



# Business Development Concepts

**Small Business BC**

601 West Cordova Street Vancouver BC V6B 1G1  
Phone: 604-775-5525 In BC: 1- 800- 667-2272 Fax: 604-775-5520

<http://www.smallbusinessbc.ca>

Reviewed: October 2004

## **Business Development Concepts**

This document is packed with advice for starting, improving or expanding a small business. It provides you with invaluable information for finding or generating opportunities and learning how to analyze your business environment to make it work to your advantage.

### **An Existing Business**

This section provides you with tips and insights for guiding the crucial decision of what business to buy. If you already own a business, there is also helpful advice on how to expand your existing operations through a process of creative analysis and redirection.

- Buy an existing business
- Buy a franchise
- Franchise your business
- Identify opportunities arising from your current business
- Identify the full scope of your business

### **Take Advantage of the Market**

Make market changes work to your advantage by learning how to anticipate trends, recognize resulting business opportunities, and create the most promising goods and services.

Discover strategies and ideas for adapting your operations so that your business can benefit when opportunities or challenges arise.

- Take advantage of a market switch
- Capitalize on a growth trend
- Take advantage of new fashions or fads
- Cover market gaps or shortages
- Imitate a successful product or idea
- Find a good product that has failed
- Transfer a concept from one industry to another
- Invent a new product or service
- Create a market demand
- Serve unique client groups
- Take advantage of circumstances
- Find people with under-used skills

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### **Ideas for Manufacturing and Assembly**

This section provides you with plenty of ideas and resources for deciding on a suitable product to manufacture as is, or to improve, recycle, refurbish, or imitate. It also considers how best to package the product or bundle it with others for a convenience-minded consumer, and how to make sure it is marketed well so it can compete and sell.

- Locate a patent opportunity
- Manufacture and market under licence
- Improve an existing product or service
- Assemble a product
- Recycle an existing product
- Become a supplier
- Replace imports
- Cater to discarded markets
- Target a small part of a large market
- Add value to existing products
- Substitute materials in existing products
- Find uses for waste materials
- Combine components
- Package or unpackage existing products

### **Become an Agent or Distributor**

As an alternative to producing a product yourself, you have the option of concentrating on the buying, selling and marketing of someone else's. Read some useful hints about how to get involved in buying services and products and then selling them on for a profit – sometimes involving import and export (distributor), or in selling goods and services on behalf of a producer or distributor for a fee or commission.

- Become an agent
- Become a distributor
- Become an import distributor or agent
- Become an export distributor
- Market someone else's product
- Expand market areas

### **Service/Retail**

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In the retail business, it is possible to create a profitable enterprise by selling to the consumer at discount prices goods that you have purchased at a very low cost. Discover sources for low-cost goods and other helpful suggestions.

Event planning is an idea for a service that utilizes your business skills: planning, organizing, and promoting. Consulting is a way of capitalizing on any areas of expertise you might have or care to develop.

Find out about some areas that typically require these services, and learn how to identify potential clients.

- Offer discount goods for resale
- Plan and promote events
- Provide a consultation or information service

### **Buy An Existing Business**

When you buy an existing business, you are assuming responsibility for an existing customer base. You are most concerned with the ability of the business to continue earning profits. The price you choose to pay for this business, therefore, is more related to the business' past profit earning record. One commonly accepted way of evaluating the business is projecting its profits for the next three years based on its last three years and discounting the present value (using present value tables) to this year. This is assuming that you expect to get your investment back within three years.

You may also choose to buy a business that is not doing well, believing that you can use your knowledge and talents to make it succeed. Then the value you would place on it would have more to do with the replacement value of the assets of the business (plant, equipment & inventory) taken against what is shown on a current balance sheet, to be the book value of the assets and liabilities.

In some cases, you may wish to buy a business and resell it quickly; your success here would depend on your ability to identify businesses that can be turned around quickly and resold at a profit. You are particularly concerned with the balance sheet and the specific liquidity aspects revealed by it.

Most people negotiating a buy/sell agreement for a business use each of these methods in some combination. You negotiate for assets based on their worth to you. Beyond the asset value, you pay for inventory against cost figures (not retail dollars) and according to how current that inventory has been kept. You sort the inventory into current stock, slow sellers and dead stock. You shouldn't pay for someone else's mistakes, i.e. dead stock. For slow selling stock you might offer 50 cents on the dollar on cost, and for current stock you pay near cost.

### **How To Do It**

As a first step, seek out books that explain how to buy a business. When ready to look, pay special attention to the reason why the person is selling the business.

1. To find businesses available for purchase:
  - Check newspapers for classified ads under Business Opportunities or similar headings.
  - Contact commercial real estate agents.

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- Read ads in trade publications.
  - Attend trade shows.
  - Talk to people in the trade, and visit businesses of interest to observe their operations.
  - Talk to business professionals (lawyers, accountants and bankers) to see if they know of any firms for sale.
2. Check out businesses you would like to operate looking for owners who want to retire or sell for other reasons such as boredom, partnership disagreements, divorce or poor health.
  3. Look for businesses that are not doing well, and that your talents, knowledge and energy could make successful. Beware of businesses in a shrinking marketplace (e.g. typesetting printer businesses).
  4. Identify and talk with potential customers to determine their need for your product.
  5. Before entering into negotiations to purchase a business, talk to your banker, accountant and lawyer.

### **Key Questions**

- What existing businesses could I buy and operate?
- What types of businesses am I interested in?
- What types of businesses would I enjoy operating?
- What businesses could I run, based on my previous experience?
- What funds are available to me for the purchase of a business?

### **Buy A Franchise**

Buying a franchise involves buying the rights and support systems to own and operate a business that has been designed by someone else. It is a common way of establishing a business.

Usually, franchise networks are based on a successful business established in one original location. Franchise outlets may then be established in other locations. Each location uses the same company name, operating system, purchasing procedures and management system, and benefits from general advertising campaigns. Each franchise outlet receives varying degrees and types of franchise supports.

### **Some Examples**

1. Many fast food outlets such as McDonald's Burger King and Kentucky Fried Chicken are franchise operations.
2. Other common types of businesses that may be franchised are real estate agencies, restaurants, hair salons, building supply outlets, dry-cleaners, picture-framing shops, lawn maintenance services, fast printing services, quick photo processing outlets, automobile repair and parts shops, sports equipment stores, computer stores, video rental outlets, home security firms and machine vending services.

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## How To Do It

1. Find and read publications relating to franchising, to learn about its advantages and disadvantages. Good sources of information include local libraries, as well as Small Business BC.
2. Identify types of franchise operations you would like to explore by:
  - Reading newspaper and magazine advertisements and franchise trade journals.
  - Joining franchise trade associations.
  - Noticing franchised businesses in other locations that may work in your area.
3. Work at a franchise outlet of a business that interests you.
4. Attend franchise trade shows.
5. Read the Solutions for Small Business: Resource Guide for British Columbia Businesses, Appendix G: Evaluating a Franchise Checklist. This Ministry of Small Business, Tourism and Culture publication is available from your local Government Agent's office or Small Business BC.
6. When you have selected the type of franchise that most interests you, identify and talk with potential customers to determine their need for your products or services.
7. Talk with a few franchisees for information on being part of a franchise operation.

## Key Questions

- What kind of business would I like to own as a franchise?
  - Is there a market for the product or service I would be offering?
  - Can I obtain that franchise for my area? How?
  - Will my previous business experience support the type of franchise operation I prefer?

## Franchise Your Business

Franchising is one alternative for expanding a successful, existing business. Franchises are generally of two varieties. The franchisee purchases the rights to a single location or buys a master franchise to develop an area (i.e. multiple locations that may then be sub-franchised within a given geographic territory).

When a business is franchised, a specially prepared contractual relationship (joint venture) is set up between the successful established business (the franchiser) and the hopeful buyer (franchisee) concerning sale and lease. This copy is based on the key elements of the original concept that are necessary to duplicate the success of the original business in any number of new locations. This copy kit will often include a sub-lease on a location, immediately identifiable changes to the building's exterior, a complete package of leasehold improvements, a furniture and fixtures assortment (all complete with logos and trademarks), an initial inventory package, an initial training package and an on-going support system comprised of accounting, promotion and general expertise in all aspects of the business management.

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In return for providing this proven success package, the franchiser expects a franchise fee as well as a share in the day-to-day profits of the business by means of a royalty (normally, anywhere from 2% on the gross sales revenue to 50% of the net depending on the nature of the business and the degree of involvement required of the franchiser). It is also not uncommon for franchisers to expect 3% to 5% of a franchisee's revenues to be contributed to a national or international cooperative advertising and promotion campaign budget promoting the entire conceptual entity and corporate identity (product, logos, signage etc.). In theory, then, the purchaser of the franchise package owns their own business, but in practice the franchise contract removes any creative freedom from the operation of that business.

Franchisers can often generate additional revenues by purchasing inventory and supplying stock to all the franchisees. A margin on the purchased stock or a service charge to the franchisees is quite common.

Licensing the rights to manufacture products against a proprietary design or process patent is a common form of manufacturing franchise. Common to the construction industry sub-trades such as roofing, gutters, etc. is the licensing for a territory of the rights to a certain product and application of that product arrangement.

### **Some Examples**

A successful restaurant sold franchises so that similar restaurants could be developed in other cities to form a chain.

An accountant developed a straightforward and inexpensive system for doing tax returns. He then offered the system to licensed accountants as a territory franchise using his recognized name.

Coca Cola wholly owns all its coke syrup formula plants, but franchises its bottling plants. The local bottling plant (franchisee) buys the logos, the bottling machinery, the bottles and the syrups from Coca Cola; it develops its own clients, pays for its own factory and delivery trucks and co-shares advertising expenses with the franchiser.

### **How To Do It**

Prepare a detailed analysis of your successful business: Is there some unique aspect of your business that is responsible, in large part, for the success it has enjoyed? If so, clearly identify it. Relate the gross revenues to the gross expenses to demonstrate where the profitability is realized.

Prepare a descriptive location analysis of the key elements of your market area that have contributed to the success of your present location. Prepare an interior floor plan for one or two standard location sizes. What size and configuration works best for your business?

Finally, create a master business procedures manual with a step-by-step explanation of your day-to-day business operation and prepare the accompanying financial supports (i.e. cash flow projections, start-up costs, working capital requirements).

Franchise offerings are usually promoted through franchise brokers (professional sales agents), trade association newsletters, business opportunities trade fairs or trade magazines.

### **Identify Opportunities Arising From Your Existing Business**

You can uncover new business opportunities by analyzing your current business operations and finding new directions for your activities. Such opportunities could arise from either the strengths

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or the weaknesses of the business. To provide new opportunities, strengths can be expanded and weaknesses can be corrected.

### **Some Examples**

1. An organization had a huge mailing list of customers, but did not use the mailing list for advertising. They recognized the weakness and contracted with an agent specializing in direct mail lists to computerize the list. The list is used to advertise the firm's own products, and the firm receives a rental fee when others rent the list.
2. A radio station was especially strong in talented people and state-of-the-art equipment. They capitalized on this by creating syndicated sports and public affairs programs that they marketed to other stations.
3. An aircraft-manufacturing firm had a fibreglass division that was underused when airplane sales were down. Instead of closing the division or laying people off during those periods, the company asked the division to research additional products it could produce. A unique bathtub was designed and marketed, and became so successful that a new company was formed to produce it.

### **How To Do It**

1. Take an inventory of your human, physical and other operating assets to identify those that are currently underused. These assets may be: land; equipment; facilities; patents; products; systems; cash; credit; licences; knowledge; skills; experience; contacts; reputation; market position; methods of distribution; locations; or trademarks.
2. Identify the strengths and weaknesses of your business by considering:
  - Areas in which the operation excels/falls short.
  - Areas in which the operation is innovative/non-productive.
  - Compliments/criticisms paid by customers or other people, and company strengths/weaknesses identified by them.
  - Areas in which your firm is weak and in which competing firms or industry leaders are strong.
3. Use external consultants to review your strengths and weaknesses.
4. Design strategies to improve your strengths, reduce weaknesses or turn weaknesses into strengths.

### **Key Questions**

What strengths can we use as a basis for expansion? How?

What weaknesses can be corrected or turned into strengths? How?

What new opportunities can be identified after considering current strengths and weaknesses?

### **Identify the Full Scope of Your Business**

When considered in the context of the generic category of their business, sometimes businesses fail to identify the full potential scope of their operations. For example, book publishers are in the information business, soap companies are in the cleaning business, and trucking firms are in the transportation business. Defining your business in a clear and complete manner can lead to the identification of additional business opportunities. For example, soap companies can expand their product lines to include other cleaning items.

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## Some Examples

1. The publisher of a community newspaper realized he was in the information business and began to publish a newsletter as well.
2. A firm of chartered accountants realized they were in the business of financial control tools. They expanded their regular accounting activities by hiring a financial controller who serves several small companies on a fee-for-service basis. Their "rent-a-controller" service is a success.
3. Managers of a neighbourhood food store recognized that they were in the convenience business. They began to provide other "convenience" products, services and features, such as delivery service, 24-hour opening, easy parking, hot snacks and even video rentals.

## How To Do It

1. Ask yourself what general type of business you are operating.
2. Look at the services and products you provide to identify which general categories they fit.
3. Examine the identified general categories. Then think of other types of products or services in those categories you are not providing, and consider whether you could expand your operation to offer these additional items.
4. Talk to potential customers to find out whether there is a demand for the additional products or services.

## Key Questions

Into what general category or categories does my current operation fit?

What other products or services could fall into the same category? Could I expand my operation to offer these additional items?

Is there a market for the additional products or services?

What potential customers would purchase the product or service I want to provide?

## Take Advantage of a Market Switch

When groups of consumers move from one type of product to another on a long-term basis, new business opportunities can result. Market switches create demands for new products and services.

## Some Examples

1. The switch from traditional styles of children's bicycles to BMX bikes provided an opportunity for a bicycle shop to establish a BMX racing club and racing track. This racing involvement helped the shop to capture a large share of the BMX market.
2. A woman took advantage of the market switch from record albums to cassette tapes by packaging cassette recorder-head cleaning kit.
3. To take advantage of the market switch from large to small cars, a company designed and manufactured bicycle and ski racks designed for small cars.
4. An office machine repair service anticipated the market switch from typewriters to word processors and began to specialize in repairing word processing equipment.

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## How To Do It

1. Discover major changes in consumer buying habits by:
  - Reading marketing research reports and trade association research forecasts.
  - Observing current fads that could potentially turn into long-term changes.
  - Observing new products that are growing in popularity.
  - Analyzing changes in your own buying habits, especially when you stop purchasing an item that has become obsolete and begin to buy replacement items with entirely different characteristics.
2. Find products associated with a market switch by:
  - Analyzing the advantage of new products to find those that are greatly superior to and will likely replace more traditional items.
  - Looking for new technologies or new products based on new concepts that are revolutionary for an industry.
3. Look for a major product or service that is needed to meet changing consumer demand, but has not yet been provided, and find a way to provide it.
4. When the major product in the market switch already exists, look for related services or products that can be used in association with the major product.
5. Ensure that there is a demand for the product/service you would like to provide.

## Key Questions

Can I think of any market switches that have recently taken place?

Can I think of any market switches that may be occurring now?

How can I take advantage of these changes in consumer buying habits?

Can I address a current market switch by providing the major product or service?

Can I provide secondary products or services related to a new major product?

Have potential customers indicated a need for the product/service I have in mind?

## Capitalize on a Growth Trend

Growth trends occur when increasing numbers of people indicate an interest in certain industries or activities. You can capitalize on such growth trends by offering a product or service related to the growing industry or activity.

## Some Examples

1. There is a growth trend toward personal fitness and health. To capitalize on this trend, several firms are manufacturing physical fitness equipment, while others are offering various types of fitness classes. One company developed and now markets digital jogging meters that monitor a person's heart rate while running.
2. A woman who manufactured facial cream for women expanded her marketing strategy to include men, capitalizing on men's increasing interest in skin care.
3. Travel continues to be a growing industry. A local businesswoman took advantage of this by establishing a school for travel agents to help meet the demand for travel agency staff.

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4. Increasing numbers of people are becoming interested in personal enrichment, growth and development. Many companies and individuals provide seminars, conferences, courses, books, consultation and retreats to meet the needs of this market.

#### **How To Do It**

1. Identify growth trends by: reading books and magazines on social and economic trends; talking to community trend-setters; asking librarians to name the current most popular books; observing growth trends in other areas or countries, especially the United States, particularly California; observing the expansion of new retail specialty stores; attending speeches by society's innovative leaders, members of think tanks, or market analysts, and asking frequent travellers for their impressions of growing trends or factors in other places that may affect directions of local society.
2. Make a list of growth trends and select those that interest you most. Consider how your knowledge, experience and abilities could help you to meet the demands of new market trends.
3. Select specific growth trends to study in depth. Find out the causes, main issues, effects on society, and future possibilities.
4. Watch for opportunities to introduce products or services that fit into a trend.
5. Talk with potential customers to find out whether they would purchase the product or service you want to offer.

#### **Key Questions**

What current growth trends can I identify and what products/services can I provide that would fit into a current/future growth trend?

What activities or industries are likely to experience growth in the future? Who has indicated a need for the product or service I am considering?

#### **Cover Market Gaps or Shortages**

Market gaps or shortages can occur when a needed product or service is not available or when customer demand is greater than the current available supply. Opportunities then exist for someone to step in and meet that demand.

#### **Some Examples**

1. Each summer, the demand for rental houseboats was greater than the supply of boats available in a community resort area. A company began building houseboats to sell and complemented its sales program by renting the unsold units to the local resorts during the peak season, enabling them to place a reduced pricing on these and later sell them as demos (resulting in more sales with no net loss of income).
2. A hotel employee noticed that there was a demand for a mattress repair service and none existed. She quickly signed contracts with several hotels and opened a mattress repair business.
3. A computer store employee who realized that there was no well-developed source of second-hand computers for clients on a budget opened a second-hand computer store.

#### **How To Do It**

1. To find situations in which needed products or services are not available or in short supply:

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- Ask distributors, agents and retailers what items they have difficulty obtaining.
  - Check delivery times and availability for orders of popular products and services.
  - Ask companies to identify services that they need but have difficulty obtaining; and listen to people when they complain about products they cannot find or mention services they wish were available.
2. Look for potential supply shortages caused by companies going out of business, changing their production focus or shutting down temporarily. You can do this by:
- Watching out for such news in newspapers, particularly on the business pages.
  - Reading trade publications.
  - Analyzing lists of companies in receivership or bankruptcy.

### **Key Questions**

What market gaps am I aware of?

What supply shortages am I aware of?

How could I find other market gaps and shortages?

What market gaps and shortages could I meet by providing needed products or services?

Which potential customers have indicated that my perceived gap/shortage is genuine?

### **Imitate a Successful Product or Idea**

It may be possible to find a successful product, service or other business idea and imitate it.

### **Some Examples**

1. A clothing manufacturer imitates high-fashion originals and offers them at a lower price.
2. Some companies produce imitations of popular board games.
3. A cookie shop is an imitation of a successful New York operation in almost all respects except the name.

### **How To Do It**

1. Look for what is selling well and assess future market potential.
2. Identify the key factors responsible for the success of a product or service.
3. Find out how to make a product or that resembles an item you have identified as successful. Make sure you could do this in a cost-efficient way.
4. Before you commit yourself to the product or service of your choice, check carefully for potential conflicts or infringements relating to patents, copyrights or licences.
5. Talk with potential customers to find out if there is a demand for your planned product or service.

### **Key Questions**

What items or services are selling well? Is that market demand likely to continue?

What popular products or services could I imitate?

What potential customers would purchase my imitation?

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## Find A Good Product That Has Failed

A good product or service sometimes fails due to inadequate marketing, inefficient production methods or other reasons. In such cases, an opportunity still exists to make the product succeed, by identifying the causes of the previous failure and eliminating them.

### Some Examples

1. An inventor failed to market a foot massager successfully. A woman with marketing knowledge and experience took over the product and helped it to succeed by using different marketing techniques.
2. A restaurant with a good concept failed because of poor management. A second try under new management was successful.

### How To Do It

1. Ask bankers and accountants if they know of any good products or services that have failed due to poor management, marketing or other factors. Consider whether any of these could be improved for a second attempt.
2. Look for business failures and analyze the causes, to identify situations that you may be able to remedy. Such failures can be located by watching for bankruptcy notices, talking with bankers, reading auction notices, reading trade newsletters, or talking to accountants who specialize in receivership.
3. Look for ideas that failed because they were ahead of their time, but might be successful if reintroduced.
4. Look for ideas that were successful originally but then became out of style at some point and failed. Some of these may be ideas whose time has come again. To rediscover old ideas, read old magazines and catalogues.
5. Advertise in newspapers and magazines for good ideas or products that people tried to market, but failed.
6. Identify your strengths and look for second chances in areas where your talents could be the deciding strategic factor for success.
7. Talk with potential customers to find out whether they would buy the product or service.

### Key Questions

What services or products have failed in the past?

Could any of these be made successful now through new marketing methods, new management techniques, better financial support or different business strategies?

What changes would be needed to successfully reintroduce the product or service I am considering? Could I carry out those changes?

What potential customers have indicated the re-introduced product or service could succeed now?

## Transfer a Concept From One Industry to Another

It is occasionally possible to take an idea or method from one industry and successfully transfer it to another.

### Some Examples

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1. A company that used a specific process to join electrical cables side by side applied the same technique to sailboat rigging.
2. Concepts of computerized inventory control were transferred to feed rationing in the cattle industry – each cow was fitted with a device that permitted computers to automatically record and monitor daily food intake by controlling access to a feeding trough.

### **How To Do It**

1. Take note of any good ideas you see, and think of other industries or settings where they could be applied.
2. Identify a problem in one industry or sector of the economy, and look for potential solutions in other industries that could be transferred.
3. Develop methods of applying ideas from one industry to the problems of another.
4. Assess the potential effects of using ideas or procedures from one situation to solve problems in another.
5. Talk with potential customers to find out whether they would buy the product or service that results from the transferred idea.

### **Key Questions**

What ideas or concepts have been especially successful? In what industries have they been used?

Could these ideas be applied to another industry? How?

What good ideas could I adapt to another industry or activity?

What good ideas from my own industry could be successfully adapted to other industries?

What good ideas from other industries could be applied to my industry?

Is there a market for the product or service that is created as a result of a transferred idea?

### **Invent a New Product or Service**

Inventing a product or service that meets an existing but unaddressed demand can create an excellent business opportunity.

### **Some Examples**

1. An entrepreneur recognized the amount of work hospital personnel went through to prop patients up in their beds. He then invented the mechanical hospital bed.
2. An inventor realized that it can be difficult to organize closets efficiently. He invented a closet organizer, which is now sold in most building supply stores.

### **How To Do It**

1. Concentrating on products and processes that are familiar to you, try to think of ideas for products, processes, or services that would enhance or improve existing situations ("What we need here is something that would....").
2. Observe products or services that could be made more effective to save time, effort or money.
3. Look for products and services that people are requesting, but which do not exist.

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4. Examine present products and services to see if there are elements that could be added, subtracted changed or combined, to produce improvements.
5. Read newspaper columns and magazine sections devoted to consumer topics, including people's ideas about products and services that they would like to see offered or invented.
6. Use creative thinking to come up with an entirely new product or service.
7. Before proceeding with an invention, seek professional advice from a patents attorney. They are listed in the Yellow Pages of your telephone directory under Patent Attorneys and Agents - Registered. Each city has a patents receiving office that will accept and deliver your patent to the federal patents office.
8. Obtain free booklets on patents, copyrights, industrial designs and trademarks from the Canadian Intellectual Property Office of Industry Canada.

### **Key Questions**

What services or products are needed but don't exist?

What consumer needs could be met by a new invention?

What processes familiar to me could I improve by inventing a new procedure, product or service?

What ideas do I have that I could develop into inventions?

Is there a market for my invention?

### **Create a Market Demand**

Sometimes you can create a market demand for a product or service by magnifying the popularity and image of a special person, group, enterprise, event or idea.

### **How To Do It**

1. Look for an event, person, group, enterprise or idea that has the potential to be magnified through careful publicity or promotion. Consider whether your choice has the ability to capture people's imagination. Either focus on an existing event, etc., or create a situation yourself. Suitable candidates might be: athletes, entertainers, politicians, business speakers, special features of an area such as mountains rivers, or industries, newsworthy events, performances of special feats by extraordinary people; or imaginary people and things.
2. Devise a promotional and publicity strategy for the object you have chosen, and think of off-shoot products and services you could market.
3. Investigate and get professional advice on contracts, patents and licences.
4. Contact everyone who would be involved in your planned promotion and make a proposal.
5. In the case of an event, begin to organize it.
6. For an object being promoted by someone else, explore related products and services you could provide as part of their promotional plan.

### **Key Questions**

Who or what could be magnified to become the basis of an income-generating enterprise?

Could I provide the necessary publicity and promotion?

Could I create a demand for the products or services I have in mind? How?

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What product or service could be sold in relation to a person, event or object that is already prominent and popular?

### **Serve Unique Client Groups**

Adapting or tailoring an existing product to meet the special needs of the clients can serve unique client groups. In some cases, meeting the needs of a unique client group may involve creating a new product especially for them. The needs of these groups could relate to characteristics (left-handed, overweight, disabled), lifestyles (occupation, leisure activities, income, age), owned assets (cars, boats, houses) or other factors.

### **Some Examples**

1. An existing educational, recreational or other community service may be offered in a foreign language to meet the needs of a particular ethnic group.
2. A store was established to supply products for left-handed people.
3. A woman opened a laser-engraving service where boat-owners could bring glasses, dishes, cutlery and other objects and equipment to have them personalized.

### **How To Do It**

1. To find a unique client group you would like to serve:
  - Analyze the Yellow Pages to find groups with specific interests, activities or occupations (truckers, sports groups, doctors, brides, seniors).
  - Check with your local Business Info Centre or library for directories of associations.
  - Analyze newspaper stories to identify special interest groups.
  - Observe unique sections of your city (ethnic areas, for example, or areas with large numbers of retired people or young children).
  - Identify groups that live in remote or unique regions.
  - Analyze magazines produced for special interest groups.
2. Analyze the special needs of a group by studying the unique characteristics of the people and observing their activities.
3. Identify products and services that are not offered to unique groups, or are not well-tailored to their needs.
4. Find products, services, resources or assets that can be adapted to meet a group's special needs, or create new products for a group.
5. Talk to members of the client group to determine whether there is a market for the product or service you have in mind.

### **Key Questions**

Where can I find a group of people with special needs that are not being addressed by the marketplace?

What unique group of people could I serve with specialized products or services?

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What product/service could I modify to better serve the group I want to serve?  
Have I talked with the people for whom I am considering providing a specialized product to determine whether there is a market for it?

### **Take Advantage of Circumstances**

Consumer goods and services can be provided as a response to situations and circumstances arising from events of the day. These might include social events, economic changes, business or industry developments, new laws, environmental events or other occurrences.

### **Some Examples**

1. Deregulation of the telephone industry opened up opportunities for private enterprise to compete with large established telephone companies to sell and install phone systems for motels, hotels, office buildings and other commercial facilities.
2. In a city where many citizens were concerned about a health epidemic, a nurse became a distributor for an easy-to-use medical kit that allowed people to self-test themselves for the disease.

### **How To Do It**

1. Develop the attitude that every experience and situation provides an opportunity for someone.
2. To recognize situations and circumstances that can provide a business opportunity:
  - Observe mass media news reported by newspapers, radio and television.
  - Analyze current news stories in magazines.
  - Keep informed about local events.
  - Look for unexpected or sudden changes in society, the economy, legislation, politics, the environment or business that leave many people in an unfamiliar situation.
3. Create a product or service that may:
  - Help people in a crisis (group therapy, useful supplies).
  - Help people to celebrate or remember an event (souvenirs, museums).
  - Provide an experience related to an event (trips, movies).
  - Help people forget an event by diverting their attention (entertainment, activities).

### **Key Questions**

What current situation could provide a business opportunity?

What products or services could be provided to address a market created by a current situation?

Could I provide any of them?

### **Find People With Under-Used Skills**

These people may be retired, unemployed, attending school or university, or employed in an occupation that does not use their best skills and aptitudes. They may be available for full-time or

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part-time work, and their skills can be used to enhance existing business activities or as the basis for new opportunities.

### **Some Examples**

1. A businesswoman started a word processing and computer data entry service, distributing piecework to people who had computers in their homes.
2. Three unemployed tradesmen bought and renovated an older home for resale.
3. An unemployed accountant and teacher designed a computer-based training package to teach accounting to high school students. A retired marketing manager joined them to promote the product across North America.

### **How To Do It**

1. To identify people who have valuable skills, talents or knowledge, but are not working regularly, check with job placement agencies; ask training institutions for names of unemployed graduates; and check with student employment centres.
2. If you employ people to work at your existing business, find out whether any of them have specialized training or experience in a field not related to their current job. Consider how their skills can be used to exploit new opportunities.
3. Locate employees with specialized training who are on temporary leave from their jobs for such reasons as maternity leave, academic studies or personal renewal. They may be willing to join special project teams on a short-term or part-time basis.
4. Check lists of industry association members to find people who are not currently working with existing companies in the industry.
5. Attend meetings of unemployed people with specialized skills (i.e. engineering or teaching) to identify skills that could be used in new business opportunities.
6. Analyze the skills of people you know who are currently out of work, seeking new opportunities, permanently or temporarily handicapped or disabled, or limited by circumstances (such as the need to care for children) to part-time participation in the workforce and think of how to take advantage of their individual or group talents.
7. Investigate a project to determine whether the under-used talent that is available to you could handle it.
8. Conduct market research to find out if the service or product you are considering is saleable.

### **Key Questions**

Who do I know who has under-used skills, knowledge or talents?

Where can I find people who have under-used skills? How could I work with them to develop a new business opportunity?

What customers exist for the product or service I am considering?

### **Locate a Patent Opportunity**

Sometimes a business opportunity can be found by locating a patent for a product or service that has commercial value but has never been produced, or has been produced but inadequately marketed. This could include patents that have expired and can be duplicated without a licence.

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## Some Examples

1. A farmer recognized a need for mechanical rock-pickers and wanted to manufacture and market such a product. He performed a patent search, contacted the patent owners to purchase the patent rights and started producing the rock-picker himself.
2. In 1944, the president of an existing company read an article about a dry copier that had been invented in 1938 but never produced. He purchased the patent rights from the inventor and his company developed a line of dry office copiers based on this patent. In 1960, the company changed its name to Xerox Inc.
3. A patents searcher looks for old patents for products that were ahead of their time and could still be marketable today.

## How To Do It

1. Select an area of patents you wish to search (e.g. such categories as electrical, mechanical, chemical, seeds and plants, and style design).
2. To start your search:
  - Read the Patent Office Record at the local library and ask the librarian to help you conduct a patents search using library materials – professional searchers can save you time and effort with their knowledge, skills and modern tools.
  - Contact university industry liaison offices that specialize in university patents and technology transfer.
  - Contact the federal patents office in Hull, Quebec, indicating the type of patents you are looking for.
  - Contact a patents attorney or agent for professional assistance (look in the Yellow Pages phone book under Patents Attorneys and Agents – Registered).
  - Locate a company or organization that deals with the design and marketing of patents, (e.g., Yellow Pages under Patent Development and Marketing) and ask for information about rights to patented products or services they are currently developing for clients; advertise for inventors to contact you in reference to their patented products and services; or contact major companies that may own patents for products they are not currently producing.

## Key Questions

What area of patents most interests me?

Which available patents have commercial value and could represent a business opportunity?

Who are the customers for the product I am considering producing?

## Manufacture and Market Under License

A person/manufacturer who has a patented product or a protected trademark may license another person to use his/her design and/or sell that product under his/her name. Such a license may grant exclusive rights for a particular geographic area and/or a specific market, and be linked to a defined period of time. Renewal of the license is often tied to a specified level of performance.

Alternatively, you may sell a license to someone in another area to manufacture and/or sell a product to which you own the rights.

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## Some Examples

1. The Workhorse for wood workers was invented in Canada and the licence to manufacture and sell it was sold to Black and Decker.
2. Publishing is a form of manufacturing under licence. Authors create books, sell the rights for their material to publishers, and receive royalties.
3. A Canadian entrepreneur contacted an American manufacturer of toy soldiers and obtained the rights to manufacture the toys in Canada.

## How To Do It

1. Decide what type of manufacturing you would like to do.
2. Locate a product to manufacture by:
  - Reading publications relating to new products in the chosen manufacturing field.
  - Looking for suitable products being manufactured in other countries.
  - Approaching companies that may have rights to products they do not currently want to manufacture.
  - Attending trade shows.
  - Contacting venture capital organizations.
  - Reading classified advertisements listed under Business Opportunities or similar headings in newspapers and trade magazines.
  - Advertising for inventors to submit their ideas to you.
3. Identify and talk with potential customers to determine their need for the product.
4. If you have a product and want to licence someone in another area to produce it, you can find a manufacturer by:
  - Contacting manufacturing associations in Canada and other countries.
  - Advertising in the classified sections under Business Opportunities in newspapers and magazines.
  - Identifying manufacturers of similar products or products that would go well together in a package with your item.
  - Contacting manufacturers' agents.
  - Displaying your products at trade shows.
  - Contacting venture capital organizations.
5. Seek professional financial and legal advice.

## Key Questions

For what product or service could I purchase the manufacturing and/or marketing rights?

For what product or service could I sell the manufacturing and/or marketing rights?

Is there a market for the product?

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## **Improve an Existing Product or Service**

Frequently, an existing product or service can be improved by:

- Enhancing the quality
- Reducing the cost of production
- Reducing the cost to the consumer
- Improving durability
- Increasing power
- Making it larger or smaller
- Making it more convenient to use
- Making it more comprehensive
- Updating processes, materials or technology

Improving an item by any of these means increases its value. Improving a product or service is different than adding value. When you improve a product, you use only the idea from the previous product, but improve on it to create a completely new item. When you add value, you purchase a product to use it as a base for your additions or changes.

### **Some Examples**

1. A film-processing outlet improved service by processing film much faster than competing firms.
2. A woman writes alternative instruction manuals for computer software programs. The manuals are easier to use and understand than those enclosed with the software

### **How To Do It**

1. Select an existing product or service that interests you and analyze the strengths and weaknesses of firms that currently provide it. Identify areas that could be improved and think of ways you could provide the same product or service with the improvement added.
2. Identify faults in existing products and services that you could eliminate in a similar product or service. Imagine various alternatives that could be tried – ask yourself "What if...?" to think of creative ways to improve existing products and services.
3. Talk to potential customers to find out if there is a market for the product or service you plan to offer.

### **Key Questions**

What products or services need improvements?

How could I improve an existing product or service? Would this make it more marketable?

How can I provide a product or service that is better than those that currently exist?

Is there a market for my improved product or service?

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## **Assemble a Product**

There are scores of new opportunities in the growing market in packaging products for convenience. At one time when a person wished to put up two shelves, it was necessary to purchase a board, a box of two dozen screws of one size and another of two dozen screws of a second size (though you may only have need for half a dozen of each for the two shelves) and a package of a dozen shelf supports. Now any building supply store will be happy to sell you a two-shelf kit, in one package containing exactly what you need, no more, no less.

People are quite willing and even happy to pay a premium for the convenience of finding all the parts packaged in one kit. Assembling these kits involves a little ingenuity and using your purchasing skills to buy parts or components in bulk and assembling them to produce the finished convenience kit/items. It can also entail providing an assembly service for parts purchased by others.

## **Some Examples**

1. Kits are appearing on the scene in all fields; there are first aid kits, wilderness survival kits, wheel replacement kits for in-line skates, log home kits, etc.
2. A mechanic offers an assembly service for customers who purchase car kits while many computer hackers offer services adding components and configuring computer systems for users.
3. A company formed by a recreation student brings in playground equipment kits consisting of pipes in various shapes, and assembles large custom playground structures.

## **How To Do It**

1. Look for products that are made of several parts and meet one or more of these conditions:
  - The assembly process is cumbersome and expensive for individuals, and there could be an interest in a central assembly service.
  - The product is assembled from parts made in different locations and you are centrally located to become a convenient assembly point.
  - The product needs to be assembled into its finished form before being shipped from your area to other locations.
  - It is too expensive to ship the assembled product into your area as a completed unit, but the unassembled parts can be shipped less expensively and then be put together by you; (customs duties for imported components are considerably lower than those for finished products).
  - The product is sold unassembled to consumers, but the average person is not willing or able to assemble it.
  - The assembled product is a bulky item that is difficult to transport, but the separate parts are easy to ship.
2. Analyze various products and assembly operations to find situations where you can save yourself or someone else time, effort or money by setting up your own assembly operation.

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3. Identify and talk to potential customers for the assembled product to determine whether there is a need for the item.

### **Key Questions**

What product could I assemble to save someone time, effort or money?

Is there a market for the product?

Have potential customers stated that they would buy the product?

### **Recycle an Existing Product**

When you recycle an existing product, you take a product that has come to the end of its useful condition and either rebuild it to a "like new" state or remanufacture it into another product.

### **Some Examples**

1. A company retrieves alternators and starters from wrecked cars, rebuilds them and sells them as reconditioned parts.
2. A man reconditions non-working or unwanted household appliances and then resells them.
3. A company takes motors out of junked cars and remanufactures them into inboard marine motors.
4. A firm turns discarded tires into floor mats for workshops and garden centres.

### **How To Do It**

1. Find a product that:
  - Wears out with use over time.
  - Can be rebuilt by adding new parts or reconditioning old parts to original standards.
  - Is expensive enough when new to warrant a rebuild that can then save customers money.
2. Find a product with components that can be used to make a different product. To identify a product with recyclable parts, look for one that:
  - Wears out with use over time.
  - Is not worth rebuilding to a "like new" condition.
  - Has one or more components that are still in usable condition.
  - Can become an inexpensive source of parts or materials that would cost more if purchased new.
3. Find out if the used products or parts can be obtained easily, economically and reliably.
4. Develop a procedure to disassemble, rebuild and reassemble the components.
5. Determine whether there is a market for the reconditioned or newly created products by talking to potential customers.

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### **Key Questions**

What used product could be rebuilt or turned into a new product?

Is there a market for the reconditioned or new item?

Can the recycling procedure be carried out practically and efficiently?

### **Become a Supplier**

A supplier produces a product or service that is then used by someone else as part of a larger product or service. A supplier may provide a single specialized part or a large number of simple parts. Sometimes there is an opportunity to become a secondary supplier when the larger producer does not want to rely on a single source of supply for critical parts.

### **Some Examples**

1. A firm supplies brake harnesses to truck-manufacturing plants.
2. Computer manufacturers need secondary suppliers of specialized integrated circuit chips, to avoid supply shortages when single suppliers have production or labour problems.
3. A woman provides an editing and proofreading service to help consultants in various industries produce professional project reports.

### **How To Do It**

1. Ask your current employer for the rights to supply a component for the product being manufactured.
2. Contact purchasing agents working for manufacturing companies. Ask them about their supply needs, trying to identify supplies that are difficult to obtain, too expensive, or come from a single source that may be at risk.
3. Look for request-for-supply notices in newspapers or trade journals.
4. Read trade journals to discover supply problems for particular industries.
5. Have your name added to mailing lists of public purchasing agencies that are required to advertise publicly for tenders on supplies.
6. Read publications that explain how to sell products and services to specialized organizations such as the military or governments.
7. Identify a product or service you can offer and analyze the range of producing organizations that could use it as part of their process.

### **Key Questions**

What products or services could I supply?

Could another producer use these products or services as a component?

Is there a market for these products or services?

### **Replace Imports**

Import replacement means replacing a product or service that is currently being imported into Canada with a similar item that is produced locally.

### **Some Examples**

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1. A line of farming irrigation equipment was imported from Europe. A firm began making similar equipment as an import replacement in the local market.
2. Propellers for ultra-light planes were imported from the United States. A Canadian company began manufacturing the propellers to replace the imported parts.

### **How To Do It**

1. Identify a product or service that is imported into Canada and that you could produce locally. To find such a product or service:
  - Examine import publications and importers' catalogues.
  - Contact purchasing agents to identify goods that are purchased by local industries.
  - Examine the products around you to find out where they are made.
2. Determine your areas of expertise, and then analyze imported products related to your talents to find out which could be produced locally.
3. Find out which imported products within your fields of expertise are too expensive because of shipping costs or tariffs. Determine whether you could produce replacement goods locally, and lower the cost to customers.
4. Identify and talk to potential customers of the product or service you are considering to determine whether there is a market for a locally produced item. Investigate this thoroughly, as potential customers may continue to buy the imported item if the local item differs in some way -- for example, in quality, colour or construction.

### **Key Questions**

What imported product could I replace by producing it locally?

Have potential customers said they would buy a locally made product?

Have I thoroughly researched the product or service I am considering, to make sure it equals or surpasses the standards set by the imported article?

### **Cater to Discarded Markets**

Catering to discarded markets means entering areas left behind by other companies that:

- Have become so large they cannot, or do not, wish to handle small orders.
- Are competing at the leading edge of a technology and have decided not to service markets based on older technologies.
- Are expanding into different markets so quickly that they are unable to service all of them properly.

### **Some Examples**

1. Large airlines that cannot afford to service small communities have left a discarded market for small commuter carriers to pick up.
2. Obtaining parts for antique cars, tractors, boats and other equipment is difficult for hobbyists and collectors with interests in those areas, since the original manufacturers often no longer supply these. Other companies sometimes move in to service these discarded markets.

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3. After a period of time when milk was available only in cardboard cartons or plastic containers, some dairies have now returned to supplying milk in bottles. They are addressing a discarded market – people who still prefer bottled milk.

#### **How To Do It**

1. Identify areas of technology toward which many companies are moving, then analyze the markets left behind as a result.
2. Locate companies that have changed their products or services, then find out whether some customers still require services or products of the previous type.
3. Identify products that become obsolete quickly but remain useful for a much longer period of time. Look for servicing opportunities that have been dropped or overlooked by these companies as they continually focus on the newest models to arrive in the market.
4. Look for industries that have taken a new direction to appear up to date, then analyze the opportunities created by the move away from the previous way of operating.
5. Talk with potential customers to find out if they would buy the product or service you are considering.

#### **Key Questions**

What industries or companies have recently made major changes as a result of new technology, products or approaches to business?

Which of these changes may have resulted in previous markets being discarded or left behind?

What other discarded markets do I know of?

How many potential customers have indicated there is still a need for the discarded services or products I have in mind?

#### **Target a Small Part of a Large Market**

Sometimes it is possible to enter a large-volume market, with the goal of servicing just a small piece of it. This can succeed only when the market is so large that a small portion of it will be profitable.

#### **Some Examples**

1. The fast food industry is large and still growing rapidly. A woman opened a small fish restaurant in a suburban neighbourhood and succeeded despite major fast-food chains operating in the same area.
2. A small brewery opened with the intention of serving only a small percentage of the market. It was successful and did not pose a threat to major breweries.
3. Several software companies have realized profits by serving a small part of the computer market by offering specialized products to limited segments of the market.

#### **How To Do It**

1. Identify large-volume markets by examining economic reports, trade association figures and marketing studies.
2. Select a market in which you feel you could capture a small percentage.

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3. Develop a plan that will allow you to compete effectively. Seek to gain an advantage through your location, type of facility, personal reputation, level of service, selection of goods, price, business concept or advertising.
4. Avoid highly competitive markets in which large organizations are battling for each single percentage point.
5. Talk with potential customers to find out whether they would buy the product or service you want to provide.

### **Key Questions**

What high-volume markets exist?

Which would be the most suitable for a small operator to enter?

What product or service could I offer to gain a small percentage of a large-volume market?

What potential customers have said they would buy the product or service I want to provide?

### **Add Value to Existing Products**

You add value when you buy an existing product or service and then add materials, processing or services to create a more valuable end product. You then resell the product in its changed form.

Value may be added by:

- Putting the product through an additional process.
- Combining the product with other products.
- Offering the product as part of a larger package of services.
- Removing something to change the use of the product.
- Increasing levels of service.

### **Some Examples**

1. A student who operated a home painting business expanded the operation by buying furniture then painting and reselling it.
2. A businessman bought irrigation pipes, rolled them into oval shapes, screwed fittings onto them and marketed them as sailboat masts.
3. A car service centre telephones every client to check on the quality of recent repair work and promote additional services.

### **How To Do It**

1. Find an existing product or service and think of an additional process, material or service that could be added to create a new product. For example, a product or service may be more successful if an additional element such as packaging or distribution is added.
2. Identify a process or service that you could provide, then look for types of existing products or services to use as a base for your desired operation. For example, if you can provide a packaging service, look for products that would become more valuable if packaged.
3. Find an existing product that could be changed into a different or improved product by adding or subtracting one or more elements. If additional elements are required, locate a

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source for these and develop a method of adding them. Conversely, if elements must be subtracted, find a workable way of doing so.

4. Find a client group with needs that are not being met by existing products and services. Adapt existing goods to meet them.
5. Find a product that does not work well, or is not well accepted by a client group because of its inadequacies. Then improve it by adding or altering elements.
6. Talk with potential customers to find out whether there is a market for the product or service you are considering.

### **Key Questions**

For every product or service I am aware of, what can I add to make it more marketable before reselling it?

What products or services could I provide to add value to an existing product? What products or services can I think of that would benefit by adding, subtracting or altering elements?

Who has indicated they would purchase the product or service I want to provide?

### **Substitute Materials in Existing Products**

An existing product can sometimes be improved by changing the material from which it was made. This can easily alter the product's characteristics, making it lighter, stronger, more flexible, cheaper to produce and/or more environmentally sound. Products with different characteristics appeal to different target markets.

### **Some Examples**

1. A company substituted plastic for metal in fishing lures. The lures are now less expensive to produce, lighter in weight and easier to keep shiny.
2. A plastics manufacturer makes plastic buckets for grain elevators. These are an improvement over the metal buckets previously used, because they are stronger, do not dent and do not corrode.

### **How To Do It**

1. Examine products to see where they might be improved or appeal to a different market through the use of substitute materials.
2. Consider any material that you have in good supply, analyzing its characteristics to determine which products use similar materials and might benefit from a substitution.
3. Find production processes that are inefficient due to the materials currently used. Find ways to improve the process by replacing the inadequate materials. For example, materials may be inadequate if they are too expensive, too difficult to work with, unsafe, in short supply, or consumed in the process. Look for substitute materials that are cheaper, easier to work with, safer, in greater supply or re-usable.
4. Talk with potential customers to determine whether they would purchase the improved item you want to provide.

### **Key Questions**

What products can I think of that could be improved by substituting one or more materials?

What materials do I have that could be substituted for an inferior material currently used in a product?

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What customers have stated they would purchase the improved product?

### **Find Uses For Waste Materials**

Sometimes uses can be found for waste materials – by-products, leftover materials or other resources discarded by individuals or companies. These materials can often be obtained free or at a very low cost and then processed to produce useful goods.

### **Some Examples**

1. An American company buys older mainframe computers from corporations, salvages the precious metals and alloys, and recycles them for other products.
2. A businessman purchases infested lumber, peels the logs into thin strips, compresses them and sells the products as decorative wall panels.
3. An entrepreneur contacted a chicken processing plant that discarded large volumes of chicken feet and asked to take them away. He froze the feet, then sold and shipped them to China where they were cooked, combined with sauces, packaged and exported back to Canada as a dim sum delicacy.
4. A diesel generating plant uses its exhaust to heat an adjacent greenhouse that is able to grow vegetables in the winter to meet local market demand.

### **How To Do It**

1. To find waste materials that can be reused:
  - Take inventory of all products discarded from your existing business venture.
  - Identify obsolete products that, although no longer used by a business or industry, remain in storage.
  - Observe materials collected by recycling companies, local waste product dumps, demolition specialists and junk pick-up services.
2. Read trade publications to identify by-products that are causing problems for processing and manufacturing plants.
3. Read technology magazines to discover new processes using waste products as a source of materials.
4. Contact the recycling hotline at 1-800-667-4321. Analyze the value of waste products to other producers. Consider whether these waste products may be used in their original form, as parts, or as material in a recycled form.
5. Develop new uses for existing materials to create a more valuable end product.
6. Study ways in which waste products are recycled in other parts of the world, and develop similar systems in your area.
7. Talk to potential customers to determine whether they would buy your product.

### **Key Questions**

What waste materials are available to me?

Which of these waste materials could be used to produce something useful and saleable?

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Is there a market for the end product I am considering? Have potential customers said they would buy it?

### **Combine Components**

Often it is possible to combine two or more component businesses to create something with a new look. This works best when the new business/product is unique and more marketable than the separate businesses/items alone.

Items that can be combined include products, services, people, businesses and assets.

### **Some Examples**

1. A sun tanning parlour and a beauty salon were joined together in the same facility to offer an expanded range of services. Business improved for both parties.
2. Combining it with other fruit juices to create a new range of drinks dramatically increased sales of cranberry juice. Ice tea was flavoured and bottled to create new and successful beverage product lines.
3. Several trades people combined their services to offer a comprehensive home maintenance and repair service.

### **How To Do It**

1. Start with a business, idea or product that interests you and ask what could be combined with it to create something unique.
2. Look for consumer groups with needs that could be served by combining two or more existing products or services.
3. Experiment with various combinations to see what would fit together. Use lists of types of businesses (such as the index for the Yellow Sections in your telephone directory) and imagine the results of different combinations among the topics listed.
4. Talk with potential customers to find out whether there is a market for the combination of products or services you want to offer.

### **Key Questions**

What products, services or other items could be combined to create a new opportunity?

What suitable combinations could I handle?

How many potential customers have indicated that there is a need for the end product I am considering?

### **Package, Unpackage or Repackage Existing Products**

Opportunities exist to package, repackage or unpackage existing products. Commodities sold in bulk may be packaged (called "breaking bulk"), while items traditionally sold in packages may be offered in bulk. Alternatively, items already supplied in a packaged form may be repackaged to make them more attractive, more convenient, reusable, easier to use, easier to preserve, or biodegradable.

### **Some Examples**

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1. Strawberries are bought in bulk, sorted into smaller amounts, and packaged in attractive boxes for resale.
2. A company buys quantities of steak and lobster tails, packages them together as steak and lobster dinners, and sells them to food stores as gourmet meals.
3. A company buys salmon and packages it for passengers on airlines.
4. A company identifies food sold in packages and offers these products in bulk with no packaging.

### **How To Do It**

1. Look for a product that is poorly packaged and think of improvements.
2. Find a product normally sold without a package and devise a package that would increase its sales.
3. Locate a product that can be purchased in bulk quantities and repackaged into smaller amounts.
4. Find two or more separate products that consumers usually buy or use at the same time, then plan a package combining the items and offer them for sale as a single unit.
5. Look for products that are usually packaged, and consider whether you could sell them in bulk, to lower the price or address the environmental concerns of consumers.
6. Talk to potential customers to find out whether they would buy the alternatively packaged product.

### **Key Questions**

What products or commodities could be packaged, repackaged or unpackaged so that they would sell better?

What alternative markets exist for products currently offered just one way? Could packaged goods be unpackaged?

Could unpackaged goods be packaged?

What markets exist for the product whose packaging I am considering changing?

### **Become An Agent**

Becoming an agent involves contracting to sell products or services for a fee or commission. The contract may be with either a producer or a distributor.

### **Some Examples**

1. A businesswoman from a smaller community became the local sales agent for a large urban Vancouver printing firm that produced brochures and postcards.
2. A sales agent under contract with several distribution companies to be their representative in that area, selling novelties, records, magazines, electronic equipment and cassette tapes.

### **How To Do It**

1. Identify a type of product or service you believe you can sell directly to consumers or businesses.

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2. Find producers or distributors who need someone to handle direct sales of their product or service.
3. Read classified advertisements listed under Business Opportunities, and check the employment section for Sales Agents Wanted.
4. Join sales and marketing groups, attend their meetings and read their newsletters.
5. Contact manufacturers, read trade publications and attend trade shows to find items not being sold in your area.

### **Key Questions**

For what type of product or service could I act as a sales agent?

What manufacturers can I find who need the services of a sales agent?

Is there a market for the products or services I would like to represent?

### **Become a Distributor**

When you become a distributor, you buy a producer's products or services and then resell them to retail outlets, manufacturers or other businesses. In some cases, you may sell the products directly to consumers.

### **Some Examples**

1. A woman who owns a direct mail distribution company buys crafts from artists and craftspeople, and then advertises them for resale.
2. A training company, which contracts to conduct management workshops for various companies, hires management consultants to act as workshop directors. The training company buys the consultants' services and resells them at a higher price.
3. A trucking contractor buys large quantities of topsoil and resells it by the truckload to garden supply shops.
4. A large retail carpet store made use of its volume discounts from carpet manufacturers to become a distributor to small contractors.

### **How To Do It**

1. Analyze your current purchasing volumes and discounts to identify situations where you could take advantage of your buying power to act as a distributor.
2. Find producers or manufacturers who would give you exclusive rights to distribute their products in return for your advanced financial support for orders.
3. Find a producer who only wants to handle large orders, but whose products require distribution in small-order lots. This is an opportunity for you to become a distributor and relieve the producer of problems relating to small orders.
4. Find a group of retailers or customers who have to wait for delivery of products from a manufacturer because of distance or production time. You may be able to become a distributor by carrying stock on hand and offering immediate delivery.
5. Look for advertisements under Distributors Wanted in trade magazines, and for advertisements under Business Opportunities in the classified sections of newspapers.

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6. Contact manufacturers, read trade publications and attend trade shows to find items without local distribution networks.

### **Key Questions**

What producers can I find who require a distributor for a product or service?

What product or service could I buy, stock and wholesale in my region?

Could I distribute the product profitably?

What potential retailers or customers have indicated a need for the product I am thinking of distributing?

### **Become an Import Distributor or Agent**

An import distributor or agent brings products and services from another country into Canada for distribution and resale. A wide variety of products and services are available around the world, and many producers are looking for distributors or agents in Canada to expand the market for their items. An import distributor (jobber) buys products for resale while an import agent (representative) sells products on a commission basis.

### **Some Examples**

1. A local businessman could not find high-quality hairpieces in Canada but located a supply in Germany. He now imports them, along with waterproof tape, for the Canadian market.
2. A businesswoman had a health problem and could not find a needed medical apparatus of sufficient quality in Canada. She searched abroad, found a suitable model in Europe, and is now the Canadian importer for this line of equipment.
3. Each year, a company, established by young entrepreneurs, imports Christmas cards in bulk from the U.S. The cards are then packaged in 15 card boxes and resold. This is an example of importing, packaging and breaking bulk.

### **How To Do It**

1. Read overseas trade magazines.
2. Identify marketable items made in other countries and not previously sold in Canada. Foreign consulates in Canada can be an excellent source of this information.
3. Contact trade associations in other countries to ask for information on possible import products.
4. Identify a client group with special needs that can be met only by foreign products.
5. Look for new and innovative items made in other countries by travelling to those countries or reading advertisements in their magazines.
6. Join import-export associations, read their newsletters and attend their meetings.
7. Look for products that have been successfully imported to other countries but have not been imported to Canada.
8. Ask friends who travel frequently about products they may have seen that could be successful in the Canadian market.
9. Ask potential customers whether they would buy the product you want to import.

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## **Key Questions**

What products or services can I import to sell in Canada?

Imported products or services could meet what needs in the Canadian marketplace?

Is there a Canadian market for the product or service I am thinking of importing?

## **Become an Export Distributor**

An export distributor promotes and ships Canadian-made products and services to other countries. Pacific Rim countries, the United States and the European Economic Community present particularly good export distribution opportunities for Canadians.

## **Some Examples**

1. A Canadian couple vacationing in New Zealand noticed that motorcycles there had very few accessories. They did some research and discovered that there was no local supplier. When they returned to Canada, they immediately contacted manufacturers of accessories and began to export these parts to New Zealand.
2. A company makes skid plates for mufflers and exports them to a truck manufacturing company in the United States.
3. A firm manufactures mobile barbecue meat carts, which are similar to mobile popcorn stands, and exports them to Southeast Asia.

## **How To Do It**

1. Find a void in a foreign country's marketplace and contact local producers of products that could fill it to see if they may want to sell their products in other countries.
2. Identify a country to which you would like to export, and then contact local producers of goods for the rights to distribute them in that country. Many provincial and federal departments may be able to provide assistance with this. Read provincial and federal government publications about export opportunities.
3. Examine foreign countries to study their needs for types of products made in Canada. The public library may be of help with this.
4. Call Small Business BC (775-5525) for general information on foreign markets, or contact a Client Service Officer at Western Economic Diversification (604-666-6256).
5. Read books on how to export – these can be readily found in libraries and bookstores.

## **Key Questions**

What local products and services could I export to other countries?

To which countries would I like to export local products?

Is there a market for the product or service I want to export?

## **Market Someone Else's Product**

If you are more interested in marketing than production, you may choose to find a good product that is made by someone else and assume full responsibility for all aspects of marketing it. You may decide to enlarge on this idea by offering a full range of marketing services for a large number of clients.

## **Some Examples**

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1. A sales agent located an innovative game developed by a local inventor, and became its marketing agent. She managed the marketing process, including packaging, advertising and distribution.
2. A marketing consultant markets the services of other consultants. He represents them, promotes their talents, schedules their appearances and negotiates their contracts.
3. Independent manufacturers' agents often market similar but non-competing products for many manufacturers. For example, one agent sells sporting goods made by different producers.

### **How To Do It**

1. Look for products that have not been marketed at all (hard to find) or have been marketed poorly.
2. Look for new businesses that need marketing services but have not established a marketing department.
3. Look for existing manufacturers who cannot afford to directly market to rural areas or specialized niche markets.
4. Ask business consultants and advisors whether they know of any products that need better marketing.
5. Examine classified advertising sections and mail order advertisements to locate individuals or small companies that are selling products on a small scale. As you search, consider which products offer the potential for larger volume sales. Look for good products using inadequate advertising.
6. Contact marketing or advertising agencies. They can sometimes provide leads for products they were unable to take on, for such reasons as a conflict of interest with another account or a full client list.
7. Locate inventors' clubs, attend their meetings and read their newsletters (i.e. Inventor Society).
8. Contact trade or industry associations

### **Key Questions**

Where can I find a good product requiring marketing?

Which products have a potential for increased sales if marketing is improved? Is there a strong market for the product?

What marketing skills and services can I offer?

### **Expand Market Areas**

When a locally made product or business is successful in the local area, an opportunity often exists to expand marketing efforts to new geographic areas. Sometimes this can involve opening another outlet in another location.

### **Some Examples**

1. A co-operative that supplied equipment to mountain climbers and hikers was so successful it expanded to include a second operation in another province.

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2. A successful restaurant with a unique concept expanded by setting up similar restaurants in other cities across North America.

### **How To Do It**

1. Identify products or services currently offered by your company within your region and consider whether marketing efforts could be expanded to new areas.
2. To find successful local products or services that are produced by someone else and not distributed to other areas:
  - Talk to purchasing agents.
  - Place classified advertisements in newspapers.
  - Analyze local advertising and talk to local business people.
  - Look for locally made products in stores.
  - Look for stories on local products and services in business magazines and newspapers.
  - Talk with tourists visiting your region, as well as local travel industry personnel, to find specific products and services that attract businesses, and consider which of these could be imitated, franchised or marketed in other areas.
3. To find successful one-of-a-kind businesses that have been developed by local people: analyze the Yellow Pages in your phone directory; identify local fashions and lifestyle activities; observe retail stores and services in your area and listen for positive comments from local consumers and business people about local businesses; and ask visitors to your area for the names of unique local businesses they have noticed and might like to have in their own community.
4. Talk to potential customers to discover whether there is a market for the products or services in the new area.

### **Key Questions**

What local products or services could be expanded to new markets in other regions?

What successful local products have not been distributed in other areas?

What local businesses could be successful in another area?

Is there a demand for the product or service in the new territory I am considering for expanded marketing?

### **Offer Discount Goods For Resale**

If you can obtain goods from an especially low-cost source, you can discount them from the normal suggested retail selling price and possibly find a market. Some discount-selling operations are set up to take advantage of a short-term opportunity, (e.g. truckload of freight damaged goods) others may be operated as long-term businesses, when there are ongoing reliable sources of supply.

### **Some Examples**

1. A retail store buys time-expired, bankruptcy, production over-run and manufacturers' clearance stocks and then resells the items at discount prices to consumers.

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2. An enterprising woman buys Christmas cards that individuals and companies have not used, repackages them and resells them at a discount.
3. A common practice is to source products manufactured in developing countries where production costs are low, then import them and sell them at discount prices.

### **How To Do It**

1. Decide what type of goods or services you want to market at a discount, and determine whether there is a market for them.
2. Locate sources of supply that will sell to you at an extremely low price. These may include: bankrupt companies; manufacturers with seconds; companies with custom orders that have not been sold; firms with an oversupply of goods they cannot sell; companies with out-of-season leftovers; or companies in need of immediate cash.
3. To assist you in locating these sources of supply, contact: sales agents; discount operators in other non-competitive markets; bankers and receivers; trade association staff members; accountants; distributors; or marketing consultants.
4. Join a purchasing group that has been set up to buy goods at a discount.
5. Make sure you have an adequate source of supply before you start selling.
6. Talk to potential customers to make sure there is a market for the items you want to sell at a discount

### **Key Questions**

Where can I find a low-cost source of supplies that I could buy and resell at discount prices?

If I am setting up a long-term operation, is my source of supply reliable and ongoing?

Is there a market for the items I plan to offer at a discount?

Do I have a scheme for making these goods available for sale?

### **Plan and Promote Events**

Special events provide opportunities for planning, organizing, advertising and promoting. Such events are usually types of gatherings that attract large numbers of people.

### **Some Examples**

1. A woman specializes in bringing top quality speakers and educators to the city for education workshops.
2. A firm promotes entertainment events such as rock concerts, folk festivals and touring theatre groups.
3. A company organizes trade shows, corporate conferences and other group meetings.

### **How To Do It**

1. Identify a type of event or meeting you believe you could successfully promote in your region.
2. Find specific groups that would let you represent them and organize their appearances in your area.

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3. Identify trade associations or other groups that meet in your region and may need the services of a meeting planner and promoter.
4. Find facilities in your area that would let you act as their agent to organize events that would use their space.
5. Join associations of professional meeting and event planners, read their literature and attend their conferences and meetings to pick up new ideas.
6. Contact organizers of events in other areas to identify successful events, groups, themes or concepts that could be used for local events.

### **Key Questions**

What types of events could I plan and promote in my region?

What facilities in my area are available as a location for events I organize?

What groups may require the services of an event organizer in my area?

What groups of people would be attracted to the event I am planning? Is there a market for the event?

### **Provide a Consultation or Information Service**

You can establish a consultation or information service if you are able to offer advice, services or information in a subject area you know well. This may involve searching for, gathering, assimilating, using and reporting information on specialized topics that are of importance to others. It may also include matching resources you know about with clients for a consulting or service fee.

### **Some Examples**

1. A researcher provides a clipping service for many major corporations. Her employees clip newspaper articles and record anything that may be of interest to clients who purchase the service.
2. A woman whose company has connections with computer databanks all over the world provides computer on-line searching services. Information is gathered from these databases and supplied to clients who want answers to specific questions.
3. A specialist in government operations provides a consulting service to companies wanting to do business with governments. She advises them about efficient procedures to use when dealing with government departments.

### **How To Do It**

1. Develop expertise in an area that is important to others who lack the resources or ability to develop such expertise themselves.
2. Search for clients who can use your services. These may include organizations who need help with:
  - Production problems.
  - Management decisions.
  - Marketing strategies.
  - Personnel changes.

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- Computer and information programs.
  - Financial procedures.
  - Training and personnel development.
  - Political activities.
  - Public relations tasks.
3. Analyze organizations and industry sectors to identify potential opportunities for your services. To do this:
    - Read trade magazines.
    - Contact association managements.
    - Read annual reports.
    - Read business newspapers and magazines.
    - Talk to employees.
  4. Analyze sectors of the community to identify potential opportunities for your services among the general public. To do this:
    - Read community newspapers.
    - Consult with community representatives.
    - Listen to radio talk shows.
    - Watch TV public affairs shows.
    - Analyze statistical reports on the community.
    - Participate in community activities.
  5. Identify sources of up-to-date information that you can use to create an information base for your service.
  6. Read books and attend seminars related to consulting and advising.
  7. Talk to potential clients to determine whether there is a market for the consultation or information service you want to establish.

### **Key Questions**

Do I have experience, skills or knowledge that I can sell to others?

Could I use my areas of expertise to establish a consulting or information service?

What potential clients have said they would use the consulting or information service I want to establish?

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