

TEACHING ENTREPRENEURSHIP IN SCHOOLS



Teaching Entrepreneurship

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An Experiential Approach



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An experiential approach to teaching entrepreneurship

The importance of entrepreneurship and an entrepreneurial mindset is increasing, for individuals, organisations, companies, and society as a whole. Potential impacts of entrepreneurship have increased and start-up companies and ambitious entrepreneurs have become an important driving force of innovation, progress, economy, and social change. In the light of fast global changes on different levels, shifts in global trends and the fact that entrepreneurship is defined as a transversal competence, it is even more important to build and improve the entrepreneurial capacity of each individual. Good news is that entrepreneurial skills, knowledge, and attitudes can be learned and can lead to the development of entrepreneurial mindsets and culture, which benefit individuals and society as a whole. An entrepreneurial mindset can help individuals create and develop ideas, spot opportunities, take initiative and risks, cope with uncertainties and changes, make ambitious decisions and progress, mobilise resources, increase financial and economic literacy. It also encourages networking, working with others and contributes meaningfully to personal growth and increases employment potential. Needless to say, it is very important to start teaching entrepreneurship early, if not in kindergartens, most definitely in primary and secondary schools.

Entrepreneurship education has long been focused on a theoretical approach, preparing a thorough business plan and development of a company in the office. In the last decade, there has also been a shift, towards a more experiential approach in this field, based on developing ideas, practical methods, and tools, fieldwork and development of a business model. The experiential teaching of entrepreneurship has the potential to bridge the gap between the worlds of education and work.

The following handbook is designed as a teaching material that enables teachers and trainers to use experiential methods and tools to teach their students and mentees how to develop and start implementing their business idea. It is prepared in a way that everyone can use it to guide, train or mentor young people and job seekers, to help them develop an entrepreneurial mindset and enable them to enter the job market as more qualified employees or as a self-employed person, an entrepreneur. We believe that young people have the potential to successfully solve current and future challenges in the world. We just need to provide assistance and guidance based on a practical, experiential approach.

This handbook was developed within the scope of the project "CREATOR – Experimental Approach to Teaching Entrepreneurship through Workplace Training". The methodology, practical activities and didactical material for teaching entrepreneurship presented in this handbook were tested and validated at the train-the-trainers entrepreneurial training, led by STEP Institute in April 2018 in Ljubljana, Slovenia. It enabled teachers and trainers to practically experience the whole process in order to ensure that they will all use the same approach to the implementation of local training with teachers and students in their countries. However, the handbook is written in a way that it can be easily understood and used by anyone who works with students (or other individuals) and who is at least a little bit interested in entrepreneurship.

Peter Drucker said: »Entrepreneurship is neither science nor art. It is a practice.« And practice makes perfect. We hope you practice successfully and become the best possible teacher of the experiential teaching of entrepreneurship.

Review of the handbook

This handbook is designed and developed as a theoretical support and a tool for deepening knowledge in the field of entrepreneurship, as a way of understanding the business economy mechanisms. Undoubtedly, entrepreneurship is very important; supporting startups, launching new products and technologies that better meet consumer demands and increase productivity has been an important element in all developed countries. Over the past few years, the public's perception about entrepreneurship has changed completely. In addition to the new technological and economic trends at the turn of the century, institutional reforms and cultural developments in several countries have played a significant role in stimulating this revival of private businesses. The growing number of business owners and the increasing success rates of those businesses that really works will support these cultural and institutional changes in the coming years.

Entrepreneurship is one of the pillars which European employment strategies are based on, together with improving the employment capacity (employability), promoting the adaptation capacity of enterprises and their employees (adaptability). Entrepreneurial education at all levels – gymnasium, high school, university or continuing vocational training – plays a major role in acquiring key entrepreneurial skills. According to a study of the European Commission (EC 2014), entrepreneurship education has a positive impact on the entrepreneurial spirit of the younger generation, its attitude and availability for private initiative, and ultimately its role in society and the economy.

In this handbook, the authors analyzed the entrepreneurship approach as a modern concept for the orientation of economic activities in line with the requirements and specificities of the markets, in order to meet their current and future needs with maximum efficiency. So, the structure of the handbook is presented in the form of experiential activities, learning by doing, adapted to the learning needs of the pupils / students, for each level of education.

The objectives of entrepreneurial education are related to improving the entrepreneurial skills of young people, stimulating creativity and self-confidence; encouraging innovative startups; increasing the role of entrepreneurs in society and the economy.

Throughout the handbook the authors identified elements that contribute to improving entrepreneurial performance through:

- self-guided analysis;
- stimulating entrepreneurial behavior;
- formation of business competences.

Following these exploratory approaches, participants will be able to discover effective actions to overcome obstacles in the activities of business running.

This handbook is recommended mainly for pupils, students and practitioners who want to deepen their entrepreneurship study in the business field and successfully apply the startup principles and tools, developing and maintaining the business.

The handbook is structured in sessions and the work is judiciously systematized, sessions follow in a logical order starting from the contemporary tendencies of the entrepreneurial education.

All sessions are structured in the same pattern.

- Icebreaking;
- The subject itself;
- Homework;
- Exercises and additional materials.

The wording of the handbook is done in an appropriate, easy to understand and traceable language, schemes, figures, tables, photographs, addressing the issues presented is done through a permanent reporting to the current international experience in the field. There is always a reference to: bibliographic titles, specialized books, studies and articles, web resources especially well-selected tutorials. The methodology used is appropriate to this experiential approach, using modern analytical tools such as: good practice models, case studies, comparative analyzes at international, micro and macroeconomic level.

The handbook, also, contains a glossary of important terms used in entrepreneurship to easily fix specific terms.

Entrepreneurship education in higher education has the greatest impact on entrepreneurship, given that most entrepreneurs are college graduates, and solid entrepreneurial and managerial knowledge can best develop at this stage. The academic environment should be the most favourable to entrepreneurial skills formation, stimulating creativity and innovation, and therefore entrepreneurial training in universities is particularly important. European studies show that enterprises set up by students or young graduates are the most innovative and most ambitious in terms of turnover and employment (Barometer of startups 2017).

I congratulate the authors for making this handbook which uses modern methods focused on experimental learning, which is oriented on emphasizing the role as coach / moderator of the teachers and with a better connection to the real business environment.

*Professor dr. Carmen Năstas
Dean of Faculty of Economics and Public Administration
University of „Stefan cel Mare” Suceava, Romania*

I sincerely believe that young people are a privileged generation in the Europe of today.

It is true that many parts of the world still face major crises, that youth unemployment is still an issue, and that being independent from parents is still a goal that is not that easy to achieve. But according to all economic indicators, it is also true that the developed world lives in great prosperity. Only a few decades ago, a person who only had a pair of trousers, a jacket and a pair of boots was considered to be wealthy. Today, no one will show themselves in public wearing the same clothes two days in a row. The world in which the younger generation is growing up is completely different from the world in which their parents grew up. Their patterns are different now and their dogmas no longer hold true. Parents, schools, cultural institutions and the media are not teaching people to think independently, as today's world requires. The older generations even take the right to imagine the future for the young people. "What was true in my time, will apply to you too. You have a good starting point, I've prepared everything for you, just keep on walking the same path." Such are the instructions that young people often get. But these instructions are wrong.

There has been a silent revolution going on over the last decade. Nobody noticed it – except those young people who were part of it. There is nothing wrong with young people being individuals and spending a lot of time on the Internet, where they make connections via social networks and get infinite amounts of information and guidance. This is where they find their opportunities and where they change the world. Having the right knowledge, a good idea, and a small amount of money to invest (the investment needed is now smaller than ever before), you can create your own job and live a happy life. This is the privilege that young people have today.

The young people I encounter in the Creator (Ustvarjalnik) do not worry about being unemployed. They are looking to the future, setting up new businesses, and turning their ideas into reality – something that the older generations never even dreamed of. Most added value in the world is intangible, hidden in our brains. For the first time in modern civilisation, we spend more money on our happiness than on satisfying our basic needs. Today, we do not want something only to be functional; it must also help us express our individuality, character, and beliefs. The young people know it. They create their own jobs. Even if the employment is just temporary, they make the best of it. They are aware of the new opportunities, and if they get the support and freedom they need, they can go far. This is why they need entrepreneurship classes in schools.

Matija Goljar, vodja Ustvarjalnika

Entrepreneurship education is one of the main priorities of European education systems. Some years ago the European Union identified the "spirit of initiative and entrepreneurship" as one of the 8 key competences necessary for a knowledge-based society. Over the years The European Union has insisted on promoting this competence highlighting its growing importance for the European society. In 2016, with the publication of the competence framework EntreComp it wanted to reiterate the priority for all in terms of learning, giving a clear and detailed definition to be taken as a reference for any initiative aimed to promote and support the learning of entrepreneurship. In March 2018 MIUR (Italian Ministry of Education, University and Research) published the Syllabus for entrepreneurship education with which in Italy the structural introduction of entrepreneurship education is officially promoted for the first time. All these steps confirm that entrepreneurship is an essential skill to face the complexity of our times characterized by rapid changes, ambiguity and uncertainty.

The following handbook, result of the CREATOR project: Experiential Approach to Teaching Entrepreneurship through Workplace Learning (Erasmus + program - KA2 Strategic partnerships for the development of innovation - Project number 2017-1-DE02-KA202-004253), completely fits into this background. It is the result of a long work of cooperation among project partners (VET schools and organizations dealing with entrepreneurship education) who felt the need to compare and integrate their skills to promote innovative solutions in order to support entrepreneurship education paths in their respective systems. Its main added value lies in being the final result of an experimentation both in terms of contents and methodological system; that allowed testing in the field the potential for usability and inclusion in teaching practices of schools.

It is based on an experiential approach: it has been thought as teaching support material for teachers and trainers who want to use practical methods and tools for teaching entrepreneurship in their classes. The experiential approach, based on the implementation of practical ideas, methods and tools, and on a lot of work in the field, makes it easy and user-friendly.

*Matteo Paradisi
Project Manger
Ilmiofuturo di ilmiolavoro srl*

Entrepreneurship as a general social phenomenon has long been one of the topics that are being intensely researched. The significance of entrepreneurship for modern society is no longer questionable: entrepreneurs are launching innovations, they are important generators of new jobs, they address new market needs, positively affect economic growth and development etc. But their role is not only economic: small and middle-sized entrepreneurs are also considered key players in the welfare of local and regional communities (Small Business Act for Europe, 2008).

Thus, entrepreneurship is undoubtedly a significant driver of economic growth and development. But being an entrepreneur is not easy, and it is even more demanding to be a successful entrepreneur. Developing an idea and adjusting it to the needs of users and target market requires a lot of knowledge, and not just technical knowledge and skills. Knowing the environment in which an entrepreneur works, the customers, associates, partners, and business rules require serious education in the area. To be a successful entrepreneur, one must have knowledge of different areas and fields, and also develop the personal skills. Any effort to include the knowledge and skills required into educational programs is helpful for entrepreneurs to succeed in business world. It is especially important to offer such a program to young people to enable them to learn entrepreneurship, since this can make it easier for them to use their knowledge and skills to realize their own dreams and ambitions. At the same time, this helps the environment in which they operate. This handbook certainly represents one of these programs and it is a valuable contribution to the future of entrepreneurship.

*Nataša Trojak, M. Sc
Deputy dean for students
Algebra University College*

Education to entrepreneurship is one of the main issues that youth should take care. Moreover it is one of the priority drivers to modernise the whole Country and to support its economy, specifically in the global scenario we are facing in these days.

No room for interpretation: this topic represents a different and innovative cultural vision, able not only to feed the whole system of companies but also to give a priceless support to the development and the competitiveness of our territory and our society.

Therefore it's extremely important helping young people in implementing an "entrepreneurial mindset" from the beginning of their educational experience. For that reason we endorse this project, appreciating the focus on teachers since they are the main players on the ground with the task to sustain students in ideating and prototyping a business idea.

Moreover we welcome all initiatives expecting a fruitful cooperation with external experts on the topic of entrepreneurship; above all young experts who will support students with their passion and competence in all phases of ideation and implementation of business ideas.

In addition to that, a further added value of this project is the willing to give an effective contribution in building "an inviting territory" for innovative and qualitative entrepreneurial projects through a stimulating dialogue on the topic, open to all players and stakeholders of our society.

It's a very important and ambitious goal; and reaching it means that all players and stakeholders have to share and cooperate because the quality of entrepreneurship and the work in general is one of the indicators to measure the quality life of a territory and its attractiveness.

According this consideration, Giovani Imprenditori di Confindustria Abruzzo highlights its support to the project CREATOR: Experiential Approach to Teaching Entrepreneurship through Workplace Learning". I'm sure the project will have the proper social and cultural impact on the territory and all local players will appreciate and share its results.

Giammaria de Paulis

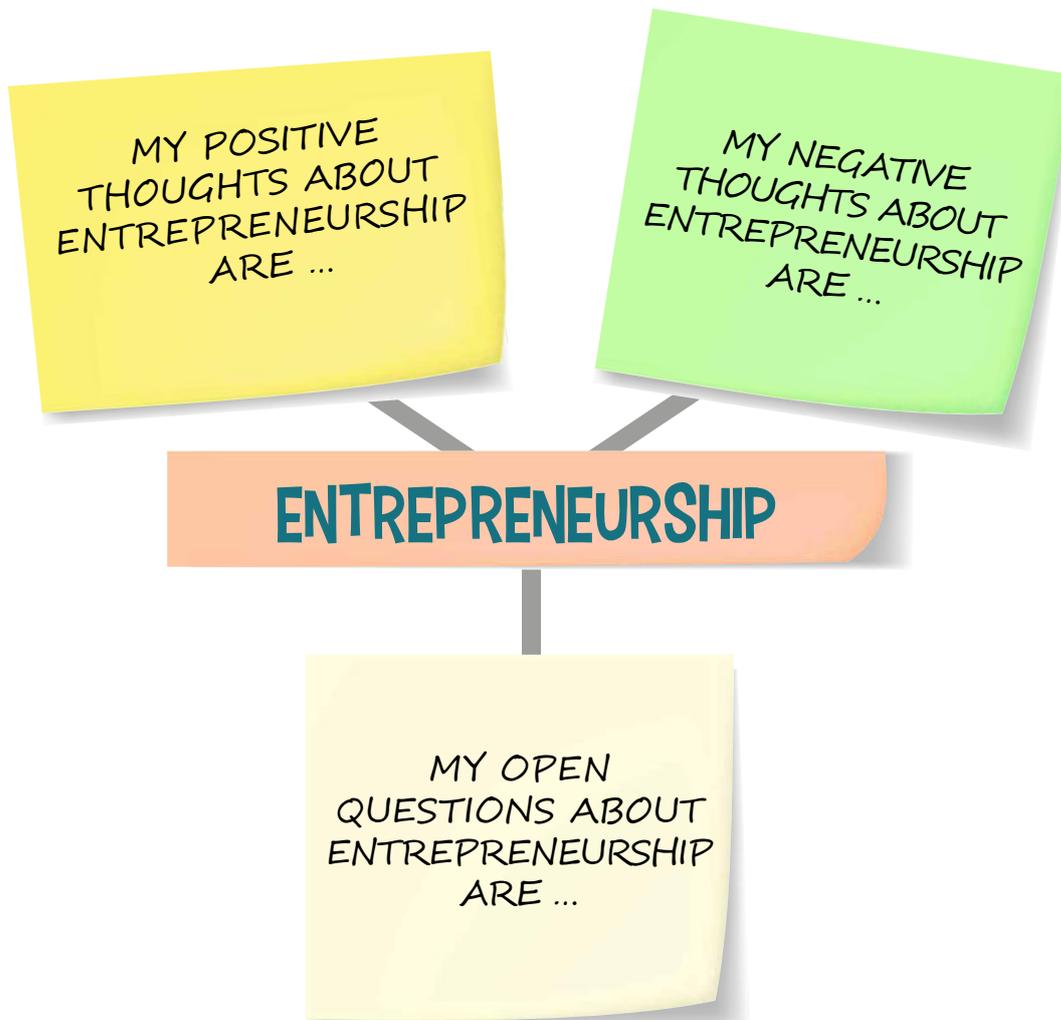
Presidente Comitato Giovani Imprenditori Confindustria Abruzzo

Introduction to contemporary trends in teaching entrepreneurship



Exercise 1.

Associations connected with entrepreneurship



Many teachers do not support teaching entrepreneurship in schools, because they believe entrepreneurship supports predominately materialistic values. On the other hand, employers criticise the school system because schools build upon theory and do not prepare students for the real life. Entrepreneurship is changing. It has dramatically increased around the world as a response to technological changes, globalization and changing values connected with work. Entrepreneurship today has many different forms, e.g. social entrepreneurship, eco-entrepreneurship, agricultural entrepreneurship, technological entrepreneurship.

Since entrepreneurship is changing teaching entrepreneurship has also experienced a small renaissance during the past few years. This introduction aims at introducing some of those changes.

1. From business planning to business experimentation

A start-up is not a small version of a big company. Yet entrepreneurship education in the past focused on teaching how to prepare a good business plan. The assumption behind teaching to prepare a business plan is that the future is predictable and that we can plan accurately if we have the right knowledge about marketing, finance and the product. Entrepreneurship teachers started to realise that business plans most often fail in practice. They fail because students do not have an opportunity to test their assumptions and develop their product or service gradually by testing users' reactions. A business plan thus reflects more students' creativity than their actual entrepreneurial competencies. Different alternatives to teaching entrepreneurship started to emerge. The most known are lean start-up (Blank & Dorf, 2012), business modelling (Osterwalder, Pigneur, & Clark, 2010) and design thinking (Brown & Katz, 2009).

2. From theory to theory grounded practice

We **learn** entrepreneurship by **doing** entrepreneurship (Neck, Greene, & Brush, 2014). The student never sees theory; s/he explores it by doing exercises. Entrepreneurship is a **method** and that means that:

- Everyone can become an entrepreneur (an entrepreneur is not born).
- Entrepreneurship is connected with thinking and behaving (there are no specific personality traits that define an entrepreneur).
- Different models can help us gain entrepreneurial competencies.

Entrepreneurship as a method cultivates entrepreneurial spirit which requires teaching through experience and reflecting upon the experience.

ENTREPRENEURSHIP AS A METHOD CONTEMPORARY TEACHING	ENTREPRENEURSHIP AS A PROCESS TRADITIONAL TEACHING
A SET OF PRACTICES	KNOWN INPUTS AND PREDICTED OUTPUTS
PHASES OF LEARNING	STEPS TO COMPLETE
ITERATIVE	LINEAR
CREATIVE	PREDICTIVE
ACTION FOCUSED	PLANNING FOCUS
INVESTMENT FOR LEARNING	EXPECTED RETURN
COLLABORATIVE	COMPETITIVE

Table 1. Method vs. process
Source: Adapted from Neck et al. (2014)

3. The five practices of entrepreneurship education

The contemporary entrepreneurship education through experiential learning associates, the acquisition of skills, knowledge, and mindset necessary for entrepreneurial performance. Neck et al. (2014) introduce five practices for teaching entrepreneurship. Our curriculum builds upon their proposition and integrates business modelling, design thinking and lean start-up approach into a holistic set of sessions which facilitate entrepreneurial competencies.



Figure 1. The practices of entrepreneurship education.
Source: Neck et al. (2014)

4. Teacher's role

In order to help students gain a valuable entrepreneurship experience, teachers need to unleash the entrepreneurial spirit of the student, cultivate a mindset of practice, and build environments in which practice can occur (Neck et al., 2014).

ENTREPRENEURSHIP AS A METHOD CONTEMPORARY TEACHING	CONTENT	ENTREPRENEURSHIP AS A PROCESS TRADITIONAL TEACHING
TWO-WAY COMMUNICATION	COMMUNICATION	EX-CATHEDRA (EXPERT) APPROACH
FACILITATES REFLECTION	THE FOCUS OF TEACHING	GIVES INSTRUCTIONS
BUSINESS MODEL INNOVATION	CONTENT	BUSINESS PLAN CHAPTERS
CLASSROOM AND FIELD	LOCATION	CLASSROOM
WELCOME	MISTAKES	PUNISHED
EXPERIENCE, CASES, REFLECTION	SOURCE OF LEARNING	THEORY, CASES
THE LEARNING PROCESS	ASSESSMENT	THE QUALITY OF THE BUSINESS PLAN

Table 2. The role of a teacher in teaching entrepreneurship

5. The EntreComp definition of entrepreneurship

The EntreComp study¹ was launched to establish a common European reference framework for entrepreneurship as a competence. In this context, entrepreneurship is understood as a transversal key competence applicable by individuals, groups and also organisations.

It is defined as follows: Entrepreneurship is when you act upon opportunities and ideas and transform them into value for others. The value that is created can be financial, cultural, or social (FFE-YE, 2012).

This definition focuses on value creation (no matter what type of value or context) in the private, public and third sectors and in any hybrid combination of the three. It includes different types of entrepreneurship, including intrapreneurship, social entrepreneurship, green entrepreneurship and digital entrepreneurship.

Entrepreneurship as a competence applies to all spheres of life and it enables, encourages the personal development of individuals, their active contribution to social development, ability to enter the job market as an employee or as self-employed, and to start-up or scale-up ventures which may have a cultural, social or commercial motive

You can read more about the study here:

<http://publications.jrc.ec.europa.eu/repository/bitstream/JRC101581/lfn27939enn.pdf>

¹ Bacigalupo, M., Kampylis, P., Punie, Y., Van den Brande, G. (2016). EntreComp: The Entrepreneurship Competence Framework. Luxembourg: Publication Office of the European Union; EUR 27939 EN; doi: 10.2791/593884.

Sessions design

In order to practice play, empathy, creation, experimentation, and reflection every session consists of three consecutive parts. The first part encompasses an icebreaker, which is connected with the core topic of the session. In the first part of the session, we also review students' home activities. The second part is the longest and is usually dedicated to one entrepreneurial topic to work on developing the students' business ideas'. Teams work on their own business project throughout the course. In the last part, the teacher introduces homework, which is connected to the main topic of the session. Sometimes homework relates to students' project work, but sometimes the homework relates to entrepreneurship in general and not to their particular business idea.

The teacher facilitates reflection through questions and focusing students' attention on different angles of the topic. The reflection is included in all parts of the session.



Figure 2. Structure of entrepreneurship sessions

How should students sit?

- In a circle
- In small groups
- They may stand and have a standing meeting creating a poster

We do not recommend:

- Sitting in rows
- Sitting in amphitheatre

Remember: tables are obstacles for a relaxed cooperation between teacher and student.

Session 1: Entrepreneurship is ...

By the end of the session students will:

- Understand, what entrepreneurship is
- Distinguish between start-up and established companies
- Be motivated for project work
- Be acquainted with the structure of the entrepreneurship course

Why:

- To raise awareness that everyone can become an entrepreneur, if s/he wishes

1.1 Icebreaker



Exercise 2.

Get to know each other

Describe yourself with numbers. Students need to describe themselves in numbers. The teacher first demonstrates this icebreaker. For instance, my description would be 3, 42, and 1. This means:

- 3 → My birthday is in March.
- 42 → I ran 42 km in the previous week.
- 1 → I like to read 1 hour per day.

Students write 3 numbers on a piece of paper. After 3 minutes students present themselves with numbers. If you have enough time, a student can present 3 numbers; the others guess how those numbers describe the student.

This icebreaker is important for entrepreneurship because in entrepreneurship we look for different ways of doing things.

1.2 Topic: Entrepreneur and entrepreneurship



Exercise 3.

Cinquina

The goal of this exercise is to introduce entrepreneurship. Students first write answers and then share those answers with the class.

New term: **ENTREPRENEURSHIP**

5 adjectives: _____

How does it work? What do entrepreneurs do? _____

Feelings: _____

Synonym: _____

The teacher encourages the students to write both positive and negative things. Teacher writes the answers, facilitates discussion and gives examples.

 **Exercise 4.**
20 € exercise



You have 20 € in your pocket. Which business ideas can you develop with 20 €? Provide at least 7 ideas in 7 minutes.

 **Questions for a discussion:**

- *What do you need in order to start-up a business?*
- *Is an entrepreneur born or made?*
- *Great athletic talent is not equal to a great athlete. Why? How does this apply to entrepreneurship?*

The aim of this exercise is to raise awareness of students that the money is not the most important thing to start-up a business. The most important is to be pro-active, creative and goal oriented. And to have a good team, of course.

Start-up definitions:

A START-UP IS A COMPANY WORKING TO SOLVE A PROBLEM WHERE THE SOLUTION IS NOT OBVIOUS AND SUCCESS IS NOT GUARANTEED.

Neil Blumenthal

A START-UP COMPANY OR START-UP IS A COMPANY, A PARTNERSHIP OR TEMPORARY ORGANIZATION DESIGNED TO SEARCH FOR A REPEATABLE AND SCALABLE BUSINESS MODEL.

Wikipedia

THE EARLY STAGE IN THE LIFE CYCLE OF AN ENTERPRISE IS WHERE THE ENTREPRENEUR MOVES FROM THE IDEA STAGE TO SECURING FINANCING, LAYING DOWN THE BASIC STRUCTURE OF THE BUSINESS, AND INITIATING OPERATIONS OR TRADING.

<http://www.businessdictionary.com/>



Exercise 5. Start-up is ...



Read the definitions of start-up and create your own definition of start-up:

This exercise can be conducted as an individual exercise, in pairs or in triads.



Questions for a discussion:

- Which start-ups do you know?
- Are start-ups usually founded by an individual or a team?
- Which start-ups are more successful: those founded by a team or those founded by an individual?
- Now you know what entrepreneurship is. Can you tell what entrepreneurship is not?

1.3 The structure of the entrepreneurship course

Activities:

- 10-15 sessions (flexible)
- Project work in a team where you will create and develop a business idea
- Homework
- Every session will consist of: an icebreaker, an entrepreneurship topic, and homework

We will encourage:

- Teamwork
- Writing down ideas – every idea is valuable
- Experimentation – mistakes are welcome because we learn a lot from mistakes
- Pro-activity – being active is in heart of entrepreneurship
- Fieldwork – entrepreneurship happens in the field, not in the office or in classroom
- Constructive, creative and productive thinking
- Students' contribution

Add your own expectations: _____

1.4 Homework: Interview with an entrepreneur or a case study

Option 1:

Find an entrepreneur in your local environment and organise an interview with him/her. Invite him/her to share his/her personal story with you. Here are some questions which can help you to make an interview:

- *How did you decide to start-up a business?*
- *What was most important for you to succeed in business?*
- *Without being humble, what do you value most about yourself, your work, and your expertise?*
- *What does your typical day look like?*
- *What do you value most about being an entrepreneur?*
- *What is the most valuable experience from your entrepreneurship career?*
- *What advice can you give young people who would like to start-up a new business?*

Prepare a **creative poster** about your entrepreneur or a **short inspiring video** (3 min.) in which you will present the entrepreneur.

This exercise can be conducted as an individual exercise or in pairs.

Option 2:

Find a successful start-up company and do online research about it. You can search for the following information:

- *What do they do?*
- *Who are their customers?*
- *How did they develop their idea, how did they start a business?*
- *What are their strengths and advantages? What makes them successful?*
- *What are their values, goals, what do they dream about?*
- *What challenges do they have or do they potentially face?*
- *How do they promote themselves?*

Prepare a **creative poster** about the start-up in which you will present this company.

This exercise can be conducted as an individual exercise or in pairs.

1.5 Additional material



Exercise 6.

Entrepreneur's credo (for 16+ students)

*I do not choose to be a common man,
It is my right to be uncommon ... if I can,
I seek opportunity ... not security.
I do not wish to be a kept citizen.
Humbled and dulled by having the
State look after me.
I want to take the calculated risk;
To dream and to build.
To fail and to succeed.
I refuse to barter incentive for a dole;
I prefer the challenges of life
To the guaranteed existence;
The thrill of fulfillment
To the stale calm of Utopia.
I will not trade freedom for beneficence
Nor my dignity for a handout
I will never cower before any master
Nor bend to any threat.
It is my heritage to stand erect.
Proud and unafraid;
To think and act for myself,
To enjoy the benefit of my creations
And to face the world boldly and say:
This, with God's help, I have done
All this is what it means
To be an Entrepreneur.*

Thomas Paine: Common Sense, 1776



Questions for a discussion:

- How is this poem relevant for an entrepreneur?
- What would you add to (or subtract from) this poem?
- Make a short business credo for your team.

Session 2: Contemporary trends

By the end of the session students will:

- Have some insights into future trends
- Distinguish between trend, problem, and opportunity
- Think about different topics and try to connect them somehow
- Be motivated for innovative thinking while dealing with trends

Why:

- To raise awareness that opportunities are actually around us

2.1 Icebreaker



Exercise 7. Finish the sentences ...

Go around the room and have each person to complete one of the sentences or similar:

1. The best or dream (ideal) job for me is ...
2. The worst project I ever worked on was ...
3. The riskiest thing I ever did was ...
4. My grandmother always says ...
5. The internet is something that ...
6. A social network can ...
7. Individualism I would describe as...
8. If I was a millionaire I would be/I would do ...
9. The migrations are...

2.2 Topic: Trends and innovation opportunity



NOTHING IS SURE BUT CHANGE.

Quotation by Heraclitus, Greek Philosopher, Born 544 BC



Questions for a discussion:

- How do you understand this quotation?

According to recent research, Megatrends 2030 from Unternehmer positionen and Z-Punkt, the world as we know it today, is the result of social, technical and economic changes in the past. Plenty of small and large innovations have shaped our lives forever. Today people work, communicate, and travel differently compared to a few decades ago. One thing is certain: The world will continue to change.



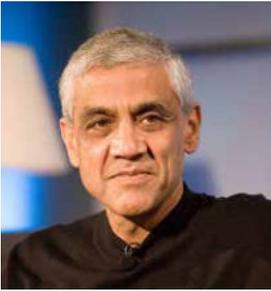
Questions for a discussion:

- *But what will be the next change?*
- *Is it perhaps already here?*
- *How will the world look in 20 or even 50 years?*

What are the megatrends and how will they influence our global affairs in the long run you can read the report on www.unternehmerpositionen.de. We are summing up a few of them in the next table.

MEGATREND THEME	FIELD OF POTENTIAL INNOVATION
DEMOGRAPHIC CHANGE	<ul style="list-style-type: none"> • GROWING GLOBAL POPULATION • AGEING POPULATION • INCREASING MIGRATION STREAMS • DECLINING POPULATION ON THE WEST • DEMOGRAPHIC SHIFTS
INDIVIDUALIZATION REACHES A NEW STAGE	<ul style="list-style-type: none"> • INDIVIDUALISM AS A GLOBAL PHENOMENON • CHANGING RELATIONSHIPS • COMPLEX BIOGRAPHIES AND IDENTITIES • FROM MASS MARKET TO MICRO MARKETS • SELF-SUFFICIENCY AND DO-IT-YOURSELF ECONOMICS
CHANGES IN GENDER ROLES	<ul style="list-style-type: none"> • BREAKDOWN OF TRADITIONAL GENDER ROLES • INCREASINGLY IMPORTANT ROLE TO PLAY BY WOMEN IN THE WORKPLACE • APPRECIATION OF SOCIAL AND COMMUNICATIVE SKILLS • GROWING IMPORTANCE OF HEALTHY WORK-LIFE BALANCE • NEW FAMILY STRUCTURES AND LIFESTYLES
A NEW PATTERN OF MOBILITY	<ul style="list-style-type: none"> • MOBILITY INCREASES WORLDWIDE • BARRIERS TO MOBILITY INCREASE • DIGITAL NETWORKING OF TRAFFIC • NEW VEHICLE CONCEPTS • INTELLIGENT LOGISTICS SOLUTIONS
DIGITAL CULTURE	<ul style="list-style-type: none"> • DIGITAL TECHNOLOGIES PERVADING AND CONNECTING ALL ASPECTS OF DAILY LIFE • GREATER DIFFERENTIATION BETWEEN DIGITAL LIFESTYLES • A NEW FORM OF SOCIAL COMMUNICATION, PARTICIPATION, AND ORGANISATION • WEB 4.0
KNOWLEDGE-BASED ECONOMY	<ul style="list-style-type: none"> • RISING LEVELS OF EDUCATION AROUND THE WORLD • INNOVATION AS A KEY DRIVER AND COMPETITION FACTOR • DATA AND KNOWLEDGE-BASED VALUE CREATION • NEW GLOBAL KNOWLEDGE ELITE – THE CREATIVE CLASS • LIFELONG LEARNING
BUSINESS ECOSYSTEMS	<ul style="list-style-type: none"> • NEW VALUE CHAIN PARTNERSHIPS • SYSTEMS INNOVATIONS • BUSINESS MASH-UPS • COMPLEXITY MANAGEMENT
CHANGES IN THE WORK WORLD	<ul style="list-style-type: none"> • HIGHLY DYNAMIC AND FLEXIBLE WORKING PRACTICES • NEW MANAGERIAL AND ORGANIZATIONAL PATTERNS • COLLABORATIVE METHODS OF WORKING • ADVANCES IN AUTOMATION
NEW CONSUMPTION PATTERNS	<ul style="list-style-type: none"> • SHIFTS IN CONSUMER SPENDING AND CONSUMER PREFERENCES • THIRD WORLD ENJOYING GREATER PROSPERITY • CATCH-UP CONSUMPTION IN NEWLY-INDUSTRIALIZED COUNTRIES • SUSTAINABLE CONSUMPTION IN THE WEST (ECO, BIO, FAIR TRADE) • CHANGE IN BUYING HABITS • GROWING IMPORTANCE OF COLLABORATIVE CONSUMPTION

2.3 Homework



BIGGER IS PROBLEM, BIGGER IS OPPORTUNITY. INNOVATION OPPORTUNITY.

Vinod Khosla

Figure 4. Vinod Khosla, American entrepreneur, businessman, founder of Java programming language, a Forbes billionaire, About Vinod Khosla: https://en.wikipedia.org/?title=Vinod_Khosla



Questions for a discussion:

- How do you understand this quotation?

Choose one of the trends and connect with a business opportunity:

1. **TREND:** New consumption patterns – change in buying habits ... Buying via internet
2. **TREND:** Demographic change – aging population and migration between EU countries
3. **TREND:** Knowledge-based society – the rise of the creative class

POTENTIAL INNOVATION or NEW BUSINESS OPPORTUNITY:

1. **Interactive & playful urban furniture** – encouraging citizenships to be active in different fields, at different levels, and for different age groups
2. **3D printers** – a potential to print out own products
3. **Digital culture** – the power of social networking
4. **Sharing culture** – swapping & sharing of the products & services as an alternative to constant growth, production, and consumerism

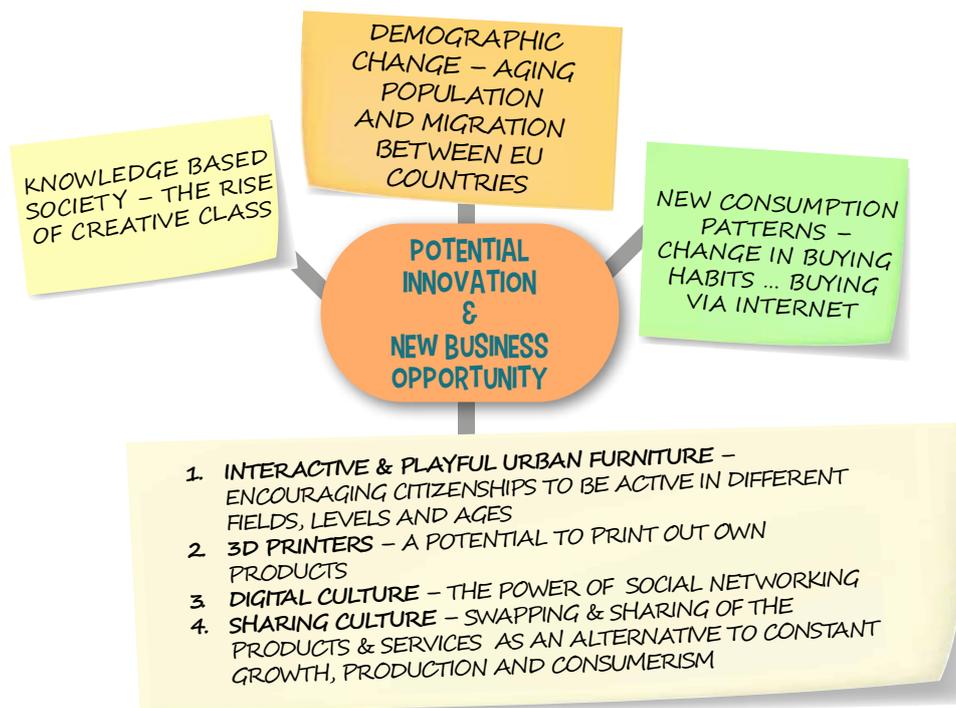


Figure 5. Potential innovation and new business opportunity

 **Exercise 8.**
Changes

What do you see on the picture?



Figure 6. Insight into the education process in 16th century, or better interior of a 16th – century school from *Science and Literature in The Middle Ages* by Paul Lacroix, published in London, 1878.

Compare this picture with the picture below.



Figure 7. Education in 21 century

 **Questions for a discussion:**

- Think about trends that are surrounding the education sector and think about the latest developments in the education process. What will the future of education look like?

Add your own thoughts:



- Think about your own dream classroom or future learning space at school. What would it look like? What features, materials, and equipment would it have? You can describe it, make a sketch on paper or use online programs (e.g. Google SketchUp: <https://www.sketchup.com/>).

Add your own thoughts:



Session 3: Innovative thinking and crazy ideas

By the end of the session students will:

- Explain innovation
- Distinguish between different sources of innovation
- Identify examples of innovation

Why:

- To raise awareness that problems represent opportunities for innovation

In theory and according to OECD Oslo Manual “an innovation is the implementation of a new or significantly improved product, good or service; a new marketing method; or a new organizational method in business practices, workplace organization or external relations” (OECD/Eurostat, 2005).



Exercise 9. Revolutionary innovation

Think of a revolutionary innovation that really changes the world.

We distinguish innovations by their degree of novelty depending on whether they are new to the firm, new to the **market** or new to the **world**. Changes that are not considered innovations include customization, regular seasonal and other cyclical changes (e.g. a new fashion collection by a clothing manufacturer), and trading of new or significantly improved products (e.g. in wholesale and retail distribution, transport and storage). Innovation can be characterized in the following ways:

- **The type of innovation.** The Oslo Manual defines four types of innovation: product innovations, process innovations, organizational innovations and marketing innovations (OECD/Eurostat, 2005). However, many innovations may have characteristics that span more than one type of innovation, and it can be both difficult and misleading, in terms of types of innovation activities undertaken by firms, to categorize these innovations as a single type.
- **The impact of innovation.** A radical or disruptive innovation can be defined as an innovation that has a significant impact on markets and on the economic activity of firms in that market; while incremental innovation concerns an existing product, service, process, organization or method whose performance has been significantly enhanced or upgraded. Incremental innovation is the dominant form of innovation.
- **The source of innovation.** Technological innovations are usually associated with product and process innovation, whereas non-technological innovations are generally associated with organizational and marketing innovations. Technological and non-technological innovations are highly interconnected.

- **The social objective of innovation.** There is no single definition of social innovation, although most tend to emphasize its key objective – to meet social goals – and to a lesser extent the types of actors involved (e.g. non-profits, individuals, universities, government agencies, and enterprises). Social innovation seeks new answers to social problems by identifying and delivering new services that improve the quality of life of individuals and communities and by identifying and implementing new labour market integration processes, new competencies, new jobs, and new forms of participation, as diverse elements that each contribute to improving the position of individuals in the workforce.

OECD is also giving some examples of what is not an innovation as the requirements sometimes can be very tricky. And this is the reason why big companies lack innovative thinking, as they are stacked in the way that innovation was traditionally conducted.

The minimum requirement for a change in a firm's products or functions to be considered an innovation is that it is new or is a significant improvement to the firm. More generally, innovations can be distinguished by whether they are new to the firm, new to the market or new to the world. Not all changes can be considered innovations. For example, the following are not innovations:

- **Stopping something.** Ceasing to use a process, a marketing method or an organisation method, even if stopping it improves a firm's performance.
- **Simple capital replacement or extension.** The purchase of identical models of installed equipment, or minor extensions and updates to existing equipment or software, are not process innovations. New equipment or extensions must both be new to the firm and involve a significant improvement in specifications.
- **Changes caused by changes in factor prices.** A change in the price of a product or in the productivity of a process resulting exclusively from changes in the price of factors of production is not an innovation.
- **Customization.** Firms engaged in custom production make single and often complex items according to customers' orders. Unless the one-off item displays significantly different attributes from products that the firm has previously made, it is not a product innovation.
- **Regular seasonal and other cyclical changes.** In certain industries, such as clothing and footwear, there are seasonal changes in the type of goods or services provided which may be accompanied by changes in the appearance of the products concerned. These types of routine changes in design are generally neither product nor marketing innovations; for example, there is no product innovation if a clothing manufacturer introduces the new season's anoraks unless they have, say, a lining with significantly improved characteristics. However, if the occasion of seasonal changes is used for a fundamental change in product design that is part of a new marketing approach used for the first time by the firm, this should be considered a marketing innovation.
- **Trading of new or significantly improved products.** The definition of innovation for new products is complicated in the goods-handling services and distributive trades (wholesale and retail distribution, transport and storage). Trading of new or improved products is generally not a product innovation for the wholesaler, retail outlet, or transport and storage firm. However, if such a firm begins to deal with a new line of goods (i.e. types of goods that the firm has not previously sold) then this activity can be considered a product innovation, as the firm is offering a new service or product.

In practice, start-ups and small entrepreneurs usually focus on non-technological innovations and they are trying to be innovative in their thinking or business modeling rather than spending time and money on discovering technology that would suit the legal definition of innovation.

3.1 Example

Million dollar shave club – founders Mike Dubin and Mark Levine. They met at a party and started discussing their mutual frustration in buying razors. **Nothing new here.** People had been complaining about razors for years – the outrageous prices, the shaving technology “breakthroughs” that nobody actually needed, the painful shaves with a dull old blade, and the stupid plastic razor fortress in every store. Mike and Mark agreed that the shaving experience sucked so they decided to fix it.



Figure 8. Shave club

It started by figuring out what people actually wanted: a great shave without the overpriced shave tech and the inconvenience of trudging to the store. Their idea was as simple as it was revolutionary: a club that delivered razors right to you. Partnering with one of the world's leading razor manufacturers, Dollar Shave Club was born in July 2011.

So, without any revolutionary innovation, they have re-designed a business model and customer experience when buying razors for shaving. According to the latest article in Wall street journal, June the 21st, the company is valued at 615 million dollars. They only started a business in 2011.

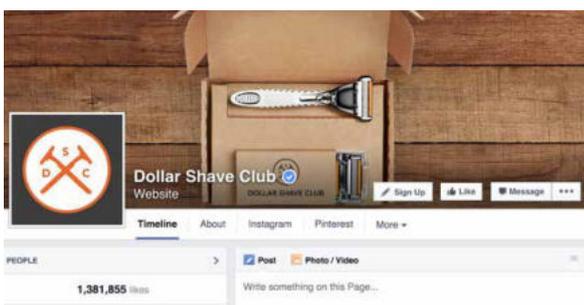


Figure 9. Shave club



Figure 10. Shave club

When a start-up idea and a small company make a big market change and market development.

More: <http://www.dollarshaveclub.com/> or <https://www.youtube.com/watch?v=ZUG9qYTJMsI>

Important insight: When looking for a crazy idea, talk about problems and not wishes. People rather have discussions around problems than their wishes.

These brands (Uber, Airbnb, Facebook, Alibaba) would not exist if they did not want to follow crazy ideas:

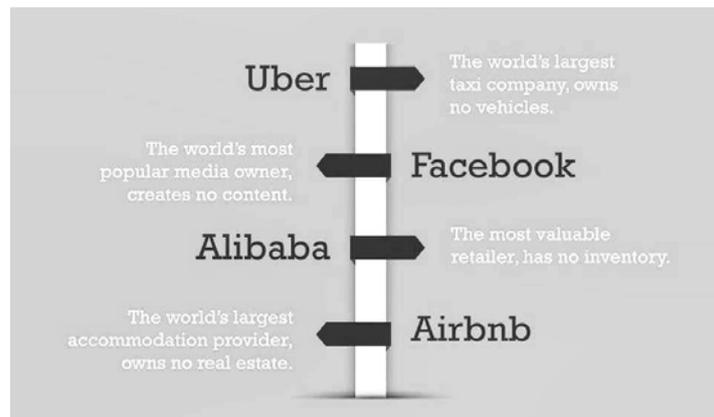


Figure 11. Tom Goodwin, Twitter

Additional examples:

- Croatian designed umbrella: Their business story is shown with an Infographic- a visual representation of information. It makes complex information eye-catching, shareable and easily digestible: <http://hrvatskikisobran.com/o-nama/>
- Mate Rimac – electric automobiles: <http://www.rimac-automobili.com/en/>
- Madbarz – fitness app: <https://www.madbarz.com/>

3.2 Icebreaker



Exercise 10. Problems and solutions

Option 1:

What problem do you see? Can you come up with an innovative solution?

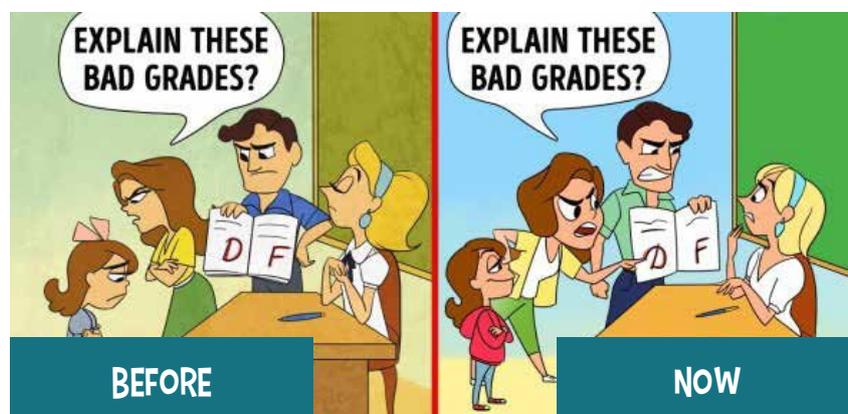


Figure 11. School yesterday and today.
Source: brightside.me

Option 2:

Think about an everyday problem you have. Can you come up with new, innovative solution?

Option 3:

Choose a product you use every day. How can you use it in a different way? Can you use it for something entirely different? Try to test your idea with your colleagues and friends?

3.3 Homework

Find a creative solution for this problem: A group of foreign teachers are coming to your workshop at 9 am. At 8.45 you notice that you are without the prepared material for your workshop and that the USB with your presentation is at home. In your suitcase/business bag you find a pile of post-it notes. Come up with an idea for how you will start the workshop with a creative activity that will engage participants in teamwork and that will allow you to organise the materials. The USB can be dropped to the venue in the meantime.

3.4 Icebreaker — Don't wait to be annoyed

My story: How to turn a beer into a sailing boat. Or how I turned windy weather into a full day in a hammock and a city tour in the evening.

Your story: Please, tell me your story, I am sure you have something to tell me.

3.5 Additional material

- OECD/Eurostat (2005), The Measurement of Scientific and Technological Activities – Oslo Manual: Guidelines for Collecting and Interpreting Innovation Data, 3rd edition.
- <https://www.youtube.com/watch?v=cW8S-QBKcq4>

Session 4: Learning about the customer

By the end of the session students will:

- Understand the importance of user research
- Distinguish between different research techniques in developing a business idea
- Prepare a research plan for their business idea

Why:

- To internalise the idea that entrepreneurship happens among users and not in the laboratory

4.1 Icebreaker



Exercise 11.

Building empathy for meaningful customer research

Students work in groups of 4 to 5 students. The teacher prepares papers with different professions (see below). Every group gets one profession. Students have 3 minutes to describe the classroom from the perspective of people who work in a particular profession. What do they observe? What do they think? What do they feel? They must not tell which profession they describe. They only have to describe the classroom. The other students have to guess which profession the group represents.

FIRE-FIGHTER



COOK



ARCHITECT



BURGLAR



WEDDING PLANNER



FARMER



Questions for a discussion:

- *Empathy is putting yourself in someone else's shoes. Empathy means having a deep understanding of the problems and realities of the people you are designing for. How can empathy help us in entrepreneurship?*
- *Through empathy, we can learn about our customers. What can we learn? Why is this important?*
- *How can you improve your empathy skills?*
- *What can hinder your ability to engage with the process of empathy?*

4.2 A Qualitative Approach to Research

The purpose of customer research is:

- To understand the needs
- To understand the obstacles
- To understand the limitations

How?

- Without prejudice
- Without evaluation
- Without assumptions
- Without judgement

We are talking about **QUALITATIVE RESEARCH**. At the end of this stage, you will have more questions than you have answers.



Exercise 12. Field research

How did Indiana Jones research and explore?

How does the famous anthropologist Jane Goodall research?



How do you imagine a 7-year-old child would approach research and exploration?

The first step in our business challenge is to **assemble a team**. Researching requires a special environment. The aim is to recognise a specific aspect of human behaviour and transform it into an advantage for the user, while also ensuring it has business value. Why are so many companies unable to use this path to success and why do companies that have done it successfully in the past find it so hard to do it again? These processes are not easy to integrate spontaneously into the work process. Looking closely at the different stages of research and development, it is easy to see that they require a combination of two ways of thinking: **analytical and creative**. It is very rare to find a combination of both ways of thinking; people tend to use either one or the other.

However, this obstacle can be overcome by assembling a diverse team. The diversity of people in the team will surpass each person's narrow way of thinking. The optimal size for a design team is four to six people. Try to select people of diverse education, gender, experience, and character. The one thing they should have in common is the ability to engage with or work in a team.

In researching user needs, it is important to differentiate between observation and interpretation. Interpretation comes in the next stages. In stage one focus on gathering information without interpreting it.



Exercise 13. **Observation versus interpretation**

Look at the image below. What do you see in it if you merely observe it? What do you see in it if you interpret it?



Next, we will look at three techniques for researching user needs: interview, observation and field research.

We use this approach to research because users do not always do what they say. They are not entirely aware of their wishes and needs and even if they are, they are often unable to put them into words.



**IF I'D ASKED MY CUSTOMERS WHAT THEY WANTED,
THEY'D HAVE SAID A FASTER HORSE.**

Henry Ford

4.3 Observation

First, ask yourself what it is that you already know about your business challenge. Do this in order to avoid having to collect previously acquired information again.

Information gathering techniques:

- Photography
- Video recording
- Note taking
- Sketching
- Collecting materials, flyers, brochures, packaging, newspaper cut-outs

What are you observing?

- **Physical space:** physical characteristics, what stands out, what does not stand out
- **Which people are involved:** users, employees, manufacturers, managers, media, municipalities, local communities, interest groups
- **Activities:** individual activities and behaviours, related activities, sequences of activities, similarities in activities, differences in activities
- **Objects:** the presence of objects, the absence of objects, the characteristics of objects
- **Events:** what is going on, what are people doing
- **Time:** sequences, beginnings, ends, individual stages, duration, times when specific behaviours, reactions or activities come up
- **Goals:** what are people trying to achieve
- **Feelings:** what feelings are people experiencing and expressing

We observe what people:

- **SAY:** What are some quotes and defining words your user said?
- **DO:** What actions and behaviours did you notice?
- **THINK:** What might your user be thinking? What does this tell you about his or her beliefs?
- **FEEL:** What emotions might your subject be feeling?

Note that thoughts/beliefs and feelings/emotions cannot be observed directly. They must be inferred by paying careful attention to various clues. Pay attention to body language, tone, and choice of words.



Exercise 14. Attention and observation



What do you notice in this classroom? Write down in 1 minute as much as possible.

 Now focus on $\frac{1}{2}$ of the classroom. What do you notice now? Write down in 30 seconds as much as possible.

 Now focus on the other $\frac{1}{2}$ of the classroom. What do you notice now? Write down in 30 seconds as much as possible.

In which case did you notice more? Why?

Observation is strongly connected with our attention. If we focus on smaller parts at one point of the time, it will be more likely that we notice more. It is important to change our focus from time to time.

4.4 Interview

If you are a good listener and know how to create an atmosphere of trust, people will open up to you. Their stories will help you gain new insights, inspiration, and ideas.

Use **semi-structured interviews**. Start by forming a few questions in advance, then follow the interviewee's story and develop new questions in accordance with that. Interviews can be conducted with individuals or groups, users or experts, various participants. It is always useful to find a user who uses a product or service in an unusual way.



**You have two ears and one mouth.
Use them in the same ratio when conducting interviews.**



Listen with your eyes as well as your ears!

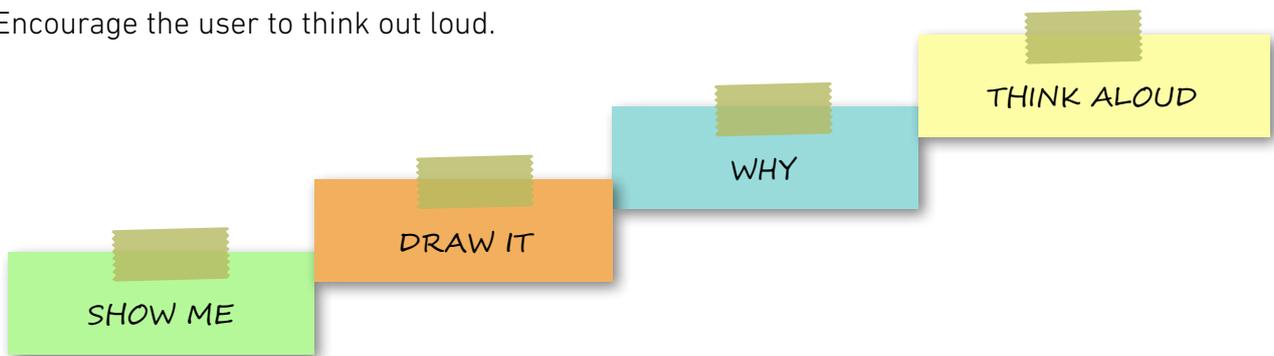
Ask **open questions**. Open questions encourage conversation and invite the user to open up. Open questions should represent the largest part of the interview. These are questions that usually begin with W-words: what, who, when, where, which, what kind, how, etc.

Here are some examples of open questions:



- *What can you tell me about ...*
- *What else can you tell me about it?*
- *What do you like about it?*
- *What do you dislike about it?*
- *What do you miss?*
- *How do you use ...*
- *In what ways do you use this product?*
- *What are you doing when ...*
- *What do you do when ...*
- *Tell me more about this.*
- *Can you describe ...*
- *Can you show me ...*
- *How often do you reach ...*
- *What would you like to achieve?*
- *What is the process?*
- *What are the steps you take?*
- *What do all these things have in common?*
- *What happens first? Then what?*
- *What is important to you?*
- *What does it bring you?*
- *How do you experience it?*
- *What is your attention focused on?*
- *What is your explanation for ...?*
- *How does it make you feel?*
- *What are the consequences?*

Encourage the user to think out loud.



While the question “why” is also an open one, it should be used with care; “why” questions can seem like an interrogation and will put interviewees on their guard. Since determining the reasons for a certain type of behaviour is very important in design thinking, try to replace “why” with other questions as often as possible.

 **Here are some alternatives that you can use:**

- *For what purpose?*
- *How did you reach this decision?*
- *What is behind this?*
- *What are the reasons for this?*

Another interesting open question is “what if”. This question is used to encourage creative thinking, open new possibilities and test your hypotheses.

 **Here are some examples of “what if” questions:**

- *What if this product had ...*
- *What would happen if ...*
- *What if these obstacles did not exist?*

Closed questions end the conversation and lead to short answers. These are questions that begin with “do you”. If you ask the interviewee, “Do you like this product?”, he or she will answer either yes or no. If, on the other hand, you ask “What exactly do you like about this product?” you increase the chances of the interviewee opening up to you. Closed questions are less suitable for starting the interview, but they can be useful towards the end if you use them to verify your understanding. Example: If I understand correctly, this service takes far too much time. Is that right?

Select your user wisely. Your mum, dad, and friends are not users.

Find **innovative users** who use the products in new and innovative ways.

Encourage storytelling and sharing experience.

Do **not** present your business idea and ask users if they like it, how they would change it, when they would use and how much would they pay for!

Document the interview using pictures, sketches, photos, notes, video etc.



Exercise 15. Practice interview skills

You would like to develop a new smartphone so you decided to arrange an interview with your classmate about his/her experience with his/her current phone.

In 3 minutes prepare a sample interview with questions.

Now you have 5 minutes to conduct and document the interview.



Questions for a discussion:

- *What did you do well?*
- *Which skills are important for an effective interview?*
- *What would you change the next time?*
- *How can you improve your interviewing skills?*

* If it is not possible for students to conduct face-to-face interviews (though it is highly advisable), they can also conduct it online (via Skype, Zoom etc.). They can also gather information with online questionnaires and surveys (<https://www.surveymonkey.com/>, <https://www.1ka.si/>).

4.5 Field Research

This means studying the behaviour and experience of people in their natural surroundings. If you are designing a new restaurant, observe people in restaurants. If you are working on a new bicycle, go out in the field with cyclists. If you are developing a new medical device, join medical workers who use these types of devices, etc.

Join the users and become their shadow. Immerse yourself in the context. Hold relaxed conversations with them. Put yourself in their shoes.

Move beyond existing contexts and search for inspiration in new contexts as well. Example: if you are trying to improve logistics in a distribution business, it might be useful to look at the logistics system of an airline or a delivery company.

Look for anomalies and inspiration; always put what you see into context. How are the users different from each other? Does anyone stand out in the use of a specific product or service? Are they using the product or service in an unusual way?

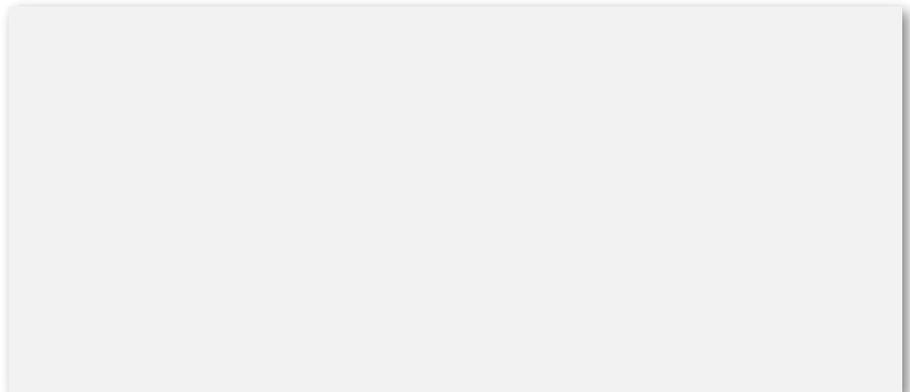
Use all your senses: **look, listen, taste, smell and touch.**



Exercise 16. Field research ideas

You would like to design a new vending machine. Generate 7 concrete ideas on how you would approach the field research. Which locations would you observe? What would you observe? Which people would you ask for an interview? How can you include role play in your research? How would you gather information?

You have 10 minutes for this task.



4.6 Researcher Behaviours

- Empathy – putting yourself in the user's shoes
- Real interest in the user, curiosity
- Establishing a relationship based on trust
- Listening
- Observing details and the big picture



Exercise 17. A research plan for your business idea

Prepare a research plan for your business idea. Generate ideas for your research, make a plan of how you will conduct research, split roles in your team and define deadlines for each activity. Also define how you will document your research.

WHAT WE WILL DO	HOW WE WILL DO IT	WHO WILL DO IT	WHEN	DOCUMENT

4.7 Homework: Learn about your customer

See the next chapter. Fieldwork is a first step in developing your business idea. The quality of this step is related to all the other steps. We cannot learn about our customers in the classroom. Go out of the building and find relevant sources of knowledge about your customers.

This homework will be your first contact with customers. In developing your business idea you will have several more contacts with the customers in searching for feedback about your business idea.

4.8 Additional exercise

Being familiar with **market segmentation** can be useful for the students in every step of developing their idea. They can think about their potential customers through the STP approach:



Segmentation: Criteria for customer segmentation can be: geographic (location, where your customers live, shop, learn, spend their free time; does the location have good traffic connection ...), demographic (age, gender, number of family members, interest, religion, income ...) and psychographic (lifestyle, interests, activities, opinions ...) characteristic.

Targeting: Choose the best group of people with the same characteristic and focus on them. When you have made your selection, you can investigate the needs of your chosen target group.

Positioning: Develop detailed product positioning for selected market segments/customers. Develop a marketing strategy for each segment/target group.

EXAMPLE:

Segmentation:

The cafe owner thinks his key criterion for segmentation are: age and music taste, so he made 4 groups of possible target groups:

1. young people up to 25 years old, they like techno music
2. young people up to 25 years old, they don't like techno music
3. older than 25, they like techno music
4. older than 25, they don't like techno music

Targeting:

The owner thinks he can make the most revenue if he chooses the first group, so they are his main target group/segment (that doesn't mean that other people won't come to his bar).

Positioning:

In order to make the most revenue, the bar owner must do everything to satisfy his target group (decorating the bar in an appropriate way, playing techno music only, prepare a good marketing strategy so that young techno lovers know that it's a bar for them ...).

Session 5: Fieldwork

By the end of the session students will:

- Experience different research techniques
- Have information about their customers

Why:

- To get an insight into your market based on first-hand experience

5.1 Why the fieldwork is important

Through fieldwork we translate our assumptions, hypotheses, and wishes into facts

Entrepreneurs have a lot of assumptions about their customers. Often those assumptions reflect entrepreneurs' perspective and not the perspective of the customer. For instance, in designing a new supermarket you may assume that customers need shop assistants. However, is this truly a fact or just our generalized experience with different supermarkets? By conducting thorough field research you may find out more about your customers' needs when buying products for their daily life.

We get the emotional distance from our initial business idea

Yes, entrepreneurship is about passion. However, do not change passion for blindness. Entrepreneurs are sometimes so convinced of their business idea that they do not look for information about the customers. In fact, they even reject feedback if they by coincidence get some. Do not fall in love with your business idea. Be open and learn to understand your customer.

5.2 Instructions for the field work

Consider your research plan from the previous exercise. Be ambitious and gather as much data as possible.

Ensure that you keep documentation in order to share it with your team members: videos, photos, notes, sketches ...

Conduct at least 15 interviews, observe at least 10 situations, try at least 3 role plays, try the service or product on your own if possible, find at least 7 other sources of information.

How to overcome some initial issues?

- If you feel anxious about conducting interviews, arrange interviews in pairs.
- If you do not know where to get 15 people for interviews, start with 1 or 2 and they can tell you also where to get additional people.
- The same with observation. If you do not know what to observe, try with 1 situation and you will get ideas about what to observe further on. You can also change your focus and sometimes focus only on emotions, the other time on behaviours etc.
- Is your idea based on the web and do you think you cannot do the field research? Your field, in this case, is also the internet. You can analyse different web communities or observe users in interacting with web portals.

5.3 Additional material

- Steve Blank's blog on 9 Deadliest Start-up Sins:
<http://steveblank.com/2012/05/14/9-deadliest-start-up-sins/>

Session 6: Making sense out of data and understanding your market

By the end of the session students will:

- Conduct the process of interpreting data
- Evaluate the meaning of the data
- Create customer-driven business opportunity

Why:

- To understand the customer in order to customize the business idea to customer's needs

6.1 Icebreaker



Exercise 18. Sense making

Show one of the paintings by Salvador Dali to the students and ask them first to write what they see on the painting and then to come up with at least 3 titles of the painting. 3 minutes for each task. Students may work in pairs.



Figure 15. Swans Reflecting Elephants (left) and Apparition of Face and Fruit Dish on a Beach (right) by Salvador Dali

I SEE ...

POSSIBLE TITLES ...



Questions for a discussion:

- How did you decide on the titles?
- What are the possible hidden messages in the paintings?
- Your customers also have some open and some hidden messages for you. What do you need in order to find the hidden messages?

6.2 The process of interpretation

It is only at this stage that you can start interpreting things. The previous stage was intended solely for gathering information and content. The purpose of the interpretation stage is:

- To create meaning from the contents – synthesis;
- To achieve insights and learn something about customer needs;
- To define opportunities for the development of a new product or service.

The entire team should meet in one place.

1. Share your stories

- Gather everyone's notes, photographs, and other materials
- Share your stories, talk to each other
- Be specific
- Write, write, write
- Who, what, when, where, why, how



Figure 16. Making sense starts with gathering information together

2. Identify patterns

- Extract the key meanings
- Set aside the key information
- Define the overarching thoughts, the connecting theme
- Take things one at a time, do not skip anything, be systematic

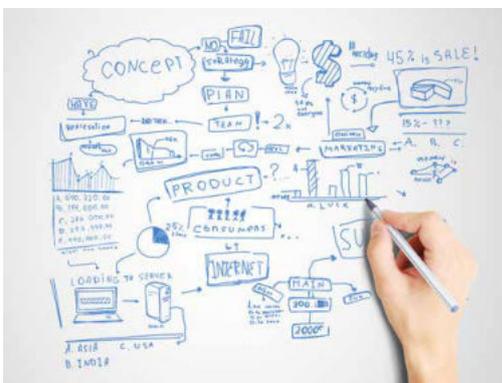


Figure 17. Focus on what the meaning is behind your data?

3. Find themes

- Explore the similarities, differences, relationships
- Define categories
- Examine the relationships between the various categories
- Divide into groups, reorganise several times



Figure 18. Categories help you to see your challenges more clearly

4. Graphic presentation

- Prepare a visual presentation of your interpretations
- A good graphic presentation will help you see challenges more clearly

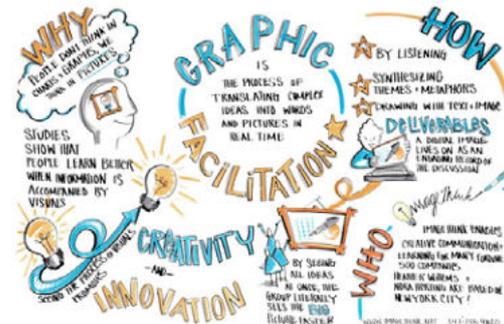


Figure 19. A good visual presentation helps to see your challenges more clearly

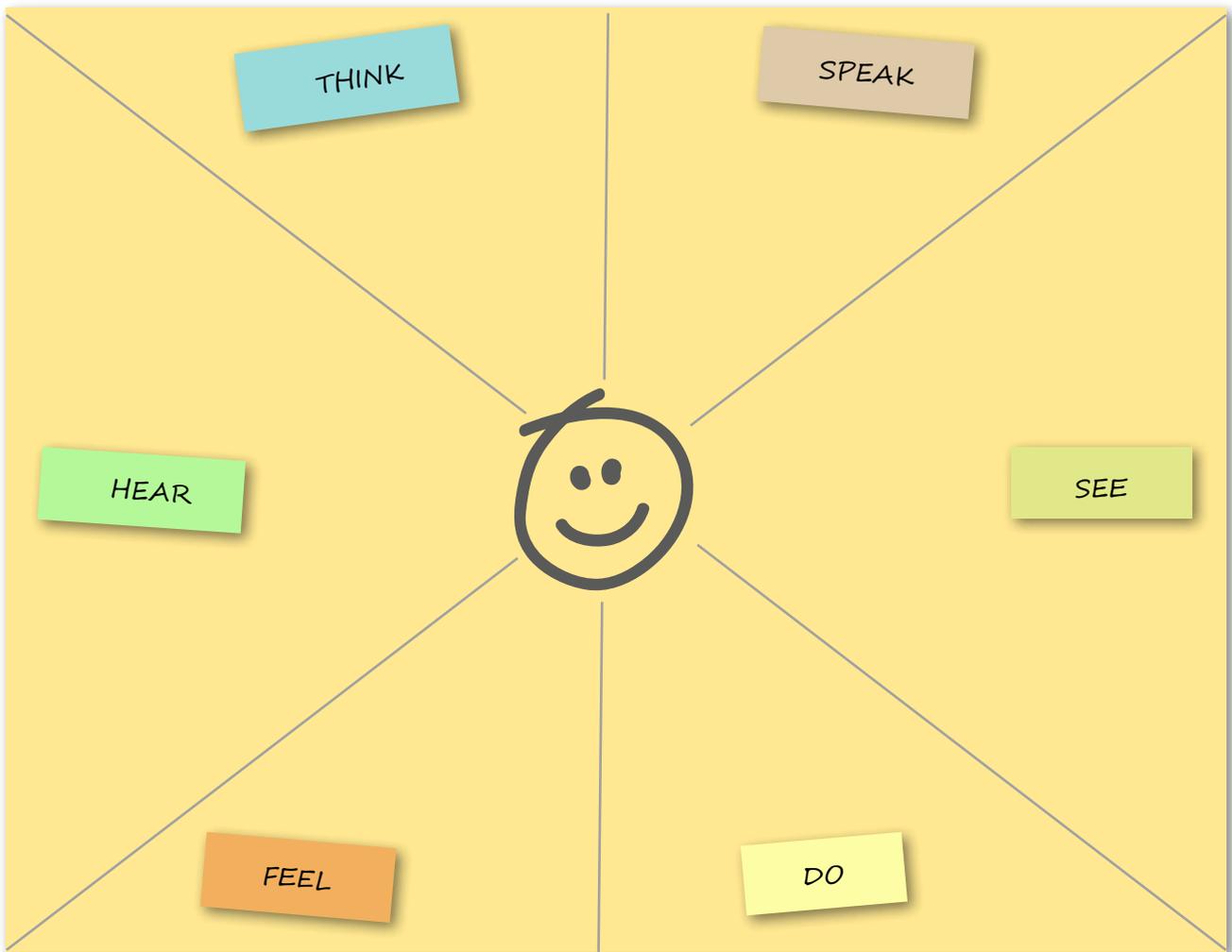
Source: <http://eyetowardinnovation.blogspot.com/2012/04/graphic-recording-innovative-way-to.html> (22. 10. 2018)

5. Create customer maps

- A customer map reflects your understanding of the customer
- It is an empathy map which helps you synthesize your observations
- **SAY:** What are some quotes and defining words your user said?
- **DO:** What actions and behaviours did you notice?
- **THINK:** What might your user be thinking? What does this tell you about his or her beliefs?
- **FEEL:** What emotions might your subject be feeling?
- Note that thoughts/beliefs and feelings/emotions cannot be observed directly. They must be inferred by paying careful attention to various clues. Pay attention to body language, tone, and choice of words.



Figure 20. Examples of customer map



PAINS

A large, empty, light brown rectangular box for writing.

NEEDS

A large, empty, light blue rectangular box for writing.

6. Opportunities

- From the existing conditions to future possibilities
- A step towards the next stage (ideation)
- Rearticulate the problems or needs
- Form a sentence with, "How might we ..."

The “how might we ...” sentence

This sentence is crucial in design thinking because it allows us to rearticulate the basic challenge. The problem is defined from the user’s point of view. Form your sentence with an active voice; an active starting point will help you generate new ideas later. The active voice sentence can be considerably different to your initial challenge – by now, the challenge has been thoroughly analysed and its essence defined from the user’s point of view. Let us say that the initial challenge was how to boost the sale of a piece of agricultural machinery. Perhaps design thinking will bring us to the realisation that users are not happy with the support available when it comes to after-sales services, leading them to choose a different piece of machinery. In that case, the new “how might we” sentence could be: How might we help buyers in the use of our agricultural machine?



Here are some other examples of “how might we” sentences:

- *How might we enable homemakers to easily find new ideas for meals?*
- *How might we create an environment that would encourage inhabitants to grow vegetables?*
- *How might we help shopping centre visitors look after their children?*
- *How might we make the long hours of sitting in the car seat easier for drivers*

6.3 Researcher behaviours

- Analytical thinking
- Synthetic thinking
- Categorising
- Looking for background patterns
- Listening
- Writing
- Drawing

6.4 Homework

Ask at least 3 different people from your local environment (of course, not your relatives or friends, go out on the field) how to be more creative. Bring their answers to the next session.

Session 7: Generating ideas

By the end of the session students will:

- Apply several creativity techniques
- Have the right attitude to encourage creativity
- Evaluate different ideas

Why:

- To be persistent in developing business ideas and to not be satisfied with the most obvious solutions

7.1 Icebreaker



Exercise 19.
Gallery walk

Students work in groups of 4 to 5 students. They bring their answers about creativity from the previous homework. Teacher gives them material: 1 flip chart paper, 3 different magazines or papers with photos, glue, scissors, and markers. Students prepare posters on how to improve our creativity. They have 10 minutes for the task. After 10 minutes they put their poster on the wall. The next 10 minutes we allocate to a gallery walk where all the students walk around the classroom to look at each other's poster.

7.2 The process of ideation

INDUCERS	INHIBITORS
EXPECTATIONS OF OTHERS TO BE CREATIVE	JUDGEMENTS
FOCUSED ATTENTION	YES, BUT ...
WRITING IDEAS	CRITICIZING IDEAS
A DELIBERATE SEARCH OF CONNECTIONS	UNDERESTIMATING INDIVIDUALS
IN COINCIDENCES	PASSIVITY
EMPATHY FOR OTHER PEOPLE	FEAR OF ERRORS
HUMOUR	PREMATURE SATISFACTION WITH
CREATIVITY TECHNIQUES	THE FIRST IDEAS

Table 5. Inducers and inhibitors of creativity

The purpose of this stage is to find as many ideas as possible for the challenge expressed in the "how might we" sentence. The most important thing about this stage is to focus on the quantity rather than the quality of ideas. 100, 200, 300 ideas – there are no limits.

There are different techniques for generating ideas that you can use in the ideation stage:

- **Brainstorming**
- **Edward de Bono thinking techniques:**
 - De Bono, E. (1988). De Bono's thinking course. London: BBC Books.
 - De Bono, E. (1998). Simplicity. London: Viking.
 - De Bono, E. (2010). Lateral thinking. London: Viking.
 - De Bono, E. (1986). Six thinking hats. Harmondsworth, Middlesex, England; New York, N.Y., U.S.A: Viking.
- **Michael Michalko thinking techniques:**
 - Michalko, M. (2001). Cracking creativity: the secrets of creative genius. Berkeley, Calif.: Ten Speed Press.
 - Michalko, M. (2006). Thinkertoys: a handbook of creative-thinking techniques. Berkeley: Ten Speed Press.

We will take a closer look at the process of ideation using 3 different methods: brainstorming, random entry, and SCAMPER.

7.3 Brainstorming



Exercise 20. Brainstorming principles

Make a list of brainstorming principles. In groups of 4 to 5 students prepare guidelines for effective brainstorming. Provide at least 7 principles in 7 minutes.

BRAINSTORMING PRINCIPLES ...

- Avoid evaluation.
- Encourage wild ideas.
- Feed off the ideas of others.
- Stay focused on the subject.
- Visualise.
- Write down your ideas.
- One person speaks, everyone else listens.
- Work on the quantity or number of ideas.



Figure 22. Quantity in ideation is essential

Your starting point is the “how might we” sentence.

Remind everyone in the team of the main principles of brainstorming. Generate as many ideas as possible. Quantity is important. Be persistent and take enough time. It is not until 20 minutes into the process that your brain starts to produce the best ideas; earlier on, you only think of the most obvious associations.

7.4 Random entry

The author of random entry technique is Edward de Bono. Here is his video clip about the random entry technique: **Edward de Bono’s Thinking Course Lecture 4 Lateral Thinking Part 3 of 3:** <https://www.youtube.com/watch?v=dQbxUSF7ZS8>

We need a new way to break from that ‘cycle’, a new stimulus that will show us another ‘path’. Doing that means using a technique that is random, unconnected to our experiences and inevitably, judgement. You cannot get new ideas by looking harder at the old ones, so you bring in something which is random or unconnected with the situation. The drawing on this work card shows thinking proceeding along the usual track until something random is brought in and leads thinking off in a new direction.

Random entry: example

Cigarettes PO soap. Soap suggests freshness, and freshness suggests spring, and that means flowers. Perhaps every cigarette should have flower seeds in the filter so when it is thrown away a flower will blossom from it and therefore make parks more beautiful.



Exercise 21.

Random entry exercise

Individual work. You are trying to invent a new detective character called James Cooper. In order to get some new ideas, you use a random input and say

“James Cooper PO ice cream”.

What can I use as a random entry? Word, picture, sound ...

7.5 S.C.A.M.P.E.R.

Michael Michalko analysed thinking styles of famous people: Einstein, Leonardo da Vinci, Freud, Darwin, Mozart ... He collected and published different creativity techniques. One of them is S.C.A.M.P.E.R.

Here is a video about S.C.A.M.P.E.R.: **SCAMPER a creative thinking technique.**

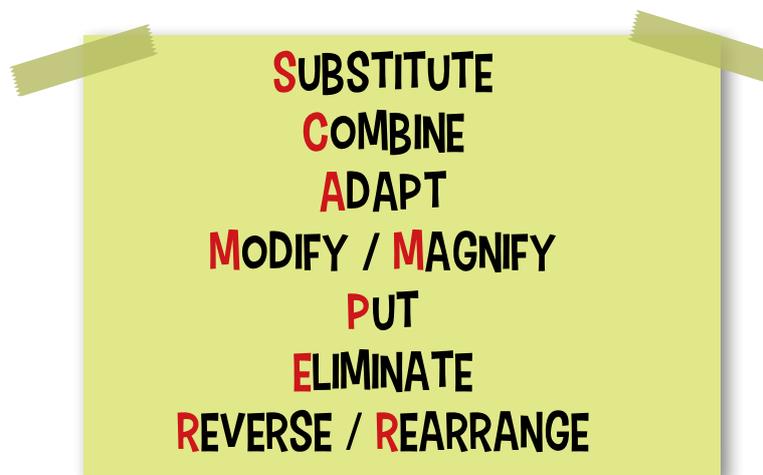
<https://www.youtube.com/watch?v=G8w0rJhztJ4>

The procedure of conducting S.C.A.M.P.E.R. technique is simple:

1. Isolate your challenge or subject you want to think about

2. Ask SCAMPER questions:

- *What procedure can I substitute for my current one?*
- *What can I combine?*
- *What can I adapt from someone else?*
- *How can I modify or alter my way of doing this?*
- *What can I magnify or add to my way of doing this?*
- *How can I put my challenge to other uses?*
- *What can I eliminate from the way I do this?*
- *What is the reverse of my method?*
- *What rearrangement might be better?*



7.6 Selecting ideas

After you are done with ideation, narrow down the ideas and make a list. Evaluate the advantages and disadvantages of each idea on the list and choose a set of ideas that you will continue working on.

Since we are designing a business opportunity, the selected ideas ideally would be connected and together would reflect a story.

Dot-mocracy

Each student gets 3 – 6 glue dots. Each now distributes his dots among his or her favourites (no more than 2 dots per idea).

PMI: plus, minus, interesting

The PMI is a crystallisation of the open-minded attitude into a tool that can be used deliberately. This is a very basic lesson which is introduced right at the beginning so that the PMI process itself can be used as a tool in the course of subsequent lessons. **Instead of just deciding whether or not you like an idea, this thinking operation has you make an effort to find the good points (P = PLUS), the bad points (M = MINUS) and the interesting points (I = INTERESTING) about an idea.** The interesting points are those which are neither good nor bad but are worth noticing.

The PMI is a way of treating ideas, suggestions, and proposals. The natural reaction to an idea is to like or dislike it, to approve or disapprove. If you like an idea; it is very unnatural to look for the negative or minus aspects. If you dislike an idea it is very unusual to look for the positive or plus aspects. It is equally unnatural to pick out the merely interesting aspects of an idea. Conduct PMI for each idea selected with dot-mocracy.



7.7 Researcher behaviours

- Open, creative thinking
- Unrestrained thinking
- Listening to other people's idea
- Communicating ideas in a way that others can understand (drawing, visualising, writing)

7.8 Homework

Find another creative technique by Edward de Bono or Michael Michalko and apply it to your business challenge. This task is an individual task.

7.9 Additional material

- About Edward de Bono: https://en.wikipedia.org/wiki/Edward_de_Bono
- Edward de Bono on YouTube: https://www.youtube.com/results?search_query=edward+de+bono
- A toolbox for boosting creativity collected by Michael Michalko: <http://creativethinkingnet/#sthash.6Aj50FBF.dpbs>

Session: 8 Prototyping

By the end of the session students will:

- Understand the role of prototyping in entrepreneurship
- Know how to translate ideas into tangible products
- Make a prototype of their own business idea

Why:

- To learn how to improve a business idea

**FAIL FAST AND FREQUENTLY...AND CHEAPLY...
SO EXPERIMENT, PROTOTYPE, AND TEST IT BEFORE IT BECOMES TOO EXPENSIVE.**

Tom Kelley, IDEO's CEO, 2011

"I HAVE NOT FAILED. I'VE JUST FOUND 10,000 WAYS THAT WON'T WORK."

Thomas Edison, inovator.

The next step in business idea development is to prototype, to test and learn. Very important is that visualisation of ideas and concepts start to grow from 2D to 3D perspective. Usually, prototyping sessions are connected to the product prototype, but recently prototyping has also become common for service prototyping, such as planning experience for the future end-users. There are different descriptions of what prototyping is, but one thing is common for all, prototyping is designed for testing and further development of your idea, product, service or experience.

A prototype is an early sample, model, or release of a product built to test a concept or process or to act as a thing to be replicated or learned from. It is a term used in a variety of contexts, including semantic, design, electronics and software programming. A prototype is designed to test and try a new design to enhance precision by system analysts and users. Prototyping serves to provide specifications for a real, working system rather than a theoretical one. In some workflow models, creating a prototype (a process sometimes called materialsiation) is the step between the formalisation and the evaluation of an idea.

Wikipedia 2015

According to Stanford D.school principles, prototyping to test, is the iterative generation of low-resolution artefacts that probe different aspects of your design solution or design space. The fundamental way we test our prototypes is by letting users experience them and react to them. In creating prototypes to test with users you have the opportunity to examine your solution decisions as well as your perception of your users and their needs.

Stanford D.school, 2011

A prototype is a draft version of a product that allows you to explore your ideas and show the intention behind a feature or the overall design concept to users before investing time and money into its development. A prototype can be anything from paper drawings (low-fidelity) to something that allows click-through of a few pieces of content to a fully functioning site (high-fidelity).

Usability.gov, 2015

While prototyping, it is important to think about what you are trying to learn with your prototypes, and create low-resolution objects and scenarios which probe those questions. A low-resolution concept allows you to pursue many different ideas you generated without committing to a direction too early on. The goal of prototyping is not only to create a mock-up or scale model of your solution concept; it is to create experiences to which users can react. Bring resolution to the aspects that are important for what you are trying to test, and save your efforts for other aspects. You also need to think about the context and testing scenario you will create to get meaningful feedback. It is not always the case that you can just hand an object to someone on the street and get real feedback. Test in the context that your solution would actually be used (or approximate the important parts of that context). For example, if you are creating a consumer food storage system, let users test it in their kitchens at home – some of the nuanced but important issues will only emerge there.

For the purpose reason, a prototype can be divided into 5 categories:

- **LOW-RESOLUTION PROTOTYPES SHOW THE FIRST VISUALISATION & DESIGN**



- **PROTOTYPES THAT MAKES DIALOG WITH USERS**



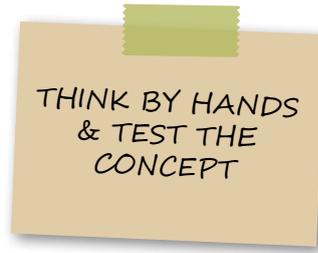
- **PROTOTYPES SHOW FUNCTIONALITY**



- **PROTOTYPES TEST DIFFERENT MATERIAL**



• **PROTOTYPES TEST DIFFERENT CONCEPTS**



8.1 Icebreaker



Exercise 22. Happy birthday

You arrived at work and it's your colleagues' birthday. Instead of just saying Happy birthday, you try to make a creative present or at least a nice memory of the day at work. You open your office table drawer and you find different materials that bring you crazy ideas. Choose one and come up with a present.

Paper clip



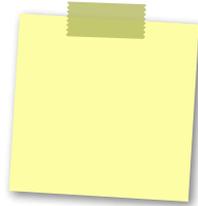
Post-it



Pencil



Adhesive tape



8.2 Rapid prototyping



Exercise 23. Website prototype

Look for a website you visit quite often or on a daily basis for different purposes. Then try to analyse the user perspective and find opportunities for improvement or ideas for new content/service. After you finish with the analysis, you start with prototyping the new webpage, which is upgraded for your ideas and improvements. Do not complicate it too much. This is done with pen and paper. Please see the example below. You have 5 minutes for analysing and 5 min for prototyping.

If they want they can create a prototype website also online (<https://wordpress.com/>).



SOME TIPS FOR PROTOTYPING SESSIONS:

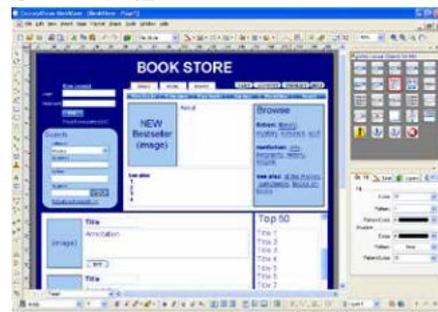
- **START BUILDING.** Even if you aren't sure what you're doing, the act of picking up some materials (paper, tape, and found/random objects are a good way to start!) will be enough to get you going.
- **FOCUS ON THE STORY** – The aesthetics are not important.
- **THE SIZE IS NOT IMPORTANT** - The concept of a new house does not build a house but shows a model (e.g. Use of LEGO bricks instead of the real ones ...).
- **STOP WASTING TIME** on details.
- **DON'T SPEND TOO LONG ON ONE PROTOTYPE.** Move on before you find yourself getting too emotionally attached to any one prototype.
- **DON'T BE IN LOVE** with your idea – avoid emotional attachment
- **DON'T MAKE A FINAL DECISION** about the product/service before the prototype is completed
- **AVOID DESTRUCTIVE THINKING** – For example, »It's impossible, it's not for us ...«
- **BUILD WITH THE USER IN MIND.** What do you hope to test with the user? What sorts of behaviour do you expect? Answering these questions will help focus your prototyping and help you receive meaningful feedback in the testing phase.
- **IDENTIFY IMPORTANT TOUCH POINTS, VARIABLES.** Identify what's being tested with each prototype. A prototype should answer a particular question when tested.

PROTOTYPE CAN BE:

PAPER MODEL



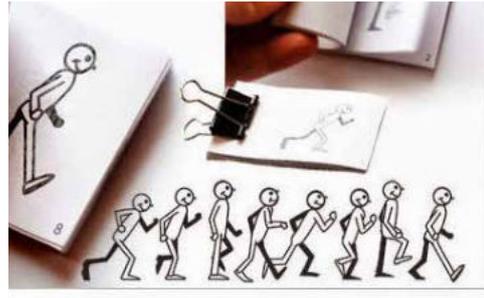
SOFTWARE



DIGITAL 3D MODEL



FLIPBOOK



SIMULATION



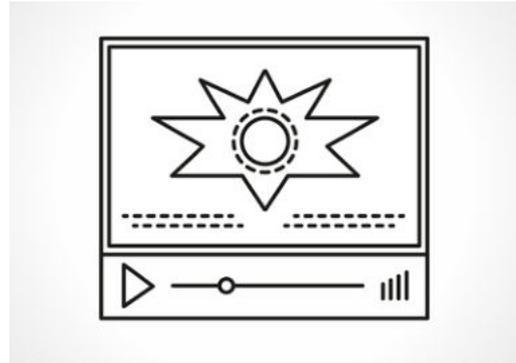
SCHEME, TABLES



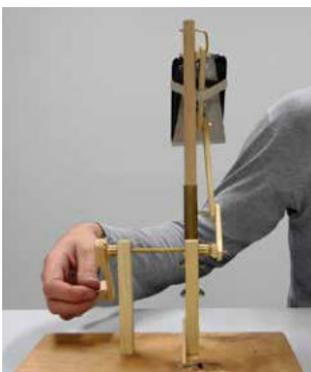
MOCK-UP



ANIMATION



MECHANICAL MODEL



DRAWING, SKETCHES



8.3 Homework

Think about the Café shop or bar you like to visit the most. Think about the vegetarian restaurant where you can buy salad lunch boxes to go/to eat outside. While you imagine the place, can you come up with ideas for interactive services or games which can be offered before you come to the place, when you are there, or even later when you leave the place? Use the empty template under and show us your creativity/your story!



Check: <https://popapp.in/>

Tips for presentation: show us your prototype by using different pictures – where one picture is one visible surface of one mobile page

8.4 Additional material

Books:

- Brown, T., & Katz, B. (2009). Change by design: how design thinking transforms organizations and inspires innovation (1st ed.). New York, USA: HarperBusiness.
- Kelley, T., & Littman, J. (2001). The art of innovation. London: HarperCollinsBusiness.

Video:

- <http://www.youtube.com/watch?v=VTyvnLQUP1c&feature=related>

Websites:

- <https://popapp.in/>
- <http://www.creativebloq.com/ux/how-prototype-websites-paper-31514246>
- <https://en.wikipedia.org/wiki/Prototype>
- <http://dschool.stanford.edu/>

Session 9: Storytelling

By the end of the session students will:

- Understand touchpoints
- Apply storytelling to their business idea

Why:

- To effectively implement the business idea



CREATE A CUSTOMER EXPERIENCE THAT MATTERS!

Thomas Lockwood, 2010

The implementation phase in entrepreneurial project

“IT’S NOT ABOUT IDEAS. IT’S ABOUT MAKING IDEAS HAPPEN.” – *Scott Branson, co-founder of Branson*

If the initiation phase means the beginning of the project, where the idea for the project is explored and elaborated, the implementation phase is where the project takes final shape. It is during this phase that the project becomes visible to outsiders, to whom it may appear that the project has just begun. The implementation phase is the »doing« phase, and it is important to maintain the momentum.

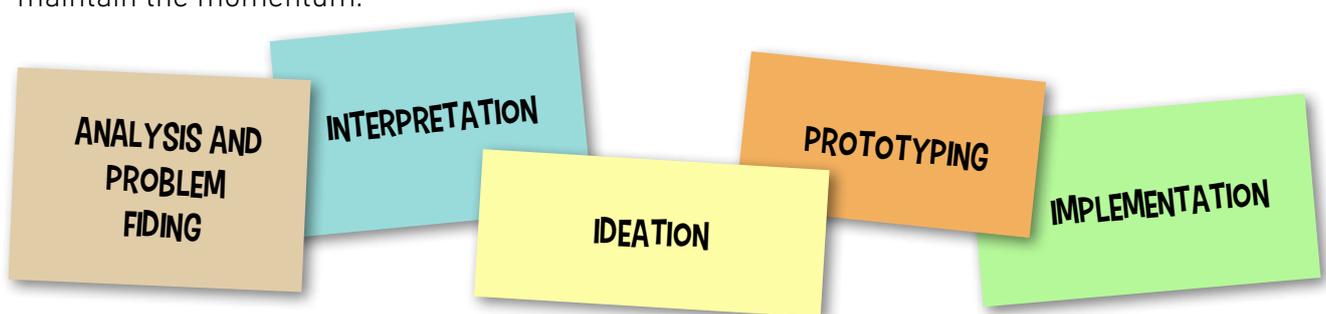


Figure 24. Entrepreneurial process

TOUCHPOINTS AND CUSTOMERS' SATISFACTION

Every business wants to improve customer satisfaction, that's why it is important to have your user in mind at every touch point. You might always deliver a great product, on time, with a smile, but a wayward touchpoint like off-target advertising, billing mistakes, or an unwieldy website can scare a user off. Fortunately, most of these touchpoints are within your control. All you have to do is identify them – all of them – and start getting feedback.



Figure 25. Example of Apple touchpoints

A touchpoint (contact point, customer contact, Moment of Truth, point of contact) describes the interface of a product, service or brand with customers/users, non-customers, employees and other stakeholders, before, during and after a transaction. This may be applied in B2B as well as B2C environments

Wikipedia, 2015

Customer touchpoints are the brand's points of customer contact, from start to finish. For example, customers may find your business online or in an ad, see ratings and reviews, visit your website, shop at your retail store, or contact your customer service. Seems like a long list, but these are just a few of your touchpoints!

www.surveymonkey.com/mp/identify-customer-touchpoints, 2015



Figure 26. Customer touchpoints

BRAND BUILDING AND STORYTELLING

Storytelling is one of the most powerful ways to breathe life into your brand and often called one of the main components of a content marketing approach. By giving your products and services an identity by capturing and sharing the stories they really are, you can take your target audience on a journey they yearn to experience. In order for consumers to form a personal connection with your brand, company stories must be authentic, creative and inspirational.

Emotional branding is a progressive marketing strategy that has the potential to drive revenue and increase customer retention. How a person feels about your brand typically determines whether they buy your product. A brand is a matter of perception. When you tell a story that embodies human challenges, you create an experience that resonates with your customers.

When crafting your brand story, you must be specific in what you are asking readers to do and illustrate why it is important to their lives. Outline actual steps to be taken and show readers how they can recognize the reward. The pitch must be creative, yet subtle and often it's indirect. Storytelling is not inventing a story. In fact, the very reason why your business exists, why you have developed products and services and why you do what you do is filled with stories. You want to fulfil needs and the ways you have developed solutions to do so, are stories. It's even possible to turn an internal sales kit about solutions in a narrative book, telling stories people can relate with.

Storytelling can be an approach in a specific project but also a way of writing and creating content, by coupling personal and existing stories to the brand narrative. Some people say all good content is storytelling. That's a myth. Sometimes content just has to be purely informational. Good storytelling isn't even directly about you, your brand or your solutions/products. It's about emotions, needs and the written and unwritten images associated with these emotions and needs, in relation to what your brand evokes

UNIQUE SELLING POINT

A unique selling point (also unique selling proposition) is a factor that differentiates a product/service from its competitors, such as the lowest cost, the highest quality or the first-ever product of its kind. A USP could be thought of as "what you have that competitors don't." Each advertisement must make a proposition to the user – not just words, product, or show-window advertising. Each advertisement must tell a story of the benefits to each reader. The proposition must be one the competition cannot or does not offer. It must be unique – either in the brand or in a claim the rest of that particular advertising area does not make.

Reasons to tell the story:

- Storytelling builds credibility.
- Storytelling unleashes powerful emotions and helps teams bond.
- Stories give permission to explore controversial or uncomfortable topics.
- Storytelling creates heroes.
- Stories invite users to join the new lifestyle.

The entrepreneurial team should continue to collect and tell stories on one hand, and gather feedback from users on the other. Stories collected from people will help the team create a baseline to track how solutions are affecting individuals' lives. Collecting on-going feedback will help the team iterate on the ideas in order to make them more effective, more appropriate, and more cost-effective.

9.1 Icebreaker



Exercise 24. Invent a story.

Visual storytelling is the classic case of show and tell, the thematic content in elementary school. Children learn at a faster rate when they actually see and feel the object rather than learning about it in books. Similarly, we as adults perceive a visual image of a story far better through videos and pictures on the digital media. And by digital media, I specifically mean social media which widely uses visuals to convey a message

Now please finish the story by adding your words to the next sentence:

When I was young, I remember ... or
Richard is 17 years old and he likes to ...



9.2 Storytelling



Exercise 25. Storytelling

Imagine, invent or make a story for the product (design chair) in the picture.



Example: European pallet is a pallet specified by the European Pallet Association (EPAL) and is made from wood. Every pallet has a history of travelling around the world... so that's why... we use info of its last trip ...

9.3 Homework

Choose a product in the picture and try to use it as a touch point in the story of an advertisement campaign for a new Shoe shop (imagine one, look the examples under) in the town centre. Prepare a short video clip (max. 2 min) telling the story around this special chair & shop experience.



or



SHOP:



or



9.4 Additional material

Books:

- Lockwood, T. (2009). Design thinking: integrating innovation, customer experience and brand value. New York, USA: Allworth Press; Design Management Institute.
- Kelley, T., & Littman, J. (2005). The ten faces of innovation: IDEO's strategies for beating the devil's advocate & driving creativity throughout your organization. New York: Currency/Doubleday.

Video:

- <http://www.referralcandy.com/blog/storytelling-in-marketing-11-examples/>
- <http://blog.linkbird.com/en/content-marketing/4-top-storytelling-examples-inspire-optimize-content-marketing/>

Websites:

- <https://www.surveymonkey.com/mp/identify-customer-touchpoints/>
- <http://www.marketingdonut.co.uk/marketing/marketing-strategy/branding/ten-ways-to-build-a-brand-for-your-small-business>

Session 10: Business model and business planning

By the end of the session students will:

- Distinguish between business modelling and business planning
- Apply business model canvas

Why:

- To systematically develop their own business idea

ONCE YOU UNDERSTAND BUSINESS MODELS YOU CAN THEN START PROTOTYPING BUSINESS MODELS JUST LIKE YOU PROTOTYPE PRODUCTS.

Alexander Osterwalder, 2009.

10.1 Topic: The difference between business modelling and planning

Definitions of a business model:

The Business Model Canvas, is a strategic management and entrepreneurial tool. It allows you to describe, design, challenge, invent, and pivot your business model.

Business Model Generation, 2011

A business model is an "abstract representation of an organisation, be it conceptual, textual, and/or graphical, of all core interrelated architectural, co-operational, and financial arrangements designed and developed by an organization presently and in the future, as well as all core products and/or services the organization offers, or will offer, based on these arrangements that are needed to achieve its strategic goals and objectives.

Wikipedia, 2015

Business model's primary constructs or dimensions are a value proposition, value architecture, value finance, and value network articulate of business models.

Al-Debei and Avison 2008

A business model describes the rationale of how an organization creates, delivers, and captures value, in economic, social, cultural or other contexts. The process of business model construction is part of a business strategy.

Investopedia 2015

The plan implemented by a company to generate revenue and make a profit from operations. The model includes the components and functions of the business, as well as the revenues it generates and the expenses it incurs.

Different websites, cited in book Marginality, Von Braun & Gatzwailer, 2014.

Everyday people could say that business model is a buzzword, and they wouldn't be so wrong, as a business model is a common excuse when a business doesn't work or a company goes bankrupt. However, the business model dates back to the earliest days of business; it merely describes the way in which a company makes money. A business model can be simple or very complex.

There are some very illustrative examples:

- “A restaurant’s business model is to make money by cooking and serving food to hungry customers. “
- “A website’s business model might not be so clear, as there are many ways in which these types of companies can generate revenue - some make money (or at least try to) by providing a free service and then selling advertising to other companies, while others might sell a product or service directly to online customers.”



Come-up with your own definition:

Definitions of a Business plan:

A written document that describes in detail how new business is going to achieve its goals. A business plan will lay out a written plan from a marketing, financial and operational viewpoint. Sometimes a business plan is prepared for an established business that is moving in a new direction.

Investopedia 2015

A written document describing the nature of the business, the sales and marketing strategy, and the financial background, and containing a projected profit and loss statement.

Entrepreneur.com, 2015

A business plan is a formal statement of business goals, reasons they are attainable, and plans for reaching them. It may also contain background information about the organization or team attempting to reach those goals. Business plans may target changes in perception and branding by the customer, client, taxpayer, or larger community. When the existing business is to assume a major change or when planning a new venture, a 3 to 5 year business plan is required, since investors will look for their annual return in that timeframe.

Wikipedia, 2015

Set of documents prepared by a firm’s management to summarize its operational and financial objectives for the near future (usually one to three years) and to show how they will be achieved. It serves as a blueprint to guide the firm’s policies and strategies and is continually modified as conditions change and new opportunities and/or threats emerge. When prepared for an external audience (lenders, prospective investors) it details the past, present, and forecasted performance of the firm. And usually also contains a pro-forma balance sheet, income statement, and cash flow statement, to illustrate how the financing being sought will affect the firm’s financial position.

businessdictionary.com, 2015



Come-up with your own definition:



What is the difference between a business plan and business model?

10.2 Icebreaker

What do you see on the picture? Try to define all 9 pictures and give them a name!

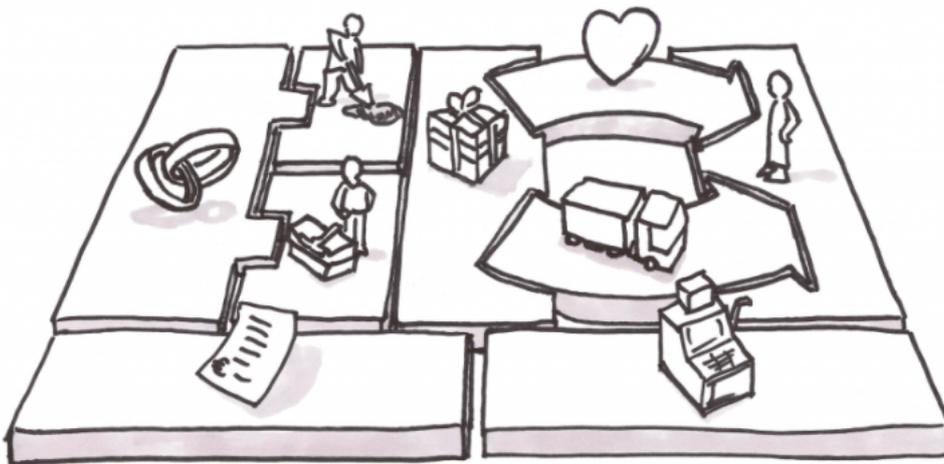
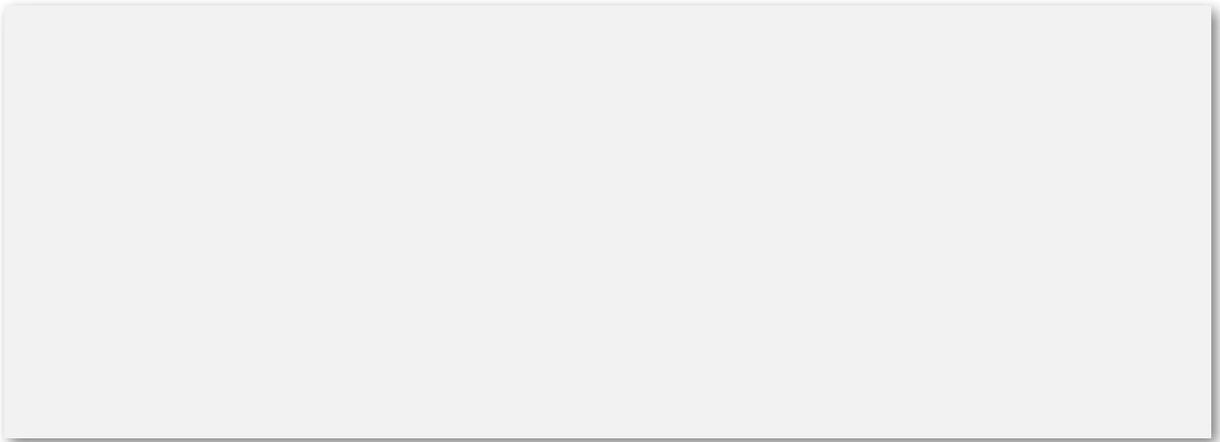


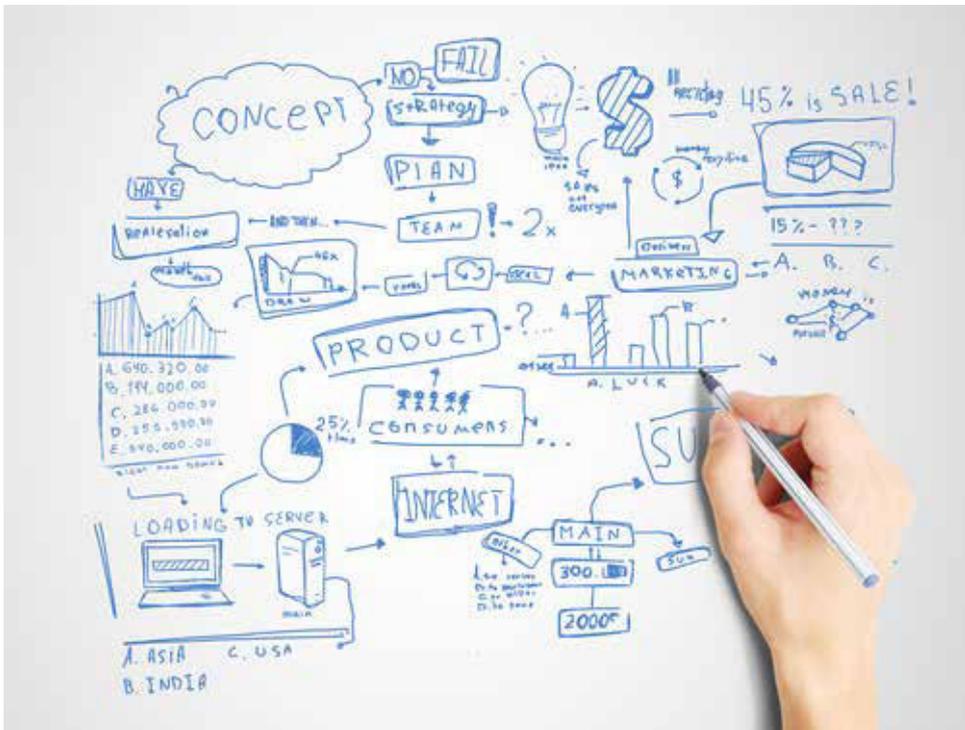
Figure 12. Business model canvas



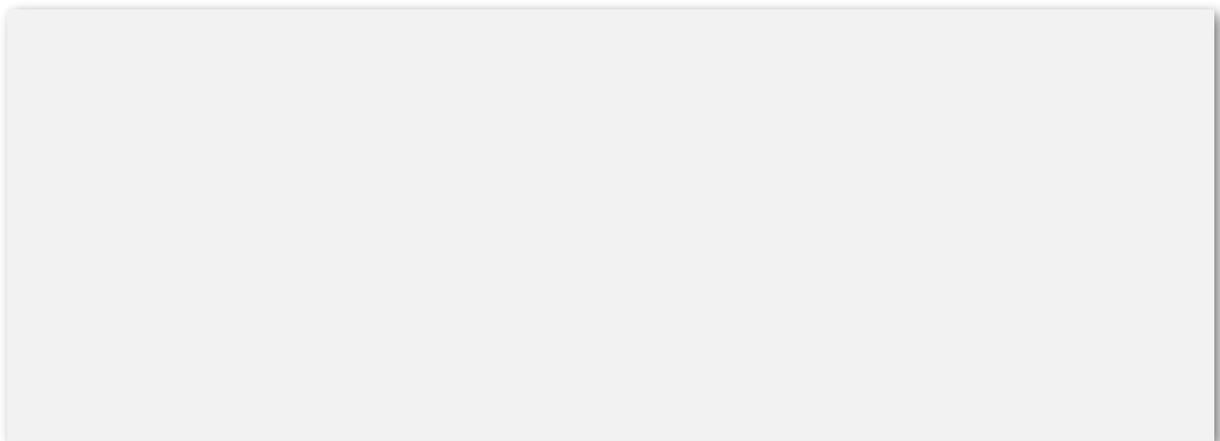
Come up with your ideas and write down your notes:



What do you see on the picture? Try to define some of the pictures ...



Write down your notes:



10.3 Canvas Business Model (CBM)

There is a big shift towards user centred focus and away from organisation-centric. This is the consequence of the power of social networks, these have allowed people to become stronger than companies around the world. In table below you can see questions that entrepreneurial people like to answer.

ORGANIZATION-CENTRIC	USER-CENTRIC
<ul style="list-style-type: none"> • WHAT CAN WE SELL TO CUSTOMERS? • HOW CAN WE BETTER TARGET OUR CUSTOMERS? • WHAT KIND OF RELATIONSHIP CAN WE ESTABLISH WITH OUR CUSTOMERS? • WHERE AND HOW CAN WE EARN MONEY? • WHAT TECHNOLOGY CAN WE USE? 	<ul style="list-style-type: none"> • WHAT ARE THE REAL CUSTOMER NEEDS AND HOW CAN WE HELP THEM? • HOW DO OUR CUSTOMERS WANT TO BE TARGETED? • WHAT KIND OF RELATIONSHIP DO CUSTOMERS EXPECT US TO SET UP? • WHAT VALUE ARE CUSTOMERS WILLING TO PAY FOR? • THE TECHNOLOGY ALREADY EXISTS AND IT IS ACCESSIBLE TO ALL – HOW CAN WE USE IT?

Business model canvas is represented by the 9 blocks-elements, which can be described as a lean start-up template for developing new or documenting existing business model. It is a visual chart with elements describing a firm's or product's/service's value proposition, infrastructure, customers, and finances. It assists firms in aligning their activities by illustrating potential trade-offs.

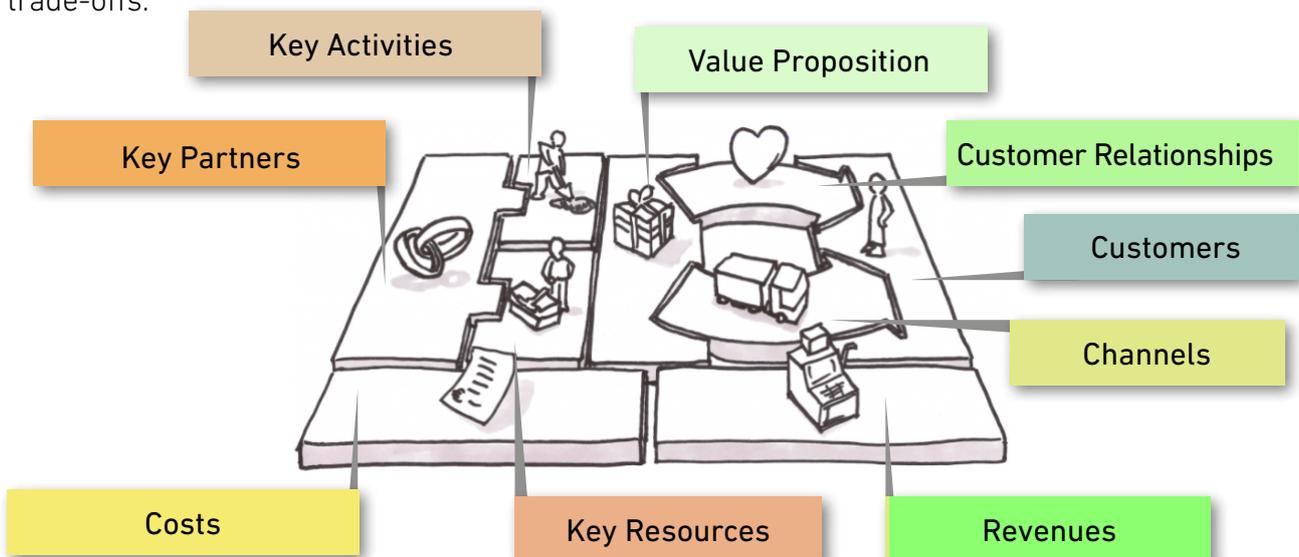


Figure 13. Business model canvas

Every element can be easily described by answering the following questions. In practice, that means that while answering all questions, you can easily present your business model for an already existing firm or future company. Please, try to answer all questions when thinking of your business model.

Who are our customers?

- How are they integrated with the rest of our business model?
- How costly are they?
- What job are you doing for the customer? What need are you fulfilling?
- Mass Market, Niche Market, Segmented, Diversified ...



What value proposition are we offering:

- What value do we deliver to the customer?
- Which one of our customer's problems are we helping to solve?
- What bundles of products and services are we offering to each customer segment?
- Which customer needs are we satisfying?

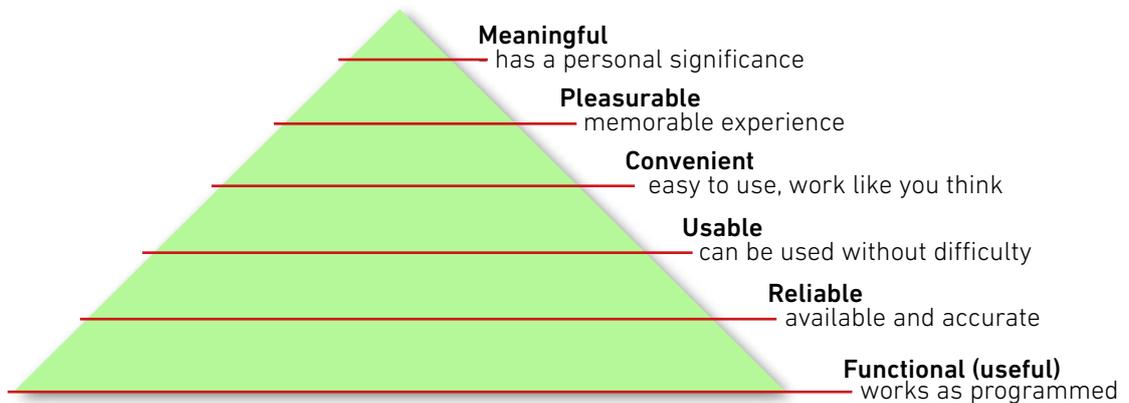


Figure 14. User experience hierarchy of needs. *Seductive Interaction Design*, Andersen 2011

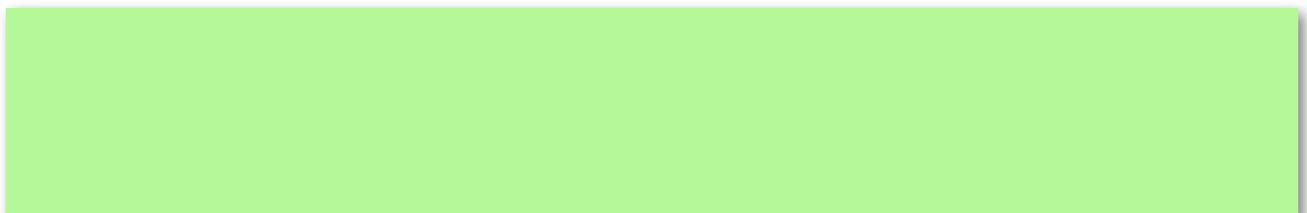
What are our distribution channels:

- Through which channels do our customer segments want to be reached?
- How are we reaching them now?
- How are our channels integrated?



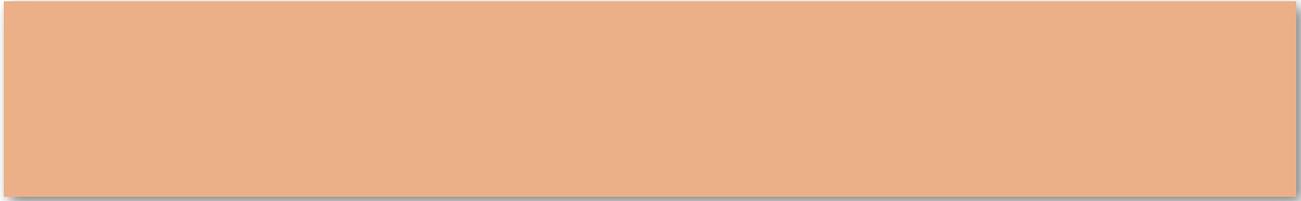
How we plan/manage/build our customer relationships:

- What type of relationship does each of our customer segments expect us to establish and maintain with them?
- Which ones will we establish?



What are our key resources:

- What are our key resources to support our activities?
- Are they easy to copy?



What are our key activities:

- What key activities do our value propositions require?
- Our distribution channels?
- Customer relationships?
- Revenue streams?



Who are our key partners (key partnership):

- Who are our key partners?
- Who are our key suppliers?
- Which key resources are we acquiring from partners?
- Which key activities do partners perform better and even cheaper than you?



What our costs (cost structure):

- What are the most important costs inherent in our business model?
- Which key resources are most expensive?
- Which key activities are most expensive?



What are our revenues (revenue streams):

- What value are our customers willing to pay for?
- What are they currently paying for?
- How are they currently paying?
- How would they prefer to pay?

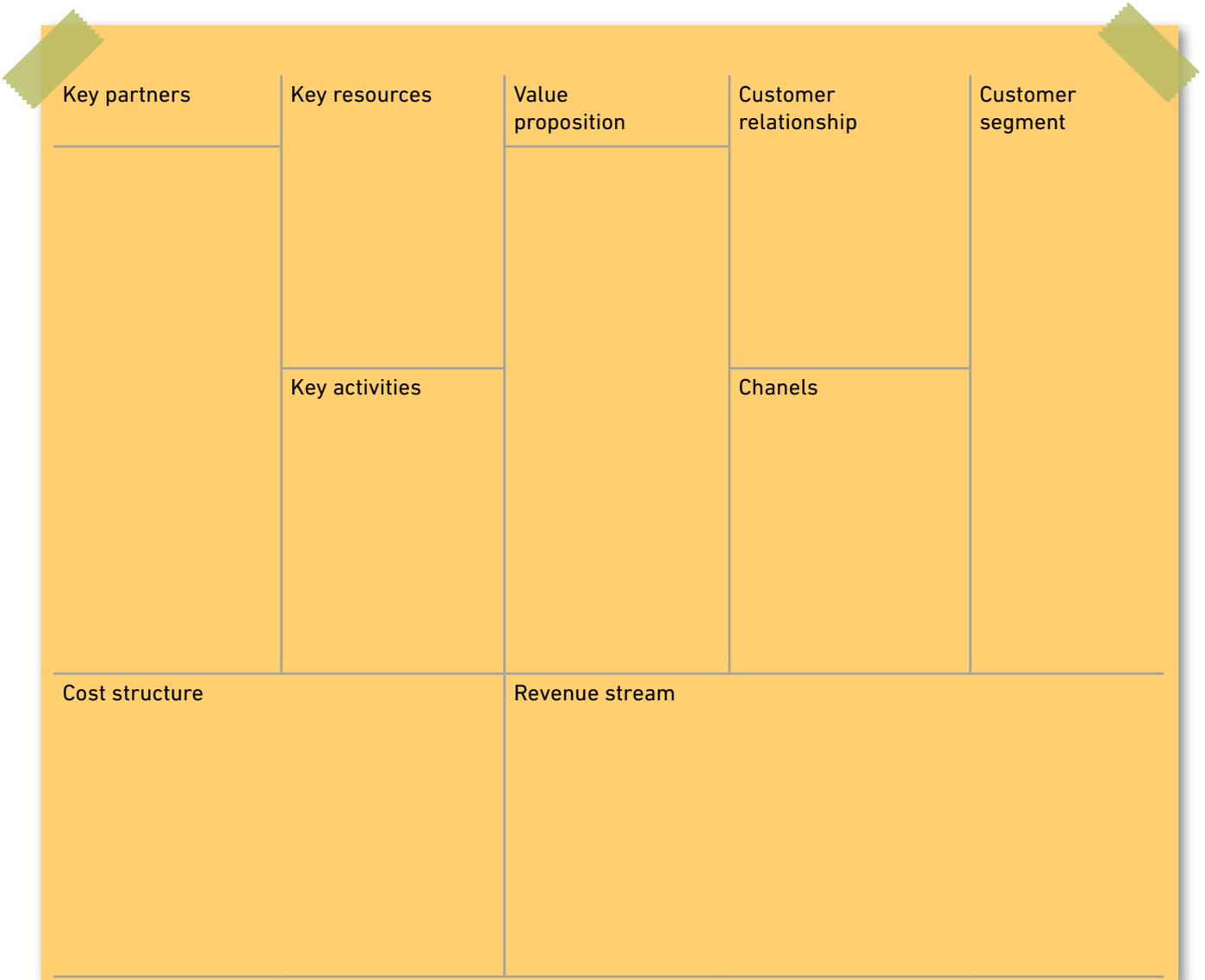


10.4 Homework

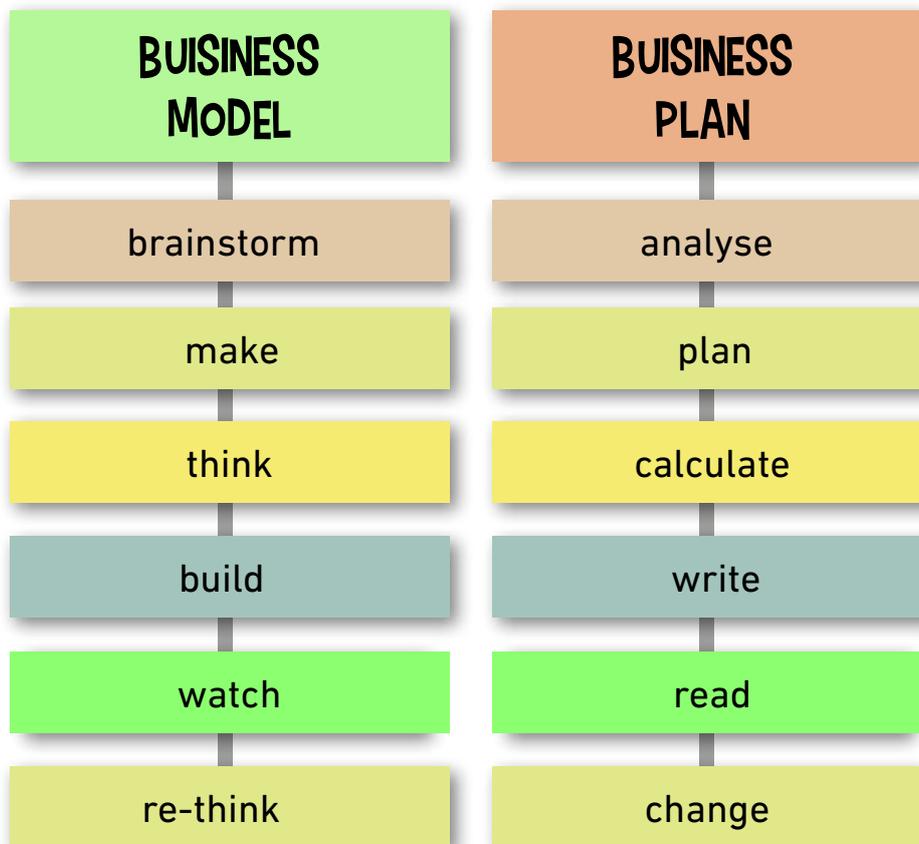


Write in 1 sentence what is a business model for Google Corporation?

Define the Google Corporation Business model by using Canvas model



10.5 Comparison by associations



10.6 Additional material

Video:

- Osterwalder explaining the Business Model Canvas
<https://m.youtube.com/watch?v=RzkdJiax6Tw>

Website:

- <http://www.businessdictionary.com/definition/business-plan.html#ixzz3e3pP8CMS>

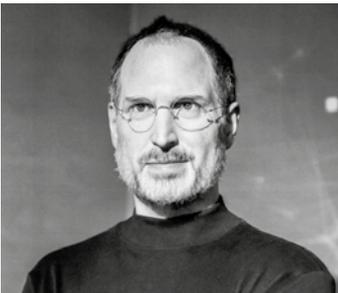
Session 11: Costs and revenue streams

By the end of the session students will:

- Distinguish between different types of costs
- Understand revenue streams

Why:

- To learn how to make a business model sustainable



MY FAVOURITE THINGS IN LIFE DON'T COST ANY MONEY. IT'S REALLY CLEAR THAT THE MOST PRECIOUS RESOURCE WE ALL HAVE IS TIME. AS IT IS, I PAY A PRICE BY NOT HAVING MUCH OF A PERSONAL LIFE.

Steve Jobs, 1985

In production, research, retail and accounting, a cost is the value of money that has been used up to produce something and hence is not available for use anymore.

Different types:

1. Manufacturing Costs vs. Non-manufacturing Costs

Manufacturing Costs are those costs that are directly involved in the manufacturing of products/ services. Examples of manufacturing costs include raw materials costs and charges related to workers. Manufacturing costs are usually divided into; the cost of material, labour costs, manufacturing costs. Non-manufacturing Costs are those costs that are not directly incurred in manufacturing products/services. Examples of such costs are the salaries of sales personnel and marketing expenses. Generally, non-manufacturing costs are classified into Selling and distribution costs, administrative costs.

2. Direct costs vs. Indirect costs

A direct cost is the material, labour, expense or distribution cost associated with producing a product. It can be accurately and easily traced to a product, department or project. For example, suppose a worker spends eight hours building a car for a car manufacturing company. The direct costs associated with the car are the wages paid to the worker and the parts used to build the car. On the other hand, an indirect cost is an expense unrelated to producing a good or service. An indirect cost cannot be easily traced to a product, department, activity or project. For example, a semiconductor company rents office space in a building and produces microchips. The wages paid to the workers and the materials used to produce the microchips are direct costs. However, the electricity used to power the entire building is considered an indirect cost because it appears on one bill and is difficult to trace back to the semiconductor company.

3. Variable costs vs. Fixed costs

A fixed cost does not vary with the number of goods or services a company produces. For example, suppose a company leases a machine for production for two years. The company has to pay \$2,000 per month to cover the cost of the lease. The lease payment the company pays per month is considered a fixed cost. Contrary to a fixed cost, variable cost fluctuates as the level of production output changes. This type of cost varies depending on the number of products a company produces. A variable cost increases as the production volume increases, and it falls as the production volume decreases. For example, a toy manufacturer must package its toys before shipping products out to stores. This is considered a type of variable cost because, as the manufacturer produces more toys, its packaging costs increase. However, if the toy manufacturer's production level is decreasing, the variable cost associated with the packaging decreases.

Revenue

Revenue is the amount of money that is brought into a company through its business activities. In the case of government, revenue is the money received from taxation, fees, fines, inter-governmental grants or transfers, securities sales, mineral rights and resource rights, as well as any sales that are made.

A REVENUE STREAM IS ONE FORM OF REVENUE. REVENUE STREAMS REFER SPECIFICALLY TO THE INDIVIDUAL METHODS BY WHICH MONEY COMES INTO A COMPANY.

Investopedia, 2015

Common classification of revenues is based on: Operating revenue and Non- Operating revenue. Operating revenue is any revenue derived from the company's main business, such as the sale or service of its products. Royalty revenue, money received from licensing rights the company grants, is also commonly considered as being part of operating revenue. Non-operating revenue is revenue that does not originate from the company's operation of its primary business activity, but from some secondary income source.

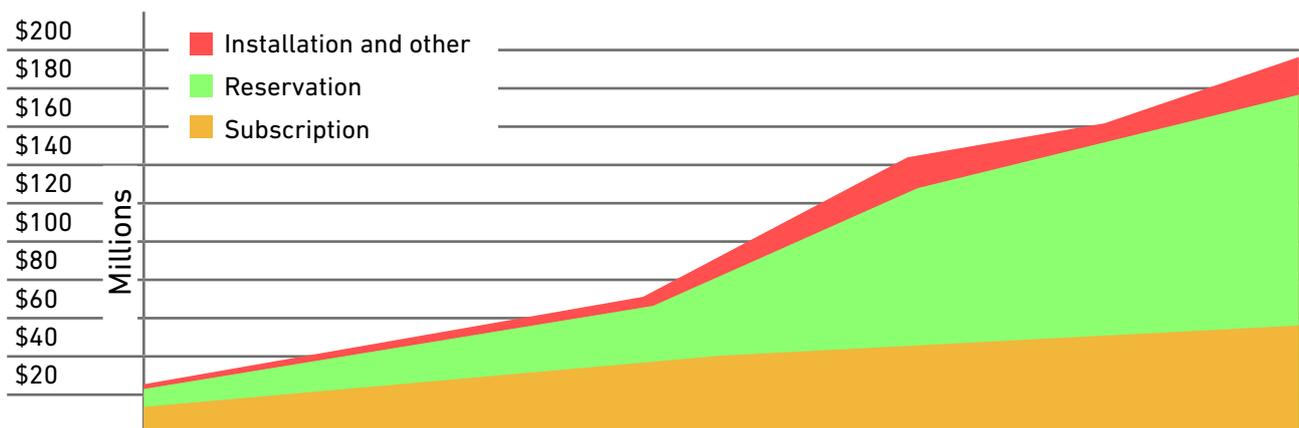


Figure 27. An example of total company revenues by type/name

Do you know what Google's main type of revenue is?



Figure 28. Google's revenue is based on marketing ... 97% in 2011.

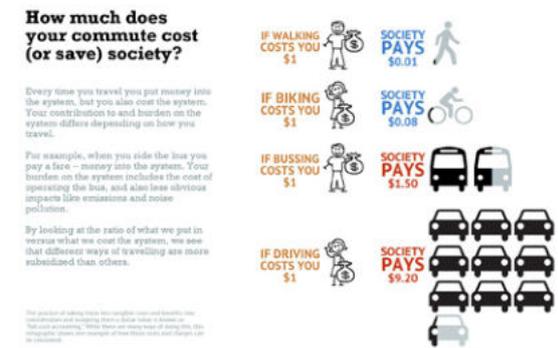
- * When discussing costs and revenues you can explain also price determination methods to the students. Read more about it here:
- <http://www.businessmanagementideas.com/pricing/price-determination-6-factors-affecting-price-determination-of-product/2267>
 - <http://www.yourarticlelibrary.com/marketing/pricing/price-determination-cost-competition-and-demand-based/49117>

11.1 Icebreaker



Exercise 26. Calculation

Try to calculate what are your (group) total transportation costs for coming to the school/office/meeting? Once you get the final amount then find out who has the highest and who the lowest. Make a plan that the total transportation cost for the next meeting will be lower than those from today session ...



* Students can do this exercise also for their own business idea instead of the example above.

11.2 Cost and revenue planning



Exercise 27. Costs and revenue for a known company

Plan the cost and revenue for one high-profit company like Apple and NGOs like Greenpeace. Use the template below:

What are the costs? How would you name it?

Type?

COST STRUCTURE

What are the revenues?

Type?

REVENUE STREAM

* Students can do this exercise also for their own business idea instead of the example above.

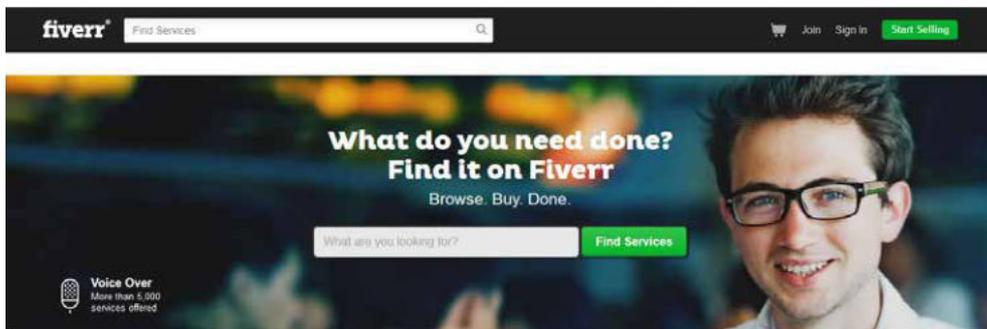
11.3 Homework

fiverr.com challenge

The challenge is about making money at fiverr.com. Come up with an idea to sell any kind of service or product for 5 \$. The web platform fiverr.com has published tens of thousands of offers, which are daily seen by over a million users. The task is to publish an advertisement for a particular service/product that you invent. Be as creative as possible and while you log-in, upload your offer. The challenge is open for one week, and the winner will be the person with max revenue. If nobody sells anything, then we check the number of views. The winner will be the person with max number of views.

Tips:

- Use social media accounts to spread the word about your post on fiverr.com.
- The advertisement should be as unique as possible (an interesting offer, good copywriting, attractive, perhaps you can make a short video presentation).
- Check interesting web pages with additional tips, like <http://money.usnews.com/money/personal-finance/articles/2013/08/07/the-secret-to-making-money-on-fiverr>.



11.4 Additional material

Books:

- Osterwalder, A., Pigneur, Y., & Clark, T. (2010). Business model generation: a handbook for visionaries, game changers, and challengers. Hoboken, USA: Wiley.

Videos:

- https://www.youtube.com/watch?v=bgp_AAxUJpQ
- <https://www.youtube.com/watch?v=tRaEOYvmBmA>

Websites:

- <http://www.investopedia.com/ask/answers/041415/what-are-different-types-costs-cost-accounting.asp>
- <http://www.investopedia.com/ask/answers/010915/what-types-revenue-are-taxable.asp>

Session 12: Team = People = Make a “Company”

By the end of the session students will:

- Understand the role of the team in the business world
- Distinguish between different team roles

Why:

- To build a successful start-up team

12.1 Icebreaker



Exercise 28. The marshmallow challenge

In eighteen minutes, teams must build the tallest free-standing structure out of 20 sticks of spaghetti, one yard of tape, one yard of string, and one marshmallow. The marshmallow needs to be on top.



Questions for a discussion:

- *How did you feel during the exercise?*
- *How did you come up with ideas?*
- *What was the role of every team member in this exercise?*
- *What did you learn from the exercise?*
- *What would you change in your approach if you would need to repeat this exercise?*

More about the challenge: <http://marshmallowchallenge.com>



Exercise 29. Group and team

What is the difference between group and team?



Which sentence is true?

- All groups are teams.
- All teams are groups.



Figure 29. TEAM = Together Everyone Achieves More.

In order to succeed every start-up team needs to excel 3 aspects of their business: product, marketing and finance. However, an individual cannot excel in all 3 areas. Therefore, a team has a greater likelihood to succeed. It is not a coincidence that start-ups founded by a team are usually more successful than start-ups founded by individuals.



Figure 30. Product, marketing, finance – essential aspects of a start-up.



Exercise 30.
Start-up teams

Which companies founded by teams do you know?

Which companies founded by an individual do you know?

COMPANIES FOUNDED BY TEAMS

COMPANIES FOUNDED BY INDIVIDUAL

12.2 Team Roles



Exercise 31. Belbin team roles

Use the figure below and discuss what your natural roles are when working in team. In which roles you do not fit? Is it easier to cooperate with similar or different people.

TEAM ROLE	CONTRIBUTION	ALLOWABLE WEAKNESSES
Plant	Creative, imaginative, free-thinking. Generates ideas and solve difficult problems.	Ignores incidentals. Too preoccupied to communicate effectively.
Resource Investigator	Outgoing, enthusiastic, communicative. Explores opportunities and develops contact.	Over-optimistic. Loses interest once initial enthusiasm has passed.
Co-ordinator	Mature, confident, identifies talent. Clarifies goals. Delegates effectively.	Can be seen as manipulative. Offloads own share of the work.
Shaper	Challenging, dynamic, thrives on pressure. Has the drive and courage to overcome obstacles.	Prone to provocation. Offends people feelings.
Monitor, Evaluator	Sober, strategic and discerning. Sees all options and judges accurately.	Lacks drive and ability to inspire others. Can be overly critical.
Teamworker	Co-operative, perceptive and diplomatic. Listens and averts friction.	Indecisive in crunch situations. Avoids confrontation.
Implementer	Practical, reliable, efficient. Turns ideas into actions and organises work that needs to be done.	Somewhat inflexible. Slow to respond to new possibilities.
Completer, Finisher	Painstaking, conscientious, anxious. Searches out errors. Polishes and perfects.	Inclined to worry unduly. Reluctant to delegate.
Specialist	Single-minded, self-starting, dedicated. Provides knowledge and skill in rare supply.	Contributes only on a narrow front. Dwells on technicalities.

Figure 31. Belbin's team roles

Source: <http://www.traininggearasia.com/psychometrics/1936-2/>

Belbin also provides a questionnaire in order to identify team roles of individuals: <http://www.belbin.com/rte.asp?id=8>.

* You can discuss team roles and do the questionnaire also at the beginning of the training and divide students into teams according to their specific roles. They can also form groups based on their preferences and strengths (e.g. the team can have one member interested in developing ideas, one in field research, one in finances, one in product development etc.).

The infographic displays nine Belbin team roles arranged in a 3x3 grid. Each role is represented by a person holding a sign with a specific icon. The roles and their characteristics are as follows:

- Resource Investigator** (Pink sign with telephone icon):
 - ✓ Go outside the group to initiate new contacts. Develop the ideas of the PLANT. Use your enthusiasm to build up other people's enthusiasm. Search out new markets. Negotiate with others.
 - ✗ Let people down by neglecting to follow up arrangements. Talk too much so others cannot get enough air time.
- Teamworker** (Green sign with group of people icon):
 - ✓ Promote good team atmosphere by reacting to the needs of others. Support members of the group when necessary. Become a broker in times of argument, and defuse any hostility.
 - ✗ Avoid situations that may entail pressure. Side with the most dominant in a desire to please.
- Co-ordinator** (Blue sign with person with arms raised icon):
 - ✓ Establish an air of authority over the team with your mature approach. Bring others into discussions when they have things to contribute. Hold the group together. Praise and encourage others.
 - ✗ Take credit for the effort of the team. Overplay your status. Neglect to do your fair share of the work.
- Plant** (Yellow sign with lightbulb icon):
 - ✓ Come up with ideas and suggestions for solving problems and working out solutions. Invent a new way of tackling the issues in hand. Create an original piece of work. Look at things from a different angle.
 - ✗ Evaluate your own ideas. Have strong ownership of your own ideas when co-operation with others would yield better results.
- Monitor Evaluator** (Purple sign with eye icon):
 - ✓ Provide a balanced opinion on all ideas and options. Be ready to explain what actions you prefer and why. Stop ill thought out courses of action. Take your time over your decisions.
 - ✗ Be seen by the team as a cynic. Give a negative reaction to everything you hear. Dampen the positive approach of the team.
- Specialist** (Brown sign with magnifying glass icon):
 - ✓ Show your enthusiasm for a particular subject. Cultivate a sense of professionalism and encourage your fellow team members to trust your knowledge. Keep your expertise and skills up-to-date.
 - ✗ Discount the importance of factors outside your own area of competence. Become over protective of the boundaries of your job area.
- Shaper** (Red sign with crossed swords icon):
 - ✓ Get things moving. Stop complacency and laziness. Be honest, straightforward and open with others. Make sure the team is achieving goals. Push things forward.
 - ✗ Hold grudges, become overbearing. Lose your sense of humour when the going gets tough.
- Implementer** (Dark blue sign with globe icon):
 - ✓ Organise systems. Ensure you and others follow the laid out procedures. Get down to the practical issues. Try and turn ideas into action. Be loyal to your organisation and people within it.
 - ✗ Obstruct change. Be resistant to new ideas of the team. Be seen as a "stick in the mud".
- Completer Finisher** (Dark red sign with magnifying glass icon):
 - ✓ Try to raise standards in all you do. Concern yourself with detail. Use your ability to help other members of the team who may not be so strong on accuracy. Promote excellence.
 - ✗ Allow perfectionism to turn into obsessive behaviour. Penny pinch or split hairs on trivial issues.

Figure 32. How to communicate effectively with different people?
<http://www.belbin.com/media/1489/things-to-do-and-not-to-do.pdf>

Session 13: Presenting your business idea

By the end of the session students will:

- Be able to make a video to promote their business idea
- Create an effective pitch

Why:

- To develop and improve presentation skills

**“TIMING, PERSEVERANCE, AND TEN YEARS OF TRYING WILL
EVENTUALLY MAKE YOU LOOK LIKE AN OVERNIGHT SUCCESS.”**

Biz Stone, co-founder of Twitter

13.1 Icebreaker



Exercise 32. Fortune cookie

Write a positive message to your colleagues in order to give them courage to deliver an effective pitch. Write a message on a piece of paper, wrap a single chocolate in the paper and put it all together in a box. Every student takes one chocolate with a message from the box.



Questions for a discussion:

- *How did you feel when you read the message?*
- *What is the connection between positive messages and our self-confidence?*

13.2 Video

A short video of your business idea will make your idea visible and ready to promote. In making the video be aware that less is more. Long videos do not attract attention so keep it short that is **max 3 minutes**.

The aims of the video are:

- To attract potential investors to see your business idea.
- To promote the idea to your customers.

HERE ARE SOME TIPS ON MAKING GOOD VIDEOS:

- Our video should clearly tell a story about who you are. People will only trust you if they can relate to an individual who has a history.
- The story behind the project is always quite interesting. Aspects such as how you came up with the idea, how far is its completion and how passionate you are about your campaign.
- In order to generate funds, you will have to explain why you need them and how you will use these funds during the project.
- Your video should focus on the interests of the audience.
- If you are starring in the video, dress decently.
- Introduce the people you are working with.
- Use humour if you can in the right way.
- Give a prototype demonstration for a clear focus.
- The video's thumbnail should be strategic arousing viewer's curiosity.
- Don't put any copyright music in your video without seeking permission first.

Source: <http://thestartupvideos.com/video-tips/tips-to-create-video-kickstarter-campaign/>

13.3 Pitch

Every pitch has 2 elements: the content and the delivery of the message. In order to make a pitch effective, you need to consider both elements.



Figure 33. Two elements of a pitch

PITCH STRUCTURE

Nevertheless, a pitch is short (5 minutes max) and you need to provide answers to several questions (Gray, Brown, & Macanufo, 2010):

- **Who is the target customer?** Do not say, everyone. Have a clear idea about your customer profile.
- **What is the customer need?** Say what the customers' problem is and what solution you will provide with your product/service.
- **What is the product name?** Not just name, also the whole brand including logotype and slogan is important.
- **What is the market category?** This is a description of the idea, for instance, employee portal, training programme, a peer-to-peer community.
- **What is the key benefit?** This is the answer to why to buy your product.
- **Who or what is the competition?** There is always competition. Acknowledge it and say how your solution is better.
- **What is the product's unique differentiator?** Say who or what the target customer compares this idea to, and what's unique about your idea.

PITCH EVALUATION

CATEGORY	DESCRIPTION	POINTS				
Idea	What is it? How does it work? (clear and well-understood description of the product or service)	1	2	3	4	5
Customer	Who is it for? (initial target market is clearly described and sized)	1	2	3	4	5
Need	Why do they need it? (the problem or opportunity fit is clearly stated and understood)	1	2	3	4	5
Business model	How do you make money? (the various elements of the business model are clearly understood)	1	2	3	4	5
Differentiation	What makes it unique and different? (certain unique aspects that resonate with the target group/target market have been identified and substantiated)	1	2	3	4	5
People	The team has or has identified needed skills, contacts, and experience)	1	2	3	4	5
The ask	The financing plan is sensible and a specific amount of funding identified	1	2	3	4	5

13.4 Homework

Find and watch at least 3 best videos for promoting business idea on Kickstarter (www.kickstarter.com) and Indiegogo (www.indiegogo.com).

13.5 Additional material

Amy Cuddy: Power poses

- https://www.ted.com/talks/amy_cuddy_your_body_language_shapes_who_you_are
- <https://www.youtube.com/watch?v=zmR2A9TnIso>

NOTES

Glossary of important terms

1. **Accounting** – a system that provides quantitative information about finances.
2. **Assets** – the value of everything a company owns and uses to conduct their business.
3. **Business** – an organization that operates with the intention of making a profit.
4. **Business to Business (B2B)** – one business sells goods or services to another business.
5. **Business to Consumer (B2C)** – a business sells goods or services directly to the end user.
6. **Concentration** - the measure of how much business you are doing with a specific client or partner (relying on one or a couple of clients and partners is over-concentration).
7. **Contract** – a formal agreement to do work for pay. $CRR \text{ (in \%)} = ((\text{number of customers at end of period} - \text{the number of new customers acquired during the period}) / \text{number of customers at the start of period}) \times 100$
8. **Customer acquisition cost (CAC)** - the cost of landing a customer. Add up the cost of marketing and sales and divide by the number of customers you land during a specific time frame. Spend \$200 and acquire 10 customers and your CAC is \$20.
9. **Customer lifetime value (CLV)** - some percentage of customers become repeat customers. The more repeat customers you have, and the more those customers spend, the higher CAC you can afford. CLV is often tricky to calculate and does involve making a few assumptions, at least during the startup phase. But once you've built a little history you can start to spot customer retention and spending trends.
10. **Customer retention rate (CRR)** – a key metric that indicates what percentage of your customers have stayed with you over a given period of time, and can be calculated on an annual, monthly, or weekly basis. One accurate way of measuring it:
11. **Debt** - loans from banks (or other organisations) that must be repaid over time.
12. **Depreciation** – the degrading value of an asset over time.
13. **Entrepreneur** – someone who organizes, manages and takes on the risk of starting a new business.
14. **Equity** – money obtained from investors in exchange for ownership of a company.
15. **Expense** – money spent on supplies, equipment or other investments.
16. **Finance** – the management and allocation of money and other assets.
17. **Fixed Cost** – a one-time expense that doesn't vary with business volume.
18. **Gross Margin:** the percent of total sales revenue that a company keeps after subtracting the cost of producing its goods or services. The higher the percentage, the more the company keeps on each dollar of sales (if a company's gross margins are 25 % for every dollar of revenue generated, the company will retain \$0.25 before paying the salaries, rent etc.).
19. **Industry** – a category of like businesses.
20. **Investor** – any person who gives, invests capital with the expectation of financial returns. He utilises investments in order to grow his money and/or provide an income during a specific period of time. Investors typically perform analysis to determine favorable investment opportunities and generally prefer to minimize risk while maximizing returns.
21. **Liabilities** – the value of what a business owes to someone else.
22. **Management** – the act of organizing and conducting a business to accomplish goals and objectives.
23. **Marketing** – the process of promoting, selling and distributing a product or service.
24. **Net Income/Profit** – revenues minus expenses.
25. **Net Worth** – the total value of a business.

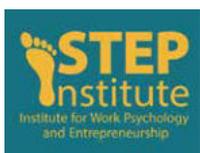
- 26. Payback Period** – the amount of time it takes to recover the initial investment of a business.
- 27. Product** – something produced or manufactured to be sold; a good.
- 28. Profit Margin** – the ratio of profit divided by revenue displayed as a percentage.
- 29. Return on Investment (ROI)** – how much money a business gets in return from an investment.
- 30. Revenue** – the entire amount of income before expenses are subtracted.
- 31. Sales Prospect** – a potential customer.
- 32. Service** – work completed for pay that benefits another.
- 33. Stakeholder** – A person, group or organization that has interest, concern in an organization/company and can affect or be affected by the company's actions, objectives and policies. Examples: creditors, directors, employees, government, owners (shareholders), suppliers, unions, and the community from which the business draws its resources.
- 34. Supplier** – an organization that provides supplies to a business.
- 35. Target Market** – a specific group of customers at which a company aims its products and services.
- 36. Variable Cost** – expenses that change in proportion to the activity of a business.

Additional resources:

- <http://futureofstuffchallenge.org/download/business/breaker-glossary.pdf>
- <https://www.economist.com/economics-a-to-z/a>
- https://webcache.googleusercontent.com/search?q=cache:wx__T hReTMJ:
- [https://hcc.instructure.com/courses/30097/files/878559
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