

UNIT 3: BUSINESS OPPORTUNITY IDENTIFICATION AND SELECTION

Never be limited by other people's limitations

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BUSINESS OPPORTUNITY

- It is circumstances and time enabling one to conduct business
- It is an avenue for a person to **invest**, employ **resources**, manufacture **products** or render **services**, and generate revenue.
- Opportunities are situational and take form in the real world conditions
 - ❖ Changing conditions
 - ❖ Knowledge gaps
 - ❖ Chaos or confusions
 - ❖ Demographic shift



BUSINESS OPPORTUNITY

Business opportunity from changing conditions



BUSINESS OPPORTUNITY

Business opportunity from knowledge gaps



Research and development



Trainings

BUSINESS OPPORTUNITY

Business opportunity from chaos and confusions



BUSINESS OPPORTUNITY

Business opportunity from demographic shifts



BUSINESS OPPORTUNITY IDENTIFICATION (BOI) PROCESS

The identification and selection of business opportunity involves

1. Environmental scanning

It refers to possession and utilization of information about occasions, patterns, trends, and relationships within a firm's internal and external environment

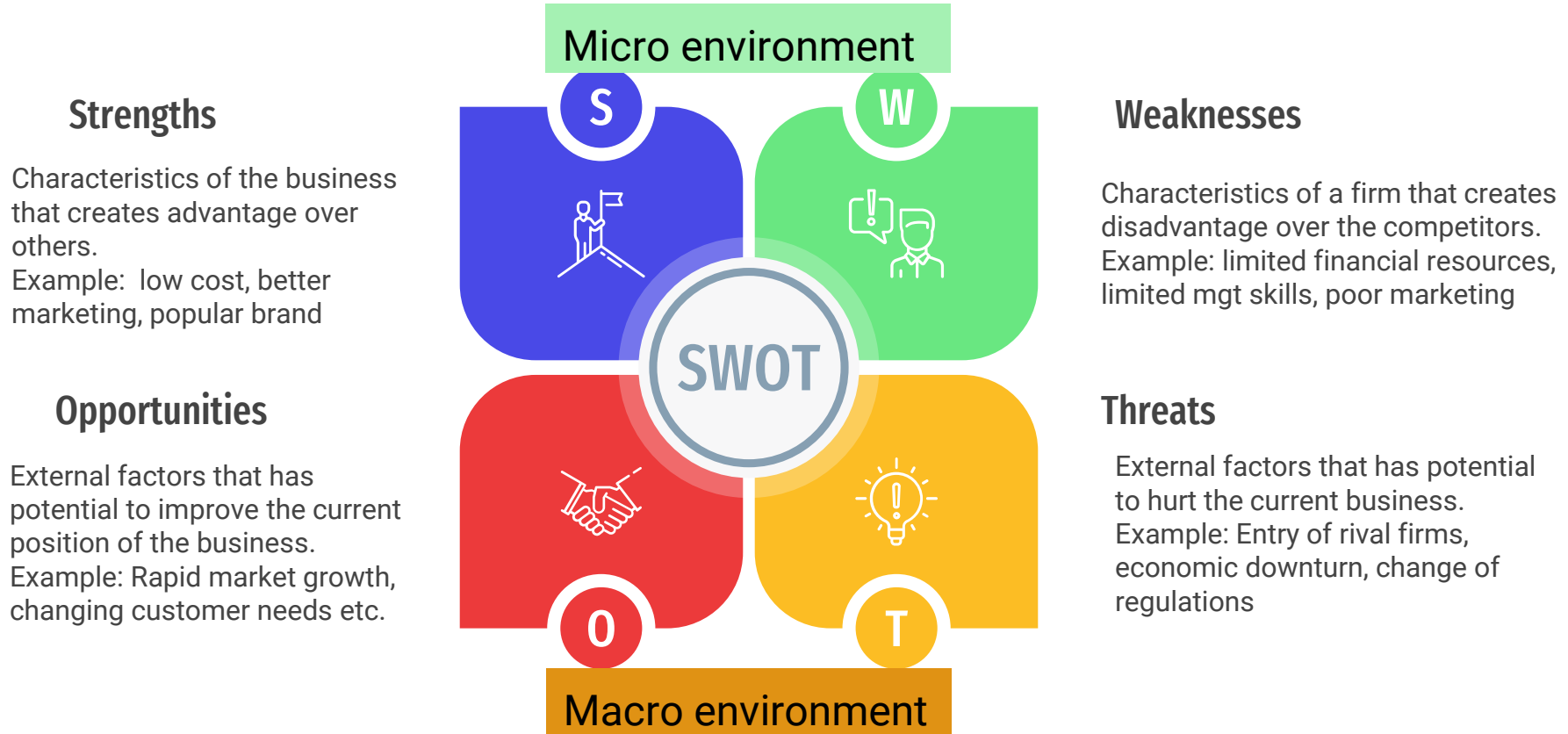
- Use PESTLE and SWOT analysis tools

PESTLE analysis (Macro Environment)

Environment such as:

- ≈Political – Govt. policies (opposing)
- ≈Economy – Overall demand and supply of goods and service in the entire economy
- ≈Social-cultural – Cultural factors, consumer attitude,
- ≈Technological – IT, internet, development of new materials etc.
- ≈Legal – Limit that law places on the business activities – may be law on employment or law on sales of goods
- ≈Ecological – Impact of business activities on the natural world

SWOT ANALYSIS (micro environment/macro environment)



BOI process: 2-Idea Generation

- Observing markets
- Prospective consumers
- Developments in other nations
- Study of project profiles
- Trade Fairs and Exhibitions
- Combining two or more ideas
- New ways of doing old things
- Improving the product/service
- Extending somebody else's successful idea to other settings
- Adding new value to an old product
- Doing market research
- Turning waste materials into something useful
- Bringing ideas home from holidays/visit,
- Brainstorming
- Checking published lists
- Talking and listening to people
- Daydreaming and fantasizing
- Understanding what things do rather than what they are
- Thinking of product use with change in size and shape

Idea generation methods

Focus Group: Group of individuals led by a moderator engages in open and in depth discussion by way of providing information in a structured way.



Idea generation methods

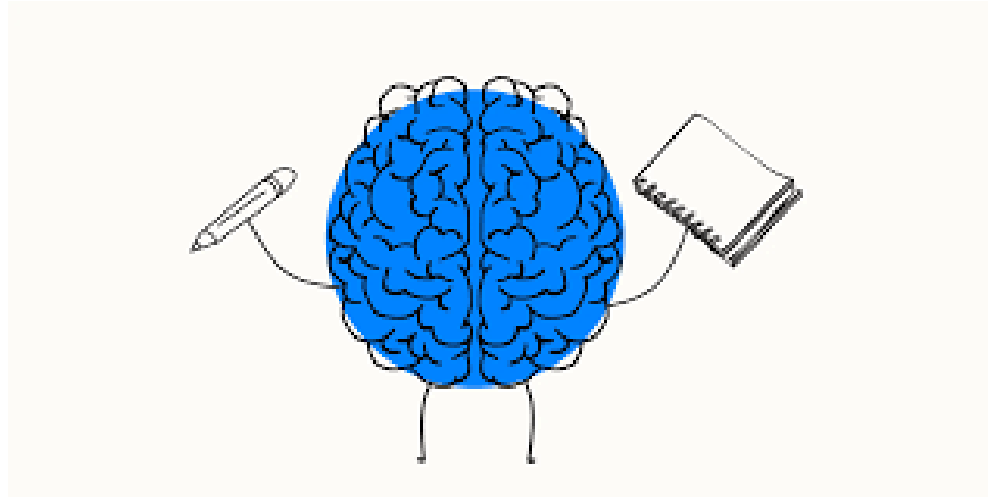
Brainstorming: This stimulates participants to think, note and discuss business ideas.

Rules for brainstorming : No negative comments, freewheeling, focus on quality ideas, combination and improvement of ideas.



Idea generation methods

Brain writing: It is a form of written brainstorming. The participants write their ideas on card or paper and pass it on to others.



Idea generation methods

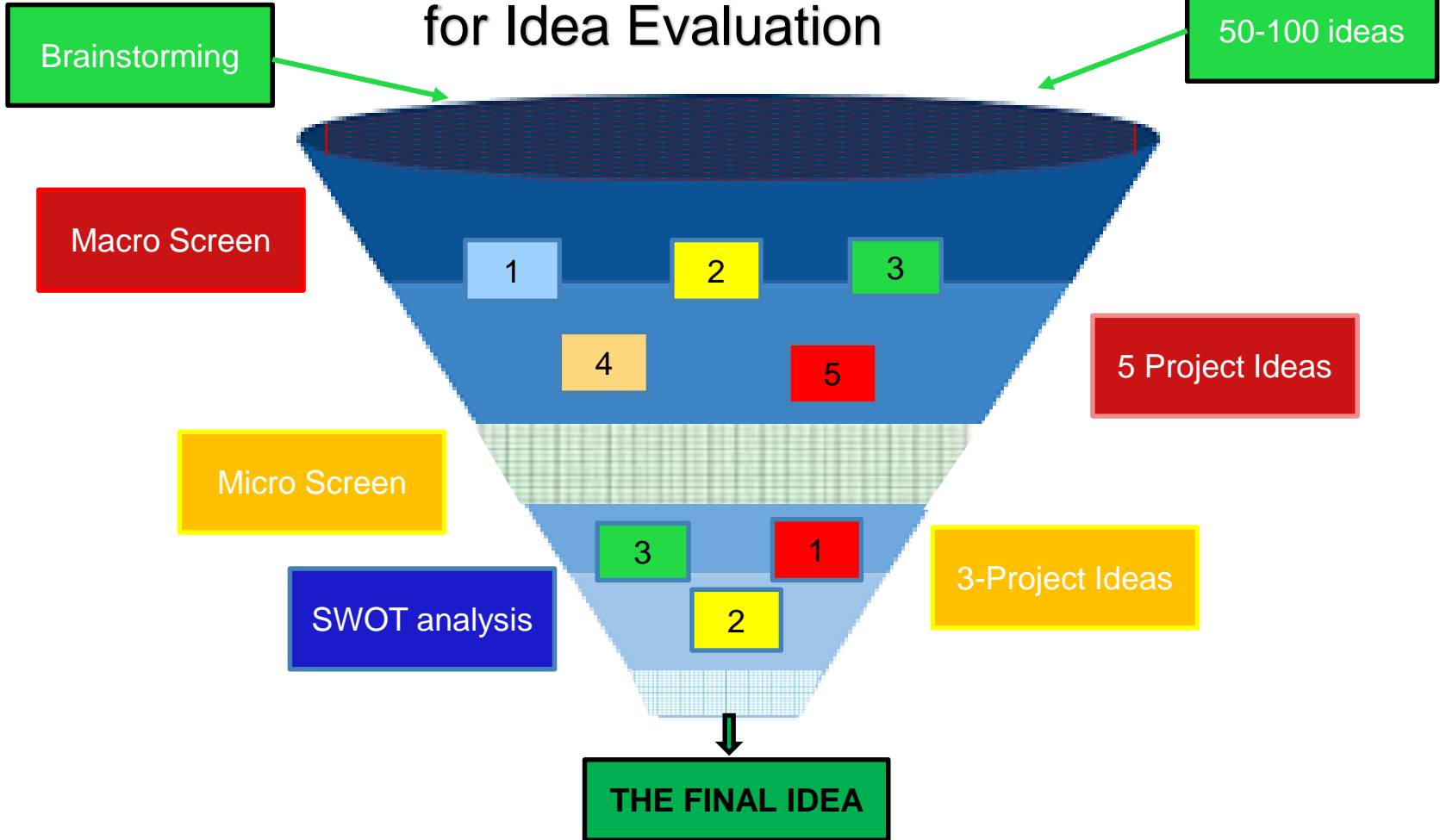
Problem Inventory Analysis: A method for obtaining new ideas and solution by focusing on problems.

No.	Identified Problem	Why It's a Problem	Potential Solution / Business Idea
1	Difficulty accessing fresh vegetables in urban areas during monsoon	Roadblocks and heavy rain disrupt supply from rural farmers	Urban hydroponic/vertical farming units for year-round fresh produce
2	Limited eco-friendly packaging options for small food businesses	Plastic bans and high import costs for biodegradable packaging	Local manufacturing of biodegradable packaging from bamboo or areca leaves
3	Lack of reliable inter-dzongkhag parcel delivery for individuals	Postal services are slow and private couriers are expensive	Peer-to-peer parcel delivery app connecting travelers and senders

Brainstorming exercise

In your groups, brainstorm 50 business ideas that could solve real (Immediate) problems in Bhutan

Funnel Screen model for Idea Evaluation



BOI process: 3-Idea Evaluation

Numerous methods are available based on the need and nature of the idea for exploration

A. ABC analysis



Determine criteria with which ideas can be graded. These may be their cost, feasibility, customer friendliness, or a combination of criteria.



Group ideas into one of three categories, 'A', 'B', or 'C'. The 'A' category represents cases where the largest amount of criteria has been met, the 'B' category a moderate amount, and 'C' a low amount.



Ideas graded 'A' are subjected to further scrutiny or development.

B. Criterion Analysis-Analysis based on certain set criterias such as feasibility, customer satisfaction, and originality

Project Idea	Criterion A			Criterion B			Criterion C			Criterion D			Criterion E			Total weighted score	Critical success factor
	R	W	WS	R	W	WS	R	W	WS	R	W	WS	R	W	WS		

Legend

R-Rating

W=Weightage

WS=Weighted score

Rating

5-Excellent

4-very satisfactory

3-satisfactory

2-Fair

1-Poor

Criterion

A-Market Feasibility

B-Raw Material Availability

C-Technology Availability

D-Skills availability

E-Ease of Implementation

Note: 1: Total of the weights of the criterias used in rating one project must be equal to 100

2: Multiply rating (R) by weight (W) to calculated weighted score for each project idea

BOI process: 3-Idea Evaluation

- C. Cost Benefit Analysis-Comparing total costs to the expected rewards
- D. SWOT Analysis-Micro and Macro analysis of the idea
- E. Impact Analysis-Examines potential consequences to a possible change in a business.

HIGH PRIORITY AREA FOR EVALUATION

Different or Better: The idea must be innovative (improvement over existing) or inventive (something new) must have an added value over and above what the target market is currently using





SAMSUNG



HIGH PRIORITY AREA FOR EVALUATION

Delivers Value/ Solves a Problem: The idea must address a specific problem
It must deliver value that can be quantified so that customer is willing to pay for it.



HIGH PRIORITY AREA FOR EVALUATION

Doable / Practical: Your idea must be creatively innovative and it should be **within the scope of the your core competence**



HIGH PRIORITY AREA FOR EVALUATION

Cost / Benefit: The core of the idea is that it **provides value** to a target audience; it must solve a problem and **benefits must be more than cost**. Of course your idea must be scalable and sustainable.



HIGH PRIORITY AREA FOR EVALUATION

Fit With My Skills: The skills requirement of the idea must fit entrepreneur's skill set



BOI 4: SELECTION OF IDEAS

At the end of evaluation you will have few promising ideas (screened idea).

However, further evaluation on the feasibility of the ideas needs to be conducted for selecting right idea.

This is done through feasibility study.

IDEA SELECTION: FEASIBILITY STUDIES

Market Feasibility

Your product or service must be able to penetrate and sustain in the marketplace

You will need to know the industries in play, **current market situation** (problems, demand & supply), **competition**, **future market potential**, **potential customers**, and **sales projection**



Once in **Every** Hand,
Now **Out** of the
Game

IDEA SELECTION: FEASIBILITY STUDIES

Technical Feasibility

Is your business capable of producing what is aimed to produce?

This requires check on **availability of resources, technology, technical know-how, operational logistics, etc.**

IDEA SELECTION: FEASIBILITY STUDIES

Organizational Feasibility

Are the idea, team, and structure well integrated and fit?
How would you structure it?

Financial Feasibility

Is your business attractive from the perspective of **cost, revenue, cash flow, return on investment?**

Activity: Idea Screening and selection using criterion analysis

Project Idea	Criterion A			Criterion B			Criterion C			Criterion D			Criterion E			Total weighted score	Critical success factor
	R	W	WS	R	W	WS	R	W	WS	R	W	WS	R	W	WS		

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A-Market Feasibility

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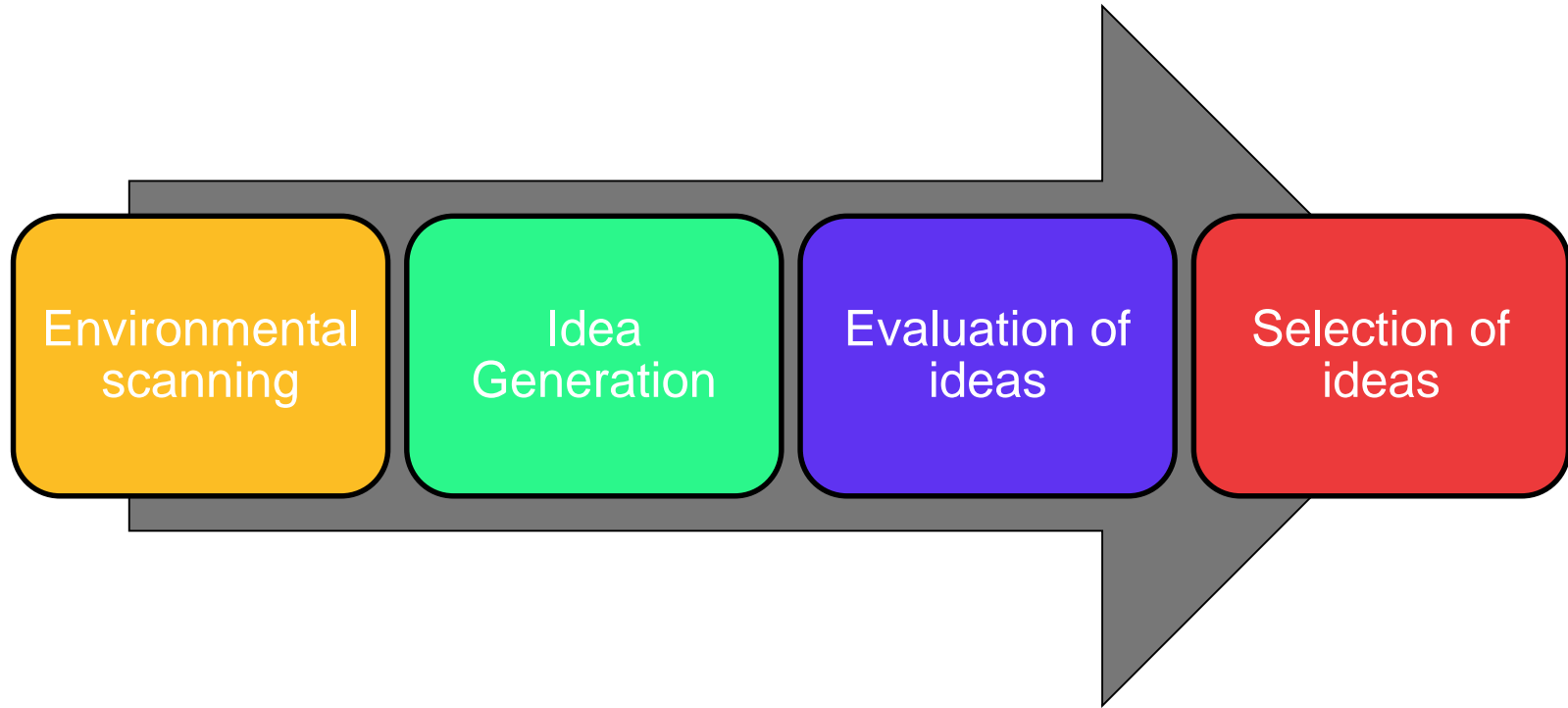
D-Skills availability

E-Ease of Implementation

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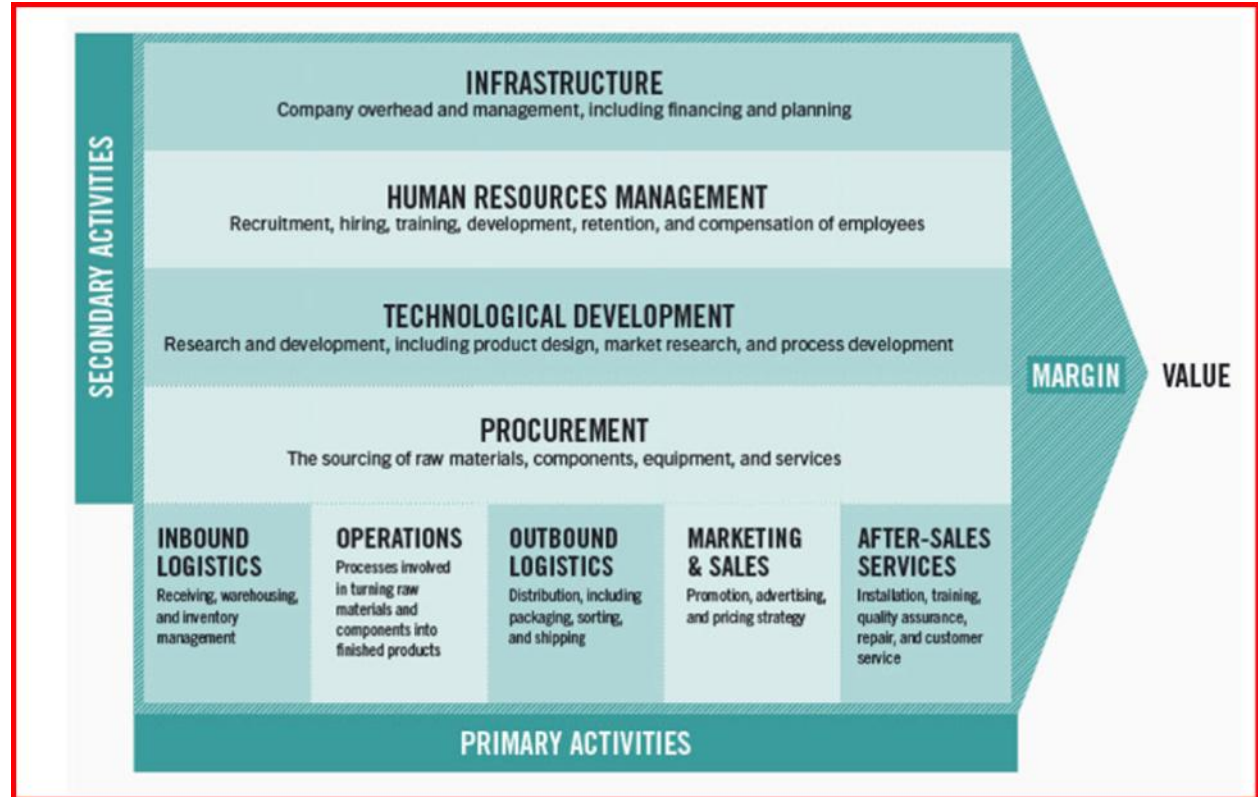
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OVERALL BUSINESS OPPORTUNITY IDENTIFICATION PROCESS.



Value chain analysis and business development

According to Porter's definition, all of the activities that make up a firm's value chain can be split into two categories that contribute to its margin: primary activities and support activities.



The Art of Pitching-5 minutes talk show

GROUP WORK: Business Idea Pitching

Prepare a pitch (Tell a story)

- ✓ Identify the opportunity or problem that is needed to be solved through environmental scanning (PESTLE/SWOT).
- ✓ Generate ideas on how you will solve the problem through brainstorming technique.
- ✓ Describe how your product or service meets the opportunity or solves the problem (Evaluation).
- ✓ Select the best idea and proceed to pitch your Idea.
- ✓ Maximum of 5 slides

Process to pitch (3 minutes pitching) followed by 2-3 minutes Q&A.

Presentation to be done before next lesson.