

Unit – 3

Project Development and Implementation:

1. Sources of business ideas and tests of feasibility
2. Significance of writing the business plan/project proposal
3. Contents of business plan
4. Process of project formulation and preparation
5. Financial, marketing, HR, technical and social aspects of projects
6. Preparation of project report and project implementation.

The entrepreneurial idea is a feasible, financially sound, technically possible and socially acceptable idea of a project or product that may have utility to prospective customers. It is not possible for anyone to come up with an idea and in the very first instance, convert it into a business opportunity and start a small business on that basis.

The majority of good business opportunities do not come suddenly. It comes from an established mechanism to generate a large number of ideas so that at least one of the ideas has the potential for a business opportunity. It requires a series of steps to finalize it into a profitable business. This is the first step in idea generation and evaluation.

Customers

Prospective customers know best what they want and the habits/tastes which are going to be popular shortly.

New product or service ideas may come from customers' reactions to the present product and the expected product idea.

Contacts with prospective consumers can also reveal the features that should be built into a product or service.

The attention to the customers can take the form of informally monitoring potential ideas and needs or formally arranging surveys among prospective customers.

Care needs to be taken to ensure that the idea or need represents a large enough market to support a new venture.

Existing organization

Competing products and services of existing organization and evaluation thereof is a successful source of new ideas.

Frequently, this analysis uncovers ways to improve on these offerings, resulting in a new product that has more market appeal.

The analysis of profitability and break-even level of various industries or organizations indicate promising investment opportunities which are profitable and relatively risk-free.

An examination of the capacity utilization of various industries provides information about the potential for further investment.

Distribution channels

Member of the distribution channels; middlemen, transient customer preference and possible expectations which may be a good business idea.

Not only do channel members frequently have suggestions for completely new products; they can also help in marketing the entrepreneur's newly developed products.

Government

The government can be a source of new product ideas in many ways.

First, the files of the Patent Office contain numerous new product possibilities. They can suggest other more marketable new product ideas.

Secondly, new product ideas can come in response to government regulations, industrial policy, investment guidelines, annual plan, Five-year plan, etc.

Thirdly, several government agencies nowadays assist entrepreneurs in discovering evaluating business ideas.

Fourthly, government publications on trade and industry can also help set new venture ideas.

Financial institutions and Development Agencies

These organizations also provide ready projects and offer suggestions to potential entrepreneurs which help identify promising projects.

Community Development Financial Institutions Fund, Small Business Administration, Office of Advocacy, United States Chamber of Commerce, Economic Development Administration, Small Business and Entrepreneurship Council, House Committee on Small Business and many others bodies in the USA are working to improve entrepreneurship and small businesses.

Research and Development

The entrepreneur's own "research and development" is the largest source of new ideas. It may be a more formal endeavor connected with one's current employment or an informal laboratory in the private premise.

Formal institutional, research and development are often better equipped, enabling the entrepreneur to conceptualize and develop successful new product ideas.

But many amazing product ideas have come from informal research endeavors at the private level.

Trade Shows, Fairs and Exhibitions

These sources display new products and innovations in processes and services.

An innovative entrepreneur can get product ideas from here which they can adapt or modify and produce with indigenous materials and technology.

Focus Groups

Focus groups are good sources of product ideas.

A moderator leads a group of people through an open, in-depth discussion rather than simply asking questions to solicit participant response; for a new product area, the moderator focuses the discussion of the group is either a directive or a nondirective manner.

The group of 8 to 14 participants is stimulated by comments from other group members in creatively conceptualizing and developing a new product idea to fulfill market needs.

This is an excellent method for initially screening ideas and concepts too.

Brainstorming

The brainstorming method for generating new product ideas is based on the fact that people can be stimulated to greater creativity by meeting with others and participating in organized group experiences.

This method would be effective if the effort focuses on a specific product or market area. The following four rules should be followed when using this method:

No criticism is allowed by anyone in the group – no negative comments.

Freewheeling is encouraged- the wilder the idea the better.

Quantity of ideas is desired- the greater the number of ideas, the greater the likelihood of useful ideas emerging.

Combinations and improvements of ideas are encouraged – ideas of others can be used to produce still another new idea.

The brainstorming session should be fun, with no one dominating or instituting the discussion.

Collective Notebook Method

In the collective notebook method, a small notebook that easily fits in a pocket, containing a statement of the problem, blank pages, and any pertinent background data, is distributed.

Participants consider the problem and its possible solutions, recording ideas at least once but preferably three times a day.

At the end of the month, a list of the best ideas is developed, along with any suggestions.

Heuristics Method

Heuristics relies on the entrepreneur's ability to discover through a progression of thoughts, insights, and learning.

The technique is probably used more than imagined because entrepreneurs frequently must settle for an estimated outcome of a decision rather than a certainty.

One specific heuristic approach is called the heuristic ideation technique (HTT).

The technique involves locating all relevant concepts – that could be associated with a given product area and generating a set of all possible combinations of ideas.

Value analysis Method: The value analysis technique develops methods for maximizing value to the entrepreneur and the new venture. It is a method for developing a new idea by evaluating the worth of aspects of ideas.

Under this technique, regularly scheduled times are established to develop, evaluate, and refine ideas.

Checklist Method

A new idea is developed through a lot of related issues or suggestions.

The entrepreneur can use the list of questions or statements to guide the direction of developing entirely new ideas or concentrating on specific “idea” areas. The checklist may take any form and be of any length.

One general checklist is :

Put to other’ uses? New ways to use as is? Other uses if modified?

Adapt? What else is like this? What other ideas does this ‘ suggest? Does the past offer parallel?

What could I copy? Whom could I emulate?

Modify? New twist? Change meaning, sour, motion, odor, form, shape? Other changes?

Magnify? What lo add? More time? Greater frequency? Stronger? Larger? Thicker? Extra value?

Plus ingredient? Duplicate? Multiply? Exaggerate?

Minify? What substitute? Smaller? Condensed? Miniature? Lower? Shorter? Lighter? Omit?

Streamline? Split up? Understated?

Substitute? Who else instead? What else instead? Another ingredient? Other material? Another process? Other power? Other places? Other approaches? Other tones of voice?

Rearrange? Interchange components? Other Pattern? Other layouts’.’ Other sequences?

Transpose cause and effect? Change pact? Change schedule?

Reverse? Transpose positive and negative? How about opposites? Turn it backward? Turn it upside-down? Reverse roles? Change shoes? Turntables? Turn other cheeks?

Combine? How about a bend, an alloy, an assortment, an ensemble? Combine units? Combine purposes? Combine /appeals? Combine ideas?

Synectics Method

Synectic is a creative process that forced individuals to solve problems through one of four analogy mechanisms: ‘ personal, direct, symbolic, and fantasy. A group works through a two-step process.

The first step is to make the strange familiar.

Thus involves, through generalizations or models, consciously reversing the order of things and putting the problem into a readily acceptable or familiar perspective, thereby eliminating the strangeness.

Once the strangeness is eliminated, participants engage in the second step, making the familiar strange through personal, direct, or symbolic analogy, which ideally results in a unique solution being developed.

Dream Approach

The big dream approach to coming up with a new idea requires that the entrepreneur dreams about the problem and its solution- thinking big.

Every possibility should be recorded and investigated without regard to all the negatives involved or the resources required.

In other words, ideas should be conceptualized without any constraints until an idea is developed into a workable form.

Market Gap Analysis

Market gap analysis is a powerful method used to uncover areas in the market in which the needs and wants far exceed the supply.

This method has a hopper or gathering effect of converting everyday information into bunches of lucrative product and service gaps that few have thought of before.

Life-style analysis Method

Entrepreneurs can use life-style analysis effusively for product-service ideas. Lifestyle is a person's pattern of living as expressed in his or her psychographics (Kotler and Armstrong. 181:2001).

It involves measuring consumers' major activities (work, hobbies, shopping, sports, social events), interests (food, fashion, family, recreation), and opinions (about themselves, social issues, business, products).

The lifestyle analysis will help entrepreneurs understand new needs-and wants under the changed conditions. It will also reflect the changing consumer values that may be a good source of product-service ideas.

Business Plan

Definition: *A written document describing the nature of the business, the sales and marketing strategy, and the financial background, and containing a projected profit and loss statement*

A [business plan](#) is also a road map that provides directions so a business can plan its future and helps it avoid bumps in the road. The time you spend making your business plan thorough and accurate, and keeping it up-to-date, is an investment that pays big dividends in the long term.

The Importance of a Business Plan

A business plan is a blueprint detailing how the gears of your business get in mesh to generate profits. A sound business plan contains the information needed for effective operation and management of the company. It explains what is possible for the business, how it will be done and why it will be successful.

The business plan is the blueprint for your business. If you wanted to build a house, you wouldn't walk over to an empty lot and just start nailing boards together. Starting a business without a business plan is just as risky.

Yet, unlike a house, a business isn't static. We often make the mistake of thinking of a business plan as a single document that you just put together when you're first starting out and then set aside. Something to check off the to-do list and be done with.

But in actuality, the business plan for any business will change over time as the business develops, and any particular business may have multiple business plans as its objectives change.

In the growth phase, an updated business plan is useful for forecasting or raising additional capital for expansion. And if you decide to sell or close the business, the business plan can include strategies and timelines for the transfer to new ownership or dissolution of the company.

If you're not convinced yet, here are five good reasons to write a business plan when starting a new business.

Plotting a Course

A business plan is a focusing device. It helps the entrepreneur think long-term. When writing a business plan, it is important to project into the future and not get bogged down in the steps involved in starting the company. Keeping the stone rolling is just as, or even more, important. Having a road map keeps the entrepreneur focused and motivated.

Feasibility Study

Uses of a business plan include planning for marketing, operations and finance. Delineating these three pillars of a business venture helps demonstrate the viability of the entrepreneur's ideas. It clarifies how a business can be profitable, highlights financial requirements and warns about barriers to success.

Decision-Making Crash Course

Preparing a business plan requires research and critical thinking about complex business issues. Gathering information boosts knowledge of the industry and the competitive landscape. Possible problems can be anticipated and prepared for. Hence, going through the business plan process hones the decision-making skills of the entrepreneur, according to EV Chamber.

Action Plan

Advantages of a business plan include explaining how the business will operate in the marketplace. It describes what is being sold, who the prospective customers are, where they can be found and what is needed to succeed. The business plan guides the entrepreneur through the start-up phase of the business and keeps her focused, according to Forbes.

Selling Tool

Another purpose of a business plan functions as a prospectus for potential investors. It anticipates capital requirements and predicts cash flow to reassure lenders or backers. It also helps put together the best team by explaining the business in a presentable format. A good business plan can also play a part in attracting reliable suppliers. Those who partner with you

will want to know that you have a plan to profitability and they don't have to worry about getting their money.

16 Sources of New Ideas for Entrepreneurs

1. Customers
2. Existing organization
3. Distribution channels
4. Government
5. Financial institutions and Development Agencies
6. Research and Development
7. Trade Shows, Fairs and Exhibitions
8. Focus Groups
9. Brainstorming
10. Collective Notebook Method
11. Heuristics Method
12. Checklist Method
13. Synectics Method
14. Dream Approach
15. Market Gap Analysis
16. Life-style analysis Method

iEduNote.com

Some of the important sources for getting new business ideas

Past work experience

Hobbies and Interest

Strength and abilities

Friends and families

Distribution Channels

Travel

Books and Magazines

Current Trends

Research Organization

The web