

## HOW TO CREATE A BUSINESS IDEA?

The following guidelines are here to help your team in creating your business idea.

### SIMPLE, TIME CONSUMING METHOD

Create a list of things that should be changed or should be different. Think about all the problems you encounter with various products/services or in general. Also add problems and ideas of your friends and peers. Continuously update this list and at one point you may find a business idea from the list.

### MARKET GAP ANALYSIS METHOD

This is a systematic and comprehensive approach for finding a business idea. It is based on the vision and goals of yourself. The method consists of 10 steps:

1. Objective setting
2. Market segmentation
3. Market sub segmentation
4. Market mini segmentation
5. Selecting segments that allow to accomplish set objectives
6. Identifying problems of the people in the segment
7. Identifying problems, which allow to accomplish set objectives
8. Identifying problems, which maximize profits
9. Solving the previously selected problems
10. Choosing best solutions and testing the business idea

Ideally, a lot of business ideas for different market segments should be created using this method. Below you can find an example how to use this method in reality. The method is slightly simplified in this example as in reality; points 2, 3 and 4 create a lot of different segments for which to generate ideas for. This is a very time consuming but extremely effective method for idea creation.

1. Set goals for your company based on your personal goals	For example: We want to open an e-commerce site. We want to earn 10 million pounds of profit with-in 10 years. We want to be the most visited e-shop in UK. We want to expand to the whole world.
2. Segment the market based on different characteristics	<ol style="list-style-type: none"> <li>1. Youth – Adults – Families</li> <li>2. Women – Men – Both</li> <li>3. Middle class – Upper class – Both</li> </ol> <p>This was a very high level segmentation. For the sake of simplicity, we'll only look at the group "Youth" in the next steps. You should look at all of the segments.</p>
3. Split the segments into sub segments	<p>Youth can be:</p> <ol style="list-style-type: none"> <li>1. Undergraduate students</li> <li>2. Young workers/professionals</li> <li>3. Secondary school students</li> <li>4. Primary school students</li> <li>5. Pre-school children</li> <li>6. Babies</li> </ol> <p>For the sake of simplicity, we'll only look at "Undergraduate students"</p>

<p>4. Split the sub segments into mini segments</p>	<p>We can split undergraduate students according to their interests. I.e. the things they mostly spend their money on:</p> <ol style="list-style-type: none"> <li>1. Books</li> <li>2. Food</li> <li>3. Sporting equipment</li> <li>4. Clothes</li> <li>5. Household goods</li> <li>6. Alcohol &amp; club tickets</li> <li>7. Computers</li> <li>8. Audio-video goods</li> </ol>
<p>5. Eliminate segments that won't allow to accomplish set goals</p>	<p>In our example, we can't eliminate any of the mini segments because we want to serve the undergrad students of the entire world. However, as Amazon is already a very big player in the books market, we'll eliminate "books" from the selection. For the sake of simplicity, we'll move on only with "Food" segment.</p>
<p>6. List problems that you have spotted in the segments listed in point 4</p>	<ol style="list-style-type: none"> <li>1. The days are long and there is no time to shop or cook</li> <li>2. I don't want to carry a heavy shopping bag</li> <li>3. Often you spot that fridge is empty only after arriving home</li> <li>4. Guests come unannounced</li> <li>5. I usually get hungry while studying at night</li> <li>6. Cooking proper meals takes time</li> <li>7. To cook proper meals, I have to visit various shops before finding all necessary ingredients</li> </ol> <p>Write all of the problems on the left side of the page so you could evaluate them on the right side of the page.</p>
<p>7. Eliminate problems that won't allow to accomplish set goals</p>	<p>Eliminate only those problems/solutions for which people wouldn't agree to pay you for. In our example, we eliminate problems 1, 2 and 5.</p>
<p>8. Select problems, which promise the highest return</p>	<p>We predict that solutions for problems 3, 6 and 7 would great most returns.</p>
<p>9. Write down possible solutions for those problems</p>	<p><i>Often you spot that fridge is empty only after arriving home</i></p> <ol style="list-style-type: none"> <li>1. Ordering food from any restaurant in a certain area. Delivery with a courier.</li> <li>2. Ordering ingredients from a food wholesaler warehouse. Delivery with a courier.</li> <li>3. Ordering fast food. Delivery with a courier.</li> </ol> <p><i>Cooking proper meals takes time</i></p> <ol style="list-style-type: none"> <li>1. Ordering food from any restaurant in a certain area. Delivery with a courier.</li> <li>2. Sale of take-away good at restaurants.</li> <li>3. Sale of take-away ready-made food at supermarkets.</li> <li>4. Home assistant service.</li> </ol> <p><i>To cook proper meals, I have to visit various shops before finding all necessary ingredients</i></p> <ol style="list-style-type: none"> <li>1. Ordering ingredients from a food wholesaler warehouse. Delivery with a courier.</li> <li>2. Ordering ingredients from a shop according to a list.</li> <li>3. Home assistant service</li> </ol>

<p>10. Pick the best ideas and test them</p>	<ol style="list-style-type: none"><li>1. Ordering food from any restaurant in a certain area. Delivery with a courier. – Solves two problems. <b>Should be tested.</b></li><li>2. Ordering ingredients from a food wholesaler warehouse. Delivery with a courier. – Solves two problems, but shops already provide this service.</li><li>3. Ordering fast food. Delivery with a courier. – Fast food restaurants already provide this service.</li><li>4. Sale of take-away good at restaurants. – won't give us any profits.</li><li>5. Sale of take-away ready-made food at supermarkets. – won't give us any profits.</li><li>6. Home assistant service. – solves two problems. <b>Should be tested.</b></li><li>7. Ordering ingredients from a shop according to a list. – won't give us any profits.</li></ol> <p>In the end we are left with two ideas:</p> <ol style="list-style-type: none"><li>8. Ordering food from any restaurant in a certain area. Delivery with a courier. – Solves two problems</li><li>9. Home assistant service. – solves two problems.</li></ol>
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If you have finally found the idea you want to work with, you have to put all of your energy into it. Even if you fail, you won't have to keep on thinking "if only I had tried it" to yourself.