

CHAPTER 3 – BUSINESS IDENTIFICATION AND SELECTION

3.1 Sources and method of finding business idea(s)

Business ideas are thoughts that when implemented can lead to income generalization. Entrepreneurs must first come up with ideas from different sources that should lead them to starting a well planned business. Here are some of the sources of business ideas

a) Surveys.

Business ideas can be generated from market surveys indicating or showing which sector is viable or possibly void of products. People can check the market to come out with appropriate conclusions on which sectors are not flooded or occupied.

b) Training.

Business ideas can be acquired through training individuals where they are equipped with necessary skills and knowledge from schools and such other institutions of training.

c) Experience.

An idea can also be generated from experience. Experience in itself comes from constant touch on a particular aspect. For instance, an individual might have an experience in accounting through his or her occasional involvement with accounting issues.

d) Hobbies.

Hobbies are what one is fond of doing most of his or her time. At least each and every one finds something interesting and comfortable doing every time. Well, that might be a source of a business idea.

e) Talents.

A business idea can also come from individual talents. You are best in what you are talented in and this might form a good base for starting a business if you spot an idea in that area. For instance, if you are talented to play football, you might spot an idea in supplying football kits to customers in the market.

f) Strengths of an individual.

An individual's strength can also serve as a source of idea which is tuned to an idea for carrying out business. For instance, if you have a particular strength in helping out clients through consultations, that could form a base to start a business.

g) Market gaps (niche)

Spotting a gap in the market can also form an idea. A market gap in this case is used to mean some important area that is not occupied. Sometimes, a particular area in the market may be empty with nobody really providing some goods or services needed by customers. This is what can be formed to an idea.

h) Events.

A business can also be generated through attending events in which new ideas are exchanged. For instance, an event that is scheduled in some other place can be very good opportunity to find out what is missing in that particular place and by providing such products, you satisfy customers' needs which is one of the reasons of doing business.

i) Media.

An idea can also come from the media. Reading magazines, newspapers and such published materials that contain business related issues can help one generate an idea. An idea can still come from the other media sources like television stations and radios. Discussions related to business topics can be very useful in generation of an idea.

j) Shows and exhibition.

An idea can also be extracted from shows and exhibitions. By seeing what other people presents in the shows and exhibitions, an individual can come up with an idea of providing something like what he or she has seen others do.

k) Recognizing needs.

An idea can also be generated from recognition of what customers need in the market. If for instance customers are frequently demanding maize flour instead of maize itself, one can come in to provide the maize flour demanded by customers.

l) Merging existing businesses.

Business people can also come up together to merge their business as a new development towards achieving or getting more customers or for provision of better services to customers.

m) Listening to what people say.

A business idea can also be generated through listening from other people's thoughts. This is more so important when you socialize with great minds or such people who have tried out businesses or those who actually are in businesses.

Here are ways to keep your mind fresh and open so you can generate an idea for your own business.

- Meet new people. Seriously. ...
- Keep a “pain point” journal. ...
- Tap into your interests. ...
- Explore new ways of thinking. ...
- Travel. ...
- Go online. ...
- Do your market research.

How business idea can be generated?

1. Start with family. Tapping family for great business ideas may not seem like an obvious first step. ...
2. Get a little help from your friends.
3. Look at all the things that bug you.
4. Tap your interests. ...
5. Travel. ...
6. Keep your eyes open. ...
7. Examine old mousetraps--then build a better one. ...
8. Take it to the streets.

What techniques do you follow in generating ideas?

- SCAMPER. SCAMPER is an idea generation technique that utilizes action verbs as stimuli. ...

- Brainstorming. ...
- Mindmapping. ...
- Synectics. ...
- Storyboarding. ...
- Role playing. ...
- Attribute listing. ...
- Visualization and visual prompts.

3.2 Selection of Viable Business ideas

A viable business idea means an idea that you can implement in real life as well as can generate considerable profits from it.

For example, you want to become an entrepreneur. You have a few great ideas for business, and you're really excited to implement them. Wait a second and rethink... are you sure your ideas are implementable in real life? Do you know the tools, support, manpower you will need to implement the idea? Are you sure you will be able to make enough profit from the implementation of idea for a considerably long term period? If all your answers of the above questions is YES, you can call it a viable business idea.

The Viable idea is measured by how sustainable the idea is. How long will the business keep on making profits. Will it survive for many years to come. Most viable business ideas are those that solve people's problems.

Legal provisions of SMEs in Nepal

The Government of Nepal (GoN), Ministry of Industry (MoI) is especially responsible for development of micro enterprises (MEs). With the support of United Nations Development Programme (UNDP), a new programme has been launched since 1998 i.e. micro enterprise development programme (MEDEP) with the aim of improve the socio economic condition of the low income families and socially excluded people in Nepal.

The time between 1999 and 2011, 53345 micro enterprises are created by MEDEP in Nepal. A little more than two third i.e. 67.9 percentage micro enterprises are operated by women entrepreneurs and remaining enterprises i.e. 32.1 percentage enterprises are operated by male entrepreneurs.

According to industrial policy 2010, on the basis of investment and nature of industry, industries are classified into five group i.e. micro enterprises, traditional and other cottage industries, small scale industries, medium scale industries and large scale industries (Ministry of Industry (MoI), 2010). In Industrial policy 2010, a defined micro enterprise is:

- a) Fixed investment up to NRs 200,000 except land and building.
- b) Self managed (managed by entrepreneur her/himself).
- c) Employment up to 9 person including entrepreneur.
- d) Amount of annual transaction less than NRs 2,000,000 and

e) Use of power or energy less than 10 KW, if used.

Micro enterprise policy 2008 defined as “ Micro enterprise” means any industry, enterprise or other service business, based particularly on agriculture, forest, tourism, mines and handicraft, which meet the following condition:

- i) In the case of manufacturing industry, enterprise involving the investment of fixed capital of not exceeding two hundred thousand rupees, except house and land, in the case of a service enterprise, an industry, enterprise involving the investment of fixed capital of not exceeding one hundred thousand ruppes.
- ii) The entrepreneur himself or herself is involved in the management.
- iii) A maximum of nine workers including the entrepreneur are employed.
- iv) It has annual turnover of less than two million rupees.
- v) If it uses an engine or equipment is less than five kilowatt.

Government of Nepal (GoN) established micro, cottage and small industry development fund through budget speech of FY 2061/062 (MOI, 2068 B.S.).

Out of total entrepreneurs, 68 percent women, 20 percent Dalit and 67 percent young people. Out of total employment generated, 33 percent i.e. 17,883 and 67 percent 36,342 people are concerned with men and women respectively (CCO, 2012)

Some Organization and Their Activities which works in the Field of Entrepreneurship Development Sector in Nepal:

Industrial Enterprise Development Institute (IEDI)

Micro Enterprise Development Programme (MEDEP)

Rural Enterprises Assistance Program (REAP)The working districts were Taplejung, Panchthar, Illam, Humla, Jumla, Mugu and Dolpa.

Elam plus Model (Helvetas Nepal):- Elam plus is an informal sector enterprise development generation program of HELVETAS.

One Village One Product (OVOP):- The OVOP concept was introduced in 2006 in a public private partnership based approach

Micro enterprise development programme (MEDEP)

Department of Cottage and Small Industry (DCSI) under Ministry of Industry (MOI)

The highest number of micro enterprises is established in central development region, whereas, the lowest number of micro enterprises are established in far-western development region. The numbers of micro enterprises are in these regions

For economy development of the nation, micro and small enterprise are more appropriate enterprise rather than medium and large scale enterprise in developing countries like in Nepal.