

## **Search for Idea**

A business idea is centered round a product or service that can be offered for money. It is base of the pyramid when it comes to the business as a whole. The characteristics of a promising business idea are:

- Innovative
- Unique
- Problem solving
- Profitable

## **Sources of New Ideas**

It is an understand that how new business ideas can change the level of business operations that invariably will lead to greater productivity and success. Some of the more frequently used sources of idea for existing and prospective entrepreneur are:

### **From consumer or target audience**

It is an informal approach of personally monitoring potential ideas affecting the needs of customers or formally arranging for customers/consumer to have opportunity to express their opinion.

The ideas generated from the target audience must be to a large extent represent enough market to support a new business or expand a section of an existing business.

### **From existing products and services**

Existing products and services could be carefully monitored and evaluated for better sales and profit potential. Using trending technologies to build new variant of old products or services with a more market appeal, better sales and profit potential.

### **From marketing distribution channels**

Marketing distribution channel (sale representative group), members are familiarity with the needs of the market.

### **From research and development**

The greatest source of a new business idea is the entrepreneur's own effort in research and development. Prospective entrepreneur's creativity and innovation coupled with foresight and much research can be a source of business idea.

## **From the Government of the day**

Basis information about products/services are obtained from government data bank or statistical unit. New product ideas can come in response to government regulations or policies

Techniques for generating ideas

There are multiple techniques for generating from different stakeholders of business.

- Brainstorming
- Mindmapping
- Storyboarding
- Role playing
- Attribute listing
- Visualization
- Forced relationship
- Collaboration
- Day dreaming
- Reverse thinking
- Brain writing
- Socializing

## **Product Innovation**

It can be defined as the creation and development of new or improved products, services, or processes by a company or organization. It requires a combination of creativity, market research, customer insights, technological expertise, and effective project management. It is driven by a desire to meet evolving customer needs, stay ahead of competitors, and create sustainable business growth.

### ***Benefits***

- Making something useful
- Earning higher revenue
- Inspiring future creativity
- Reducing costs

Product innovation usually aims to help

- Time
- Efficiency
- Cost
- Performance
- Quality
- Risk

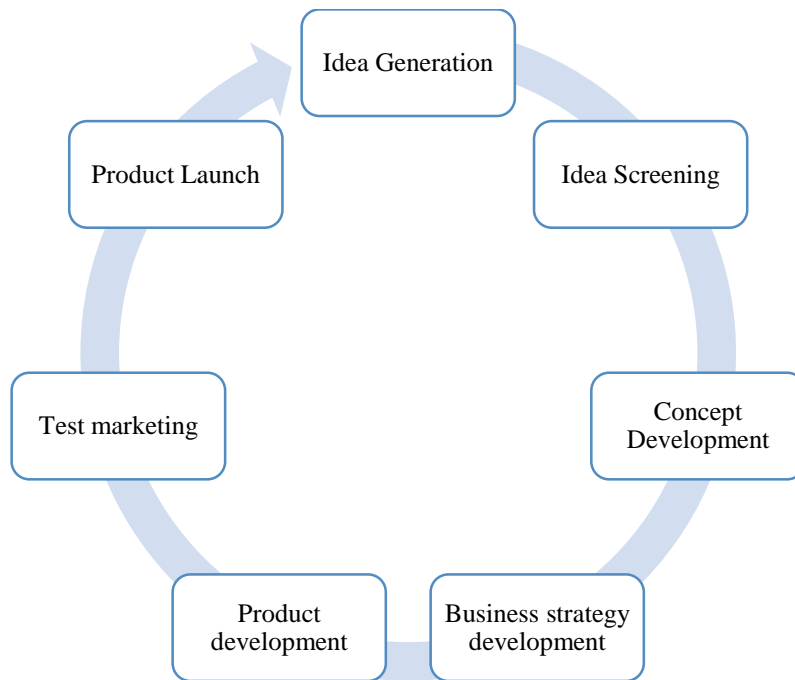
### ***Types of product innovation***

- Product (new product/object)
- Radical (create new solution like cloud computing)
- Process (alternative procedure)
- Business model (rethinking the way products are created, delivered, marketed, or monetized)
- Technological (novel ways to manufacture/produce goods and services, like renewable energy)

### **Product development process**

New product development process refers to a couple of stages that the team undertakes to bring a new product idea to market. New Product here means original products, product improvements, product modifications, and new brands that the firm develops through its own research and development efforts. There are seven key stages of the new product development process:

1. Idea Generation
2. Idea Screening
3. Concept Development and Testing
4. Business Strategy Development
5. Product Development & Testing
6. Test Marketing
7. Product Launch



### **1. Idea Generation**

With the given customer requirements a team will be formed that will come up with large number of ideas, some will be out of box and some would be of minor modifications of already existing similar product

### **2. Idea Screening**

Team will go through all Ideas generated before and narrow down on one idea that looks best in all aspects like manufacturability, aesthetically looking good, easy to operate or use and within cost that's affordable by the customer.

### **3. Concept Development**

Selected idea is developed further in a presentable way, in model or, some shape will be building considering functions, manufacturing ability etc.

### **4. Business Strategy Development**

Idea that we have developed will be put to discussion on the pricing, marketability, profit margin, total addressable market for the product, competition, and some important business decisions and strategies were made.

### **5. Product Development and testing**

Next stage is building working prototypes of the product and testing it internally and with target groups. The prototype will be tested for form, fit and functionality. The product will go through multiple iterations and changes until it is ready for real user testing.

## **6. Test Marketing**

A small number of products were made and distributed in the market to find the actual testing and get customer feedback. It will give initial feedback to correct it before taking it to the mass market.

## **7. Product launch**

Final stage is launching the products to the mass market. Normally product launching will be made in a way that reaches to maximum customers.

## **Project formulation**

It is a process of critically looking at the project idea, weighting its components, analysing with consultants, and the assessment of various aspects of investments.

Systematic way of a project idea for arriving at an investment decision

There are the stages in the project formulation which are given below

1. Feasibility Analysis (whether to go, screening constraints)
2. Techno-Economic Analysis (estimate demand, choice of technology)
3. Project Design and Network Analysis (define sequence of events, time, identify project inputs, finance etc..)
4. Input Analysis (input like man power, materials)
5. Financial Analysis
6. Cost-Benefit Analysis (overall worth of project)
7. Pre-Investment Analysis (consolidate everything from previous stages for finding funding)

## **Project Appraisal Techniques:**

Project Appraisal involves a systematic evaluation of the various aspects of a project to determine its viability and potential for success. It means the assessment of project in terms of its economic, social and financial viability.

### ***1. Economic Analysis***

It includes

- Requirements for raw material, level of capacity utilization, anticipated sales, anticipated expenses and the probable profits.
- How much sales would be necessary to earn the targeted profit
- Considering Government specific incentives and concessions for setting up industries in notified backward areas for setting up plant

### ***2. Financial Analysis:***

The following aspects need to be carefully analysed, in order to adjudge the financial viability of the project

- financial requirements both – fixed capital and working capital need

### ***3. Market Analysis:***

Entrepreneur needs to anticipate the possible market for the product. It an important element in every business plan.

Anticipate who will be the possible customers for his product and where and when his product will be sold

### ***4. Technical Feasibility:***

Technical feasibility implies to mean the adequacy of the proposed plant and equipment to produce the product within the prescribed norms

While assessing the technical feasibility of the project, the following inputs covered in the project should also be taken into consideration:

- Availability of land, site
- Availability of other inputs like water, power, transport, communication facilities.
- Availability of servicing facilities like machine shops, electric repair shop, etc.
- Coping-with anti-pollution law.
- Availability of work force as per required skill and arrangements proposed for training-inplant and outside.
- Availability of required raw material as per quantity and quality.

### ***5. Management Competence***

Management ability or competence plays an important role in making an enterprise a success or otherwise. Even a poor project may become a successful one with good managerial ability.

### **Project Report**

Project Report is a written document relating to any investment. It contains data on the basis of which the project has been appraised and found feasible. It consists of information on economic, technical, financial, managerial and production aspects. It enables the entrepreneur to know the inputs and helps him to obtain loans from banks or financial Institutions. The report should contain

- Land and buildings required,
- Manufacturing Capacity per annum,
- Manufacturing Process,
- Machinery & equipment along with their prices and specifications,
- Requirements of raw materials,
- Requirements of Power & Water,
- Manpower needs,
- Marketing Cost of the project, production,
- Financial analyses and economic viability of the project.

### **Objectives of project report:**

- To identify the requirement of the resources (technical, financial, commercial, managerial and operational)
- To find out the critical components of the project idea
- To obtain the opinions of experts from various fields.
- To facilitates financial appraisal of the project by financial institutions, banks, insurance companies, etc.

### ***Project Report Formation***

<b><i>I</i></b>	<b>General Information</b> <ul style="list-style-type: none"><li>• details of the industry to which the project belongs to</li><li>• information about the past experience, present status, problems and future prospects of the industry</li><li>• information about the product to be manufactured and the reasons for selecting the product</li></ul>
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	<ul style="list-style-type: none"> <li>spell out the demand for the product in the local, national and the global market</li> </ul>
<b>2</b>	<p><b>Executive Summary</b></p> <ul style="list-style-type: none"> <li>state the objectives of the business and the methods through which the business can attain success</li> <li>overall picture of the business with regard to capital, operations, methods of functioning and execution of the business must be stated</li> <li>mention the assumptions and the risks generally involved in the business</li> </ul>
<b>3</b>	<p><b>Organization Summary</b></p> <ul style="list-style-type: none"> <li>indicate the organization structure and pattern proposed</li> <li>state whether the ownership is based on sole proprietorship, partnership or Joint Stock Company.</li> <li>provide information about the bio data of the promoters including financial soundness.</li> <li>proprietors or promoters profile</li> </ul>
<b>4</b>	<p><b>Project Description</b></p> <ul style="list-style-type: none"> <li>Location of the site and area required</li> <li>Raw material requirements,</li> <li>Target of production,</li> <li>Power, fuel, water and Employment requirements of skilled and unskilled labour,</li> <li>Technology selected for the project,</li> <li>Production process,</li> <li>Pollution treatment plants/ Standard norms required</li> </ul>
<b>5</b>	<p><b>Marketing Plan</b></p> <ul style="list-style-type: none"> <li>Prepare marketing strategies on</li> <li>Type of customers and Target markets,</li> <li>Nature of Future prospects of the market,</li> <li>Sales objectives,</li> <li>Marketing Cost of the project</li> <li>Market share of proposed venture,</li> <li>Demand for the product in the local, national and the global market,</li> <li>Distribution channels to be used for distributing the product</li> </ul>
<b>6</b>	<p><b>Capital Structure and operating cost</b></p> <ul style="list-style-type: none"> <li>total capital requirements of the project. It must state the source of finance, it must also indicate the extent of owners funds and borrowed funds.</li> <li>Estimate of total project cost, must be broken down into land, construction of buildings and civil works, plant and machinery, miscellaneous fixed assets, preliminary and preoperative expenses and working capital</li> </ul>
<b>7</b>	<p><b>Management Plan</b></p> <p>Prepare plan based on</p>



	<ul style="list-style-type: none"> <li>• Business experience of the promoters of the business</li> <li>• Details about the management team,</li> <li>• Duties and responsibilities of team members</li> <li>• Current personnel needs of the organization,</li> <li>• Methods of managing the business, f. Plans for hiring and training personnel</li> <li>• Programmes and policies of the management</li> </ul>
<b>8</b>	<p><b>Financial and Technical Aspects</b></p> <ul style="list-style-type: none"> <li>• estimated sales revenue, cost of production, gross profit and net profit likely to be earned by the proposed unit.</li> <li>• Accounting system and the inventory control system will be used</li> <li>• It covers information on Technology selected for the project, Production process, capacity of machinery, pollution control plants etc</li> </ul>
<b>9</b>	<p><b>Project Implementation</b></p> <ul style="list-style-type: none"> <li>• It indicate the time within the activities involved in establishing the enterprise can be completed. Implementation schemes show the timetable envisaged for project preparation and completion</li> </ul>
<b>10</b>	<p><b>Social responsibility</b></p> <ul style="list-style-type: none"> <li>• its contribution to the society in the form of employment, income, exports and infrastructure</li> </ul>

### **Procedure and formalities in setting up an Industrial unit**

- Product Selection
- Registration with Govt. Agencies
- Location
- Machinery and Equipment selection
- Project Report preparation
- Project appraisal
- Finance
- Implementation

### **Business Plan Development**

A business plan is a document that details a company's goals and how it intends to achieve them. It describes the nature and context of the business opportunities and the plans to exploit the opportunity. It is usually an integration of functional plans in finance, marketing, manufacturing, and human resources. A business plan is a blue print or roadmap for building a business.

For startups, a business plan can be essential for winning over potential lenders and investors. For established companies, a business plan can help keep the executive team focused on and working toward the company's short- and long-term objectives.

### **Why business plan?**

- Attract investors
- See if your business ideas will work
- Set up milestones
- Learn about the market
- Secure additional funding or loans
- Ascertain your financial needs
- Attract top-level people
- Monitor your business

There is no single format that a business plan must follow, but there are certain key elements that most companies will want to include.

- Executive summary
- Products and services
- Market analysis
- Marketing strategy
- Financial plans and projections

### ***Business plan format***

<b>1</b>	<p>Executive Summary (should not exceed 2 pages)</p> <ul style="list-style-type: none"> <li>• Name, Address, Contact Information of the Company,</li> <li>• Contact details of key people of the organization</li> <li>• Description of the business, its products and services</li> <li>• Description of the market for the products and services</li> <li>• Overview of the venture's competitive advantages</li> </ul>
<b>2</b>	Vision and Mission Statement
<b>3</b>	Company history (if venture is existing)
<b>4</b>	<p>Business and Industry Profile</p> <ul style="list-style-type: none"> <li>• Industry Analysis</li> <li>• Industry background and overview</li> <li>• Significant trends</li> <li>• Rate of growth Essential success factors in the industry s</li> </ul>
<b>5</b>	<p>Business Strategy</p> <ul style="list-style-type: none"> <li>• Desired Image and Position in the Market</li> <li>• SWOT Analysis</li> <li>• Competitive Strategy</li> <li>• Cost Leadership</li> </ul>

<b>6</b>	Company Products and Services <ul style="list-style-type: none"> <li>• Description</li> <li>• Patent or Trademark Protection</li> <li>• Description of Production Process</li> <li>• Future Product Offerings</li> </ul>
<b>7</b>	Marketing Strategy A. Target Market B. Customers motivation to buy C. Market Size and Trends D. Advertising and Promotion E. Pricing F. Distribution Channel
<b>8</b>	Location and layout of the Plant (if applicable)
<b>9</b>	Analysis of the Competitor
<b>10</b>	Management Team Description
<b>11</b>	Plan of Operation
<b>12</b>	Financial Forecasts
<b>13</b>	Loan or Investment proposal 14. Appendices (supporting documents etc.)