

# YOUNG ENTREPRENEURSHIP

## Module C. 02.: THE BIRTH OF AN ENTREPRENEURIAL IDEA

By



## C2. THE BIRTH OF AN ENTREPRENEURIAL IDEA

The conception of an entrepreneurial idea depends on the way of thinking of the entrepreneur, who is called upon to decide on the product/service (value) to sell and the consumers to whom it will be addressed, taking into account the environment in which his/her business will develop.

### The human factor: Entrepreneur

The conception of an entrepreneurial idea depends on personal attributes and skills. The ability to think creatively, for example, helps a person to think of alternatives and move forward despite various obstacles.

Inventiveness and creativity are based on seeing a problem in a different way. They are usually combined with experience, knowledge, observation, memory, information, awareness, critical faculties, problem sensitivity, perception, imagination, visualization, curiosity, the ability to "listen" to the people around you.

An entrepreneurial idea can be created in a minute or over a longer period of time, even years. It can be very simple or very complex. It may arise from one's frequent preoccupation with an object and/or the satisfaction of one's own or others' needs. In order for an entrepreneurial idea to become a BUSINESS OPPORTUNITY it must provide a solution, profit/benefit, to a problem and satisfy consumer needs/desires.

An entrepreneurial idea search method should include exploring the profile of the prospective entrepreneur, as well as the environment in which he or she wishes to operate. The following ways could be used to explore this:

#### a) Search for answers to questions relating to oneself

- What do I know to do well?
- What is of value to me?
- What tangible or intangible resources do I have and do not have to pay in order to acquire them?

#### b) Seeking answers to consumer questions

- Would the consumer be more pleased if a product changed shape, taste, dimensions?
- Would the consumer be more satisfied if a service was provided differently?
- Does a new product/service better meet the needs of the consumer?

- When you are a customer in a business, how do you feel, how do you behave?

### c) Observation

- Observe what is happening around you. What are people's problems and needs?
- What products / services are already on the market ?
- "Listen" to what your family, friends or others say.
- What customers like/dislike when it comes to purchases?
- What do they lack?
- Why don't they buy an existing product/service?
- Observe the market of your area.
- Observe the markets of other regions.

It is recommended that this exploration of information be accompanied by its documentation.

### Value Proposition (Consumer Benefit)

The success of an entrepreneurial idea depends on the degree of consumer satisfaction. The important thing for a business is to have customers who need and can buy the product/service they are selling .

It is proven that they will not buy in the event that:

- a business sells something that does not satisfy a need - desire,
- the customers concerned cannot afford to buy,
- there is already another business offering the same or a similar product/service with a greater benefit of use and covering the same range of consumers.

The product/service that a business sells and its usefulness to consumers is the *value proposition* of the business. Therefore, a consumer chooses to buy a product when he/she is satisfied with the corresponding Value Proposition.

The future entrepreneur is advised to pursue the sale of products/services that will be different/unique from those of his/her competitors, and to convince consumers that they are specially formulated for them while fulfilling his/her promises.

In conclusion, an entrepreneurial idea becomes an ENTREPRENEURIAL OPPORTUNITY when its value proposition is attractive to consumers.

Examples of an exercise for outlining an entrepreneurial idea and its value proposition [are given here.](#)

## Market Segments: Who will my business attract?

A key factor for the viability of a business is customer satisfaction. The critical importance of this factor requires a consumer study. When a future entrepreneur states that he or she is thinking of selling "to all consumers", we have the indication that he/she has apparently made no attempt to specify the ideal customers.

The identification of consumers who will be interested in the business is done with the help of market segmentation (Market Segments). There are factors that affect the habits and way of choosing and buying a product/service. These factors are used as criteria for consumer segmentation.

The criteria used are :

- Geographic: where they live, where they work, population (a large city, a small suburb, a village, etc.), language spoken.
- Demographic: age, gender, marital status, education, profession
- Psychographic: their values, expectations and interests, the way they live and behave, what influences them
- Behavior: Criteria for purchasing (e.g. cheap - expensive, branded product, quality product), method of purchase (e.g. in store, on demand), method of payment (e.g. cash, credit), leisure activities/hobbies.

An example of the description of a Market Segment is given [here](#).

A way to practice outlining the Market Segments of a business is mentioned [here](#).

## Business development environment

A business is an "organization" whose survival and development depends on its internal and external environment.

The Internal environment of a business consists of its resources and potential and is influenced by the decisions of the entrepreneur. The External environment of a business is the one that cannot be influenced by the entrepreneur and concerns politics, legislation, technology development, economic and social changes. Therefore, the future entrepreneur should be aware of any changes in the External environment, which often helps him/her to predict future developments.

The "Exercise: Internal and External Environment", when completed, offers relevant examples.