DAY ONE - SESSION THREE

How to Generate Business Ideas

Objective: to enable participants to identify business ideas for their 'enterprise experience' businesses, and also to learn how to help their own clients, when this is necessary, to generate business ideas for themselves.

Time: One hour

Session Guide

1. Remind participants of the third statement in the attitude questionnaire. We should not ourselves give poor people, or anyone else, ideas for businesses, but it *may* sometimes be useful to help them to identify business ideas for themselves. Ask participants why it is generally not advisable to give people ready-made business ideas.

   In addition to whatever points that may have been made during the previous session, elicit arguments such as:

   - If people start a business based on an idea they have been given by an NGO, which may also be lending them money to start it, they will blame the NGO if it fails, because, they will say, the NGO staff told them to start it.

   - If someone has herself thought of her business idea, she will be determined to do her best to make it succeed, to prove her point. If it is somebody else's idea, the owner's commitment will be reduced.

   - Most poor people have to run their businesses from their own homes, initially at any rate relying on local resources, local skills and the local market. They know far more about these things than any outsider ever can.

2. Ask participants individually to write down one minor problem which is affecting them right now, in the place where the training is taking place. Elicit suggestions such as:

   - They are too hot, or too cold

   - The training institution is too far from the nearest shops and they forgot to bring some simple personal item such as soap, cigarettes or a towel.

   - The institution is so isolated that the evenings are likely to be boring.

   - They have not brought enough spending money with them.

   - There is no way of communicating with home to tell their family that they arrived safely.

3. Summarise the problems on the board, and ask participants to suggest what this has got to do with identifying business opportunities, elicit the answer that businesses are based on satisfying people's problems.

   Ask participants to 'convert' each of the problems on the board into a business opportunity. Remind them that one definition of a good business person is that she is somebody who sees opportunities where other people see problems.

List participants' suggestions for business opportunities opposite each problem; examples to 'match' the above examples of problems might include:

- Start a shop to buy or rent warm clothes, heaters or blankets; or fans or air conditioners.

- Start a small campus-based shop, organise transport to the town, or offer a shopping service, for a small commission to be added to the cost of what is bought.

- Organise some evening entertainment, rent a video and show some films, organise a trip to the nearest cinema.

- Start a money-lending business or campus bank; borrow money from those who have some to spare, and lend it, at a higher rate of interest, to those who have not brought enough.

- Start a courier service, take letters to the post for a fee, organise a trip to the nearest Public Call Office.

4. Show how the same principle applies to businesses that have sprung up everywhere in very large numbers in recent years; ask participants to suggest what businesses have grown out of the following problems:

- Educated young people cannot find employment (computer training schools)

- It takes a long time and is very expensive to get your own telephone line (private call offices)

- The post office is slow and unreliable (private fax services and inter-city couriers)

- Entrance to good schools is very difficult (private tutors)

5. Ask participants to suggest other ways of generating business ideas. Elicit possibilities such as:

- Applying existing skills to new products or services.

- Using available materials for different products.

- Finding new uses for existing products.

Ask participants to identify examples of local businesses which exemplify these approaches to idea generation, and stress that the search for business ideas requires self-confidence and optimism. We are all inclined to look for negative reasons why something *cannot* be done, rather than to be positive and optimistic. The following exercise is designed to force us to 'think positively'.

Ask a participant who said earlier in the session that he does have a real business, or, if nobody has, any participant who has been putting forward ideas earlier in this session, to tell the class something about his real business, or one that he imagines he might start. In particular, he should identify some of the problems that are now or might in the future be facing him. If none of the participants are willing to do this, you must do it yourself.

Tell the other participants that they must come up with **positive** suggestions as to how each of the problems might be exploited in order to improve the business. Encourage everyone to put forward ideas, no matter how wild or apparently ridiculous; the only two rules are:

- Every suggestion must be positive.

- Nobody is allowed to criticize anybody else's ideas, only to add to them so that they are even more forward-looking.

6. Encourage a free flow of 'wild' ideas, if necessary by putting some forward yourself. Some examples might be:

Problem: There is a shortage of cooking oil.
Solution: Start growing oil seeds and pressing oil yourself.

Problem: I cannot identify a suitably skilled worker.
Solution: Start a skills training school.

Problem: I have no capital, and my workers will steal all my money.
Solution: Get the workers to be shareholders in the business.

Problem: The government controls the raw material supplies.
Solution: Hire unemployed youths to collect scrap material.

Problem: My potential customers all need credit.
Solution: Start a bank and lend them money.

All these solutions have actually been implemented by business people who faced these problems.

7. Many if not most of the ideas generated by this 'brain-storming' approach may seem unrealistic or even stupid, but ask participants how their own grandparents or great grandparents might have reacted sixty years ago to suggestions such as:

*   A machine to carry 500 people to halfway around the world in twelve hours.

*   A small typewriter without paper which could store hundreds of pages of writing or other information and allow it to be printed or changed at any time.

*   A little piece of plastic which could be used instead of money, all over the world.

*   A small box with a glass screen on the front which could show people things that were happening anywhere in the world, as they were happening.

The people who invented and then built businesses on these apparently mad ideas were not fools. They were optimists who realised that they could satisfy people's needs for more rapid travel, for easier typing and access to data, for making payments without cash and for home-based information and entertainment, by matching them to new technology.

Ask participants what motivated the people who built businesses on these needs and ideas, and who continue to do the same all over the world; were they motivated by a desire to serve their fellow human beings, by technical curiosity, or what?

Like all people who start businesses, they wanted to make a **profit**, to compensate them for the risks they took and for their hard work; many famous business pioneers, like so many of the thousands of more modest innovators who start businesses every day, failed and lost all their money. Others succeeded and became millionaires, but the needs which they identified would never have been satisfied if these people had not been willing to take the optimistic view and risk their money and their labour.

8. Business involves more than optimism; it also requires some simple planning. If the person starting the business wants to borrow money from other people to add to her own money, she will also have to persuade the other people that the business is a good possibility; this requires a business plan, which is the subject of the next session.

9. Participants should now be given time to think about their business ideas.

Further Reading:
The group enterprise resource book (FAO) Part 1: Step 2: Choosing a business idea
        (See Resources / Client advice / Enterprise development in the Learning Centre)