Do the Math First

A Plain Guide to Testing Any Business Idea With Real Numbers Before You Spend a Dollar

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CHAPTER 1

Why Numbers Come Before Ideas

An idea is a sentence. A business is a set of numbers that happen to be attached to a sentence. The sentence might be selling handmade furniture, cleaning offices at night or building a scheduling app. None of those sentences says what a customer pays, how many customers are needed, or what it costs to serve each one.

People who skip the numbers usually do so for understandable reasons. Numbers feel like a chore, and the early excitement of an idea does not leave much patience for spreadsheets. A second reason is that numbers can disappoint. An idea that lives only in someone's head cannot fail. Once the arithmetic is on paper, it can.

That is exactly why the arithmetic should come first. A failed calculation costs an evening. A failed business can cost savings, a job and months of effort. The order matters because the cheapest mistakes should be made first.

A useful habit is to turn any idea into four blanks before taking any other step. The first blank is the price per customer. The second is the number of customers needed to reach the income goal. The third is the number of people who must be contacted to find those customers. The fourth is the hours or helpers needed to deliver the work. If one of the blanks cannot be filled in, the reader has found the real question, and it is better to learn that now.

Some blanks will be filled with guesses at first, and that is fine as long as each guess is labeled as a guess. The goal in the early stage is a rough picture of the shape of the business. Later chapters show how to replace guesses with facts, one at a time, using conversations with real customers and published data.

A final point about attitude. Running numbers on an idea is not a way of talking oneself out of it. It is a way of finding the version of the idea that can actually work, whether that means a higher price, a different customer, a smaller start or a decision to look elsewhere. Chapter 2 begins with the most common source of confusion, which is the gap between money that comes in and money that stays.