

# Unit 9

## Business Idea Generation



### General Objective

After studying this Unit, you should be able to help participants in your training session to assist women in identifying business opportunities, once they have expressed an interest in running a microenterprise.

### Specific Objectives

This Training Unit will help you to enable trainees to:

- Participate in discussions to generate ideas for business in the village;
- Analyze reasons for the selection/rejection of ideas generated;
- Describe the process of selection of business ideas; and
- Enable women to select a product for which there is a demand and a market.

### Planning

- Time** : Two hours
- Training Methodology** : Brainstorming, simulation exercise, group discussions and case study
- Training Materials** : Brick, gram seeds, chart papers, markers and cut outs
- Trainer's Preparation** : Preparation of paper cut outs on different areas and the products/services they can generate. If women are not literate, arranging for enough paper and markers for them to draw sketches. If gram seeds are not available in the area using a local substitute.

### Background Material

#### Introduction

Ideas and opportunities come from the environment. Among the women who have planned to initiate enterprise activities, some may have thought of

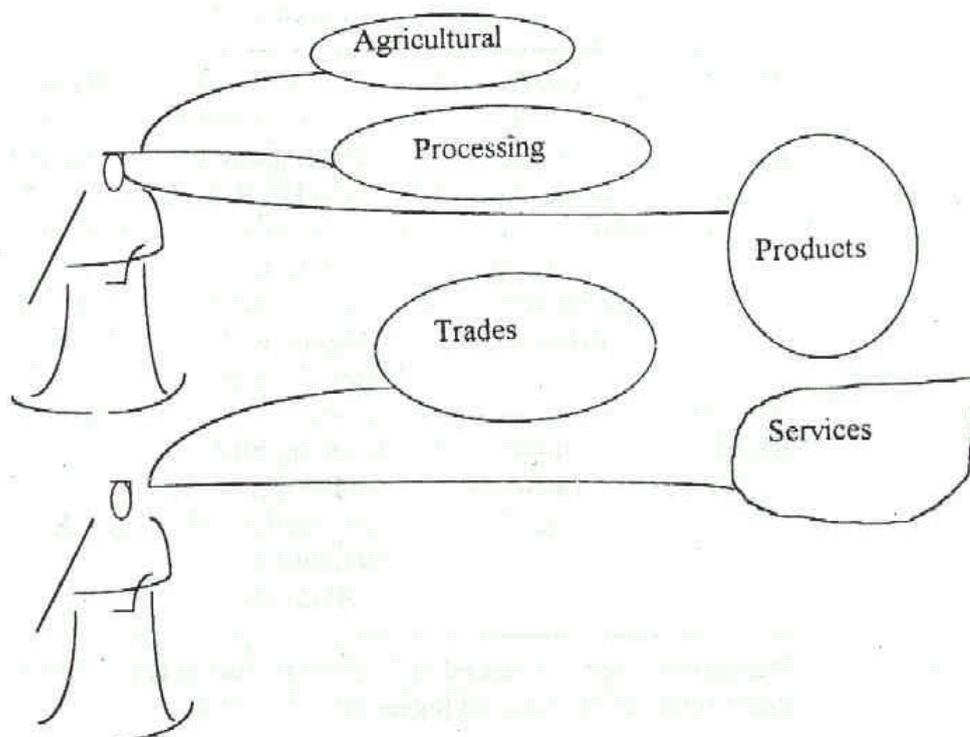
suitable products/services while others may not have spent time on thinking on these issues. The task of the trainer is to find out whether or not the entrepreneur has a product or service in mind. If there are no ideas, then the first task is to assist women in generating ideas for products or enterprises.

There is constant change in the environment. Be it food, clothes, fashion, entertainment, communications, or style of living itself, people are adapting to changes fast. These new changes require new products/services, and in turn offer opportunities for business to the entrepreneur. As mentioned earlier this sensitivity to perceive the changing needs of people and the ability to convert the need into a business opportunity is “entrepreneurship”.

### **Business Idea Generation**

The ideas for initiating enterprise activities can be generated by involving the participants in a brainstorming discussion. This brainstorming can be at three levels:

1. Changing needs of people due to constant change in culture and environment. These changes can be in any area of a person’s life – food, clothing, technology, communication, fashion, life-style, habits etc. New products/services for these requirements offer new opportunities for business.
2. New usage of existing products/services. All value addition products could be placed here, for example, jams, squashes, pickles, spices, making rugs from wool, making craft items from local raw material etc.
3. Identify products from the problems people face in the given area. New ideas may provide development of products/services to overcome these problems. These project types may be:
  - a. *Agricultural*
    - Land-based : Vegetable cultivation, flowers, grains
    - Animal-based : Goatery, poultry, piggery, dairy
  - b. *Processing*
    - Drying, powdering, packaging or preserving seeds, fruits, spices, vegetables, grains
  - c. *Products*
    - Manufacturing dresses, shoes, fancy items, toys, household items, tools, furniture, decorative items, craft items etc.
  - d. *Trade*
    - Grocery, tea shop, vegetable vending, firewood, fruit shop
  - e. *Services*
    - Hotel, teashop, making sweets, pan shop, cycle repair shop, hair cutting saloons, beauty parlours, tailoring shops, laundry etc.



Several starting points for the generation of business ideas can be used. Brainstorming sessions on each of the starting points will generate lists of business ideas. The trainer can facilitate these sessions.

### Basic Rules of Brainstorming

1. All ideas and suggestions are welcome.
2. No critical judgement is required.
3. Quantity, not quality is important.
4. Combination and improvement of ideas is sought.

The four starting points are:

1. Skills the women have;
2. Available resources;
3. Products or services which are not available in the community; and
4. Institutional demand.

#### 1. Skills

Help the women to list the skills which they possess, e.g. baking clay pots, mat weaving, preparation of food items, farming, etc. The discussion should start with the women describing their typical day and their activities. What skills do they use to perform these activities? What other activities do they perform? Make the list as long as possible.

The next step is to discuss what businesses could be built on these skills, e.g. craft shop, small shop, catering, vegetable shop, day care centre etc.

#### 2. Available Resources

The next step is to brainstorm on the different uses of resources and the different products, which could be based on these resources e.g. fruit is a resource and the products could be jam, juice, etc.; bamboo is a resource and the product could be furniture, baskets; stone is a resource and the

product could be jewellery, carvings, wood as a resource could lead to furniture, doors, firewood, carvings etc. as products.

### **3. Products or services not available in the community**

Women list the products or services not found in their village, but which they or others may require in the community. They may be travelling to other villages to meet this need regularly (e.g. soap, cosmetics, groceries, medicines, clothing etc).

The need for these products and services might provide ideas for business. However, women need to make an analysis of the demand for such products, for the quantities required may be very low and may not support the establishment of an enterprise. A feasibility study to assess the demand is necessary.

### **4. Institutional Demand**

This focuses on the needs of the institutions like hospitals, teashops, small factories, and hotels in the neighbourhood, where the products could be marketed. It is always advantageous to have an agreement to sell say 20 bottles of phenyl per week to a local hospital/clinic than to sell 20 bottles to 20 individual customers. This also helps in maintaining regularity and quality.

The trainer helps women to prepare a checklist for discussion with various institutions. This may have questions or aspects like:

- Short explanation on the project;
- Purpose of visit – generation of business ideas for women;
- Discuss needs of institutions;
- What products do they buy regularly;
- What products/services are supplied regularly/irregularly?
- Can they consider other sources for some of their products? If so, which ones?
- What time periods and quality controls do they have?
- Do they see any possibilities for women supplying any of the products?

If time permits organize a visit to one of the institutions close by and facilitate a discussion of women with an official of the institute.

### **Selection of Business Ideas for Further Research**

The generation of ideas based on the above four points may throw up innumerable ideas. However, if one were to follow all the ideas generated it would be time consuming and expensive. Therefore, the total list of ideas is normally 'screened' through a 'rapid' feasibility assessment. This rapid assessment can be based on four criteria:

*Origin of the idea:* Generally it has been observed that only those ideas, which come from the women themselves, tend to be successful in the establishment of small enterprises. In contrast, ideas imposed on women fail to have an impact.

*Skills:* An enterprise based on skills possessed by women is more likely to

succeed than the ones in which women are required to acquire skills. Acquisition of skills is a long process and involves willingness and motivation among women as also the availability of trainers.

*Sources of inputs:* It may be kept in mind that if the inputs for the product being produced are available locally or in the markets closeby, women will not be required to travel long distances to acquire these inputs. Planning and organizing purchase of raw materials from a far off place is difficult for women – at least when they are starting an enterprise.

*Location of Market:* As stated above if the product/service is for the customers in the village or nearby, the chances of success are far more than if the product/service is for customers a distance away. Women find it easier to sell directly without having to spend time or money to travel to long distances. This has an additional advantage as women are in constant contact with the prospective customers and can easily ensure the quality, and price of the product/service.

These criteria and their rapid assessment can be presented as follows:

Business Idea	Origin of Idea	Women's Specific Skills	Source of Raw Material	Location of Market
1. Range of products from bamboo	Women	No	Nearby town 100 kms away	Nearby town 100 kms away
2. Dairy	Women	Yes	In the women's villages	In the villages

In the above chart, it is obvious that even though the ideas have come from women, they need to be trained in making bamboo products, and also make efforts to procure raw material and find a market for the finished goods. In the second product women are able to sell the milk and milk products within the village. This rapid assessment leads to a selection of an appropriate enterprise for women.

### **Group Exercise: "Channa Dhan"**

Participants play this exercise individually. Each one is given a hand full of black gram. They have to assume the weight of it as 1 kg. and its cost as Rs. 10/- This is a resource with them for starting an enterprise. They have a choice to sell it at a higher price or process it and sell the products to four buyers who are sitting there. The four buyers have displayed the products they want to buy and the rate they are willing to pay. There is a shop nearby from where the participants can buy other materials or get gram converted into 'besan' (gram flour).

Participants are given 10 minutes to think. Later they are advised to sell the product in any form they decide to sell. They collect the price in cash (may be symbolic coins made of some seeds).

A suggestion is made to them to calculate their profit by deducting the cost of gram and other material if they have opted for selling gram as processed products. The following table is referred to for calculating the cost and profit.

**Table for calculating cost and profit**

Cost of of raw ingredient	Cost of conversion into choice form	Total cost of product	Price paid by buyer	Total gain
Form A				
Form B				
Form C				

**Channa Dhan**

One kg of gram	Gram as it is @ Rs. 15/-	Besan@ Rs. 20/-	“Chhole” @ Rs. 2/- per plate	“Chhole” @ Rs. 35/- per kg.
Entrepreneur 1				
Entrepreneur 2				
Entrepreneur 3				

**Types of Products**

Agricultural	Manufacturing	Processing	Trades	Service
Woman 1				
Woman 2				

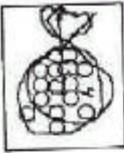
**Processing**

Conclude by explaining to the participants that through brainstorming they can generate innumerable project ideas. The following pictorial record formats can be useful.

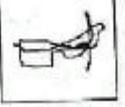
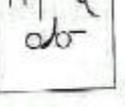
Explain the way business opportunities are created at every ‘processing point’. The income levels are also enhanced proportionately.

Anyone knowing and being aware of the strengths, weaknesses, opportunities and threats of the business idea generated, can be well prepared with alternate ways and means of dealing with any problems that may arise in the process of establishing the business.

**CHANNA DHAN**

One Kg. Gram	Gram as it is	'Besan'	'Chhole'	'Laddu'
	 @ Rs. 15	 @ Rs 20	 @ Rs 2/Plate	 @ Rs. 35
				
				
 Gram				

**TYPES OF PROJECT**

					
	Agricultural	Manufacture	Processing	Trades	Service
					
					