



Opportunity Evaluation: Having Fun and Learning Too

An abstract for the Small Enterprise Association of Australia and New Zealand 16th Annual Conference, Ballarat, 28 Sept-1 Oct, 2003.

Professor Tom McKaskill
Australian Graduate School of Entrepreneurship
Swinburne University of Technology
Hawthorn, Melbourne Victoria
Ph: +61 3 9214 8422
FAX: +61 3 9214 8381
tmckaskill@groupwise.swin.edu.au

Abstract

The major contribution of entrepreneurship to the community has been the opportunity evaluation screening process. No other formal discipline in management brings together the range of elements required to evaluate a venture proposal. It combines subject matter from marketing, accounting, organisation and leadership, finance and strategy. It is a wake up call to budding entrepreneurs - ideas are plentiful; those that can create sustainable ventures are not.

At the Australian Graduate School of Entrepreneurship (AGSE), Opportunity Evaluation (OE), a prerequisite to the Business Plan subject, is the introductory subject in the masters programme. Students come from every imaginable discipline, often without prior business experience, but with lots of ideas, energy and passion. The task of the OE instructor is to excite, challenge and educate them. While this has always been a popular and life changing subject over the 17 years that entrepreneurship has been taught at Swinburne, recent changes in the way the subject is taught has greatly improved the learning outcome.

The subject now starts with an experiential exercise; how to create a business from a useless object (maybe). This 40 minute session takes the student through the major screening questions;

- What is it
- Who is the customer
- What is the value proposition
- What is the price (how is it being positioned)
- What is the competitive advantage
- How is it to be distributed
- How is the business sustainable
- How would you exit the business

The exercise is a summary version of the entire subject. The students are arranged in groups of 4-6 and asked to provide a short presentation on their solution after 20-30 minutes. Because the



object has no obvious or inherent functionality, no electronics or mechanical features are allowed, the benefits must be created by the group. Finding a ‘compelling reason to buy’ becomes the major challenge. Making the business sustainable then becomes the critical task.

With this exercise, students are provided with an overview of the entire subject within the first few hours of the first session. What it mostly teaches them, is how much they don’t know. It also shows them that it can be fun and interesting. Since there are always some outrageous proposals, which are often required to solve the problem, they also see how creativity is important in overcoming business constraints.

Further into the subject, each student is asked to present a business idea in one minute (actually 60 seconds timed with a stop watch). This is, for most students, very challenging and they learn to refine their ‘pitch’ and practice it before their second presentation. From the business ideas, students form into groups and work on a group venture proposal. Presentation skills as well as good use of the screening process are expected from the students.

This session at the conference will include an audience participation exercise on building a great business using a useless object.