

FREE FACTSHEET

20 tips to help you choose a business idea

Synopsis

Finding and refining an idea that you can turn into a successful business is the first - and often the biggest - stumbling block for budding entrepreneurs. All businesses either meet a need or provide a solution to a problem for a customer, so the following 20 tips are designed to provide inspiration for you to explore new areas and start thinking in practical terms about the products or services you could offer, and the business opportunities that may be open to you.



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Introduction

Finding and refining an idea that you can turn into a successful business is the first - and often the biggest - stumbling block for budding entrepreneurs. Many people want to run their own business and have the aptitude to do it but struggle to pin down a viable idea.

All businesses either meet a need or provide a solution to a problem for a customer, so the following 20 tips are designed to provide inspiration for you to explore new areas and start thinking in practical terms about the products or services you could offer, and the business opportunities that may be open to you.

1. Use existing skills to supply a specialist product

Could you modify the skills and experience that you acquired while working for somebody else to meet the needs of a niche market?

For example, a former joiner could concentrate on manufacturing a limited range of quality furnishings such as beds, instead of competing against well-established tradespeople doing joinery work in people's homes. A mobile hairdresser could specialise in styling the hair of brides and bridesmaids in their homes so that they don't have to rush into town to get their hair done on their wedding day.

2. Turn your hobby into a money maker

Could your hobby form a basis for a business?

- Do you like gardening? Could you set up a landscape gardening firm?
- Do you enjoy cooking? What about a catering service for people having parties at home or a specialist cake making business? See www.nightcourses.com/articles/cake_making.html for more ideas.

Don't write off your hobby just because you do it for fun; somebody may be willing to pay for it! Besides, a lot of the success of your business will come down to the amount of work and enthusiasm you put into it, so it helps to base your idea around something you enjoy doing already. For more home-based ideas see www.jobsandmoms.com/build_your_own_biz.html.

3. Social trends

Think about changes in society that might lead to new business ideas. For example, there are now more single people than ever so you could set up a business as a personal ad writer to help them meet new people.

4. What type of person are you?

Does your personality suggest any business ideas?

- If you have persistence, mischievous charm and the gift of the gab you might be a good salesperson. There are frequent openings for self-employed salespeople

to sell other people's products. If you are good at dealing with people, you might be just the person to take up a retail franchise, party planning opportunity or multi-level marketing scheme. Find out more about direct selling opportunities at www.dsa.org.uk.

- If you are one of the thousands of people who enjoy selling their surplus household items at car boot sales, you could start a legitimate business trading over the Internet by opening your own online shop. Specialist suppliers such as businesses selling vintage clothing to a niche market are often particularly successful. See www.ebay.co.uk for ideas and products to specialise in.

5. What's missing locally?

Look around in your own backyard. Think of the problems and difficulties that you have experienced in getting things for your home, or at work, or in your leisure activities:

- What problems cause you most inconvenience or cost you most to correct?
- What service was not available locally when you most needed it?
- Which parts, or products, were hard or impossible to obtain locally?
- What do you and your neighbours and friends most frequently complain about?
- What could you offer to local businesses - for example, a sandwich delivery service to isolated industrial estates?

Listen to people talking in the pub or the supermarket checkout queue. Find out what they have difficulty obtaining. Is there any way of providing a local service or product for any of these markets, which somebody will pay for? You can research local businesses by checking out directories like Yellow Pages (www.yell.com), as well as your local Chamber of Commerce (www.chamberonline.co.uk).

6. Are there any opportunities for tourism or leisure businesses in your area?

Is there a ready local market looking for leisure opportunities? A business like a tea shop, for example, may thrive in an area with a high population of pensioners and a high influx of tourists. You may want to consider opening an outdoor activity centre in a rural area. Try talking to people working in the local council, Tourist Board or Regional Development Agency (RDA), as they may have suggestions or even run support schemes for businesses setting up in particular rural areas.

Go to www.visitscotland.com or www.visitbritain.com to find contact details for local Tourist centres. To find your RDA look at www.englandsrdas.com, www.wales.gov.uk, www.scottish-enterprise.com or www.investni.com.

7. Use new technology to build a business

Look at the ways in which people live their lives in the 21st century and see if you can think of exploiting new habits to build a business. For example, almost everyone now

has a mobile phone and businesses are now springing up to enable busy people to send gifts by text message. As an example, see www.cartoonstock.com/directory/t/text_message_gifts.asp for more ideas.

8. Research large firms, local authorities and other public bodies in the area

What do existing businesses in your area make, and what do they buy in from outside the area? In many cases they will be buying goods from outside the region because there is no one to supply them locally. Similarly, local councils, schools and organisations like the police are purchasers of equipment and services. Try contacting the purchasing officer of your local council to find out what large and frequent purchases they make.

Go to www.direct.gov.uk to locate the contact details of your local council, and see www.supply2.gov.uk for an overview of the purchasing procedure of public authorities.

9. Think about selling other people's goods

Many new firms start off by selling goods that somebody else makes. A number of opportunities exist to distribute foreign goods in the UK. For example, the US Department of Commerce publishes a regular magazine listing businesses looking for facilities and distributors (this is available from all US embassies and consulates). Look at www.buyusa.gov/uk/en for more information.

Chambers of Commerce (www.chamberonline.co.uk) also publish regular listings of businesses seeking partners willing to manufacture under licence or to act as sole distributors. HM Revenue and Customs (HMRC) keeps lists of imported products - go to www.hmrc.gov.uk for more details.

10. Watch the news

Newspapers, magazines, online discussion forums, blogs and e-zines are all fruitful sources of new and emerging trends and problems that need a solution. Scanning the small ads section of your local paper is a good way to get a feel for local patterns of supply and demand and you should also read the business opportunities sections in the national newspapers. Try the following resources as a starting point:

- Newspapers and magazines in the UK - www.mediauk.com.
- Online discussion forums - www.ukbusinessforums.co.uk.
- E-zines from around the world - www.freezineweb.com.
- Blogs - www.blogwise.com.

11. Cash in on current trends

Recent scares have raised public concern about the way in which food is produced. Consumer attitudes are changing: people are becoming increasingly interested in naturally produced food which can be traced back to the supplier, such as organic food, and in buying from local producers. Farmers' markets have become popular and offer

a wide range of natural products.

At the same time, some people have become suspicious of traditional medicine and are turning to complementary therapies instead.

Business opportunities emerging from these trends could include selling naturally produced or organic food; or offering complementary medicine services, such as aromatherapy or homeopathy. See www.soilassociation.org or www.chisuk.org.uk for more details.

Consumers' tastes and needs change regularly and are influenced by a range of factors such as the media, current fashions, changing demographics and advertising. These changes in attitude can often lead to great business ideas and in recent years juice bars, lifestyle consultants and raw food cafes, to name just a few, have all provided opportunities for entrepreneurs.

Keep up with these and other current consumer trends at www.trendwatching.com and see www.entrepreneursecrets.co.uk for more inspiration.

12. Copy business ideas that have taken off elsewhere

Business ideas often originate abroad and then spread throughout the UK. The founder of Kwik-Fit, Tom Farmer, got the idea from the 'muffler shops' he saw on a visit to the US.

Can you pick up on a trend and be the first to offer that product or service in your local area? For instance, the decline in the popularity of DIY led to entrepreneurs in London offering a niche service assembling flat-pack furniture for customers. See www.handylocals.com for marketing opportunities in your local area.

13. Keep up with changes in the law

New legislation is often a rich source of new business opportunities. Every new piece of legislation generates opportunities in terms of administration and compliance. There may be a need to supply parts to adapt an existing product or process to meet new safety or health regulations, or a demand for people to provide new services.

For example, with the introduction of the new Home Information Packs for buyers and sellers of domestic properties from June 2007, people are now training for the Home Inspector qualification, which will enable them to carry out inspections for the Energy Performance Certificate and the voluntary Home Condition Report. See www.homeinformationpack.gov.uk for more details.

Keep track of forthcoming legislation at www.opsi.gov.uk.

14. Buy an existing business

You might consider buying an existing business - but if you do, make sure you find out why the owner is selling up. Even if the vendor is retiring, why was it not worth his family's while to continue? Businesses for sale are usually advertised in the local paper and could also be advertised in relevant trade magazines (see www.tradepub.com for a directory of these). You could also try the following resources for regularly updated

business opportunities:

- <http://uk.businessesforsale.com>
- www.loot.com
- www.daltonsbusiness.com

Franchising is another option - you get the independence and satisfaction of running your own venture, but benefit from marketing support and an established customer base. The following web links provide more information and opportunity listings for franchising:

- www.thebfa.org
- www.whichfranchise.com
- www.franinfo.co.uk
- www.franchiseexpo.co.uk

15. Use all the research tools you can find

Government statistics, surveys and consumer market research are all available and easily accessible over the Internet. You should scour the web for ideas, gaps in the market or useful networking opportunities. There are also major exhibitions, packed with start up ideas, specifically aimed at people who are looking to become self-employed. A wealth of literature exists in this area and your local library will have countless information sources.

Try the following as starting points:

- Demographic and statistical information - www.statistics.gov.uk, www.gro-scotland.gov.uk and www.nisra.gov.uk.
- Consumer profiles and information on local postcode areas - www.upmystreet.com.
- Listings of UK exhibitions - www.exhibitions.co.uk.

16. Provide a service that helps others feel good

Increasingly people wish to simplify and de-clutter their lives and at the same time also give back something to the community. Could you provide a service that would meet both these needs and fit in with the current ethos? One business idea that might achieve this is a junk clearance service, as goods collected could be given to charity - see www.anyjunk.co.uk for more information and details of franchising opportunities available. For more ideas, see www.globalideasbank.org.

17. Could you go freelance?

The UK workforce is changing, with many more people choosing to work flexibly, from home or outside the traditional employment relationship. By going freelance you can often choose to work from home or in various places to cover absent staff or to help

with the peaks and troughs in established businesses. Some experienced managers have decided to set up businesses as an interim, working on short-term assignments or projects at other firms. Many people are attracted to the variety and flexibility of this way of working.

Check out information and job listings for freelancers at www.freelancers.net and www.freelanceuk.com.

18. Look out for potential labour shortages

The shift towards academic qualifications and away from vocational training has left many skills shortages for traditional trades. Many former office workers have retrained as plumbers and started their own businesses because of current shortages and the subsequent financial rewards. You could investigate similar skills or service shortages in your area.

19. Cash in on the 'time-poor'

Could you start a business that meets the needs of busy people who have little time available to themselves? All sorts of business ideas fall under this category, from simple ones such as dog walking and personal shopping though to Internet-based businesses such as selling items on eBay and other auction sites. As an example, see www.haggle4me.com for more ideas.

20. Could you invent something?

The British have a proud history of inventions, from penicillin to the train, and many of today's household names are the brainchildren of enthusiastic individuals. Every year around 20,000 people in the UK apply for patents, with 20% of these applications made by individuals rather than businesses or institutions. You can get more information from the UK Patent Office by visiting www.patent.gov.uk.

Hints and tips

- Write down your ideas and research and organise your notes in a file. It will help you think things through systematically, and will form the basis of your business plan when you finally choose an idea.
- Your local enterprise agency should be able to help you assess your ideas for a business. It, along with your local library, will be listed in the phone book.

Further information

For practical start up and small business tips, ideas, know-how and news, go to www.enterprisequest.com.

To access hundreds of practical factsheets, market reports and small business guides, go to www.scavenger.net.

Working for yourself

Jonathan Reuvid
Kogan Page (2006)

Start up and run your own business

Jonathan Reuvid
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