

SECTOR: ALL

SUB-SECTOR: ALL

RTQF LEVEL 3



CCMBC3001: BUSINESS CREATION

Elements of competence	Performance criteria
1. Describe entrepreneurial characteristics	1.1. Proper identification of personal entrepreneurial characteristics 1.2. Proper description of personal entrepreneurial characteristics
2. Assess business environment	2.1. Proper application of methods, principles and techniques in identification of problems related to economic environment 2.2. Relevant recognition of business opportunities that are linked to the identified problems. 2.3. Adequate application of techniques to generate a business idea. 2.4. Adequate use of tools and techniques to identify business requirements.
3. Produce business idea proposal	3.1. Adequate identification of the proposal components according to the template proposed 3.2. Relevant development of the components in terms of formulation of the business naming, description of the business idea and business operations, the product and/or service of the business, target customers, requirement in terms of capital, location and timeline of main phases of the business. 3.3. Proper presentation of the business proposal according to the criteria defined.
4. Run a business.	4.1. Appropriate planning of operations of the business in terms of activities, allocation of resources, milestones and time period for the achievement. 4.2. Adequate classification of business operations 4.3. Adequate recording of day to day business operations in terms of financial activities, sales and operational activities. 4.4. Adequate filing of documents related to business 4.5. Appropriate identification of business laws and regulations

LU 1 Identify and describe entrepreneurial characteristics

An entrepreneurship

- Is an art of undertaking a venture based on creativity and innovation
- The capacity and willingness to develop organize and manage a business venture along with any of its risks in order to make a profit. ...
In economics, **entrepreneurship** combined with land, labor, natural resources and capital can produce profit.
- Is the pursuit of opportunity beyond resources controlled? ... Merriam

An entrepreneur

- ✓ A person who sets up a business or businesses, taking on financial risks in the hope of profit
- ✓ A someone who exercises initiative by organizing a venture to take benefit of an opportunity and, as the decision maker,
- ✓ Decides what, how, and how much of a good or service will be produced.
- ✓ A person who undertakes a venture.

Learning Outcome 1.1: Identify entrepreneurial characteristics

Characteristics/Traits of an Entrepreneur

1. Hard Working.
2. Self-Confident.
3. Builds for the Future.
4. Profit-Oriented
5. Goal-Oriented.
6. Persistent
7. Copes with Failure
8. Responds to Feedback
9. Demonstrates Initiative
10. Willing to Listen
11. Sets Own Standards

Learning Outcome 1.2: Describe entrepreneurial characteristics

- 1. Hard Working:** running a business requires a lot of energy and drive. This involves the ability to work for long hours when necessary.
- 2. Self-Confident:** to succeed, entrepreneurs have to believe in themselves and in their ability to achieve the goals they have set for themselves.
- 3 Builds for the Future:** the goal for most successful business people is to build a secure job and income for themselves which is based on their own abilities. It may take several years to build up business income.
- 4. Profit-Oriented:** interest in generating money is a clear indicator of an entrepreneur's suitability for being a business owner. This means recognizing that the business comes first. Once profits are generated, the entrepreneur can make decisions about how the profits can be used – to expand the enterprise or for personal use.
- 5. Goal-Oriented:** success in business depends upon being able to set realistic goals or targets and to work with determination to achieve them.
- 6. Persistent:** all businesses have their problems and disappointments. Being persistent in solving a problem is one of the keys to being a successful entrepreneur.
- 7. Copes with Failure:** all business ventures inevitably contain disappointments and failures as well as successes. Coping with failures involves recognizing these failures
- 8. Responds to Feedback:** entrepreneurs obtain useful feedback and advice from others.
- 9. Demonstrates Initiative:** research shows that successful entrepreneurs take the initiative and put themselves in positions where they are personally responsible for success or failure.
- 10. Willing to listen:** being able to listen to the advice of others is a key characteristic of an entrepreneur.
- 11. Sets Own Standards:** setting standards of performance and then working to achieve them is another indicator of a successful entrepreneur. These standards can be income, quality, sales or product turnover. Most entrepreneurs want to do better each year, to set and achieve higher standards from year to year

LU 2.Assess business environment

Learning Outcome 2.1 Apply methods, principles and techniques in identification of problems related to economic environment

Definition of socio-economic environment

Our "environment" includes both social and physical determinants of health. Social impacts on health are embedded in the broader environment and shaped by complex relationships between economic systems and social structures. These systems and structures impact the distribution of resources, money and power in a community and around the world. This distribution, known as the socioeconomic environment, shapes how communities and individuals can gain the resources needed to meet their basic human needs

An **example** of something **socioeconomic** is a person's class in society based on how much money he makes.

Types of problems linked to economic environment

1. Shortage of natural resources
2. Poor technology
3. Inadequate quality and quantity of labor
4. Shortage of Entrepreneurship either for local or foreign investors providing employment
5. Low level of Employment opportunities and Level of saving
6. Poverty and hunger
7. Low Quality of Education
8. Lack of Sustainable Industries, and resilient infrastructure: Quality roads, schools and health center
9. Income Inequalities
10. Genetic Modification of Crops
11. . Population Growth
12. Water Pollution
13. Deforestation
14. Urban Sprawl
15. Overfishing
16. Acid Rain
17. Ozone Layer Depletion
18. Air Pollution

19. Climate Change

Learning Outcome 2.2 Recognize business opportunities

Meaning of business opportunity

An opportunity can be defined as an attractive and excellent project idea an entrepreneur searches for and accepts such as an idea as a basic for his investment decision

A business opportunity refers to the identified situation or circumstance that can be turned into real and profitable business revenue; it begins as idea conceived by the entrepreneur. Entrepreneurs look at the situation with question: **where is the opportunity in the situation?** He/ she starts thinking and generating ideas about possible opportunities that can be made out of a given conceived idea.

Meaning of business idea

Business is any economic activity that involves production and selling of goods and services and covering of risks with the sole aim of making profits. It is also any economic activity that involves taking and covering of risks with a desire to make a profit.

A business idea is related to any economic activity done with an aim of making a profit. It involves the exchange of goods and services for money or goods for goods or services (barter exchange).

1.2. Characteristics/qualities of a business ideas and opportunity

As entrepreneur has to consider the following characteristics to narrow down business ideas into business chances:

- 1. Number of willing buyers:** Related to the people needs. It should be large enough to ensure that the amount of goods to be bought will lead to profitable.
- 2. Simplicity and flexibility of business ideas:** Any business idea must be simple to implement and flexible.
- 3. Required technology and skilled manpower to start and operate a business:** this should be considered by the entrepreneur to find out whether he/she can afford to get the required technology at a lower cost for installation maintenance and repair.
- 4. Accessibility to factors production:** any business venture to be started should be able to get factors inputs required for its operations, such as land, labor, raw material, etc.

5. **The business should be acceptable in the community:** some business may be profitable to the owner but inconveniencing to the society around.
6. **Social and cultural factors:** the business or business products should be in line with the social and cultural norms around for example a part joint may not be a goods business in the neighborhood of a mosque.
7. **Government policy:** the business should be legal and acceptable by the laws governing business operations in the country.
8. **Availability of market:** specific to market niche. This means the health profit margin (possibility to realize positive results).

1.3. Sources of good business ideas and opportunities

Before any business is started one should bear business ideas in the mind. Such ideas can develop as a result of the following.

- ✓ By finding out people's need or problems and analyze best they can be solved through provision of the required goods and services.
- ✓ Through the media, for example in newspapers, magazines, TV and others where developments chances and policies are communicated to the community.
- ✓ Through one's knowledge and experience, one may be skilled in a particular field and has acquired enough experience in that particular field such a person can come up with the idea of forming own business venture.
- ✓ Examining the existing market of a certain businesses and find out those that do not have the capacity of satisfying all the customers, one can join to produce for the unsatisfied group of people.
- ✓ Analyzing the trend of change in consumers demand and find out business opportunities that can cater for the change in demand.
- ✓ Reading different books and traveling to other areas and countries can also open one's mind to new opportunities.
- ✓ Discussing and interviewing the existing entrepreneurs to get ideas and suggestion on some situations that require to be altered into business chances.
- ✓ Using your own creative mind and come up with a new business that can be introduced into the target society.

- ✓ Examining the bi-products of other business and find out how best they can be turned into profitable products to the society for example turning dung and other wastes into biogas.

1.3.1. Business opportunities based on resource available

Resources refer to endowments that may exist in an area or locality. These are various types of resource and they may be categorized as follows:

- a. **Human resources:** these are mainly people. Basing on their level of skills, knowledge and experience, one can determine its quality.
- b. **Material resources:** these may involve physical items like minerals, water, buildings, trees, etc.
- c. **Time:** this is having the opportunity to do a particular activity, for instance being able to plan during the required period (planting season).
- d. **Technology:** these involve machines, equipment and tools that are used to increase productivity and quality of products.
- e. **Information:** this is the possession of the required knowledge on various aspects life necessary for development by members of the community. *E.g:* having knowledge on the new production techniques.
- f. **Financial resource:** these include money used in acquiring inputs or capital asset needed to start and operate a business.
E.g: Availability of financial institutions, donors or other supports; family contribution, inheritance, etc.

The table below displays the various business opportunities that may be realized basing on the available resources in the locality and the needs of the people:

<i>Resources</i>	<i>Products (out puts)</i>	<i>Needs to be satisfied</i>	<i>Business opportunities</i>
Clay	Pots, bricks, etc	Cooking/building	Pottery, brick making
Papyrus	Mats, baskets	Roofing , storage	Handcraft, construction weaving, etc.

Land	Trees	Building /firewood	.Construction, carpentry, faring
	Food crops/Cash crop	Food	Food processing
	Minerals	Industrialization	Mining
Water	Fish	Food	Fish processing
	Water	Recreation	Rafting
	Transport	Transport	Boat construction
		Drinking	Bottling water
		Power	Power generation
Plants	Medicine	Medical treatment	Carpentry workshop
&trees	Timber	Building	Extraction of medicine
	Charcoal	Cooking	Timber selling Construction.

Business opportunities based on people’s needs

Needs are things that an individual should have for survival and make his life better as a human being.

Abraham Maslow classified needs into a sequential priority from the lower to higher lever. He classified them into five types:

- 1. Physiological / Basic needs:** these are basic needs to human live and they include food, air, shelter, etc. these are taken to be the first needs to be satisfied by any human being.
- 2. Safety /security needs:** After satisfying the basic needs; safety needs are felt next, they involve economic security and protection from physical ganger.
- 3. Psychological /love needs:** there are concerned with an individual’s need for love, affection or belongingness. They involve a need for recognition and acceptance by other people (relationship and sense of belonging).
- 4. Esteem / Ego needs:** these involve self-esteem, esteem of theirs, knowledge and competence; they involve a need for recognition, statue, respect and independence.

5. Self- actualization needs: this means self-fulfillment concerned with an individual's person development and creativity; *i.e* the ability to achieve one's full potential to meet the needs of the community.

According to Maslow, these needs are arranged from the lowest to highest hierarchy. This means that the second does not dominate unless the first one's reasonably.

For these needs that one can generate different ideas from which we can develop business opportunities. For instance we can summarize these as below:

Level of need	Business opportunities
Basic needs	Foods, stalls, second hand clothes shop, rooms for rent ,etc.
Safety/ security needs	Fire extinguishers, fenced houses, burglar proofs, gates, security services.
Social needs	Entertainment services, cosmetic shop beaches or recreation centers, etc.
Ego needs	Jewry shop ,car trading ,selling expense items like watches, rings, etc.
Self- actualization	Providing personal advising services political consultancy firms , etc.

Business opportunities based on types of customers

A customer is a person or organization that purchases goods or services from a seller. Customer may be referred to a buyer, patron or clients

Types of customers or classification of customers according to the purchasing ability

- ✓ **Loyal customers:** These are customers that regularly transact business with the organization
- ✓ **Need based customers:** These are not attached to the business but to the products. They have attachments to specific products that satisfy their needs

- ✓ **Wandering customers:** These are least reliable and so least profitable because they move from shop to shop investigating the qualities of products to be assisted on what products fit into their needs
- ✓ **Impulsive customers:** They don't have any specific items in mind they normally buy what they find attractive at that specific time
- ✓ **Discount customers :** These are customers that buy low cost products that have been discounted
- ✓ **Potential versus actual customers:** *Potential customers* are those people or organizations that are likely to buy products from a business at a future date while *actual customers* are those who have already had transactions with the business.

Types of customers or classification of customers according to the social life (profile)

The social life include Age of customer, Profession, Gender, Location, Hobby, Belief, health status, habits, experiences of customer, etc. Consumers can be categorized differently and each category has specific needs and each consumer category will assist you in identifying the available business opportunities.

The table below displays the various business opportunities that may be realized basing on the available customers in the locality:

Customer	Business opportunities
Age	All business related to the young or old person: Sport, Cinema, manpower, restaurant, shops, etc
Profession	Consider income level and health status: VIP shops or restaurant; recreation according to income of people.
Gender	Business responding to the male and female needs: Specified shops; sport; etc

Location	Business responding to transport; communication, feeding needs, etc. (considering the localization of business: Urban or rural areas; productive or not productive; developed or not).
Hobby	Business related to different personal preference such as music; film, sports
Belief	Specified cloths, drinks and other business activities based on personal belief (Christians or Muslims)

Business opportunities based on idle resources

The idle resources can be used to produce goods and create a business. Having such resources in the community creates numerous opportunities such as idle resources that can be used to start a business.

The table below displays the various business opportunities that may be realized from available idle resources.

Idle Resources	Business opportunities
Wood off-cuts	Charcoal production; fertilizer business; building materials; etc.
Plastic waste	Renew plastic business; repairing plastic business; etc.
Waste papers	Making envelope; reproducing (recycling) papers; etc.
Scrap metals	Metals processing industries; blacksmith; scrap metals selling
	services; etc.
Waste food	Animals husbandry; fertilizer production; Crop production; etc.
Animals remains	Animals husbandry (for animal consuming animal remains); fertilizer processing or production; Crop production; biogas; etc.
Human residues	Fertilizer production; biogas; electricity; etc.

Business opportunities from events

Various social, political and economic events create many business opportunities. They gather many people in one place, which people will have needs that immediate satisfaction.

- ✓ **Social:** schools speech days, graduation ceremonies; heroes' day (banderole; drinks; cloths; etc).
- ✓ **Political:** Election day; education for all; VUP produce many business opportunities
- ✓ **Economic:** Credit and investment facilities; VUP, job creation facilities, etc. aggravate a large number of business opportunities.

Business opportunities from existing businesses.

Business ideas and opportunities can also be obtained for existing business by examining the byproducts of other business and find out how best they can be turned into profitable products to the society and by duplicating or modifying what is available or even making use of products of the businesses for example turning dung and other wastes into biogas. Businesses persons get their business ideas from what is existing and create something better. When an entrepreneur looks at a product, many questions come to mind and these questions may generate a business ideas and opportunities.

Factors influencing choice of a business

- ✓ **Availability of business resources:** the business can be chosen because businesspersons had the resources for such businesses. *For example:* a person who owns a piece of land on which there is good clay may decide to start brick making as a business because there is available resource.
- ✓ **Customs and traditions:** *Example:* people take up business opportunities of pottery, wood curving, weaving for producing pots, baskets, wooden spears and shields that are used in traditional dances.
- ✓ **Inheritance:** Many people are inherited the businesses from their parents like young people grow up helping their parents in the given businesses and end up doing the same businesses as their parents.

- ✓ **Level of profitability:** The relevance of business is based on its level of profitability. They see many other people doing the kind of business and making lots of profits and they decide to do same type of business expecting to make the same kind of profits.
- ✓ **Government policy:** Government always set up the laws and regulations to govern how businesses operate. Some businesses cannot operated in certain areas (illegal businesses) while others are encouraged in certain areas (legal businesses that are promoted and encouraged).
- ✓ **Religious beliefs:**This factor can also determine the kind of business that some people do. Religion and beliefs influences what business you can do and what you cannot. Muslims cannot engage in businesses that are related to the pig farming even when such businesses are highly profitable.
- ✓ **Copying existing business:**when someone sees a good business in one area, the person may pick interest and start a same business in another area. Many businesses are common in certain place and so they end up doing what they see other people are doing.
- ✓ Entrepreneur (businessperson)"s ability.

Evaluating business ideas using their qualities and characteristics

Many people fail to start their own business. Other people are not interest in starting their own business. For those who start business, some fail in business while other succeeds in business. There are many reasons why a business may succeed or fail and *the main one is viability of business idea.*

All business ideas must be tested, analyzed and being sure that they will be real business ideas that can be started and profitably implemented.

Many criteria exist to judge whether an idea is a good business opportunity.

- ✓ **Legality of business:** find out if the business you intend to realize is legal and if not, stop it immediately because illegal business is not accepted, it is wasting your time. Before implement your business makes research about the legality of that goods and services.
- ✓ **Personal capacity and skills of the businessperson:** ability of the entrepreneur to implement or realize the given business idea.

- ✓ ***Feasibility of business:*** You have to know if there are specific requirements and barriers that may stop from doing the kind of business. If the technical requirements are not attainable, then this is not a good idea.
- ✓ ***The needs to be satisfied:*** Analyze the value proposition of your business. If there is no significance or problem you are solving, then the chances of success are limited. There should be a well defined need for products.
- ✓ ***The market to be served (Market share):*** consider the market size. If market size is large and reasonable, then you can go ahead with the business idea if not, you stand many risks.
- ✓ ***Availability of customers:*** Do you have potential customers? Those are the customers who have willing to buy and able to buy your products or you want to attract people to buy your product after producing.
- ✓ ***Market growth:*** analyze if your market is increasing or decreasing. When the market is declining or decreasing, then the business idea is not good to be pursued whereas increasing market or business activity is indicator of higher business opportunities.
- ✓ ***Availability of resources:*** Considering what is required to start, promote and operate the business. Availability of human, material, technological and financial resources.
- ✓ ***Particularity of business:*** evaluate what makes you different from the other business selling the same goods and services. If you cannot identify your uniqueness selling proposition, your business idea is positioned at low level.
- ✓ ***Availability of technology:*** presence of appropriate technology to implement the ideas. Not only the accessibility of technology but also the capacity to acquire it and the skills to use it.
- ✓ ***Competitor analysis:*** Competitor analysis identifies the strengths and weaknesses of competing products or services. The competitive advantages of each product are discussed, and a short summary of the market position is generated. Alternative methods are market surveys or lab tests of competitor products. However, less competitive market structures are more favorable for starting up.

- ✓ ***Profitability of business/ Return On Investment (ROI):*** Considering what will be the return in terms of profitability. The revenues expected must be highly exceeding the expected expenses of the business. Analyze also payback period and breakeven point.
- ✓ ***Availability of factors of production:*** these are the resources required to implement the business idea. If business idea depends entirely on extremely scarce inputs, then it becomes difficult to implement and sustain.
- ✓ ***Acceptability:***The business should be acceptable in the community. Some business may be profitable to the owner but inconveniencing to the society around. Though the business may be legal and profitable does not mean that it is also acceptable by the community.
- ✓ ***Social and cultural requirement:***the business or business products should be in line with the social and cultural norms around.
- ✓ ***Exit strategy:*** if business goes bad, how you pull out of this business without losing too much money. If a business idea has no good exist strategy, then it is not a good one because it is very risky.

Evaluating business ideas using SWOT analysis

To set meaningful business, entrepreneurs should first look at what would be the business ***strength and weaknesses***, then ***opportunities and threats*** to the business. This will help them to evaluate different business opportunities and then arrive at decision of what to do in business.

There are two approaches of internal and external analysis for business opportunities.

Inside out approach: Entrepreneurs evaluate themselves first in terms of skills, experience and abilities and then try to find how they can apply them in the business world and create a product for the market.

- ✓ ***Strengths:*** they increase the chances of success of the business opportunities
- ✓ ***Weaknesses:*** these are likely to frustrate chances of success.

Outside in approach: Entrepreneurs study the environment in terms of markets needs, availability of resources and other external factors and then relate the identified gaps and opportunities to themselves.

- ✓ ***Opportunities:*** these are external factors that give the business idea more chances of success.
- ✓ ***Threats:*** these are also external factors that are possible sources of problems for the business and may limit chances the chances of success.

	<i>STRENGTH</i>	<i>WEAKNESSES</i>
<i>Internal</i>	<ul style="list-style-type: none"> - Good brand image - Good location of the business - Brand loyalty - Better quality products - Superior packaging - Enough capital - Increasing sales 	<ul style="list-style-type: none"> - Small sales team - Location of the business (far from the customers) - Few delivery vans - Poor marketing skills - Unreliable supply - Limited customers - Limited customers - Limited capital
	<i>OPPORTUNITIES</i>	<i>THREATS</i>
<i>External</i>	<ul style="list-style-type: none"> - An expanding market - Merge with a competitor - Discovery of better quality raw materials - Increase in hostels - Reducing number of competitors - Could sell abroad 	<ul style="list-style-type: none"> - New bakeries being set up - Higher taxes Barriers from the competitors - Scarcity of raw materials Similar and new business started.

Definition of market

The term ‘market’ is usually used to mean the place where buyers and sellers meet to transact business. In Business studies, however, the term ‘market’ is used to refer to the interaction of buyers and sellers where there is an exchange of goods and services for a consideration.

Here are four ways to recognize business opportunities.

1. Listen to your potential clients and past leads. When you're targeting potential customers listen to their needs, wants, challenges and frustrations with your industry. ...
2. Listen to your customers.
3. Look at your competitors.
4. Look at industry trends and insights

Three key techniques / approaches to identify the best business opportunities

1. **Observing Trends:** Study how customers interact with products. ...
2. **Solving a Problem:** Recognize problems and develop innovative ways to solve them. ...
3. **Gaps in the Marketplace**

➤ Turning an Idea into a Business

However, there are some fundamental steps that every new entrepreneur can take to get their idea in motion. Take these 8 steps to turn your idea into a functioning business.

1. Figure out what problem is being solved

When you strip a company down to its core function, you'll find that it solves a problem. Right now, you're probably infatuated with your idea and are focused on the solution it provides. Many businesses claim to have solutions, but what specific problem are they really eliminating?

2. Find your market

Picture who your ideal user is - this is the first step to actually figuring out where your idea fits into a sea of consumers. They all have different habits and needs to fulfill, yet are facing the same problem. Figure out where your solution will fit into the market and in the lives of people.

5 Myths about High School Interns (And Why You Should Hire Them)

One of the biggest mistakes startups make is the failure to get people to understand and want the product or service. If it turns out that your idea isn't being “sold” to your audience, don't blame the market. Instead, figure out what they find compelling, or what it will take to get them to want something different than what they already have

You have a solution, but it needs to be in front of the right people to be seen as such.

3. Find your support

“Have you ever noticed how few successful startups were founded by just one person?”

This question was raised by Paul Graham, co-founder of the startup incubator Y Combinator, when he was addressing mistakes startups make that ultimately lead to failure.

Having business partners has several benefits, especially when you’re first starting out. They can act as support, a sounding board for your ideas, and provide evidence to others that you *actually* have a good idea.

4. Create a financial model and plan the first phase

Since you have your market research done, now you must figure out if it’s financially viable. Create a “bottom-up” financial model that focuses on how your product or service is created, marketed, and sold to an individual user. Doing this will give you more insight on how your business will function.

5. Figure out your source of capital

Entrepreneurs generally don’t start out just for the money, but money is still needed to get the business off the ground. Some attainable sources of funding are self-funding, money from people you know (friends and family), credit cards, or loans. Depending on the amount you need, a more helpful source can be angel investors and venture capitalists looking to back your mission for a slice of the profits and room for decision-making.

6. Build the MVP

The MVP, or minimal viable product, provides you with the feedback you need before putting your idea on the market. After all, it’s of no use to anyone if you build a product customers don’t want.

Minimal does not necessarily mean “basic.” The point is not to build a minimal product, but a product that is already great (viable), yet has room to improve (minimal).

7. Find the pivot

The information gathered from your early adopters helps you figure out what works and what garnered the most response from your audience.

8. Stay positive

They say misery loves company - just make sure there is no misery involved with your new business. Self-doubt and questioning if something will go wrong will only hold you back from taking the necessary risks.

Business opportunities recognition process

The recognition of a business opportunity coupled with the ability to respond effectively is the basis for starting and maintaining successful ventures. It is also a characteristic of successful entrepreneurs. It involves not only *generating ideas* or identifying opportunities *but also screening and evaluating* them to determine the most viable, attractive propositions to be selected.

Characteristics of a good business opportunity

To be a good business opportunity, it must fulfill, or be capable of meeting, the following criteria:

- **Real demand:** responds to unsatisfied needs or requirements of customers who have the ability to purchase and who are willing to buy
- **Return on investment,** provides acceptable returns or rewards for the risk and effort required
- **Be competitive:** be equal to or better (from the viewpoint of the customer) than other available products or services
- **Meet objectives:** meet the goals and aspirations of the person or organization taking the risk
- **Availability of resources and skills:** the entrepreneur is able to obtain the necessary resources.

Learning Outcome 2.3 Apply techniques to generate a business idea

Business ideas are all about thoughts on possible businesses an entrepreneur can start or improve

Sources of Business Ideas

- ✓ **Newspapers-**Local newspapers like the Daily Nation, East African e.t.c especially in the business and advertising sections have a lot of information about commercial opportunities as well as personal services.
- ✓ **Shows and exhibition-**Visiting shows and exhibitions organized by manufactures and distributors and asking questions from the sales **persons**. Entrepreneurs can also get business ideas from products displayed in such shows.
- ✓ **Magazines and journals-**Reading magazines and journals with business information may equip an entrepreneur with new business ideas.

- ✓ **Hobbies** –These are activities pursued for pleasure but they can also serve as a source of business ideas e.g. photography.
- ✓ **Vocational training and experience**-A business idea may be developed from one's own area of training or experience e.g. a teacher may use ideas from his/her training to start a private school
- ✓ **Surveys and market research**-This involves conducting an investigation to gather information from consumers on what products they require.
- ✓ **Recycling/using waste products**-Some waste products could be converted into useful products e.g. scrap metal for making jikos, old tyres for making sandals e.t.c
- ✓ **Listening to what people say**-By listening keenly to what people say, one can identify unsatisfied needs e.g. complaints about goods and services in the market. These complaints may form a basis of a business idea for an entrepreneur.
- ✓ **Identifying a market gap (niche)**-An entrepreneur may try to identify/spot the needs of consumers which are not being met by the existing goods and services.
- ✓ **Brain storming**-An entrepreneur can engage other people in a discussion on how best to develop businesses.
- ✓ **Listing attributes of a product**-By listing the attributes of a product that is already existing in the market, one can find new use for the product.
- ✓ **Copying/improving an existing business**-This involves identifying the weaknesses of a business and trying to come up with solutions
- ✓ Business ideas need to respond to market needs
- ✓ Business ideas need to respond to changing consumer wants and needs
- ✓ Business ideas help entrepreneurs to stay ahead of the competition
- ✓ Business ideas use technology to do things better
- ✓ Business ideas are needed because the life cycles of products are limited
- ✓ Business ideas help to ensure that businesses operate effectively and efficiently

Techniques for generating ideas

1. Brainstorming

- ✓ This process involves engendering a huge number of solutions for a specific problem (idea) with emphasis being on the number of ideas. In the course of brainstorming, there

is no assessment of ideas. So, people can speak out their ideas freely without fear of criticism. Even bizarre/strange ideas are accepted with open hands. In fact, the crazier the idea, the better. Taming down is easier than thinking up.

✓ **2. Role playing**

✓ In the role playing technique, each participant can take on a personality or role different from his own. As the technique is fun, it can help people reduce their embarrassments and come out with unexpected ideas.

✓ **Questioning assumptions**

✓ The majority of industries have an orthodoxy unspoken but deeply-held beliefs that everyone stands by for getting things done. Sadly, they fail to realize that by questioning assumptions at every step of service or product development, they can actually enable the birth of fresh possibilities and ideas

✓ **. Brain writing** is easy. Instead of asking the participants to shout out ideas, they are told to pen down their ideas pertaining to a specific problem or question on sheets of paper, for a small number of minutes. After that, each participant can pass their ideas over to someone else. This someone else reads the ideas on the paper and adds some new ones. Following another few minutes, the individual participants are again made to pass their papers to someone else and so the process continues. After about 15 minutes, you or someone else can collect the sheets from them and post them for instant discussion.

✓ **Focus group**

A gathering of 5 to 10 people who are selected because of their relationship to the issues being discussed. Involves a group of people familiar with a topic. Works best as a follow-up to brainstorming when the general idea has been formulated. Conducted by moderators who keep the group focused. Ask questions and keep discussion on track

E.g.: A discussion may be conducted by Inyange Industries about the use of 5 and above litters, for home consumption.

Learning Outcome 2. 4 Use tools and techniques to identify Business requirements

10 Essential Business Requirements Gathering Technique

1. Brainstorming
2. Document Analysis
3. Focus Group

4. Interface Analysis
5. Interview
6. Observation
7. Prototyping
8. Requirements Workshop
9. Reverse Engineering
10. Survey

1. Brainstorming

It is utilized in requirements elicitation to gather good number of ideas from a group of people. Usually brainstorming is used in identifying all possible solutions to problems and simplifies the detail of opportunities. It casts a broad net, determining various discreet possibilities. Prioritization of such possibilities is vital to locate needles in haystack.

2. Document Analysis

Document Analysis is an important gathering technique. Evaluating the documentation of a present system can assist when making AS-IS process documents and also when driving the gap analysis for scoping of the migration projects. In today's world, you will also be determining the requirements that drove making of an existing system- a beginning point for documenting all current requirements. Chunks of information are mostly buried in present documents that assist you in putting questions as a part of validating the requirement completeness.

3. Focus Group

A focus group is actually gathering of people who are customers or users representatives for a product to gain its feedback. The feedback can be collected about opportunities, needs, and problems to determine requirements or it can be collected to refine and validate the already elicited requirements. This type of market research is different from brainstorming in which it is a managed process with particular participants. There is a risk in following the crowd and some people think that focus groups are at best unproductive. One danger that we usually end up with is with least common denominator features.

4. Interface Analysis

Interface for any software product will either be human or machine. Integration with external devices and systems is another interface. The user centric design approaches are quite effective to ensure that you make usable software. Interface analysis- analyzing the touch points with

another external system- is vital to ensure that you do not overlook requirements that are not instantly visible to the users.

5. Interview

Interviews of users and stakeholders are important in creating wonderful software. Without knowing the expectations and goal of the stakeholders and users, you are highly unlikely to satiate them. You also have to understand the perspective of every interviewee, in order to properly address and weigh their inputs. Like a good reporter, listening is a quality that assists an excellent analyst to gain better value through an interview as compared to an average analyst.

6. Observation

The observation covers the study of users in its natural habitat. By watching users, a process flow, pain points, awkward steps and opportunities can be determined by an analyst for improvement. Observation can either be passive or active. Passive observation is provides better feedback to refine requirements on the same hand active observation works best for obtaining an understanding over an existing business process. You can use any of these approaches to uncover the implicit requirements that are often overlooked.

7. Prototyping

Prototyping can be very helpful at gathering feedback. Low fidelity prototypes make a good listening tool. Many a times, people are not able to articulate a specific need in the abstract. They can swiftly review whether a design approach would satisfy the need. Prototypes are very effectively done with fast sketches of storyboards and interfaces. Prototypes in some situations are also used as official requirements.

8. Requirements Workshop

Popularly known as JAD or joint application design, these workshops can be efficient for gathering requirements. The requirements workshops are more organized and structured than a brainstorming session where the involved parties get together to document requirements. Creation of domain model artifacts like activity programs or static diagrams is one of the ways to capture the collaboration. A workshop with two analysts is more effective than one in which one works as a facilitator and the other scribes the work together.

9. Reverse Engineering

Is this a last resort or starting point? When a migration project is not having enough documentation of the current system, reverse engineering will determine what system does? It will not determine what the thing went wrong with the system and what a system must do?

10. Survey

When gathering information from many people: too many to interview with time constraints and less budget: a questionnaire survey can be used. The survey insists the users to choose from the given options agree / disagree or rate something. Do not think that you can make a survey on your own but try to add meaningful insight in it. A well designed survey must give qualitative guidance for characterizing the market. It should not be utilized for prioritizing of requirements or features.