

BBM 221

DEVELOPING SUCCESSFUL BUSINESS IDEAS

INTRODUCTION

- One of the tenets of entrepreneurship is the ability to create new and useful ideas that solve the problems and challenges people face every day.
- Entrepreneurs achieve success by creating value in the market place when they combine resources in new and different ways to gain a competitive edge over rivals.
- From Alexander Fleming's pioneering work that resulted in a cure for infections (penicillin) and
- the founders of the Rocket Chemical Company's fortieth try to create an industrial lubricant (WD-40) to
- Jeff Bezos's innovative use of the World Wide Web (www) in retailing (Amazon.com) and
- Ted Turner's unique approach to the availability of television news (CNN), entrepreneurs' ideas have transformed the world.

THE ENTREPRENEURIAL ENVIRONMENT

EVALUATING A BUSINESS ENVIRONMENT

Business opportunities exist within certain environments. Hostile environments discourage business opportunities. Aspiring entrepreneurs should evaluate environmental factors before starting a business. Factors that should be considered include;

1. **Infrastructure-** Consists of all the facilities that exist and include; transport, communication, electricity, social amenities etc.
2. **Market-** Includes customers, the pattern of trading and business activities
3. **Price structure-** These differ in different environments especially where the business opportunity areas are not subject to the price control regulations. Entrepreneurs would need to know who determines prices in any environment for example is it the government or the forces of demand and supply.
4. **Cultural values-** A business environment consists of people who have different cultural values which affect the exploitation of a business opportunity in the business.
5. **Competition-** In a free market economy, entrepreneurs must consider competition in a business environment When competition is less, the chances are higher of succeeding in exploiting the business opportunity.
6. **Incentives-** These can be offered by the government or other agencies that give credit facilities and construction of business structures such as sheds.

Generating a business idea

A good business idea is an essential prerequisite for a successful business venture. Good business ideas result from hard work and effort from on the part of the entrepreneur in generating, identifying and evaluating opportunities.

What is a business idea?

This is the response of a person or organization to solving an identified problem or to meeting perceived needs in the environment (market, community). Finding a good idea is the first step in transforming the entrepreneur's desire and creativity into a business opportunity.

Sources of Business Ideas

There are many potential sources. These include;

- i. **Customers:** The view of the customer can be through formal or informal survey in which the customers express their opinion about existing products or services. Care should be taken to ensure that the ideas from the customers represent a large sample of the market.
- ii. **Existing companies:** Entrepreneurs should establish a formal method for monitoring and evaluating the products/services in the market. This may uncover ways to improve the current products resulting in new product ideas.
- iii. **Distribution channels:** These include means by which products/services are transported from the main point of supply to the market
- iv. **Research and Development:** The entrepreneur does own research and development which can be formal or informal
- v. **Government:** Can come from government regulations
- vi. **Hobbies/Interests:** Entrepreneur in pursuit of their hobbies or interests have founded businesses. computer games, music, cooking, sport, photography etc.
- vii. **Personal skills and experience:** These can come from work place experiences e.g. a mechanic with experience in a large garage can start his own vehicle repair., A driver, teacher, doctor, nurse, engineer etc.
- viii. **Franchises:** A franchise is an arrangement whereby the manufacturer or sole distributor of a trademark product or service gives exclusive rights of local distribution to independent retailers in return for their payment of royalties and conformance to standardized operating procedures. It can offer a name, image, method of doing business and operating procedures.
- ix. **Mass media:** e.g. Newspapers, magazines, television, internet, etc. Advertisements, articles for example on changing fashions, healthy eating, physical fitness etc.
- x. **Exhibitions:** Attending exhibitions and trade fairs
- xi. **Surveys:** informal or formal surveys can determine the needs and wants of the population. Improvements on existing products desired, etc.
- xii. **Complaints:** Customers complaints and frustrations.
- xiii. **Brainstorming:** Researcher can start with a question or a problem statement. E.g., "What are the products and services needed in the home today which are not available?" Each idea leads to one or more additional ideas resulting in a good number.
- xiv. **Training institutes and universities**
- xv. **Journals**
- xvi. **Friends and family members**
- xvii. **Failed projects**

xviii. **Current trends**

Creation of Value

Entrepreneurs can create value in a number of ways such as;

- Inventing new products and services
- Developing new technology
- Discovering new knowledge
- Improving existing products or services
- Finding different ways of providing more goods and services with fewer resources, etc.

The hallmarks of the entrepreneur

In summary, these include;

- Finding new ways of satisfying customers' needs
- Inventing new products and services
- Putting together existing ideas in new and different ways
- Creating new twists on existing products and services

CREATIVITY, INNOVATION AND ENTREPRENEURSHIP

- Governments globally, universities and other organizations invest a lot of money annually in research and development (R &D).
- Small businesses produce more patents per employee than their larger rivals.
- Small businesses produce more economically and technically important innovations than larger firms.
- They do this by applying creativity and innovation to solve problems and exploit opportunities that people face every day.

Creativity

- Creativity is the ability to develop new ideas and to discover new ways of looking at problems and opportunities.
- Creativity is thinking new things.

INNOVATION

- Innovation is the ability to apply creative solutions to those problems and opportunities to enhance or to enrich people's lives. Innovation is doing new things.
- According to Peter Drucker, "Innovation is the specific instrument of entrepreneurs , the means by which they exploit change as an opportunity for a different business or a different service"
- Small companies can create powerful, effective competitive advantages over big companies by "out-creating" and "out innovating" them.

Entrepreneurship

- Entrepreneurship is the result of a disciplined, systematic process of applying creativity and innovation to needs and opportunities in the market place.

It involves applying focused strategies to new ideas and new insights to create a product or a service that satisfies customers' needs or solves their problems.

Note

Many people come up with creative ideas for new or different products and services: most of them however, never do anything with them.

- Entrepreneurs are people who connect their creative ideas with the purposeful action and structure of a business.
- Therefore; successful entrepreneurship is a constant process that relies on creativity, innovation, and application in the market place.

Creativity: The brain and creativity

Previously, creativity was assumed to be inherited. However, research shows that almost anyone can learn to be creative.

- The left hemisphere of the brain controls;
 - Language
 - Logic
 - Symbols
 - Processing information in a step-by-step fashion
 - The right hemisphere handles;
 - Emotions
 - Intuition
 - Spatial functions
 - Processing information intuitively
- ∪ The right side of the brain is the source of creativity and innovation.
- ∪ People can learn to control which side of the brain is dominant in a given situation.

Mental limitations to individual creativity

- Searching for the one “right” answer.
- Focusing on “being logical”
- Blindly following the rules
- Constantly being practical
- Viewing play as frivolous (not having any serious purpose or value). Mental limitations to individual creativity
- Becoming overly specialized
- Avoiding ambiguity
- Fearing to look “foolish”
- Fearing mistakes and failure
- Believing that one is “not creative”.

How to enhance creativity of entrepreneurs' employees and self

- Expect creativity
- Expect and tolerate failure
 - Encourage curiosity
- View problems as challenges
- Provide creativity training
- Provide support
- Reward creativity
- Model creativity

How to enhance creativity of entrepreneurs' employees and self

Own creativity

- Allow themselves to be creative
 - Give their minds daily fresh input
- Record their thoughts and ideas
- Read books on stimulating creativity
- Take time out of work to relax
- Take a class on creativity.

Steps in the creative process

- Step 1: Preparation-get the mind ready for creative thinking
- Step 2: Investigation- Develop a solid understanding of the problem or decision
- Step 3: Transformation- View the similarities and differences among the information collected.
- Step 4: Incubation- Allow the subconscious mind to reflect on the information collected.

Steps in the creative process

- Step 5: Illumination- Occurs during the incubation stage when there is a spontaneous breakthrough.
- Step 6: Verification-Validating the idea as accurate and useful
- Step 7: Implementation- Transforming the idea into a business reality.

Techniques for improving the creative process

- i. Brainstorming-a small group of people interact with very little structure with the goal of producing a large quantity of novel and imaginative ideas Techniques for improving the creative process
- ii. Mind-mapping-a graphic technique that encourages thinking on both sides of the brain. Visually displays the various relationships among ideas, and improves the ability to view a problem from many sides Techniques for improving the creative process
- iii. Force field analysis-a technique for evaluating the forces that support and oppose a proposed change. Allows entrepreneurs to weigh both the advantages and disadvantages of a particular decision and to maximize the variables that support it and minimize those that work against it.

iv. Rapid prototyping-Bases on the premise that transforming an idea into an actual model will point out flaws in the original idea and will lead to improvements in its design,

Protection of intellectual property involving patents, trademarks and copyrights

- A patent is a grant from the government that gives an investor exclusive rights to an invention for 20 years
- Protection of intellectual property involving patents, trademarks and copyrights
- A trademark is any distinctive word, symbol or trade dress that a company uses to identify its product and to distinguish it from other goods.
- It serves as a company “signature” in the marketplace
- Protection of intellectual property involving patents, trademarks and copyrights
- A copyright protects original works of authorship.
- It covers only the form in which an idea is expressed and not the idea itself and lasts for 70years beyond the creator’s death.

NOTE

Research and write notes on the process of getting’

- Patent
- Trademark
- Copyrights

In Kenya