

7 Steps Involved in Product Selection Process in Entrepreneurship

Process of Product Selection

Product selection definition: [What is product selection in business?](#) The commencement of a business venture is a huge investment in both material and human terms that it requires in depth planning. Just as investment opportunities can be sourced from a number of sources, the choice of products or services for the entrepreneur are innumerable. However, selecting/choosing the appropriate product or service can be considered the important building block of every business venture.

Methods of Selecting a New Product

As a matter of fact, products serve the business as the most important and visible first contacts with buyers i.e. end users. The physical nature of products to the consumers typifies the psychological symbols of personal attributes, goal and strategic pathways. In other words, consumers are most likely to form opinion and perspectives for the entrepreneur

Factors to Consider in Product Selection and Design

In the [selection of a product](#) for your business venture, the following factors must be carefully analyzed, in a bid to explain product selection:

Meaning of and Criteria for product selection and its steps

Criteria and Factors to be considered in New Product Selection Stages

Supply- Demand gap

The size and scope of the potential and unsatisfied market demand, which forms the bedrock of business opportunity, will dictate, to great proportions, the need to settle for a particular product. One rule of thumb in developing a product selection criteria template is that the product with the most frequency of need/demand possesses the greater chance of bestowing success on the business, should be selected. In plain terms, there must be existing demand (a market) for the chosen product.

Financing

This is one of the most important factors associated with product selection. The size of the funds that can be accessed is another important consideration in choosing a method of product selection permitted. Adequate funding is required to carry out pre-launch activities such as development, production, promotion, marketing and distribution amongst others, of the selected product.

Availability of and Access to Starter Materials

Differences in products require different starter materials. Factors such as the source of the materials, the quality to be achieved as well as the quantity of the raw materials are key management decisions. Will the raw materials be available in sufficient quantities, over a continual basis? Where are the locations of raw materials needed? Are they accessible? Will it be important to situate the business close to these sources of raw materials? In the event of local sources being incapable of meeting demand, are there viable alternatives abroad? The entrepreneur must embark on a thorough analysis of these limiting factors before settling for a particular product for a market.

Technical Considerations

The production route for the product bears a lot of weight when it comes to product selection process in entrepreneurship. The technical dynamics of the chosen product on the existing production line will be x-rayed against factors such as available technology, power requirement and even the use of automated processes or human labor.

In addition, the choice of a particular product may warrant either the acquisition of new equipment or refurbishing of used machinery. The product must also be deemed technically satisfactory to the user.

Profit viability/Marketability

As is often the case, the product that meets the criterion of giving the optimum return on investment, will be selected. However, a product may be chosen on the ground that it utilizes dormant capacity or helps with the sales of existing products. The product must also bear the important characteristic of being marketable.

Qualified and Skilled Personnel

Qualified personnel will be required to handle the production and marketing, on an ongoing basis. The cost associated with manufacturing the product must be kept to the barest minimum by reducing wastage. This is achievable through the engagement of competent and skilled hands.

Government Policies and objectives

These product selection factors are often beyond the control of the entrepreneur. The thrust of government policies on economics and commerce, over time, is usually in the national interest, which may or may not be at odds with the objectives of the business. For instance, the insistence of government on the use of 100% locally sourced starter materials will greatly influence the decisions of a business with regard to what business product to introduce to the market.

Standard global practices advocate identifying a number of criteria upon which product selection can be carried out. Scores can be allocated to each criterion to come up with an objective evaluation.

What are the Phases involved in New Product Selection Exercise

After knowing the criteria to select a product in entrepreneurship, what are the stages involved? Three basic stages are involved in new product selection process. These sum up to idea generation and synthesis; evaluation and choice. These are the practical product selection steps and stages that you should know.

Idea Generation and Synthesis

Medical product ideas and other investment opportunities originate from different sources such as financial newspapers and journals, research papers, consulting firms, chambers of commerce and industry, universities, competitors.

The origin for idea generation could be a simple analysis of the concept of S.W.O.T(Strengths, Weaknesses, Opportunities and Threats). Ideas could also be developed through brainstorming, research and business think tanks.

Evaluation

Screening of the product ideas is the bedrock of evaluation. Considerations include the potential value of the product, cost of time and money, equipment required, suitability of

potential product in the long term financial objectives of the business, presence of qualified personnel in the production and marketing processes, need thorough consideration.

A pre-feasibility study of the product market, technical and financial aspect should be embarked upon at the early stages, in order to come up with the consequent benefits and associated cost implications. A pre-feasibility serves as the fore-runner to a feasibility study, although it less detailed. A pre-feasibility study will analyze large and complex product startups before a proper feasibility study is made. This is vital to understanding product selection.

Choice

A choice is reached for a product, which has scaled the hurdles and has been found to be commercially viable, technically feasible and economically desirable. At this stage in this product selection guide, resources and manpower can then be deployed to launch the product into the market.