

LECTURE SESSION EIGHT

CONCEPTUALIZING A BUSINESS IDEA

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8.1 Introduction

Welcome to this eighth lecture in Entrepreneurship Skills. In this lecture, we shall discuss the Framework for conceptualizing a business Idea and the Dimensions of the Framework for Conceptualizing a Business Idea.

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8.2 Learning Outcomes

At the end of this lecture, you should be able to:

- i) Discuss the two Perspectives to Conceptualize a Business Idea.
- ii) Describe the five important dimensions that the entrepreneur can use to think through the conceptualization of the business idea.

Let us start our discussion by asking ourselves this question.



Intext Question 1: Describe the TWO views of conceptualizing a Business Idea?

Well done. I believe you have looked at the reasons of making choices for the business Model and Business Strategy Model. Lets look at the two in detail.

8.3 Perspectives to Conceptualize Business Idea.

There are two perspectives of conceptualizing business idea: business model and business strategy views.

8.3.1 Business Model View

It is essential for an entrepreneur to make the right choices for the business model of an idea for it to be successful. The entrepreneur must have a good understanding of the components of the business model to conceptualize the business idea.

8.3.2 Business Strategy View

An entrepreneur needs to have a clear understanding of the strategic objectives of the enterprise and relate them to conceptualize their idea. The idea needs to align to the enterprise strategies and should differentiate with other similar competitive offerings.

The two important aspects of the business strategy view for the entrepreneur, is the competitive positioning for the idea and how the core competencies of the enterprise facilitate the operating activities critical to developing the idea and sustaining it in the market place.

According to Michael Porter, strategy is the creation of a unique and valuable position, involving a different set of activities. An enterprise can outperform rivals only if it can establish a difference that it can preserve. It must deliver greater value to customers or create comparable values at a lower cost or do both.



Take Note

Business Model view is essential for an entrepreneur to make the right choices for the business model for an idea for it to be successful. **Business Strategy View** alludes to the fact that any entrepreneur needs to have a clear understanding of the strategic objectives of the enterprise and relate them to conceptualize their idea.

Having looked at the perspectives to conceptualize business idea lets now turn our focus to the dimensions of the framework for conceptualizing a business idea.

8.4 Dimensions of the Framework for Conceptualizing a Business Idea.

The two views of the business model for the idea and the business strategy of the enterprise combine to give five important dimensions that an entrepreneur can use to think through and conceptualize the business idea.

- a) **Competitive Advantage:** The unique selling proposition for the idea is the key differentiating factor. It should provide a unique competitive position for the enterprise in the market place for the idea.
- b) **Business Alignment:** It is essential for the entrepreneur to relate the idea to the current and future business directions of the enterprise. The differentiating factors of the business idea should be conceptualized around the key strategic focus of the enterprise and its goals. It is also important to consider how the idea leverages the core competencies of the enterprise.

- c) **Customers:** Knowing the customers for an idea is very important to conceptualize it based on the wants and needs of the customer. A key learning for an entrepreneur is to define the customer segment, understand their wants and conceptualize the unique differentiators along what is perceived as important for the particular market segment.
- d) **Execution:** Execution is the complementing capabilities that are required to develop the business idea into a successful innovation and for taking it to the market. The entrepreneur should think about how to incubate the idea, what techniques are best suited to develop the idea, and how to co-create leveraging the competencies available in the enterprise. Identification of resources, processes, risks, partners and suppliers and the eco-system in the market for succeeding of the business idea is also important. Some of the execution tasks are required in the later stages in the innovation life cycle particularly in business incubation and commercialization. It is nevertheless, important for the innovator to articulate a plan for execution.



Activity

After coming up with an Idea a businessman wants to conceptualize the Idea. Advice him/her?

Well done. You have been able to list FOUR DIMENSIONS to help conceptualize an idea. This leads us to our last subsection in this lecture business value.

Business value: Business value refers to the mechanism that will bring value to the business in pursuing the idea. It covers how revenues will be generated, what is the market size, how is it shared with the partners, what is the cost structure and how profits are generated? This dimension addresses the important benefits for the enterprise it pursuing the business idea and how the benefits are realized. The value

definition is a critical aspect of the business model of the idea and forms the basis for the selection of the idea as it progresses through the various gates in the innovation



8.5 Summary

The session deals with the perspectives to conceptualize business idea. Later it also looked at the dimensions of the framework for conceptualizing a business idea, before finalizing with the value to the business this conceptualization will have.



8.6 Review Activity

- i) Explain Conceptualization of an idea Why conceptualize?
- ii) Briefly describe the dimensions of the framework for conceptualization.



8.7 References and Further Reading

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- ii. Kuratko, D. F. (2016). Entrepreneurship: Theory, Process and Practice, 10th Edition. Boston, MA, USA: CENGAGE Learning (ISBN-13: 978-1285051758).
- iii. Scarborough, M.N. (2015). Essentials of Entrepreneurship and Small Business management, 8th Edition