Develop your business and impact models

Use the following questions to develop your business and impact models. They’ll help clarify your thinking, no matter what stage you’re at, whether you’re starting a new business or keen to do more good with your existing business.

Answer the 11 questions in the order they appear.

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| **Think about your…** | **Questions that help** |
| Purpose | Question 1 is about identifying the problem you want to help solve |
| Business model | Questions 2–10 are about how you make money in the long term |
| Impact model | Question 11 is about solving the problem you’ve identified |

Develop your business and impact models on the business.govt.nz website has a case study and examples. These might be useful to help prompt your thinking about your own business.

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| **1. What social or environmental problem do you want to help solve?** |
| Answering this question identifies the overall purpose for your business. Your purpose will shape the rest of your answers. Your purpose should:* aim to solve a problem
* be inspirational
* be simple
* be broad.
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| **2. Who will your customers be?** |
| Be clear about your customers from the start. They’re the heart of your business model, and they’ll shape important parts of your business. ‘Customers’ means people who support your business financially. For example, people who buy your products or services, investors, people who donate and organisations who give you grants.First, identify different types of customers. For each type of customer, identify specific groups you want to target.  |
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| **3. What issues do your customers have?** |
| Understanding your customers’ issues is key to creating things they need and want. Think about why they would want to give you their money. Think about how others are currently solving these issues. This will help you see how you fit into the bigger picture.  |
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| **4. What makes your business unique?** |
| What benefits will your ideal customers get from your business? What will make your business stand out to them? This is what makes you unique. It will help you attract and keep customers, plus get ahead of your competition. [Developing your unique selling point](https://www.business.govt.nz/getting-started/building-a-brand/developing-your-unique-selling-point/) |
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| **5. How will you solve your customers’ issues?** |
| What products or services will you provide to solve your customers’ issues? Your answer will be how you deliver your unique value.  |
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| **6. How will you reach your customers?** |
| Think about how you’ll market and distribute your products. Focus on marketing for now. How will you make sure your customers know about you?  |
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| **7. How will you make money?** |
| Money can help you do good in the world. Think about the ways you can make it, and how much you’ll make. Consider:* how much you’ll charge for your products or services
* how you’ll charge, eg one-off sales, subscriptions, ongoing licence fee
* whether you’ll charge everyone the same, or have different prices for different people
* other types of income, eg grants, donations or sponsorship.

Use rough estimates if you need to, but use numbers that reflect the size of your business. Use our handy step-by-step guide on using forecasting and modelling to check your numbers. [Financial models : Step-by-step guide](https://www.business.govt.nz/business-performance/strategic-finance/financial-models-step-by-step-guide/) |
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| **8. What will your operating costs be?** |
| You’ll need to manage your costs to succeed. Estimate your day-to-day running costs, plus the costs of fulfilling your overall purpose. Don’t include the cost of starting your business. Consider the costs of:* making and delivering your products or services (eg materials, rent, staff, power)
* fulfilling your overall purpose (eg giving items away)
* finding new customers (eg marketing and sales).

If you don’t know some of your costs, use rough estimates.  |
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| **9. What will you measure?** |
| Think about the numbers that will show your business and impact models are working. For example, how much will you need to sell to fulfil your purpose? What ratio of costs to income will you need? These numbers will change as your business succeeds.[Measuring the impact of your purpose-led business](https://www.business.govt.nz/doing-business-for-good/measuring-the-impact-of-your-purpose-led-business) on the business.govt.nz website has more details on measurement. |
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| **10. What advantage do you have over other businesses?** |
| Think honestly about any advantages you have over other businesses. Maybe you have special knowledge that others don’t have, such as a secret recipe or a special design. Or you might have partnerships that others don’t. Or maybe you can use something for free that others can’t.  |
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| **11. What impact do you want to make?** |
| Think about the problem you identified in Question 1. Now add detail to create your impact model. This will help you ensure you make the impact you intend. An impact model shows how your business activity links to good outcomes.Outline five things:* **Problem:** What problem do you want to solve?
* **Participants:** Who or what you want to help (eg certain people or the environment)?
* **Activities:** What will you do that helps you make a difference?
* **Outputs:** What will be the immediate result of your activities? (The result is often something you can easily count.)
* **Outcomes:** What will be the positive changes in people’s lives or for the planetbecause of the things you do? (Think about the short-term, medium-term and long-term)
* **Lasting impact:** What overall change do you aim to make?
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