

BUSINESS IDEATION

COURSE 3



Introduction

In this course you will learn about how to identify a business opportunity in your community, the factors that influence the starting of a business, idea evaluation and business activities.

Learning objectives



Upon completion of this course you will be able to:

1. Identify at least 3 business ideas that could be implemented in your own community to meet existing needs.
2. Identify business idea that offers solutions to critical needs in the community
3. Develop a business idea into a promising business opportunity.
4. Ask the right questions and innovate with a strong focus on users and their needs.

Lesson 1: Ideation



Business Ideation is the creative **process** of generating, developing, and communicating new business ideas, where an idea is understood is a basic element of thought that can be either visual, concrete, or abstract. **Business Ideation** comprises all stages of a thought cycle, from **innovation**, to **development**, to **actualization**.

Source of idea

1. Consumers: Pay close attention to Customers comments, feedback and opinions on how they would have preferred the products/ service to be. Informally monitor potential ideas and customer needs. Formally arrange for consumers to express their opinions. For example put up a suggestion box or review section
1. Existing Products and Services: Analysis uncovers ways to improve offerings that may result in a new product or service.
1. Distribution Channels: Channel members can help suggest and market new products.

HOW DO WE CREATE AN IDEA?

For some, creation/ identifying a business idea comes easy and not so easy for others. Creation much as building is a process and below is how we can build a business idea from scratch



1. Brainstorming

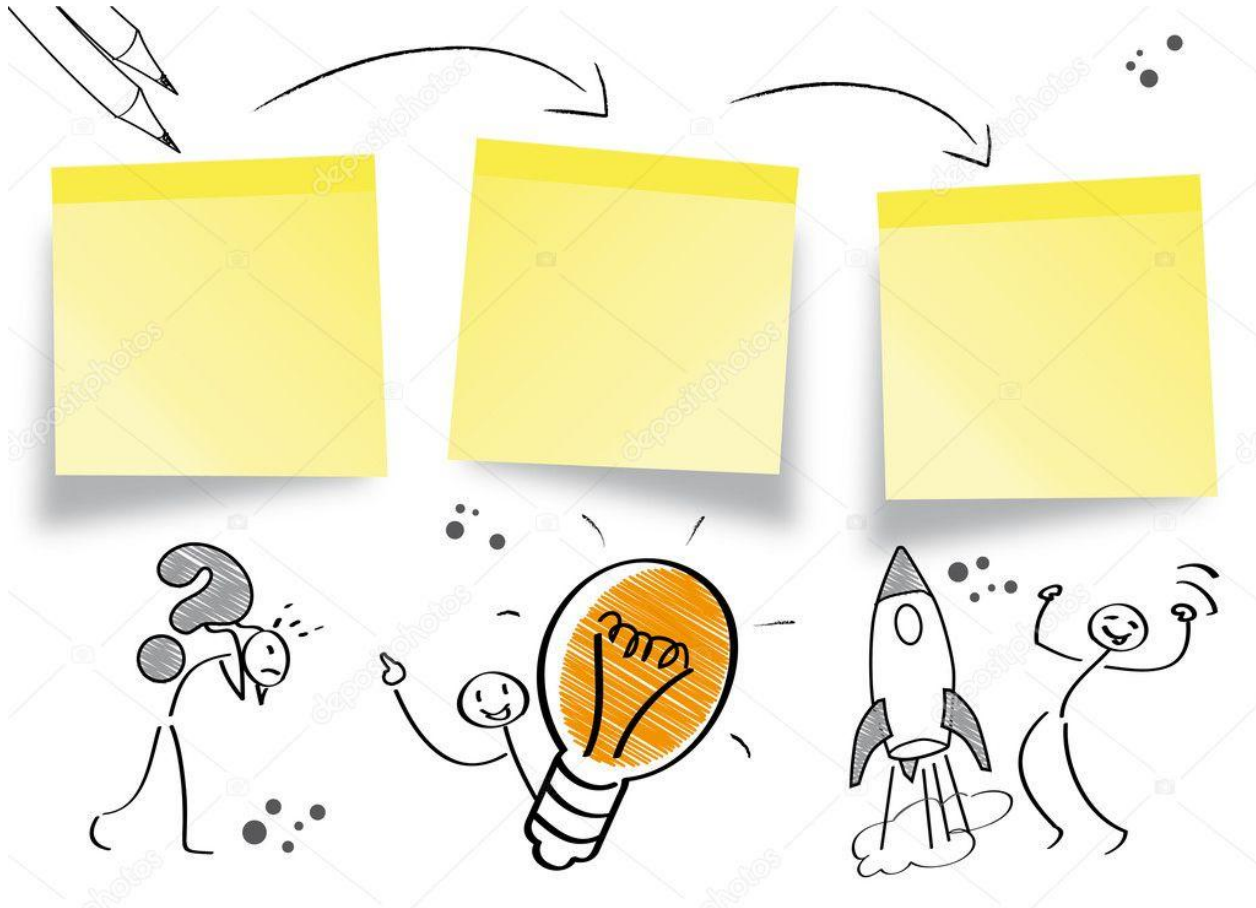
Allows people to be stimulated to greater creativity. Good ideas emerge when the brainstorming effort focuses on a specific product or market area.

Rules of brainstorming. (No criticism, Freewheeling is encouraged, Quantity of ideas is desired, Combinations and improvements of ideas are encouraged).



2. Brain writing

A form of written brainstorming. Participants write their ideas on special forms or cards that circulate within the group and the ideas are evaluated one by one to find the perfect idea.



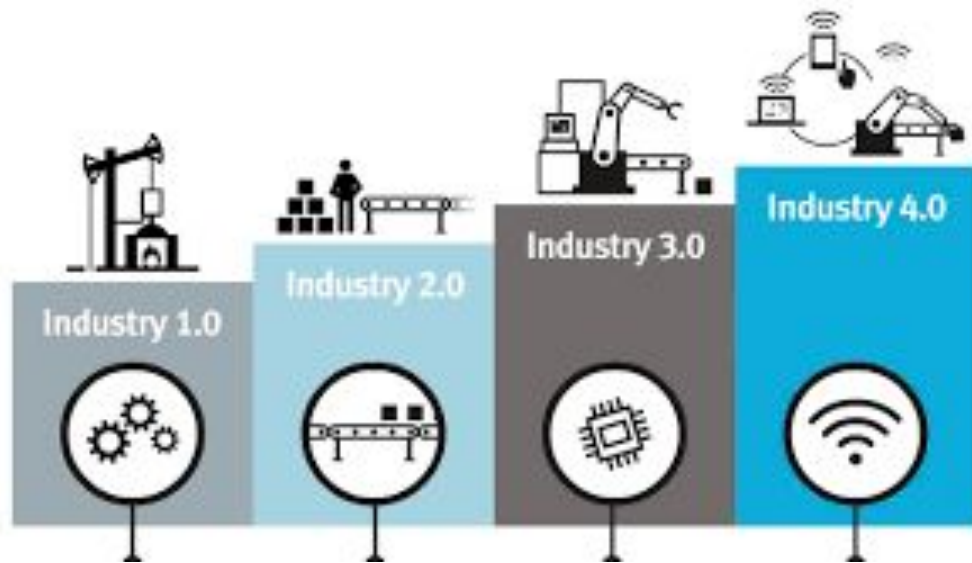
3. Problem Inventory Analysis

Consumers are provided with a list of problems and are asked to identify products that have those problems. Results must be carefully evaluated as they may not actually reflect a new business opportunity

More often than not,
new business ideas
occur from changes in
industry, social, or
economic
environments.



New business ventures
can arise due to a variety
of **factors**, including:



Changes in industry

The rapid change in technology has spun off many businesses for example:

- Increased internet speed has created opportunities for the provision of online courses for conventional education, lifelong learning and training
- Increased online markets and businesses like Jumia, safeboda, uber, among others

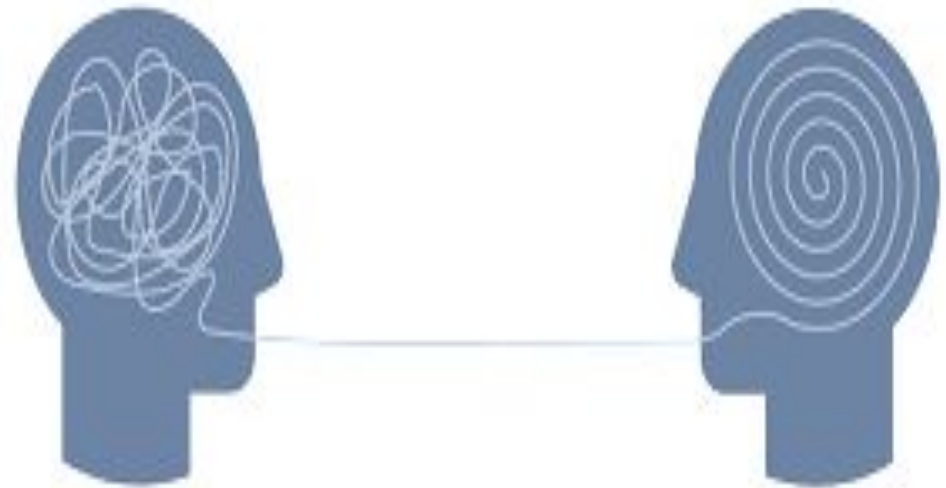
Economic changes

Often when there's change in the economy there's increase or decrease in price of things therefore there's creation of demand for some things, that demand creates need and need creates opportunities .



Changing perceptions

There are times when the social environment is an element of new venture creation. For example; Emphasis on healthy living has created opportunities for the nutritionists and health instructors to create meal plans, gyms, health applications among others.



Self employment

It is becoming more and more common that individuals with prior work experience create new ventures:

- Frequently workers perceive ways to modify a product or improve a service, which leads them into starting a new venture from the gained knowledge during their years of experience in a former workplace or training in a vocational school.
- An individual can go out and duplicate the product or service of a former employer as long as there is a market.
- Individuals may also follow family traditions and take on an existing family business, especially if they have been serving the needs of an established market or community for a long period of time.



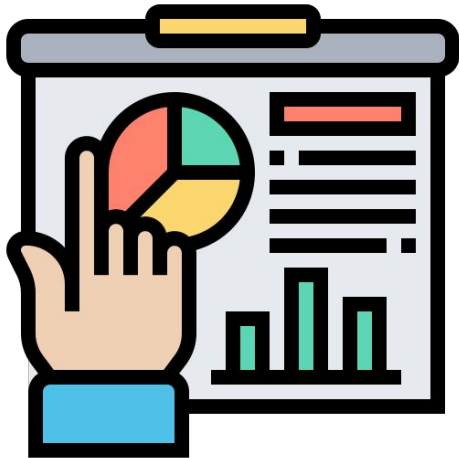
HOBBIES: Hobbies can turn into business ventures. For example, a love of Kids can lead someone to an opportunity of running a daycare, a love for crafting or art can lead to a start of an art gallery among others.

Environmental factors:

Location will determine the success or failure of the business. If you were to locate the enterprise, say a hotel, in a place where there are bad roads, it is most likely that customers will not be able to reach you. So, in that case, the environmental factor would be a major constraint for setting up the enterprise.

Natural resources are an important environmental factor. These are needed as inputs by entrepreneurs. Business persons should, therefore, be aware of trends in the natural environment. For example, in many parts of Uganda transport, electricity, clean water, good education among others are still a big problem.

Reflection



1. Are you aware that some parts of the country experience serious water shortages, poor transport, lack of food?
2. Further, have you ever thought how shortage of the above mentioned can affect the establishment of businesses?
3. What shortages are experienced in your community?

Activity

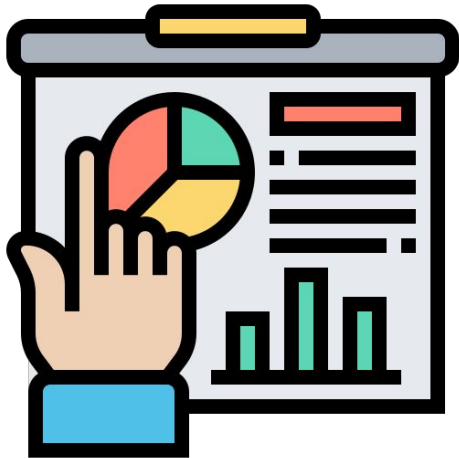


1. Mention 5 problems that are affecting your community. Describe the cause of the problem not the general problem and highlight the areas or group of people affected by the problem. For example If the main problem affecting your community is lack of clean water, break the problem down to what causes lack of clean water in your community that is to say lack of taps, boreholes or wells in your community.
1. Brainstorm solutions (that can be possible business ideas) to the identified problems in your community.

Note: Do not generalize a problem for example you can't mention poor education or hunger that is so general; mention the cause of poor education or the cause of hunger in your community. For example lack of schools or lack of markets to get food among others

Problems	Solutions/ Ideas
1	- - - -
2	- - - -
3	- - - -
4	- - - -
5	- - - -

Reflection



1. A business running to serve community needs or to cover an available gap in market tends to attract more revenue and customers. As you choose a business idea to implement be mindful of the community needs and ask yourself a question

“ Which need or problem is your product/service solving?”

Lesson 2: Idea evaluation

Whether you're starting a small business from scratch or Improving an existing one, you need to take steps to evaluate the business's potential and your abilities to make it work.

Your investigation must be thorough, analyzing the risks and benefits of the opportunity so as to make an informed decision and increase your chances of success.



Below are some of the steps to take for idea evaluation;

1

Self Analysis

Most small businesses fail because of the owner's inability to manage resources. Before you even start researching the feasibility of your idea and the market you plan on entering, evaluate your own talents, desires and goals. Consider your willingness to take risks as well as the amount of time and energy you'll need to make the business a success. Review your financial, personnel and marketing skills as well to ensure you have the necessary background to make a success of your new venture.

2

Market Research

To thoroughly understand what you're getting into, perform an extensive market research project to determine the feasibility of your business. In addition to gleaning statistics of trends and current customer buying patterns, you need to know who your customers are, where they are located and what kind of competition exists in your area.

Financial components

3

After learning about the investment required to improve the existing business or the start-up costs you'll need initially, evaluate your own resources. Part of a financial assessment includes the amount you have in personal savings to add to the initial investment. Banks typically require entrepreneurs to come up with a portion of the investment to show good faith and willingness to take a risk with the lender. Assess the financing available through the seller, investors and lenders when evaluating your chances of succeeding.

4

Risk Assessment

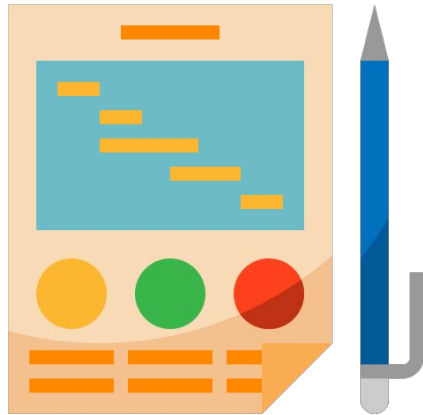
A complete evaluation of a business opportunity includes a risk assessment. An honest appraisal of the potential risks inherent in your new business can help you prepare for possible problems and decide whether the risks are worth the investment. Details you need to consider in the risk assessment process include factors that could negatively affect your business, such as the general state of the economy, weather events and your competition's competitiveness. Internal considerations should include your own health, the level of credit available to you and the number and type of employees you'll need to hire to run the business efficiently.

5

Support

Finally, evaluate the amount of support you expect to receive from your family and the community. You'll most likely spend an inordinate amount of time in the initial stages of opening your new business, which could affect your family relationships. Outside hobbies and commitments may need to be curtailed for some time. Attitudes and cultural preferences in your community can impact your ability to grow and sustain your business. Evaluate your standing on all these fronts to ensure you've got the necessary support to be successful.

Course Summary



Good job! In summary as important as it is to identify a good business idea, it's also important to know whether the idea is for you or not. When picking a business idea try to not choose one basing on the performance of someone else's business however much similar they are.