Module 2

Idea vs. Opportunity

Part 1: Difference between an innovative idea and a business opportunity

What is a business idea?

A business idea is a concept that can be used to make money. Usually it centers on a product or service that can be offered for money. An idea is the first milestone in the process of founding a business. Every successful business started as someone’s idea.

Although a business idea has the potential to make money, it has no commercial value initially. In fact, most business ideas exist in abstract form; usually in the mind of its creator or investor and not all business ideas, no matter how brilliant they may seem, would end up being profitable. To find out about an idea’s chances in the market and check its innovative content and feasibility, you need to conduct a plausibility check. A promising business idea must have the following characteristics:

- Relevant (must fulfill customers’ needs or solve their problems)
- Innovative
- Unique
- Clear focus
- Profitable in the long run

The acceptability and profitability of a business idea hinges largely on how innovative the idea is. Being innovative means using conventional production or distribution methods that have rarely been adopted before. In fact, the entire business system could be innovated.

For example, FedEx revolutionized mail post services through 24-hour operation and very quick delivery worldwide. The company therefore adopted an innovative system, which eventually spurred it to becoming one of the world’s leading mail and parcel delivery services.

However, even more important is the benefit that a business idea promises to offer customers. Such benefits could be passed on to customers in the form of reduced costs. (We all like to buy quality for less). So, any business idea that, at least, focuses on lowering costs would most likely be profitable in the long term. A successful business idea must meet the following three conditions:

1. It must offer **benefit** to the customer by solving a problem or fulfilling a need. Customers buy products and services for just one reason; to satisfy a need. So, if your business idea
cannot satisfy customers, it won’t be successful. Every successful business idea must have a unique selling proposition.

2. It must have a market that is willing to accept it. A promising business idea must offer a product or service that would be accepted by a large market. It must also have feasible arrangements for catering to that large market as well as unique values that differentiates it from the competition.

3. It must have a mechanism for making revenue. A successful business idea must show how much money can be earned from it and how the money will be earned.

WHAT IS A BUSINESS OPPORTUNITY?

A business opportunity on the other hand is a proven concept that generates on-going income. In other words, a business opportunity is a business idea that has been researched upon, refined and packaged into a promising venture that is ready to launch.

While multiple business ideas may strike you on a daily basis, only few of them will be profitable in the long run based on market research and feasibility study conducted. These few are the real business opportunities. An opportunity is regarded as one after it has been found to meet the following criteria:

- It must have high gross margins.
- It must have the potential to reach break-even cash flow within 12 months – 36 months.
- The startup capital investment must be realistic and within the range of what you can provide.
- You must have the strength and ability needed to drive the business to success.
- Your level of enthusiasm for the business must be very high.
- It must have the potential to keep on improving with time.
- It must have a low level of liability risk.

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.
Part 2: How to prepare, plan, define and implement a business idea?

Business ideas are all within you and within your environment. Some of these business ideas emanate from analysis of market and consumer needs, while others emanate from a long research process.

DEFINING AN IDEA:

Look within yourself and examine your skills, talent, passion

In fact, one of the first places to start 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.

Keep up with current events and be ready to take advantage of business opportunities

Social happenings, events and parties are also sources of business ideas. If you are expose to reading and watching news regularly and having the conscious intent of discovering business ideas, you will be amazed at how many business opportunities 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.

Invent a new product or service

Do you possess a creative mind? Then you can invent product or services that have never existed in the past. The key to arriving at business ideas for a new product or service is to identify a market need that has not being met.

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.

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.

Franchising

A franchise is just an 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. 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.
How can franchising become a source of business opportunities? You can look at good companies or products that exist in other countries but are not operating your country. Then you can purchase a franchise to that product and become a pioneer in your country.

Mass media

The mass media is a wonderful source of information, ideas and often opportunities. Magazines, TV stations, Cable networks, radio, newspapers and internet resource sites are all instances of mass media. 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.

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 in business.

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 a survey. Such a survey may be conducted formally or informally by speaking to people; usually through interviews or using a questionnaire or through observation.

Listen to customers complaints

Complaints and frustrations on the part of customers have led to many new products or services. Whenever consumers complain badly or 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.

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. 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.
Part 3: Creative entrepreneurship

Creative entrepreneurship is the practice of setting up a business – or setting yourself up as self-employed - in one of the creative industries. The focus of the creative entrepreneur differs from that of the typical business entrepreneur or, indeed, the social entrepreneur in that s/he is concerned first and foremost with the creation and exploitation of creative or intellectual capital. Essentially, creative entrepreneurs are investors in talent – their own or other people’s.

The creative industries generate substantial economic impact - and this impact and growth is outpacing every other sector of the economy. Data from around the world indicate the Creative Economy is the economy of the future.

**CREATIVITY + TECHNOLOGY = EXPLOSIVE ECONOMIC GROWTH**

Entrepreneurs, in general have always relied on their creativity to produce wealth, but the modern creative entrepreneur goes further. The value they create lies not in their physical products (if any) but in intangible assets such as their brand, reputation, network and intellectual property.

They are adept at projecting a desired image and creating a personal brand, both online and offline. They also understand the principles of intellectual property law and use copyrights, trademarks, patents and licenses to exploit the full potential of their ideas.

Creative entrepreneurs are not freelancers. Freelancers earn a living by doing paid work for clients, usually charging by the hour, day or project. Freelancers think in terms of “getting more work”. Creative entrepreneurs think in terms of creating opportunities, producing results and MAKING PROFITS. This leads them to create systems and businesses that generate wealth and free up their time for their next big idea.

*Once upon a time, there was a young girl, who just wanted to draw pictures*. When she was 11, her family created a ‘studio’ for her by emptying out a linen closet, where she would sit and draw for hours, no matter how hot it was in summer.

She grew up into a woman who wanted to draw pictures. She took a job at an ad agency and freelance commissions from clients – but she was not satisfied ‘drawing to order’ for other people. So she started licensing her designs to greeting card companies and saw her levels of income and satisfaction rise.

She branched out into other media and took on staff to help her. To this day, she still draws the originals of all her designs, before her staff ‘reformats’ them for licensed products including cards, calendars, T-shirts, mugs, books and animated films. One day her fame and personal brand were so well established that she was able to launch a national magazine bearing her name – Mary Engelbreit’s HOME COMPANION.

Had she remained a freelancer or even become a contracted author, Mary Engelbreit would no doubt have made a comfortable living. But because she became an entrepreneur, licensing her art and building a business around it, she has achieved lifetime retail sales of more than $1 billion.
Part 4: Social entrepreneurship

Social entrepreneurship is the process of pursuing innovative solutions to social problems. More specifically, social entrepreneurs adopt a mission to create and sustain social value. They draw upon appropriate thinking in both the business and nonprofit worlds and operate in a variety of organizations: large and small; new and old; religious and secular; nonprofit, for-profit, and hybrid.

What are the guiding questions, best practices, skills, and tools social entrepreneurs need in order to navigate a very challenging and often life-long vocation?

- **MOMENT OF OBLIGATION:** Why do I want to create change?

Understanding our deepest motives and the values that both anchor and drive us is powerful, and not least because it helps us stay true and focused in times of confusion and exhaustion. For some, personal motivation comes out of a single transformative moment. For others, it’s more of a slow burn, a growing conviction that changemaking is necessary to live a fulfilling life. Understanding your moment of “obligation” serves as a compass or a source of energy renewal during your life as a changemaker.

- **EXPLORATION:** What are my options?

Knowing the source of your desire to make change is valuable, but what do you do with it? You begin a phase of learning, sensing what the world needs and how that intersects with your own interests. Your strengths, weaknesses, blind spots, and core skills all come into play as you seek work that will contribute to the change you want to see in the world and make a living at the same time. Gradually—and this can take years—you come to know what you must do.

- **DECISION:** Am I ready to jump?

People who have dedicated their lives to changemaking often have a story about the moment they actually decided to take a leap of faith and start walking their talk. Regardless of whether or you are born with privilege, the temptation to choose the “safe option” is a large and legitimate barrier. Changemaking is not for the faint of heart; it sometimes means putting your livelihood, even your own life, on the line. Starting a dialogue with our deepest fears and those of people we love takes
courage and the ability to commit. It can mean switching careers immediately, or honing a craft or gathering new experiences for a while before making a switch.

○ **ACTION: How do I make my vision come alive?**

The daily grind of social change work, which often brings more setbacks than victories, and the excruciatingly slow pace of genuine change requires that entrepreneurs carefully monitor their energy to avoid becoming prematurely cynical or utterly exhausted. The point is to stay “alive” in the process of doing the work you choose, while building grit, resilience, and stamina along the way. Importantly, the personal work involved in building these capacities also helps you better understand the how to change others’ mindsets, and thus becomes another tool for effectively working for change.

○ **TRANSFORMATION: Who have I become now, and what’s next?**

The personal demands while leading social change shape us as individuals even as we shape a new world. Self-transformation is an inevitable part of social change work. Sometimes we change so much that we realise we must move on to a new project or career, which constitutes a new “moment of obligation,” and the cycle begins anew. The transformation phase also helps us reap the harvest of our work, and formulate lessons and insights that others begin to seek out from us as wisdom and teaching.

There are 3 easy steps to start with, if you are planning to become a social entrepreneur:

**Focus on the core.**

Passionate entrepreneurs can easily get trapped in all kinds of activities that distract from the essential. So when we are accelerating and find ourselves juggling too many balls at once, it’s wise to step back and review what’s really important. The secret of kung fu masters who can break through iron and bricks with a simple strike is that they focus their energy on a single point.

**Build a practice of renewal.**

Social change work can deplete energy rapidly. To conserve and replenish our energy, we need to develop practices of renewal; we need to do things that energize us. This will vary from person to person; it could be spending time with family, physical exercise, spiritual practices, artistic endeavors, being in nature, or simply reading a book on a weekend morning. Like an arrow, we need to “rest back” to race forward.

**Find your tribe.**

Finding “a tribe” of people who are making similar life choices is critical for sustaining your energy. This is why so many fellowships exist in the social entrepreneurship sector—there is tremendous value in being with people who understand where you are coming from and rejoice in seeing you grow.