

Qs1: Discuss five sources of ideas for entrepreneurship.explain with example

### **Introduction :**

- The main thing which is required for thinking or finding new ideas or solutions is “Creativity”.

Creativity is nothing but Thinking out of “THE BOX!!” BUT, What is this box? What are the boundaries of this box? So, invent or to find out the new idea first we need to understand this box, for that the main keys are “To Observe” and “keep learning!” **\*\*KNOW YOUR BOX FIRST\*\***As an entrepreneur-to-be, always remember that a business must be firmly founded on the existing business opportunities and there can be no business opportunities in the absence of an entrepreneurial idea.

### **Sources of New Ideas:**

NOW, after getting clear in mind these are some basic methods of finding new ideas:

- Consumers
- Existing Companies
- Distribution channels
- Government
- Research & development

### **Consumers:**

- The potential consumer should be the final focal point of ideas for the entrepreneurs.
- The attention to inputs from potential consumers can take the form of informally monitoring potential ideas or needs or formally arranging for consumers to have an opportunity to express their concerns.
- Care needs to be taken to ensure that the new idea or the needs represents a large enough market to support a new venture.

### **Existing Companies :**

- With the help of an established formal methods potential entrepreneurs and entrepreneurs can evaluate competitive products & services on the market which may result in new and more market appealing products and services.

### **Distribution Channels:**

- Members of the distribution channels are familiar with the needs of the market and hence can prove to be excellent sources of new ideas.
- Not only do the channel members help in finding out unmet or partially met demands leading to new products and services, they also help in marketing the offerings so developed.

## Government Research & Development :

- The patent office files contain numerous product possibilities that can assist entrepreneurs in obtaining specific product information, and secondly, response to government regulations can come in the form of new product ideas. Entrepreneur's own R&D is the largest source of new idea.

Qs2: select any one example and use it to discuss how three different pathways can be used to new ventures for entrepreneurs.

## Buying a Franchise

- Combining independence with the larger umbrella of a corporation. 1/3 of all retail sales generated by franchises. The franchisee is generally legally independent, but economically dependent. Jim's Group, started in Perth in 1982, is now the world's largest home franchise business.

### Franchisee

- A financial investment
- Obtains standardised inventory
- Maintains quality of performance
- Pays franchise fee and a percentage of revenues Franchisor
- Allows use of the company name
- Provides management training
- Sells merchandise at wholesale
- Continued support Advantages
- Training and guidance
- Brand-name appeal
- A proven track record

### Examples of green franchises

- Sustainable home energy
- Carbon neutral dry cleaning
- Ecological car cleaning and detailing services
- Pizza that use hybrid cars for delivery
- Rubbish removal companies that completely recycle the waste
- Eco-friendly auto tune-ups

- Organic lawn care
- Chemical-free carpet cleaning
- Energy doctors to reduce heating and cooling costs
- Printer cartridge recycling

**Q3:**How to acquiring of business venture done?Discuss the advantage as well.

The best opportunities are small companies earning between \$1 million and \$10 million a year in revenue. Look for simple business models with little investment competition, such as professional services like construction, engineering, and plumbing. But the best sector is the one that speaks to your interests and experience.

At the same time, you may not even need personal experience in the industry—because you may be able to work out a deal in which the business owner trains you. If you don't want to manage the day-to-day operations yourself, you can hire an experienced professional or promote from within the company while the owner is still around to train them. You can usually find someone doing the same job for another business and incentivize them to leave their salary for equity in your company.

## 2. Find motivated sellers.

It's crucial to find business owners who want to move on and are motivated to sell. Many baby boomers are ready to retire, while other sellers are bored and need a change.

Most businesses sell for a multiple of the profits. For example, one that's earning \$100,000 will sell for three times that amount. But if you find a motivated seller, you can often negotiate only to pay the equivalent of one year's revenue (in this case, \$100,000).

You can find these businesses the same way you would find clients — through social media marketing or networking, for instance. It's simply about changing the conversation and putting yourself out there as an investor looking for opportunities.

## 3. Calculate this simple math.

Offer to sign a nondisclosure agreement, so the business owner is comfortable sharing their books with you. Confirm that there's more money coming in than going out and that cash flow has remained consistent over the past three years. Then ensure there's enough profit to cover the cost of financing.

In addition to profitability, consider whether the business has opportunities for improvement, particularly if it's weak in an area where you excel. You can often double your profits just by improving marketing or operations, for example.

#### 4. Connect with the business owner.

While demonstrating smart plans for the business is important, your pitch should be about more than that. For many owners, their business is their baby — which means they care about more than money. They want to know that you'll look after the brand and reputation they've worked so hard to build. So they may be wary that you will lay off their long-time employees or damage meaningful relationships.

Focus on why you will be the best steward of what they have built by demonstrating that you're trustworthy and will continue their legacy. How? Build rapport, ask questions, and speak directly to their concerns. Show that you care about them rather than talking about yourself the whole time. It's even better if you can position yourself as a young, eager version of them.

#### 5. Finance the deal, sometimes with little or no out-of-pocket costs.

Many financing options don't require your own capital — or any at all. If the owner is motivated to move on, you can often buy a high-potential business for next to nothing. Some business owners will let you pay them back over time using the profits from the business. If they want to be paid up front, you can secure a loan from a financial institution that specializes in acquisitions. Banks can use the business profits as collateral; they're less interested in your credit and mostly want to see that you have skin in the game.

### **Advantages of Acquiring an Established Venture**

- Buying a business is generally considered less risky.
- The difficult start-up work has already been done. The business should have plans and procedures in place.
- Buying an established business means immediate cash flow.
- The business will have a financial history, which gives you an idea of what to expect and can make it easier to secure loans and attract investors.
- You will acquire existing customers, contacts, goodwill, suppliers, staff, plant, equipment and stock.
- A market for your product or service is already established.
- Existing employees and managers will have experience they can share.