

20 Tips to Help You Choose a Business Idea

How To Run Your Business
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Introduction

Finding 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 must meet a customer's need or provide a solution to a customer's problem. With this in mind, the following 20 tips will help inspire you to think practically about the products or services you could offer, and the business opportunities that may be open to you.

20 useful tips

Here are 20 suggestions that could help you find an idea that is right for you.

1. Use your existing skills

Many entrepreneurs use the experience they've gained while working for somebody else to start their own businesses.

For example, if you've worked as a hairdresser in a salon, you might consider opening your own salon from home. There's a good chance that several of the salon's customers will choose to come to you because they already know and trust you.

Another alternative is to freelance. If, for example, you are a writer, designer, bookkeeper, accountant, photographer, IT specialist or anyone with a specific skill, you could offer your services to clients for short-term projects. There are several ways to get your name out there - you could phone prospective clients directly, you could register with recruitment agencies, or you could advertise your services in the local newspaper. See www.freelancentral.co.za.

2. Turn your hobby into a money maker

Many hobbies can be converted into businesses. If you enjoy gardening, for instance, you might be able to set up a landscape gardening firm. Similarly, someone who cooks or bakes well might be able to open a catering or a cake-making business. South African cookery teacher Sally Williams discovered a delicious nougat recipe while on holiday in Tunisia, improved on it in her kitchen, and now sells her famous nougat countrywide - she turned her passion into a hugely successful business.

See www.bankrate.com/brm/news/advice/20050208a1.asp and www.jobsandmoms.com for advice and ideas.

3. Buy an existing business

You might consider buying an existing business. Businesses for sale are usually advertised in the local paper and could also be advertised in trade magazines like Your Business (www.bizmag.co.za); also look at websites like www.buyabusiness.co.za. There are a number of financial and legal checks that you need to do when buying a business, so don't rush into anything and use an expert to help you if you can.

Business brokers can help reduce the risk of buying a bad business (search for business brokers on a directory like Ananzi - www.ananzi.co.za). Make sure you find out why the owner is selling up; even if they are retiring, check why was it not worth their family's while to continue? Try these websites for more information: www.businessesforsale.co.za, www.bizforsale.co.za and www.aldes.co.za.

4. Buy a franchise

Franchising is extremely popular, and it's easy to see why. You're buying a popular, successful brand, you get huge marketing support and you also (in most cases) get ongoing help with new products, displays etc. But remember that you take all the risk. If the franchise fails because it's in an unpopular area, for example, the franchise chain will not reimburse you! And staff issues are also your concern. In addition, you have to pay a fee on turnover to the franchisor. Despite these limitations, franchising is in many ways the easiest, least risky way to open and run your own business.

It's essential to choose a franchise that you have a genuine interest in. If you've never prepared a meal and know nothing about food, for example, you're unlikely to make a success of a restaurant outlet. Also, it's wise to look for a franchise amongst the large, professional franchise organisations that belong to FASA and avoid unknown names; there are many franchises around these days that are not well known or supported. The Franchise Association of Southern Africa (www.fasa.co.za) has information on a range of franchise opportunities. Also look at www.franchisedirectory.co.za for ideas.

5. Build on your personality

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.dsasa.co.za.

If you are one of the thousands of people who enjoy selling their surplus household items at markets or fetes, 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.bidorbuy.co.za for ideas and products to specialise in.

6. What's missing locally?

Look around in your own local area. 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 inconvenience you the most, or cost you the most (in time, effort or money) to correct?
- What service is not available locally when you most need it?
- Which products or services are hard or impossible to get locally?
- What do you and your neighbours and friends complain about most often?
- What could you offer to local businesses? (For example, a sandwich delivery service to office blocks or business parks far from shops.)

Listen to people talking in the supermarket queue, at the bus stop or at the taxi rank. Find out what it is that they have difficulty getting hold of. 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.yellowpages.co.za), as well as your local Chamber of Commerce.

7. What about tourism or leisure opportunities in your area?

Is there a local market looking for leisure opportunities in your area? The recent economic boom has put more disposable income in the pockets of consumers - and more people are spending money on eating out or recreation. A business like a coffee shop, for example, may thrive in an area close to offices or with tourist traffic. Many more people are also trying to escape the city, if only for a weekend. You may consider starting an outdoor activity centre in a rural area.

Talk to people working in your local municipality's economic planning or development office, to the Tourism Enterprise Project (www.tep.co.za), as they may have suggestions or support schemes for businesses setting up in this sector.

8. Use new technology to build a business

Look at the way that people live in the 21st century and see if you can identify new consumer habits that could benefit from a new service or invention. For example, almost everyone now has a cellular phone and businesses are now springing up to offer information, pictures, music and other services for cell phones.

Internet usage is also growing with the roll-out of broadband access; this opens the door to opportunities for products that exploit internet technology, or simply use the internet and email to market existing products. Speak to the Seda Technology Programme (www.stp.org.za) about the technology incubators that help businesses in this field to start and grow.

9. What do large companies and local authorities in your area need?

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.

You can find some of the main tender-related websites on the Small Enterprise Development Agency site (www.seda.org.za). For a fee, you can subscribe to commercial tender information

services like www.onlinetenders.co.za or www.dailytenders.co.za; they charge between R400 and R700 per month to subscribe.

10. Think about selling other people's goods

Many overseas manufacturers are keen to find distributors for their products across the world. Simply type "becoming a distributor" on the internet and you will discover numerous opportunities. Also try these avenues:

- www.mbendi.co.za/import/sa/index.htm for useful information on importing into South Africa.
- Talk to the information officer at your local Chamber of Commerce about producers or manufacturers in your city or region who may be looking for sales agents.
- You can go a step further and talk to the Chambers of Commerce of our main trading partners, such as Germany (www.germanchamber.co.za) or the USA (www.amcham.co.za) about suppliers from those countries wanting to import goods.

11. 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 media in South Africa - www.newspapers.co.za and www.sabest.co.za/directory_news.html
- E-zines from around the world - www.freezineweb.com.

12. Cash in on current trends

Consumers' tastes and needs are changing all the time and are affected by factors like the media, current fashions, changing demographics and advertising. Look out for trends that create a demand for certain products or services. For example, 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. See www.go-organic.co.za for more details on this trend and business opportunities arising.

Also, many people have become suspicious of traditional medicine and are turning to traditional or complementary therapies instead. For more information, you can talk to groups like the South African Society of Integrative Medicine (www.integrativemedicine.co.za).

Keep up with these and other current consumer trends by searching the retail website www.fastmoving.co.za and the marketing site www.bizcommunity.com. The website www.eighty20.co.za offers a free daily 'Fact-a-day' email with an interesting fact or statistic to get you thinking about what consumers need or want.

13. Copy business ideas that have succeeded elsewhere

Many successful commercial concepts come from overseas. Can you pick up on a trend and be the first to offer that product or service in your local area?

For example, more and more people in South Africa are following international practices by adopting a more environmentally friendly lifestyle and eating healthier food, including organically grown produce. This has opened up opportunities for entrepreneurs in many fields. South Africa's electricity shortage has also focused attention on alternative power sources - such as solar power systems - which is creating additional business opportunities. For example, see www.urbansprout.co.za for exciting ideas in the growing 'green' movement.

14. Keep up with changes in the law

New laws often lead to new business opportunities. Every new piece of legislation usually brings some new administration and compliance procedure. 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, the new Consumer Protection law requires businesses and government to communicate with consumers in plain, easy-to-understand language. This will create opportunities for people with language and communication skills to help with this daunting task.

You can find South African laws for free at www.acts.co.za, or go to the website www.polity.org.za and subscribe to the Polity Weekly Newsletter to hear about laws as they are enacted.

15. Use all the research tools you can find

Government statistics, surveys and consumer market research are available on the Internet, so search the web for ideas, gaps in the market or useful networking opportunities. There are also exhibitions packed with start up ideas, many aimed at people who are looking to become self-employed.

Try the following as starting points:

- Statistics South Africa collects data on our economy and society; among the most helpful statistics are collected during the Census. These can be found at www.statssa.gov.za/census01/html/C2001Interactive.asp.
- Search for exhibitions that interest you on www.exsa.co.za, the website of the Exhibition Association of Southern Africa.
- The Eighty20 Consumer Information Portal (www.eighty20.co.za/databases/launcher.cgi?to_launch=/databases/databases) is very useful but most data is only available by subscription.

16. Provide a service that builds the community

South Africa remains an unequal society, with most citizens struggling against poverty. Could you create a 'social enterprise' that earns a living for those involved, but fills a burning need in the community? If you belong to a community group already (church group, youth group, choir, sports team, etc), this could give you your starting point. You could consider a range of ideas:

starting vegetable gardens, clearing litter, building playgrounds, starting sports teams, or starting musical bands and orchestras.

Talk to your local municipality about what civic groups can do, and where you could look for start-up funding and event on-going contracts from government agencies or funders.

For more ideas, go to the non-profit website for social inventions at www.globalideasbank.org.

17. Could you go freelance?

As jobs become less permanent, and computer technology allows us to communicate with colleagues from a distance, many more people are choosing to work flexible hours, from home or outside the normal employment relationship. By going freelance, you can often choose to work from home or on short-term projects for a number of clients.

Check out information and work possibilities for freelancers at www.freelancentral.co.za.

18. Consider re-training yourself

South Africa's skills shortage is going from bad to worse, and the real shortage is amongst the trades - plumbers, electricians, mechanics, builders, and so forth. Just because you are an office worker now, doesn't mean you can't be a plumber tomorrow! If you're already good with your hands and enjoy this sort of work as a hobby or part-time activity, why not consider studying it full-time? You can do so at one of many training institutions; begin by visiting www.fetcolleges.co.za. This could be the first step on the road to an interesting and well paid career.

For instance, go to the website of the Manufacturing, Engineering and Related Services Sector Education and Training Authority (Merseta) - www.merseta.org.za - to find out more about critical skills shortages in the motor industry, for instance. Also look at what the other Sector Education and Training Authorities offer; they are listed on the Department of Labour website at www.labour.gov.za.

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 fetching and carrying school-children between school, home and extra-mural activities.

20. Could you invent something?

About 80 patents a month are issued by the Companies and Intellectual Property Commission (CIPC) in South Africa - reflecting the number of potential new products being invented. You can see a number of the more popular local inventions at <http://zar.co.za/invent.htm>.

If you have an idea, visit the CIPC website at www.cipc.co.za to see whether you can register it as a patent. The CIPC also has a call centre you can phone (086 100 2472) to ask for advice.

Hints and tips

- This list is not definitive - it's just a starting point to help you think about the opportunities available.
- 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 business support agency should be able to help you assess your ideas for a business.

Related factsheets

Could You Run Your Own Business?

How to Find Information on the Internet

How to Prepare a Budget for a New Business

How to Write a Business Plan

Further information

The National Youth Development Agency helps young South Africans (those between the ages of 18 and 35) to get skills, find job opportunities, or start their own businesses. Women of all ages can also apply for funding and business vouchers. The NYDA has Youth Advisory Centres around the country where you can go for information and advice. Phone the call centre (youthconnect) at 08600 YOUTH (96884) or visit the website to find an advisory centre near you.

08600 96884

086 606 6563

info@nyda.gov.za

www.nyda.gov.za

The Small Enterprise Development Agency (Seda) is the Department of Trade and Industry's support organisation for small businesses. They have a useful website and call centre, and a network of branches around the country where you can go for information and advice on how to start a business.

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The Business Place is a network of walk-in centres for entrepreneurs, with support and information services under one roof. There are currently centres in Alexandra, Botswana, Cape Town, Egonce, King Williams Town, Johannesburg, Kliptown, Metsweding and Philippi.

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Books

Starting or Buying Your Own Business or a Franchise
Nico Swart 2004 Juta and Company

Starting Your Own Business in South Africa
Guy Macleod and Barrie Terblanche 2004 Oxford University Press Southern Africa

Websites and magazines

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