

## LESSON 8-6: Entrepreneurship

### Monetizing an Idea

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*“Opportunity is missed by most people because it is dressed in overalls and looks like work.”*

*“Genius is 1 percent inspiration and 99 percent perspiration.”*

— all by Thomas Edison

### WELCOME & PRAYER

### PREVIOUS LESSON FOLLOW UP

- What did you learn when you listened to Jeff Bezos talk about Amazon that might apply to you or your business?

### KICK OFF QUESTION

- Reviewing Thomas Edison’s quotes above, he obviously thought hard work was more important than having an “entrepreneurial gene”. What are your thoughts?

### PRIMARY SCRIPTURE

“I tell you the truth, the Son can do nothing by himself. He does only what he sees the Father doing. Whatever the Father does, the Son also does. For the Father loves the Son and shows him everything he is doing. In fact the Father will show him how to do even greater works...” John 5:19-20 (NLT)

#### **Discussion Question:**

- Do you ever consider that God might be at work around you in your business? How might He give you direction? How do you know what you think you hear is from God?

### BIG PICTURE

Obviously, monetizing an idea starts with an idea. It is not just any idea. A great idea creates value through new products or new business models. The true test of its value is if people are willing to pay for what the idea creates. Our challenge, as entrepreneurs, is finding a valuable idea.

Some people are idea generators. They wake up in the morning dreaming up ideas. Everyone knows someone like this. But this does not mean that any of these “dreams” are a worthy business idea. Likewise, there are people who are not idea generators but have created phenomenal businesses. They created new business models by taking others’ ideas, products or services to birth an extra special business.

Let's examine two examples. One is based on creating new products and the other on creating a new business model. As a bonus, there is a third business presented that is a local company you might appreciate learning about.

## Thomas Edison, Inventor and Entrepreneur – Creating New Products

Everyone knows Thomas Edison as an inventor. He invented the first commercially viable incandescent light bulb, along with 1,093 other items including the electric generator, electric pen, fuel cell, storage battery, and motion pictures. He was awarded 2,332 patents—the third most of any American. Edison was also a [prolific entrepreneur](https://bit.ly/37kX6Nf) (<https://bit.ly/37kX6Nf>). At the age of 12 he created a paper filled with the latest news stories and sold it on trains, hiring other young boys as employees. He eventually started or invested in many businesses. In fact, [Edison General Electric Company](https://invent.ge/2MI3o1B) (<https://invent.ge/2MI3o1B>) was the predecessor company to General Electric Company (GE).

As you see from the quotes at the beginning of this lesson, Edison was focused on hard work. He captured his thoughts about life, inventions and business in over 3,500 journals containing more than 5 million pages of his notes. Edison's success did not spring from a single moment of inspiration. On the contrary, it was the result of a disciplined practice which led to changing the world that we live in today. Below is a portion of his 103 item To Do List from a five-page entry in his journal from January 3, 1888.

Cotton picker	Artificial ivory	Silver wire wood cutting
New standard phonograph	Telephone repeater	Mercury out of lamps
Hand turning phonograph	Magnetic railroad signals	Artificial natural pearl
Refining copper electrically	Marine telegraphy	Sorting coal from slate
Electrical piano	Chalk battery	Phonographic clock
New pyromagnetic dynamo	Ink for blind	Deaf apparatus
Artificial silk	Snow compressor	Cheap Voltmeter

Edison's entrepreneurship was based on developing new products. Once commercially developed, he started a company to manufacture and sell these products.

## Starbucks - Creating A New Business Model

Two teachers and a writer founded the initial Starbucks concept in Seattle in 1971. The original Starbucks concept did not sell brewed coffee but sold premium coffee beans and coffee equipment, copying the business model of a coffee store in Berkley, California. Nine years later, they had six retail outlets in Washington. It was the largest "coffee roaster" in the state. By almost any measure these three founders were very successful.

Enter Howard Schultz in 1981. Schultz was a coffee equipment sales representative supplying Starbucks with brewing thermoses. He was so impressed by what the three entrepreneurs had created by selling coffee beans that he joined the company as the head of marketing. He later attended a conference in Milan, Italy and began to understand the concept of a "coffee culture". His suggestion to the original Starbucks owners was to create a new concept of selling coffee and specialty coffee drinks, which would be a new retail business model. They did not want to jeopardize their existing concept and lose focus, so they said, "No". Eventually, Schultz left the company and founded Il Giornale, which became an immediate success selling espresso coffee. Two years later, in 1989, Schultz raised enough capital to

purchased Starbucks from its founders for \$3.7 million. He merged the two companies into the Starbucks concept we see today. He opened 125 stores in the first year using this new model. Currently, Starbucks has 30,000 stores in 80 countries.

Schultz took someone else's idea and created a new and superior business concept/model. He satisfied an unmet need that no one realized until he created it. Today, you can go into just about any neighborhood to enjoy a coffee shop, many of which are Starbucks. This did not happen until Schultz created the Starbucks idea. (Additional information on Starbucks is presented at the end of this lesson.)

### Extra Credit: KidStrong

[KidStrong \(https://www.kidstrong.com/\)](https://www.kidstrong.com/) is a unique concept that [identified a problem \(https://bit.ly/2SGeesO\)](https://bit.ly/2SGeesO) or issue waiting to be discovered. The owners have started several "gyms for kids" and are beginning to franchise their concept.

## CONCEPTS TO UNDERSTAND

Our entrepreneurial challenge: Discover a problem or an unmet need that needs a solution. That solution is the idea we are chasing. The problem might call for a new product, or it might create a new business model. We have to discover the problem or unmet need before we can find the solution. Therein lies the issue, because most of the time, people just want to start a business without thinking about solving a problem.

Interestingly, about every book, magazine article or blog on entrepreneurship focuses on coming up with that ONE BIG IDEA. Rarely is there a discussion on how to discover a problem that needs to be solved. We need a systematic process for discovery. As we explore, we might find a wonderful idea that helps us back into a problem, so we must be flexible as the process unfolds. There are no short-cuts. It takes significant energy to identify a problem and then develop a business solution.

### Suggested Process:

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1. Ask God in prayer to reveal to you how He might be at work around you and your journey.
2. Start a journal labelled "BIG PROBLEMS – BIG IDEAS". This needs to list everything that travels through your mind. When you see the journal on your desk, it will spur your thinking. You might even draw pictures to stimulate your thinking. If you think of something in the middle of the night, get up and write it down.
  - a. What are your problems?
  - b. What are the problems of your friends and family?
  - c. What challenges do you face in your day-to-day life?
  - d. What are your strengths and passions?
3. Talk to family, friends, co-workers, and business leaders to get ideas. Record conversations you have with people where you might ask questions like the following (you should modify these questions to suit your needs):
  - a. What are problems you see that need to be solved?
  - b. What frustrates you in business?
  - c. What types of activities could help you or other businesses?
  - d. Where do you see growth in business in the next five years?

- e. What concerns you about the current business environment?
  4. Brainstorm with anyone willing to brainstorm with you.
  5. Create a group that meets regularly to talk about these kind of issues.
  6. Listen to relevant Ted Talks and futurists.
  7. Learn by reading relentlessly.
  8. Attend professional and business conferences.
  9. When a potentially worthy idea is found, develop a flip chart or white board to help you visualize.
  10. Establish a relationship with a couple of business leaders that you respect. Then have the courage to listen to what they say regarding your ideas. Many times entrepreneurs get so enchanted by their idea they cannot listen to sound advice.
  11. Spend time every day discovering problems.
  12. Focus on finding hundreds of problems/ideas. After coming up with 500 ideas, narrow your list to your three best ideas to further explore.
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Thomas Edison wrote about the thinking he did for hours every day. He focused on quantity of ideas, not on quality. When he did this, he occasionally struck gold. His goal was one minor invention every ten days and one major invention every six months. He took a deliberate approach to creating ideas and then changing the world. We should do the same.

The following are resources that might be beneficial:

- This is a connection to the entrepreneurial community in Lexington: <https://www.startuplexington.org>
- Also, Awesome, Inc., based in Lexington, has an entrepreneurial program that includes pitch contests for potential investors. <https://www.awesomeinc.org/>
- [Listen to David Rowan](#) discuss innovation at “Talks at Google” in December 2019. He cites many examples of how various entrepreneurs developed and sustained ideas. (<https://www.youtube.com/watch?v=t9oJig3Ah98>)
- Listen to Jeff Bezos tell his story of [Amazon](#). This is inspiring. (<https://bit.ly/2Qybr3a>)
- [What not to do when starting a business](#) - Evan Carmichael (<https://bit.ly/2F2HCBF> )
- Googles Venture Capital Fund and Resources: <https://www.gv.com>
- Small Business Administration – <https://www.sba.gov/> This has a wealth of useful information in starting a company.
- Crowd sourcing is another technique to develop solutions, even to help define the problem. Here is an [sample website](#). (<https://bit.ly/2SFsfXU>)

As you begin this journey, the one thing you must keep in mind is that entrepreneurship is not a get rich quick scheme. If this is your deepest desire, rather than solving a problem, you will likely fail.

## EXERCISE

Begin an initial list of problems you see or ideas that you have for a business. List as many as possible with a goal of 100 ideas.

## Discussion Questions

1. Everyone share your initial list of ideas from the Exercise above with the group and brainstorm additional ideas. List as many ideas as possible on flip charts or a white board **without the temptation to critique or evaluate any idea**. Also, have someone capture every idea electronically to a computer to distribute to everyone.
  - a. When you think you have exhausted every idea, keep working on coming up with more ideas. This lesson is all about idea generation, not selecting or critiquing ideas. In the next lesson you will select one or two ideas to devote more energy. Think quantity over quality at this point.

## TAKE ACTION

Take Action is the last part of every 210Leaders lesson. This is always done to help create a habit. If you want to be an entrepreneur, it is critical that you begin this habit today. If you wait until tomorrow, you are procrastinating. Below is where you start. Good luck!

- Order a journal NOW! Here is a [good one](https://amzn.to/2Qak9js) (<https://amzn.to/2Qak9js>) that might work for you. You will get to prove you are serious about entrepreneurship when you share your journal at your next group meeting.
- Continue to come up with ideas prior to your next lesson. Read and research ideas. Visit some of the resources in this lesson. We highly recommend you purchasing [21 Days to a Big Idea](https://amzn.to/2smBhyh) (<https://amzn.to/2smBhyh>) listed below. It is available in Kindle or paperback versions.

## CLOSING PRAYER

## ADDITIONAL RESOURCES

- *21 Days to a Big Idea* by Bryan Mattimore (This is an excellent idea generation book)
- *Non-Bullshit Innovation – Radical Ideas from the Worlds Smartest Mind* by David Rowan
- *Entrepreneur’s Handbook – Everything You Need to Launch and Grow Your New Business* by Harvard Business Review
- *Business Model Generation* by Alexander Osterwalder and Yves Pigneur
- *Small Business Administration* – <https://www.sba.gov/>, This has a wealth of useful information in starting a company.

## STARBUCKS MISSION:

*To inspire and nurture the human spirit - one person, one cup and one neighborhood at a time.*

## OUR VALUES:

With our partners, our coffee and our customers at our core, we live these values:

- Creating a culture of warmth and belonging, where everyone is welcome,
- Acting with courage, challenging the status quo and finding new ways to grow our company and each other,
- Being present, connecting with transparency, dignity and respect, and
- Delivering our very best in all we do, holding ourselves accountable for results.

We are performance driven, through the lens of humanity.

Listen to an [interview](https://bit.ly/39qkpat) (<https://bit.ly/39qkpat>) of Howard Schultz at a business forum in London in 2013. He was born in Brooklyn in a federal subsidized housing project. He explains how the idea for Starbucks came to him. It also discusses how Starbucks reinvented itself during the 2008 financial crisis.

You can read more about Starbucks and how it reinvented itself by reading [“Onward: How Starbucks Fought for Its Life without Losing Its Soul”](https://amzn.to/358dCif) (<https://amzn.to/358dCif>) by Howard Schultz and Joanne Gordon