



DESCRIBING YOUR CORE BUSINESS IDEA: AN EXERCISE

1. Introduction

Thank you for your interest in the upcoming AREED enterprise development workshop. In order to prepare adequately for the workshop, please take some time to familiarize yourself with the basic concepts presented below, and also complete Exercise 1. The concepts are extracted from portions of the AREED Entrepreneur Toolkit. A full copy of the toolkit will be provided at the workshop. Please send the completed exercise to Harriette Amissah-Arthur by February 7. The exercises can either be emailed, faxed or mailed as follows:

2. Understanding what is meant by 'core idea'

The core business idea is a concise description of:

- What product or service your enterprise will produce and/or sell
 - It is best if the production of your product or service is based on knowledge or skills that you are good at. The more the better.
- Where the enterprise will be located and why.
- What technology will be used to produce your product or service
- That there is sufficient fuel (solar, wind, water, biomass products, or any other input required to operate the technology) available at the selected location to deliver the product or service.
- Who your enterprise is going to sell the product or service to.
 - Whether they are individuals or businesses
 - Whether they are within a small area of spread over a large area
- What is the customers ability to pay for the product or service
- How your enterprise is going to sell its products or services to the target market or customer?
- Which energy need your enterprise will fulfill for the customers

To sum up, a good description of your core idea must:

- Include sound initial information about the following four elements:
 1. Location
 2. Technology
 3. Fuel
 4. Customers
- Be presented in simple precise statements



3. Exercise: Describing Your Core Idea

The following exercise will help you to prepare a description of your core business idea. Figure 1 (on page 6) provides an example of a completed description.

You can prepare a complete description of your core idea by following the following basic steps:

- Step 1. Review the “Description Forms and Examples of Core Ideas” presented on pages 3, 4 and 5. Be sure to read the examples given under each section.
- Step 2. Keeping your own core idea in mind, fill in description of each component of the idea - location, fuel, technology and customers. Be creative!: Customize any of the forms according to the special characteristics of your idea, or to include any additional information that will add value to your idea.
- Step 3. Put all the information together into a single one-page description as shown in Figure 1.

Description Forms and Examples of Core Ideas

Description forms and examples for describing each of the key elements in a core idea are presented in the boxes below. Use them as a guide to prepare your own descriptions

- I. **Location** (country, region, village or nearest village and specific site – in terms of parcels of land as well as specific map location):

Location Description Form:

“The Proposed _____ Project is located in _____
Region/Province/Department/Area of _____(Country Name),
_____ km from _____(Mapped Village, town). This location is
chosen because [give brief statement of key reason(s)].”



II. **Fuel** (by type, sources of supply, availability of supply and the competition for the supply):

Fuel Description Form:

“The proposed project will use _____ (fuel type) which comes from _____ (sources) and will be available to the project because _____”.

Example 1: “The proposed project will use bagasse from sugar cane processing which will be obtained from five sugar mills within 18 kilometers of the project location. The bagasse will be purchased through a contract between the project and the sugar mill”.

Example 2: “The proposed project will use water from the Volta River, which will be diverted to a canal and delivered to the project’s power house. Rights to use the water will be obtained through the awarding of a concession from the government.”

Example 3: “The proposed project will use sunlight available in sufficient quantities in the region. Solar insolation of 7kWh/m²/day are documented.”

III. **Technology** (by type, size, conversion process, suppliers):

Technology Description Forms

“The project will use _____ technology and be about _____ in size (kilowatts, megawatts, numbers of households served). The _____ technology converts _____ (wind, water, biomass, sunlight) by _____ (describe process). This technology has/has not been used before in this country.

“The project will use ___ pressure boilers to convert bagasse to ___ of steam and ___ MW of electricity. Such boilers are in use in ___ other projects within 300 km of the proposed project.
“The project will use ___ hydroelectric turbines to produce ___ kW of electricity. Turbines of this size and type have not been used before in this part of the country.”



“The project will use ___ type solar panels connected to _____ type water pumps, which will provide irrigation for about ___ hectares of land for each pump set sold, replacing diesel pump sets. Solar pump sets have been used successfully in a pilot program of ___ installations.”

- IV. Potential Customers:** based on the following examples create a description of the customer(s) that your business will target. Include who they are, how many, and what is known about them.

Customer Description Forms

Example 1: “The proposed project will sell its electricity to _____, the national utility under a power purchase agreement”.

“The proposed project will install a local area grid and sell its electricity to the Village Cooperative, which will provide electricity to the 150 households in the Village of _____”.

“The proposed project will sell pump sets to farmers within the _____ region of the country. The project will sell between ___ and ___ pump sets per year.”

“The proposed project will sell small-scale solar electric systems to ___ households and businesses per year in the _____ region. The project will sell ___ in its first three years.”

“The proposed project will install _____ solar home systems and collect monthly fees from customers through a network of local collection agents.”



Figure 1: Full Description of a Core Idea

Name of Proposed Company: Sunspot Inc.

Location

Sunspot Inc. will be located at **Takyiman** in the **Brong-Ahafo Region of Ghana**. This location is shown in **Map 1**.

Fuel

Sunspot Inc. will use sunlight available in sufficient quantities in the region. Solar insolation of **5 kWh/m²/day** are documented.

Technology

Sunspot Inc. will install **35** and **100** watt solar panels and balance of system in households and businesses. These photovoltaic panels will be of the **polycrystalline** type, which are already supplied by Solar Light Company and are installed in 50 other commercial projects in the country.

Customers

Customers comprise between **6000** and **10000** households and businesses in Takyiman. Sunspot Inc. will install solar electric systems and collect monthly fees from the households through a network of local collection agents.