IDEA GENERATION

Idea generation is the creative process of generating new methods to solve problems and improve the product's or company's conditions. It is based on factors like idea development, group discussions, choosing the best alternative, and implementing the idea in real-world scenarios. The idea does not need to be practical but can also be a mere thought (David, 2022).

Generating Business Ideas

According to McCreanor (2023), Identifying a good idea involves three (3) crucial stages. These stages can improve an entrepreneur's chances of generating and implementing a successful idea before investing significant time and resources in developing their desired products or services.

1. **Dreamer Stage.** In this stage, ideas can flow freely without fear of criticism or judgment from others. It encourages individuals to explore new possibilities, breaking free from the constraints of conventional thinking.
2. **Designer Stage.** It provides an opportunity to analyze ideas and explore their feasibility.
3. **Detailer Stage.** In this stage, potential problems are thoroughly looked for and identified. This step is crucial in ensuring that all aspects of the project have been considered and addressed before executing the plan. Identifying potential problems early on can save time, money, and resources in the long run.

Core of Entrepreneurial Ideas

- The **entrepreneurial mind frame** equips the entrepreneur to be optimistic during a crisis. Even if entrepreneurs are aware that businesses are risky, they do not get easily discouraged.
- The **entrepreneurial heart flame** shows the passion of an entrepreneur in fulfilling their vision and mission. Entrepreneurs devote themselves to the venture they decide to pursue.
- The **entrepreneurial gut game** exhibits an entrepreneur's intuitive side. Entrepreneurs have a good sense of whether something will work without necessitating logical, systematic, and sequential thinking. It brings out the confidence and courage of an entrepreneur.

Ways to Generate Ideas

Ideation is an essential process that involves the creation and development of ideas. It is a critical element of the creative problem-solving approach, allowing individuals to explore different possibilities and alternatives. Through ideation, new concepts and solutions can be generated, offering a rich pool of options for further exploration and evaluation (Hayes, 2023).

- Imitate the successful ideas of others.
- Address the existing problems and find practical solutions for them.
- Transform waste into valuable goods or solutions through recycling.
- Pay attention to what business professionals, prospective customers, rivals, and collaborators have to say.
- Indulge in daydreaming and allow imagination to take over.
- Improve a product or service by maximizing its advantages and overcoming its limitations.
- Transform a hobby into a profitable business venture.
- Make new connections and socialize outside the normal circle of friends.

Opportunity Seeking, Screening, and Seizing

According to Maryville University (2023), entrepreneurs are known for being curious and innovative. Their mind always seeks to discover new things or ideas and see whether they will work in the marketplace. Entrepreneurs create value by introducing the latest market offerings or finding new solutions to existing daily problems of consumers. The entrepreneurial process of creating a new experience is shown in the diagram below:

Figure 1.The Entrepreneurial Process
Source: https://saylordotorg.github.io/text_international-business.jpg

Opportunity Seeking

There are various methods to identify opportunities. Some individuals can understand the bigger picture by studying emerging trends and patterns. Simultaneously, examine the particular groups of customers being focused on in the market.

1. **Environmental changes.** It can significantly impact the rest of the world. These changes can occur naturally or as a result of human activities such as climate change, deforestation, pollution, and biodiversity loss, which can have wide-ranging and long-lasting effects on ecosystems, wildlife, and human health.
   - The **physical environment** encompasses elements such as the climate, natural resources, and wildlife.
   - The **social environment** has various influential factors, such as the Political, Economic, Socio-cultural, and Technological environment. These forces drive progress and bring about new inventions and technological innovations.
   - The **business industry environment** comprises a range of critical stakeholders, such as competitors, customers, creditors, employees, the government, and suppliers.
2. **Technological progress.** A person with a keen interest in entrepreneurship can explore countless business opportunities, make groundbreaking discoveries, and take advantage of cutting-edge technology.
3. **Government's initiatives and policies**. The government's priorities, projects, programs, and policies can also provide valuable sources of inspiration.

4. **People's interest.** Knowing what interests and hobbies a person has can inspire potential entrepreneurial ideas. Understanding their preferences can help identify potential areas of market demand and guide product or service development.
5. **Experiences.** The knowledge and abilities acquired by someone who has worked in a specific field. This area holds immense promise for facilitating the creation of integrated commercial enterprises.

Opportunity Screening

After searching for opportunities, the subsequent phase is to screen those opportunities. Entrepreneurs must be cautious when selecting and analyzing potential opportunities within their reach if they want to significantly enhance their chances of success.

The 12 Rs of Opportunity Screening:

- **Relevance.** Entrepreneurs should aim for an opportunity that aligns perfectly with their business's vision, mission, and goals, ensuring a solid foundation for success.
- **Resonance.** The opportunity should be perfectly harmonious with the values and virtues that the entrepreneur desires for the business.
- **Reinforcement of Entrepreneurial Interests.** Entrepreneurs should seize opportunities that perfectly match their interests, talents, and skills.
- **Revenues**. Verify if the products or services possess a market with substantial potential for growth and sales.
- **Responsiveness.** The opportunity should effectively meet the needs and desires of customers.
- **Reach.** Entrepreneurs should use opportunities to grow their businesses by creating branches, franchises, distributors, and dealerships. This will help them achieve consistent and ongoing growth.
- **Range.** Opportunities abound for creating a wide range of products and services to meet the diverse needs of various markets.
- **Revolutionary Impact.** The entrepreneur must visualize the business as a revolutionary force of the future.
- **Returns.** The opportunity should offer a low initial investment with the potential for substantial returns upon selling at a higher price.
- **Relative Ease of Implementation.** Entrepreneurs should find it simple to seize this opportunity, as there are only a few obstacles to overcome.
- **Resources required.** Entrepreneurs should choose opportunities that require fewer resources.
- **Risks.** Entrepreneurs should be able to recognize high-risk opportunities with clarity and confidence.

Opportunity Seizing

Seizing opportunities is the ultimate step in planning for a successful business venture. Entrepreneurs should learn from other businesses' successes and failures to identify the key factors contributing to success. By understanding what worked well for others, entrepreneurs can apply similar strategies in their own ventures.

Similarly, by understanding the mistakes and failures of other businesses, entrepreneurs can avoid making the same errors and improve their chances of success. To guarantee the successful seizing of opportunities, it is highly encouraged to utilize the following external environment tools:

A. **PESTEL Analysis.** This tool helps identify the external forces that can positively and negatively impact the business.
   - **Political.** These factors determine the influence of government and its policies on a particular business or industry. It includes trade, fiscal, and taxation policies, among others.
   - **Economic.** These factors determine the impact of the economy and its performance on a business and its profitability. It includes interest rates, employment or unemployment rates, raw material costs, and foreign exchange rates.
   - **Social.** These factors determine the social environment and emerging trends affecting business profitability. It includes changing family demographics, education levels, cultural trends, attitudes, and lifestyle changes.
   - **Technological.** These factors determine the impact of technological innovation and development on a particular market or industry. It includes digital or mobile technology changes, automation, research, and development.
   - **Legal.** These factors determine the importance of understanding legal laws and procedures in a given territory where a business operates. It includes employment legislation, consumer law, health and safety, and international and trade regulations and restrictions.
   - **Environmental.** These factors determine the influence of the surrounding environment and ecological aspects' impact on a market or industry. It includes climate, recycling procedures, carbon footprint, waste disposal, and sustainability.

B. **Competitor Analysis.** Conducting a competitive analysis is a crucial component of any successful business plan. By studying the competition, the entrepreneur can develop effective strategies to rival and secure a significant share of the competitors' markets. The entrepreneur should classify its competitors into direct and indirect groups to conduct a thorough analysis. Listed in each group are the products or services offered by the enterprise, along with their profitability, growth pattern, marketing strategies, and additional details that the company can obtain (McCreanor, 2023).

   Entrepreneurs could use the following questions in analyzing their competitors:
   - *Who are the competitors?*
   - *What products or services do they sell or offer?*
   - *What is each competitor's market share?*
   - *What are their past strategies?*
   - *What are their current strategies?*
   - *What type of media is used for marketing their products or services?*
   - *How many hours per week must they advertise to capture the market?*
   - *What are the competitor's strengths and weaknesses?*
   - *What potential threats do your competitors pose?*
   - *What potential opportunities do they make available for you?*

C. SWOT Analysis. SWOT analysis is usually performed before the enterprise is in operation. Strengths and weaknesses are Internal factors, while opportunities and threats are external (Friesner, n.d.)

Figure 2. SWOT Analysis
Source: https://aprika.com/wp-content/uploads/2022/07/SWOT-analysis.png

- **Strengths**: Strengths refer to the internal factors within an organization that give it a competitive advantage or contribute to its success. These could include a strong brand reputation, a dedicated and skilled workforce, a superior product or service offering, efficient operations, an extensive distribution network, or unique technological capabilities.
- **Weaknesses:** Weakness in SWOT analysis refers to internal factors or characteristics of a business or individual that put them at a disadvantage or undermine their overall performance. It represents areas where the entity may lack skills, resources, or competitive advantages, which could impede its ability to achieve its goals. Weaknesses can include issues such as inadequate market knowledge, limited financial resources, deficiencies in infrastructure, ineffective marketing strategies, or an absence of technological expertise.
- **Opportunities**: Opportunities in SWOT analysis refer to external factors that have the potential to positively impact an organization's performance or strategic objectives. They are favorable conditions or trends in the external environment that the organization can leverage to its advantage.
- **Threats**: Threats refer to external factors or challenges that may impede the success or progress of a business or project. They can negatively impact the performance or competitiveness of an organization. Threats can arise from various sources, such as competitors, changing market trends, new regulations, economic conditions, technological advancements, or even natural disasters.

Types of Products and Service Innovation

What is Innovation?
Although "business innovation" is often used to describe technology, the real meaning of business innovation is increasing income. Most businesses know the need to innovate to keep up with the market's rate of change. All industries are being disrupted by technology, so companies must innovate to stay current and avoid falling behind. An emphasis on design thinking, brainstorming, or creating an innovation lab may fuel business innovations (David, 2022).

The main benefit of innovation is that it increases business income and enhances the bottom line. Potential avenues for improvement in a company may involve introducing updated goods or services, amplifying sales and driving growth. Alternatively, streamlining existing procedures can effectively reduce costs and enhance operational efficiency. Addressing urgent company issues can save valuable time and resources (Hayes, 2023).

Three (3) major types of innovation:

1. **Process Innovation** is a change in how a product or service is manufactured, created, or distributed to achieve greater efficiency. The following are examples of process innovation in different sectors:
   - Supermarkets in the Philippines, such as SM, Rustan, and Robinson's, have ***implemented self-checkout systems***. These convenient systems allow customers to scan and pay for their items independently without relying on assistance from cashiers in traditional lanes (Fast Company, 2022).
   - ***Online booking services*** like Tripadvisor.com, Booking.com, and Agoda.com have made booking flights, accommodations, and other travel services much easier and more convenient. This technology enables travelers to compare prices, read reviews, and make reservations from the comfort of their own homes (Fast Company, 2022).
   - ***Robotic automation*** has revolutionized the manufacturing industry, resulting in remarkable productivity gains, heightened precision, and reduced labor costs. Industry giants such as Tesla, Apple, Adidas, and General Electric have fully embraced this cutting-edge technology to its utmost potential. By leveraging robotic automation, companies are empowered to automate repetitive tasks, streamline operations, and elevate the overall quality of production (Fast Company, 2022).

2. **Product or Service Innovation** involves creating and implementing new ideas, concepts, or technologies to enhance customer value and differentiate a company's market offerings.

   The following are examples of product innovation in different sectors (Scott, 2022):
   - Apple's release of the iPhone in 2007 completely transformed the ***smartphone*** industry, combining various features into one remarkable device. This groundbreaking innovation revolutionized consumer behavior and reshaped how people communicate, access information, and embrace the wonders of technology in their everyday existence.
   - ***Plant-based meat alternatives*** are innovative products that provide an environmentally friendly and morally conscious alternative to conventional meat. These substitutes mimic real meat in taste, texture, and appearance. They are made entirely from plant-based ingredients such as soy, wheat, and peas. Beyond Meat and Impossible Foods are leading the way in producing delicious plant-based burgers, sausages, and other substitutes.

The following are examples of service innovation in different sectors (Scott, 2022):

- Uber, Lyft, and Grab are popular ***ride-sharing services*** that changed transportation by offering convenient and affordable alternatives to traditional taxis or owning a private car. They have enhanced safety features, such as driver and passenger ratings, GPS tracking, and in-app communication, ensuring a secure experience for all parties involved.
- Netflix's ***online streaming platform*** has completely transformed the way people consume media. With an extensive library of available TV shows, movies, and documentaries, viewers can customize their viewing experience. Netflix allows people to watch whatever they want, whenever they want, without being limited by fixed television schedules or the hassle of physical DVDs.

3. **Disruptive Innovation** introduces a new value proposition. It either creates new markets or reshapes existing markets. There are two (2) types of disruptive innovations:
   A. **Low-end disruptive innovations.** This happens when products and services are too expensive because they are considered very high quality.
      - ***Budget airlines*** like Southwest Airlines and Ryanair are an example of low-end disruptive innovation. They transformed the airline sector by providing affordable flights without extra services, attracting cost-conscious travelers.
      - Xiaomi and Oppo introduced ***low-cost smartphones*** as affordable alternatives to high-end smartphones with similar capabilities.

   B. **New-market disruptive innovations.** This occurs when the features of a product restrict its accessibility or confine its usage to inconvenient, centralized venues.
      - GoPro is causing significant disruption in the camera market with its ***action cameras***.
      - WhatsApp is changing the telecommunications industry with its ***free messaging app***.

Risks Involved in Innovation

According to McCreanor (2023), there are seven (7) risks that a business should watch out for:

A. **Economic risk** refers to erratic economic changes that can decrease sales, revenue, or profits. The 60% drop in airline revenue in 2020 due to the COVID-19 pandemic is a prime example of economic risk. Business owners must always prioritize monitoring the economy, identifying emerging risks, and developing solid plans to minimize damage in different scenarios. Economic risks are constantly present due to global crises.

B. **Financial risk,** in essence, refers to internal and external circumstances that directly impact a company's profits. For instance, if a company defaults on its loans and does not have enough cash to manage its debt payments properly, it may be in financial trouble. Changes in the market or losses can also increase a company's financial risk.

C. **Risks of security and fraud.** In today's rapidly evolving business environment, an increasing number of individuals rely on e-commerce, online shopping, and business to adapt to changing circumstances. Sadly, the growth of online businesses also comes with an increased risk to cybersecurity from hackers, cybercriminals, and fraudsters.

D. **Compliance Risk.** Businesses must abide by local laws and regulations restricting various business processes, regardless of their business type. Compliance risk refers to the potential for a company to face legal penalties, financial loss, and material consequences due to violating external laws and regulations or internal standards. Businesses are encouraged to review their risk compliance and new regulations regularly to ensure that operations operate appropriately to avoid compliance risk.

E. **Human risk.** Simply put, employees' failure or inability to carry out their essential responsibilities at work can result in human risks for businesses. An employee may make workplace mistakes due to alcohol or drug abuse, which can lower productivity and harm the company's overall reputation. Human risk can be caused by intentional actions like employee theft or circumstances that an employee cannot control, like health issues. A company can lose money when it is exposed to human risks.

F. **Risk of Reputation.** A good business reputation is essential to running a successful business because it demonstrates honesty and trustworthiness. A company's reputation is in jeopardy, and reputational risk can negatively affect profits and shareholder confidence. A lawsuit, negative social media reviews, or other occurrences can significantly impact public opinion, harming a business's reputation and overall success. As a result, businesses need to employ efficient strategies for managing their reputation to monitor and respond to customer reviews and complaints continuously.

G. **Competitive Risks.** Competitive risk arises when a company loses ground to its rivals after establishing itself in an industry. This risk, often referred to as the "comfort risk," can arise when a company grows so complacent with the success or excellence of its products or services that it neglects to consistently enhance them. Consequently, this makes it easier for rivals to gain market share in a company's relevant market, negatively impacting overall sales and revenue.

Intellectual Property

Various forms of intangible assets fall under the umbrella of intellectual property. Below is a list of some of the most frequently encountered types (Frederick, 2020).

A. **Patent.** A patent is a property right granted to an invention by a government agency, like the U.S. Patent and Trademark Office. The invention, which could be a design, a process, an improvement, or a physical invention like a machine, is granted exclusive rights by the patent. Innovation and programming businesses frequently have licenses for their plans. For instance, Steve Jobs and three (3) other Apple Inc. coworkers filed for a personal computer patent in 1980.

B. **Copyrights.** The exclusive right to use, copy, and duplicate original content is granted to authors and creators by copyrights. Both authors of books and musicians are protected by copyright. Copyright also says that the original creators can let anyone use the work by signing a license agreement.

C. **Trademarks.** A trademark is a recognizable symbol, phrase, or logo that distinguishes a product legally from other products. A company can only use or copy a trademark because it is exclusively assigned to that company. A company's brand is frequently associated with a trademark. The Coca-Cola Company, for instance, owns the "Coca-Cola" logo and brand name.

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