

INSTRUCTION FOR MENTOR**ENTREPRENEURSHIP**

2. Theme Entry strategies and new business opportunities
Exercise “Generating ideas”

Developed by: *European Partnership, Lithuania*

Aim: To learn how entrepreneurs start new enterprises, by generating, evaluating ideas and making decisions.

Expected duration: 90 min.

Learning outcome:

- Ability to recognize different types of entrepreneurial opportunities.
- Ability to analyse which entrepreneurial opportunities you should explore based on your skills and interests.

Description:

To start a business is not as hard as it seems to. The most difficult part is to decide what kind of business. There are hundreds of fields which can be suitable and profitable. The opportunities for entrepreneurship come from changes, such as:

- Changes in laws.
- Changes in tastes, lifestyle.
- Change in technology.
- When certain segments are ignored.
- Crisis and recessions.

Before starting a business mentee have to analyze and evaluate his/her ideas. Choosing wrong idea is one of the most common mistakes. This exercise will help mentee to evaluate his/her ideas and to analyse which entrepreneurial opportunities he/she should explore based on his/her skills and interests.

Steps for performing the exercise:

- Mentor introduces the theme and the exercise to the mentees, explains the aim of the exercise.
- There are 6 steps in this exercise:
 - 1 **Step:** Mentees perform task individually, answering the question in what field he/she would like to work.
 - 2 **Step:** Mentees should evaluate each idea and to choose the most probable idea to succeed.
 - 3 **Step:** In the third step mentees will evaluate which idea is risky and has fewer chances to succeed.
 - 4 **Step:** Is the summary of the previous steps: mentee will see which ideas are most advantageous ideas and which are riskiest ideas.
 - 5 **Step:** this step is for consideration will the business be related with services, products or mixed one.
 - 6 **Step:** in this step mentor should encourage mentee(s) to think would he/she rather **buy an existing** or **create a new business**. Mentor gives his/her comments to mentees.

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1 step

HANDOUT FOR MENTEE

In this exercise there are 6 steps. You will be asked to answer several questions and to perform other tasks.

Task for mentee

Please answer the question below:

- **In what field you would like to work in?**

Try to come up with several ideas and write them down.

	In what field you would like to work in?
Idea 1	
Idea 2	
Idea 3	
Idea 4	

2 step

HANDOUT FOR MENTEE

Task for mentee

Then evaluate each idea, by using a scale from **1** to **10**, where **1** means “**definitely no**”, **10** – “**totally yes**”. Use provided table to evaluate each idea.

In this test – the most probable idea to succeed will get highest total score.

Questions for evaluation	Ideas			
	Idea 1	Idea 2	Idea 3	Idea 4
Is there a demand in this field?				
Are there not enough suppliers in this field?				
Will it be competitive because of certain aspects?				
Are there many threats that are not in your control?				
Do you like this field?				
Will you be doing what you always wanted?				
Can you specialize in this field?				
Can you try this without starting business and test it?				
Total:				

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3 step

HANDOUT FOR MENTEE

Task for mentee

In the third step the idea with highest total score most probably will have **less chances to succeed** and will be **risky**.

Answer the questions as in previous step and evaluate each idea by using a scale from **1** to **10** (where **1** means “**definitely no**”, **10** – “**totally yes**”). Use provided table to evaluate each idea.

Note: Don't enter the business that could be very risky – it's better to measure 9 times and only then cut.

<i>Questions for evaluation</i>	Ideas			
	Idea 1	Idea 1	Idea 1	Idea 1
Are there any reasons (for e.g. because of any restrictions, monopoly, drawbacks) why might products or services that you are planning to provide become unnecessary (for e.g. to high prices, insufficiently knowledge, materials, personnel problems).				
Are the expenses for starting business too high?				
Is it hard to get necessary financing?				
Might any factors that are harmful for environment arise?				
Might any factors arise that interfere trade?				
Total:				

4 step

HANDOUT FOR MENTEE

Task for mentee

After filling previous two tables, now please fill the table below (**Common table**), using the results from the previous two steps of the exercise.

Note: If the same idea is the most advantageous and riskiest – it is your own personal decision to take a chance or to pass. Try to find the business that provides long time economic benefits. Look for industry that trends are growth. Avoid such business were competition is just in pricing. Why should you rely on the business that you are not familiar with, when you can enter the one that is comprehensible?

COMMON TABLE

	Ideas in descending order			
Most advantageous ideas				
Riskiest ideas				

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5 step

HANDOUT FOR MENTEE

Task for mentee

After deciding which idea to take the following step is to determine: **Will the business be related with services, products or mixed one?** Try to answer the question while thinking, in what situation you prefer to work in.

6 step

HANDOUT FOR MENTEE

Task for mentee

Note: In some sense each type of business is making sales. Sometimes your ability to sell is more important than the product or services itself. Another point is that you have to realize that even if you come up with a fresh idea competitors will enter the market following you in no time.

When you have chosen the most preferable idea by analyzing the entry possibilities (*industry, market, competitiveness*) – **learn entry strategies**. Would you rather **buy an existing** or **create a new business?** (Have in mind your previous answer about the type of business).

Choose from alternatives

<i>Create</i>		<i>Buy</i>	
Cheaper to create		Cheaper to buy	
Need specific details or characteristics		Target has a good image	
Market is not full		There is market saturation	
There is enough time for establishment		Quick presence is needed	
Total yes:		Total yes:	

EXPLANATION OF THE RESULTS

Task for mentor

Below you will find explanation of the results for mentees. Please explain the results to mentees.

Explanation of the results:

If you got more **yes** on **create** side – higher possibility that it is more beneficial to enter that kind of business and vice versa.

Note: If there is the same amount of positive answers in each sides or due to other factors you can't decide what to do - there is also a possibility to enter the business known as – franchising. It is the practice of using another firm's successful business model. Maybe that's the right answer for your business idea.