

20 Tips to Help You Choose a Business Idea

Business Information Factsheet
BIF059 · October 2013

Introduction

If you are new to self-employment, finding the right idea for a successful venture can be quite a problem. It is not made any easier by economic uncertainty, and when you read about companies that are household names struggling to survive, you could well be quite concerned about the wisdom of launching a new venture. But new ventures do survive and thrive, and many more will be needed to grow our economy in the years ahead.

The basic building blocks for any new business venture are:

- The range of products and services that you can provide.
- The likely need for those products and services, either from individual customers (consumers), or from small firms, local government or other types of organisations.

Once you find the right combination of products, services and customers, you have the possibility of success in self-employment. What follows are some ideas about how you can find the right combination.

1. What skills do you have that can form the basis of a business?

This is the most obvious starting point for anyone considering self-employment. You need to be able to offer something that has a high standard of quality, and that demands some level of skill. A variation on this is whether you can apply the skills you used in your work in different ways - sometimes referred to as 'transferable skills'. For example, a Royal Navy electrician could run a security installation business.

2. Can you see some form of opportunity from your existing work or occupation?

This happens remarkably often. You might be working for a business and become aware that it is not offering something that its customers are asking for. This might give you the opportunity to set up your own specialised provision, possibly with your employer's assistance, but you could also 'go it alone'. There could be some legal issues to watch for here, so it may be important to have your employer's consent.

3. Can you combine your skills with those of someone else?

You may see a business opportunity that you do not have all the skills to cover, but you could do so if you worked in association with someone with complementary skills. Some general construction companies have been started by groups of specialist tradesmen combining their

skills to form one organisation. For example, a specialist in human resource (HR) recruitment could work closely with a specialist HR solicitor to provide a more comprehensive HR service.

4. Can you turn a hobby into a successful business?

Skills do not have to be work related; they can come from a hobby or personal interest. Many gardening services have started on this basis. One former civil servant now runs a successful model engineering company, based on a hobby that he followed for many years. Other opportunities exist in sports and leisure, such as fishing and hill walking, travel, photography and collecting things.

5. Could you run a home-based business?

Many people do start up in business from a home base, and this can be very convenient for parents with young children. This used to be the preserve of services such as bookkeeping, but with the development of online initiatives such as eBay, home-business opportunities are opening up in all manner of ways. Developments in IT, such as designing 'apps', have become increasingly common, as have 'kitchen table' enterprises, such as producing home-made bread, cakes, jams and sweets.

6. What goods and services are needed locally by consumers?

You may be aware of 'gaps' in provision in your local area. This may in turn offer you the chance to start up by meeting that local need. However, it may clash with some form of new community or social enterprise set up to meet the same need. One town with a high proportion of elderly inhabitants now has a fitness studio aimed at their specific requirements. One horse owner decided to build and sell transportable horse 'shelters', to be used on existing sites for better weather protection, or moved to a new site entirely.

7. What goods and services are needed by local businesses or organisations?

Potentially, these are various and numerous. For example, are services such as packaging, storage or transportation adequately covered? The same could apply to legal matters, graphic or website design, or accounting and bookkeeping for small firms. Another example is a sandwich bar close to a business park. It could be successful if none of the estate tenants have catering facilities.

8. Are there local opportunities in leisure or tourism?

What generates tourism around where you live? Is it beautiful countryside, heritage, cultural events, sporting events, 'active leisure', food or crafts, business exhibitions, meetings, etc? There may be opportunities in cities as well as in the more 'traditional' tourism areas. Discuss your ideas with your relevant regional tourist board, as they will have local know-how and expertise. The tourism 'supply chain' can be very varied and extensive, and there are lots of opportunities.

9. Can you supply something that is currently being 'imported'?

'Imported' in this case means brought in from outside of your local area, as well as imported from abroad. One example is a traditional blacksmith who has a very successful trailer repair business, previously not available within 50 miles of his workshop. A specialist in maintaining fans and ventilation systems could service many local hotels, instead of a big national company working from a regional office. A local fish and game supplier might offer a fresher, more personal service than a regionally based supplier.

10. Can you take advantage of new government initiatives?

If the government decides to introduce something into law, small firms in particular need to bring in outside specialists to make sure they comply with new regulations. This has opened up opportunities for health & safety and employment specialists (among many others). This can also apply to consumers. How many homeowners have moles ruining their lawns? New laws dictate that people can no longer poison moles, so pest controllers have seen their mole-catching orders rise substantially.

11. Can you see an innovative solution to a problem?

Recently, a national newspaper featured a group of students who had started a business designing food packs for single people, which cut back on waste. Can you see an opportunity to make something more 'user-friendly', or re-design it to be more easily handled, safer, attractive or appealing?

12. Are there opportunities thrown up by research, particularly at local universities?

Research at a university can often identify some unusual or innovative ways to solve a problem. Can you take advantage of developments in technology? Have you invented something, or can you make improvements to an existing product? Can you get the backing of the university itself, in the form of space for your business, ongoing technological support or translation services?

13. Could you sell to friends and relatives?

Party plan sales agents (often known as sales consultants) sell goods and services on a 'direct selling' or face-to-face basis at parties organised specifically for this purpose, often hosted by the friends or relatives of the agent. Depending on the type of party plan scheme they are involved in, agents typically earn commission on sales, or purchase their stock at a discount before selling it at the full retail price to make a profit. Some of the best-known brands currently sold in this way include Ann Summers, Avon, The Body Shop at Home and The Pampered Chef.

14. Can you take advantage of new fashion trends?

Fashion is a fast-moving field, but because it is so unpredictable, it is always providing new opportunities to those who really understand the fashion market. Your opportunity to break into this market could be as a result of someone falling 'behind the trend'. However, don't make the same mistake yourself. You do need to keep your fashion products relevant.

15. Can you provide 'natural' or 'eco-friendly' products, or improve something to make it more environmentally friendly?

There are all sorts of new building products being used by the construction trade, for example, which are more 'eco-friendly' than traditional products. The same can apply to other types of business, such as food, textiles and furniture. Specialist recycling is in high demand, particularly as a product made from recycled materials will often appeal to an increasingly environmentally aware public.

16. Is someone retiring, and can you fill the gap that they will leave?

If a local trader or business owner is planning to retire, and they do not have anyone to whom they can pass the business, there could be an opportunity to create a new venture that serves many of the same customers. This can offer the chance to 'update' the business, and generate some local publicity.

17. Can you teach something more swiftly or effectively?

A lot of teaching/training is in the hands of colleges or universities, who may not be very flexible in service delivery. At the same time, there is an increasing need for short, technical training inputs, particularly in the IT field. Some of the national bookkeeping system suppliers use freelance specialist trainers, which could open up a combined training opportunity (see point 18).

18. Can you combine products or services into a 'package'?

This can work on the grounds of convenience. British Gas do not just supply gas and gas servicing, but can also service electrical fittings, drainage and plumbing - all from one supplier. Dog walking can be combined with general pet-sitting, a 'to-the-vet' transportation service and even holiday care. Several art galleries offer framing services or frame restoration. One local milk round also offers a mobile farm shop service.

19. Can you 'piggy back' your idea on to an existing business offer?

There are many examples of opportunities to do this, provided that the existing business is willing to accommodate you, and your products/services complement their current provision. For instance, a garden centre might be seeking a café/bistro where customers can relax. The café provides extra appeal to their customers, and if there is no one among the centre staff with catering experience, they might well offer this opportunity to a tenant business. This sort of idea can work in a wide variety of business sectors.

20. Can you create something that is 'multicultural'?

There is something appealing about foreign products, particularly to educated and well-travelled consumers. This can apply to food products and restaurants, pottery, furniture, art, glassware, ceramics, jewellery, fabrics and clothing, and probably a few other things as well. The cross-cultural aspect comes from using UK-sourced materials in a style or fashion originating elsewhere

in the world. One highly successful producer of jams, chutneys and pickles sources their ideas worldwide and the majority of their ingredients UK-wide. Their products are on sale in Harrods!

Some general tips on generating ideas:

- Do as much background research as you can. This does not have to be expensive, as your local business reference library may provide a wealth of information about the business idea you are considering.
- Do check the full extent of the immediate competition for your idea. Some of it could be hidden away, particularly if it is part of the 'informal economy'.
- Do understand who your potential customers could be, and why they would buy the products/services relating to your idea.
- Don't start without checking on all the legal issues. Some of the examples mentioned need either licensing to operate or you must have certain qualifications in order to provide some services. If in doubt, your local Trading Standards office can provide advice.
- Finally: Change = business opportunity, even during a recession!

Further information

For practical start up and small business tips, ideas and news, go to:

Website: www.enterprisequest.com

To access hundreds of practical factsheets, market reports and small business guides, go to:

Website: www.scavenger.net

BIF 12 An Introduction to Intellectual Property Rights

BIF 17 A Checklist for Running a Business from Home

BIF 47 A Guide to Sources of Market Information and Statistics

BIF 98 Could You Run Your Own Business?

BIF 120 A Guide to Buying a Business

Useful contacts

The National Enterprise Network represents Local Enterprise Agencies (LEAs) in England.

Tel: (01234) 831623

Website: www.nationalenterprisenetwork.org

The Prince's Trust helps young people aged 18-30 who are unemployed or under-employed to start up in business.

Tel: (020) 7543 1234

Website: www.princes-trust.org.uk

PRIME operates in England and Northern Ireland and provides advice and support to help people aged over 50 to start up businesses.

Tel: 0845 862 2023

Website: www.prime.org.uk

PRIME Cymru operates in Wales and provides help and advice for people aged over 50 to start and run a business.

Tel: 0800 587 4085

Website: www.prime-cymru.co.uk

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