TOPIC: IDENTIFYING BUSINESS OPPORTUNITIES

We use different methods for research, which we call research instruments. We must know what information we want to collect. Typical information an entrepreneur will have to collect includes:

- The potential market for a new product or service.
- Client's satisfaction levels with products or services that are currently being offered.
- The possible geographic position of a potential business.
- The demographics of a community
- The average level of income in a community.

Entrepreneurs need to collect primary and secondary data about their prospective customers.

**Primary data** is the information an entrepreneur himself has to collect. Examples of primary data:

- The potential market for a new product or service.
- Client satisfaction levels with products or services that are currently being offered.
- The geographical position of a potential new business.

**Secondary data** is information that has been collected by organisations such as banks, government departments, The South African Reserve Bank, Statistics South Africa and the Department of Trade and Industry. We find the information in reports and bulletins. Examples of secondary data:

- The demographics of a community.
- The average level of income in a community.

**The research process**

The **test sample** refers to whom you are going to collect primary data from as well as how many people you are going to collect data from. The people you are going to collect data from is known as your **target population**. **How many** is known as the **sample size** and is influenced by how much time you have and your budget.

Avoid being biased. Bias means something is not completely objective. **Observation** is when you collect information, but you do not interact with the sample population, you only watch what they do. **Personal interviews** are face-to-face interviews where the interviewer asks the questions directly to the interviewee. **Telephonic interview** is where you interview people who have cell phones or land lines.
**Postal survey** is where questionnaires are send by snail mail and the interviewees send the completed questionnaires back to the interviewer.

**Direct computer interview** where the interviewees enter their answers directly into a computer.

**E-mail interviews** where questionnaires are sent to interviewees by e-mail. It is a very **cost – effective** way of interviewing people.

**Factors to influence the choice of interview method:**
- How soon you need the answers.
- The budget available.
- The literacy level of the target population.
- The sensitivity of the questions.

**Points to remember when designing a questionnaire**
- The questions should be clear and simple.
- Do not ask too many questions.
- Start off with the easy questions, working towards more difficult ones.

Before you use your questionnaire, first test it on a small number of people to make sure that people understand the questions and that the questions are clear.

The **research protocol** is the rules you should keep in mind when doing research. If you want to get the most information from your test sample, you should know the proper way of approaching businesses or individual people.

**Consent** is where the interviewee gives his permission that you can go ahead with the interview.

**Points to remember when doing an interview**
- Always start off by introducing yourself.
- Clearly state the purpose of the interview
- Make sure that the interviewee knows that his name will not be mentioned.
- If the person does not want to answer questions, politely thank them and move on.

**Ethics** refer to the morally right way to do something.
If you say to the interviewees that the information will be kept confidential, it will be a breach of ethics to publish their responses on the questions in the newspaper together with their names.

**Before an entrepreneur can start a new business, he needs to**
- Identify a gap in the market
- Decide which products or services can be provided.
- Who the target market is
- Who the competition is
- Who the suppliers will be
TOPIC: THE BUSINESS PLAN

The business plan is a document that provides details of where you would like to go with your business idea and how you intend to get there. The business plan includes the goals of the business and the owner can check the performance of the business against these goals. The owner will be able to see if goals have been met and if the business is maintaining its focus. The business plan can be adjusted as changes take place in the business.

Components of the business plan

The cover page lists your business details and contact numbers.

The content page lists the headings of the different sections of the business plan with corresponding page numbers that will help the reader to find information.

Description of the business will include the vision, mission statement and long term objectives, the form of ownership, a description of the product or service you want to offer and the legal requirements.

A SWOT analysis examines the internal and external environments facing a business, including the strengths and weaknesses of the business and the opportunities and threats from elements outside the business.

The Marketing plan will explain how you market your product or service. The business needs to describe its potential target market by doing market research. The marketing mix consists of the product, price, place and promotion.

Businesses selling the same or a similar product as you, are seen as your competitor. To ensure that your business has a competitive advantage over competitors, it is important to make a study of your competitors to find out what their weak and strong points are and try to offer something extra or slightly better than the competition.
TOPIC: IDENTIFYING BUSINESS OPPORTUNITIES & THE BUSINESS PLAN

1. Mention examples where you will make use of primary data (6)
2. Name organisations where you can collect secondary data. (5)
3. Give examples where you will make use of secondary data. (4)
4. Name FIVE different types of interviews. (5)
5. Which factors do you have to consider before you choose an interview method?
6. Which factors should you consider before designing a questionnaire? (6)
7. Why is it necessary to draw up a business plan? (8)
8. Name the EIGHT components of a business plan. (8)
9. Name the SEVEN elements of the marketing mix. (7)
10. Explain your understanding of the SWOT analysis. (8)
11. What is the meaning of the word competitive advantage? (2)
12. Read the case study and then answer the question that follows.

FIT FEET
Fit Feet is a shoe manufacturer specialising in ladies health shoes. Their brands are well recognised in South Africa and recently businesses in other countries have expressed an interest in their shoes. Although Fit Feet shoes are known for their comfort and quality, they have not succeeded in attracting younger women as their shoe designs do not keep up with the latest fashion trends.

Another shoe manufacturing company, Sassy Soles, has incorporated trendy styles combined with comfort and quality and they are proving to be strong contenders in the industry. Fit Feet have also been experiencing staff problems as their factory workers are threatening to embark on strike action, following a wage dispute. The South African Reserve Bank has also announced an increase in the interest rate. The management of Fit Feet is considering credit sales of their shoes for the near future. They are also conducting research into the market for men’s shoes.

Compile a SWOT analysis for Fit Feet, using the information from the above case study. (8)