

# **BUSINESS OPPORTUNITY IDENTIFICATION**

ACTIVITIES AND DEFINITIONS

# ACTIVITY 1: MATCHING TYPE

Problems or Need	Business Opportunity
1. Parents have no time to help in school work	a. Burglar alarms
2. Traffic	b. Tutorial services
3. High costs of books	c. Double deck beds
4. Rising incidence of housebreak	d. Book rentals
5. Small apartment spaces	e. Delivery services

# ACTIVITY 2: IDENTIFICATION

Target business location: \_\_\_\_\_

Business Opportunity	Problems / Needs Satisfied
<i>Example:</i> Healthy Food Kiosk	a. Awareness of healthy living
	b. Store accessibility
	c. Less price, good quality food
	d. Good customer service

# TYPES OF BUSINESS

Business Type	Definition
<b>Manufacturing</b>	Making something to sell either to mass market or selected customers
<b>Processing</b>	Manufacturing, but changed the nature of the raw material by physical and chemical means
<b>Subcontracting</b>	May be a producer or processor
<b>Services</b>	Relating to skills and tools, machinery, and equipment
<b>Trading</b>	Buying and selling something

# SCREENING BUSINESS OPPORTUNITIES

## Macro Screening (Environmental Level)

- What are the existing market conditions?
- Can I produce or sell the product at a profit?


## Micro Screening (Personal Level)

- Eliminating ideas according to resources, personal abilities and skills



# MACRO SCREENING

## What Do People Need and Want?

- Need: Condition requiring the supply of either a service or a product
  - Want: Depends on the particular preference of the person's need
  - Demand: Expressed need or want for a particular product/service which people are willing to buy or pay for
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# MACRO SCREENING

What Do People Need and Want?

Choose a business venture that:

Satisfies a specific need or want

Demand for product/service exist



# MACRO SCREENING

## How Many are Offering the Product?

- Barrier to Entry: Obstacles that make it difficult to enter a given market
- Low barrier to entry: Good or Bad?





# MACRO SCREENING

## Do Not Be A Copy Cat

- Be innovative
- Competitive Edge



## ACTIVITY 3: CASE STUDY

Mariam is a retired school teacher. She is eager to put up a cold store near her home which is located right in the centre of the community. Within walking distance from her home are three cold stores. She feels that her retirement pay would be more than enough to start the business. Will you encourage her to set up the store? Why?

# ACTIVITY 4: MACRO SCREENING

Business Idea	
1. <u>Accepting computer jobs</u>	I feel I <b>will</b> / will not succeed because <u>students in the place where I live need assistance in typing their reports and papers. I live right near schools. The demand for computer service in the area is just too much for the three computer typing service centres to handle. I have adequate skills in typing and using a computer. I also have a good computer system and printer at home.</u>
2. <u>Putting up a day care centre for children below 10 years old</u>	I feel I will / <b>will not</b> succeed because <u>many of the children in my neighbourhood are all of school age.</u>

# MICRO SCREENING

Eliminating ideas according to resources, personal abilities and skills


Success depends on a lot of factors:

- SWOT Analysis



# MICRO SCREENING

## Strengths

- Factors which you can use to work in your favour
  - Examples:
    - Easy access to cheap raw materials
    - Availability of adequate skills in the area
    - Availability of machines and equipment in local market
    - Strong demand for the product
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# MICRO SCREENING

## Weaknesses

- Factors you need in business but which you do not have at the moment
- Example:
  - Lack of managerial experience
  - Lack of working capital
  - Lack of access to raw materials
  - Limited technological know-how
  - Lack of skilled labour

# MICRO SCREENING

## Opportunities

- Factors outside of your control but which positively affect the future of your business
- Example:
  - Growing demand for similar products
  - Favourable government policy

# MICRO SCREENING

## Threats

- Uncontrollable factors that negatively affect the future of your business
- Example:
  - Rising cost of raw materials
  - Unfavourable government laws or regulations
  - Too many competitors




# MICRO SCREENING

## Are All the Resources Available?

- Materials
  - Labour
  - Capital
  - Technology
  - Skills
  - Supplies
  - Machinery
  - Equipment
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# MICRO SCREENING

## What Do You Do and Know Best?

- Skills are a primary consideration
    - What are you good at?
    - Any particular talents?
    - Any acquired skills in school or work?
  - Skills indicate your abilities
  - Skills speak of your interests
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# ACTIVITY 5: SWOT ANALYSIS

Business Idea: \_\_\_\_\_

## Strengths

- 1.
- 2.
- 3.
- 4.
- 5.

## Weaknesses

- 1.
- 2.
- 3.
- 4.
- 5.

## Opportunities

- 1.
- 2.
- 3.
- 4.
- 5.

## Threats

- 1.
- 2.
- 3.
- 4.
- 5.

# ACTIVITY 5: SWOT ANALYSIS

<b>Financial Aspects</b> <ul style="list-style-type: none"><li>• Amount of capital needed</li><li>• Access to financial resources</li><li>• Level of profitability</li><li>• Degree of risk</li></ul>	<b>Physical Aspect</b> <ul style="list-style-type: none"><li>• Building requirements</li><li>• Location</li><li>• Availability of water &amp; electricity</li><li>• Availability of needed equipment</li></ul>
<b>Capabilities</b> <ul style="list-style-type: none"><li>• Management competence</li><li>• Technical knowledge</li><li>• Availability of skilled labour</li></ul>	<b>Market</b> <ul style="list-style-type: none"><li>• Presence of demand</li><li>• Competitor's pricing scheme</li><li>• Growing market demand</li><li>• New product features</li></ul>
<b>Production Process</b> <ul style="list-style-type: none"><li>• Technical knowledge</li><li>• Availability of labour supply</li><li>• New technology</li></ul>	<b>Supply of Raw Materials</b> <ul style="list-style-type: none"><li>• Availability of supply</li><li>• Price of raw materials</li><li>• Proximity to raw material sources</li></ul>