THE BUSINESS IDEA

REALITY CHECK

A practical evaluation before you invest serious time or money

30 minutes • 20 questions • One clear next step

Designed for aspiring entrepreneurs who want to evaluate an idea before committing substantial savings, debt, or months of work.

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FILLABLE AND PRINTABLE WORKBOOK

How to Use This Tool

This is a reality check, not a prediction of success.

Most business ideas begin with enthusiasm. Enthusiasm matters, but it is not evidence. This tool is designed to help you separate what you know from what you assume before you make a major financial or personal commitment.

The rule for scoring

Score the idea as it exists today. Do not award points for research you intend to do, customers you hope to find, or numbers you have not yet verified.

For each question:

- Write a brief answer or note the evidence you currently have in the box provided.
- Assign a score from 0 to 3 using the scale below.
- Be conservative. A lower honest score is more useful than a higher hopeful score.

0	No answer, no evidence, or the issue has not been considered.
1	Mostly an assumption or personal belief, with little supporting information.
2	Some supporting information, preliminary research, or limited customer feedback.
3	Strong evidence, direct experience, reliable research, or meaningful customer validation.

Important

A high total score does not prove that the business will succeed. A single serious weakness may outweigh several strengths. Complete the Stop-Sign Test before interpreting your final score.

Name		**Date**	

Using the fillable PDF

For best results, download the file and open it in Adobe Acrobat Reader. Use Save As to preserve your answers, then print the completed copy if desired.

1. Business Idea Snapshot

Describe the idea before you score it.

What product or service will the business sell?

Who is the primary customer? Be specific.

What problem, need, or desire does the offer address?

How does the customer address this need today?

Why might a customer choose this offer instead?

How will the business make money?

One-sentence test

Complete the statement below without using words such as “everyone” or “anyone.”

My business will sell __________________ to __________________ because they need or want __________________.

Reality check

If this sentence is difficult to complete clearly, the idea is not yet ready for a full business plan. Clarify the customer and offer first.

2. Customer and Problem

Can you identify a real customer with a meaningful reason to buy?

1. Can you describe the primary customer narrowly enough to recognize and reach that person or organization?	SCORE 0-3

2. Does this customer have a meaningful problem, need, or desire that the offer directly addresses?	SCORE 0-3

3. Is the customer already spending money, time, or effort to address this issue?	SCORE 0-3

4. Have you spoken with potential customers or observed real behavior rather than relying only on your own opinion?	SCORE 0-3

SECTION SCORE	/ 12

What strong evidence looks like	Warning signs
Customer interviews, actual inquiries, purchase behavior, waiting lists, preorders, signed letters of intent, or credible data showing the problem is common and important.	"Everyone is a customer," the idea solves a problem only the founder has noticed, or potential buyers say the idea is interesting but will not commit money or time.

The most important customer fact I still need to verify:

3. Market and Competition

Is there evidence that a real market exists - and a credible reason to compete?

1. Are existing businesses successfully selling a similar product or service to the same type of customer?	SCORE 0-3

2. Can you identify the direct competitors, indirect alternatives, do-it-yourself options, and the option of doing nothing?	SCORE 0-3

3. Is there a specific, believable reason a customer would choose this offer over available alternatives?	SCORE 0-3

4. Is the reachable market large enough to support the sales volume this business will require?	SCORE 0-3

SECTION SCORE	/ 12

Competition is not automatically bad

Existing competitors may be evidence that customers already spend money in the category. The question is whether your business can earn a place in that market.

Warning signs

The idea depends on having “no competition,” the difference is only a vague claim of better quality or service, or the market estimate includes people who are unlikely to buy.

The competitor or alternative I need to understand better:

4. Revenue and Financial Reality

Can this business plausibly earn enough from each sale and enough sales overall?

1. Is the expected selling price based on customer behavior, competitor pricing, testing, or other credible evidence?	SCORE 0-3

2. Have you identified the direct costs required to make, acquire, deliver, and support one sale?	SCORE 0-3

3. Does each sale leave a meaningful amount to help cover overhead, owner compensation, debt, and profit?	SCORE 0-3

4. Is the monthly sales volume needed to cover fixed expenses realistic for this market and sales method?	SCORE 0-3

SECTION SCORE	/ 12

Preliminary economics	Your estimate	How you arrived at it
Expected selling price		
Direct cost per sale		
Amount remaining per sale		Selling price minus direct cost
Estimated monthly fixed expenses		
Sales needed to cover fixed expenses		Fixed expenses ÷ amount remaining per sale

Do not invent precision. *Early estimates can be rough; the purpose is to test whether the economics are plausible, not to create a five-year forecast.*

5. Ability to Reach and Serve Customers

A worthwhile offer is not enough if customers cannot be reached or served profitably.

1. Can the target customer be found through specific channels, locations, organizations, platforms, or relationships?	SCORE 0-3

2. Is there a realistic way to create awareness, generate inquiries, and convert prospects into paying customers?	SCORE 0-3

3. Can the business deliver the product or service consistently at the promised quality, timing, and volume?	SCORE 0-3

4. Can the business earn enough from a customer to justify the cost and effort required to acquire and serve that customer?	SCORE 0-3

SECTION SCORE	/ 12

What strong evidence looks like

A specific sales process, tested outreach, channel partners, qualified leads, prior experience reaching the same customer, or a small pilot that produced real inquiries or purchases.

Warning signs

"Social media" is the entire marketing plan, customer acquisition cost is unknown, the founder must personally deliver every sale, or demand could grow faster than the business can fulfill it.

The first practical way I could test customer reach:

6. Founder Readiness and Risk

Can you obtain the time, skills, money, permissions, and support required to test the idea responsibly?

1. Do you have the necessary industry knowledge, operating skills, credibility, or realistic access to people who do?	SCORE 0-3

2. Can you devote enough time and attention to test and operate the business without relying on an unsustainable schedule?	SCORE 0-3

3. Is the required startup funding within reach without placing your household or existing obligations at unacceptable risk?	SCORE 0-3

4. Can you identify the most dangerous untested assumption and a low-cost way to test it before making a major commitment?	SCORE 0-3

SECTION SCORE	/ 12

What strong evidence looks like

Relevant experience, realistic access to outside expertise, a workable schedule, a credible funding path, and a willingness to test assumptions before making a major commitment.

Warning signs

The plan depends on unlimited personal time, money the household cannot afford to lose, skills no one on the team has, or the belief that problems can be solved after launch.

The founder-readiness issue I need to resolve first:

Stop-Sign Test

A serious unresolved weakness overrides the total score.

Check every statement that is currently true. Any checked item means you should not make a major investment yet, regardless of your total score.

- ☐ I cannot identify a specific primary customer.
- ☐ I have no meaningful evidence that customers will pay.
- ☐ I do not know whether the expected price will cover the direct cost of a sale.
- ☐ I have no realistic way to reach enough potential customers.
- ☐ The business requires money, skills, licenses, technology, or resources I have no reasonable way to obtain.

The stop sign I must address first:

The lowest-cost way I can investigate or resolve it:

A stop sign is not a permanent rejection

It identifies the next issue that must be resolved. The correct response is to test, revise, or pause - not to spend more money hoping the weakness disappears.

7. Score and Interpret the Result

Use the score as a guide. Use the stop signs as an override.

Evaluation area	Score
Customer and problem	/ 12
Market and competition	/ 12
Revenue and financial reality	/ 12
Ability to reach and serve customers	/ 12
Founder readiness and risk	/ 12
TOTAL SCORE	/ 60

If any stop sign is checked, your result is "Do Not Invest Yet" until that issue is addressed.

WORTH TESTING **46-60**	The idea has enough support to justify a controlled, low-cost market test. Do not confuse this with permission to make a large investment.
MORE RESEARCH NEEDED **31-45**	The idea may have merit, but important conclusions still rely on assumptions. Strengthen the weakest area before committing significant resources.
REVISE THE IDEA **16-30**	The opportunity may exist, but the customer, offer, pricing, economics, delivery method, or founder plan needs meaningful change.
DO NOT INVEST YET **0-15 or stop sign**	A major unresolved weakness makes additional spending premature. Pause, test the critical assumption, or consider a different version of the idea.

One more check

A total score can hide a weak category. Any section score below 6 out of 12 deserves attention before you move forward, even when the total score is relatively strong.

8. Your Next Three Actions

Turn the result into a disciplined, low-cost next step.

1. The weakest part of my business idea is:

2. The most dangerous assumption I am currently making is:

3. The lowest-cost way I can test that assumption is:

The evidence that would cause me to move forward:

The evidence that would cause me to revise or stop:

Set a spending limit before enthusiasm takes over

What is the maximum amount you are willing to spend before receiving meaningful evidence that a customer will buy?

My spending limit before receiving meaningful evidence:

Educational-use disclaimer

This tool is provided for educational and informational purposes only. It does not constitute legal, tax, accounting, investment, lending, or other professional advice and does not guarantee business viability, funding, profitability, or success. Users are responsible for verifying information and obtaining appropriate professional advice before making decisions.

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ADVISORY SERVICES

Practical guidance. Reliable numbers. Stronger decisions.

ABOUT G. DAVID BRADSHAW, MBA

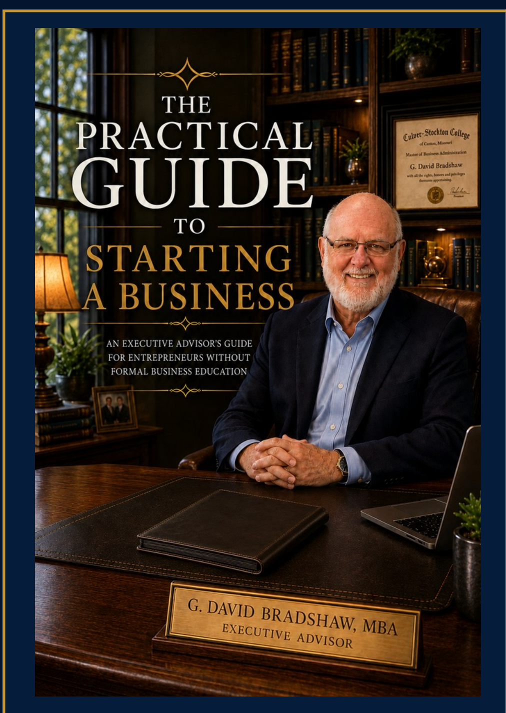
G. David Bradshaw is a senior financial executive, business advisor, author, and educator with more than 35 years of experience. He has served as a CFO, Vice President of Finance, and Treasurer and has worked with entrepreneurs, small businesses, real estate ventures, manufacturers, and growing companies.

His work focuses on helping business owners understand the business model, the numbers behind it, the risks involved, and the practical steps required to move forward.

BRADSHAW ADVISORY SERVICES

I help entrepreneurs and business owners turn ideas, opportunities, and operating challenges into clear plans, credible projections, and better decisions.

Services include business plans, financial projections and models, cash-flow and profitability analysis, funding preparation, and lender or investor readiness.



CONTINUE WITH THE BOOK

The Practical Guide to Starting a Business is written for entrepreneurs without formal business education. It explains the practical fundamentals of defining the business, understanding the market, developing financial projections, evaluating funding, launching operations, and building long-term value.

This Reality Check helps you decide whether an idea deserves the next step. The book helps you understand what comes after that decision.

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