

## **MOBILE FOUR: EVALUATING ENTREPRENEURIAL VENTURES/ BUSINESSES MEANS OF GENERATING BUSINESS IDEAS (SOURCES OF BUSINESS OPPORTUNITIES)**

### **1. Identifying a Need**

A need can be an opportunity and indeed a consumer buys to satisfy a need. Abraham Maslow in his humanistic hierarchy of needs, referred to physical needs to be very highly personalized needs. Therefore identifying an unsatisfied or unserved need is a sure way of generating business ideas or opportunities.

#### ***The Maslow's Hierarchy of needs***

*Self actualization;*

*Self esteem / ego;*

*Social needs;*

*Safety and security needs;*

*Basic/ Physiological needs;*

#### ***i) Basic or physiological needs;***

*The first and the most basic need such as thirst, hunger and sleep. Therefore in the process of satisfying these needs, entrepreneurs can generate a lot of business ideas: such as cloth stores, food stores, building materials etc.*

#### ***ii) Safety and security needs***

*Human beings require these and entrepreneurs can generate ideas in the process of satisfying them e.g. security, watchmen, come up with security companies e.t.c.*

#### ***iii) Social needs***

*Generally speaking this is the need to belong to others or to some group of members or to be accepted in the society e.g. membership clubs, beauty clinics e.t.c.*

#### ***iv) Self esteem or ego***

*At this point people only need recognition or to be recognized by others e.g. need for luxury cars cellular phones e.t.c. Thus as entrepreneurs try to satisfy these needs they end up starting various business depending on the society these people belong.*

#### ***v) Self – actualization***

*The need to prove the ability in one's self i.e. self fulfillment; For example research institutions opportunity is to do something in one's ability. At this point people are attaining the highest level of success in their lives.*

### **2. Brain Storming;**

This is a process of coming up with analysis of an idea from the actual ideas generated. The idea may or may not be related to a given product. In brainstorming even silly and stupid ideas may be generated and accepted. However at the end of the brain storming session the ideas are filtered and the best idea is selected for implementation.

### **3. Building on One's Skill, Hobbies or Interests;**

Business ideas can be generated through personal interests and hobbies, and even Copying or improving somebody's ideas or skills. For example people in the music industry, just develop or improve on their skills, talents and hobbies to come up with a business.

#### **4. Sporting a Market Niche**

Entrepreneurs usually look for gaps in the growing markets, identifying market sections which are not being utilized. This is a situation where entrepreneurs have to identify unexploited opportunities in terms of missing products or services in the market for a certain group of customers.

#### **5. Listening to what people say;**

There are people who simply say or speak their needs e.g. if these are good business services and products then you get a chance of exploiting such an idea.

#### **6 Attribute listening;**

This method of generating business ideas is based on changing the way one looks at something in order to find a new use for it. It attempts to answer the question what do we do with this product.

### **CHARACTERISTICS OF A GOOD BUSINESS IDEA**

- Easy to manage and involves minimal risk.
- Does not require excessive capital investments;
- Offers a good returns on capital; In other words it should be profitable;
- The idea has scope (range, capacity) for growth, expansion and diversification;
- Comparative with owner's goal and interest. It should fit within the owner's goals and interest so as to always be able to motivate the owner.
- Not against expectation of the society. It should fit within the expectations of the society: incorporate corporate social responsibility, cater for all the customers' needs and wants.
- Has a short gestation period. It should have a shorter payback period. This is the time it takes an idea or business project to recover the owners capital investment.
- Have a readily available market. It should be started to serve a given range of customers and this is only successful when a thorough market analysis is carried out to produce what is exactly needed by customers.
- Easy to exit when necessary. In case of problems in the business operations, then it should be easy for the business owner to change from one line of business to another (exit strategy).

### **PROCEDURES OF STARTING A BUSINESS**

- **Identification of a business idea:** This the time when you identify an opportunity in the market and you start thinking of how to exploit it: In business and entrepreneurship in general ideas are starting points which are eventually

developed through innovation to turn them into marketable business ventures in form of goods and services.

- **Development of a business plan:** This addresses issues when you start preparing yourself to implement your idea. At this point you are gathering the necessary information, data and resources to help you get started and implement your business idea successfully. You set targets and develop strategies to achieve those targets in relation to your plans.
- **Location of a business:** At this point the entrepreneur is preoccupied with where to locate his/her business to ensure easy accessibility by customers, supplies and other stakeholders. Location is an important aspect because it must be based on the market conditions in the area. For example are there customers to buy your products in the area you want to locate the business etc.
- **Registration of the business (Choice of the business organization and Business name):** The entrepreneur chooses the business name which must have a business meaning and which is acceptable legally. At the same time you decide on the type of business you want to start e.g. a sole proprietor, partnership etc. In Rwanda this is done by RDB which is responsible for investment development and promotion.
- **Trading licenses / permit:** Actually from registration you are given documents which include certificate of registration which means that your business is registered and known, certificate of trading meaning that your business is legally accepted and allowed. It is at this point that you are allowed to start operating your businesses.
- **Start-up and management of the business:** Here you open up your business and start serving your customers. However it requires hands on management to make sure that the business is run and managed according to how you perceived and initiated the idea and most importantly in relation to the targets and goals in the plan. It also calls for excellent business ethics to ensure survival, growth and profitability of the young business.

**NB: All entrepreneurs are business people though not all business people are entrepreneurs. Entrepreneurs tend to be more innovative than ordinary business people and end up developing a business plans.**

### **Ways of Protecting Business ideas**

#### **a) A patent**

A patent is a grant of property right by the government to an inventor. It is issued through the commissioner of patent rights, and the most common type of patent is called a utility patent. All patents however, have the distinction of being assets with a commercial value because they provide exclusive rights of ownership to the patent holders.

Patents are exclusive property rights that can be sold, transferred, or used as collateral much alike other valuable assets.

The patent law stipulates broad categories of what can and cannot be patented and in the words of the statute any person who “invents or discovers any new and useful process, machine manufacture, or composition of matter, or any new and useful improvements thereof may obtain a patent”. Anything that is patentable must be new and useful (must have some demonstrated function)

### **The Nature of Patentable Inventions**

The terms used give classification of patentable inventions

1. **Process** – The word process as used in patents refers to new methods of manufacturing or new technological procedures that can be validated as unique.
2. **Machine** – In patent law means that the patent application is for a specific physical item.
3. **Manufacture**- refers to physical items that have been fabricated through new combinations of materials or technical applications.

The application must explain how the product is made including materials processes.

4. **Composition of Matter**- this category in patent law relates to the chemical compounds such as synthetic materials, medicine, cosmetics etc

### **Types of Patents**

Patent law provides for three categories of patents namely

1. The utility patent: Utility patent is granted for new products processes, machines, methods of manufacturing and composition of matter. This category excludes, most botanical creations related to plant and agricultural use.
2. The design patents: Are granted for any new or original ornamental design for an article of manufacture. A design patent protects the appearance of an article and not the article itself.
3. The plant patents: In botanical terms any, new variety of plant that have been sexually reproduced can be granted a plant patent. The new plant must not exist in nature or in an uncultivated state. Therefore new plants hybrids and seedlings may be patented.
4. Disclosures: The patent office provides an important service of limited protection through the invention disclosure programme. As a first step in seeking protection from the disclosure statement – the aim is to register an idea with the government. The inventor explains what the item is, that it is new and useful and how it is to be used copy is given or photograph.

This gives the investors protection as evidence of any legal tassel, or conflicting claims giving the investor priority.

### **The Patent Procedures**

**The disclosure:** When an idea is first reduced to sketches on paper or when it is mocked up, a disclosure should be filed. This is a measure of insurance that precedes the actual patent and provides legal recognition for all aspiring inventors. If someone took the sketches or steals the idea, evidence is on record.

**The patent sketch:** A patent sketch is required to determine whether an inventor's creation already exists and remains actively protected under the law.

**The preliminary section:** The preliminary search scans the patent summaries for prior claims or invention. Records are accessed to make judgments and diligent decisions are made.

**Collecting search documents:** The application can collect the approved documents for further processing.

**Making the patent application:** A formal application is now made at the search and is sent to the commissioner of patents and trade market;

The application contains three parts.

A description of the item

A set of drawings

A formal oath or declaration

Payment of patent filing ideas

### **Trademarks**

Trademarks include any word, name, symbol or distinguishing device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others.

Trade-marks can be names used in commerce such as KCA it can be a symbol or any distinguishing device artistic in nature. An important qualification for a trademark is that mark, name etc. must be used commercially.

**Service mark:** Is similar to a trademark and can be registered in the same way with the same protection. A service mark can be a name, wording used in advertising symbols or artistic figures that create a distinctive service concept.

**Copyrights:** Are similar to patents in establishing ownership and protection for creative ideas but they pertain to the intellectual property. The copyright is distinct from patents and trademarks in that intellectual property is protected for the life of the originator plus a further 50 years. This protection affords an extraordinary property right and substantial estates. It extends protection to author, composers and artists.

**Trade Secrets:** Are proprietary information used in the course of business to gain an advantage in manufacturing or commercialization of products or services.

Trade secrets

**Formulas, patterns, list of customers, data bases, chemical compounds, combinations of ingredients for commercial products, process of manufacturing and Compiled information.**

Every organization must keep their secrets because:

- Modern communications systems contain so much information which if not guarded, the business may collapse.
- Employees leaving may disseminate information to competitors.
- In any business to maintain a market Niche, then desire to protect their product.

### **Trade Secrets**

In certain instances the entrepreneur may prefer to maintain an idea or process as confidential, and eventually sell or license it as a trade secret. The trade secret will have a life as long as the idea or process remains secret. A trade secret is not covered by any law but is recognized under a governing body.

Employees involved in working with an idea or process may be asked to first sign a confidential information agreement that will protect against their giving out the trade secret either while as employees or when leaving the organization – this is called trade secret non-disclosure agreement. Most entrepreneurs have limited resources so they choose not to find means of protecting their ideas or products or services