



TOOLKIT 21 – PROBLEM SEEKING PROBLEM SOLVING TO CREATE NEW BUSINESS OPPORTUNITIES

- ❖ **Get really close to your customers.**
- ❖ **Create new profitable business opportunities.**
- ❖ **Build sustainable competitive advantage.**

95% of all the innovations in products and services in the last 100 years have come from firms employing less than 20 people.

Source J.A. Timmons, New Venture Creation

So how do innovators and entrepreneurs create new business opportunities? We have spent the last 20 years trying to understand the processes used by successful entrepreneurs to create new business opportunities. We have summarised these lessons into this toolkit so that others can benefit. Here's how they do it.....

Talking to customers is good, listening to them is better, but spending time in their environment, trying to understand what problems they have, where the pain is and what opportunities this creates for you is the entrepreneurial way of creating successful new opportunities.

The keys that unlock this door are:

- Asking the right questions to unlock their pain and problems which your product or service can help fix.
- Providing a solution quickly.
- Selling the solution to others.

STORY – GRIPPLE

In the early 1990's Hugh Facey was working as a Sales and Marketing Director for a major manufacturer and distributor of wire in Sheffield. He left to set up his own business distributing wire worldwide. But as a small business Hugh was competing on price with competitors who had much stronger purchasing power so he was struggling to make a profit. Whilst in Australia talking to a customer who was a Cattle Rancher he noticed that his hands were badly cut. "This is due to having to join your wire together when it breaks to prevent cattle escaping" said the customer. "If only somebody could find a way of joining wire quickly, cheaply and efficiently they would get very rich", so Hugh decided to!

Returning to Sheffield asked the engineering department to make a device to join wire. 18 months later and after 22 goes they failed. Hugh insisted that they had one more go and they came up with the 'Gripple'. He protected the Gripple with worldwide patents and with 12 months sales were in excess of £80 million and highly profitable.

This is a good example of finding a problem, solving it and selling the solution worldwide.

The process is called **problem seeking problem solving**.

Here is an overview of the process.

1. You deliberately immerse yourself in your potential customer's business in order to find the real problems they have. The process works because you hear firsthand what needs to be done to help. Sometimes customers have difficulty in describing their needs (the classic marketing approach). Problem seeking problem solving cuts right through that problem. Clearly you should select some big opportunity customers to spend time with where it is worth the effort.
2. You ask good questions whilst you are with them and problems will emerge.
3. These problems become your opportunities. You help your customers solve their problems by using/adapting your products or service.
4. You develop a solution to their problem and fix it fast! Fixing it fast is what creates surprised and delighted customers.
5. If you solve their problems quickly you could enjoy the ultimate reward of problem seeking problem solving and that is "Friend for Life". This forms the basis for long term business partnerships.

STORY – FREESERVE

In 1997 Ajez Amed was working as a Store Manager for Dixons in Manchester. He bought a PC and discovered that he could not easily get on to the internet. He thought that other Dixon customers must have similar problems so he set out to solve it. Working on an evening he put a group of people together and solved the internet access problem and started selling it through his local branch. Within a short period of time this became a new business with sales in excess of £1 billion. Freeserve at one point was valued at £6.5 billion and was eventually sold for £2.5 billion to Wanadoo. This is a classic example of the entrepreneurial business development approach of problem seeking problem solving.

Here's how to do it

STEP 1 Identify some target customers with whom you want to do more business because:

- You know them personally.
- They are growing fast and you want to piggyback on their success.
- You want to become their preferred supplier etc.

STEP 2 Use your contacts in your customer's business to get permission to spend some time in their business identifying their problems.

E.g., a friend of mine wanted to sell his cleaning materials to some NHS trusts. He volunteered to work with the cleaning team and worked as a Porter for two days. He identified four new cleaning product opportunities, which the NHS was happy to buy from him. They trusted him and really appreciated the time and effort he took in trying to understand their problems at the sharp end. Eureka. Friend for Life.

STEP 3 Whilst you are in your customer's environment keep your eyes and ears open:

- What problems do they have?
- Watch carefully how they are using a similar product/service.
- Are they getting the best out of it?
- How could you adapt your product/service idea to make it easier for them to use?
- What other problems do they have which you might be able to help them resolve?

- Would the staff benefit from some training in the use of your product or service?

Example

Wayne Rowlatt of Kwok Foods left Asda to set up his own food business. He spent a great deal of time with a range of people across the Asda business trying to identify the problems they had and what they would really like to see in a food provider. "When i went back to my production people Asda want it like this, this size, this shape, this colour, my production people said oh no! I knew I was on to winner because I knew the customer would love it and the competitors could not be bothered".

STEP 4 Ask problem seeking questions

Example

- What problems do you currently face?
- How do you find your existing product/service?
- What would make it easier for you?
- What improvements would you like to see in your business?
- What are your priorities right now?

Adapt the questions to suit your circumstances.

STEP 5 Identify customer problems and create solutions.

Review the customer problems.

For example:

- What are their real problems?
- Do they get the support they need?
- How well does their existing product/service solve their problems?
- What problem of theirs is an opportunity for you?
- Seek to identify problems that will give you a quick result, e.g. 'we will send a confirmation of your order to help sort out your internal and admin problems.'

- Do a cost/benefit analysis of some of the issues.

Q. Is it really worth your while working hard to resolve the issues?

STEP 6

Fix things fast!

You create the desired state of 'Friend for Life' by fixing things at lightning speed. Pull all the stops out to surprise and delight them with your speed of reaction.

They will probably be used to normal supplier speed 'dead slow or reverse' so stand out from the crowd and gain competitive edge.

Example

Haslam Consulting of Glasgow was asked to quote for a large market research contract. During the sales meeting the customer mentioned that he was generally disappointed with the slow response to their requests. 'You would think they didn't want our business sometimes.' Simon Haslam took the hint and personally delivered the quotation for the work within 4 hours. 'The customer was amazed by our speed of response and we got the contract.'

Problem seeking - Problem solving – Friend for life

My target business to problem seek – problem solve is.....	
Their main problems are	<ul style="list-style-type: none">•••••
The resolutions are	<ul style="list-style-type: none">•••••
Date fixed	
Date communicated to the customer	