Assignment 2: The “Ideal” Business

# Introduction

Assignment 2 is worth 20 percent of your overall mark for the course and should be submitted after you complete all the learning activities for Lessons 1 through 3.

**You must submit this assignment to pass the course.**

This assignment will guide you through the steps to generate possible business ideas, evaluate their pros and cons, and select one idea to serve as the basis for the feasibility study you will complete in Assignments 4 and 5. You should get started on these two assignments as soon as you receive feedback on Assignment 2.

### Assignment Requirements

1. Assignment 2 has three parts. Complete each part according to the instructions provided below.
2. Review the marking scheme provided below the assignment instructions and ensure that your assignment meets all required criteria.
3. Submit **one** Word document (not PDF) through the Assignment 2 submission page.
4. Review the feedback your marker provides and get started on Assignments 4 and 5 right away.

# Part 1: Idea Generation

Generating ideas is a relatively simple procedure, the end result of which is a number of potential business opportunities that may or may not have a chance of becoming successful ventures. You undoubtedly have a few concepts in mind that you think could represent possible alternatives for a prospective new venture. If not, you might talk to friends and family who may have some suggestions for you to think about.

**Required:**

List **five** specific businesses or types of businesses that you think you might want to own and operate. Try to be as descriptive as you can in describing the core concept of the business and its potential market (i.e., provide a description of each business idea) in 25 words or less.

**Idea 1:**

**Idea 2:**

**Idea 3:**

**Idea 4:**

**Idea 5:**

# Part 2: Idea Evaluation

The textbook describes a framework developed by Richard Buskirk of the University of Southern California that you can use to evaluate the pros and cons of your potential business ideas. You should review Stage 2, Evaluating Your Ideas, Step 5: Compare Possible Solutions with Your Objectives and Brainstorm Solutions.

The Buskirk model is built around what he calls the “ideal” or “model” business and contains 19 distinct factors that affect the chances of success for any new business. These factors are listed in Table 2.3 in the textbook. Very few ideas will conform precisely to the specifications of the Buskirk model, but the more a business idea deviates from this ideal, the more difficulties and greater risks you are likely to encounter with that business. Testing your concepts against the model will also help identify the areas in which you might expect to have difficulties with your business.

**Required:**

1. **Select your three best ideas from Part 1.** You will evaluate each of them against the factors described in the model. This assessment will illustrate how well each of these ideas fit with the characteristics of the “ideal” business.
2. **Use the templates below to guide your analysis.** First, enter a brief (25-word) description of each idea you plan to analyze. Then, indicate how you would rate each idea on each of Buskirk’s factors by entering the appropriate number from 1 to 10, with 1 indicating a very poor fit with that criterion and 10 indicating an excellent fit. **You must provide a description and completed ratings template for each of your three ideas.** In addition, within the templates’ last column, please include 1-2 sentences that provide a rationale or explanation for your rating.
3. Finally, **add up the total scores for each idea**.

**Description of Idea 1:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Factor** | Poor  1 2 3 | Average  4 5 6 7 | Very Good  8 9 10 | Rationale for your rating |
| No investment |  |  |  |  |
| Recognized market |  |  |  |  |
| Perceived need |  |  |  |  |
| Dependable supply |  |  |  |  |
| No government regulation |  |  |  |  |
| No labour force |  |  |  |  |
| 100% gross margin |  |  |  |  |
| Frequent purchase |  |  |  |  |
| Favourable tax treatment |  |  |  |  |
| Established distribution |  |  |  |  |
| Great publicity value |  |  |  |  |
| Payment in advance |  |  |  |  |
| No liability risk |  |  |  |  |
| No technical obsolescence |  |  |  |  |
| No competition |  |  |  |  |
| No fashion obsolescence |  |  |  |  |
| No physical perishability |  |  |  |  |
| Impervious to weather |  |  |  |  |
| Proprietary rights |  |  |  |  |

**Description of Idea 2:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Factor** | Poor  1 2 3 | Average  4 5 6 7 | Very Good  8 9 10 | Rationale for your rating |
| No investment |  |  |  |  |
| Recognized market |  |  |  |  |
| Perceived need |  |  |  |  |
| Dependable supply |  |  |  |  |
| No government regulation |  |  |  |  |
| No labour force |  |  |  |  |
| 100% gross margin |  |  |  |  |
| Frequent purchase |  |  |  |  |
| Favourable tax treatment |  |  |  |  |
| Established distribution |  |  |  |  |
| Great publicity value |  |  |  |  |
| Payment in advance |  |  |  |  |
| No liability risk |  |  |  |  |
| No technical obsolescence |  |  |  |  |
| No competition |  |  |  |  |
| No fashion obsolescence |  |  |  |  |
| No physical perishability |  |  |  |  |
| Impervious to weather |  |  |  |  |
| Proprietary rights |  |  |  |  |

**Description of Idea 3:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Factor** | Poor  1 2 3 | Average  4 5 6 7 | Very Good  8 9 10 | Rationale for your rating |
| No investment |  |  |  |  |
| Recognized market |  |  |  |  |
| Perceived need |  |  |  |  |
| Dependable supply |  |  |  |  |
| No government regulation |  |  |  |  |
| No labour force |  |  |  |  |
| 100% gross margin |  |  |  |  |
| Frequent purchase |  |  |  |  |
| Favourable tax treatment |  |  |  |  |
| Established distribution |  |  |  |  |
| Great publicity value |  |  |  |  |
| Payment in advance |  |  |  |  |
| No liability risk |  |  |  |  |
| No technical obsolescence |  |  |  |  |
| No competition |  |  |  |  |
| No fashion obsolescence |  |  |  |  |
| No physical perishability |  |  |  |  |
| Impervious to weather |  |  |  |  |
| Proprietary rights |  |  |  |  |

**Total scores:**

**Idea 1:**

**Idea 2:**

**Idea 3:**

# Part 3: Idea Selection

You will now select one idea to serve as the basis for your feasibility study in Assignments 4 and 5. However, you should note that franchising ideas will not be accepted in these two assignments.

**Required:**

**Answer the two questions below**. Limit your answers to a total of 750 words (i.e., approximately 375 words for each question).

1. Which of the above ideas represents the most significant new venture opportunity? Justify your response.
2. Did the idea you picked score **Average** or **Poor** on any of Buskirk’s factors? If so, can you think of any way to overcome that situation or other possible solutions to the problem?

# Marking Scheme for Assignment 2: The “Ideal” Business

|  |
| --- |
| **Structure of Your Assignment – 20%**  Your assignment should be well written and look professional. It should   * be free of spelling, typographical, grammatical, and punctuation errors. * communicate in a clear manner with good sentence, paragraph, and section structure. * appear polished and professional looking. * be brief and clear, with little redundancy. * stay within the allocated word limits. |
| **Description and Overview of Each of Your Three Ideas – 20%**  Your assignment should   * provide a clear and concise description of each of the three ideas to be evaluated using the Buskirk model. * describe each idea in no more than 25 words or so. * include three distinct, unrelated ideas to be evaluated by the Buskirk model. |
| **How Realistic is the Evaluation and Assessment? – 20%**  Your assignment should provide a reasonable and realistic assessment of each of the three chosen ideas on all the factors included in the Buskirk model. The evaluation should   * be completed accurately and as instructed. * result in a summary score for each idea based on the Buskirk model. * appear to be logical and make sense, according to your rationale or explanations. * look like you gave some serious thought to the issue. * appear to be a realistic appraisal. |
| **Justification for Selection of the Chosen Idea – 20%**  Your assignment should indicate which of the assessed ideas you prefer. Was the chosen idea consistent with the ranking by the Buskirk model? If not, why not?  Were you able to provide any other reasonable justification for selecting the particular idea beyond its ranking by the model?  Limit your answer for this section (Part 3, question 1) to 375 words. |
| **Ways to Overcome Weaknesses and Problems – 20%**  The paper should indicate that you were able to identify some criteria in the model on which their best concept rated “Poor” or “Average.” Were you able to identify some creative ways to offset that factor or overcome the situation?  Limit your answer for this section (Part 3, question 2) to 375 words. |