

Ideas! Ideas! Ideas!

First we need to think of a business idea. Think about what people need ... and want.



The first step to starting a business is finding a **business idea**. Every business starts with an idea.

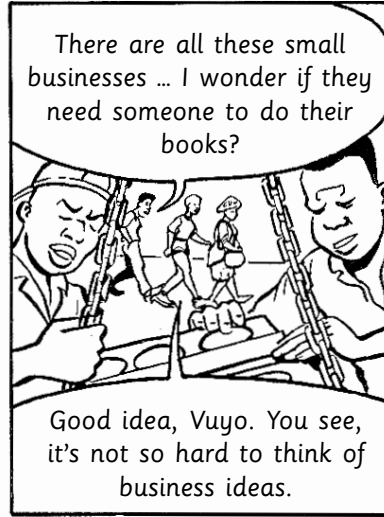
But how do you find the right idea for your business?



People need their clothes washed. Maybe we can start a laundry service.



It's so dusty here. Maybe we can do people's gardens ...



There are all these small businesses ... I wonder if they need someone to do their books?

Good idea, Vuyo. You see, it's not so hard to think of business ideas.



People always need vegetables and fruit. Maybe we can set up a stall in town.

In our story, Mam'Langa, Dudu and Vuyo think of ideas as they walk around their neighbourhood. They think about things - products and services - that people in their area might need or want. This is a good way to start thinking of possible business ideas.

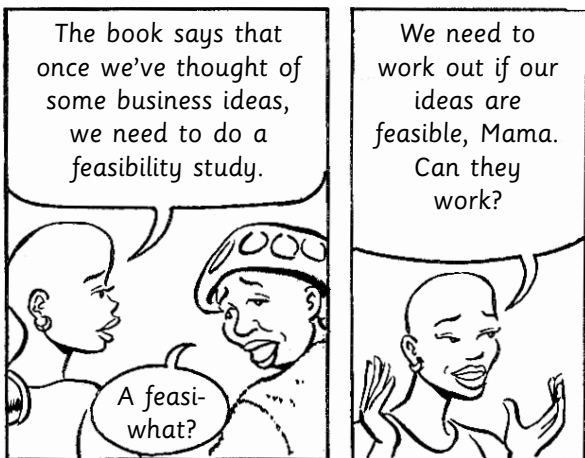
- Always think about your market first. Look around your area.
- Speak to people: ask them what they need and want.
- Don't be impatient - it takes time!
- Don't try to come up with the idea immediately. Sometimes ideas take time to develop and grow.
- Ask people to help you think about ideas - this can be a very useful exercise.
- Be as creative as possible.

Now, try this exercise yourself: Think of at least five ideas for a business.

My five business ideas are:

1.
2.
3.
4.
5.

Now you need to assess your ideas: you need to decide if your ideas are good business ideas.



Feasibility Study: Is the business idea a good idea?

It is important to think carefully about the ideas that you have written down. The business idea must be able to become a successful business. It must be **feasible**. A feasibility study of your business ideas is your first step in doing **market research**.

1. **Do you have a market** for your product or services?

You must ask yourself whether there will be **enough people** who will want or need your product or service. Remember, your market is those people who will buy your products or services at the prices you charge.

Go out and speak to people whom you think will be your future customers. Ask them what they think of your idea. Is this a product or service they need or want? Can you adapt your idea to meet their needs better?

Also remember to look at your **competition**. Are there other entrepreneurs selling the same product or service? Is there a way of making your product or service different and better than the competition?

2. **Do you have the skills** needed to start the business?



Like Dudu in our story, you might be able to 'throw out' some of your business ideas if they do not seem to be feasible, before wasting too much time thinking about them.

There are three important questions that you have to ask yourself about each of your business ideas.

Entrepreneurs need some **skills** to make them successful in business. Many of these skills can be learned. The entrepreneur needs to be able to manage his finances, to market his business, to buy wisely, to keep accurate records of the business and be able to sell.

Sometimes, the business person needs technical skills (like dressmaking, hair styling, etc.), especially in a manufacturing or service business.

You must ask yourself whether you have the skills to turn your business idea into a business. If you don't have the skills, can you learn them? Or, can someone else who does have the skills help you?

3. **Do you have the resources** necessary to start the business, or can you get them?

Resources are all the things you need to run your business. They include things like premises, or a secure place from which to run your business, money, labour, machinery and equipment, time, raw materials and products.

Make a list of all the things that you will need for the business. If you do not have them, work out how much it will cost you to buy them.

Of course, all new businesses need some money to start. But if money is a problem, do not be discouraged. It is good to start small!

Speaking to people

Let's have another look at how Vuyo, Dudu and Mam'Langa research their business ideas.

Vuyo goes out to small businesses in his area, and asks entrepreneurs if they would be interested in having him do their books.

One of the entrepreneurs he speaks to is a shoe repair and leather goods manufacturer. This man says that he does not make enough money to need to keep books. *(This entrepreneur is making a mistake! No matter how small a business, it is important to keep books. You will learn more about this in later chapters.)*



Another entrepreneur visited by Vuyo doesn't believe that Vuyo has the **skills** or experience necessary to do his books.

Frustrated, Vuyo gives up his research.

What do you think about Vuyo's attitude? Do you think he gave up too quickly? Do you think he might have found a market for his bookkeeping services if he had tried harder?

Dudu also does **market research** on her idea of making and selling grass baskets.



She discovers that there is a lot of competition in this business.



She also discovers that the market for grass baskets is limited to certain types of buyers.



And she finds out that the price that shops will pay for the baskets is not enough to pay for her costs and the time it takes to make the products.

Her conclusion is that there is "definitely no market for our baskets!"



Mam'Langa does market research on her idea of starting a fruit and vegetable stall in town.

Yo! There are so many people selling fruit and vegetables here!

She discovers that there is a lot of competition. There are many other entrepreneurs selling fruit and veg in town.



They're all selling the same things!

She also discovers that many of them are selling the same things.

She thinks there may be an opportunity for a stall that offers customers a wider choice of products.



... and it's fresh every day.



Everybody knows me for my discounts.

In addition to researching the market for her business idea, Mam'Langa also researches the **source of supply** for her business. She finds out where she can buy the produce that she will sell at her stall. And she also looks at the prices.



The prices are good ... But where am I going to sell?

She discovers that the prices for fruit and veg from the wholesalers are good. But with so much competition in town, she doesn't know where she should **position** her stall.



Oh, these bags are so heavy. And my feet ...

I hate carrying all my shopping from town. The drivers are so rude!

On her way home from town, Mam'Langa overhears other commuters talking about their frustrations with having to shop in town and carry heavy bags long distances.

Listening to people's frustrations, Mam'Langa recognises a need - and a potential business opportunity! She asks her fellow travellers (representatives of her potential market) if they would buy their fruit and veg from a stall in the township.



Oh, yes. It would help me a lot.

Yes. But the prices must be good!

Mam'Langa gets very positive feedback on her idea of setting up a stall in the township. She spends some time near the taxi rank watching the commuters returning from town. Many of them are carrying bags of fruit and vegetables bought in town.



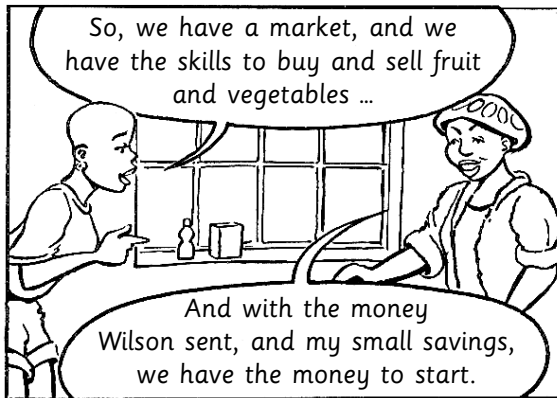
Hmm ... there's an opportunity here.

Mnisi. This is old!

Take it or leave it!

There is some competition. Mr Mnisi already has a stall at the taxi rank. But she hears from people that "... his vegetables are like him: old and dried out"!

She also sees Mnisi being rude to his customers. She feels confident that she can offer people a better service.



Mam'Langa's business idea seems to be a good one. It passed the feasibility test!

Now take a closer look at your ideas

"Throw out" impractical ideas if there are any. Then study the feasibility of your ideas using the **market, skills and resources** test below.

Business Idea (number:)

Market

Who will be the **market** for your product or service?

Write down who will buy your product and service? Give as much detail as you can.

.....

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.....

.....

Skills

What **skills** do you need for this business?

Write down all the skills you think you will need for this business idea.

.....

.....

Do **you** have these skills, or can you get them?

Write down the skills you have, and where you will get the skills you do not have.

.....

.....

Resources

What **resources** do you need for this business?

Write down all the resources you think you will need for this business idea.

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Planning for success

Some of you may not enjoy writing down your ideas and working out if you have the market, skills and resources needed to make your business a success.

But remember that market research is essential to planning a business. And planning is essential to ensure that your new business becomes a success.

If you find writing difficult, ask someone else in your family to help you.

Use as many of these forms as you have ideas you want to test.

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Do any of your business ideas pass the feasibility test?

If one or more of your ideas seem feasible - great! Carry on to the next chapter.

If none of your ideas seem feasible, there's only one thing to do: start the process again!

If at first you don't succeed, try and try again! Remember that an important characteristic of a successful entrepreneur is **perseverance**. A person who becomes successful is not a person who gives up easily!

