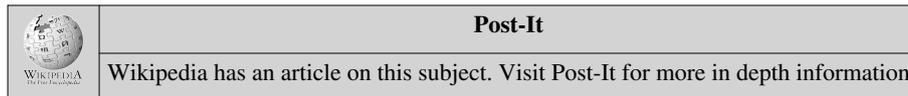


VUSSC/Content/Entrepreneurship/Starting Up a Business/How is a business idea developed?

6. How is a business idea developed?

New opportunities occur from changes in industry, social, or economic environments. New ventures arise in the following ways:

A. External Causes



1. **Changes in industry stimulated by advancing technology and new knowledge spur new products and services** ; A good example of this are the changes in the ICT - tele-communication etc, and the IT - the computer, internet and the e-learning technologies.
2. **Accidental discovery** ; Sometimes a person stumbles upon an idea instead of deliberately trying to invent a new product, as was the case of the Post-It product of the 3M company.
3. **Changing perceptions** ; There are times when the social environment is an element of new venture creation. For example, the emphasis on health activities in the 1980's created full-service health clubs.
4. **Economic changes** ; often involve opportunities that arise out of the necessity such as the energy crises leading to new ideas



Reflection

Identify **one** of each of these four kinds of ideas in a business in your region.

- Has the IT revolution spurred on new business in your country? which?
- Is any Business you know of based on a new idea?
- What Business would not be possible if the perceptions of the environment in your country were the same as those of fifty years ago?

B. Voluntary Self-Employment

1. Prior work experience is the most common origin of new ventures:
 - a) Frequently a person, perceiving ways to modify a product or improve a service will start a new venture from the knowledge acquired from a former workplace;
 - b) A person can also obtain the right to manufacture a product based on a patent;
 - c) An individual observing scant competition afforded to a particular business can go out and duplicate that same business, as long as there is a market.
2. Follow family traditions especially if they have been serving the needs of that community for so long.
3. Being your own boss can give self satisfaction and can also achieve leadership and recognition.

C. Hobbies

1. A love of horses or animals can lead someone to an opportunity of running a riding school or a animal farm.

D. Advantages of starting your own business

1. The entrepreneur can select his/her own location, employees, and avoid any undesirable precedents set by a previous owner.
2. A start up business can start fresh without having to follow old practices.

Introduction | Objectives | What is Business Management? | What is meant by Entrepreneurship? | What are the different business types? | How is a business idea developed? | What Factors Influence the Business? | The importance of a business in a country | Summary

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