managerial cost accounting system that gives you the ability to monitor and control costs, a key difference between successful companies and companies that fail. Monitoring and controlling costs is also an effective means for streamlining operations. Be certain your cost control procedures are in place throughout the company.
- 5 You have available for review financial statements describing the company's financial condition covering at least the last two years. While limited to historical analysis, it is still a very effective way to demonstrate the capabilities of management to drive the company toward its business objectives and to provide information on the company's financial condition. Still a Plus!
- 5 You have a fully integrated managerial accounting system you can use for financial planning, budgeting, monitoring and reporting. If you have not already done so, consider providing training to the non-accounting/financial types in your organization. Their understanding of the system and how to use it will make them more informed and reduce the likelihood for sub optimization.

100%

Finance and accounting standards

- 4 You have instituted financial and accounting practices specifically designed to provide managerial guidance and control. Establishing written company policies and procedures for finance and accounting practices may significantly decrease business risk. Applying the practices company-wide provides management and employees a process for handling of accounting changes.
- 4 You have applied Generally Accepted Accounting Principles (GAAP) as a guide for developing your finance & accounting practices, policies and procedures. Setting finance and accounting standards is important for controlling company behavior and keeping the company efficient significantly decreasing the probability for regulatory and legal difficulties downstream.
- 3 You have set challenging but attainable financial goals within standards with the participation and support of employees. Make certain your managers understand they are accountable for accomplishing goals while complying with the company's finance and accounting practices. Set clear consequences for inappropriate action. Do you have a monitoring process in place?
- 3 You are establishing a performance review process that includes a review of accounting practices. Be certain your process holds managers accountable for their cost and revenue generation practices. Check to see you have established clearly stated consequences for unacceptable manager behavior. Seriously consider including a policy that rewards responsible behavior.

70%

Financial analysis

- 4 You can show support for your Return on Investment (ROI) targets with historical documentation covering at least a three year period. Valid historical documentation is a major foundation block for positively influencing key stakeholders, potential customers and financing agents. These groups are looking for evidence you are in this for the long haul.
- 3 You are currently conducting a risk analysis. The key to effective risk analysis is to be able to predict your venture's ability to accommodate potential adverse changes. Be certain the process you are employing is designed to identify potential product risks, market risks, financial and operational risks. Complete this analysis before making additional investments in this project.
- 3 You are currently conducting a financial cash flow analysis. Be certain to compare the worth of future cash flows to your current investment by employing a discounted cash flow or net present value analysis. Using these analytical tools has the advantage of returning a "true" return as a percentage and recognizes that money has a time value.
- 3 You are conducting a project worth analysis. Be certain you employ an analytical tool that you can use to set incremental proceed or kill project decision points. Base your decision to proceed or kill on your investment criteria. You may also choose to revise investment decision criteria at any decision point.

65%

Venture Readiness Report

Finance

Financial plan

- 3 You are developing operating projections that forecast revenues, expenses and cash flows. Define expected performance for at least the next two years. Base the estimates on best data available - industry financial data, the company's history to date and market buying indicators. The more accurate the estimate, the higher the credibility, the lower the risk.
- 3 You are currently developing your financial plan. Make certain individual managers have been included in a dialogue to define key assumptions. Seeking key manager input and feedback at this early stage increases the potential for optimum performance. A financial plan, built on solid assumptions has a greater chance for being actualized.
- 3 You are currently developing your exit or succession plan for liquidating owner equity. To make your plan as realistic as possible check to make certain your plan is explicit. Substantiate your conclusions with pro forma financial statements that meet reasonable economic pre-conditions. Tie your financial plan results to your exit strategy for best results.
- 3 You are currently developing a 4-6 month action plan. This is the time to be very specific about the goals management has set and the methods management will employ to accomplish the goals. This is the opportunity to show stakeholders and potential investors just how this management team intends to grow - and how fast! Develop a monitoring process.

60%

Financial reporting and review

- 3 You are submitting the company's books to an independent auditor for review. Independently audited books assures stakeholders you are operating within generally acceptable accounting standards. It is important you be able to demonstrate to investors, regulators and taxing authorities that management follows generally accepted accounting practices.
- 3 You are preparing to publish an annual report to stakeholders. Be certain the report includes a review of the company's financial practices and performance. The annual report provides you with a great opportunity to demonstrate the effectiveness of your management team, especially your team's ability to accomplish the enterprise's business goals.
- 3 You are developing a formal, continuous process to review and compare project and company performance to stated financial goals. Make certain your process allows for formal and consistent performance reviews covering each manager's financial objectives. Performance reviews increase the likelihood everyone is on the same track and performing to goal.
- 3 You are currently planning to provide periodic financial reviews for key internal stakeholders. Check to make certain you are providing updates to your board, key advisors and your investors. Armed with up-to-date information these stakeholders can also provide leadership by adding or contributing valuable input for possible improvement. A real confidence builder.

60%

Investor financing

- 4 You have identified project activities and expenses that may require funding from outside sources. Some projects or ventures must prepare for the possibility of dramatic growth, a rate of growth that exceeds internal funding capacity. Be certain you prepare an analysis showing specifically how the money will be spent and how objectives will be reached within projected timelines.
- 3 You are developing a strategy for attracting investors. To increase investor interest be certain the management team includes at least one person successful with start-ups. Investors prefer to work with people who have a successful track record. Consider having a manager training session led by those members with proven track records.
- 2 You have not profiled possible financial agents and institutions for future discussions. Financial agents, institutions and investor groups differ in expectations concerning use of funds, management control, support services and collaboration. This is not the time to choose the first suitor who comes along - unless you want others controlling your destiny!
- 2 You have not developed an assessment of probable investor expectations. Choosing traditional financing instruments like banks or commercial lending institutions versus equity investors is determined in large part by the strength of your company and the potential for your product. If you will not require equity financing, select financing that helps you realize your goal.

55%

Finance

Financial projections

- 2 You have not prepared financial statements. Your financial statements made up of the balance sheet, income and cash flow statements provide the basis for future spending, cash and revenue performance decisions. They make a great management tool. Seriously consider preparing financials to significantly decrease your business risk.
- 2 You have not developed comprehensive cash budgets projecting the company's future cash requirements and estimating cash receipts for all activities. Many companies have failed because they underestimated their need for cash. You are significantly increasing your business risk if you do not stop now to develop these critical projections, the foundation for all cash decisions.
- 2 You have not developed best and worst case scenarios to account for possible changes in business and economic trends. Creating financial scenarios gives you the ability quickly adjust to the changing business and economic climate. Outlining your response to the possible changes may mean the difference between success and failure. Consider analyzing possible scenarios.
- 2 You have not developed an operating budget that forecasts detailed revenue and expense patterns by department. Start-ups ventures often lack the historical data to develop their forecasts. If you fit into this group consider developing your cost/revenue projections using comparable enterprises as a basis for determining cost/revenue patterns.

40%

Forecasting

- 2 You have not developed revenue and expense projections. These projections provide you with "best guess" guides for monitoring future performance. It will be difficult to win stakeholder support for this project without first completing this homework. If you are going to need external financing these projections will be a requirement. Project risk = high!
- 2 You have not developed revenue and expense forecasts. Developing these estimates not only provides the basis for revenue appreciation and expense control, they become indicators forecasting the ability of the company to meet stated business objectives. Thriving businesses subject themselves to a rigorous discipline. Consider developing these forecasts.
- 2 You have not developed operating revenue and expense projections. Developing soundly based revenue and expense projections can significantly reduce project risk. These projections are essential to continuing business development. They can provide the basis for resource allocation, expense control, setting clear expectations for revenue generation.
- 2 You have not developed a monitoring process to track and compare actual performance to stated revenue and expense projections. Instituting a formal monitoring process demonstrates management's commitment to a rigorous, disciplined process. Rigorous discipline is a solid success predictor. To reduce project risk, complete this task now.

40%

Project budget

- 2 You have not developed policies for making budget modifications resulting from changes in your business environment. Once completed and approved your budget is essentially locked. It is important, however, to be able to make budget modifications. If you are running a deficit your basic position must be that cash infusions come from increased sales or decreased costs.
- 2 You have not conducted an audit of physical assets and human resources required for this development stage. This is your opportunity to make certain you do not fall into the trap of underestimating your needs for special skills and expertise. Seriously consider conducting a physical and human asset analysis. You may still have time to revise your budget if required.
- 2 You have not completed a project budget. This is your opportunity to involve all employees responsible for meeting budget goals in the budget development process. Consider the following basic management premise: individuals responsible for meeting targets and goals should participate in setting those targets and goals. Complete your project budget now.
- 2 You have not completed a project budget. Be certain that participants in the budgeting process include individuals representing product development, operations, marketing and finance. Check for any evidence of decision-making by a functional group, like accounting, without input from other functional areas. If you find evidence, stop the practice now.

40%

Finance

Raising capital

- 1 You have not developed documentation substantiating owner investment in and commitment to the business. Documentation showing your level of commitment assures potential financing agents and investors that you are contributing maximum effort to lead this project to success. Most investors adhere to the adage, "Why should I invest if you haven't?" Be prepared.
- 1 You have not developed a comprehensive strategy for approaching, selling and winning investors. Competition for financing capital is fierce; therefore, more often than not, those best prepared win. If you do have a highly attractive opportunity, consider developing a comprehensive strategy so you can be ready if opportunity knocks!
- 1 You have not developed a budget to support the activities that are required to seek and acquire external financing. It will cost time, effort and money to create a valid case for investors to consider. Any resources or effort wasted now may mean the difference between success and failure. If you may need external financing, consider developing a funds acquisition budget now.
- 1 You have not conducted a financing needs analysis. The fact that you have not looked beyond your current financing needs keeps both you and your supporters in the dark. Consider developing an incremental plan outlining anticipated external funding needs required for each stage of planned growth and development. This approach also gives you the flexibility to make changes.

20%

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