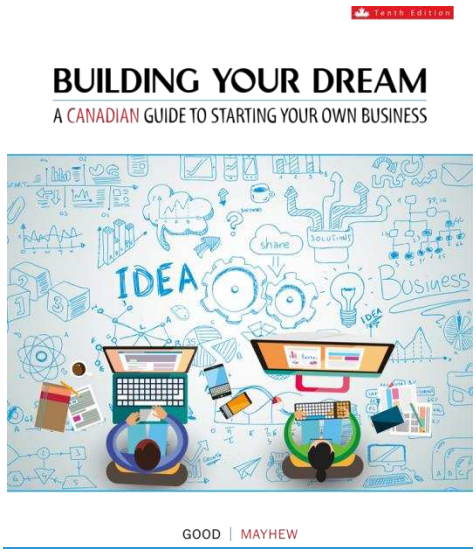
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SKU: 9781259106859-SOLUTIONS

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STAGE TWO

Exploring Business Ideas and Opportunities

Learning Objectives

LO1 Explain the process of an entrepreneurial opportunity

LO2 Identify where to look for business ideas

LO3 Evaluate your business idea

LO4 Choose what business model suites your idea

Chapter Walkthrough

Headings	Assets
Opening Profile: *DataWind Ltd.*	
Recognizing the Opportunity [LO1]	- Figure 2.1, The Entrepreneurial Opportunity - Figure 2.2, Model of entrepreneurial Opportunity Recognition - Figure 2.3, Idea to Venture Creation
Long-Term Expectations for Your Business	
○ Lifestyle Ventures	
○ Small, Profitable Ventures	
○ High-Growth Ventures	
Sources of Ideas for a New Business [LO2]	- What do you like about being an

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	Entrepreneur? Terry Matthews, Chairman, Wesley Clover - Figure 2.4, Searching for Ideas - Entrepreneurs in Action, SuzyQ Doughnuts - Entrepreneurs in Action, How Uber is Taking Over the World
○ Previous Employment	
○ Your Hobbies	
○ Personal Observation	
○ Casual Observation	
○ Deliberate Search	
○ Magazines & Other Publications	
○ Trade Shows and Conventions	
○ Product Licensing Information Services	
○ Friends, Acquaintances, and other Social Networks	
○ Government Agencies and Departments	
○ Use of Creative Thinking	
○ Where do New Venture Ideas Come From	- Table 2.1, Where Entrepreneurs Find the Ideas for Their New Ventures
Areas of Future Opportunity	- Other Considerations, Staying Innovated - FYI, The Best Business Opportunities for 2016
Some Specific Ideas and Concepts for the Future	- Other Considerations, Why the Internet of Things Matter and What you Should Do About it - FYI - Other Sources to Find Ideas - FYI, Canada's Top Growth Sectors and Where they are Located
Evaluating Your Ideas [LO3]	
Step 1: Indentify Your Business and Personal Goals	
Step 2: Research Your Favourite Industries	
Step 3: Identify Promising Industry Segments	
Step 4: Identify Problem Areas, and Brainstorm Solutions	
Step 5: Compare Possible Solutions with Your Objectives and Opportunities in the Marketplace	- Table 2.2, Characteristics of the "Ideal: Business - The Ideal Business (available online in Connect)
Step 6: Focus on the Most Promising Opportunities	
The Venture Opportunity Screening Model	- Venture Opportunity Screening Model (available online in Connect)

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Deciding How to Proceed [LO4]	
Buy a Business	
Acquire a Franchise	
Start a Business of Your Own	- FYI, Untitled

Critical Thinking Questions

The following are critical thinking question, not included in the text. They can be assigned individually, or used for group/classroom discussion.

1. What problem is your business idea going to solve? Is there really an opportunity for your business to be successful and if so why? Is there competition? Who are they? Why do you think you will be better than they are?
2. How do you feel about starting a business: excitement, nervous, afraid?

Interactive Online Worksheets

The following worksheets and self-assessments are now available online in Connect on the Student Resources site. Students can also click on the provided link within the ebook to instantly launch these supplements.

Worksheet/Self-Assessment	**Format**
The Ideal Business	Interactive Quiz
Venture Opportunity Screening Model	Interactive Worksheet

Additional Resources

Steven Johnson, author of Where do Good Ideas Come From, is one of the most innovative, popular thinkers of today. In his animated video, Where do Good Ideas Come From, Johnson says it takes a long time for an idea to evolve and can take many years to mature, become useful and be successful.
http://www.youtube.com/watch?feature=player_embedded&v=NugRZGDbPFU

Stephen Key's Google Talk: One Simple Idea for Startups
http://www.youtube.com/watch?v=6csI0dZzFRQ

Richard Branson, successful entrepreneur, offers advice for Entrepreneurs
http://www.youtube.com/watch?feature=player_embedded&v=VH35Iz9veM0

Supplements and Resources

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The following supplements have been developed for Instructors using **Good, *Building Your Dream*, 10th edition.**

Instructor's Manual The Instructor's Manual, prepared by the author, Wendy Mayhew, includes a wealth of information to assist instructors in presenting this text and their course to its best advantage.

Computerized Test Bank Created by Sandra Wellman, Seneca College, this flexible and easy-to-use electronic testing program allows instructors to create tests from book-specific items. The Test Bank contains a broad selection of multiple choice and true/false questions. Instructors may add their own questions as well as edit existing questions. Each question identifies the learning objective, eBook reference, difficulty level, and feedback, and is tagged for Connect Insight data analysis. Multiple versions of the test can be created and printed.

Microsoft Powerpoint Presentations Prepared by Sandra Wellman, Seneca College, this complete set of PowerPoint Presentation slides is provided for each chapter. The presentations are based around course learning objectives and include many of the figures and tables from the tenth edition textbook as well as some additional slides that support and expand the text discussions. Slides can be modified by instructors.

Interactive Worksheets and Activities These interactive worksheets and activities help students analyze the financial aspects of their new business ideas and assess their potential as an entrepreneur. Templates are provided to facilitate preparation of financial statements required for their feasibility study and their overall business plan preparation.

Entrepreneurship Videos Real World Entrepreneurship Training videos (with closed captioning) are available at the end of select stages, as well as online through Connect. McGraw-Hill Education's Entrepreneurship video series (with closed captioning, including programs) is available for online viewing through Connect, or on DVD for viewing in class. Please contact your Learning Solutions Consultant for more information. Both sets of video assets are available with teaching notes.

The Manager's HotSeat This online resource, which includes eight new segments, allows students to watch real managers apply their years of experience to confront daily issues such as ethics, diversity, teamwork, and the virtual workplace. Students are prompted for their feedback throughout each scenario and then submit a report critiquing the manager's choices while defending their own. The Manager's HotSeat is ideal for group or classroom discussions.

Superior Learning Solutions and Support The McGraw-Hill Ryerson team is ready to help you assess and integrate any of our products, technology, and services into your course for optimal teaching and learning performance. Whether it is helping your students improve their grades, or putting your entire course online, the McGraw-Hill Ryerson team is here to help you do it. Contact your Learning Solutions Consultant today to learn how to maximize all of McGraw-Hill Ryerson's resources!

For more information on the latest technology and Learning Solutions offered by McGraw-Hill Ryerson and its partners, please visit us online: www.mcgrawhill.ca/he/solutions.

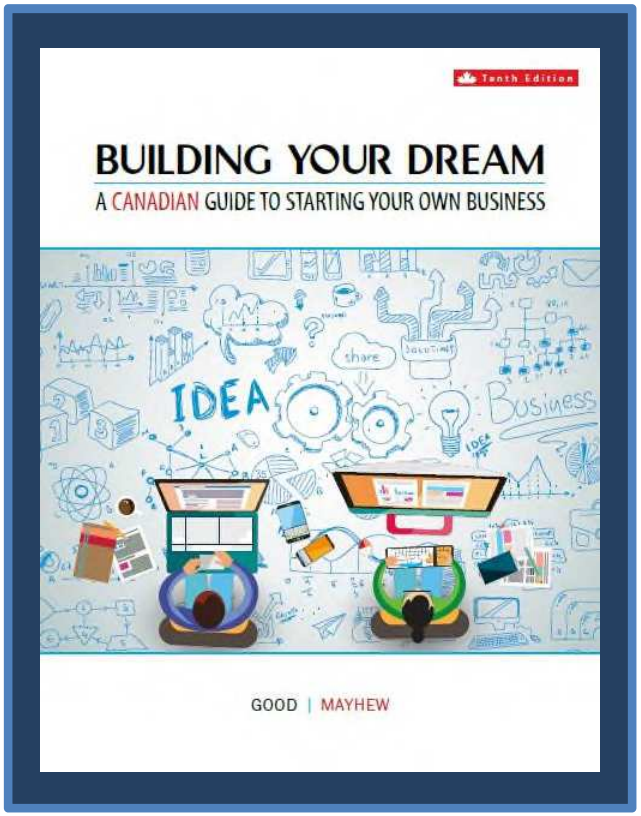
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BUILDING YOUR DREAM

A CANADIAN GUIDE TO STARTING YOUR OWN BUSINESS

Tenth Edition





Stage 2

Exploring Business Ideas and Opportunities

Prepared by Sandra Wellman
Seneca College

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Learning Objectives

LO1 Explain the process of an *entrepreneurial opportunity.*

LO2 Identify where to look for business ideas.

LO3 Evaluate your business idea.

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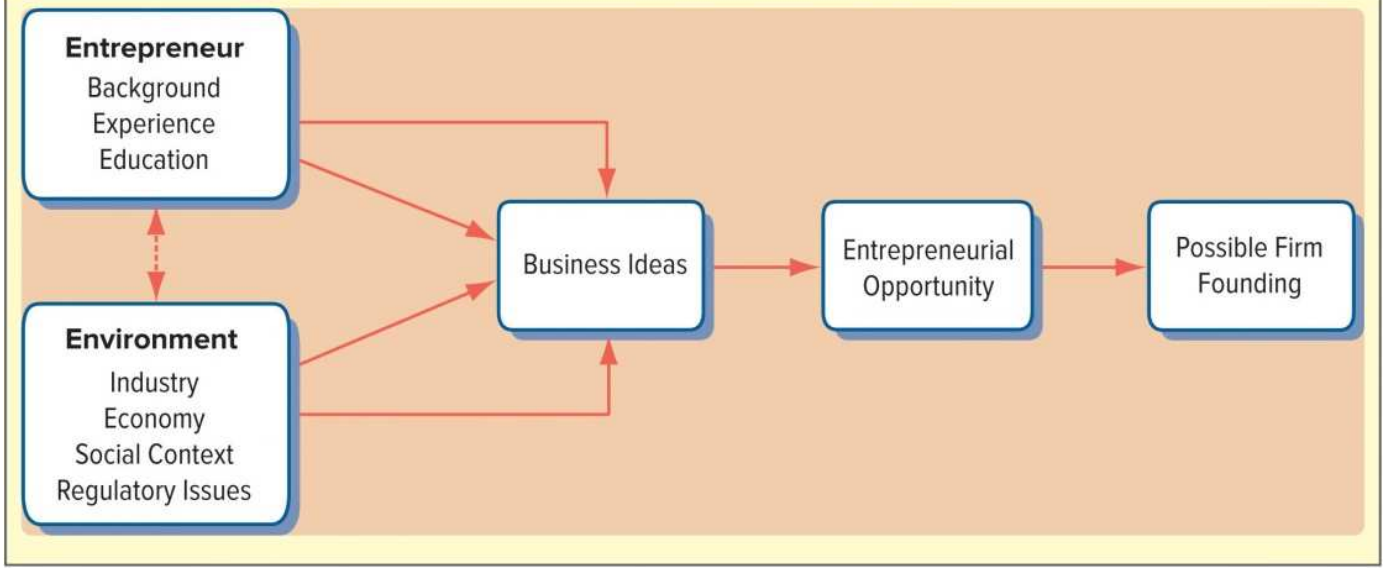
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LO1

Recognizing the Opportunity

FIGURE 2.1 THE ENTREPRENEURIAL OPPORTUNITY



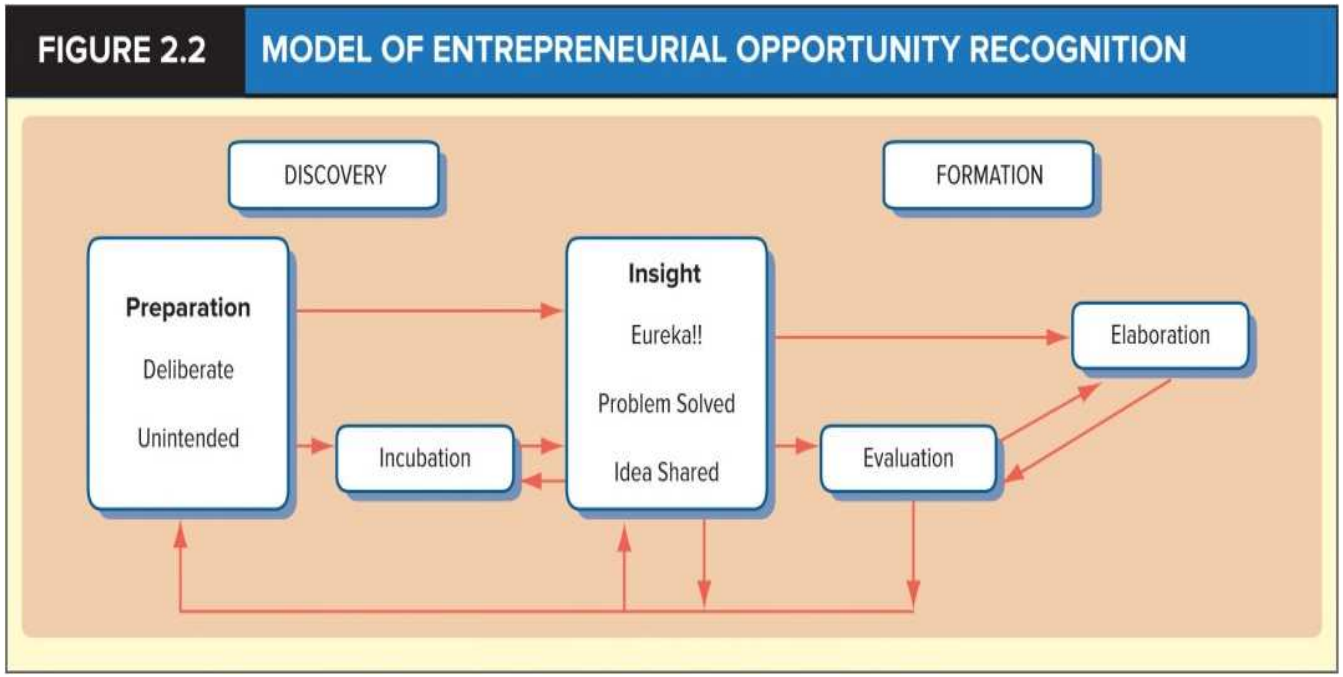
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LO1

Recognizing the Opportunity

FIGURE 2.2 MODEL OF ENTREPRENEURIAL OPPORTUNITY RECOGNITION



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LO1

Recognizing the Opportunity

FIGURE 2.3 IDEA TO VENTURE CREATION



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LO1

Recognizing the Opportunity

- Three basic categories to describe new entrepreneurial concepts:
  1. **Type A** - Caters to consumers in new markets
  2. **Type B** - Introduces new technologies to the marketplace
  3. **Type C** - Provides consumers with new or more benefits than competitive offerings currently available in the marketplace

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LO1

Long-Term Expectations for Your Business

1. Lifestyle Ventures

- Most “one-man shows” or mom-and-pop-stores
- Owners often risk savings to finance business
- Works long hours for low profits

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LO1

Long-Term Expectations for Your Business

2. Small, Profitable Ventures

- Small manufacturing firms, larger restaurants, retail firms
- Large capital investment
- Once established, owners do well financially
- Profit in reselling the business can be high

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LO1

Long-Term Expectations for Your Business

3. High-Growth Ventures

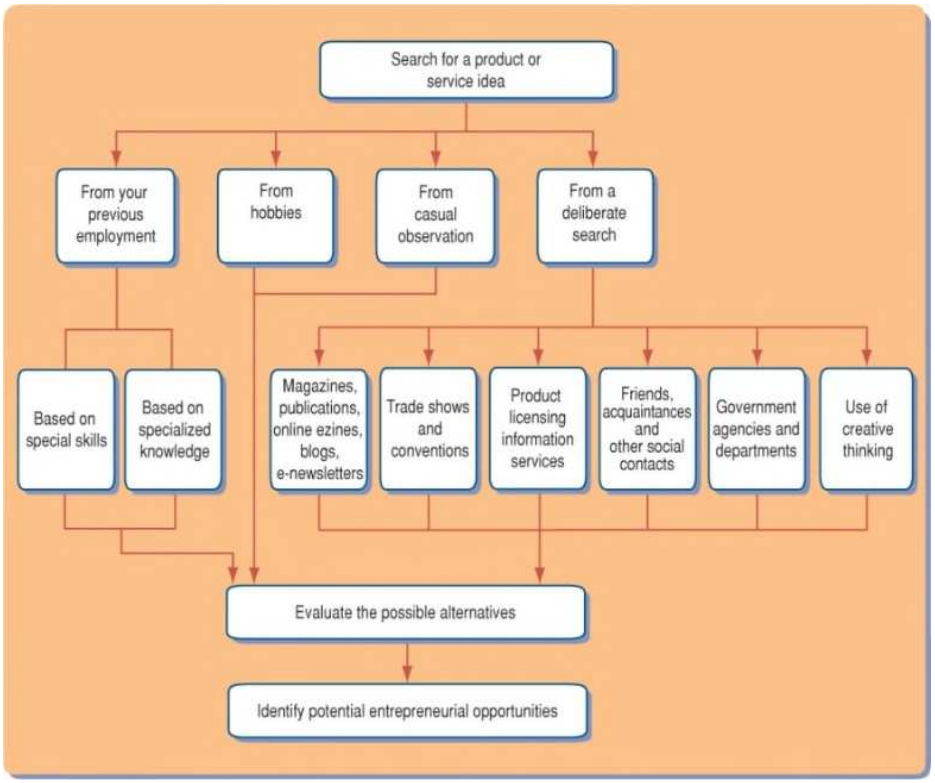
- Much fewer but more publicized
- High-tech companies
- Often bought and absorbed by larger companies
- High potential for capital on resale

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LO1

Sources of Ideas for a New Business



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LO2

Where Do New Venture Ideas Come From?

TABLE 2.1 WHERE ENTREPRENEURS FIND THE IDEAS FOR THEIR NEW VENTURES

SOURCE OF IDEA
• Prior business experience
• Business associates
• Seeing a similar business somewhere else
• Suggestion by friends or relatives
• Hobby/personal interest
• Personal research
• An idea just coming to mind
• Seeing something in a magazine/newspaper
• Seeing or hearing something on radio/television

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LO2

Some Specific Ideas and Concepts for the Future

The Internet of Things (IoT)

- "The broad idea behind these buzzwords is that a whole constellation of inanimate objects is being designed with **built-in wireless connectivity so that they can be monitored, controlled and linked over the internet via a mobile app**." Walt Mossberg
- **The Internet of Things** further in ***Other Considerations***

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LO2

Some Specific Ideas and Concepts for the Future

- **E-Business**
  - Potential customer base of 875 million cannot be ignored
  - Every business should have some form of internet presence
  - Examples include: designing web pages, Internet marketing, social networking sites, social media consulting

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LO2

Some Specific Ideas and Concepts for the Future

- **Maintaining "Wellness"**
  - Growing demand for fitness and health-related products
  - Examples include: organic food, alternative medicine, spas, cosmetic surgery, fitness centres, healthy lifestyle restaurants.
- **Personal Indulgence**
  - Opposite of "wellness" trend, people want some luxuries
  - Examples include: gourmet foods, exotic desserts, specialty coffee, tea, wine, exotic meats, bed and breakfasts.

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LO2

Some Specific Ideas and Concepts for the Future

- **Home Health Service and Eldercare**
  - Aging baby boomers will require additional care
  - Examples include: home healthcare providers, homemaking services, daycare centres for the elderly, seniors travel clubs, assisted living centres.
- **Pet care and Pampering**
- **Retail Boutiques**
- **Personal Services of All Types**

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LO3

Evaluating Your Ideas

- The opportunity selection process:

1. Identify your business and personal objectives.
2. Learn more about your favourite industries.
3. Identify promising industry segments.
4. Identify problem areas and brainstorm solutions.
5. Compare possible solutions with your objectives and opportunities in the marketplace.
6. Focus on the most promising opportunities.

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LO3

Evaluating Your Ideas: Step 5

TABLE 2.2 CHARACTERISTICS OF THE IDEAL BUSINESS

- No investment required
- A recognized, measurable market
- A perceived need for the product or service
- A dependable source of supply for required inputs
- No government regulation
- No labour force required
- 100 percent gross margin
- Frequent purchases by buyers
- Favourable tax treatment
- A receptive, established distribution system
- Great publicity value
- Customers who pay in advance
- No risk of product liability
- No technical obsolescence
- No competition
- No fashion obsolescence
- No physical perishability
- Imperviousness to weather conditions
- Some proprietary rights

Source: Adapted from Richard Buskirk, *The Entrepreneur's Handbook* (Los Angeles: Robert Brian, Inc., 1985), pp. 41–45.

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LO3

The Venture Opportunity Screening Model

- The VOSM is intended to give you a clearer idea of the relative attractiveness of a number of new venture opportunities you may be considering.
- Categories to facilitate assessment include:
  - The assessment of the market opportunity
  - The role of innovation
  - Strategic potential
  - The investment, risk, and return situation
  - The effectiveness of the people involved in the venture

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LO4

Deciding How to Proceed

- ***Buy a Business***
  - Find an existing business and buy it
  - Bypasses the start-up phase
  - You acquire a location, customers, trade relationships
  - May be expensive since you have to pay “goodwill”
  - Some concerns are: inheriting someone’s problem, obsolete equipment, poor image, and reputation of previous owners

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LO4

Deciding How to Proceed

- ***Acquire a Franchise***
  - Buy the rights to operate a business designed and developed by someone else (a *franchise*)
  - *Franchisor* provides valuable assistance
  - Can be expensive due to high start-up fees and royalty costs

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LO4

Deciding How to Proceed

- ***Start a Business of Your Own***
  - Starting from scratch is the most popular route
  - Develop an entirely new product
  - Manufacture someone else's product under licence
  - Turn a hobby into a business
  - Add value to an existing product
  - Become an agent or distributor

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Summary

LO1 - The Entrepreneurial Opportunity is a process of proceeding from a **new idea to an opportunity**. The process consists of five steps: **preparation, incubation, insight, evaluation, elaboration**.

LO2 - Business ideas come from many places including: **previous employment, hobbies, personal observations, and a deliberate search**.

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Summary

LO3 - The **six steps** in evaluating your prospective new business are: identify your business, research your favourite industries, identify promising industry segments, identify problem areas, compare possible solutions in the marketplace, and focus on the most promising opportunities.

LO4 - When choosing a business model there are three basic options: **buy a business, acquire a franchise, start a business of your own**.

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