

Business ideas



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Business Idea

- Every business is born from an idea.
- Business ideas come from observation
- Business ideas are sometimes developed from someone's education and past experience

Your business idea will tell you

- Who are your potential customers
- Which need of your customers is targeted?
- What product or service your business will sell
- How to sell your products or services

WHAT MAKES A GOOD BUSINESS IDEA

- A good business idea is based on;
- A product or service that customers want
- A product or service you can sell at an affordable price and which will give you a profit
- The knowledge of skills you have or you can get
- The resources and money you are able to invest.

Exercise

- Think of five businesses in your local area that you think are successful.
- Try to select businesses that are at least three years old.
- Write down the name of each business and the product or service they sell.

- Go and talk to the five owners.
- See if they agree with you that business is a successful one.
- Ask them how they decided to go into that business.
- Did they see a need in the market that was not being met?
- Did they have some experience, contacts or skill to build upon?
- Did they know someone else in the business?
- Was this the first business they ever worked in?
- Note down the response for other questions you want to ask the owners

- After you finish talking to the owners, complete a Business Idea Information Form for each business putting in as many details as possible.

Think about all the factors that have made the business idea a good one and why it has become successful business. Find answers to the following questions and note down the responses

- What lessons can you draw from the experience of the business owner?
- What mistakes do you think the owner made?
- How can you avoid the same mistakes?
- What do you think has made the business a success?

BUSINESS IDEAS INFORMATION FORM

1. Name of the business.
2. Products or services sold.
3. Main customers
4. When and why did the owner decide to start this business?
5. Why did the owner think it was a good idea to start that particular kind of business?
6. How did the owner find out what local people wanted?
7. What strengths or assets did the owner use to start this business? (E.g. previous experience , training, family background, contacts, hobbies)
8. What problems did the owner face in setting up the business?
9. Has the product or service changed over time?

GENERATE YOUR OWN BUSINESS IDEAS

- Do you already have a business idea? a good sign
- It is better to try and keep an open to mind while generating an idea
- Think of as many ideas as possible
- Make a list of business opportunities
- Business ideas can be generated through:
 - Using experiences
 - Investigating your environment
 - Brainstorming

ANALYSE YOUR BUSINESS IDEAS AND SELECT THE BEST ONE

- **Screen your ideas list**
- Go through your list of business ideas and make notes about each by answering these questions:
- **Which**
 - Which customer needs do you want to satisfy?
 - Which category of customer needs will your product or service satisfy?
- **What**
 - What product or service do your customers want?
 - What quality of the product do your customers want?
 - What do you know about the product or service for this business?

- **Who**

- Who are your likely customers?

- Are they enough in number to keep your business viable?

- Who are your competitors?

- **How**

- How will you be able to supply goods and services?

- How much do you know about the quality of goods and services the customers want?

- How does running this sort of business suit your personal characteristics and abilities?

- How do you know there is need for this business in your area?

- How do you imagine yourself running this business in ten years' time?

OTHER IMPORTANT AREAS TO CONSIDER

- Where can you get advice and information about this business?
- Will this be the only business of this kind in your area?
- If there are other similar businesses, how will you be able to compete successfully?
- Why do you think this business will be viable?
- Does this business need equipment, premises or qualified staff?
- Do you think you will be able to get the finances to provide what is needed?
- Where will you get the resources to start this business?
- **SWOT ANALYSIS**

SWOT analysis

The process of carefully inspecting the business and its environment through the various dimensions of Strengths, Weaknesses, Opportunities, and Threats.

Strengths are the core competencies, and include proprietary technology, skills, resources, market position, patents, and others.

Strengths: Are within the control of the entrepreneur and they occur at present!

Should be capitalized and harnessed to make weaknesses redundant.

- ✓ Technical expertise
- ✓ Good network with customers
- ✓ Managerial experience
- ✓ Distribution system
- ✓ Comparatively cheap price
- ✓ New improvements of product
- ✓ Packaging
- ✓ Superior technology
- ✓ Product features (utility, durability, etc.)

Weaknesses are conditions **within the organisation**

May lead to poor performance, can include obsolete equipment, no clear strategy, heavy debt burden, poor product or market image, weak management, and others.

Weaknesses: are **within the control of the entrepreneur;**
they occur at present.

As far as possible, weaknesses should be eliminated!

- ✓ No control over raw material
- ✓ Limited product life
- ✓ Poor design of product
- ✓ Weak selling effort
- ✓ Comparatively high price
- ✓ No technical expertise of owner
- ✓ Lack of promotion experience
- ✓ Technological obsolescence
- ✓ Inexperienced managers/owners
- ✓ Lack of working capital
- ✓ Low level of stocks in times of peak sales

Opportunities are **outside conditions** or circumstances that the company could turn to its advantage, and could include a specialty niche skill or technology that suddenly realizes a growth in broad market interest.

Opportunities: are positive or favourable factors in the environment which the entrepreneur should make use of.

Mostly **beyond the control of the entrepreneur.**

Are different from strengths

- ✓ Few and weak competitors
- ✓ Rising income of target market
- ✓ Growing demand
- ✓ Similar products making profit
- ✓ Technical assistance available
- ✓ Access to cheap raw material
- ✓ No such products in the market
- ✓ Scarcity of product in the locality
- ✓ Favourable government policy
- ✓ Favourable government programs
- ✓ Low interest on loans
- ✓ Adequate training opportunities

Threats are current or future conditions in the **outside environment** that may harm the organisation,

Might include population shifts, changes in purchasing preferences, new technologies, changes in governmental or environmental regulations, or an increase in competition.

Threats: are **negative or unfavourable external factors** in the environment and normally **beyond the control of the entrepreneur**.

They adversely affect the business, if not eliminated or overcome.

The purpose of analysing is to avoid them or lessening their negative impact by making counterbalancing actions.

- ✓ **Rising raw materials costs**
- ✓ **Government bureaucracy**
- ✓ **Raw materials shortages**
- ✓ **Natural disasters**
- ✓ **Graft and corruption**
- ✓ **Changing government regulations**

- ✓ **Too much competition**
- ✓ **Restive labour force**
- ✓ **Piracy of skilled labour**
- ✓ **Insufficient power**
- ✓ **Poor infrastructure**
- ✓ **Smuggling**

Conclusion

- Ideas come from your own experiences
- Keen observation of your surroundings
- Discussion with your near and dear ones
- Analysis of situation