

# Thinking Creatively

## Sources of business ideas

Where does an entrepreneur come up with the idea for his/her business? In practice there are many ways in which the business opportunity and idea is first spotted. As we shall see, sometimes luck plays a big part; at other times there is a role for approaches which encourage **deliberate creativity**.

Here are some of the main sources of business ideas for start-ups:

### ***Business experience***

Many ideas for successful businesses come from people who have **experience** of working in a particular market or industry. For the start-up, there are several advantages of applying this experience to a new business:

- Better and more detailed understanding of what customers want
- Knowledge of competitors, pricing, suppliers etc
- Less need for start-up market research
- Entrepreneur is able to make more realistic assumptions in the business plan about sales, costs etc
- Industry contacts, who might then become the first customers of the start-up!

All of the above help the business planning process and you could argue that they reduce the risks of a start-up.

On the other hand, you might argue that “familiarity breeds contempt”. In other words, detailed experience of an industry means that the budding entrepreneur doesn’t have a fresh perspective. Someone who is new to a market may be able to exploit approaches that have worked in other industries to make an impact with the start-up.

### ***Personal experience***

Many ideas come to entrepreneurs from their day-to-day dealings in life, or from their hobbies and interests.

For some of us, frustrating or bad experiences are a source of irritation. For the entrepreneur they might suggest a business opportunity.

It is often said that one of the best ways to spot a business opportunity is to look for examples of poor customer service (complaints, product returns, persistent queues etc). Such examples suggest that there is an opportunity to do something better, quicker or cheaper than the existing products.

Hobbies and interests are also a rich source of business ideas, although you have to be careful to avoid assuming that, just because you have a passion for collecting rare tin openers, there is a ready market from people with similar interests! Many people have

tried to turn their hobby into a business and found that generates only a small contribution to household income.

### **Observation**

Simply observing what goes on around you can be a good way of spotting an idea. Often an idea will be launched in another country and has not yet been tried in other, similar economies. When Stephen Waring was in the USA attending a wedding, by luck he sat next to someone who ran a household service business (treating lawns). After some brief market research, Stephen found out that there was no similar business in the UK, so he launched one. It has since become a hugely successful franchise business – [Green Thumb](#).

It is worth looking at some other examples of how successful start-ups got their ideas in order to appreciate the diversity of sources. Here are some good ones:

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Business	Entrepreneur	Where the Idea Came From
<a href="#">Glasses Direct</a>	James Murray-Wells	James was fed-up with being charged “rip-off prices” for prescription glasses. He researched the supply chain and found he could offer consumers the same product at substantially cheaper prices by selling direct.
<a href="#">King of Shaves</a>	Will King	Will found traditional wet-shaving painful due to his sensitive skin. His girlfriend suggested using oil to smooth the process. An oil-based solution to shaving was developed and is now a world leader.
<a href="#">Tyrrell’s Crisps</a>	Will Chase	Will needed to find an alternative use for the output from his loss-making potato farm. He added value to the potatoes by turning them into premium-priced crisps.
<a href="#">Superjam</a>	Fraser Doherty	Fraser turned his grandmother’s recipe for sugar-free jams into a best-selling grocery brand.
<a href="#">Beautiful Vending</a>	Neil Mackay & Richard Starrett	Neil & Richard spotted the potential for grooming machines whilst working in entertainments industry.
<a href="#">Jo Jingles</a>	Gill Thomas	Gill made a lifestyle choice to move out of the corporate world and set up her own business. She combined her personal interest in teaching music to children with an idea for a franchise format.

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## **What makes a good idea?**

Having an idea for a business is the easy bit. It is much harder to work out whether the idea has potential.

Good business ideas tend to have one or more of the following characteristics:

- They solve a problem
- Offer a cheaper or better way of doing things than existing products or services
- Are simple and practicable
- Can be developed and delivered to the market quickly
- Have a clear focus on meeting the needs of the target customer
- Anticipate market trends and exploit growth opportunities

## **Deliberate creativity**

An entrepreneur is always on the look out for a business opportunity – the thinking process takes place constantly.

However, it can also be argued that a formal process of creative thinking can also help someone set up a new business. This is often referred to as “**deliberate creativity**”.

Here are some of the models or approaches to deliberate creativity which might be used by a start-up:

### ***Blue skies thinking:***

This is a kind of brainstorming in which the thinking process allows no limits in what is suggested and no preconceptions about what the answer might be. Blue skies thinking encourages contributors to throw in as many ideas as possible. Only when the flow of ideas has stopped does the process go on to consider which ideas might have commercial potential.

### ***Lateral thinking***

Originally created by Edward De Bono, lateral thinking is about reasoning that is not immediately obvious and about ideas that may not be obtainable by using only traditional step-by-step logic. Lateral thinking is sometimes called “thinking outside the box” – it tries to come up with new and unexpected ideas.

### ***Six thinking hats***

Another approach to creative thinking from De Bono - this is a thinking tool for group discussion and individual thinking.

The approach identifies six types of styles of thinking which can be used to come up with ideas and focus the group on good ideas:

<b>Neutrality</b> (white Hat)	Considering purely what information is available, what are the facts? Quantitative data on a market (e.g. sales, existing products) would be considered with this hat on.
<b>Feeling</b> (red hat)	Instinctive gut reaction or statements of emotional feeling (but not any justification). Many entrepreneurs rely on their instinctive or gut feel with their business idea.
<b>Negative judgement</b> (black hat)	Logic applied to identifying flaws or barriers, seeking mismatch. The black hat encourages the entrepreneur to think about the things that might go wrong with an idea.
<b>Positive Judgement</b> (yellow hat)	Logic applied to identifying benefits. This is the opposite of the black hat – what are all the positives or upsides from the idea. What is the best that might happen?
<b>Creative thinking</b> (green hat)	Statements of provocation and investigation, seeing where a thought goes. This is the hat which encourages lateral thinking.
<b>Process control</b> (Blue hat)	Thinking about thinking. The blue hat encourages the entrepreneur to consider and evaluate the ideas coming from the other five hats!