

Business Idea

Three main aspects of entrepreneurship

1. Identification of market opportunities and generation of ideas to address the opportunities
2. Gathering and commitment of resources in the face of risk to pursue the opportunities
3. Creation of an operating business venture to implement the opportunity-motivated business idea.

What is Business Idea

It is the creative and innovative process of coming up with a potential business venture that would be successful.

Ways which entrepreneur can add value to an existing offering are:

- Creating an improved service (fast delivery)
- Market a product at a lower price
- Market a product to a redefined target market
- Adding automation, simplification and convenience
- Changing the style of delivery, size, packaging, shape, color, material of the product.

Why do entrepreneur set up businesses in an industry in which they have experience.

They can identify areas they can introduce new ideas that will add value to the product or service they bring into the market.

What is Business Opportunity

A business opportunity is a favorable set of circumstance and condition that create need for a new product, service or business.

Opportunities occur when people discover a problem that can be helped with a product or service or when people decide they have certain needs or wants to satisfy.

What are the four essential qualities of a business opportunity:

- It must be attractive
- It must be timely
- It must be durable
- It must be anchored on a product, service or business that creates value for the buyer or end user.

An opportunity will become a successful venture only if its products and services satisfy the needs and wants of some people in some way

A business idea is different from a business opportunity because an idea is just a thought, impression or notion it doesn't necessarily mean it can provide any service to people.

Identification of Business Opportunities and Ideas

Ways to Identify Business Opportunities:

- Observing Trends
- Solving a problem
- Finding gaps in the market place

Sources of generating business ideas

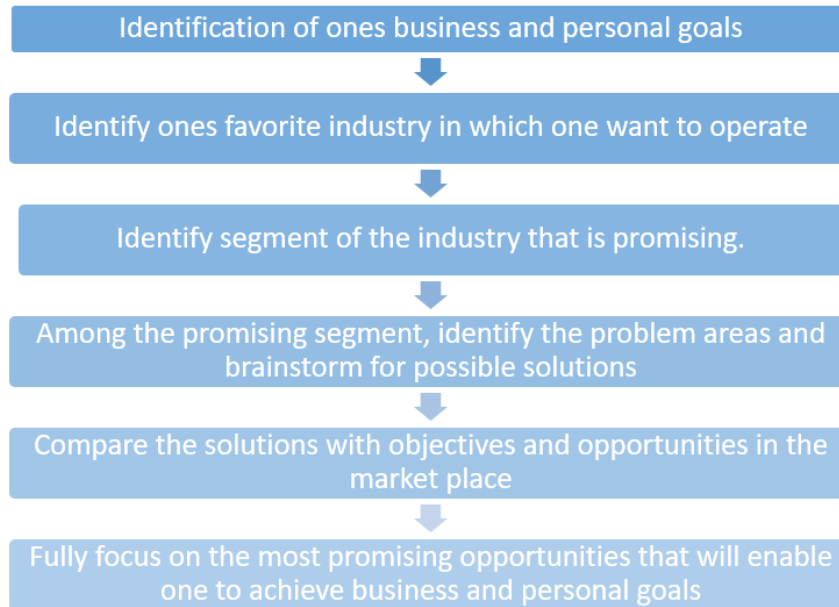
- From previous employment
- from hobbies
- from casual observation
- From deliberate search

Opportunity Analysis

Steps in selection of the right opportunity:

- Identification of one's business and personal goals
- Identify one's favorite industry in which one wants to operate
- Identify segment of the industry that is promising.
- Among the promising segment, identify the problem areas and brainstorm for possible solutions
- Compare the solutions with objectives and opportunities in the market place

- Fully focus on the most promising opportunities that will enable one to achieve business and personal goals



Why Some Individual are Better in Recognizing Opportunities

- Prior Experience
- Cognitive Factors
- Social Network
- Creativity
 - **Prior Experience:** By working in an industry, an individual may spot a market niche that is underserved.
 - **Cognitive Factors:** Opportunity recognition may be an innate skill or cognitive process. Having a sense called entrepreneurial alertness, which is the ability to notice things without engaging in deliberate search
 - **Social Network:** People who build substantial network of social and professional contacts will be exposed to more opportunities and ideas than people with sparse networks.
 - **Creativity:** Process of generating a novel or useful idea. Some people are more creative than others.

Techniques for Generating New Business Ideas

Techniques that can be used to generate new ideas for product:

- Brainstorming
- Focus Group
- Surveys
- Other Techniques
 - **Surveys:** Method of gathering information from a sample of people. The most effective survey sample is "random".
 - **Other Techniques:** Includes Delphi method, which is a forecasting methods which relies on a panel of experts.
 - Attending Trade shows and conferences

Examples of Business Ideas:

- Invention of a new product
- Franchising
- Rebuilding or Remanufacturing Products
- Catering for market that is not adequately served

- Taking existing local product to a new market
- Capitalizing on growing trends

How to encourage and protect new business ideas

New business ideas can be classified as an intellectual property, because it is a product of human intellect that is intangible but has value in the marketplace

Business ideas can be protected through:

- Patent
- Trademark
- Copyright
- Trade Secrets

It must be noted that a mere idea or concept does not qualify for intellectual property protection until it is translated into more concrete form.

Why is it better to setup a service business than manufacturing:

- Easier and cheaper to set up
- Market for a service is more likely to be local
- Less equipment is needed
- Less money required for a start-up
- Risk is lower than manufacturing

Problem Solving and Team Work

Problem solving refer to the process of working through details of a problem with the objective of finding a solution.

Basic steps in solving a business problem:

- Defining the problem
- Generating alternatives
- Evaluating and Selecting alternatives
- Implementing solutions

Problem Solving mental skills:

- Analytical Skill
- Creative Skill
 - **Analytical Skill:** Involves a thorough analysis, drawing logical framework of the problem. Includes skills such as ordering, comparing, contrasting, evaluating and selecting. Provides a logical framework for solving and helps to select the best alternative by narrowing down the range of possibilities.
 - **Creative Skill:** Uses imagination to create a large range of ideas for solution. Looking beyond the obvious.

Ways to Enhance Problem Solving Skills

- Focusing on the solution rather than the problem
- Having an open mind by entertaining all possible solutions
- Viewing problems without bias
- Simplifying things
- Respecting other people's opinions and needs