

● **SESSION 2: SELECTING A BUSINESS IDEA**



(Total time: 1 hour and 90 min)



In Session 2 we will complete 3 activities to help us to generate and assess different business ideas and to identify those with the strongest potential. At the end of this session, group members will choose to continue working together on a shared business idea or to support each other to develop plans for personal business interests. By working together through the different sessions, each group member will develop important skills for developing plans for any type of business.

○ **Activity 2A: Business Idea Brainstorm**



(30 min)



In this activity we will work as a group to brainstorm as many new and creative business ideas as possible. We should aim to identify a variety of different ideas that are new to the community because it can be hard to make a business successful if too many people run the same business in the same place.

When brainstorming ideas, it can be helpful to think about the different types of businesses and activities.

- Retailers (those businesses that sell products directly to consumers. For example, a fruit stall or small restaurant)
- Wholesalers (those businesses that buy and sell products in large quantities to other businesses for resale. For example, a rice trader)
- Manufacturers (those businesses that take raw materials and equipment to produce something by hand or machine. For example, traditional handicrafts or garments)
- Services (those businesses that do work to complete a task but do not create a good. For example, doing massage, giving a haircut, or providing tours)
- Agriculture (those businesses that grow and sell crops or process raw materials into food and drinks. For example, a pig farmer or a fish paste producer)

Although it is helpful to recognize these differences, some businesses are successful by combining two or more different types of activities, for example: selling both retail and wholesale.

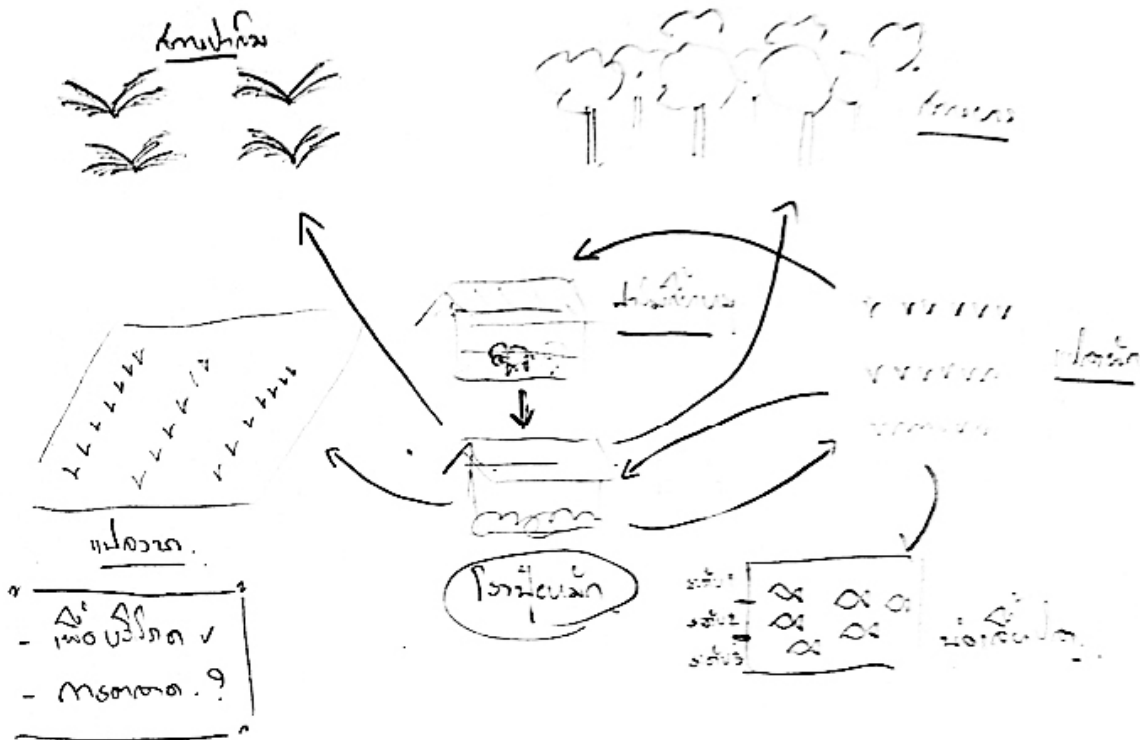
Next we will read through all the instructions before starting the activity at Step #1. The group reader will monitor our timing and remind us when to move on to the next step.



As a group, develop a list of business ideas and record them on a piece of paper. Remember to try and identify new and creative business ideas. The ideas should be written down or illustrated on a piece of flip chart paper if available; otherwise a piece of A4 paper can be used. Each group member should contribute at least three ideas and give a brief explanation of each before it is recorded (10 min).

After brainstorming business ideas in this way, our next step is to make quick, intuitive assessments of each ideas' potential for success. Record a + for those ideas the group feels have high potential, or a - for those ideas with lower potential. It is important to discuss why an idea has high or low potential before the group makes a decision (15 min).

The final step is to display the list somewhere that the group can easily see.



In this activity we generated different business ideas and performed an intuitive assessment of their potential. Intuitive assessments are often influenced by our personal interests and our confidence with ideas. This type of assessment though may not take into consideration practical conditions needed for a business to succeed. In the next activity we will learn about the criteria that should be used to select high potential business ideas.

○ Activity 2B: Selection criteria for a business idea



A successful business is one that sells something customers need or want at a price they are willing to pay. But a successful business should also generate more than a subsistence income and provide you with satisfaction. For these reasons it is important that the business ideas you select are carefully assessed.

In this activity we will learn about three important criteria for selecting good business ideas.

- **Skills**

A variety of skills in different areas may be needed to operate a business successfully. These skills may include practical knowledge or abilities to do specific tasks, or they may be more general skills to interact with others and manage activities. Knowing how to cook, to cut hair or repair a machine are examples of practical skills. Being able to effectively manage time, organize things, speak different languages, or work well with others are examples of general skills that may benefit a business. You may have used these skills at home, at school, at work, or in the community.

- **Resources**

You cannot operate a successful business without access to the raw materials, land, equipment, money, staff, and other things needed. When planning a new business you may not at first have possession of all the resources needed but it is important that access to those resources is available to you in and around your community.

- **Demand**

All businesses need demand for the goods or services they produce. While entrepreneurs may create demand by introducing a product that has never been available before, other businesses will aim to meet existing demand in a community. In either case it is important that customers need or want what the business produces.

The next activity has 6 steps to complete. We will work through one step at a time with the group reader reading the instructions to each step before we begin. One member of the group should take responsibility for monitoring the groups time reminding the group when to move on to the next step. We can now begin Activity 2B.



- 1) Look at the example table listing skills, resources and demand identified by a group from past C-BED training. One by one the group reader will read the items listed and the group will discuss the similarities or differences to what is available in your community  
(10 min)

- 2) Form into groups of 2 or 3 to work with in completing the next steps ✓
- 3) Use Table #1 in your Training Manual to list the skills each of you have. Include the skills you have that may not be directly related to your personal business interest **(5 min)**
- 4) Next, list the resources each of you has access to. Include resources that may not be directly related to your personal business interest **(5 min)**
- 5) Next, list in the demand column any goods and services that are needed or wanted in your community. Include goods and services that may not be directly related to your personal business interest **(5 min)**
- 6) Get back into one group and record the high potential business ideas from Activity 2A into the Business Ranking table (Table #2) **(5 min)**
- 7) Working together as a group, now compare the skills you have each identified what would be needed by the business ideas listed. Each group member should participate in the discussion:
  - If many of the skills available in your group match the business idea, record ✓✓✓ in the skills column
  - If only one of the skills match the idea, record a ✓ in the skills column
  - If none of the skills match, record a ✗ in the skills column **(10 min)**
- 8) Continue working as a group and repeat this process for resources and demand identified by group members **(10 min)**
- 9) As a group, discuss the following questions: Which business ideas now have the most potential based on the assessment of skills, resources, and demand identified? Are these the same businesses identified as high potential in Activity 2A? **(5 min)**

Sample table

Skills	Resources	Demand
Sewing	Fruit and vegetables	Traditional medicine
Cooking fish	Forest products	Fresh meat
Making shrimp paste	Technical school graduates	Organic vegetables
Growing vegetables	Microfinance loans from nearby bank	Website designers
Speak two languages	Land for rent near local market place	Tour guides
Motorcycle repair		Bicycle repair
Accounting skills		

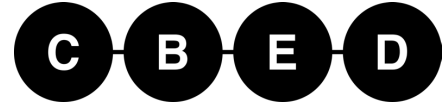


Table 2.1: Skills, resources, and demand we have access to

Skills	Resources	Demand

Table 2.2: Business Idea Ranking

Business idea	Skills	Resources	Demand



In this activity we assessed our different business ideas by considering three important criteria for a successful business – the skills, the resources, and the demand available. This type of assessment is useful to reality check the business ideas you are interested in and to get a better insight into which ideas have the highest potential. In the next activity we will learn the final step to assess a business idea.



○ Activity 2C: SWOT Analysis



A SWOT analysis is a simple but effective way to assess the strengths and weaknesses of your potential business, as well as the opportunities and threats you could face. SWOT analysis can be used for all types of decision-making.

SWOT stands for:

- **S**trengths
- **W**eaknesses
- **O**pportunities
- **T**hreats (which come from outside the business)

**Strengths** are the characteristics of you or inside your business, which will give it an advantage over competitors and make it attractive to customers. Some examples are: produce good quality products, can serve customers in English or the local language, or have no local competitors.

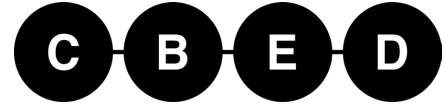
**Weaknesses** are those characteristics of you or inside your business that are not good and could be improved. Some examples are: business location is far from suppliers which increases the cost of getting raw materials, staff have not been trained in customer service, or you have weak financial skills to manage the business accounts.

**Opportunities** are things that happen outside your business that you can take advantage of to succeed. Some examples are: a new highway has increased the number of tourists visiting your village, or a local NGO has begun to offer microfinance loans to entrepreneurs.

**Threats** are things that happen outside your business that could prevent your success and reduce profits. Some examples are: your business could be very popular so others may start similar businesses and there will be more competition, or your family members may not expect to pay for goods and services they take from your business.

When **Strengths + Opportunities** are greater than your **Weaknesses and Threats**, you can be more confident that your business idea has the potential for success and you will be more aware of the risks you take. In some cases though some of your Weaknesses and Threats may be so serious that you need to consider another business idea.

Next we will read through all the instructions before starting the activity at Step #1. Remember, another member of the group should take responsibility for monitoring the groups time and reminding the group when to move on to the next step.



- 1) Review the example SWOT analysis for a fruit vendor business. The group reader will read each of the items to the group **(3 min)**
- 2) As a group, read, discuss and answer the questions at the bottom of the SWOT. Are there more strengths than weaknesses? Are there more opportunities than threats? How can we address the weaknesses and threats? **(7 min)**
- 3) Recreate Table #3: SWOT Analysis Template on two pieces of flipchart paper. If flipchart paper is not available, group members can work in the Training manual **(3 min)**
- 4) As a group, look back at Activity 2B and select two business ideas that have the most potential **(2 min)**
- 5) Working as a group, complete a SWOT analysis for each of the business ideas selected. The information you identified in Activity 2A and 2B can help you. After you complete each of the tables, discuss and answer the assessment questions: Are there more strengths than weaknesses? Are there more opportunities than threats? How can we address the weaknesses and threats? **(20 min)**
- 6) Working alone, complete a SWOT analysis for your own business idea **(10 min)**
- 7) Group members take turns introducing their SWOT analysis to the group. The group should provide helpful comments and suggestions to each SWOT **(10 min)**

**Sample Table: SWOT Analysis for Fruit Vendor Business**

Strengths	Weaknesses
Good location in local market Will sell a large variety of fruit Know good farm to buy fruit from nearby	No experience in selling fruit
Opportunities	Threats
Lack of fruit vendors with a variety of fruit in village Holiday in near future will increase sales	Existing fruit vendors could easily start to sell a bigger variety of fruit which would create more competition

**Questions**

<b>Are there more strengths than weaknesses?</b>	<b>Yes</b>	<b>No</b>
<b>Are there more opportunities than threats?</b>	<b>Yes</b>	<b>No</b>
<b>How can we address the weaknesses and threats?</b>		



Table 2.3: SWOT Analysis Template

<b>Strengths</b>	<b>Weaknesses</b>	
<b>Opportunities</b>	<b>Threats</b>	
<b>Questions</b>		
Are there more strengths than weaknesses?	Yes	No
Are there more opportunities than threats?	Yes	No
<p><b>How can we address the weaknesses and threats?</b></p>		





**Table 2.4: SWOT Analysis of your business idea**

<b>Strengths</b>	<b>Weaknesses</b>
<b>Opportunities</b>	<b>Threats</b>

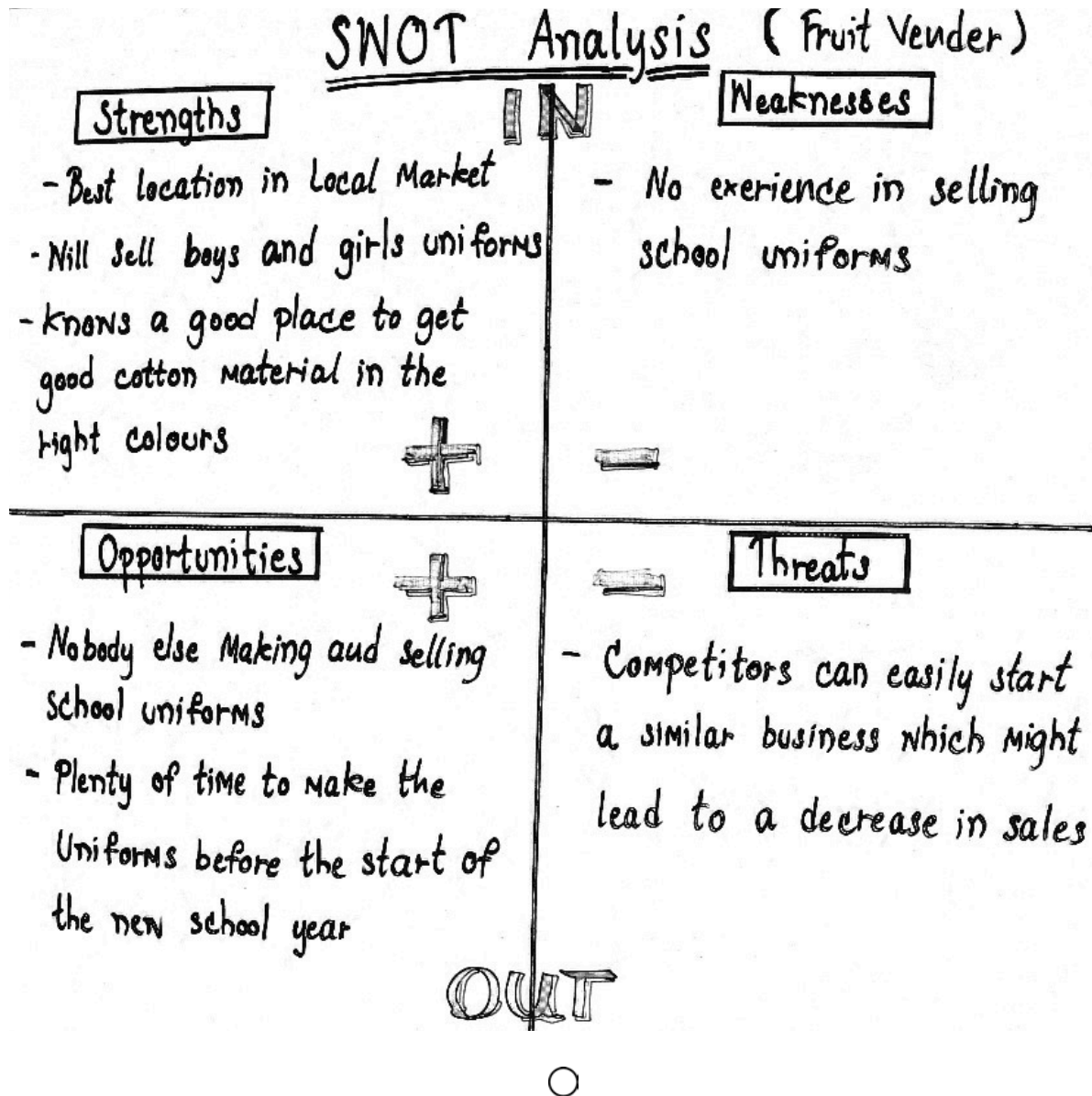
**Questions**

Are there more strengths than weaknesses?	Yes	No
Are there more opportunities than threats?	Yes	No

**How can we address the weaknesses and threats?**



In Session 2 you learned the process to assess new business ideas against our interests, and the skills, resources, and demand that we have available. If the business idea has more strengths and opportunities than weaknesses or threats, it could be a good idea. In the next session we will develop our business ideas further and begin to plan in more detail.



This section is where Session 2.5 or its adapted versions should be inserted. If gender is business is included in your training, turn to the separate handout for session 2.5 and complete before moving on to session 3.