

MERIT BADGE SERIES



ENTREPRENEURSHIP



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2006

BOY SCOUTS  OF AMERICA®

## Requirements

1. In your own words, define *entrepreneurship*. Explain to your merit badge counselor the role of the entrepreneur in the economy of the United States.
2. Identify and interview an individual who has started his or her own business. Find out how the entrepreneur got the idea for the business and how the entrepreneur recognized it as a market opportunity. Find out how the entrepreneur raised the capital (money) to start the business. How well is the business doing? Report what you learn.
3. Do the following:
  - a. Write down as many ideas as you can think of for a business. Get ideas from your family and friends. From your list, select three ideas that you believe are the best opportunities for you.
  - b. Explain to your counselor why you chose these three ideas rather than the others on your list.
  - c. For each of the three ideas that you chose, prepare a list of questions you would ask potential customers.
  - d. For each of your three ideas, informally interview potential customers, using the lists of questions from requirement 3c. Report what you learn.
  - e. Using the information you have gathered, choose the one idea that you feel is your best business opportunity.
4. Conduct a feasibility study of your business idea by doing all of the following (briefly writing or explaining each item to your counselor):
  - a. *Product or Service*
    - (1) Identify your business goals.
    - (2) Tell how you will make the product or perform the service. Determine whether it is technically feasible (practical or doable).
    - (3) Determine how you can make enough of the product or provide enough of the service to meet your business goals. Explain how you will accomplish this.
    - (4) Identify and describe the potential liability risks of your product or service.
    - (5) Determine what type of license you might need in order to sell or to make your product or service.
  - b. *Market*
    - (1) Determine who your customers are. Identify the type of person who would buy your product or service.
    - (2) Describe the unique benefits of your product or service.
    - (3) Tell how you will promote and sell your product or service to potential customers.



c. *Finances*

- (1) If you are selling a product, determine how much it will cost to make one prototype.
- (2) Calculate the selling price of your product or service. Explain how you determined the price.
- (3) Tell how you will sell your product or service and make a profit.
- (4) Determine how much money you will need to start your business. Explain how you will get the money.

d. *Personnel*

- (1) Determine what parts of the business you will handle yourself. Describe your qualifications for the work. Determine how your business responsibilities will fit into your schedule.
- (2) Determine whether you will need additional help to operate your business. If you will need help, describe the qualifications your helpers should have and what duties they will perform.

5. Do TWO of the following:

- a. Sketch a prototype of your product or write a description of your service.
  - b. Create the prototype. List all of the materials you used to make your prototype. Calculate the cost of all the materials and labor to compute the total cost of making your prototype.
  - c. Design a promotional poster or flier for your product or service.
  - d. Project (estimate) your sales through the first three months of operation. Calculate the profit you expect to make.
6. When you believe your business idea is feasible, start your business. Show evidence that you started your business (sales receipts, for example, or photos of the product). Report to your counselor the results of your venture. Discuss with your counselor any ethical questions you have faced or think you may face in your business venture.

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## Be Your Own Boss

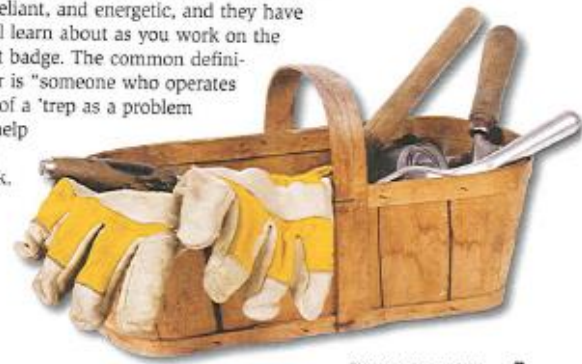
If you have dreamed of going into business for yourself, you are not alone. Surveys show that more than half of American teenagers and college students are interested in starting their own businesses. Many new ventures are launched every day.

Starting a business is hard work. It also can be great fun. People launch businesses for many reasons: to work at something they love, to have the freedom to chart their own course, to be self-sufficient, and to have a chance for financial independence.

Making money, however, should never be a person's *only* reason for starting a business. People who go into business to "get rich quick" are seldom as successful as those who pursue their dreams with passion, commitment, and the necessary skills.

Build a business on something you love—an idea, a talent, an interest that captures your imagination and fires your enthusiasm—and you may feel you are not working at all. While you may actually work harder than you have ever worked at anything, you will be having too much fun to notice. Successful entrepreneurs do what they do because they love it. They are following a dream and having an adventure.

An entrepreneur (a *'trep*, for short) is many things. Most are adventurous, self-reliant, and energetic, and they have other qualities you will learn about as you work on the Entrepreneurship merit badge. The common definition of an entrepreneur is "someone who operates a business." Thinking of a *'trep* as a problem solver; however, may help you better understand what makes a *'trep* tick. Entrepreneurs are always looking for problems they can



solve, gaps they can fill, or unmet needs they can answer with the right product or service. To sell their products or services, 'treps often start businesses.

As you earn this merit badge you will look at what 'treps do, their characteristics and skills, and how they bring new ideas, products, and services to people and society. You will learn about identifying opportunities, creating and evaluating business ideas, and exploring the feasibility (how doable it is) of an idea as you come up with a basic business plan. You will also have the chance to fit everything together as you start and run your own business venture.



With a little imagination and the skills you learn as you earn the Entrepreneurship merit badge, you could start your own business, like the makers of the Willis Water Bomb, above.



Many Scouts who start a business to earn the Entrepreneurship merit badge will probably operate that business for only one to three months. Some of the areas covered in this pamphlet—especially the financial areas—may seem complicated when you first read about them. However, you will find that these are really not difficult to handle (and, in fact, can be fun) when starting up and running a small business for a short time.







Entrepreneurs can make a profitable business from just about any hobby. Timothy Johnson of Littleton, Colorado, owns Busy Bee Enterprises, which sells products made from honey.

## What Do Entrepreneurs Do?

To understand what an entrepreneur is and does, start with the word "problem." Everyone faces problems every day. Problems frustrate, confuse, and annoy most people, unless those people happen to be entrepreneurs.

### Every Problem Is an Opportunity

Entrepreneurs see problems as *opportunities*. When they come up against problems, they start looking for solutions. Entrepreneurs are problem solvers.

Think of some things people might want that are not readily available, such as

- A toothbrush that brushes both sides of your teeth at the same time
- An umbrella that does not bend or break in a strong wind
- A way to eat chocolate on a hot day without its melting and making a mess
- A way to watch movies or use the Internet in the car on a long road trip

Consider that last one. You probably know that some auto-makers produce vehicles with monitors and built-in DVD players. The "wired cars" of the future are also likely to have computers that will let drivers surf the Net while they are on the road. Those sound like ideas first developed by entrepreneurs.

Because people's wants and needs are endless and endlessly changing, resourceful entrepreneurs will always seek ways to meet those wants and needs. Entrepreneurs recognize opportunities and take action. They get excited by the challenge of finding solutions to problems.



### The Entrepreneur's NEWS— Read All About It

The **NEWS** motivates entrepreneurs—the **N** stands for **needs**, and the **W** for **wants**. **Events**—the **E**—motivate entrepreneurs, too. Entrepreneurs sometimes find opportunities when special events happen. If aliens were to land on Earth, you can be sure some enterprising 'treps would see opportunities to create business ventures. Just think of the possibilities, from TV appearances and parades to creating and marketing space-alien action figures. Entrepreneurs are also motivated by the element of **surprise**—the **S**. 'Treps love to surprise people with new ideas.



A major motivator for successful entrepreneurs is the great feeling that comes from doing something they enjoy. Think about your own hobbies, favorite activities, and skills or talents. Perhaps you know more than the average person about some subject of interest. Your best business opportunities will come from the things you love to do and that interest you. Consider your own wants and needs, not just those of the marketplace.

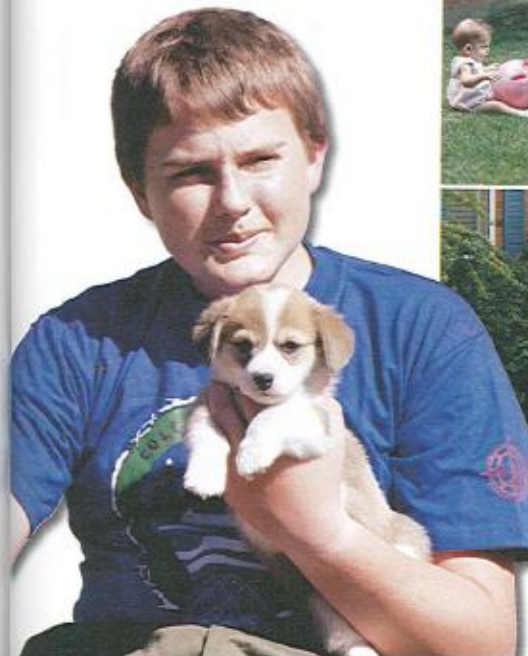
### What Is the Marketplace?

The *marketplace* is the entire "arena" of places where people can buy all sorts of goods and services. Identify a group of people who would want to buy a particular product or service and you have identified a potential *market*. Whenever there is a potential market, there is an opportunity to start a business.

*Products* are something physical that you can touch. Products may go by other names such as "goods," "merchandise," or "items." Some examples of products include cars, clocks, clothes, food, jewelry, and baseball cards.

A *service* is useful work that does not produce a tangible (touchable) product. A haircut is an example of a service. Yes, you can touch hair, but you are paying for the service of having your hair cut. Other examples of services include tutoring, lawn mowing, dog walking, Web page design, and pool cleaning.

In this pamphlet, "business products" or "products" refers either to goods or services produced by a business.







### Failure—It's Part of the Game

Failure is a fact of the entrepreneurial life. Some of the most famously successful entrepreneurs have had equally famous failures. The Edsel of the Ford Motor Company was a legendary flop. Steve Jobs' Apple Computer became a household name; his NeXT Computer failed to sell. Don't let the possibility of failure stop you from pursuing your entrepreneurial dream. Entrepreneurs learn from their failures and use what they learn to excel at their next ventures.

### The Power of Entrepreneurial Thinking

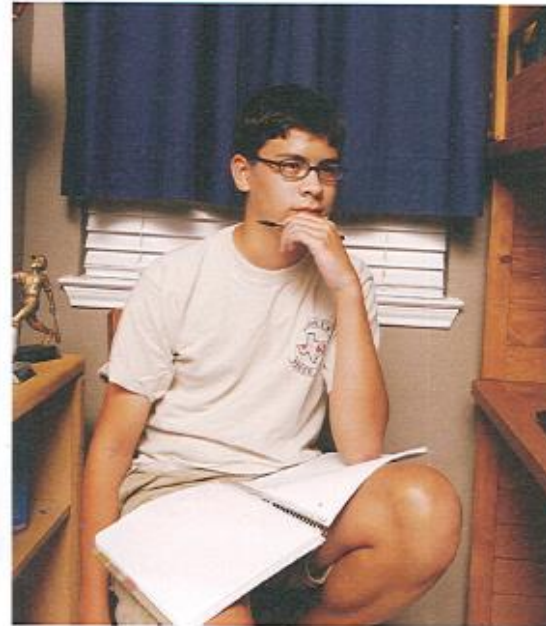
When entrepreneurs turn their ideas into businesses, they help the national economy grow. Through entrepreneurship, many Scouts may be able to improve the quality of their own lives as well as the quality of other people's lives. The United States has a history of encouraging individuals to realize their dreams through entrepreneurship.

Entrepreneurial talents also can be useful in many areas besides starting new business ventures. For example, some entrepreneurial thinkers start community programs, revitalize neighborhoods, or advise government agencies on how to solve specific problems. "Trops contribute to every aspect of society.

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Identify five people you think are entrepreneurs. Why do you think they are entrepreneurs? How do they affect the lives of other people? What would not exist if it were not for their efforts?

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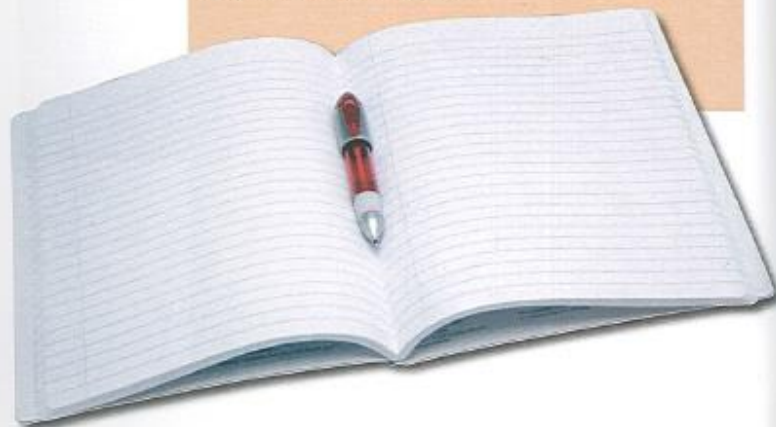






### Activity: What Is an Entrepreneur?

It is not easy to state exactly what an entrepreneur is, but give it a try. Entrepreneurs are creative and try to solve problems, so use this activity as an opportunity to be entrepreneurial; create a definition that works for you. Write your response.



## Famous Names

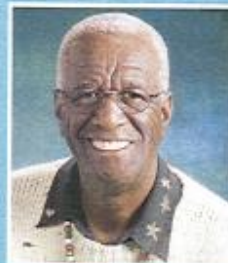
Some of this country's best-known business operators are entrepreneurs. Some started small businesses to produce a product or service, and their businesses then grew into major corporations. Here is a handful of well-known ones.

### Entrepreneur

Wally Amos  
Mary Kay Ash  
Jeff Bezos  
Michael Dell  
Emilio Estefan  
Debra Fields  
David Filo, Jerry Yang  
Berry Gordy  
J. Willard Marriott  
Pierre Omidyar  
Larry Page, Sergey Brin

### Entrepreneurial Venture

Famous Amos Chocolate  
Chip Cookie Company  
Mary Kay Cosmetics  
Amazon.com  
Dell Inc.  
Crescent Moon Recordings  
Mrs. Fields Inc.  
Yahoo! Inc.  
Motown Record Corporation  
Marriott Corporation  
eBay  
Google



Wally Amos



Larry Page, Sergey Brin



Michael Dell



If you are willing to take well-considered risks to achieve a personal goal in starting a business, you may be a risk manager. Think about what might lead you to accept such risks.

### Entrepreneurs: Their Roles and Contributions

When entrepreneurs begin a new venture, they risk losing their own money or money from investors. They risk losing the time and effort they have invested. They risk a loss of pride if their idea does not work. They risk losing their livelihood—their means of supporting themselves. If they have employees, their employees' jobs also are at risk.

It may seem that entrepreneurs are risk takers who enjoy danger. In fact, most entrepreneurs are risk *managers*, not risk seekers. A wise entrepreneur does not take foolish or reckless risks. Rather, 'treps carefully consider potential risks, then weigh them against potential benefits and determine if a risk is worth taking.

Entrepreneurs who decide to pursue a venture enjoy the challenge of seeing if they can make it succeed. They thrive on challenge. The willingness to make decisions and take actions that involve risk is a key factor that distinguishes entrepreneurs from nonentrepreneurs.

### Crazy—or Visionary?

Entrepreneurs sometimes pursue ideas that others think are crazy. Some 'treps may try business ideas so strange, they cannot succeed. However, they may become highly successful by pursuing unusual opportunities that others have dismissed, overlooked, or found too challenging. If and when these entrepreneurs succeed, the same people who predicted failure will view them as visionaries—pioneers who had great insight about the future.

### Job Generators

People also respect entrepreneurs because they create opportunities for others. 'Treds typically gather teams of people who help make their visions reality. In doing so, a successful entrepreneur serves as an important "growth engine" for our economy. Many operate small businesses, employing one to 20 people. Some have grown into huge corporations employing thousands of workers. Thus, entrepreneurs are responsible for creating large numbers of jobs as well as providing goods and services that people want.

Entrepreneurs deserve the respect they get. They see opportunities rather than problems. They seek solutions. They accept risks, investing their time, talent, energy, and money to produce goods and services that improve people's lives. In the process, they create opportunities for others. For all of these reasons, entrepreneurs are important contributors to society.



People respect entrepreneurs for accepting risks and producing goods and services others want and will buy. They respect 'treps for always thinking about how things *could be* instead of being satisfied with the way things *are*.



Describe what entrepreneurs contribute to society. Write out your thoughts, or express your creativity by drawing a picture, writing a poem, or composing a song that reveals your answer.



### Entrepreneurs: Key Characteristics and Skills

While entrepreneurs have in common certain characteristics and skills, great individuality exists among them. In sports, some athletes do well because they love their sport, have developed their skills, and are trained. Others show natural talent and require less training.

In much the same way, some entrepreneurs get formal training. Others have a natural flair for entrepreneurship. Still others succeed despite taking highly unusual approaches. Which do you think your style would be?

### The Successful Entrepreneur

Here are several important personal characteristics and attitudes many effective entrepreneurs seem to share.

**Do What You Love.** The successful entrepreneur has **passion**. People who feel committed to and care deeply about what they do stand the best chance of being successful at it. The heart and mind must be allies. Entrepreneurs typically care more about what they do than how much money they might make. The amount they earn is often secondary to achieving their goals.

**Believe in Yourself.** Another key quality of the successful entrepreneur is **self-confidence**. Do you have confidence in your ability to succeed? Every entrepreneur faces problems, and you must believe you can overcome them.

**Look to the Future.** Entrepreneurs create a **vision** of their future, and then they work to achieve it. To accomplish their goals and make their vision a reality, successful entrepreneurs must have **drive** and a willingness to work hard. They must have persistence and the ability to complete tasks. They must keep trying.

Additionally, 'treps are **opportunity-focused** and **forward-looking**. They are able to set both short- and long-term goals. These are some of the qualities that help entrepreneurs see problems as opportunities.

**Accept the Challenges.** Entrepreneurs have a high **tolerance for risk**. Their self-confidence helps them accept the challenges of the path they take.

If you feel you lack self-confidence, you might not fully appreciate your past accomplishments. Think about all the things you have done—took part in music, art, or sports; advanced in rank and earned merit badges in Scouting; and held positions of responsibility in your troop or at school. Have you held a part-time job? Do you regularly help out at home? You will find you have every right to be self-confident. Successful entrepreneurs believe they are capable of success and that they are *worthy of success*.

Believe in your ability to be creative. Experts say the biggest block to creativity is thinking that you are not creative.

Entrepreneurs tend to **thrive on competition**. While they may actively compete with others, they are more likely to compete against themselves. They are constantly trying to improve their own performance.

**Be Innovative.** Although they might not realize it, most entrepreneurs are **creative**. They find innovative ways to solve problems. They always look for new and better ways to do things—ways that have not occurred to others.

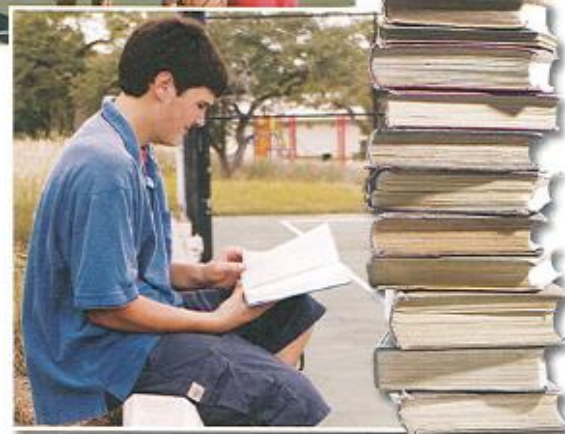
**Keep Learning.** Finally, entrepreneurs are **willing to learn**. They might already know a great deal, yet they recognize that no one knows everything and they can learn valuable information from others. Entrepreneurs who are open to listening and learning will enhance their ability to achieve success.



### Is Entrepreneurship for Everybody?

Not everyone has the qualities to be an entrepreneur, or even wants to be an entrepreneur. Even a person who has the necessary qualities is not automatically made happy by being an entrepreneur. Some people who have entrepreneurial characteristics are often happier working for someone else.

If you have some of the characteristics discussed here but you do not feel drawn to becoming an entrepreneur, you can find ways to further your goals or your chosen career by putting your entrepreneurial characteristics to work for you. It may surprise you how much recognition you will get for the good work you do.







## Activity: Are You a Potential Entrepreneur?

### Part 1: Entrepreneurial Characteristics—Personal Review and Assessment

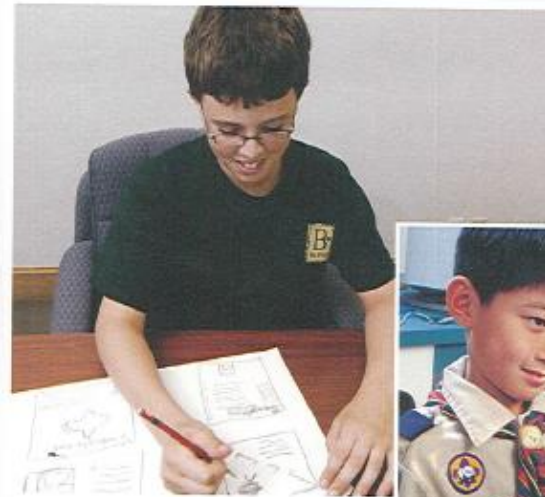
On a scale of 1 to 10, rate yourself on the following characteristics, with a "1" meaning "strongly disagree" and a "10" meaning "strongly agree." Record your score on a separate sheet of paper.

I am a person who

1. Is passionate, with strong feelings about things personally important to me
2. Is self-confident
3. Has high self-esteem
4. Is capable of accomplishing whatever I set out to do
5. Is self-reliant
6. Is opportunity-oriented
7. Is forward-thinking
8. Has vision and goals
9. Has drive and ambition
10. Is willing to work hard

11. Is willing to take a risk
12. Is competitive, especially against myself
13. Is creative
14. Is willing to learn

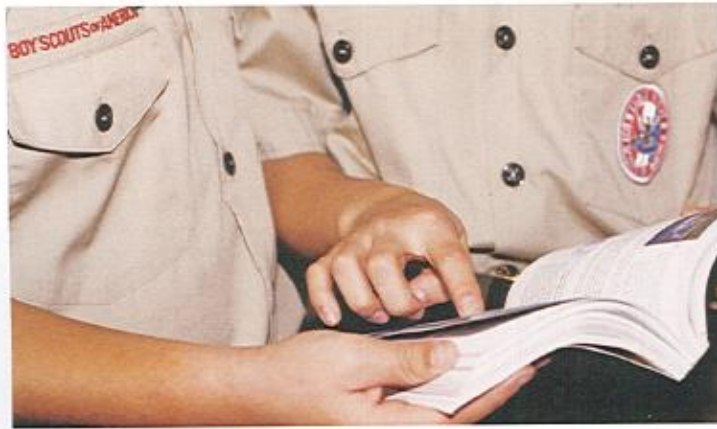
Total your score. If you score more than 100, you are a good candidate for entrepreneurship. Then again: If you score less than 100, you may also be a good candidate for entrepreneurship. Remember, there is no set formula for who can or cannot be a successful entrepreneur. The purpose of this activity is to help you explore your interest in and abilities for entrepreneurship.



**Everything Has an "Opportunity Cost"**

Like all successful people, entrepreneurs carefully consider their *opportunity cost*. For example, when they commit time and money to a venture, they cannot commit that same time and money to another opportunity. They must determine where it is wisest to invest their time and money.

Opportunity cost is an important consideration for just about anyone. For example, while you have been reading this, you could have been hanging out with friends, fixing a snack, playing sports, or getting ready for a camping trip. By choosing to read this pamphlet, you decided this was the best use of your time. The next best thing you could have done with your time (that is, your next best alternative, which you gave up) is your opportunity cost of reading this pamphlet and thinking about your entrepreneurial potential.



Few entrepreneurs possess every skill needed to ensure business success. They often look to experts for help in areas such as strategic planning, accounting, contracts, legal issues, and specialized marketing.

**Some Entrepreneurial Skills for Success**

As with any sport, having the right attitude and characteristics can carry you only so far. You also need the *skills* that will help you succeed. However, unlike personal characteristics and attitude—which often can be hard or impossible to change—skills can be acquired if entrepreneurs are willing to learn them. Also, 'treds can hire people who have the needed skills. Either way, the following skills are important if the entrepreneur's business is going to succeed.

**Ability to Plan.** Planning is a key skill. Entrepreneurs must be able to develop plans to meet goals in various areas including finance, marketing, production, sales, and personnel (hiring and keeping productive and satisfied employees).

**Communication Skills.** Entrepreneurs should be able to explain, discuss, sell, and market their product or service. You must be able to work effectively with your business team. 'Treds need to be able to express themselves clearly, both speaking and in writing. They also should have strong reading comprehension skills to understand contracts and other forms of written business communication.





**Marketing Skills.** The success of a business depends very much on whether the business reaches the market (its potential customers), interests the market, and convinces customers to buy. Many entrepreneurs who failed started with an innovative product or service that, with proper marketing, could have been highly successful.

Resources are the different elements that must be combined to produce a business product. Resources may include money; equipment, supplies, and ingredients; personnel (workers, managers); work space; support services; transportation; and technology, knowledge, and information.



Good marketing skills—including hands-on demonstrations of a product—are critical for success.

**Interpersonal Skills.** Entrepreneurs constantly interact with people, including customers and clients, employees, financial lenders, investors, lawyers, and accountants, to name a few. The entrepreneur's ability to form and keep positive relationships is crucial to the success of the 'trep's business venture.

**Basic Management Skills.** Many entrepreneurs manage every part of their business. But even when entrepreneurs hire managers to attend to daily details, they must understand if their business has the right resources and if those resources are being used effectively. They must ensure that all the positions in their company are held by effective people.

**Personal Effectiveness.** To handle the pressures of their busy lifestyles, entrepreneurs must be able to manage time well and to take care of personal business efficiently. Because first impressions are so important, entrepreneurs must also pay attention to such things as personal grooming, telephone skills, and being on time.

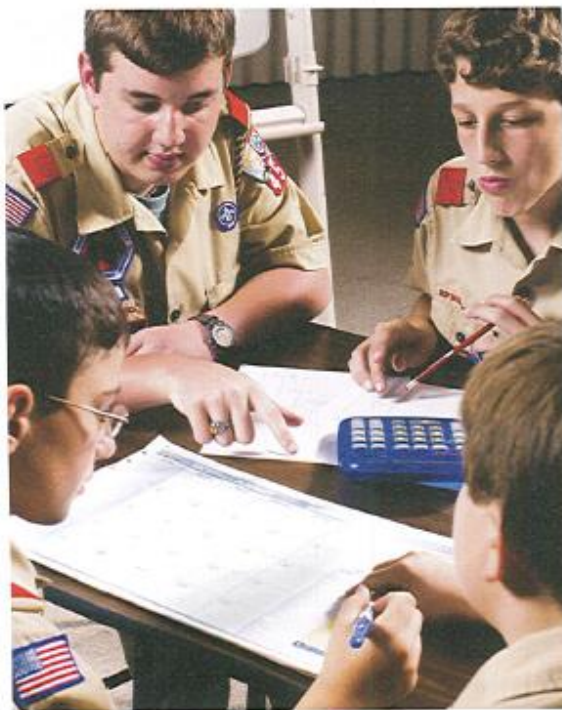


Think of the difference in the impression made by someone who answers the phone with "Yeah?" versus someone who says, "Acme Company, this is Alex. How may I help you?"

**Team-Building Skills.** Because entrepreneurs usually assemble a team of skilled people who help them achieve business success, they must be able to effectively develop and manage the team.

**Leadership Skills.** A key leadership skill for all entrepreneurs is the ability to develop a vision for the company and inspire the company associates to pursue that vision as a team. The expression "People would rather be led than managed" applies especially well to an entrepreneurial venture.

Think about the skills necessary to be a successful entrepreneur. What are your strong areas? In what areas would you most likely need help from other experts? Entrepreneurs must be able to realistically evaluate their own skills, and to know when to draw on the skills of others.



## Activity: Are You a Potential Entrepreneur?

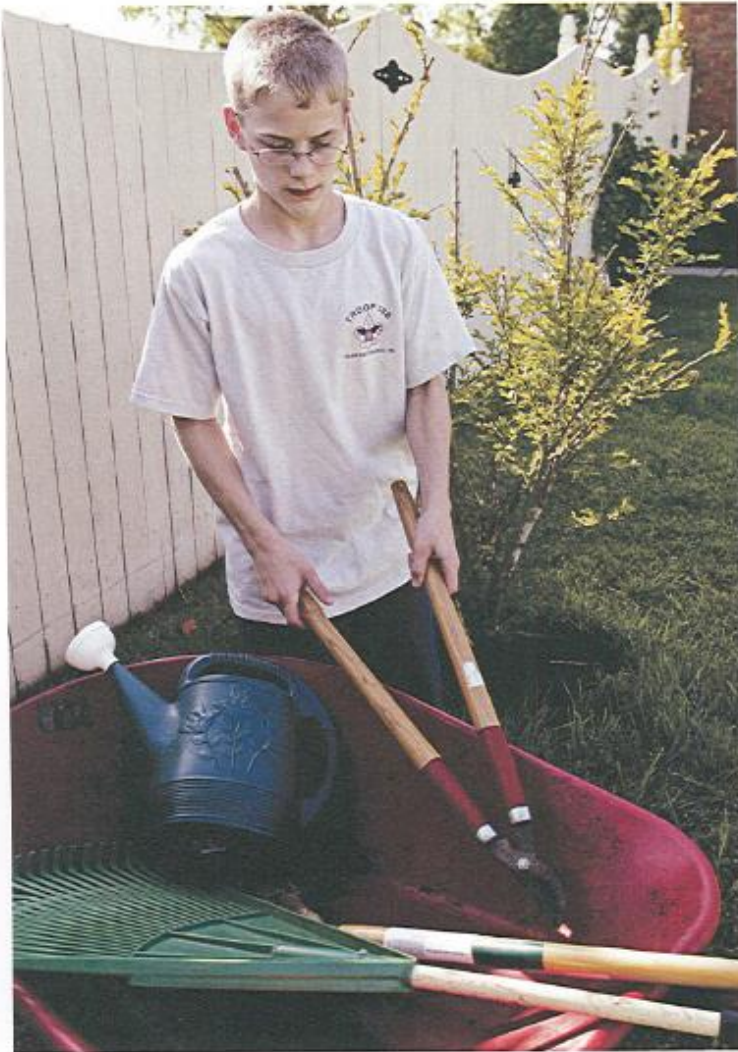
### Part 2: Entrepreneurial Skills—Personal Review and Assessment

On a scale of 1 to 10, rate your skill in each area, with a "1" meaning the least amount of skill and a "10" meaning highly skilled. Record your score on a separate sheet of paper.

1. Ability to plan effectively
2. Spoken communication skills
3. Written communication skills
4. Reading skills
5. Marketing ability
6. Interpersonal skills
7. Basic management ability
8. Personal effectiveness
9. Team-building skills
10. Leadership ability

A score of 70 or higher means you might already have many of the key skills you need to be a successful entrepreneur. If you gave yourself a score of 6 or below on any of these items, you might want to work to improve that skill. If you are determined, you can improve any skill you believe you will need to become a successful entrepreneur.





## Entrepreneurial Opportunities

Finding just the right opportunity takes time and research.

### Identifying Entrepreneurial Opportunities

Now that you understand the qualities and skills successful entrepreneurs must have, consider entrepreneurial possibilities that might be right for you.

**Find the Right Starting Place.** Sometimes a great idea for a business will pop into an entrepreneur's head and the 'trep will run with it. 'Treps want ideas to carry forward their hopes, dreams, and aspirations. However, rather than simply trying to come up with a good idea, an entrepreneur might want to focus on an *opportunity*. Opportunities are all around, so don't wait for someone else to do something about them.

**Cast a Wide Net.** Not all opportunities are worth pursuing. Before you decide that a particular opportunity is right for you, compile a list of possible opportunities. Think of every problem, need, want, event, and new possibility that you can. Do not worry at this point about whether something seems too hard, too easy, too large, or too small.





Look for opportunities everywhere—at the mall, in your neighborhood, at home, on the Internet, at school, on TV, or in magazines and newspapers. Look for the gaps—the unmet needs, the persistent problems, and the desirable things that do not yet exist.

Let your creativity and energy flow freely, and you may be surprised by how many opportunities you find. Do not evaluate them yet. Just find them. To help you spot opportunities, complete the following statements:



*I wish there was a . . .*

*I've always been bothered by . . .*

*This would be much better if . . .*

*This would be more fun if . . .*

*This would not hurt so much if . . .*

*This would not be so hard if . . .*

*What this place needs is . . .*

Think of other statements or questions that can help you find opportunities. Talk to people about their needs and wants. Find out what they need help with, what they are too busy to do, what they don't like to do, or what they need more—or less—of.

## Activity: Hunting for Opportunities

Identify at least five opportunities—problems, needs, wants, events, surprises, or “gaps.” Briefly describe each one with a note about where you found each opportunity. Rate the potential for each opportunity by giving it a score of 1 to 10, with 10 for the strongest potential. Identify your three highest-rated opportunities—the three you believe are the best for you. Think carefully about the reasons you use to rank one above another.

## Evaluating Entrepreneurial Opportunities

Finding an opportunity does not mean you should automatically pursue it. *Evaluate* it to determine whether it is the right opportunity for you.

- Do you have a strong desire to pursue this opportunity? Does it grab you?
- Do you have the ability to pursue it?
- Is there a large enough market for this opportunity?
- Can you pursue it in your own community so you do not have to travel far?
- Will it be an ongoing opportunity, or is it short-term?
- How much are the start-up costs, and how much risk is involved?



You evaluate opportunities to judge how good they are and to compare them so you can decide which opportunities are best for you. Here are some things to think about as you evaluate the opportunities you have identified.

**Have the Interest.** Are you enthusiastic about the opportunity? Entrepreneurs must have a strong interest in the business area they choose. If you are not interested in what you are doing, you may be limiting how well you can or how long you want to do it.

**Get the Knowledge.** Do you know enough about it to pursue this opportunity? Occasionally, entrepreneurs successfully develop an opportunity they know nothing about. However, the more they know, the greater their chance of success. So, learn all you can about your opportunity.



**Question Yourself.** Still other questions to ask yourself include

1. Do I have a good chance of developing a potentially successful business idea (either a product or a service) for this opportunity?
2. Would enough people actually be willing to purchase a product or a service to satisfy the problem, event, surprise, or unmet need that I see as an opportunity?
3. What risk do I run that other entrepreneurs will also see the opportunity and will become my competitors?
4. How strong are the existing competitors (if any) who are already trying to meet the problem, event, surprise, or unmet need?
5. Can I effectively market a product or service for this opportunity?
6. How expensive will it be to pursue this opportunity? What are my chances of making enough sales to cover costs, and of the business succeeding?
7. If I start a business around this opportunity, what are the chances that there will be a market for my product for a long time? Or am I addressing a temporary problem, event, surprise, or need?
8. Do I have enough information to decide whether this is an opportunity worth pursuing? How accurate is my information?

### Activity: Rethinking Your Choices

Now, using the ways of evaluating opportunities that have been discussed, decide again what you think are the three best opportunities from your list of five or more. On a sheet of paper, make two columns. Title one column **Previous Top Three Opportunities** and title the other column **Current Top Three Opportunities**. In the first column, list the top three opportunities you chose at the end of the last section. In the second column, list the three you selected in this section.

Compare the two lists. If the top three opportunities you selected in this section are different from the top three you chose previously, what made you change your mind?

### INTERVIEW AN ENTREPRENEUR

By now you have realized that entrepreneurs are all around you in your community. Find one who is willing to be interviewed. Typically, entrepreneurs are generous about sharing what they know with interested young people. By finding out how the entrepreneur selected an opportunity, identified the best idea to meet the opportunity, and made the idea into a business, you will develop insights into how to choose your own best opportunity.



The following are some sample questions you may want to ask the entrepreneur you interview. You may also ask the entrepreneur general questions about anything covered so far. Developing some of your own questions would be the entrepreneurial thing to do.

### Sample Questions for the Entrepreneur You Interview

1. When did you start thinking about becoming an entrepreneur, and why did you want to be an entrepreneur?
2. What factors or what people influenced you to want to become an entrepreneur?
3. What are the most important entrepreneurial characteristics and skills you think you possess?
4. What were your biggest obstacles in becoming an entrepreneur?
5. What problem, event, surprise, or unmet need did you identify as an opportunity?
6. What made you believe it was a good opportunity, and what business idea (product or service) did you come up with to address this opportunity?
7. How did you come up with your idea and know it was a good idea?
8. How did you identify and research your target market and your competition?
9. What problems did you have getting started, and how did you overcome them?
10. What kinds of expenses did you have when you started your business? What, if any, problems did you have raising enough capital (money) for your business?
11. Where did you get the money to start your business?
12. What surprises did you encounter in starting your business?
13. How did you find the best people to be part of your business team?
14. What ideas and approaches did you use to market your product or service? What approaches worked best and why?
15. Did you try any marketing approaches that did not work well? Why did they not work?
16. How well has your business performed in the past, and how well is it doing now?
17. Why do you think enough people will want to buy your product or service?
18. What advice would you offer to a young, potential entrepreneur like me?
19. What is your opinion of the three entrepreneurial opportunities I have identified, and which opportunity do you think is the best and why?
20. What advice can you offer me if I decide to pursue this opportunity?

### Activity: The Interview

Using the suggested questions as a guide, develop your own questionnaire on a separate sheet of paper. Have at least 12 questions to ask a local entrepreneur. Be sure to include questions that will help you evaluate your three best opportunities. You may use any of the sample questions you think will be helpful. You may also create your own questions. When you have finished interviewing your selected entrepreneur, write a short report (or report in person to your counselor) on what you learned about the entrepreneur and about your three best opportunities.

Interview with an Entrepreneur

Name: \_\_\_\_\_  
Business: \_\_\_\_\_

Questions

1. When did you start thinking about becoming an entrepreneur?
2. What problem or unmet need did you identify as an opportunity?
3. What business idea (good or service) did you come up with to address this opportunity?
4. How did you come up with your idea?
5. Where did you get the money to start your business?
6. What ideas did you use to market your good or service?





## Generating and Evaluating Ideas

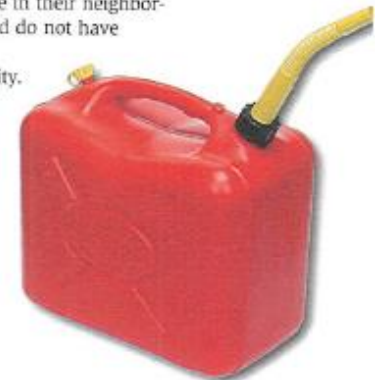
The best opportunity in the world will pass you by if you can't come up with a doable idea for a product or service to take advantage of the opportunity. Your challenge now is to hatch specific and *marketable* product ideas to meet the opportunities you have selected.

### Opportunities and Ideas Go Together

Assume for the moment that your grandparents, who live nearby, love to garden and have many flowers, shrubs, fruits, and vegetables in their yard. They tell you they would like to take a long summer vacation—three weeks or more. However, they are not comfortable asking their neighbors to water and weed for them, nor do they want to lose all the hard work they have put into their yard. You are glad to care for their shrubs and plants. You also realize that other people in their neighborhood and nearby have the same problem and do not have anyone to help them.

*Voilà!* You see a problem—an opportunity. You can probably come up with a business idea that will turn this problem into a profitable entrepreneurial venture.

Always think carefully about any opportunity you are considering and what is *really* needed to satisfy it. People sometimes generate ideas that miss important parts of the opportunities they have identified.



For example, if you decide to specialize in the plant-watering business but do not include weeding as part of your service, your business idea will not solve your grandparents' problem or the potentially similar problems of other people nearby. Your business idea would probably not be able to take good advantage of the opportunity you identified because it missed an important part of the opportunity—the need for weeding.



### Generating Ideas: How to Turn On the Tap

Here are some suggestions that may spark your creativity in coming up with good business ideas.

1. Seek out creative people and ask them about your business ideas. Their different points of view may help you explore new possibilities.
2. Try to view your opportunity in out-of-the-ordinary ways. Good business ideas often come from finding new solutions to old problems.




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Try this creative-thinking exercise. Consider two seemingly unrelated things (a military tank and a swimming pool, for example) and think of a way they could be brought together and linked.

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3. Spend time daydreaming. Letting your mind wander can produce interesting results. Research has shown that people are more creative when they are having fun. An afternoon of in-line skating or a trip down a waterslide might free your creative side.
4. Link one opportunity to others. If you are going to take care of gardens, what other services might you offer homeowners who will be away? Picking up the newspaper and mail, caring for pets, watering and/or mowing the lawn, watering indoor plants, and checking house security daily are other services for which homeowners might be willing to pay.



## Hot Opportunities for Teen 'Treps

Here are a few examples of businesses that have been started and operated successfully by young entrepreneurs. As you can see, the possibilities are many. This list may help you find the right business idea.

Advertising flier delivery service	Errand-running service
Auto detailing	Foreign-language translation or tutoring
Bike repair	Handcrafts (artworks, fishing lures, greeting cards, jewelry, metalwork, pottery, sculptures, shell crafts, T-shirts, wood carvings, etc.)
Boat and RV cleaning	House-sitting
Computer servicing/ repair/upgrading/ software installation	Lawn and plant care/ gardening
Desktop publishing	Pet care/pet grooming/ pet-sitting/dog walking/aquarium cleaning/cage and stall cleaning
	Photography
	Pool cleaning
	Snow removal
	Sports coaching
	Tutoring
	Web page design
	Window cleaning



## Go to the Source

Now that you have some techniques for generating ideas, select the three best potential business ideas (goods or services) for your three best opportunities. Then evaluate your potential ideas. Find the best "partnership" you can between opportunity and business idea. A key step is finding your *target markets*—that is, the potential customers who are most likely to buy or use the products or services that come from your ideas.

The starter list of questions will help you evaluate your different ideas for products and services. Some are questions to ask yourself; others are questions you may want to ask potential customers (or other entrepreneurs). You will think of many more questions to help you pinpoint your best idea.

### Questions to ask yourself:

1. Has this idea been tried before? If not, why not? If this idea has been tried, was it successful? Can I improve upon it?
2. Will my idea let me compete successfully? Why would people buy my product instead of my competitor's product?
3. What information helped me come up with this idea? How confident am I of the accuracy and reliability of that information?
4. Do I have a good chance of finding enough money to start a business based on this idea?
5. Do I have enough personal time to create and run a business based on this idea? If not, can I find enough help?

## Activity: Customer Interview and Business Idea Evaluation

Interview potential customers about your three best ideas. Report what you learn. Based on all of your information so far, identify the *best idea* you have found.

A unit is one item for sale, such as a T-shirt or a wood carving, or in the case of a service business that charges by the hour, one hour of the service provided. You will learn more about units and how to set a price per unit in the "Business Basics" section (see under "Pricing Your Product").



**Questions to ask potential customers or other entrepreneurs:**

1. Do you like my business idea? Why or why not? (If you have a prototype, show it to your potential customer or to the entrepreneur.)
2. Would you be willing to buy my business product? Why or why not?
3. At what price would you be willing to buy one unit of my business product?
4. How many units would you be willing to buy at alternative (different) prices? (List the possible prices you might charge, from high to low.)

5. Do you think my business product is better than that of my competitors? Why or why not?
6. Do you think this product (or service) will be too expensive to produce (or provide)? Do you think I will be able to make enough sales of this product to keep a business running successfully?
7. What could I do to improve my business product that would encourage you to buy more or pay a higher price for the same product or service?
8. Do you think the market for my business product will last long enough for it to be worth my starting a business?

