

## INTRODUCTION

A rival coach had this to say about legendary Alabama football coach Bear Bryant: “He can take his team and beat your team, or he can take *your* team and beat *his* team.”

Clearly, raw material did not matter to Coach Bryant. He could mold a good team out of whatever players he happened to be coaching, regardless of talent. Similarly, great poker players can win despite a poor hand. Less experienced coaches and poker players—those lacking in expertise—require a better team or a better hand in poker in order to succeed.

All of the above holds true for the best entrepreneurs. Because of their knowledge and experience, they see trends where others just see data; they see patterns when others see chaos; they connect dots when others just see dots. This ability to consistently recognize and seize opportunity develops over time and with practice. Though extensive industry experience and a strong professional network are crucial, most aspiring entrepreneurs, especially students, do not have the advantage of domain expertise, industry background, or a strong network. Like novice poker players, they have better odds of succeeding if they start with a strong hand. This workbook helps beginning entrepreneurs overcome some of these challenges by providing a proven method to generate entrepreneurial opportunities—ideas that can produce real value.

Generating new ideas and evaluating their value is at the very core of entrepreneurship.<sup>1</sup> The great news is that the ability to spot problems, develop new ideas, and evaluate their value as potential entrepreneurial opportunities is a skillset that can be developed, and we are going to help you do just that. In fact, this essential skillset should be developed even before other skills, such as producing a business plan or a feasibility study, are addressed.

When you don't necessarily have knowledge and experience, it can seem very difficult to know whether an idea has the potential to reach the market and develop into a viable venture. Aspiring entrepreneurs tend to focus on novelty and what's new to the market, while more experienced entrepreneurs focus on profit potential and market size.<sup>2</sup> Nascent entrepreneurs often think their ideas are strong simply because they don't have the requisite knowledge to prove otherwise. As a result, too much time and too many resources can be wasted on a “not so good” idea.

For example, you might have an idea for a great new app, but did you know that there are currently 2 million apps available? How will you stand out? Why is your app different? How will you get users? If you've never built a profitable app, how do you know what you don't know? This workbook is designed to help you achieve a much better rate of success by insisting you start out with strong, high-potential ideas. You will generate these ideas by using an empirically proven method to spot, evaluate, and select great ideas: the IDEATE method.

IDEATE is an acronym, with each letter denoting an important component in the framework designed to help you develop a skillset to identify valuable opportunities (see Table 1.1).

**Table 1.1**

<b>I</b> dentify	<ul style="list-style-type: none"> <li>• Identify a “migraine headache” problem worth solving.</li> <li>• Distinguish between high-quality, exemplar opportunities and low-quality, uninspired ideas.</li> <li>• Begin to develop a sense of what makes ideas valuable versus ideas that are not worth the time and effort to explore.</li> </ul>
<b>D</b> iscover	<ul style="list-style-type: none"> <li>• Actively search for opportunities in problem-rich environments.</li> <li>• Leverage your passions and areas of extreme curiosity to spot problems.</li> <li>• Explore current trends that are getting a lot of attention.</li> </ul>
<b>E</b> nhance	<ul style="list-style-type: none"> <li>• Add innovation and novelty to enhance existing opportunities.</li> <li>• Develop a “value for all” mentality to ensure all stakeholders are invested in your opportunity.</li> <li>• Experiment with alternative business models to increase value.</li> </ul>
<b>A</b> nticipate	<ul style="list-style-type: none"> <li>• Use the four sources of change to anticipate new opportunities: social and demographic, technological, political, and regulatory.</li> <li>• Examine how these changes affect existing markets and create new markets.</li> <li>• Anticipate customer needs that are likely to emerge as a result of future changes.</li> </ul>
<b>T</b> arget	<ul style="list-style-type: none"> <li>• Identify target customers and understand their unmet needs.</li> <li>• Explore and connect with early adopters to better understand why they are buying and what resonates most with them.</li> <li>• Personify your ideal or typical customer.</li> </ul>
<b>E</b> valuate	<ul style="list-style-type: none"> <li>• Practice scoring, selecting, and defending high-quality ideas.</li> <li>• Circumvent confirmation bias and other cognitive biases to avoid falling in love with bad ideas.</li> <li>• Avoid the excessive optimism trap and use critical thinking to evaluate ideas.</li> </ul>

IDEATE has been validated through quantitative and qualitative research.<sup>3</sup> Qualitatively, numerous ideas generated using this method have developed into validated concepts and, in many cases, into high-potential ventures created by student entrepreneurs. Quantitatively, the IDEATE method has been empirically tested against a very popular approach to teaching opportunity identification (one some consider to be the previous gold standard) in an experiment across six university-based entrepreneurship courses. That experiment showed that the IDEATE method generated significantly more innovative ideas than the control method.<sup>4</sup> Bottom line: IDEATE is a proven method that was found to be significantly more effective than other ideation methods. Furthermore, we use it daily and we know it works!

## **HOW TO USE THE IDEATE METHOD WORKBOOK**

This workbook is a method. Each component of the IDEATE framework builds on the previous one. IDEATE is a system of interconnected parts that, together and sequentially, create a path forward. That’s why we recommend working through each component of IDEATE in the order presented. If you do, you will have identified 100 valuable opportunities by the time you complete this workbook.

Chapter 2 (Identify) will help you recognize what makes an idea valuable (or have real potential). You will learn about exemplars—ideas that are valuable along with what makes them valuable—as well as ideas that have not proven to be as valuable. You will start to record problems and engage in exercises designed to help get to the root cause of problems because deeply understanding a problem is the essential first step toward identifying possible solutions. Once real, “migraine headache” problems are identified, the idea generation process can begin. At the conclusion

of Chapters 2 through 6, you will be asked to create 10 new valuable ideas and, using our ranking system discussed in this chapter, rank them from 1 (most valuable) to 10 (least valuable).

Chapter 3 (Discover) expands your search zone for valuable opportunities. Entrepreneurs spot and solve problems for customers. What are some fruitful areas where you might discover such problems? Beginning with activities that you engage in and are passionate (or at least curious!) about, you will look for problems you have encountered while engaging in these activities. Next, you will reflect on your own life experiences as potential idea sources. Perhaps you have studied abroad. Did you notice any successful business ideas in other locations that are not available to your home market? Years ago, a student named Howard Schultz simply could not find the European espresso café experience he encountered while studying abroad in Italy when he returned home to the United States. This gap prompted Schultz to launch the business that is now Starbucks. By utilizing analysis exercises like this, you will generate more ideas in Chapter 3 on your way to recording 100 valuable entrepreneurial opportunities.

In the book's fourth chapter, Enhance, we suggest ways of taking a problem or opportunity and enhancing it in innovative ways to create more value. Often, with a bit more effort, we can take our ideas and find "hidden" value that can be used to dramatically improve them. In other words, there are techniques that can be practiced to turn smaller ideas into bigger and bolder ideas. Alternatively, sometimes your idea may already be valuable, but a simple tweak may be what is needed to help the idea reach its fullest potential. The material and exercises in Chapter 4 will guide you through this process.

Chapter 5 (Anticipate) celebrates change. Although some fear or avoid change, strong idea generators and entrepreneurs see change as an ongoing fountain of new opportunities. Changes, such as social and demographic changes, technological changes, political and regulatory changes, and changes in industry structure, all create a never-ending stream of entrepreneurial opportunity for those astute enough to anticipate them and the impact they will have on customers, markets, suppliers, and industries.<sup>5</sup> Chapter 5 offers several exercises that feature changes that are on the horizon, allowing you to begin developing the skill to anticipate new opportunities that might emerge for each possible change. And don't depend on us to simply tell you about all the changes that are on the horizon—you will also be asked to research and identify other sources of change and further anticipate emergent opportunities.

Chapter 6 (Target) helps you think critically about the most important question entrepreneurs must answer: To whom are we selling and why should they buy from us? Startups do not typically have a known brand name, a strong stream of recurring revenue, a sales force, or any of the other complementary assets that larger companies enjoy. Lacking these resources, startups need to reach their intended target with pinpoint precision, in contrast to the large, established companies that can use a more diffuse approach to reach multiple segments. This chapter focuses on identifying the target market—the customers who have the greatest need or interest in what you have to offer and who rely on reports of the user experience when making buying decisions. Further, a clearly defined target establishes yet another path to viable ideas. What other needs for products or services might this market have? What products or services related to the initial idea might this target market also covet? Simply having a prototypical customer in mind helps you think about the customer's needs in an empathetic manner. These are all elements of the Target component of the IDEATE method.

Equipped with a decent pool of ideas, it's now time to develop your capacity to separate the good from the not-so-good. Chapter 7 is all about how you Evaluate—the second "E" in the IDEATE framework. However, you've been evaluating all along: At the conclusion of each chapter, you will be asked to calculate a score based on the size of the problem, your enthusiasm for the solution, and a gut feeling. However, in Chapter 7 you will learn a two-step process to more critically evaluate your top 10 ideas in order to narrow down the pool to three valuable ideas.

By the time you get to Chapter 8, you will have 50 ideas that have been narrowed down to three higher potential ideas. Now, armed with the new skills and knowledge acquired from Chapters 2 through 7, you will be asked to produce an entirely new set of 50 ideas. As in Chapter 7, you'll be asked to evaluate your top 10 ideas and choose three.

As you enter Chapter 9, you will have a six high-potential ideas that are worthy of further consideration. These six ideas will be sent through a few additional "checks" to help you choose one idea to articulate through the creation of an Idea Board.

## **A FEW FINAL WORDS BEFORE YOU GET STARTED**

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You will be generating a lot of ideas—at least 100 ideas worthy of evaluation—by the time you complete this book. Be prolific. Be creative. Take risks. Accept the challenge. You will find places to record your ideas throughout the book. That's why we have called it a workbook!

You will not, however, be asked to generate all 100 ideas at once. Our method is done in increments of 10 ideas. After completing each chapter, take some time for self-reflection. How much time did you spend generating those 10 ideas? Where did your ideas come from? What do you think of the quality of this batch of ideas? What might be fertile ground for finding new ideas? Can you look at these ideas and improve them in any way? Try to make your next 10 ideas better than your first 10. Note that you will develop 50 ideas throughout the first seven chapters of this workbook, and you will add 50 more through your work in Chapter 8.

If you wind up with *one* valuable, high-potential idea in Chapter 9, you've done it! And remember: You have the most to gain from maximizing your effort when following this proven framework.

IDEATE is an empirically proven method, but like any systematic approach, it is input dependent—if you have poor-quality input, you are likely to have poor-quality output. Ask yourself: Are you putting in the necessary time? Are you actively searching fertile ground for valuable ideas? Are you following the rest of the framework to the best of your ability? Try to make each batch of 10 ideas improve in quality and potential. Strive to have so many high-quality ideas that winnowing them down through evaluation is the hardest part of the framework!

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Problem identified:			<b>Rank (1-10)</b>
Idea description:			
MHP (1-5):	Enthusiasm (1-5):	Gut (1-5):	Total $([MHP \times E] + G)$ :

Problem identified:			<b>Rank (1-10)</b>
Idea description:			
MHP (1-5):	Enthusiasm (1-5):	Gut (1-5):	Total $([MHP \times E] + G)$ :

Problem identified:			<b>Rank (1-10)</b>
Idea description:			
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Problem identified:			<b>Rank (1-10)</b>
Idea description:			
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