

Business idea' evaluation; presenting The Structural Position Analysis (SPA) technique

F. Bill

The Entrepreneurship Profile, Växjö University, Universitetsplatsen 1, 351 95 Växjö, Sweden
frederic.bill@vxu.se

Principal Topic

'The IKEA vision is to create a better everyday life for the many people. We make this possible by offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.' (<http://franchisor.ikea.com/>, 2006-07-10)

Given the undeniable success of the IKEA business concept, one may well argue that the above 'business idea' is a good one. Short of considering post-facto success like growth or some measurement of profitability, we however have precious few assessment-techniques for evaluating 'business ideas'. There are, of course, some techniques, like scrutinizing whether the 'business idea' matches the customer's needs, the company's resources and the intended products. Thus, analyzing the consistency of the 'business idea'. Likewise, it is possible to evaluate to what extent customers, resources and products are addressed in the 'business idea'.

Unfortunately, a coherent 'business idea' is not automatically a good one, and even a non-coherent idea is not automatically a bad one. It is however not so easy to say why it is so. If this paper will not remedy that situation, it will at least present and demonstrate a new technique for business idea analysis and development. That is the Structural Position Analysis (SPA) technique.

'Principal Topic:' The notion or concept of the 'business idea' is well spread on corporate web sites and, furthermore, also present in much graduate and undergraduate teaching. Despite this, there are few attempts at developing robust and generally valid methods and techniques for analysis and evaluation of business ideas. Rather, the centre of attention in business-proposal-assessment tends instead to be the entrepreneur. Thus, evaluating the personal requisites of individuals rather than the ideas as such. It is, for instance, common and often stated textbook knowledge that, for instance, an A (or first class) entrepreneur with a B (or second class) idea is considered as more preferable for banks and other investors than the B entrepreneur with an A idea.

This is likely to be due at least partly to the lack of methods and techniques for evaluating. Instead the successful idea becomes something of an extraordinary insight, in line with the character of entrepreneurial innovations as argued already by Schumpeter. Thus, the successful 'business idea' brings about something novel or never before seen. Since this in itself implies that there at best are few points of reference for an evaluation, the face value or potential successfulness of the idea is difficult to assess beforehand. The SPA technique for 'business idea' evaluation, proposed in this paper addresses this problem.

Methodology/Key Propositions

I propose that the difficulty of comparative evaluation when it comes to 'business ideas' could to no small extent be avoided by use of structuralism as an analytical perspective. Drawing primarily on seminal works of Lévi-Strauss and, to some extent, Saussure, I utilize a fairly traditional form of structuralism. Intending, thereby, to shift the focus of inquiry somewhat and scrutinize the idea from the internal relations its statements and content offer. This means venturing beyond the face-expression of the ideas to be analyzed and instead contextualizing them in a system of opposed positions.

Sorting out the various positions taken in or activated by a specific 'business idea', it becomes possible to relate it to other possible positions - be it that they are only imagined. Thus, the relations in a 'business idea' relies on a number of positions and understanding how they correlate to such positions in other ideas make possible a classification of more general reach. Through this route it becomes possible to make homologous statements between the relations erected in various 'business ideas', studying not the individual ideas themselves, but rather the oppositions, correlations and inversions they offer.

For instance, 'business ideas' which are opposed to feasible and reasonable positions within such a system imply that choices have been made and that the idea therefore could be used to discriminate between various courses of action. Whereas on the other hand 'business ideas' opposed to unreasonable positions do not offer such a possibility and thus must be considered as merely rhetorical expressions.

In IKEA's 'business idea' above, low-prices could for instance be seen as half of the opposition:

—— Low prices — —— High prices

Thus, the low price statement amounts to claiming one position above another. In this case the low-price position rather than the high-price position. Both of these being fully realistic market segments, IKEA seemingly has made a choice in the 'business idea'. As apart from for instance stating, like another public Swedish company, that they are to create value for their customers. Creating value would be one half of the oppositions:

—— Create Value — —— Destroy Value

Since destroying value is not readily a feasible 'business idea', the value-creation statement does not represent a choice between two possible or realistic positions, thus being only a rhetorical statement.

Empirically, I use a number of 'business ideas' drawn from a sample of large public Swedish companies to explore and demonstrate the SPA assessment technique.

Results and Implications

The overall aim is to contribute to making the 'business idea' a generally useful model or tool in business-start-up and business development efforts. Offering guidance into how 'business ideas' may not only be a rhetorical instrument, but also a tool for both evaluation and the furthering ones own business intentions.

Thus, the method developed in this paper has theoretical value in contributing to an area still scarcely researched and practical value in making the business idea useful and offering the means to work with sound comparisons and evaluations of not only the entrepreneurs, but also their business ideas.

Contact

Frederic Bill. The Entrepreneurship Profile, Växjö University, Universitetsplatsen 1, 351 95 Växjö, Sweden.
(T) +46470708000, (F) , Email: frederic.bill@vxu.se