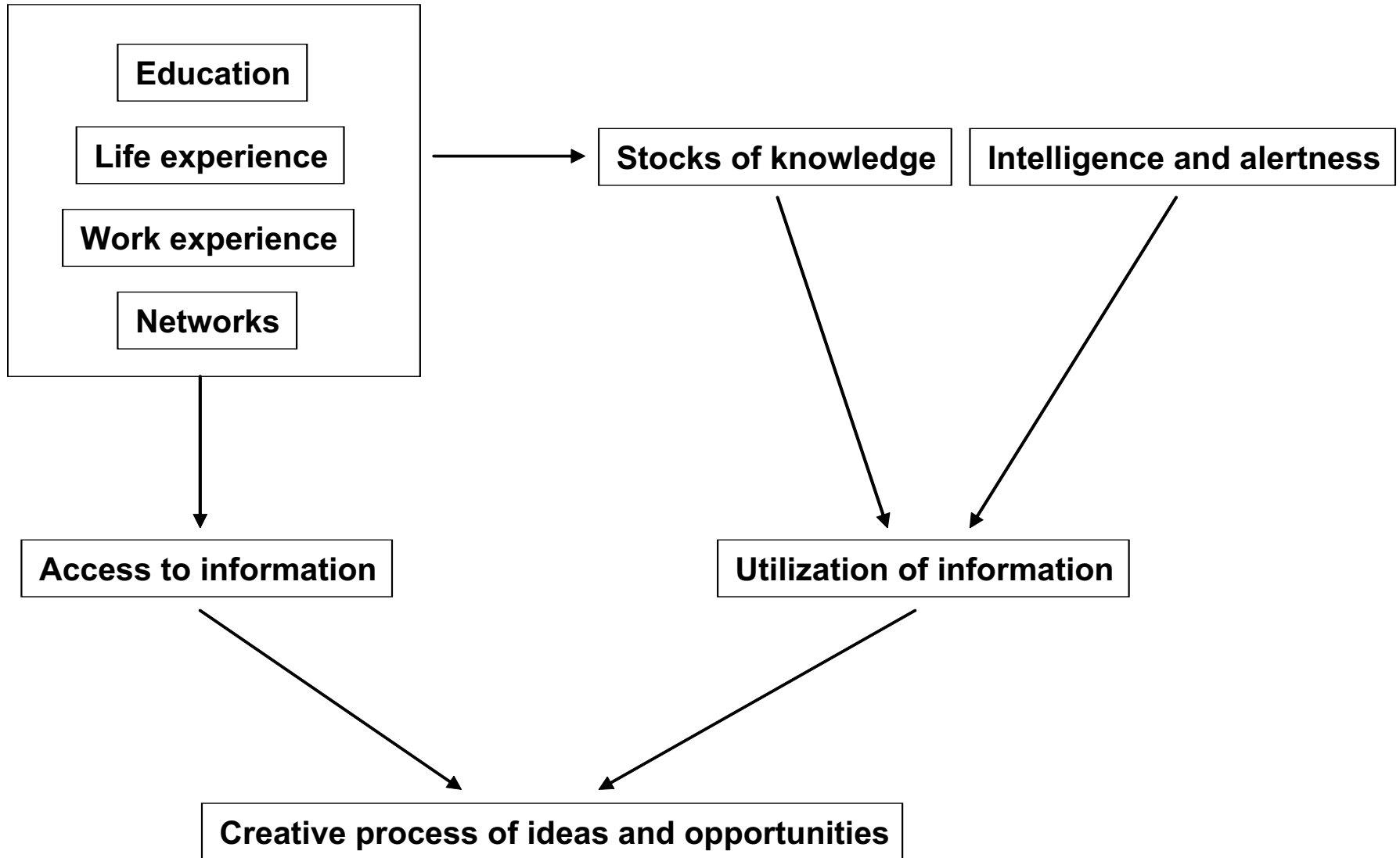


Generation of Business IDEA







Major Stages of Entrepreneurship

- Converging on the idea
- Business Plan and Business Models (Mobilizing Resources)
- Business Formation (Operations and Management)
- Growth/ exit
- Going public

The Idea Machine



DE BONO'S SIX THINKING HATS

COLOURED HAT	THINK OF	DETAILED DESCRIPTION
	<i>White paper</i>	The white hat is about data and information. It is used to record information that is currently available and to identify further information that may be needed.
	<i>Fire and warmth</i>	The red hat is associated with feelings, intuition, and emotion. The red hat allows people to put forward feelings without justification or prejudice.
	<i>Sunshine</i>	The yellow hat is for a positive view of things. It looks for benefits in a situation. This hat encourages a positive view even in people who are always critical.
	<i>A stern judge</i>	The black hat relates to caution. It is used for critical judgement. Sometimes it is easy to overuse the black hat.
	<i>Vegetation and rich growth</i>	The green hat is for creative thinking and generating new ideas. This is your creative thinking cap.
	<i>The sky and overview</i>	The blue hat is about process control. It is used for thinking about thinking. The blue hat asks for summaries, conclusions and decisions.

Growth of a Business Idea

1. Pre-selection process
2. Sources of Business Ideas
3. Preliminary Research
4. Evaluation of Business Idea

Pre-Selection Process

Discovering your personal traits

- 1.How much do you enjoy meeting other people?
- 2.Your ability to work in an unstructured environment.
- 3.Ability to organize and structure
- 4.Leadership qualities you possess
- 5.Appetite for risk
- 6.Deep analytical skills
- 7.Energy Level
- 8.Multitasking

- Knowledge and Experience

You bring into your enterprise not only your personality and skills but also your knowledge and experience. Experience contributes to and sharpens one's knowledge.

- Technical Knowledge

You acquire technical knowledge during formal training or education. What we learn in theory gets validated and enhanced by actual experience in execution.

- Domain Knowledge

Refers to knowledge very specific to certain industry in which you intend to work.

- Contacts

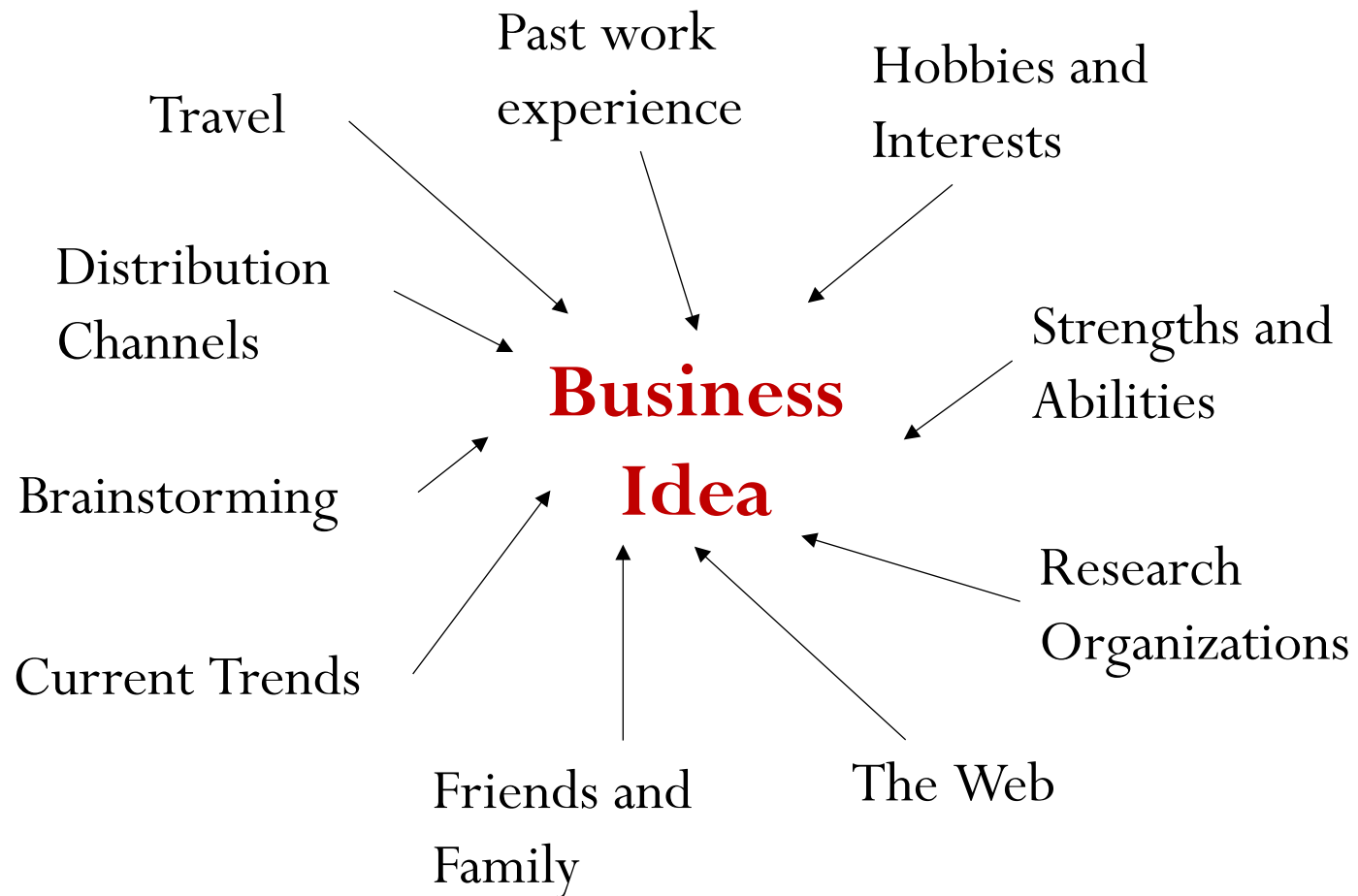
You tend to build up a lot of professional contacts during your work life, like old colleagues, clients and vendors. The width of contacts refers to how many people you know. The depth refers to the strength of the relationship. The quality refers to the ability to positively impact your business.

- Goals and Aspirations

Think about your short-term and long term goals.

- Importance of financial role of the business in your life.
- Scale & size of business you hope to achieve in future.

SOURCES OF BUSINESS IDEAS



Sources of New Ideas

■ Consumers

- ◆ Informally monitor potential ideas and needs.
- ◆ Formally arrange for consumers to express their opinions.

■ Existing Products and Services

- ◆ Analysis uncovers ways to improve offerings that may result in a new product or service.

■ Distribution Channels

- ◆ Channel members can help suggest and market new products.

Sources of New Ideas (cont.)

■ Federal Government

- ◆ Files of the Patent Office can suggest new product possibilities.
- ◆ New product ideas can come in response to government regulations.

■ Research and Development

- ◆ A formal endeavor connected with one's current employment.
- ◆ An informal lab in a basement or garage.

Methods of Generating New Ideas

■ Focus Groups

- ◆ A moderator leads a group of 8 to 14 participants through an open, in-depth discussion in a directive or nondirective manner.
- ◆ An excellent method for generating and screening ideas and concepts.

Methods of Generating New Ideas

■ Brainstorming

- ◆ Allows people to be stimulated to greater creativity.
- ◆ Good ideas emerge when the brainstorming effort focuses on a specific product or market area.
- ◆ Rules of brainstorming:
 - ◆ No criticism.
 - ◆ Freewheeling is encouraged.
 - ◆ Quantity of ideas is desired.
 - ◆ Combinations and improvements of ideas are encouraged.

Methods of Generating New Ideas (cont.)

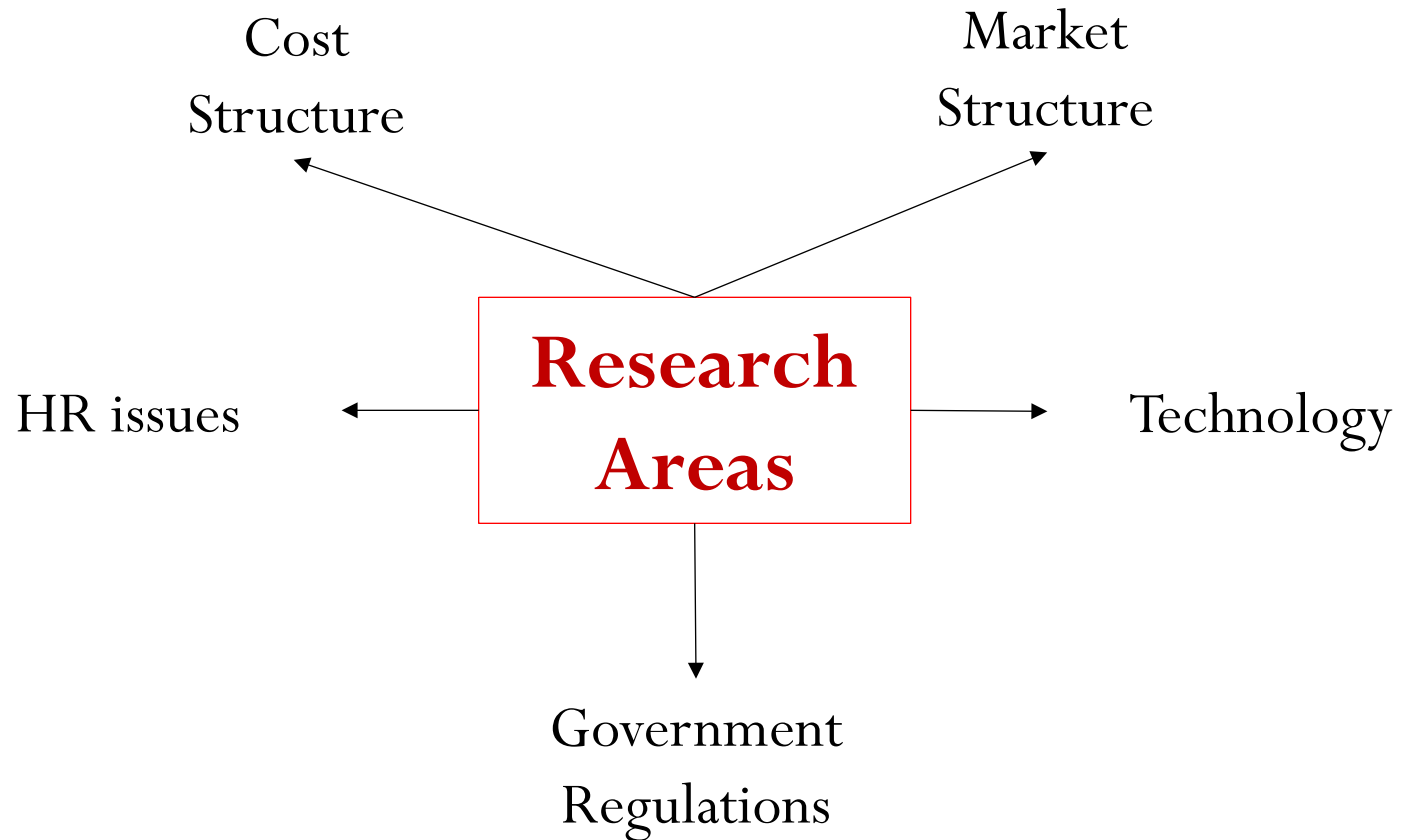
■ Brainwriting

- ◆ A form of written brainstorming.
- ◆ Participants write their ideas on special forms or cards that circulate within the group.

■ Problem Inventory Analysis

- ◆ Consumers are provided with a list of problems and are asked to identify products that have those problems.
- ◆ Results must be carefully evaluated as they may not actually reflect a new business opportunity.

PRELIMINARY RESEARCH



Preliminary Research

- Cost Structure

Main costs involved?

- Market Structure:

Trends of the selling market?

Dominant players?

Strong industry association?

- Technology: Changes in technology

Preliminary Research (contd.)

HR Issues

Is the work hazardous?

Do you provide adequate safety measures?

Are you prepared to deal with trouble in-case something goes wrong?

•Government Regulations

Entry barriers?

Long time to get government clearance?

Costly?

EVALUATION OF IDEAS

Major Five Questions

Q1. Which is the Product / Service?

Clearly state and describe the product or service that you are providing with benefits

- Identify the important problem of the customer.
- Think about the value you can offer.
- Focus on the 'need' of the customer rather than selling the attributes of your product/ services.
- Is the customer willing to pay more for solving his problem.

EVALUATION OF IDEAS

contd...

Q2. What is the Business Model?

A business model is a description of various aspects of business.

- Detailed product description
- Overview of how it is going to be produced and delivered.
- Can the business develop and employ superior organizational processes, capabilities or resources compared to its competitors?
- Does the business seem profitable?

EVALUATION OF IDEAS

contd...

Q3. How big is your market?

Idea about how much to invest.

- How many total customers are there? (Size of the market)
- How many will buy from you? (Share in the market)
- How many such customers can be convinced to switch to your product.

EVALUATION OF IDEAS

contd...

Q4. How can you protect your business?

Some strength that gives you advantage over others?

Critical Success Factors?

People in the industry?

Q5. What are you getting out of it?

Profits?

Payback?

Business you are looking forward to.

PORTER'S FIVE FORCES

Threat of New Entry

- Time and cost of entry
- Specialist knowledge
- Economies of scale
- Cost advantages
- Technology protection
- Barriers to entry

Threat of New Entry

Competitive Rivalry

- Number of competitors
- Quality differences
- Other differences
- Switching costs
- Customer loyalty

Supplier Power

Supplier Power

- Number of suppliers
- Size of suppliers
- Uniqueness of service
- Your ability to substitute
- Cost of changing

Competitive Rivalry

Buyer Power

Buyer Power

- Number of customers
- Size of each order
- Differences between competitors
- Price sensitivity
- Ability to substitute
- Cost of changing

Threat of Substitution

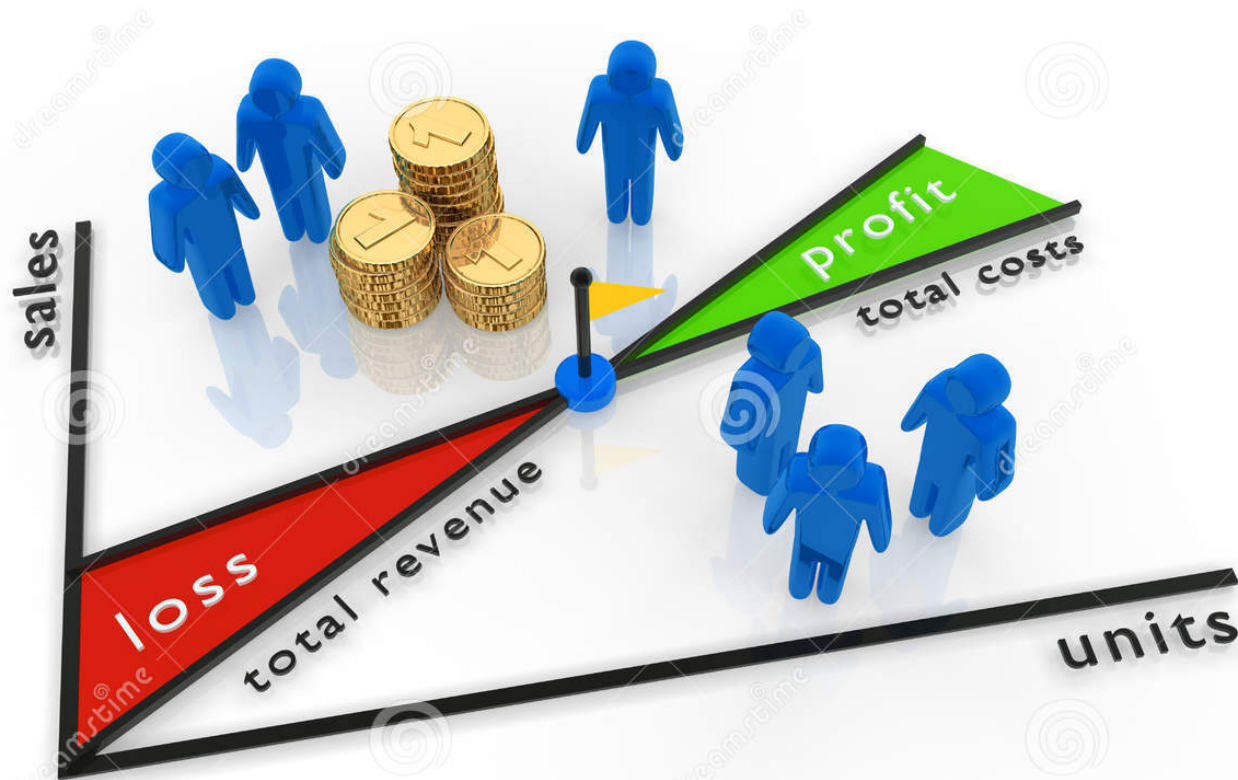
- Substitute performance
- Cost of change

Threat of Substitution

SWOT Analysis



BREAK EVEN ANALYSIS



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Thank You