



## **Session 4 – Ideation Transcript**

“All businesses need just three things: (1) something to sell, (2) someone to buy, (3) and an economically viable model to facilitate buying and selling. Once you’ve identified an opportunity that is worth pursuing, the next step in the entrepreneurial process is ideation - generating the specifics for these components of your business.”

“This video focuses on ideation. However, before we discuss forming and developing ideas, it’s important to acknowledge that the entrepreneurial process is not always linear. For example, you might wake up one morning with an idea for something that you can make and sell without having gone through the process of opportunity recognition and screening. If so, great, but rather than just charging ahead, I’d encourage you to consider the nature of the opportunity for your idea. What people or organizations have problems, points of pain or unmet needs that you can solve? Then, once you understand the nature of the opportunity, screen it to ensure that pursuing the opportunity represents the highest and best use of your time.

All too often, I see students get stuck on product and business ideas without having really explored the nature of the problem or their passion and skills for solving it. This leads to a lot of fruitless action that ultimately leads back to opportunity recognition and screening or failure.

“So what is ideation? Ideation is a fancy word with a simple meaning. It refers to the process of forming and developing ideas. Another way to think about ideation in entrepreneurial contexts is problem solving. Entrepreneurs try to generate solutions that people or organizations will want to buy to solve their problems and alleviate their pains.”

“Thinking of ideation as problem solving enables us to use a design-thinking-based framework consisting of three phases: Understand, Imagine, and Refine.

The Understand phase involves making doubly sure you’re clear on the problem you’re solving. The goal is to get to the root cause of the pain or unmet need that the opportunity is based on. Root cause analysis and the 5Ys are one way to do this. The basic idea is to start with an observation or an assumption about a customer pain and then try to determine its root cause by asking “why” up to five times.

For example, if I’ve observed that university students are unattractive to employers because they generally fail to adapt to changing job responsibilities, then I could ask why until we reach the root cause. Let’s see how it would go...

University students aren't able to adapt to changing job responsibilities. Why?

Their course work focuses almost exclusively on well-defined assignments and grading rubrics that limit the need for independent thought. Why?

Students complain if the grading criteria are not well-defined. Why?

Students feel pressure to earn high grades. Why?

High grades are viewed as a crucial signal of ability and career potential. Why?

There is a general lack of alternative signals of ability and career potential.

This is a possible root cause – the lack of alternative signals of ability and potential ends up causing the observed problem of students not being able to adapt to changing job responsibilities. If so, we now understand the problem and can begin to imagine solutions.

The imagine phase is all about creativity and divergent thinking - generating lots of potential solutions and considering them from different perspectives and senses.

“One of the biggest misperceptions that people have is that there are creative and uncreative people. The truth is that we are all capable of generating a wealth of new creative ideas, and there are many processes and techniques that can be used to help us.”

Tony Middlebrooks – “Brainstorming is one of many, many techniques and there are a variety of ways that you can change brainstorming itself as a technique as well as add other techniques.

One of my favorite techniques is called reverse brainstorming. So if I'm trying to figure out how to make something more effective, I have folks brainstorm, generate lots and lots of ideas for how to make it less effective. And that alternate perspective actually generates some really interesting ideas that you wouldn't have thought of if you looked at it straight forward. Another interesting technique we use, and these are common creativity techniques that have been researched for 20-30 years, attribute listing and attribute modification. If for example we're trying to improve a car, and we think about all the attributes of a car, all the parts of a car. How does it ride, the tires, the steering wheel, the seats, the color; all those are attributes and they are things that can be modified, combined, added to, shrank, expanded and taking those attributes and changing them is a fun way to generate lots and lots of ideas."

"When you are in the imagine phase it is important to remember that ideas are like new-born babies. They don't come out walking and talking and making sense. They need some nourishment and nurturing, and you should hold off on evaluating your ideas right away because you may fail to see their potential. Continue to imagine and diverge in your thinking and don't rush too quickly to begin evaluation and refinement."

Grace Leong – "They know they have good ideas and that's the first I think great quality of any entrepreneur; you have great ideas and you have such passion. But in order to really realize that passion and those creative ideas, you have to go through a process of learning how to actualize those ideas. And that's what an education in entrepreneurship would give that passionate idea generator; they need to know process. And that is something that they don't normally like or that goes against their nature, but you need to understand that because as you go through your life as an entrepreneur you are going to have to rely on process and order. And you can really only learn that in an educational track, and it really does help get your ideas to market faster if you have that disciplined learning behind you as well."

Once you have truly exhausted your ability to imagine it is time for the refinement phase, which involves convergent thinking - taking your most promising ideas and continuing to clarify and improve them until you have a vision for something to sell, someone to buy and at least some notion of the model you'd use to facilitate buying and selling (for example, selling online)."

"When you do get to the refine phase, pick the most intriguing idea you have and train yourself to think of the positives first. What captured your interest? Try to find 3 plusses before you start listing your concerns."

“It’s natural to notice flaws in your ideas, that’s why you have to train yourself against a negativity bias. When you have some concerns about an idea, which you will, don’t say, “it won’t work because it’s too expensive,” or “it will take too long,” say “I wish it were cheaper” or “how can we make it faster.” The wording is important because you say “I wish” or “how can we,” it becomes a new problem to work on. It continues the process instead of cutting it off with a “well, that won’t work.” You just have to keep cycling through until you have a workable idea.”

David Pensak – “Every start-up that I’ve done, I’ve had moments of sheer terror, times when I was convinced I had to be the dumbest creature on earth; why didn’t I see these issues coming? I’ve stepped on enough landmines, I have seven prosthetic toes, but once you succeed it is so much fun you can’t wait to do it again. -and that’s what makes it worth doing.”

“In Thinktoys, Michael Michalko wrote that “even the hot dog, as we know it, is the result of asking the right refinement question at the right time.” In 1904, Antoine Feutchwanger was selling sausages at the Louisiana Exposition. First he tried offering them on individual plates, but this proved too expensive. He then offered his customers white cotton gloves to keep the franks from burning their finders. The gloves were expensive too, and customers were walking off with them. So Antoine and his brother-in-law, a baker, sat down to figure out what inexpensive item could be added to “magnify” the frankfurter and prevent people from burning their fingers. His brother-in-law said something like:”

“What if I baked a long bun and slit it to hold the frank? Then you can sell the franks, and I can sell you buns. Who knows, it might catch on.”

“Sure seems like it has...”