



Generate Your Business Idea

Module 2: People and Needs

March 2023

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Zwolle, the Netherlands
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Module overview

Objectives

- To be able to identify different groups, each with their specific needs.
- To be able to identify business ideas on basis of needs.
- To learn how to identify needs through own experiences.
- To learn how to identify needs through other people's experiences.
- To understand the relation between needs, competition and market share.

Materials

- Flipcharts and markers
- Diagram of shoe-making business
- Figure of 3 elements of a good business idea
- Graph of market share (pie diagram)
- 12 big fake coins (size of a small plate. You can make this from cardboard)
- 3 papers (size A4) with smileys: 1 very happy smiley, 1 somewhat happy smiley and 1 neutral smiley

Duration

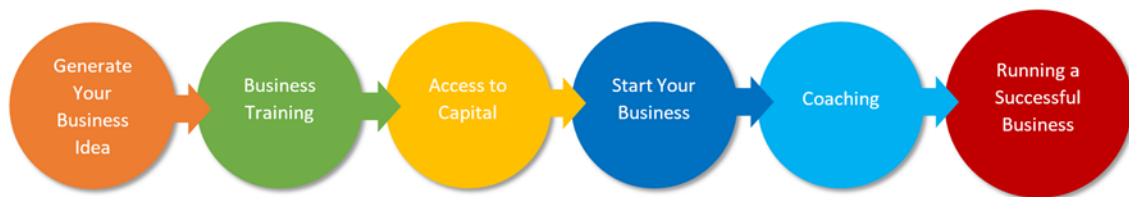
Element	Duration
Introduction	15 minutes
6. Needs	45 minutes
7. Needs According to Others	60 minutes
8. Needs Homework Assignment	30 minutes
9. Competition and Market Share	45 minutes
Closure	15 minutes
Total	3 hours and 30 minutes



Introduction

- Welcome the participants and make sure everybody feels at ease.
- Introduce the session of today to the participants and go through the objectives of this Module.
- Show them schedule of the day, including the breaks.
- Explain the ground rules of the training.
- Make sure that everybody understands how the current Module fits within the total picture of the Generate Your Business Idea training (make reference to the below roadmap towards a successful business).
- Go back to the previous module and shortly discuss the main learning points.

Roadmap to a Successful Business



6. Needs

Introduction

Read and explain the theory 'Needs'. Refer back to the figure on page 12 of module 1 about the 3 elements that make up a good business idea. Tell students that we are now going to focus on the element of needs. Also make reference to the diagram of the shoe-making business (module 1).

Exercise

- Make small groups of 4-5 people.
- Give each group one flipchart and a marker. Let them make two columns: the first column should be named 'People' and the second column should be named 'Needs'.
- Ask participants in the groups to think and discuss about different kinds of people in their community. Remind them about important demographic variables such as age, income, gender, etc. Ask them to write down the different kinds of people in the column 'People'.
- Each of the people identified have a list of needs, things that make their life easier or more enjoyable. Ask participants to discuss about the specific needs of the people identified and let them write these needs in the column 'Needs'.
- Plenary: let each group name 3 kinds of people and their particular need from their flipchart.



Reflection

Explain to the students how important it is to identify the needs of people if you want to set up a successful business. A good business idea is based on very good knowledge of what customers want and need. Tell students that each need that they identified could represent a potential business opportunity.

Theory: Needs



In the previous module about Basic Business Principles we found that a good business idea has to take into account the needs of people. If there is not a clear need for a certain product or service your customers will not buy it from you which means that your business is doomed to fail. So, for someone who wants to start a business, he or she has to start by identifying which are the needs of people in his or her community.

It is important to note that not everybody has the same needs. The specific needs that people have can depend on a wide range of factors. Important variables that have a big influence on the needs of people include: age, family size, family life cycle, gender, occupation and income. We call these demographic variables. For example: teenage girls will need different type of clothes than older men. A farmer needs different tools and equipment than a car mechanic. A very rich person may want to buy the newest car, while a person with an average income may settle for a second-hand car. If we know what the needs of particular groups of people are, then we are in a better position to offer products and services that they really want and for which they are prepared to pay for.

So the question is: how can we identify the needs of different kinds of people? One way to do this is to look through the eyes of the consumers. To put ourselves in their place and think about what we would need if we were them. This doesn't always need to be too difficult: on one hand we are all consumers ourselves and we have been in different situations ourselves. On the other hand, we are constantly surrounded by people of different ages, gender, occupations, etc. and we can see and hear what their interests and desires are.



7. Needs According to Others

Introduction

Read the theory 'Needs According to Others'. Refer back to the shoe-making business and the figure of the 3 elements that make a good business idea. Tell students that they are able to get skills in conducting interviews with customers. We first will do a role play to learn how to interview someone. A guest person is invited who will be interviewed by the students.

Exercise

(For the facilitator: the guest person is instructed beforehand to focus the conversation on a limited number of needs).



- Bring in the guest person and let him/her shortly introduce him/herself to the group, providing some relevant background information.
- Divide the participants into groups of 4-5 people and give each group a flipchart and markers.
- Ask each group to come up with 4 questions for the guest person that would give them information about that person's needs.
- Choose one group and ask a volunteer from that group to come to the front and start a conversation with the guest person, including in the conversation the 4 questions.
- Ask the other groups to write down specific needs that they can identify.
- After they finish the conversation ask feedback from the other groups. Are there other important questions that can be asked to the guest person? If yes, ask the relevant person to pose the question to the guest person.
- In a plenary session, collect the identified needs from the groups and write them on a flipchart or blackboard.
- Ask students if they can think of a business idea on basis of the needs identified. Write the suggested business ideas on the flipchart or blackboard.

Reflection

Ask the students if they identified needs that they didn't think about before the interview. Tell students that speaking to people can give them information that others don't have. This can lead to potential business opportunities that others haven't thought about.

Theory: Needs According to Others



In the previous section we identified different groups of people and looked at the needs that they have. It is easier to identify the needs of the groups that you are (or where) part of yourself than of people who you don't usually relate to. For people that you closely relate to you can easily use your own experience to identify needs. For example: if you are a teenager you can easily list many needs that other teenagers have, simply because you are one of them!

For groups of people that you don't often relate to, it is more difficult to identify their needs. In that case you can try to find out about their needs by talking to them and asking them specific questions. The questions that you ask should give you information about needs in different areas, including: price, quality, service, distribution points, availability and presentation.

Some examples of questions to ask are:

- What do you think about the quality of your purchased product/service?
- Is there any way you think the product or service could improve?
- Why do you buy your product at that specific store?
- What would be a reasonable price for this product/service?
- Are there products/services that you need but can not find in this village?



8. Needs | Homework assignment

Introduction

Refer back to Exercise 7 and tell the students that they will conduct a real conversation to identify needs of particular people in their community.

Exercise

- Tell the students to think back about Exercise 6 and the different people they identified within their groups.
- Tell the students to choose one particular group of people (this may be from Exercise 6 or any other group of people) for which they would like to identify their needs. It may be that some students have already a (vague) idea about a business; in that case they can choose a potential customer group for their desired product or service.
- Ask students to write down at least 4 questions that they would like to ask to the customers in their community.
- Let the students make pairs of 2 and let them look at each other's questions and let them make suggestions for improvements.
- Tell the students that during the coming days they will identify people that match with their selected target customers and try to identify their needs using their questions.



Reflection

Tell the students that the interviews don't have to be formal. They can just start a casual conversation and cover one or more questions. They don't need to ask all the questions to the same person. They can also choose several people and spread the questions among these. For example: if the target group is "Farmers", they can choose 3 farmers and ask each of them 2 questions. It all depends on how the conversation goes.



9. Competition and Market Share

Introduction

Read and explain the theory 'Competition and Market Share'. Tell the students that they will do a participative exercise to clarify the concepts of Competition and Market Share.

Exercise

(For the facilitator: you need to prepare some materials: 12 big fake coins or stones, 3 papers with smileys: 1 very happy smiley, 1 somewhat happy smiley and 1 neutral smiley). You probably can make this best of cardboard paper.



- Tell the students that we are going to do a role play and that you need 4 volunteers to come to the front. These will represent business people.
- Choose 12 people from the participants in the room and give each of them one fake coin. Tell them that they represent potential buyers: the market. The total market is thus: 12 coins. Tell participants that in order to survive, a person needs to earn at least 4 coins.
- Tell the students that volunteer 1 is the only chicken farmer in the village. He is selling one chicken for one coin. Let him 'sell' one chicken to each customer. Each customer will give him 1 coin, so he ends up with 12 coins. Ask participants if they think that the business person is happy or not. They will say "yes" because the business person has 12 coins, which is much more than the 4 coins you need to survive. Give volunteer 1 a paper with a very happy smiley icon. Return the coins to the buyers.
- Volunteer 2 sees that volunteer 1 is making a lot of money and decides to also sell chicken. Each business person will now have 6 clients. Let them both 'sell' one chicken to their clients. Each business person will now have received 6 coins. Ask participants if they think that the business people are happy or not. They will say "yes" because the business people have 6 coins, which is still more than the 4 coins you need to survive. Give volunteers 1 and 2 a paper with a happy smiley icon. Return the coins to the buyers.
- Now volunteer 3 decides to also sell chicken. Each business person will now have 4 clients. Let them 'sell' one chicken to their clients. Each business person will now have received 4 coins. Ask participants if they think that the business people are happy or not. They will probably say "not so happy" because the business people have only 4 coins, which is just enough to survive. Give volunteers 1, 2 and 3 a paper with a neutral smiley icon.
- Suppose volunteer 4 is considering to also sell chicken. Ask the participants if (and why) that would be a good idea or not. What could volunteer 4 do in order to have success with selling chicken?

Reflection

In a plenary session ask students what they learned from this exercise. Tell them that a similar thing also happens in the real world. Tell them that later on, in another training course, they will learn how to estimate their potential market share. But tell them that even now, while they are thinking about their business idea, they should already consider their competitors and possible market share.



Theory: Competition and Market Share



More often than not, in a community or village there will be several businesses selling the same kind of products or offering the same kind of services. For example: you may find several grocery shops selling their products in the same village. These businesses are said to be competitors of each other because they are targeting the same potential customers. Or to put it in other words: they are targeting the same market.

With “market” in this sense we mean: the total number of potential buyers of your product or service. For example, there is a market for cell phones, a market for vegetables, a market for painting services, etc. In each market, businesses are trying to cover a specific need. And similar businesses are competing with each other to meet the needs of potential customers in the best possible way. Because the more each business sells, the higher their profit. See also the right-hand loop in the diagram of the shoe-making business.

In practice, each business will sell to a certain proportion of the market (the total number of clients for a certain product or service). This proportion is called the market share. Think of it as a pie representing the total market for a certain product. And think of each slice of this pie as a part (or share) of the total market. Some businesses may have a bigger slice of the pie than others, simply because they offer a better product, better service, better price, etc. See also the figure beneath. The bigger amount of customers and sales you have, the bigger your market share is, and the bigger your profit will be. Refer back to the figure of the 3 elements of a good business idea and point to the Needs circle: the better a business is in meeting the needs of customers, the bigger share of the market it will have.

The Market



Closure

Evaluation

Discuss the lesson with the students. What went well, what could have gone better, and what have they learned?

Follow-up

This is the end of module 2 of the 'Generate Your Business Idea' training. Continue with module 3: 'Personal Assessment'.

