

## **Business ideas and Business Opportunities\*-**

We have learnt in previous classes that business ideas come from spotting gaps or problems in the market or surrounding that prompts one to come up with ideas on how to address them. Ideas are thus conceptualizations of the mind, which can be made into reality. Most people generate lots of ideas in their heads every single day but not everyone acts on their ideas. It is entrepreneurs among us who actually go ahead and act on their ideas.

**A major difference between an idea and an opportunity is that you can sell a business opportunity, but you cannot sell an idea** (*it is not entirely impossible but it's difficult*). Colonel Sanders tried for many years to sell his chicken recipe idea but no one listened to him until he repackaged it and KFC (*Kentucky Fried Chicken*) was born. **The moral of this lesson is that investors invest in business opportunities and ventures, not business ideas that have not been proven to have commercial value.**

### **So, how do you turn a business idea into an opportunity?**

One can turn a business idea into a business opportunity by conducting a **feasibility study** on the idea, i.e. to test its viability through market research. The results of this market research are then presented in form of a well written business plan. Only then will such idea become an opportunity that will attract investors and probably get the needed financing.

### **What defines a convincing business idea?**

A business idea, packaged as a business plan is addressed to an investor or funder and, therefore, must be formulated with the investor's perspective in mind. It's neither an advertising brochure for an "ingenious" product nor a technical description. Rather, it is a decision support document that emphasizes the four aspects mentioned above. The criteria used to determine a viable business idea are:

- 1) **Customer benefit** – *What is the customer benefit it offers, what problem will be solved by your idea?*

**The key to marketing success is not superb products – its satisfied customers.**

Customers buy to satisfy a need, or to solve a problem, e.g., food and drink, something that makes work easier, to enhance their wellbeing or self-esteem, etc. The first principle of a successful business idea is, therefore, that it clearly describes the need that will be satisfied and in which form (product, service). In this context, marketing practitioners refer to a “**Unique Selling Proposition**”.

- 2) **Market availability** – *What is the market you want to serve, who are they, what’s the size and why are they the ones who need your idea?*

A business idea only has commercial value when the “market” **needs** and **accepts** and **can afford** it. The second principle of a successful business idea, therefore, is that it shows how large the market is for the product or service offered, for which target group(s) it is meant and can you prove that.

- 3) **Innovativeness** – uniqueness/ Different/ Element of change

Another criterion is how your idea differentiates itself from the competition, from what is already there. For customers to leave another product or service and adapt yours, it must have some added value that is not found in the rest or satisfy a need in a better and cheaper way.

- 4) **Revenue mechanism** – *How is the money to be earned sustainably?*

A business must be profitable in the long term (sustainable). You must give evidence that you know how much money can be earned with the business and how this money will be earned and distributed to the competing demands of the business to ensure it is sustainable in the long run.

## **Sources of Business Ideas**

What are the best sources of business ideas and/or opportunities? How does one find a viable business opportunity? How do I know the best business to start? How do I develop creative and innovative business ideas that can launch a business?

Business ideas are all within you and within your environment. Some of these business ideas emanate from analysis of markets and consumer needs and trends, while others emanate from a long research process that involves travelling to different places, going online, going to the library and anywhere else that literacy materials are found or talking to professionals or entrepreneurs in a certain industry that you want to venture into. But the truth still remains that business opportunities abound everywhere:

### **1. Look within yourself and examine your skills, talent, passion**

One of the first places to start from when looking for business ideas or opportunities is to look within yourself. Most people miss this greatest source of business ideas because of ignorance, laziness and self doubts. If you are talented or have a proven track record in a specific field, then it is time to analyze such skills or talents to see whether there could be a business idea attached. To discover what you are good at or what business to start, you can begin by asking yourself the following questions:

- *What skills or talents do you possess?*
- *What are your hobbies? What are you passionate about?*
- *Do you possess a skill that people can pay for?*

### **2. Keep up with current events and be ready to take advantage of business opportunities found there**

Societal happenings, events and trends are also common sources of business ideas. If you are exposed to reading and watching news regularly and having the conscious intent of discovering business ideas, you will be amazed at how many business ideas that your brain will generate. Keep up with current events because it will assist you to identify market trends, new fads, information about industries and sometimes new ideas that have business possibilities and potentials.

### **3. Inventions/ creativity: Invent a new product, service or process( way of doing things differently)**

Do you possess a creative mind? Then you can invent product or services that have never existed in the past? To develop a creative mind, you need a mindset or perception that sees beyond problems but rather notices the opportunities that abound in those problems. You have to look around and ask yourself, “*What is the best solution for this situation or people’s problem?*” Then you need ***to undertake a market research on your idea to get peoples or stakeholders perspective of the problem before you proceed to develop your idea further.*** ( This is the part that most people rushing to start a business often miss.

#### **4. Value addition ( refine or add value to an already existing product)**

The uniqueness between raw wood and finished lumber is a nice instance of putting a product through an additional process which maximizes its value, but additional processes are not the only way that value can be added. You may as well add services or combine the product with other related products.

For example, yam flour (*Amala and Pounded Yam*) is a locally found commodity but somebody took the pain to refine it better, package it, brand it and began exporting it. That is an example of adding value to an already existing product. Bottled water has been in existence in Nigeria but it was on the high side with respect to price. However, somebody sat down and thought up the “*sachet water*” which comes at an affordable rate in polythene bags. Can we do the same with *sukuma wiki*? *Oh yes someone is already doing it in terms of dried veges that diaspora carry or order.*

#### **5. Franchising**

A franchise is just a business arrangement whereby the manufacturer or the sole distributor of a trademark, product or service grants exclusive rights for local distribution to independent retailers in return for their payment of conformity and royalties in order to standardize operating procedures and scale the business. Franchising may take several forms, but the most interesting one is the type that offers a name, method of running business, image and operating principles that must be adhered to. Can you name some business franchises in Kenya?

*Now how can franchising become a source of business opportunities?* Well, you can look at good companies or products that exist in other countries but are not operating your country and you believe are needed. Then you can purchase a franchise to that product and become a pioneer in your country.

## **6. Mass media**

The mass media is a wonderful source of information, ideas and opportunities. Magazines, TV stations, Cable networks, radio, newspapers and internet resource sites are all instances of mass media where a lot of business information resides. Just take a careful look at the commercial advertisements in newspaper or magazines and you will discover businesses that are for sale.

Also, articles in the printed press or on the net or documentaries on television may report changes in consumer needs or fashions. For instance, you may read or hear that people are now highly interested in healthy eating or physical fitness. You may as well discover advertisements calling for the provision of certain services depending on skills. Or you might find out a new concept for which investors are needed, such as a franchise.

## **7. Exhibitions, Expos and Trade shows**

Another means to discover business ideas and opportunities is to attend exhibitions and trade fairs. These are usually advertised on the radio or in newspapers. By visiting such events regularly, you will not only find out new products and services, but you will as well meet sales representatives, wholesalers, distributors, manufacturers and franchisers. These are always excellent sources of ideas and business opportunities.

## **8. Industrial Surveys**

The main point for a new business idea should be the customer. The needs and wants of the customer, which will provide the rationale for a product or service, can be analyzed or ascertained through consumer surveys. Such a surveys may be conducted formally or informally by speaking to people; usually through interviews or using a questionnaire or through direct observations.

## **9. Market research: customer satisfaction surveys, suggestion box etc ( Listen to customers complaints or suggestions )**

Complaints and frustrations on the part of customers have led to many new products or services. It shows their unmet needs, their pain points. Whenever consumers complain bitterly concerning a product or service, or when you hear someone saying ‘*I wish there was ... “or “If only there were a product/service that could ... “*, then, you have the potential for a business idea. The idea can be to set up a rival company offering a better product or service, or it may be a new product or service which can be sold to the company in question or to others.

## **10. Brainstorming**

Brainstorming is a creative problem-solving technique, and also a source for generating ideas. The object is to arrive with as many ideas as possible which can then be filtered to remain with the best. It usually begins with a question or problem statement. For instance, you may ask “*What are the products and services required in the home today which are unavailable?*” Each idea can lead to one or more additional ideas, resulting in a good number of alternatives to choose from.

As a final note, you can also check some entrepreneurship resources online that usually list trends, business ideas and opportunities. Examples of such websites include *SpringWise.com*, *TrendHunter.com*, etc.

## **How to develop business ideas further**

There are several methods for developing and testing a business idea for market readiness.

The ability to come up with a business idea that can be transformed into a viable business, where ideas supported by feasibility study and a business plan can then be sold to interested investors, firms, and interested parties for a lump sum or a management contract is one of the main hallmarks of a successful entrepreneurship. Business ideas, if introduced at the right time, when demand for such service or a product is high, can lead to a very profitable business venture. Business ideas are always available through different sources; however, it is the application of these ideas, and timing that makes all the difference in failure or success. Most people do not review these implications fully when they select a business to startup. They might

copy an existing, conventional business or jump into some "innovative" business without examining the business issues involved.

Both conventional and innovative business ideas can be developed into success businesses provided you are catering to an un(der)served market and manage to organize all the required resources to deliver a great customer experience.

Some options for generating conventional business ideas are:

- Starting a business with whose operations you have already become fully familiar in employment
- Starting a business whose output you can market comparatively easily with the contacts you have developed
- Exploring the possibility of basing a business on some hobby or other interest in which you have gained significant insights
- Starting local production of an item that is being presently imported
- Importing and selling a product for which you see substantial local demand
- Though strictly not conventional, you can also go through lists of patents to see whether any of these can be turned by you into a practical business

## **Steps to developing an identified business idea**

### **Understand the Impact of the Problem**

Firstly, road traffic and congestion present some key issues to the government, business community and private individuals in terms of:

- Loss of productivity. When people are on the road, they are not working, thus not making money for themselves or their employers.
- Anxiety and frustration. People stuck in traffic jams and queues generally are not happy. Nobody likes to wait, nobody likes to be made to wait. This later affects how they perform at work and at home.
- Harm to the environment. In this green age, pollution due to congestion of cars leads to a environmental damage. Therefore the government is forced to make difficult decisions that affect

the long term management of roads/transport. Decisions that inevitably affect workers through tax or other charges.

### **Convert the Problem into an opportunity**

Let us look at the problems above and consider what opportunities there are available. More importantly, we need to brainstorm all viable solutions from all stakeholders' perspectives, and then identify which solution will serve the customers and our business profitably. The solutions that we present must be viable: they satisfy a need, all down to the initial traffic issue. The solutions discussed here are:

1. Provide alternative forms of transport. Trains (overland or underground) will shift masses of people fast. This is a great opportunity, one the government would possibly endorse following further consultation. However, it will require vast sums of money to act as the capital and you must be able to explain where this money will come from. Motorbikes, tuktuk and bodabodas are other lower cost options that would improve access to traffic congested areas. In the right hands, they are able to provide good returns.
2. Provide affordable housing closer to the city centre. Majority of the work population live outside the urban areas. Many have to commute into the centre on a daily basis and in part cause the road traffic problem. One reason this is the case is because residential housing in the city centre or within 20km, is overly priced. Rental properties built closer to the centre, but affordable to the work force will provide a great source of income. This can be done by making skyscrapers with lifts to accommodate thousands of people near the city. Again, this is a viable solution, but capital outlay
3. Provide child pickup and after school care service. This specifically targets working parents. What matters the most to this group? That while they are en route to their homes, the children are returned from school safely. Whether provided as a walk home service or by use of matatus or private vans, any method will give the parent peace of mind. To add further value to this service, it is possible to offer further care until the child is collected by the parent from an agreed point near home.

It is easy to see that by just identifying the original problem, road traffic and brainstorming solutions, we have at least 3 avenues to pursue. Any of these can be developed further into a



viable business plan to attract funding from private investors, the government, banks or even from developmental partners with interest in the issue.

## **Evaluating Business Ideas**

As discussed earlier, a successful company always starts with a compelling business idea. It's the first milestone in the process of founding a growth company. The characteristics of a promising business idea are:

- Fulfills a customer need – a problem is solved
- Innovative
- Unique
- Clear focus
- Profitable in the long term

Each idea, no matter how brilliant, initially has no commercial value. A plausibility check gives more information about an idea's chances in the marketplace and helps to check its feasibility and innovative content.

### **But what is innovation?**

Innovation generally applies to creating something new or injecting new ideas into existing products, services or processes to make them more valuable to customers, thereby generating more sales and profits.

Innovation typically increases the likelihood of a business succeeding in the long run. Businesses that continuously innovate create more effective and efficient work processes which lead to higher productivity and better performance. Innovation has been touted to be the catalyst for the growth and success of individuals, organization and even entire nations.

It involves continuously scanning (searching) the business environment for possible changes in customers, competitors, government legislations, natural occurrences like droughts, hurricanes, etc and being able to respond accordingly. These changes often require one to be very flexible

and adaptable and in a very proactive manner, hence the reason why small organizations run by owner managers are usually found to be more innovative than large ones which have more levels of responsibility.

In corporate entrepreneurship studies (entrepreneurship that occurs within an existing organization), the culture of an organization plays a very important role in innovation since the culture determines whether an organization will be flexible and adaptive to changes or not. Those with flatter hierarchies, with open door policy are found to be more innovative than the more vertical ones with closed door rigid policies. The latter discourage innovation by their bureaucratic culture.

Innovation, however, can also refer to the entire business system. This is often less obvious, but equally important. (Example: FedEx revolutionized the entire postal industry through central sorting and 24-hour operations, which ensured letters, could be received the same day).

The development of new products and/or services usually focuses on improving “customer benefit”. Business system innovations, on the other hand, focus on lowering costs, and these gains can then, to some extent, be passed on to the customer in the form of lower prices.

### **Innovative Businesses**

Innovations typically occur as "happy accidents." However, you can adopt approaches that make the happy accidents more likely to occur or to happen.

#### ***Look for Problems that Need Solutions***

- Listen to people everywhere: You might come across dis-satisfactions, annoyances and other types of problems requiring a solution
- Look at things that bug you: The same things might be bugging many others who might welcome a solution
- Listen carefully to your potential or existing customers, suppliers and employees in case of an existing business: You might become aware of some problem in existing offers that can be turned into a business opportunity

### *How can one generate innovative ideas.*

- While listening to people as outlined earlier, try to detect needs and dis-satisfactions that are not clearly expressed; these might give you ideas for an innovative solutions
- Discuss problems with people who are not familiar with existing solutions; they might come up with apparently "cranky" ideas some of which might turn out to be seeds for practical innovations
- Undertake some research online or through others sources to determine how these problems have been addressed elsewhere
- Define the problem in your mind and keep thinking about possible solutions; your mind can work on these without being consciously aware and come up with new ideas at unexpected times (always keep a notebook and pen ready to note these down before you forget the specifics). Some people have been known to come up with very creative ideas in the very early hours of the morning just before they wake up.