

SAFA Entrepreneurial Lesson

Identifying unprofitable problems.

What are non-existent problems

Non-existent problems are simply problems which either do not exist, or more commonly are not significant enough to address with an innovation. A common pattern we see in the world today is that innovations are getting more specific and solving more insignificant problems as society advances.

BUT, some problems do not make sense to solve because their negative effect is so minimal that it would not make much of a difference to invent. Oftentimes, innovations that seek to solve unimportant problems do not see much success, and are thus become a poor financial decision to pursue.

Examples of a non-existent problem

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1. Ketchup sauce packets at McDonalds sometimes cause a mess when you open them.
2. Hot wheels car not being magnetic, so you cannot attach them to a fridge.
3. Water bottle caps being green because green is not your favorite color.

For each question, think about why this problem is too insignificant to create an innovation around.

Activity Time

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In your entrepreneur journal, write down an example of a non-existent problem that you thought of.

Consequences of creating a product/service for a non-existent problem

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1. There will be little demand for your product
 - a. We will discuss what demand means for your product later on in this course. For now, understand that demand means how much people will want your innovation. If your innovation doesn't solve a problem that is worth paying for, chances are that you won't be profitable.
2. You will actually lose time and money.
 - a. Putting in time and money to create a company that is centered around a product which fixes a non-existent problem is a poor choice.
 - b. You will often see a low return on investment in these types of companies.
 - i. Return on investment or (ROI) simply means how profitable and worthwhile it is to put time and money into something, based on the money it will make in the future.

What are non-realistic problems

Non realistic problems are similar to non-existent problems because they both are not profitable decisions to take on for an aspiring entrepreneur. Non-realistic problems are different because they do have high demand, but are often unprofitable because of the cost per product.

Let's take a look at a few examples to see what this means

Non-Realistic problem examples

1. Rocket jets not being fast enough and also too expensive, so it makes traveling to Mars difficult.

The problem identified is that rocket jets are not fast enough and are too expensive. Say that we could create a faster rocket jet, and also sell it for a lower price. This would cause the demand to spike up, but it would also be unprofitable as the lower prices and the faster jet speeds will force you to lose money because you would cut down and even lose in profit margins.

2. Making a pocket-size desalination machine.

Follow up exercise

Making a pocket-sized desalination machine seems pretty cool, and I would be willing to bet that it would have a lot of demand in some countries.

For some context, a desalination machine takes out the salt from things like seawater, and leaves behind the pure water so it can be drinkable.

This is a desalination machine!



Think about why this is a non-realistic problem, and why it would be unprofitable. Once you thought of some ideas, share it with the person next to you.

Activity Time!

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Think about a very unrealistic problem. You can be as creative as you want with this. Also think about the craziest non-existent problem that you can have. After you get these two different problems, write down the reasons about why they these problems aren't profitable in your entrepreneur journal.